

ORGANO
GROUP
REPORT

2022



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.

About the Organo Group Report 2022

The Organo Group aims to contribute to the industries that create the future and to the development of societal infrastructure as a comprehensive water treatment engineering company that leverages the leading-edge technologies it has cultivated through long experience with water treatment. The Organo Group Report, published since 2020, provides a wide variety of information about the Group, including the current business environment and financial conditions as well as future management strategies. Recently, the Company has promoted the realization of a sustainable society and management that enhances sustainability as a corporate group. In this report, we will inform our stakeholders of the Organo Group's current efforts to boldly address environmental, social, and governance issues.



Masayuki Yamada

Representative Director and President
President and Executive Officer

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Editorial policy

Since 2020, the Organo Group has published the "Organo Group Report" (integrated report), which reports on the financial and nonfinancial activities of the Group. The goal is to provide our shareholders, investors, and other stakeholders with a better understanding of our efforts to improve corporate value over the medium to long term by offering an integrated view of our financial data, management strategies, the business environment, and environmental, social, and governance (ESG) issues. This report describes our newly established Sustainability Policy of Organo Corporation and material issues. We will continue to enhance the Report so that it will be a useful tool for dialogue with our stakeholders.

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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.

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.



Strengths of the Organo Group

Separation and Purification Systems and Technologies

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.

How separation and purification technologies contribute to society

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



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.”

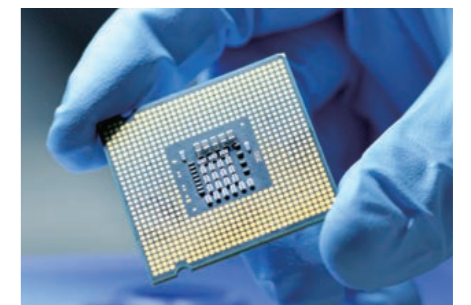
The Organo Group’s R&D Center, with its well-equipped facilities and experienced research staff, is dedicated to cultivating fundamental technologies for a wide variety of water treatment, establishing advanced analytical technologies, and developing high-precision separation and purification technologies. 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 (non-defective rate) of semiconductor products.



History of the Organo Group

Technology Cultivated Over 70-Plus Years

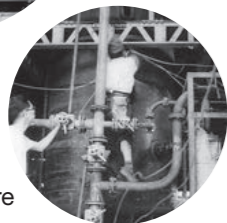
Since its founding in 1946, Organo has been meeting the needs for water required in industry and daily life. The history of the Organo Group is also the history of expanding the value of water and its possibilities. Beginning with the development of a heat-free water distillation system for hospitals, 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)



1991
Expanded deliveries for semiconductors



2003
Expanded overseas business
Enhanced service solutions



2005
Full-scale launch of comprehensive service solutions



2005
Established R&D Center (Sagamihara)



2014
Launched energy-saving service solutions using water heat utilization system

2018
Formulated new management philosophy and long-term vision

2020
Launched energy-saving service solutions featuring ORBRAID Series cooling water treatment agent

2021
Launched ORSMART RO, energy-saving solutions for RO membrane treatment facilities

- 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.

1940 1950 1960 1970 1980 1990 2000 2010 2020

Startup → Growth → Maturity → Leap

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

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.

[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.



- Global sustainable development and growth**
 - Responding to climate change
 - Declining populations in developed countries
 - Advancements in technology
- Development and growth in emerging and developing countries**
 - Deepening of globalization
 - Growing populations and urbanization in emerging countries
- Advancement and development of medical and health technologies**
 - Further exploration of advanced medical technologies
 - Developing medical structures in emerging countries
 - Implementing infection prevention measures

Achieve continuous business growth

- 1 Contribute to a sustainable global environment
- 2 Provide high value-added products and services by leveraging technological capabilities

Establishing a business foundation

- 3 Strengthen governance and ensure compliance
- 4 Create a workplace where diverse human resources can play an active and rewarding role
- 5 Strengthen supply chain management

Financial foundation

Equity
 ¥75,836 million

Total shareholder's equity ratio
 58.1%

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
 2,476

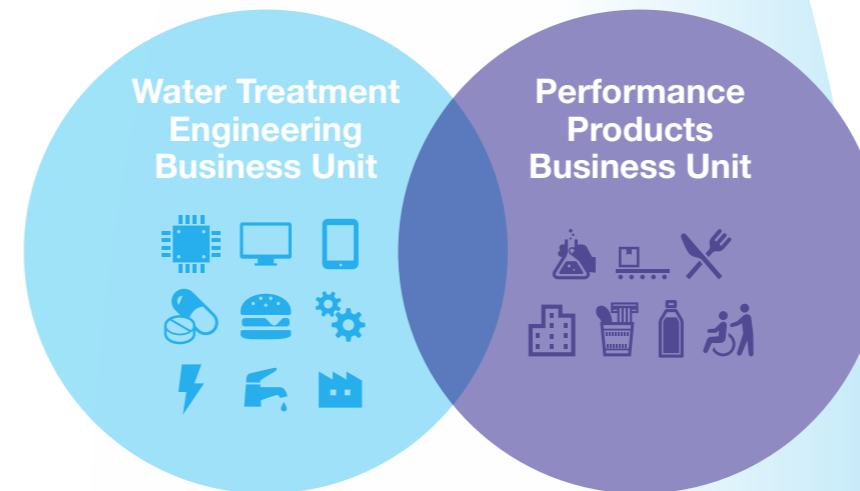
Domestic and overseas sites
 Domestic: 69
 (Organo and Organo Plant Service Corporation)
 Overseas: 20 (seven countries)

R&D

R&D expenses
 ¥2,146 million

Number of R&D personnel
 158

Number of patents and utility models (Japan)
 735



Long-Term Management Plan ORGANO 2030

Medium-Term Management Plan 2022-2024
 [FY2024 Goals] Net sales: ¥140 billion, Operating profit: ¥14 billion



Social value

- Providing water required in industry and daily life
- Developing technologies for reducing environmental impact (energy-saving and recycling technologies)

Customer value

- Contributing to technological innovation (electronics industry, life sciences and energy)
- Creating new added value (providing ICT-based services)

Contributing to a sustainable society

SUSTAINABLE DEVELOPMENT GOALS

Shareholder value

- Stable ROE of 10% or more
- Continuously increase shareholder returns

Employee value

- Fulfilling place to work; energetic company
- Achieve diversity

Value Provided through Organo Group Products and Technology

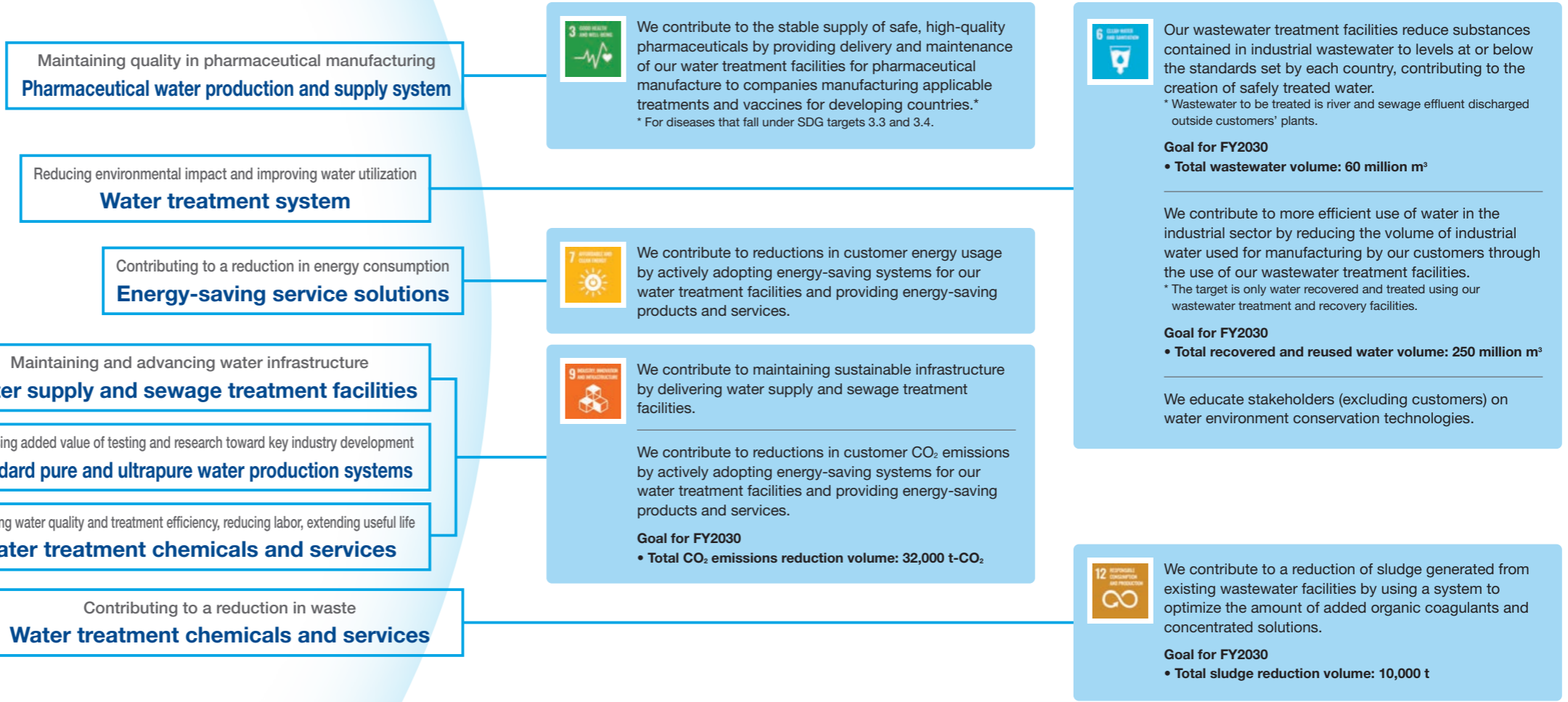
In the series of processes from water intake to usage to discharge, Organo plays a role in supporting industry and daily life. This is where our strengths in differentiated technologies for separation, purification, analysis, and production—as well as optimization of systems that enhance the value and function of water—are utilized in the production of pure and ultrapure water, wastewater treatment, water recycling, and recovery of useful constituents from wastewater. While fulfilling our desired role of contributing both to environmental conservation and economic development, we will build a small water reclamation circulation loop that encompasses daily life and

industry within the larger global water cycle, while effectively using water. For example, while developing water treatment technologies for advanced technologies in the evolving fields of semiconductors and pharmaceuticals, we believe that our mission is to provide solutions to combat climate change and achieve the Sustainable Development Goals (SDGs) with the aim of realizing a sustainable society. Taking full advantage of the cutting-edge technology we have cultivated through long experience with water treatment, Organo will continue to serve as a valuable partner company by tackling various issues concerning water and the environment, by contributing to the industries that create the future, and by playing a key role in the development of societal infrastructure.



Our technologies and products

Our SDG contributions



Organo Group technology and products

Case study

Maintaining quality in pharmaceutical manufacturing
Pharmaceutical water production and supply system

We contribute to the stable supply of safe, high-quality pharmaceuticals and energy savings by providing purified water production and supply systems, ultrafiltration (UF) water production and supply systems, and water for injection (WFI) production and supply systems. These systems take into consideration the latest regulations, while maintaining stable quality with a facility configuration that mainly uses domestically produced products.

PWG Series refined water production system

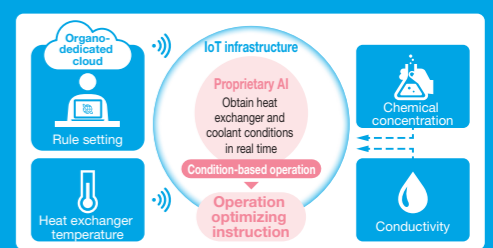
DWV Series water for injection production system

Case study

Cooling water energy-saving service solution
ORSMART CW

This service solution maintains heat exchange efficiency by monitoring the Leaving Temperature Difference and the fouling index of the refrigerator and heat exchanger, and automatically controlling the amount of cooling water treatment agent injected.* This reduces the amount of power consumed by the refrigerator, as well as the total cost and CO₂ emission volume.

* Leaving Temperature Difference (LTD): Fouling index of refrigerator
(LTD (°C) = Refrigerant condensing temperature – coolant outlet temperature)



Message from the President



We are expanding awareness of Organo being the go-to Japanese brand for water treatment globally, to the rest of Asia and beyond.

Masayuki Yamada
 Representative Director and President
 President and Executive Officer

Assuming the Role of President

In fiscal year 2022, I was appointed President of Organo Corporation. As president, my goal is to sow seeds and plant seedlings for future growth. In addition to defensive measures to tackle various issues while expanding the strengths of the Company built by our predecessors, we also need to adopt an offensive stance that looks toward future growth at Organo. This approach is a new challenge for us.

Our Long-Term Management Vision, the thrust of which is changing yesterday's ways today for a better tomorrow, is easier said than done. There is a certain amount of anxiety about changing the way things have always been done in the way we work, and we can expect a certain degree of temporary disruption in the process of making the transition. Moreover, attempting new ventures and

business models requires energy and is always accompanied by the risk of failure. However, we cannot continue to evolve simply by continuing to do things the way we always have. We cannot succeed if we fear trial and error and failure. At Organo, we are working to develop new technologies, services, and products to achieve savings in energy, resources, and labor based on advanced technology related to water, the most essential resource for human life and a variety of industries. We are confident that we have the potential to grow significantly on a global scale. With the aim of realizing this potential, I will work with our board members and employees to boldly challenge ourselves to take new steps, change ourselves, and change the way we do things.

Review of FY2021 and Progress of the Medium-Term Management Plan

Record Performance Buoyed by Favorable Market Conditions

In fiscal 2021, we set records in orders received, net sales, and profits amidst active capital investment in the electronics industry in Japan and overseas, particularly in semiconductors. The consolidated net sales of the Group exceeded ¥100 billion for the first time in fiscal 2020, and sales continued to grow in fiscal 2021, with operating profit surpassing ¥10 billion for the first time.

In terms of overseas expansion, we established Organo USA, Inc. in 2021 to support large projects in the United States for major customers. In addition, we opened the Global Engineering Center (GEC) in Vietnam to strengthen our engineering structure in response to increasing demand for future water treatment plants. GEC employs dozens of young engineers, each very talented, that together represent a powerful force. We have

plans to further increase the number of engineers and expand our functionality. Meanwhile, several local technical staff from the Engineering Center of ASEAN in Thailand have been assigned to Japan to be involved in design operations.

To promote data utilization as part of our medium-term management plan, we are promoting digital technology literacy education for all employees. Although we are seeing some results with improving operational efficiency through digital transformation (DX) and developing service solutions for our customers, work remains to be done. We must continue to increase sales and design operational efficiency using digital technology, together with a restructuring of our operational system.

Future-Focused Approach and Management Issues

The main theme of fiscal 2022 is DX. Led by the Operation Improvement and Digital Transformation Departments, we are continuing to accelerate our efforts to improve operational efficiency by leveraging digital technology. Currently, the profit opportunities of the Organo Group are shifting from conventional plant construction to post-construction maintenance, and we have launched a subscription-based business model contracting plant operations and facility management—including replacement of consumables—on a monthly basis for major customers. The development and provision of new service solutions using digital technology for these businesses is a key initiative that directly affects the profit margin and competitiveness of orders. In terms of human resources, we are working to improve the workplace environment to secure talented staff and improve our employees' digital literacy. As part of our efforts to create a more comfortable workplace, for instance, we plan to

develop our business infrastructure with an eye toward expanding telework.

The overseas sales ratio of the Organo Group is already approaching 40%, and about 40% of staff members are local employees of overseas group companies. In light of this, utilization of our global human resources has become a key topic.

Developing a training system for locally hired engineers and establishing career paths that allow local subsidiaries to participate in management are essential initiatives for the growth of our business in each country in which we operate.

With regard to overseas business, while the Greater China market including China and Taiwan accounts for a majority of revenue, in recent years, the electronics industry has been growing in Southeast Asia as well, led by Malaysia. In addition to the U.S., where we opened a base of operations in 2021, we want to reinforce our geographic portfolio of overseas operations—including India, Europe, and the Middle East—into the future.

Promoting Sustainability

Sustainability and the Organo Group

The basis of Organo's sustainability efforts is our contribution to environmental preservation, primarily by improving water quality and preventing global warming using the advanced technologies of our Group. To meet that end, we will continue to undertake R&D focused on environmentally-friendly products and services including water purification and reuse and recovery of valuable resources from wastewater.

With the effects of climate change becoming suddenly more apparent in recent years, it is clear that issues surrounding water resources will become even more critical. Meanwhile, the electronics industry, which uses large volumes of water and generates considerable amounts of wastewater, is the most important market for our Water Treatment Engineering business, and water reuse is a key topic for Organo. In addition, because chemicals are used in water treatment, we are also focused on developing new services and technologies for solutions that contribute to saving resources and labor, such as through the optimization of the volume of chemical solutions used while employing sensors to monitor the condition of wastewater and preventing excess chemical solution usage.

We offer technology to collect, refine, and reuse valuable resources such as fluorine in wastewater,

and we expect demand for this technology to grow. Looking at environmental preservation and resource conservation, the need to recycle organic solvents such as isopropyl alcohol—used in the semiconductor industry—continues to grow. At the R&D Center in Sagami-hara, Kanagawa, we have opened an experimental facility to further develop advanced ultrapure water manufacturing technology and a research facility where we can refine our organic solvent purification technology. We are also actively developing and employing a wide variety of environmental technologies, including new areas such as the development of food ingredients made from vegetable proteins, for which demand is seen growing.

As the above initiatives demonstrate, the Organo Group's business itself is in line with the essence of the SDGs and contributes to preserving the environment. Organo will continue to respond to the needs of society not only with its mainstay Plant business but also with wide ranging service solutions, as it focuses on conserving resources, energy, and labor—key global issues today. At its most elemental level, the foundation of business is to identify issues in the world as needs and to respond to them, so it is only natural for companies to tackle sustainability. Furthermore, business opportunities lie in how we respond to these issues.

Establishing a Sustainability Policy and Identifying Material Issues

Based on these ideas, in December 2021, the Company established the Sustainability Committee and the Sustainability Implementation Meeting, an implementation organization made up of General Managers of each division and executives, with a working group organized under them. In June 2022, the Organo Group formulated a sustainability policy for the Organo Group, and identified material issues to be tackled over the long term. We identified five specific issues: **1) Contributing to the sustainability of the global environment;** **2) Providing high value-added products and services by leveraging technological capabilities**

(material issues for achieving continuous business growth); 3) Strengthening governance and ensuring compliance; **4) Creating a workplace where diverse human resources can play active and rewarding roles;** and **5) Strengthening supply chain management** (material issues for establishing a business infrastructure). To promote activities in line with each material issue, we must first determine the key performance indicators (KPI). For environmental issues, for instance, the KPI is expected to be CO₂ emissions; for providing products and services, it is the number of cases per year; for occupational safety

and health, it is zero work fatalities; and for ensuring a diverse workforce and rewarding workplace, it is the rate of participation in training. However, rather than simply being tied to or obsessed with a fixed number, it is important to determine more practical and meaningful KPIs, the achievement of which will bring positive results to

To Our Stakeholders

Currently, the robust semiconductor-related business is driving our performance, but it is important to develop technology and new ideas while this favorable business climate prevails. To achieve this, we are exerting more effort in R&D and facilitating internal communication to fully explore discussions more regarding what we should do, rather than simply what we're capable of. Moreover, we will work on further reforms at Organo, including improving operational efficiency while fostering an environment that encourages employees to accept new challenges. As the foundation for these reforms, we are promoting practical approaches to training human resources and ensuring sustainability. At the same time, we are focusing on providing products and services that thoroughly meet customer needs and are environmentally friendly, and cultivating a workplace environment where employees can thrive and be active. Through these initiatives, we

the Organo Group's business activities. By working incrementally toward that goal, the Company will become better as a foundation for business and we will continue to grow. We are conducting active discussions to determine these essential KPIs.

will strive to earn higher evaluations from the market and our investors while actively promoting initiatives for stakeholders. The Organo Group's goal is to become a corporate group that is recognized as a global brand for its products, technology, and services in both the water treatment and environmental technology domains. Although we currently have active subsidiaries in China, Taiwan, Southeast Asia, and the U.S., we intend to further our global expansion, and the development of overseas business offers us great opportunities for continued growth. In Japan, we have established the brand image of Organo as the go-to in wastewater treatment, and we will continue to take on new challenges to expand that recognition and brand on a global scale.



Medium-Term Management Plan

Overview of the Organo Group in FY2021

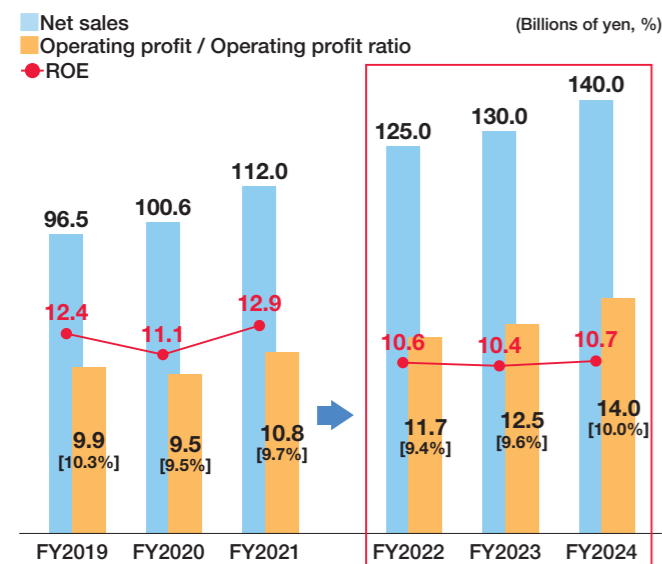
We received multiple orders for large-scale projects in Japan and overseas in the key electronics sector, the Service Solutions Business grew in the general industrial and electric power/water supply and sewage fields, and the Performance Products Business Unit contributed with its water treatment chemicals and compact pure water systems, which showed continued steady sales due to brisk customer business activities. As a result, orders received reached ¥135.6 billion, net sales amounted to ¥112.0 billion, and operating profit totaled ¥10.8 billion. These all exceeded the initial plan, and represented record highs. ROE stood at 12.9%, surpassing the established medium-term benchmark of 8.0% or better for the fourth consecutive year.

Overview by Business Field

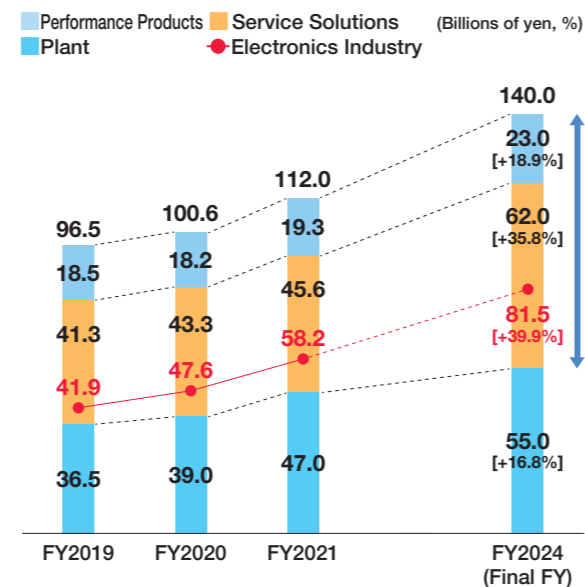
Electronics Industry	We received orders for large-scale projects in Japan and Taiwan as well as in China and the U.S. Organo achieved steady progress in construction work overall and sales increased despite a shortage of raw materials supply for certain projects disrupting the supply chain.
General Industrial Field	Despite a decrease in large-scale investment due to the COVID-19 pandemic and a downturn in sales of major plants owing to a concentration of resources in the electronics industry, performance was steady—mainly in the Service Solutions business—and profitability improved.
Electric Power/Water Supply and Sewage	Growth has been steady mainly in Japan such as with equipment renewal demand and the Service Solutions business.
Performance Products	In terms of water treatment chemicals, sales of various treatment agents for the electronics industry increased. Sales of compact pure water systems for medical and research institutions recovered, and sales of the new PURIC μ got off to a strong start. Sales in the Food Products Division were essentially unchanged from the previous year.

We established an even more ambitious three-year plan with an eye toward long-term management plan ORGANO 2030, and based on a review of the previous medium-term management plan. Through the following initiatives, such as strengthening efforts in the active electronics industry and the Service Solutions Business, we aim to achieve net sales of ¥140 billion and operating profit of ¥14 billion for fiscal 2024. We are also working to expand the Service Solutions and Performance Products businesses, which are stable sources of revenue.

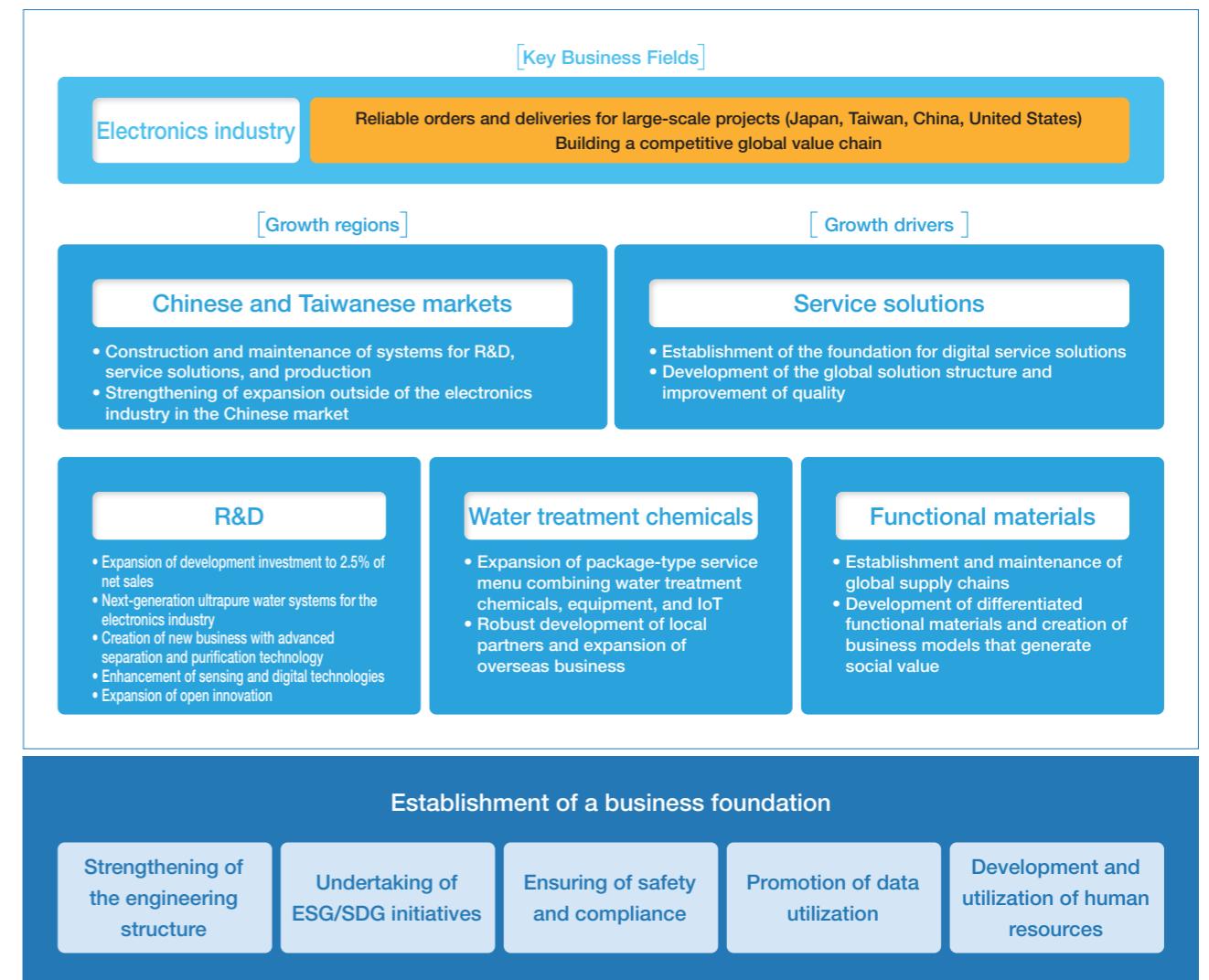
Trends in net sales, operating profit, and ROE



Net sales by segment



Medium-Term Management Plan 2022–2024



Major Initiatives for Medium-Term Management Plan

Electronics Industry	In addition to receiving orders for and delivering large-scale projects both domestically and abroad, we are working to invest in large owned-facility contracts (approximately ¥25 billion by the fiscal year ending March 2025), develop a business system in the U.S., construct an R&D system in Taiwan, and strengthen our solutions system in China.
Strengthening Overseas Structures	Along with strengthening systems in the U.S., Taiwan, and China targeting the electronics industry, we are endeavoring to strengthen overseas partnerships and undertaking M&As to enhance our global supply chain of functional materials such as ion exchange resins and water treatment membranes, as well as our overseas sales network of water treatment chemicals and other performance products.
Promoting Digitalization	In addition to concentrating domestic and overseas group resources and providing automated operations and remote monitoring services , we are accelerating the creation of digital service solutions, including proposals for more efficient and energy-saving equipment using sensing technology.
Sustainability Services	We are accelerating the development and provision of technologies, products, and services that combine economic value for customers with social value such as energy conservation and decarbonization , including water recycling technologies such as closed systems and systems that recover valuable resources from wastewater and effluents.

Message from the Director in Charge of Financial Strategy

Financial Strategy

Aiming for Both Investment for Future Growth and Increased Shareholder Returns

Tetsushi Honda

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



Assessment of Current Situation

In the electronics industry, our main market, amid continued active capital investment related to semiconductors both in Japan and overseas, Organo achieved record high sales and profits in the fiscal year ended March 31, 2022, and we plan to exceed this performance in the fiscal year ending March 31, 2023. Under these conditions, the Organo Group is working to establish the structure of the Arizona, U.S. location to which we expanded in September 2021 and strengthen the GEC established in Vietnam. Other endeavors include the expansion of owned-facility water treatment services for major customers in Japan; the development of next-generation ultrapure water systems at a new laboratory building in our newly completed R&D Center, and separation and purification technology such as non-aqueous solvents and chemicals for further business growth.

Basic Policy on Financial Strategy

Our business performance is affected by the level of capital investment in markets including the electronics industry, and profitability trends of ongoing projects. In recent years, we have achieved a high level of business performance amid an active market environment. In the past, however, we experienced declines in sales and unit prices of orders due to the silicon cycle and other market trends, and we also dealt with additional costs in construction work and equipment delivery, resulting in worsening profit margins.

Progress in construction on large contracted projects and payment collection schedules contribute to a lag of six months to a year in cash flow. Meanwhile, as part of our Service Solutions business, we are expanding owned-facility services under which we construct water treatment facilities at our customers' plants and sites. At present, we are making progress with cashing out facility construction expenses. As a result, the Organo Group is working to stabilize its earnings base by expanding the Service Solutions and Performance Products businesses—steady sources of revenue—while carefully managing project earnings. Moreover, it is 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.

Analysis of ROE

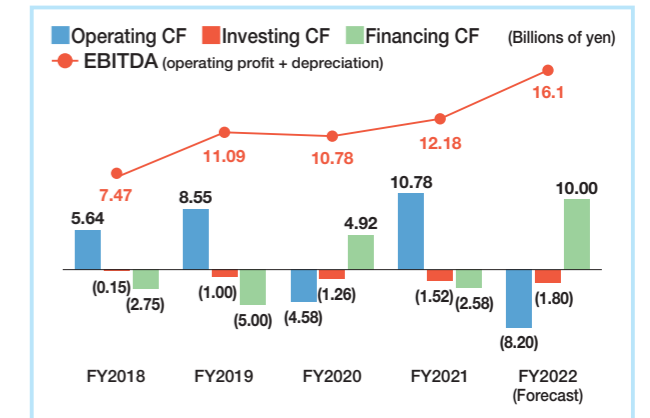
ROE	=	Profitability Profit ratio	×	Efficiency Asset turnover ratio	×	Leverage Financial leverage
FY2021 12.9%		FY2021 8.2%		FY2021 0.91		FY2021 1.71
FY2020 11.1%		FY2020 7.0%		FY2020 0.93		FY2020 1.69
FY2019 12.4%		FY2019 7.4%		FY2019 0.95		FY2019 1.76

- Extraordinary income from sales of real estate also contributed in FY2021
- Efficiency and leverage within appropriate range, but will work to further improve efficiency

Uses and Sources of Capital

With regard to investment for growth, we will allocate our capital resources to building a business foundation by strengthening the engineering structure and R&D and by expanding water treatment chemicals and functional materials, with the electronics industry, Chinese and Taiwanese markets, and service solutions as the key business areas as stated in the medium-term management plan. 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 further work to improve capital efficiency and generate funds by disposing of assets, selling real estate and stock holdings, reducing inventories, and enhancing operational efficiency.

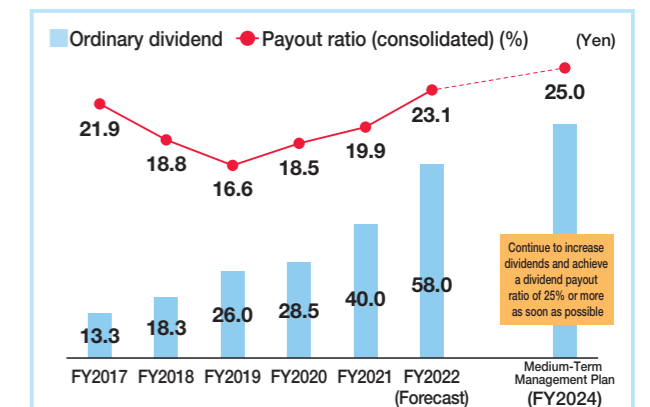
Performance trends and cash flows



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. The medium-term management plan, which runs through the fiscal year ending March 31, 2025, aims for both an expansion of growth investment and continued dividend increases while raising the dividend payout ratio to 25% or higher as soon as possible. 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. In addition, we completed a four-to-one stock split with an effective date of October 1, 2022. By reducing the price per investment unit, we are working to create a more investment-friendly environment and broaden the investment base to include individual investors.

Dividend trends



* Dividends per share are listed on a post share-split basis, which went into effect as of October 1, 2022.

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

Creating Value for the Society of Tomorrow through Development of Advanced Technologies

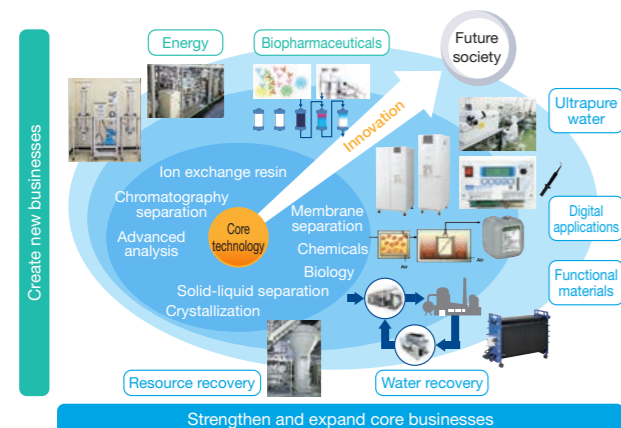


Nobuyoshi Suda

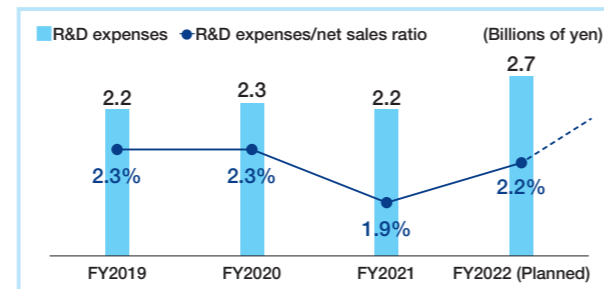
Managing Director and Executive Officer
President of R&D and Engineering

Organo's Policy for R&D and Engineering

With the worldwide spread of infectious disease, global warming, and geopolitical risks, we are in an uncertain social climate. As such, expectations for innovations toward achieving a sustainable society continue to increase. In addition to the separation and purification technologies and advanced analytical technologies that have evolved over the more than 70 years since its establishment, the Organo Group will promote the development of advanced technologies to contribute to a sustainable society through solutions utilizing advanced digital technologies and by accelerating open innovation, both in Japan and abroad. To strengthen the foundation for realizing innovation, we continually invest in R&D expenses such as new laboratory buildings, augment our human resource training program, and revitalize activities to create new topics for innovation.



Trends in R&D Expenses



Initiatives for Creating New Value

Development of Differentiated Technologies That Facilitate Expansion of Core 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. We are also accelerating and strengthening our research and development of next-generation ultrapure water systems and separation and purification technologies for chemicals and solvents for the electronics industry. Moreover, we aim to improve overall system performance and reduce environmental impact by developing Organo's proprietary electrodionization (EDI), monolithic ion exchange resin, and water treatment chemicals as functional materials indispensable for separation and purification systems. Meanwhile, toward the realization of a sustainable society, there is an ever-increasing need from customers to reuse

the water and resources they use at their plants by not only treating the wastewater but also recycling the water and recovering valuable resources for reuse. To that end, we are developing environmentally-friendly products and services contributing to water environment conservation and global warming prevention.

With the aim of achieving efficient and stable operations and management of water treatment facilities, we are developing digital technology in specialized departments to realize system optimization by collecting and analyzing operation data and sharing feedback, continuously monitoring operations, and preventive maintenance to predict the failure of equipment.



Next-generation ultrapure water system laboratory building

Initiatives to Accelerate Innovation

At our R&D Center in Sagami City, Kanagawa Prefecture, we constructed one laboratory building for non-aqueous system development and another one used for the development and testing of next-generation ultrapure water systems to accelerate development for the electronics industry, a key field of the medium-term management plan. Operations started in August 2022. Among these, the laboratory building dedicated to non-aqueous systems is a facility for research and development of new technologies that will be essential for the growth of our group. This encompasses the refining of electronic materials such as organic solvents for semiconductor manufacturing—which we are promoting as a business that applies separation and purification technology to fields other than water treatment—and recovery and refining technology for the solvent (NMP: N-methylpyrrolidone) used in the manufacturing process of rechargeable lithium-ion batteries. Operations have started smoothly, and they are expected to further accelerate innovation in these fields. Moreover, we are actively promoting open innovation with various R&D organizations both in Japan and overseas with the goal of advancing the latest technology and creating new value.



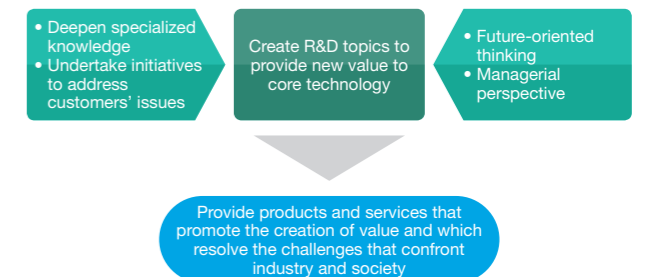
Aerial view of R&D Center

Developing Human Resources to Create New Value

Human resource development is an essential foundation for implementing our Long-Term Management Vision. In the interest of further enhancing the created value of separation and purification, the foundation of our technology, we believe that it is necessary to have not only perspectives from our respective fields of expertise, but also many other viewpoints, including those of management, and to incorporate future-oriented thinking. To cultivate these perspectives, we hold Management of Technology (MOT) training and events to learn about the latest research trends, and we promote activities to create new R&D topics.

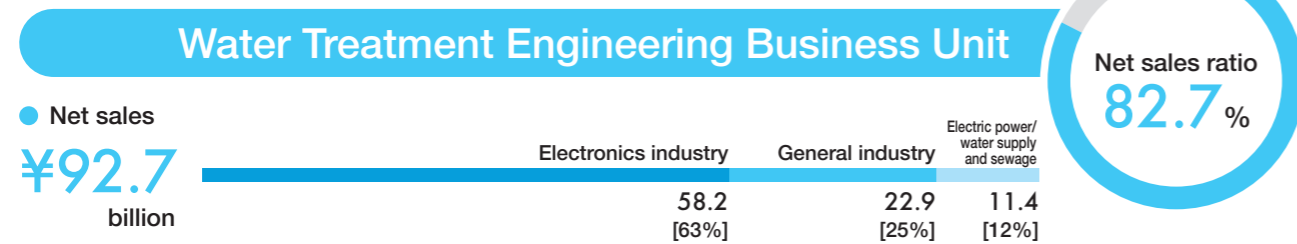
As an example, we took the lead in implementing "future design" in the industry through joint research with Osaka University. This program incorporates both group work and individual work to consider what needs to be implemented today by raising future social issues from the perspective of a hypothetical future generation. This initiative initially focused on mid-level employees in the Technology Development Department, but it has now spread to many employees as a program to help them acquire a forward-looking view.

Organo will continue to build the foundation that will enable us to further develop the talents of our diverse engineers with highly specialized knowledge and promote value creation for our technology.



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 rational systems with technology that builds on functionality and reliability

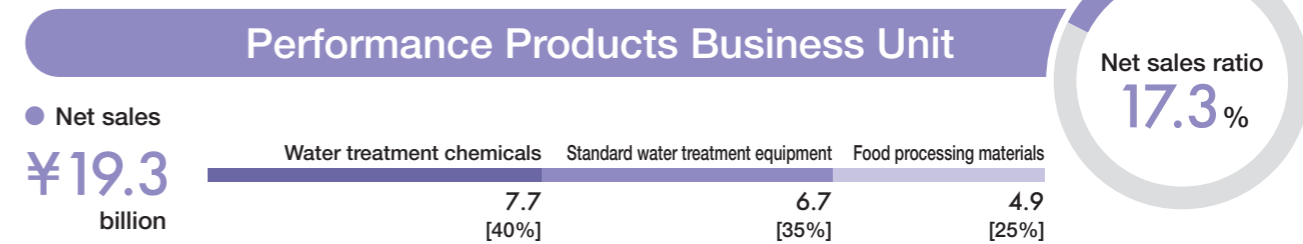
● Service Solutions Business

Providing solutions to achieve optimal operations of water treatment facilities

Main products

- 6 High-Speed Dissolved Air Flotation System (H-DAF)**
Achieves four times the speed of conventional dissolved air flotation systems
- 5 Strata SGX**
High-performance water purification system that offers high quality, short regeneration times, and shortened construction periods
- 4 Water treatment systems for power plants**
For a stable supply of energy
- 3 Membrane filtration unit**
To ensure a stable supply of safe tap water for extended periods
- 2 ORTOPIA J Cloud**
Remote monitoring system for water supply and sewage, and water treatment plant facilities
- 1 AGSOR**
(Aerobic granule sewage treatment technology) Uses a downsized reaction tank to reduce renewal cost and operation and maintenance costs

<ul style="list-style-type: none"> 8 SAN-KAN-OH Series Supplying functional water for various applications 9 EcoCrysta Promoting recycling by producing synthetic fluorite from used hydrofluoric acid waste 10 Water treatment systems for pharmaceuticals Providing safe ultrapure water without pyrogen (exothermic substance) 11 ORTORIA UC The latest ultrapure water system in a compact unit 12 SUPER DESALINER SD-HF/XP The latest pure water system with operational support assistance functions using an IoT/ICT system 13 Organo filters Provides safe and delicious water for drinking water and coffee 14 Water treatment chemicals Various treatment chemicals for cleaning cooling water, wastewater, and boiler water ORCHASER IV Real-time monitoring and automatic control of the chemical concentration in cooling water 15 PURIC Series Next-generation tabletop ultrapure water system with a host of options 	<ul style="list-style-type: none"> 5 10 12 14 15 Pharmaceuticals/cosmetics Manufacturing water and water treatment systems 12 13 14 Buildings and commercial facilities Cooling water treatment chemicals, etc. 5 6 7 8 9 11 12 14 15 Electronics industry Cleaning water and water treatment closed systems 2 3 15 Water purification plants Water supply system 5 6 7 11 12 13 14 15 Foods/beverages Manufacturing water and water treatment systems 5 6 7 11 12 14 15 Chemicals/machinery Cleaning/boiler water and water treatment systems 1 2 13 15 Sewage treatment plants Sewage treatment facilities 												
<ul style="list-style-type: none"> 4 15 Thermal and nuclear power plants Water for power generation turbines, various water treatment systems 6 12 14 15 Medical and research institutions Analysis pure and ultrapure water systems 13 Convenience stores/restaurants Coffee machine and vending machine filters 	<ul style="list-style-type: none"> Other Aquariums, fisheries facilities, research facilities, etc. 												
<h4>Water Treatment Engineering Business Unit</h4> <table border="1"> <tr> <th>Electronics industry</th> <th>General industry</th> <th>Public infrastructure</th> </tr> <tr> <td>Semiconductors, panels, electronic parts, etc.</td> <td>Pharmaceuticals and cosmetics, foods and beverages, mechanical and chemical uses, etc.</td> <td>Thermal and nuclear power plants, water supply and sewage</td> </tr> </table>	Electronics industry	General industry	Public infrastructure	Semiconductors, panels, electronic parts, etc.	Pharmaceuticals and cosmetics, foods and beverages, mechanical and chemical uses, etc.	Thermal and nuclear power plants, water supply and sewage	<h4>Performance Products Business Unit</h4> <table border="1"> <tr> <th>Water treatment chemicals</th> <th>Standard equipment and filters</th> <th>Food products</th> </tr> <tr> <td>Various manufacturing industries, buildings and commercial facilities</td> <td>Medical and research institutions, convenience stores/restaurants</td> <td>Food/beverages, nursing care food/health food</td> </tr> </table>	Water treatment chemicals	Standard equipment and filters	Food products	Various manufacturing industries, buildings and commercial facilities	Medical and research institutions, convenience stores/restaurants	Food/beverages, nursing care food/health food
Electronics industry	General industry	Public infrastructure											
Semiconductors, panels, electronic parts, etc.	Pharmaceuticals and cosmetics, foods and beverages, mechanical and chemical uses, etc.	Thermal and nuclear power plants, water supply and sewage											
Water treatment chemicals	Standard equipment and filters	Food products											
Various manufacturing industries, buildings and commercial facilities	Medical and research institutions, convenience stores/restaurants	Food/beverages, nursing care food/health food											



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.

● 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.

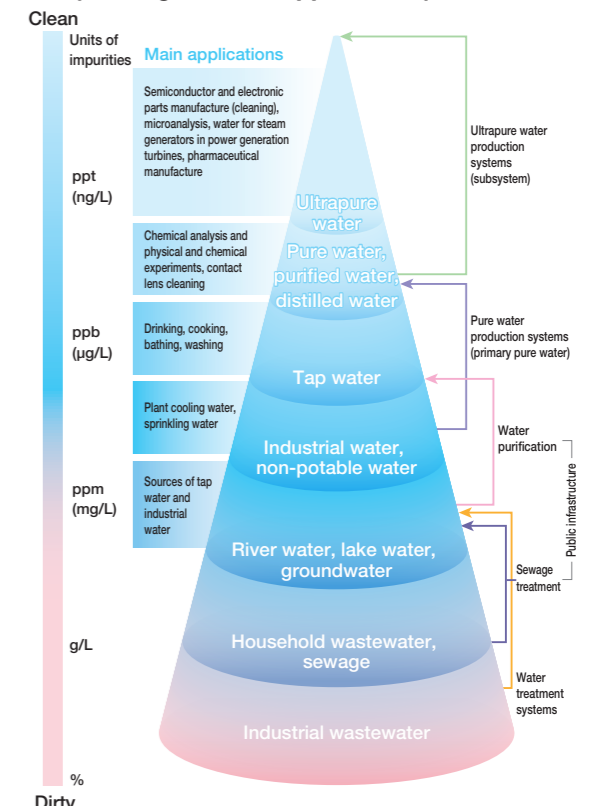
● Standard water treatment equipment

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.

● 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.

Water treatment technologies developed for various fields (Water grade and applications)



Water Treatment Engineering Business Unit



Yasutoshi Nakayama

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

In the electronics industry—our primary market—and other related sectors, medium- to long-term growth is expected in the semiconductor and electronic component markets due to demand for businesses utilizing new communication technologies such as 5G, as well as healthcare, education, entertainment, and DX investment. Water treatment, which affects semiconductor manufacturing plant product yield rates, uses equipment customized for high purity and large volumes of water. These complex systems must operate stably over the long term and adapt to the annual advances being made in manufacturing processes. We are also developing our separation and purification technologies for the refining market for solutions and solvents used in the semiconductor manufacturing process, and for antibody drugs, which are expected to be used as a treatment for COVID-19 infections. Organo will continue to propose and supply systems and services with the aim of partnering with various industries, including the chemical and food and beverage sectors as well as infrastructure that is indispensable in people's lives. To solve problems facing our customers and society and to promote initiatives to create shared value, we will contribute to the development of technologies for addressing climate change, using water resources more effectively, and conserving energy through our business activities.

Major Business

Major Business and Products		Customers and Markets		
Plant	Service Solutions	Electronics Industry	Electric Power/Water Supply and Sewage	General Industry
Pure and ultrapure water production facilities	Replacement of expendable items	Semiconductors	Power plants	Pharmaceuticals/cosmetics
Industrial process water treatment facilities	Maintenance	Wafers	Water purification plants	Foods/beverages
Wastewater treatment and recovery facilities	Operational support	Electronic parts	Sewage treatment plants	Machinery/chemicals
Valuable material recovery facilities	Renovation and reconditioning			
Production processing-related facilities	Contract water treatment			
	Comprehensive maintenance contracts			

Major Initiatives for Fiscal 2021

Plant Business

While effects of the pandemic lingered, we made steady progress in construction work by promoting cooperation with overseas engineering sites and outside partners while actively leveraging various ICT technologies. In addition to strengthening marketing activities and expanding the key electronics industry, we are promoting the construction of a system that enables strategic business development by improving our ability to analyze markets, industries, technology, and competitive trends in the electronics peripheral, life sciences, and infrastructure business fields. We are also developing and launching tools such as energy-saving systems and a host of sensors and monitors.

Service Solutions Business

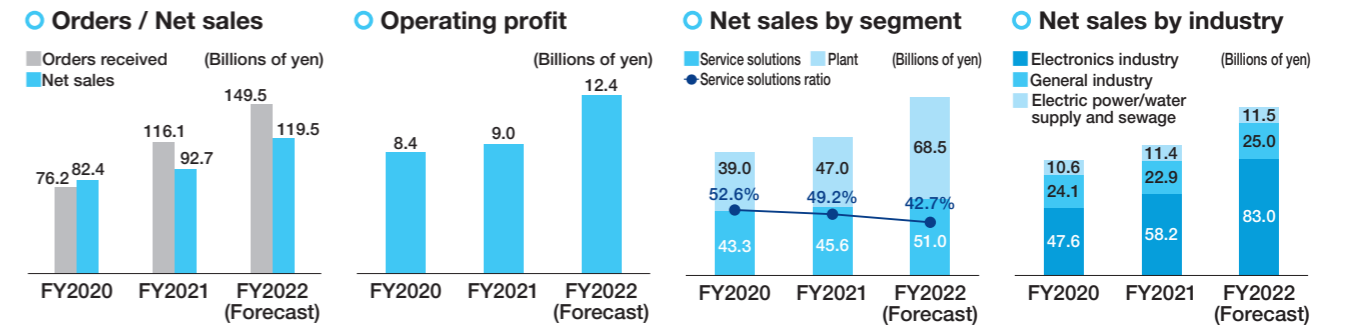
While promoting efforts in the electronics industry—including the development of advanced water quality analysis technology and business for the recovery of valuable resources—we launched measures to expand our Service Solutions business in the growing market of China. Moreover, we will also provide water treatment systems for nuclear power plants that are scheduled to restart operations, as we have a strong track record in delivering such systems. We will provide solutions in support of the relaunch of operations and to help ensure stability thereafter.

Financial Results for Fiscal 2021

The Plant business performed well in terms of orders and sales as a result of steady progress with new domestic projects and backlog projects mainly in the electronics industry as well as continued large-scale capital investment in Taiwan, China, and elsewhere overseas. The Service Solutions business—which encompasses proposals for equipment modification and improvement as well as maintenance, including the general industrial and electric power and water supply and sewage fields—also enjoyed steady growth backed by efficient business operations, and sales surpassed the previous year's level. Organo recorded a record high in profit as a result of increased earnings on higher sales.

Outlook for Fiscal 2022

Although the outlook is obscured by the effects of Russia's military incursion into Ukraine on international society and economics, and longer delivery times of parts and components causing supply chain disruptions, further growth is anticipated in the electronics industry and related sectors due to expected continued investment overseas in large-scale semiconductor-related equipment and relatively high levels of semiconductor investment of various types in Japan. In the general industrial field, capital investment is recovering in Japan, and maintenance and other aspects of the Service Solutions business remain robust, even in the electric power and water supply and sewage field. In fiscal 2022, the Company estimates that it will achieve net sales in excess of ¥100 billion on the strength of an increase in projects in the electronics industry in Japan and overseas. In terms of profits, amidst higher prices for parts and materials due to the depreciation of the yen, 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

In addition to continuing our focus on receiving orders for and delivering large-scale projects both in Japan and overseas starting with the electronics industry, we intend to invest in large equipment-owned contracts (around ¥25 billion by the fiscal year ending March 2025), develop a business system in the U.S., improve the R&D system in Taiwan, and strengthen our solutions system in China.

We will also accelerate the development and provision of technologies, products, and services that combine economic value with social value, such as energy conservation and decarbonization, from the viewpoint of sustainability in the plant operations of our customers, as well as our own.

TOPICS Expansion of Organo's Overseas Business

Overseas development in China, Taiwan, the U.S., and other locations continues to show strong growth due to booming markets. In the Water Treatment Engineering Business Unit, overseas orders accounted for more than 40% of total orders. We are proposing plant delivery for a new semiconductor plant as well as maintenance and service solutions at Organo USA, which we established in the previous fiscal year. In the Chinese market, the Company provides everything from plant delivery to operation support and maintenance. We are working to expand and stabilize our business by developing and strengthening our system with 10 bases in China.

Performance Products Business Unit



Nobuyoshi Suda

Managing Director and Executive Officer
 President of R&D and Engineering
 Senior General Manager of R&D Center
 In charge of Environment, Safety and Quality Assurance Dept., Purchasing & Logistics Dept., and Performance Products Business

The Performance Products business provides standard water treatment equipment, various filters, water treatment chemicals, and functional food materials such as food processing and flavor-enhancing materials and vegetable materials to customers in Japan and overseas. The business serves clients in a host of industrial fields, including the electronics industry and supply chain companies—our key markets—as well as life science companies, recently highlighted for their importance, and the chemical, material, steel, transportation, and food and beverage industries. The Performance Products Business Unit also provides functional materials using proprietary advanced separation and purification technology.

Recently, to provide customers with further added value, we have continued to launch various new differentiated products and materials and aim to improve after-sales services by actively promoting DX.

We will establish a business structure that is resilient against changes in the external environment, and the Performance Products business will become a stable source of earnings for the entire Group, supplying products and services as a partner company that provides social value together with customers who are responsible for the maintenance and development of society.

Major Business

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

Major Initiatives for Fiscal 2021

Standard Water Treatment Equipment and Filters

We launched Lab Salon on our website for the laboratory market. Lab Salon introduces our products and provides a variety of content including customer testimonials. We also use it to host online exhibitions, and we encourage you to explore it.

<https://my.matterport.com/show/?m=xRvVY8iLTaa>

Food Processing Materials

We strengthened our development system of vegetable protein materials (plant-based food) and developed proactive promotional activities to enhance the safety and security of food processing materials. We also held several well-attended product webinars in response to the lingering COVID-19 pandemic.

Water Treatment Chemicals

We received the Energy Conservation Grand Prize 2021 Judging Committee Special Excellence Award for our energy conservation service solutions, which uses three proprietary technologies to solve the issue of increased pump power as a result of fouling, a membrane disorder, in reverse osmosis (RO) membrane water treatment systems, which are widespread in the industrial field. These technologies include 1) the RO membrane water treatment chemical series, 2) management of fouling related to low throughput of water and chemical injection control, and 3) a remote management system.

Functional Materials

We reviewed ways to enhance productivity and adjust inventory in response to soaring raw material prices and longer delivery times. We also formed a task team and launched activities to further improve product quality and stability. We will begin implementing our plan to restructure and renew core plants, and promote the construction of a solid business foundation.

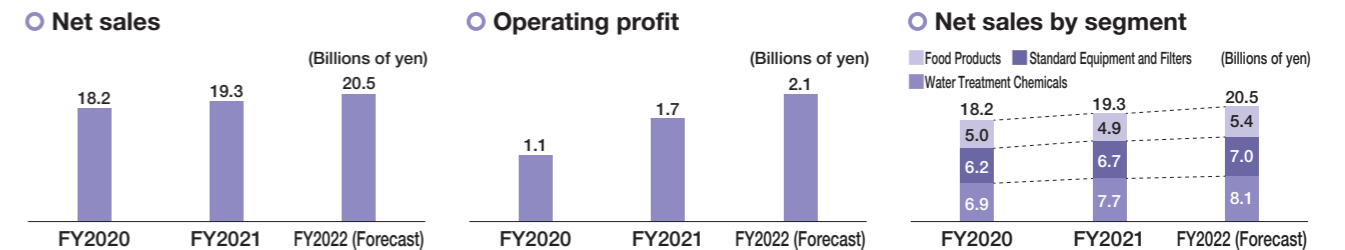
Financial Results for Fiscal 2021

Sales to the electronics industry, where production and investment remain robust, have been growing. Sales increased by 7.7% year-on-year and profit was up 43.6%, partly supported by water treatment chemicals, since cooling water treatment and wastewater treatment agent sales to the general industry, stagnant in the previous fiscal year, have been performing well, standard water treatment equipment, as we launched new pure water equipment for medical institutions, which have resumed their postponed plans to replace equipment, and compact ultrapure water equipment for laboratories, and water purification filters for dispensers and other applications.

In the Food Products Division, sales did not change significantly from the previous fiscal year due to a recovery in sales of food products for restaurants.

Outlook for Fiscal 2022

In addition to sales expansion in the electronics industry—where production and investment continue to be active—water treatment chemicals, including cooling water treatment agents and wastewater treatment agents for the general industrial field, are also continuing to do well in the domestic market. This is in spite of stagnation in certain overseas markets due to the lingering effects of COVID-19. We expect overall sales to surpass the previous year's record high, mainly in the area of pure water equipment, standard water treatment equipment for laboratories, positioned as a focus area, and water purification filters for beverage dispensers and other products. In the Food Products Division, we expect a year-on-year increase in sales due to a recovery in sales of food products for restaurants and prepared food.



Business Strategy of the Medium-Term Management Plan

In the Performance Products Business Unit, we have developed a wide range of initiatives, and we look forward to seeing improvement in profit as a result of these activities.

First, in the Japanese market, our key market, we will continue to formulate strategies to develop new business focusing on ESG and the SDGs, modernize our service business through the promotion of DX, and, in overseas markets, further promote our marketing and achieve production abroad.

In the chemicals business, we will continue to expand our package-type service offering that combines water treatment chemicals, equipment, and sensors and IoT, enhance marketing and promotion to launch new products and access new markets, and establish new 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 high-performance ion exchange resins and membranes with increased added value, and building a stable supply structure for functional materials domestically and overseas. Meanwhile, in the Food Products Division, we are expanding business by executing fundamental reforms of the production system and promoting cooperation with the aim of achieving more stable profitability.

TOPICS ORSMART RO, energy-saving service solutions for RO membrane treatment facilities, earned the Energy Conservation Grand Prize 2021 Judging Committee Special Excellence Award

We reduced power consumption and CO₂ emissions of RO membrane treatment facilities by using proprietary service solutions combining operational support, remote monitoring, and chemicals. It is very rare for a company to garner the award two years in a row. It represents praise for our proactive efforts in the chemicals business to reduce our environmental impact and enhance customer value.

Sustainability Management

Sustainability Policy

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

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



E

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

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



S

We promote a workplace where human rights, diverse values, and individuality are respected, and where every employee is given the opportunity to grow and play an active role.



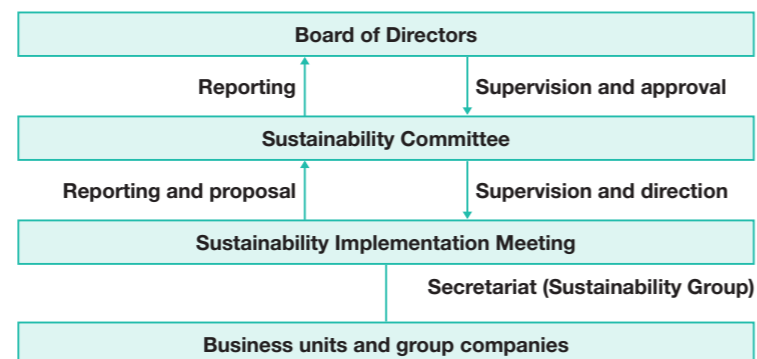
G

We emphasize dialogue and cooperation with all stakeholders, and we conduct honest and fair corporate activities.

The Organo Group established the Sustainability Policy in June 2022. To enhance the sustainability of the business activities of the Organo Group and contribute to achieving a sustainable society and global environment, we are integrating our medium- and long-term management plans with this policy to promote management that links business activities to ESG initiatives. We will provide products and services that contribute to our customers' sustainability, water environment conservation, and global warming prevention by solidifying the foundation of our business through thorough compliance and strengthened governance, and by sustainably developing cutting-edge technologies cultivated through long experience with water treatment.

Sustainability Promotion System

In December 2021, the Group established the Sustainability Committee as an organization to plan, propose, and implement measures to promote sustainability management. We also established the Sustainability Implementation Meeting, which promotes specific measures as the implementation organization of the Committee. Progress and achievements related to matters discussed and reviewed by the Sustainability Committee are reported to the Board of Directors.



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

Since 2020, we have livestreamed financial results presentations, and beginning in fiscal 2021, we have been holding interactive web-based presentations to expand direct dialogue with our shareholders and investors. We will continue to provide more information and increase stakeholder engagement, and we ask for your continued support. Video and materials of the web-based presentations can be viewed from the Investor Relations Information page of Organo's website (Japanese only).



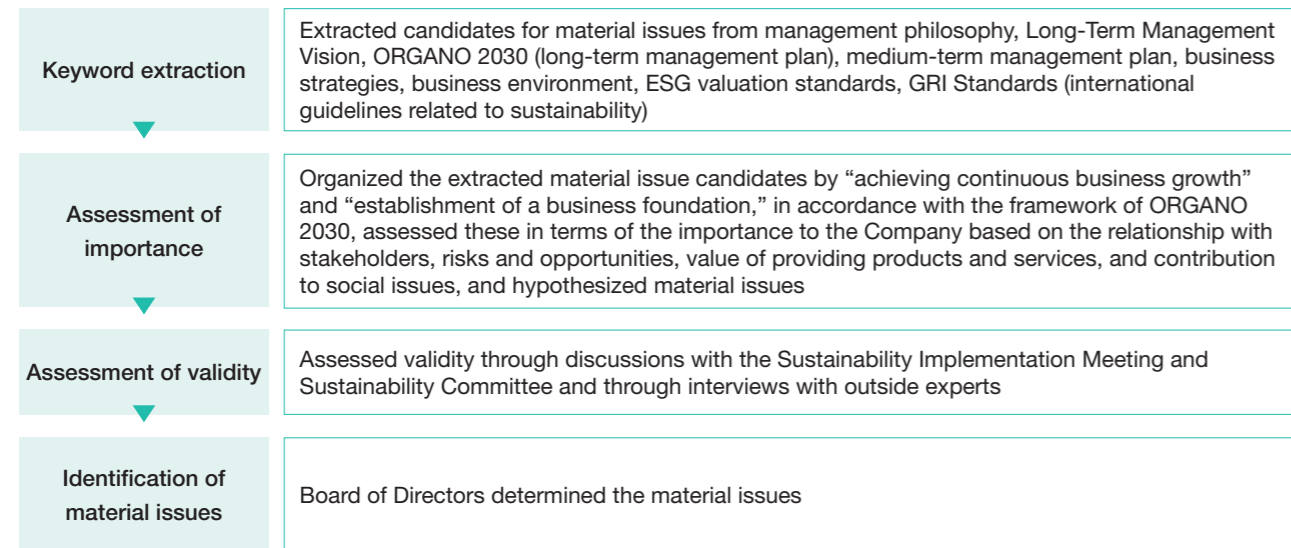
<https://www.organo.co.jp/ir/briefing/>

Sustainability Management

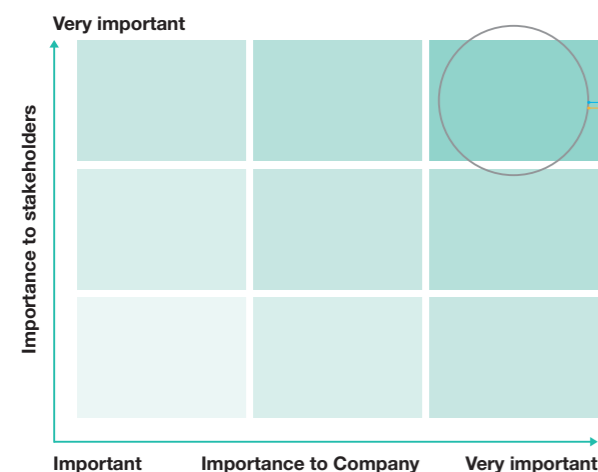
Material Issues

We evaluated trends in international society and social issues closely related to our business in terms of the importance to our stakeholders and to our Company, and extracted key issues. We discussed these issues in an internal meeting that included the Board of Directors, and identified material issues of high importance.

Identification Process



Identified Material Issues



Items related to value creation through business activities and global environmental conservation essential for daily life, industry, and business

- Achieving continuous business growth**
- 1) Contribute to a sustainable global environment**
 - Address water resource issues
 - Respond to climate change
 - Expand environmentally friendly products and services
 - Promote the 3Rs (Reuse, Reduce, Recycle)
 - Protect biodiversity
- 2) Leverage technological capabilities to provide high value-added products and services**
- Establishing a business foundation**
- 3) Strengthen governance and ensure compliance**
 - Promote occupational safety and health
 - Respect human rights
 - Strengthen compliance
 - Strengthen risk management
- 4) Create a workplace where diverse human resources can play an active and rewarding role**
- 5) Strengthen supply chain management**

The base enabling continued business operations while fulfilling social responsibilities

List of Material Issues

Material issue	Approach	Index (KPI)	Reference year	Goals for FY2030		
Achieving continuous business growth	<ul style="list-style-type: none"> • Address water resource issues • Protect biodiversity 	Amount of wastewater treated by newly delivered Organo systems and discharged by plants	2023	Total 60 million m ³		
		Amount of water collected and reused by newly delivered Organo systems	2023	Total 250 million m ³		
	1) Contribute to a sustainable global environment	<ul style="list-style-type: none"> • Respond to climate change 	Rate of reduction of Scope 1 and 2 CO ₂ emissions according to science-based target (SBT) presentation method ^{*1}	2021	37.8% Reduction	
			Rate of reduction of Scope 3 CO ₂ emissions according to SBT presentation method ^{*1}	2021	Under review	
	2) Leveraging technological capabilities to provide high value-added products and services	<ul style="list-style-type: none"> • Expansion of environmentally friendly products and services • Promotion of the 3Rs 	Volume of CO ₂ reduced by applying Organo technology and products	2023	Total 32,000 t CO ₂	
			Volume of sludge reduced by applying Organo technology and products	2023	Total 10,000 t	
		Continually develop and provide new technology and services that solve customer's sustainability issues.	2023	Two per year		
Establishing a business foundation	3) Strengthen governance and ensure compliance	<ul style="list-style-type: none"> • Promote occupational safety and health 	Improve in-house guidance and training to ensure safety and health in business activities with the aim of eliminating serious lost-time injuries.	Number of serious lost-time injuries ^{**}	2022	Zero per year
		<ul style="list-style-type: none"> • Strengthen compliance 	Maintain appropriate transactions based on fair and free competition, and promote the strengthening of compliance to continue to be useful to society at large.	Completion rate of compliance-related training for subjects enrolled at the end of the previous fiscal year	2022	100%
		<ul style="list-style-type: none"> • Respect human rights 	Maintain and respect international standards for human rights, and promote initiatives on respect for human rights to fulfill our corporate social responsibility.	Completion rate of human-rights-related training for subjects enrolled at the end of the previous fiscal year	2022	100%
		<ul style="list-style-type: none"> • Strengthen risk management 	In order to realize our management philosophy, we will enhance our risk management capabilities to recognize and appropriately address risks in our Long-Term Management Vision.	PDCA implementation rate for key risks identified by the Company	2022	100%
	4) Create a workplace where diverse human resources can play an active and rewarding role		Ensure diversity (in terms of standpoint and approach) in various decision-making.	Number of females in managerial positions (domestic group companies)	2022	50
			We consider the improvement and exercising of diverse abilities by our employees to be a source of job satisfaction, and we will work to cultivate human resources and enhance our systems to achieve this goal.	Training expense per employee (all group employees including those overseas)	2022	¥100,000 per person
			Provide a rewarding work environment where employees are mentally and physically healthy.	Number of employees exceeding the annual legal overtime limit * Domestic group companies only	2022	Employees with 600 hours per year: Zero
			Support the efforts of suppliers based on the Organo Group Supply Chain CSR Promotion Guidebook, and improve CSR awareness and compliance across the group supply chain.	Number of main suppliers in compliance with Organo Group Supply Chain CSR Promotion Guidebook	2022	Number of companies in compliance: 300 or more
5) Strengthen supply chain management						

*1: Criteria for calculating carbon dioxide emissions set forth by the Science Based Targets initiative (SBTi), an initiative requiring companies to set science-based carbon emission reduction targets.

**2: Four or more days out of work

Governance

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

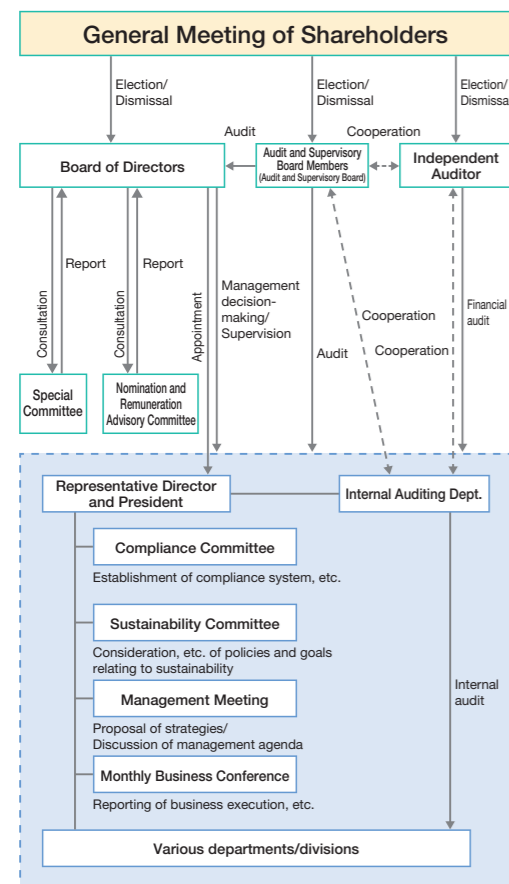
Basic Views on Corporate Governance

- (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 in a timely and proper way, 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.

Organo Corporate Governance Guidelines <https://www.organo.co.jp/english/company/governance/guidance/>

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 of whom have appropriate knowledge relating to finance and accounting, and two of whom have appropriate knowledge of legal matters.

Nomination and Remuneration Advisory Committee

The Company established the Nomination and Remuneration Advisory 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 remuneration for Directors, and reports the results to the Board of Directors. The committee consists of four Directors, of whom the majority of three are Independent Outside Directors, to ensure independence. In addition, one of the Independent Outside Directors chairs the Committee.

Special Committee

A special committee was established as a non-statutory advisory body to the Board of Directors, and when an important transaction, etc. is conducted between the Company and Tosoh Corporation, the controlling shareholder of the Company, or one of its subsidiaries, the Committee will deliberate on such transaction, etc. from the standpoint of protecting the interests of minority shareholders and report the resulting recommendation to the Board of Directors. The Committee solely consists of three Independent Outside Directors to secure independence.

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.

FY2020

Main issues	Status of response
<ul style="list-style-type: none"> Insufficient discussions oriented toward creating corporate value. Challenges in balancing explanation and discussion time at Board of Directors meetings. Many indicated that materials should be focused on the main points. Strengthen the supervision function related to business execution of the Board of Directors. Improve transparency for the procedure of determining remuneration, etc. for Directors. (Address reforms to the Companies Act) Insufficient support system for Non-Executive Directors and Outside Audit and Supervisory Board Members. 	<ul style="list-style-type: none"> The Company reviewed its long-term management plan and formulated the framework for the new long-term management plan ORGANO 2030. Plans were made to make matters to be reported to the Board of Directors more appropriate, and materials were improved. At least one-third of the officers were Independent Outside Directors. The policy for determining remuneration, etc. to Directors was formulated. Interviews were held with the Non-Executive Directors and Outside Audit and Supervisory Board Members to confirm requests for improvements, and the support system was strengthened by enhancing prior explanations and establishing a secretariat for the Audit and Supervisory Board.

FY2021

Main issues	Status of response
<ul style="list-style-type: none"> Large number of agenda items, and insufficient discussion of key items. Discussions should be held to ensure that the board as a whole is composed of a balance of knowledge, experience, and abilities, and diversity. (Disclosure of corporate governance reports required) Insufficient discussion on issues regarding diversity in election of officers and executive training. Insufficient discussion on sustainability initiatives for ESG, SDGs, etc. 	<ul style="list-style-type: none"> Sufficient time for discussion was ensured by narrowing down the agenda of the Board of Directors and providing efficient explanations, and by providing explanations of important matters to Non-Executive Directors in advance. One female Outside Audit and Supervisory Board member has been appointed. The Company identified the skill sets that its Directors should possess in order to achieve ORGANO 2030 and the medium-term management plan. The Company reviewed the criteria for selecting candidates for officers, "Qualities and Abilities Required of Directors and Officers" to clarify the standards for determining the eligibility of candidates for Director and President. The Company established the Sustainability Committee and its subordinate branch, the Sustainability Implementation Meeting.

FY2022

Main issues	Status of response
<ul style="list-style-type: none"> The Company needs to provide guidance on the policy for measures to protect minority shareholders in conducting transactions with the controlling shareholder as a prime market listed company with a controlling shareholder. (Disclosure of corporate governance reports required) Policy on developing director candidates and method of development requires clarification. Discussions required to ensure diversity on the Board of Directors, including the selection of female candidates and foreigner candidates for Director. Risk management system needs reinforcement. Disclosure of sustainability initiatives required as prime market listing requirement. 	<ul style="list-style-type: none"> A special committee was established to deliberate and review important transactions and actions that conflict with the interests of the controlling shareholder and minority shareholders. The Company has secured the independence of this committee by having it solely consist of Independent Outside Directors. There will be more opportunities for Executive Officers and General Managers to explain and report on proposals at Board of Directors meetings, as well as new opportunities for Executive Officers to make presentations to the members of the Board of Directors on a topic of their choice, in an effort to develop candidates for Director. The Company is in the process of holding discussions to ensure diversity on the Board of Directors, including the selection of female candidates for Director and other measures. The Company is identifying key risks and creating risk scenarios, and is improving the group-wide risk management system by taking measures such as the establishment of the Risk Management Office in June 2022 under Corporate Management and Planning and augmenting the staff in the Internal Auditing Dept. The Company is reinforcing risk management by monitoring the progress of risk management planning of the Board of Directors and the internal meetings. After holding discussions with the Sustainability Committee, the Company identified material issues in May 2022 and established the basic policy the following month. Going forward, the Board of Directors will determine the KPIs and goals and implement initiatives to achieve sustainability management.

Governance

Composition of Board of Directors and Skills Matrix of Directors

The Company believes that ensuring the diversity of the Board of Directors is useful for its deliberation to be made in a multifaceted and effective manner, and shall select in a balanced way persons with diverse knowledge, experience and ability. Each Director has knowledge, experience and ability in the fields of management in general, business administration, sales, R&D, technology and industrial policy, respectively. Therefore, the Company considers the Board of Directors to be well-balanced and well-diversified and of an appropriate size.

Name	Corporate Management/ Management Strategy	Finance/ Accounting	Legal Affairs and Risk Management	Global	Sales and Marketing	Technology	Human Resource Strategy
Masaki Uchikura	○		○	○		○	○
Masayuki Yamada	○		○	○		○	
Yasutoshi Nakayama	○			○	○		○
Nobuyoshi Suda	○	○		○		○	
Tetsushi Honda	○			○	○	○	
Mitsutaka Sugata	○			○	○		
Motoo Nagai (Outside)	○	○	○	○			
Keikou Terui (Outside)	○		○			○	○
Kenji Hirai (Outside)	○		○			○	○

Notes: 1) Among the skills possessed by each director, skills that can be expected to demonstrate their expertise and experience are marked with a “○” mark. 2) All directors are considered to possess ESG skills.

Remuneration for Directors and Other Officers

Basic Policy

The remuneration system for Executive Directors, in addition to the fixed remuneration (cash), encourages business execution in line with management policies and management targets and establishes a remuneration framework and remuneration standards which provide strong incentive for the achievement of short-term and mid- to long-term management targets in order to achieve sustainable growth and improve the corporate value of the Group. The remuneration system for Non-Executive Directors, including Outside Directors, shall be fixed remuneration (cash) only, for the purpose of effectively having their supervisory and monitoring functions. The Company has established the Nomination and Remuneration Advisory Committee as a non-statutory advisory body to the Board of Directors, in order to ensure objectivity and transparency in the process of determining remuneration.

Remuneration composition ratio of executive directors



* In the case of the Representative Director and President

Overview of remuneration system of executive directors

Remuneration	Overview
1. Fixed remuneration	<ul style="list-style-type: none"> Determined according to position Monetary remuneration
2. Short-term incentives remuneration	<ul style="list-style-type: none"> From the perspective of clarifying the relationship between business performance and remuneration, the Company shall use the consolidated operating income, an important management index of the Group, in performance evaluation. Varies in the range of 0% to 170% depending on the amount of consolidated operating profit. Monetary remuneration
3. Mid- and long-term incentives remuneration	<ul style="list-style-type: none"> From the perspective of improving corporate values over the medium to long term and aligning the interests with those of shareholders, the Company shall use the consolidated return on equity (ROE), which is an important management indicator of the Group and indicates capital efficiency, as the performance evaluation indicator. Varies in the range of 0% to 200% depending on the consolidated ROE Stock-based remuneration plan using a trust

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 company versions in Malaysia, China, Taiwan, Thailand, and Vietnam according to local circumstances and shared them with officers and employees of the Group in Japan and overseas. 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, and it is launching operation of an internal whistleblowing system in Malaysia, Taiwan, Thailand, and Vietnam.

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 Board of Directors monitors the progress of the risk management plan and provides instructions to the responsible department or division regarding improvements, as needed. Moreover, the Internal Auditing Office evaluates the operational status of the risk management process and risk management plan progress from an independent viewpoint to increase the effectiveness of risk management. By continuously repeating the PDCA cycle in this way, we increase the effectiveness of risk management.

Action

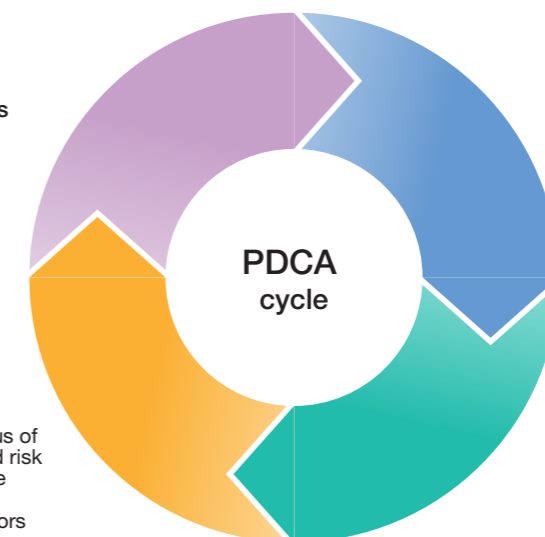
Identification and evaluation of improvement activities and risks

- 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

Evaluation and monitoring of the process and progress

- Evaluation of the operational status of the risk management process and risk management plan progress 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 June 29, 2022)

Directors



Masaki Uchikura
Director
Chairman of the Board of Directors

Apr. 1982 Joined Toyo Soda Manufacturing Co., Ltd. (currently Tosoh Corporation)
Jun. 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
Jun. 2019 Director and President (Representative Director)
Jun. 2022 Director and Chairman of the Board of Directors (current position)



Masayuki Yamada
President
Representative Director
President and Executive Officer

Apr. 1985 Joined Toyo Soda Manufacturing Co., Ltd. (currently Tosoh Corporation)
Jun. 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
Jun. 2021 Senior Managing Director and Executive Officer
Jun. 2022 Director and President (Representative Director) and Executive Officer (current position)



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

Apr. 1984 Joined the Company
Jan. 2014 Managing Director of Organo (Asia) Sdn. Bhd.
Jun. 2016 Executive Officer of the Company
Jun. 2018 Director and Executive Officer, Deputy President of Industrial Plant Business, and Senior General Manager of Plant Division
Jun. 2021 Managing Director and Executive Officer, President of Industrial Plant Business, and Senior General Manager of Electronics Division (current position)




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

Apr. 1984 Joined the Company
Jan. 2013 Representative Director and General Manager of Organo (Suzhou) Water Treatment Co., Ltd.
Jun. 2017 Executive Officer, General Manager of Corporate Strategy and Planning Dept., Corporate Management and Planning of the Company
Chairman of Organo (Vietnam) Co., Ltd.
Jun. 2019 Director and Executive Officer, President of Corporate Management and Planning and General Manager of Corporate Strategy and Planning Dept.
Jun. 2021 Managing Director and Executive Officer, President of R&D and Engineering and Senior General Manager of R&D Center (current position)




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

Apr. 1986 Joined the Company
Apr. 2012 Managing Director of Organo (Asia) Sdn. Bhd.
Jun. 2018 Executive Officer, Senior General Manager of Power Plant Division, Industrial Plant Business of the Company
Jun. 2020 Executive Officer, Senior General Manager of R&D Center, R&D and Engineering
Jun. 2021 Director and Executive Officer, President of Corporate Management and Planning and General Manager of Corporate Strategy and Planning Dept. (current position)



Mitsutaka Sugata
Director
President of Corporate Management and Planning

Apr. 1986 Joined Toyo Soda Manufacturing Co., Ltd. (currently Tosoh Corporation)
Jun. 2011 General Manager of Amines, Organic Chemicals Division
Jun. 2016 Director of Taiyo Vinyl Corporation
Jun. 2018 Manager of Planning and Development, Organic Chemicals Division of Tosoh Corporation
Mar. 2022 Vice President, General Manager of Purchasing & Logistics and Group Leader of Raw Materials & Fuel Operations
Jun. 2022 Outside Director of MANAC Chemical Partners Co., Ltd. (current position)
Vice President, Senior General Manager of Organic Chemicals Division and Manager of Planning and Business Development, Organic Chemicals Division of Tosoh Corporation (current position)
Director of the Company (current position)




Motoo Nagai
Outside Director

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.
Jun. 2011 Director and Deputy President (Representative Director), Deputy President and Executive Officer
Apr. 2014 Administrative Officer
Jun. 2014 Outside Statutory Auditor (Full-time) of Nissan Motor Co., Ltd.
Outside Audit and Supervisory Board Member of the Company
Jun. 2015 Outside Audit & Supervisory Board Member of Nisshin Seifun Group Inc.
Jun. 2019 Outside Director of the Company (current position)
Outside Director of Nissan Motor Co., Ltd. (current position)
Outside Director of Nisshin Seifun Group Inc. (current position)



Keikou Terui
Outside Director

Apr. 1979 Joined Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry)
Jul. 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
Jun. 2014 Director of Union of Japanese Scientists and Engineers (current position)
Outside Director of Ube Industries, Ltd. (currently UBE Corporation)
Mar. 2016 Outside Director of Bridgestone Corporation (current position)
Jun. 2016 Director of Chemicals Evaluation and Research Institute, Japan
Outside Director of the Company (current position)
Aug. 2018 Director of Japan Industrial Safety Competency Center (current position)
Jun. 2020 Executive Director of Japan Chemical Innovation and Inspection Institute (current position)



Kenji Hirai
Outside Director

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
Jun. 2019 Outside Director of the Company (current position)
Jun. 2021 Research Advisor of Sagami Chemical Research Institute (current position)

Audit and Supervisory Board Members




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

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, General Manager of Functional Polymers, Polymers Division of Tosoh Corporation
Jun. 2012 Managing Director and Executive Officer, President of Performance Products Business of the Company
Nov. 2013 Chairman of the Board (Representative Director) of HOSTEC
Jun. 2015 Outside Auditor of Plas-Tech Corporation (current position)
Jun. 2016 Outside Auditor of Taihei Chemicals Limited (current position)



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

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
Jun. 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)
Jun. 2019 Outside Audit and Supervisory Board Member of the Company (current position)
Oct. 2019 Executive Officer of Advance Residence Investment Corporation (current position)
Mar. 2022 Inspector of The Professional Golfers' Association of Japan (current position)



Nobuko Hanano
Outside Audit and Supervisory Board Member
Lawyer

Apr. 1991 Joined Nomura Research Institute, Ltd.
Oct. 2000 Registered as Lawyer (Dai-ichi Tokyo Bar Association)
Joined KOHWA SOHGOH LAW OFFICES Association)
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)
Jun. 2021 Outside Audit and Supervisory Board Member of the Company (current position)

Message from Outside Director

Leaping forward

Since before I was appointed as an Outside Director in 2019, Organo has actively worked to reform the corporate governance system, and strengthen it by clarifying the nature of the Board of Directors and Audit and Supervisory Board and the responsibilities and roles of the Directors and Audit and Supervisory Board Members. As we push forward with business reforms that include streamlining workflows through workstyle reforms and digitalization, new life is beginning to flow into our corporate culture and climate. Meanwhile, supply chain disruptions amid changes in the international arena, such as trade friction between the U.S. and China, the spread of COVID-19, and the recent Ukraine issue, has destabilized the supply of energy and natural resources. This has created a serious semiconductor supply shortage, in particular, in a period of expanding global demand, affecting the automotive, electrical, and electronics industries in various ways. As major semiconductor manufacturers—mainly in Taiwan, where this semiconductor supply-demand gap must be filled—established new production bases and actively worked to increase production, our businesses related to supplying ultrapure water and providing wastewater treatment indispensable to semiconductor manufacture saw record profits over the past few years, despite the issue of long working hours needing to be addressed in certain particularly busy departments. Meanwhile, with the acceleration of global activity toward achieving the SDGs, respond to ESG demands, and emphasize environmental measures with a focus on decarbonization, the needs for industry are constantly changing, and there is strong demand for innovative technology to realize these needs. At the same time, the IT revolution evolving in a wide variety of fields is reminding us of the importance of providing solutions with newly added social value, taking into account not only the combination of existing technologies, but also considering diverse and segmented potential customer needs. To respond to these social issues, it is extremely important for Organo to provide, in a timely manner, a business model leveraging proprietary technology and products developed in our chemicals and functional materials businesses—key to our long-term business plan—as we look ahead to the future of semiconductor demand, with our sights set on sustainable development and enhanced corporate value.



Kenji Hirai
Outside Director

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.

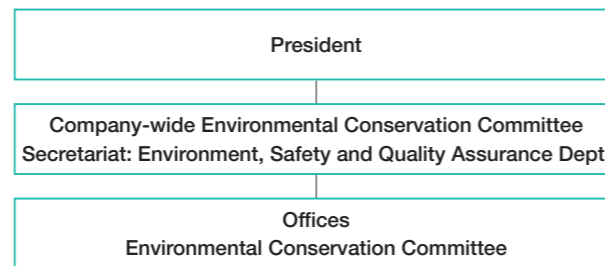
Basic Environmental Policy

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, increasing the number of qualified individuals. In this way, the Company is putting its environmental philosophy into practice.

Number of qualified Pollution Control Managers in FY2021*
Cumulative: 200

* 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. Meanwhile, the Company recognizes the growing demand for environment-friendly products and services as a business opportunity. The Company Code of Conduct establishes that the Organo Group "will develop environment-friendly products and technologies as well as products and services that will help solve environmental problems." Moreover, we set "responding to climate change" as a material issue, and as part of our approach, we will contribute to realizing a sustainable society by optimizing energy usage through business activities and providing products and services that contribute to mitigating and adapting to climate change. Organo also works to support the decarbonization efforts of its customers through a reduction in 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. We will contribute to the realization of a sustainable society by actively working to mitigate and adapt to climate change.

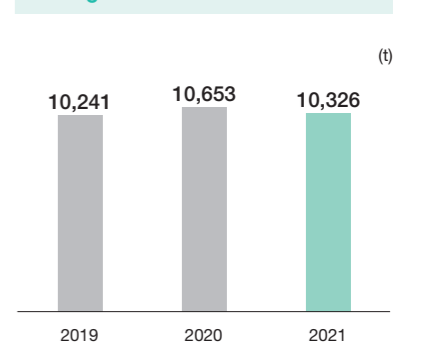
Reducing CO₂ Emissions (Scope 1 and 2)

The Organo Group regards efforts to address environmental issues, including the reduction of greenhouse gas (GHG) emissions as an important topic. To materialize the Group's efforts to address climate change, the Sustainability Committee has conducted discussions since December 2021.

The Committee took a broad look at reduction measures for Scope 1 and 2 emissions. This included first understanding the emissions of the overall group as well as energy conservation measures at facilities, improvements to the business process, in-house solar power generation equipment, and procurement of electricity with low GHG emission factor.

To ensure that the Group's efforts align with the Paris Agreement, the Company set its FY2030 target for its CO₂ emissions reduction rate to 37.8%, with FY2021 as the reference year, in accordance with the SBT* method. The Company will continue to implement environmental management to achieve our target.

Changes in CO₂ emission volume



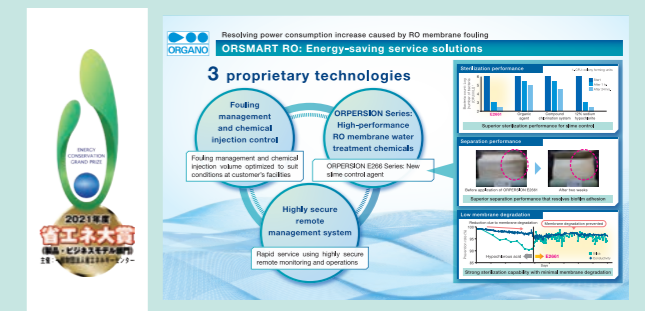
* Science Based Targets (SBT) are corporate greenhouse gas reduction targets consistent with scientific findings to maintain the global temperature rise below 2°C compared to pre-industrial temperatures.*

* Aggregation range: Organo, Organo Plant Service, Organo Food Tech, ORGANO Eco Tech, ORGANO Acty, Organo (Asia), Organo (Suzhou), Organo Technology, Organo (Thailand), Organo (Vietnam), PT Lautan Organo Water

TOPICS ORSMART RO energy-saving service solutions for RO membrane treatment facilities

This energy conservation service solution employs three proprietary technologies to solve the issue of increased pump power as a result of fouling, a membrane disorder, in RO membrane water treatment systems, which are widespread in the industrial field. These technologies include the RO membrane water treatment chemical series, fouling management and chemical injection control, and a remote management system.

Awards Following the award in 2020 for our energy-saving service solutions using the ORBRAID Series of cooling water treatment agents, ORSMART RO, our energy-saving service solutions for RO membrane treatment facilities, earned the Judging Committee Special Excellence Award in the product and business model category of the FY2021 Energy Conservation Grand Prize (sponsored by the Energy Conservation Center, Japan (ECCJ) and supported by the Ministry of Economy, Trade and Industry).



Environment

Energy and Waste

Together with its stakeholders, the Organo Group aims to realize a sustainable society. We will continue our efforts to effectively use resources and reduce the degree of environmental impact to realize a recycling-oriented society. The main environmental impacts of the Company's business activities include energy use and waste discharge.

Organo Group's environmental impact in FY2021

	Unit	FY2017	FY2018	FY2019	FY2020	FY2021
Energy consumption (crude oil equivalent)	kℓ	3,824	3,942	3,970	4,083	4,168
Recycling volume	t	377	400	548	486	554
Volume of waste generated	t	445	471	737	679	617
Water usage volume	m³	488,900	516,352	542,256	539,185	624,755
Wastewater volume	m³	411,577	423,922	434,603	461,591	538,819

* Targets for calculation: Head Office, R&D Center, Tsukuba Factory, and Iwaki Factory of Organo Corporation, and Main Factory of Organo Food Tech Corporation
 * The water balance does not include evaporation or sprinkling, or products brought out of or into facilities.

Energy Consumption (crude oil equivalent)

The energy consumption of Organo's major offices for FY2021 was 4,168 kiloliters. This increased by 85 kiloliters year on year due to robust business activity, but the usage growth rate slowed from the previous year. 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.

Recycling Volume and Volume of Waste Generated

The volume of waste generated at our major offices for FY2021 was 617 tons. This is a decrease of 62 tons year on year. The recycling volume at our major offices for FY2021 was 554 tons. This is an increase of 68 tons year on 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.

Water Usage Volume and Wastewater Volume

The water usage volume at Organo's major offices for FY2021 was 624,755 m³, and the wastewater volume totaled 538,819 m³. The water usage volume increased by 85,570 m³, and the wastewater volume was up 77,228 m³ year on year. The Organo Group is working to conserve water resources by effectively using water intake and maintaining and improving the quality of wastewater around its business sites to ensure the sustainable use of water resources.

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

The Organo Group Company Code of Conduct sets forth clear guidelines on respecting human rights, prohibiting discrimination, and forbidding harassment. Organo continues to provide e-learning opportunities on corporate ethics, compliance, and harassment prevention for all employees to ensure that all employees have a correct understanding of human rights and to promote workplaces where human rights are respected. Moreover, the Company identified respect for human rights as a material issue in June 2022. Organo maintains and respects international standards for human rights, and we hold in the highest regard human rights of all employees working in the Group, as well as everyone involved in its corporate activities. Furthermore, Organo promotes initiatives on respect for human rights to fulfill its corporate social responsibility.

Basic Views on Supply Chain 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 Purchasing Concept

1. Fair and impartial transactions

When conducting purchase transactions, we clarify the transaction conditions, and evaluate the price, quality, delivery dates, and other conditions fairly and rationally before determining a supplier. We obtain only the information that is required from the supplier related to the purchasing activity. Information obtained in the course of business will be properly managed and will not be disclosed or leaked to third parties without permission, nor will it be used for purposes other than those for which it was obtained or used improperly.

2. Compliance with laws, regulations, and social norms

We will comply with the Antitrust Law, Subcontract Act, Construction Business Act, and other relevant laws and will not abuse our dominant bargaining position, etc. to the detriment of our suppliers or contractors. We will not use any others' intellectual property rights without proper authorization and will not act to infringe on intellectual property rights through unauthorized use. We do not have personal interests in our suppliers. We will not give or receive entertainment, gifts, money, or other economic benefits to/from our customers, suppliers, contractors, and other business partners with the aim of securing or keeping undue gains or preferential treatment.

3. Building partnerships

We will work to build and maintain trusting relationships with our suppliers, and aim for relationships of coexistence and co-prosperity through mutual cooperation. We are interested in our suppliers' efforts to comply with laws and regulations, protect the environment, respect human rights, and perform other social responsibilities, and together we are working to fulfill these responsibilities.

Society

CSR Procurement Initiatives

Amid interest from stakeholders on our overall business process as it relates to the creation and provision of products and services, there was growing demand not only to promote the Organo Group’s CSR, but also to promote the CSR of the entire supply chain. As such, in May 2015, the Company formulated the Organo Group Supply Chain CSR Promotion Guidebook (Japanese only; hereinafter referred to as the “Guidebook”). Through our CSR activities, we deepen the common understanding with our customers.

In addition to our existing operations in Japan and other parts of Asia, in 2021, we established a subsidiary in the United States, where demand for water treatment equipment for semiconductor manufacturing is expected to grow. Amid this business expansion, to better align our CSR initiative standards with international standards, we revised the Guidebook in April 2022 to include content that conforms to the code of conduct of the Responsible Business Alliance (RBA), a business alliance that promotes social responsibility across global supply chains.

In the future, the Company will continue to implement CSR activities based on the Guidebook, and we will check the status of our customer’s CSR activities and provide support where needed.

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 (personal information as established in the Act on Protection of Personal Information (hereinafter “Personal Information Protection Act”)) for the Company’s business operations, such as names, addresses and telephone numbers. Organo will properly handle obtained personal information in accordance with the basic policy described below.

1. Organo will comply with the Personal Information Protection Act 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 except with the consent of the individual or where permitted by laws and regulations.
5. Organo will respond sincerely to requests from individuals regarding disclosure of personal information.

Occupational Safety and Health

As a company with a large amount of field work, we recognize the risk of serious workplace accidents. Safety is a top-priority topic, and the Company established safety as a material issue in June 2022. 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.

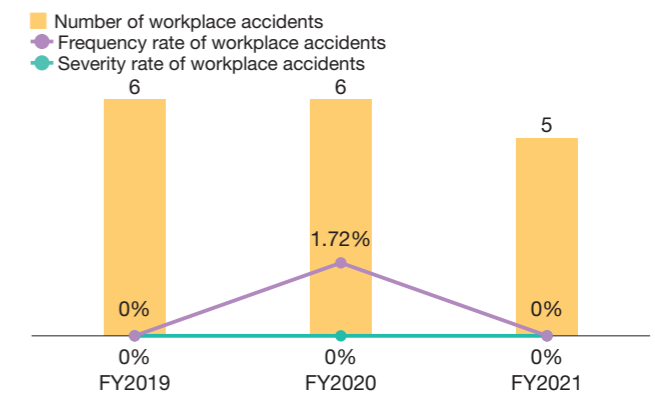
Mental Health Care

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.

Number, frequency rate, and severity rate of workplace accidents



Calculation methods:
 • Frequency rate: Number of incidents ÷ Total number of hours worked × 1 million (FY2019 and FY2020 were calculated using the total frequency rate (Number of incidents ÷ Total number of hours worked × 1 million based on workplace accidents including injuries and illnesses due to cases without lost workdays); this will be revised to a frequency rate going forward.)
 • Severity rate: Number of workdays lost ÷ Total number of hours worked × 1,000

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.

Promoting the participation of women

As of the end of March 2022, the number of women in managerial positions in the Company was 16 (the ratio of women in managerial positions was 4.3%), and the Company aims to increase this number to 30 by 2026.

Employment of people with disabilities

Organo is working to expand its employment of people with disabilities who, as of June 1, 2022, accounted for 2.30% of the Company's workforce.

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.

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.

Childcare support

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.

Workstyle reforms

Organo has introduced flextime options, half-day paid leave systems and telework systems to enable flexible and efficient work styles, and is promoting streamlining operations utilizing ICT. As part of the measures to improve the rate of use of paid leave, Organo encourages employees to take extended vacations by combining paid leave with summer vacation and special paid leave offered after 15 and 25 years of service.

Policy on Diversity Initiatives

The Company prescribes "Ensuring a comfortable workplace where all employees can realize their full potential" in the Organo Group Company Code of Conduct and declares that it shall respect the human rights, diversity and individual personalities of all employees and will not discriminate based on nationality, gender, creed, physical condition, or social status. Moreover, the Company believes the driving force behind sustainable growth is the inclusion of a diversity of personnel with a variety of knowledge and experience, and only through a mixing of diverse ideas can it realize innovations to improve its corporate value. To that end, we are working on various measures including promoting the participation of women, employing people with disabilities, utilizing global human resources, employing senior citizens, providing childcare support, and promoting workstyle reform.

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 its female workforce to demonstrate their capabilities actively in the workplace, taking into account the need for work-life balance.



Development of the Internal Environment to Ensure Diversity

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. The Company is implementing initiatives such as assigning female employees to the departments in charge of construction management, which previously was staffed mainly by male employees, augmenting Japanese language education for foreign national employees, giving consideration to the company cafeteria, and establishing a prayer room.

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 childbirth and childcare leave system that exceeds legal requirements. Employees are guaranteed full salary during maternity leave and leave for hospital visits during pregnancy, their terms of prenatal and postnatal leave (six weeks before and eight weeks after childbirth), and periods of childcare leave after return. 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 second 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.

Society

Promotion of Human Resource Development

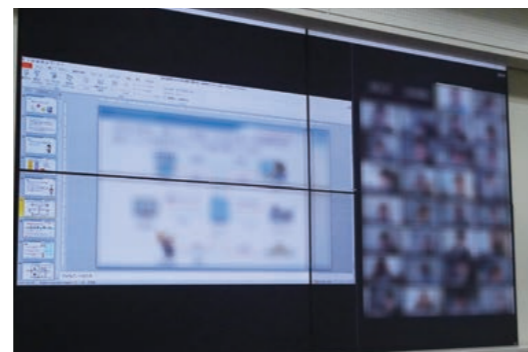
Organo implements rank-specific training and function-specific training to enable employees to improve their skills and advance their careers. Moreover, the Company has introduced a system to support employees' self-development, such as a qualification acquisition support system and Organo University,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

○ Main training programs

Types of programs	Overview
New employee training	Over the course of roughly six months of training, employees learn general knowledge as a member of society and about Organo's technologies. During the second half of the training, they put into practice the technology and knowledge gained in the first half at construction sites.
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 career training Mid-level career training	Participants cultivate the ability to independently grow by learning to take a proactive approach to career development.
Other	We provide rank-specific training for developing basic social skills.



Group training for new employees



Follow-up training

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: 'Division supervisory positions,' 'Expert positions,' and 'Supervisory 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

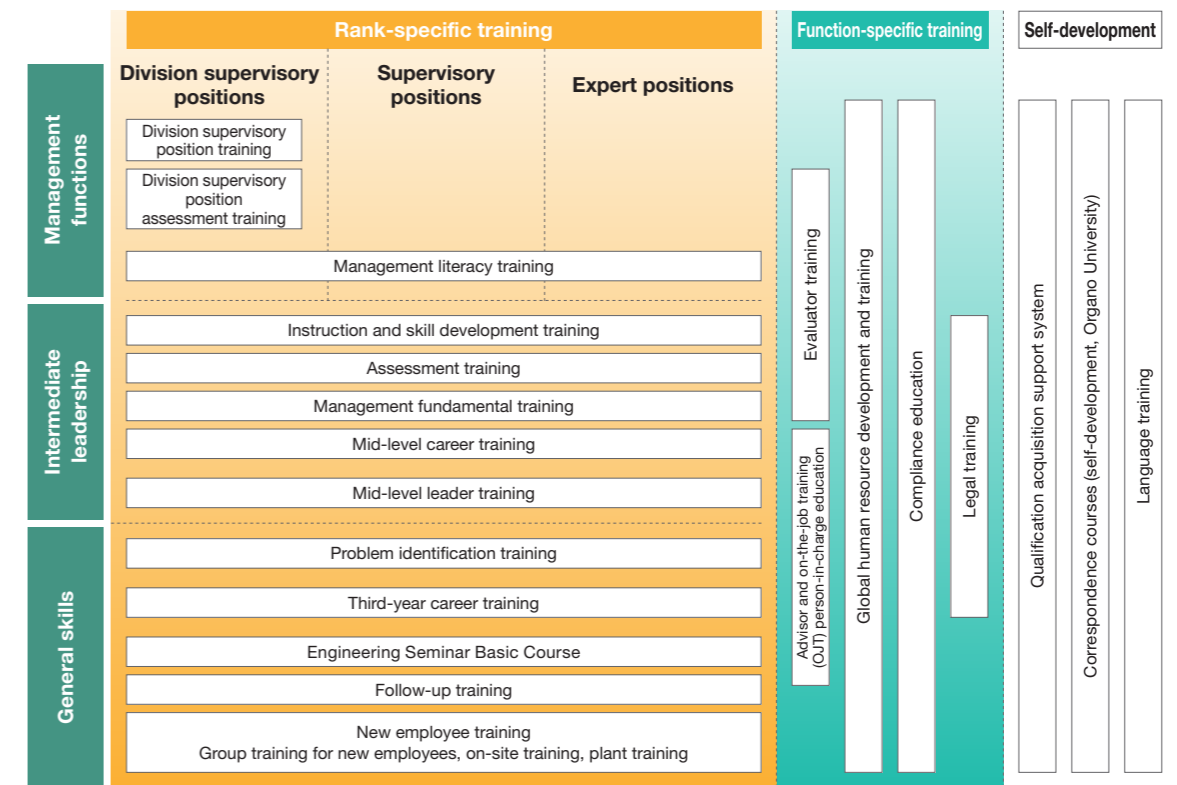
To support employees who learn autonomously, the Company subsidizes a portion of the cost employees incur when acquiring one of approximately 300 different formal qualifications. This encompasses target qualifications across a wide range of subject areas such as technology, linguistics, and IT, with certifications that include professional engineer, assistant professional engineer, and pollution control manager.

Organo University (correspondence course subsidy system)

The Organo University provides the opportunity to study by featuring 173 correspondence 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.

Education System

We provide various educational opportunities to develop human resources.



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 again solicited research topics from graduate students based in China in fiscal 2021, and in July 2021 selected and recognized outstanding researchers in Suzhou, China. To date, an estimated 900 or more people have taken part, and more than 350 people awarded are actively working in the water environment field in various areas around the world.

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 2021, its 15th year, research presentations, selection, and an awards ceremony were held at the JSWE symposium in September, and three students received awards. Everyone awarded to date is actively working in the water environment field in Japan or overseas.

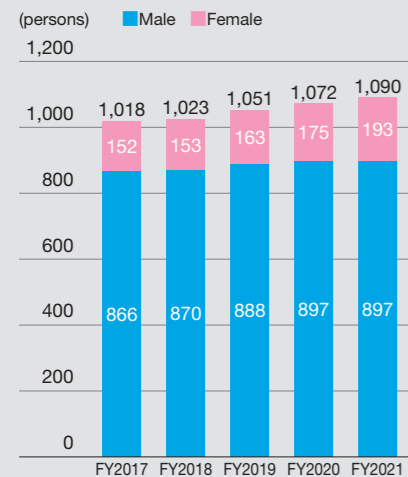
Financial Information

	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Orders (millions of yen)	68,041	60,238	65,501	77,873	76,485	74,041	88,049	103,838	104,986	94,563	135,698
Net sales (millions of yen)	68,502	66,718	62,096	68,741	78,719	81,114	79,226	92,273	96,515	100,638	112,069
Operating profit (millions of yen)	4,849	3,498	833	2,398	3,947	4,114	3,821	6,558	9,908	9,579	10,850
Operating profit ratio (%)	6.9	5.2	1.3	3.5	5.0	5.1	4.8	7.1	10.3	9.5	9.7
Ordinary income (millions of yen)	4,782	3,909	1,170	2,465	3,871	4,162	3,933	6,538	9,929	9,900	11,545
Profit attributable to owners of parent* (millions of yen)	2,683	2,564	664	1,085	2,485	2,731	2,780	4,452	7,162	7,074	9,210
Capital expenditures (millions of yen)	763	720	358	334	603	903	644	635	965	1,015	3,387
R&D expenses (millions of yen)	1,902	1,655	1,490	1,392	1,407	1,495	1,776	1,823	2,178	2,300	2,146
Depreciation (millions of yen)	1,190	1,159	1,065	999	950	950	972	920	1,189	1,212	1,332
Net assets (millions of yen)	43,015	45,207	44,252	45,308	46,567	49,034	51,681	54,795	60,857	67,357	76,004
Total assets (millions of yen)	84,709	85,309	76,852	83,609	94,795	95,405	96,036	101,257	101,448	115,011	130,506
Liabilities with interest (millions of yen)	13,888	14,901	10,230	12,717	17,412	16,910	15,484	13,659	9,740	16,005	15,628
Annual dividend (yen per share)	12	12	8	8	9	11	53	73	104	114	160
Book-value per share (BPS) (yen)	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	6,620.54
Earnings per share (EPS) (yen)	46.57	44.52	11.53	18.85	43.17	237.18	241.50	388.48	626.05	616.72	802.69
Equity ratio (%)	50.4	52.5	57.6	54.2	49.0	51.3	53.7	54.0	59.9	58.4	58.1
Return on equity (ROE) (%)	6.4	5.9	1.5	2.4	5.4	5.7	5.5	8.4	12.4	11.1	12.9
Return on assets (ROA) (%)	5.9	4.6	1.4	3.1	4.3	4.4	4.1	6.6	9.8	9.1	9.4
Consolidated payout ratio (%)	25.8	27.0	69.4	42.4	20.8	23.2	21.9	18.8	16.6	18.5	19.9

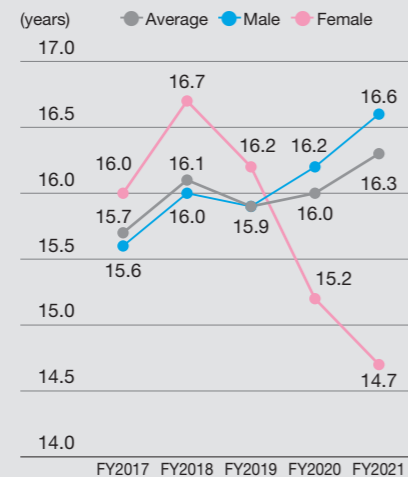
* The Company implemented a reverse stock split on October 1, 2017, consolidating five shares into one.

Nonfinancial Information

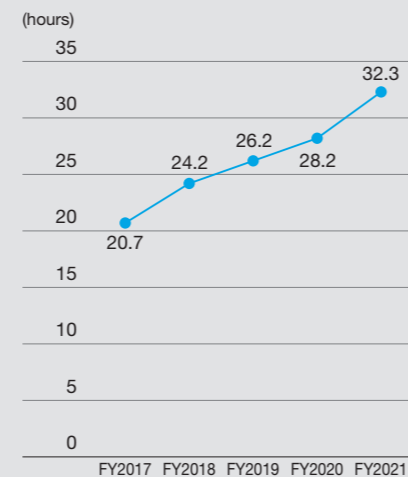
Number of employees



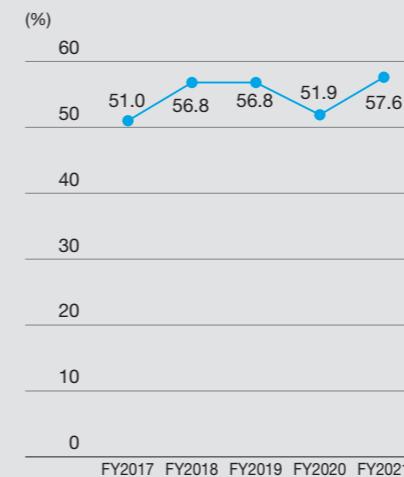
Average years of service



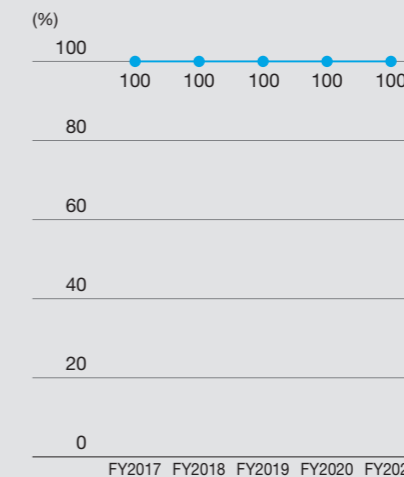
Average monthly hours of overtime



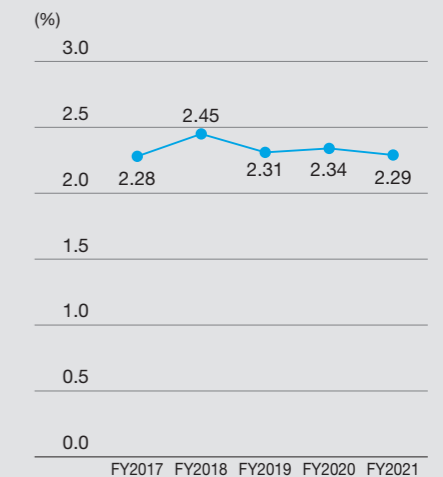
Rate of use of paid leave*



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.: FY2021 → Period from January 1, 2021 to December 31, 2021

Consolidated Balance Sheet

(millions of yen)

	Previous fiscal year (March 31, 2021)	Fiscal year under review (March 31, 2022)		Previous fiscal year (March 31, 2021)	Fiscal year under review (March 31, 2022)
Assets			Liabilities		
Current assets			Current liabilities		
Cash and deposits	12,804	20,198	Trade notes and accounts payable	13,556	18,795
Notes and accounts receivable - trade	49,517	-	Electronically recorded obligations - operating	4,589	5,575
Notes receivable - trade	-	1,703	Short-term borrowings	14,510	9,933
Electronically recorded monetary claims - operating	1,598	1,862	Income taxes payable	2,140	1,444
Accounts receivable - trade	-	25,639	Advances received	1,226	-
Contract assets	-	25,584	Contract liabilities	-	1,820
Lease investment assets	9,773	11,293	Provision for bonuses	1,442	1,477
Merchandise and finished goods	5,448	5,264	Provision for product warranties	241	296
Work in progress	6,205	6,735	Provision for loss on construction contracts	122	46
Raw materials and supplies	1,223	1,456	Provision for stock-based remuneration for directors (and other officers)	109	123
Other	3,172	3,133	Other	2,809	3,559
Allowance for doubtful accounts	(39)	(6)	Total current liabilities	40,749	43,072
Total current assets	89,702	102,862	Fixed liabilities		
Fixed assets			Long-term borrowings	1,495	5,695
Tangible fixed assets			Deferred tax liabilities	11	53
Buildings and structures	17,792	18,873	Retirement benefit liabilities	5,319	5,512
Accumulated depreciation	(12,808)	(12,707)	Other	79	168
Buildings and structures (net)	4,983	6,166	Total fixed liabilities	6,905	11,429
Machinery, equipment and vehicles	5,671	5,826	Total liabilities	47,654	54,501
Accumulated depreciation	(4,981)	(5,117)	Net assets		
Machinery, equipment and vehicles (net)	690	709	Shareholders' equity		
Land	12,279	12,257	Capital stock	8,225	8,225
Construction in progress	300	1,115	Capital surplus	7,508	7,508
Other	5,112	5,346	Retained earnings	51,902	59,619
Accumulated depreciation	(4,391)	(4,601)	Treasury stock	(495)	(734)
Other (net)	720	745	Total shareholders' equity	67,139	74,617
Total tangible fixed assets	18,974	20,995	Accumulated other comprehensive income		
Intangible fixed assets	1,105	1,082	Valuation difference on available-for-sale securities	301	434
Investments and other assets			Deferred gains or losses on hedges	-	(0)
Investment securities	1,911	2,058	Foreign exchange translation adjustment	(201)	575
Retirement benefit assets	-	624	Accumulated adjustment for retirement benefits	(25)	208
Deferred tax assets	2,977	2,369	Total accumulated other comprehensive income	74	1,218
Other	743	979	Minority interests	143	168
Allowance for doubtful accounts	(403)	(464)	Total net assets	67,357	76,004
Total investments and other assets	5,228	5,566	Total liabilities and net assets	115,011	130,506
Total fixed assets	25,308	27,644			
Total assets	115,011	130,506			

Consolidated Statement of Income

(millions of yen)

	Previous fiscal year (from April 1, 2020 to March 31, 2021)	Fiscal year under review (from April 1, 2021 to March 31, 2022)
Net sales	100,638	112,069
Cost of sales	74,311	83,556
Gross income	26,326	28,512
Selling, general and administrative expenses	16,746	17,662
Operating income	9,579	10,850
Non-operating profit		
Interest income	27	26
Dividend income	27	33
Exchange gains	39	573
Equity method investment income	153	160
Other	207	129
Total non-operating income	454	924
Non-operating expenses		
Interest expenses	117	127
Loss on valuation of derivatives	-	92
Other	16	9
Total non-operating expenses	133	229
Ordinary income	9,900	11,545
Extraordinary income		
Income from sales of fixed assets	7	1,150
Income from sales of investment securities	14	23
Income from sales of right to use facilities	-	11
Total extraordinary income	22	1,185
Extraordinary losses		
Loss on sales of fixed assets	0	-
Loss on abandonment of fixed assets	161	21
Loss on valuation of investment securities	59	-
Loss on sales of right to use facilities	4	13
Loss on valuation of right to use facilities	0	-
Total extraordinary losses	227	35
Income before income taxes	9,695	12,696
Corporate, inhabitant, and business taxes	2,839	2,984
Income taxes - deferred	(230)	485
Total income taxes	2,608	3,470
Profit	7,086	9,226
Profit attributable to minority interests	12	15
Profit attributable to owners of parent	7,074	9,210

Consolidated Statement of Comprehensive Income

(millions of yen)

	Previous fiscal year (from April 1, 2020 to March 31, 2021)	Fiscal year under review (from April 1, 2021 to March 31, 2022)
Profit	7,086	9,226
Other comprehensive income		
Valuation difference on available-for-sale securities	155	135
Deferred gains or losses on hedges	-	(0)
Foreign exchange translation adjustment	(34)	809
Adjustment amount for defined benefit plans	500	235
Share of other comprehensive income of entities accounted for using equity method	3	(2)
Total other comprehensive income	624	1,178
Comprehensive income	7,711	10,405
Items		
Comprehensive income attributable to owners of parent	7,709	10,371
Comprehensive income attributable to minority interests	2	33

Consolidated Statement of Shareholders' Equity

(millions of yen)

Previous fiscal year (from April 1, 2020 to March 31, 2021)	Shareholders' equity					Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury stock		
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
Increased amount of retained earnings from increase in consolidated subsidiaries						
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	Minority interests	Total net assets
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
Increased amount of retained earnings from increase in consolidated subsidiaries						-
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

(millions of yen)

Fiscal year under review (from April 1, 2021 to March 31, 2022)	Shareholders' equity					Total shareholders' equity	
	Capital stock	Capital surplus	Retained earnings	Treasury stock			
Balance at beginning of current period	8,225	7,508	51,902	(495)		67,139	
Cumulative effects of changes in accounting policies			11			11	
Restated balance	8,225	7,508	51,913	(495)		67,151	
Changes during current period							
Dividends of surplus			(1,541)			(1,541)	
Profit attributable to owners of parent			9,210			9,210	
Increased amount of retained earnings from increase in consolidated subsidiaries			36			36	
Acquisition of treasury stock				(354)		(354)	
Disposal of treasury stock				115		115	
Changes in items other than shareholders' equity (net)							
Total changes during current period			7,705	(238)		7,466	
Balance at end of current period	8,225	7,508	59,619	(734)		74,617	
	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	Minority interests	Total net assets
Balance at beginning of current period	301	-	(201)	(25)	74	143	67,357
Cumulative effects of changes in accounting policies							11
Restated balance	301	-	(201)	(25)	74	143	67,369
Changes during current period							
Dividends of surplus							(1,541)
Profit attributable to owners of parent							9,210
Increased amount of retained earnings from increase in consolidated subsidiaries							36
Acquisition of treasury stock							(354)
Disposal of treasury stock							115
Changes in items other than shareholders' equity (net)	132	(0)	777	234	1,144	25	1,169
Total changes during current period	132	(0)	777	234	1,144	25	8,635
Balance at end of current period	434	(0)	575	208	1,218	168	76,004

Consolidated Statement of Cash Flows

(millions of yen)

	Previous fiscal year (from April 1, 2020 to March 31, 2021)	Fiscal year under review (from April 1, 2021 to March 31, 2022)
Cash flow from operating activities		
Income before income taxes	9,695	12,696
Depreciation	1,212	1,332
Increase (decrease) in provisions	105	127
Increase (decrease) in retirement benefit liabilities	(104)	150
Decrease (increase) in retirement benefit assets	-	(250)
Interest and dividend income	(54)	(60)
Interest expenses	117	127
Foreign exchange losses (gains)	19	(178)
Share of loss (profit) of entities accounted for using equity method	(153)	(160)
Loss (gain) on valuation of derivatives	(2)	92
Loss (gain) on sales of fixed assets	(6)	(1,150)
Loss on abandonment of fixed assets	161	21
Loss (gain) on sales of investment securities	(14)	(23)
Loss (gain) on valuation of investment securities	59	-
Loss (gain) on sales of right to use facilities	4	1
Loss on valuation of right to use facilities	0	-
Decrease (increase) in trade receivables	(12,728)	-
Decrease (increase) in trade receivables and contract assets	-	(320)
Decrease (increase) in lease investments	1,979	(1,518)
Decrease (increase) in inventories	(3,047)	(2,244)
Increase (decrease) in trade payables	3,752	5,451
Other	(3,004)	403
Subtotal	(2,008)	14,497
Interest and dividends received	66	73
Interest paid	(110)	(129)
Insurance income received	132	11
Damages paid	(6)	(0)
Income taxes paid or refunded	(2,654)	(3,664)
Cash flow from operating activities	(4,582)	10,787
Cash flow from investing activities		
Expenditures on acquisitions of tangible fixed assets	(965)	(2,492)
Income from sales of tangible fixed assets	74	1,200
Expenditures on acquisitions of intangible fixed assets	(289)	(306)
Expenditures on acquisitions of investment securities	(58)	(8)
Income from sales of investment securities	25	65
Loan expenditures	(250)	-
Income from loan collection	250	-
Income from sales of right to use facilities	0	32
Other	(47)	(10)
Cash flow from investing activities	(1,261)	(1,520)
Cash flow from financing activities		
Net increase (decrease) in short-term borrowings	7,075	(5,979)
Income from long-term borrowings	-	6,000
Repayments of long-term borrowings	(800)	(600)
Acquisition of treasury stock	(65)	(354)
Dividends paid	(1,254)	(1,541)
Dividends paid to minority interests	-	(7)
Other	(27)	(101)
Cash flow from financing activities	4,927	(2,586)
Foreign exchange translation adjustments on cash and cash equivalents	(52)	398
Increase (decrease) in cash and cash equivalents	(968)	7,079
Cash and cash equivalents at beginning of current period	13,772	12,804
Increase in cash and cash equivalents associated with new consolidation	-	314
Cash and cash equivalents at end of current period	12,804	20,198

Company Information

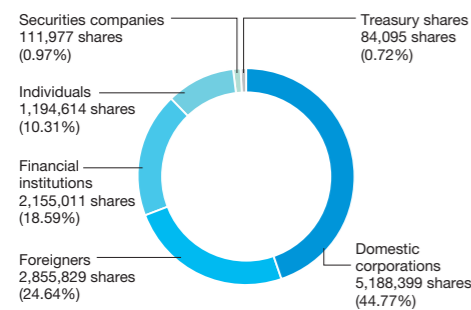
Company profile (as of March 31, 2022)

Company name	ORGANO CORPORATION
Foundation	May 1, 1946
Capital	8,225,499,312 yen
Representative	Masayuki Yamada, Representative Director and President
Number of employees	2,476 consolidated (1,090 single entity)

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, 2022)

Total number of authorized shares: 25,392,000 shares
 Total number of issued shares: 11,589,925 shares
 Number of shareholders: 4,103



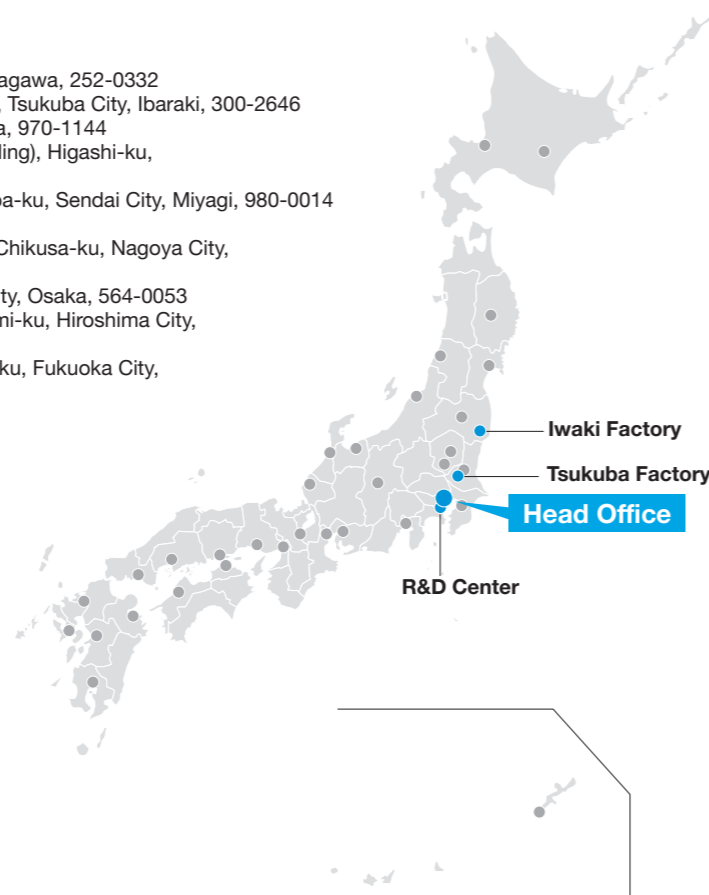
Major shareholders (top ten)

Name of shareholder	Number of shares held (Thousands of shares)	Holding ratio (%)
Tosoh Corporation	4,925	42.81
The Master Trust Bank of Japan, Ltd. (Trust account)	984	8.56
Custody Bank of Japan, Ltd. (Trust account)	649	5.65
Mizuho Bank, Ltd.	200	1.74
SSBTC CLIENT OMNIBUS ACCOUNT	156	1.36
KBC BANK NV - UCITS CLIENTS NON TREATY	152	1.33
DZ PRIVATBANK S.A. RE INVESTMENTFONDS	144	1.26
BNYM AS AGT/CLTS 10 PERCENT	113	0.98
JPMorgan Chase Bank 385781	91	0.79
BNYM SA/NV DUB BNYM GO UCITS ETF Solutions PLC	90	0.79

Note: The treasury shares (84,345 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)

Domestic Group Companies

ORGANO PLANT SERVICE CORPORATION	1-2-8, Shinsuna, Koto-ku, Tokyo, 136-0075
ORGANO FOOD TECH CORPORATION	2100-43, Kamiyoshiba, Saitte City, Saitama, 340-0121
ORGANO ECO TECH CORPORATION	1-2-8, Shinsuna, Koto-ku, Tokyo, 136-0075
ORGANO ACTY CORPORATION	1-2-8, Shinsuna, Koto-ku, Tokyo, 136-0075
HOSTEC	2-12-28, Osachigoshō, Okaya City, Nagano, 394-0082
Tohoku Denki Tekko Co., Ltd.	1-4-57, Ohama, Sakata City, Yamagata, 998-0064

Overseas Group Companies

Organo (Asia) Sdn. Bhd.	No. 49, Jalan Bagan Terap 26/11, Seksyen 26, 40400 Shah Alam, Selangor Darul Ehsan, Malaysia
Organo (Suzhou) Water Treatment Co., Ltd.	No. 28 Sheng gang Rd. Suzhou Industrial Park, Suzhou 215126, China
Organo Technology Co., Ltd.	10th Floor, No. 158, Sec. 2, Gongdao 5th Rd., Hsinchu City 300, Taiwan R.O.C.
Organo (Thailand) Co., Ltd.	89/1 Kasemsap Building, 6th Floor, Viphavadi Rangsit Rd., Chom Phon, Chatuchak, Bangkok 10900, Thailand
PT Lautan Organo Water	Graha Indramas 5th Floor, Jl. AIP II K.S. Tubun Raya, No.77, Jakarta 11410, Indonesia
Organo (Singapore) Pte., Ltd	-
Organo (Vietnam) Co., Ltd.	Thuy Loi 4 Office Building, 3rd Floor, 102 Nguyen Xi Street, Ward 26, Binh Thanh District, Ho Chi Minh City, Vietnam
Organo USA, Inc.	3600 Gantz Road, Grove City, Ohio 43123-1895, United States



Our website

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





ORGANO CORPORATION

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