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Notice of Convocation the 77th Ordinary General Meeting of Shareholders

ORGANO CORPORATION

To Shareholders

We would like to express our cordial appreciation for your continuous support and patronage.

I am delighted to present this convocation notice of the 77th Ordinary General Meeting of Shareholders of ORGANO CORPORATION to be held on Wednesday, June 29, 2022.

Please confirm proposals of the General Meeting of Shareholders and business outline of the fiscal year 2021 presented in the documents.

June 2022
Representative Director and President
Masaki Uchikura

Management Philosophy

Organo serves as a valuable partner company by leveraging its leading-edge technologies cultivated through long experience with water treatment, by contributing to the industries that create the future, and by playing a key role in the development of societal infrastructure.

Long-term Management Vision

- At Organo, we seek to expand our business through high value-added separation and purification as well as analysis and manufacturing technologies, and by providing products and services that promote the creation of value and which resolve the challenges that confront industry and society.
- We proactively contribute to a better tomorrow by cultivating people today who will improve upon the way things were done yesterday, as a company where all employees are energetic and passionate about their work.

Measures to Prevent the Spread of Novel Coronavirus Disease (COVID-19) at the 77th Ordinary General Meeting of Shareholders of the Company

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

Measures by our Company

- **There will be no souvenirs or drinks available this year.**
- **We will not hold shareholder briefing sessions** after the General Meeting of Shareholders.
- There will be no waiting rooms or rest areas for shareholders.
- The number of seats available at the meeting will be limited to increase the spaces between shareholders' seats.
- The proceedings of the meeting will be conducted smoothly and efficiently and will be short.
- Officers and management staff attending the meeting will check their physical condition, including temperature, and wear masks.
- The matters to be reported and other materials on the day of the meeting will be posted on the Company's website (<https://www.organo.co.jp/>) at a later date.

Request to shareholders

- From the perspective of preventing the spread of COVID-19, please consider exercising your voting rights in writing or via the Internet, etc. in advance, and decide on attending the meeting on the day of the General Meeting of Shareholders based on your health condition and the infection status as of the General Meeting of Shareholders. Please refer to pages 4 and 5 of this Notice for details on how to exercise your voting rights.
- All shareholders attending the meeting are asked to bring and wear masks and use disinfectants provided at the meeting venue.
- We will measure your temperature near the reception desk. Shareholders who are identified as having a fever or who appear to be unwell may be denied entry or may be asked to leave the venue.
- If you do not cooperate in wearing a mask, using disinfectants, and having your temperature measured, etc., we may refuse entry.
- In case the number of visitors exceeds the number of seats available, we may have to restrict admission in order to ensure the safety of shareholders.

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

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

(Securities Code: 6368)

June 8, 2022

To our shareholders:

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

Notice of the 77th Ordinary General Meeting of Shareholders

We are pleased to announce the 77th Ordinary General Meeting of Shareholders of ORGANO CORPORATION (the “Company”), which will be held as indicated below.

This General Meeting of Shareholders will be held after appropriately implementing measures to prevent COVID-19. However, from the perspective of preventing the spread of infection, please consider exercising your voting rights in writing or via the Internet, etc. in advance, and decide on attending the meeting on the day of the General Meeting of Shareholders based on your health condition and the infection status as of the General Meeting of Shareholders.

Upon exercising your voting rights in writing or via the Internet, etc., please review the attached Reference Documents for General Meeting of Shareholders, and exercise your voting rights by 5:00 p.m. on Tuesday, June 28, 2022 (JST).

- 1. Date and Time:** Wednesday, June 29, 2022 at 10:00 a.m. (JST) (Reception is scheduled to be open at 9:00 a.m.)
- 2. Venue:** Conference Room, 2nd floor, Head office building of the Company, 1-2-8, Shinsuna, Koto-ku, Tokyo

3. Purpose of the Meeting

Matters to be reported:

1. The Business Report and the Consolidated Financial Statements for the 77th fiscal year (from April 1, 2021 to March 31, 2022), and the results of audits of the Consolidated Financial Statements by the Independent Auditor and the Audit and Supervisory Board
2. The Non-consolidated Financial Statements for the 77th fiscal year (from April 1, 2021 to March 31, 2022)

Matters to be resolved:

- Proposal No. 1** Appropriation of Surplus
Proposal No. 2 Amendments to the Articles of Incorporation
Proposal No. 3 Election of Nine Directors
Proposal No. 4 Election of Two Substitute Audit and Supervisory Board Members

4. Other Matters Relating to General Meetings of Shareholders

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

Guide to Exercising Voting Rights

Attending the General Meeting of Shareholders

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

Date and time of the Meeting: Wednesday, June 29, 2022, at 10:00 a.m. (Reception starts at 9:00 a.m.)

Not Attending the General Meeting of Shareholders

Exercising Voting Rights by Mail (in Writing)

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

Deadline: To arrive by no later than 5:00 p.m. Tuesday, June 28, 2022

Exercising Voting Rights via the Internet, etc.

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

Deadline: Exercised by no later than 5:00 p.m. Tuesday, June 28, 2022

Please refer to page 5 for details.

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

Disclosure on the Internet

- The following matters that are made available on the Company's website under laws and regulations and the Company's Articles of Incorporation are not available in this notice. The matters posted on the Company's website are included in business reports, consolidated financial statements and non-consolidated financial statements audited by the Audit and Supervisory Board Members and the Audit and Supervisory Board, and consolidated financial statements and non-consolidated financial statements audited by the Independent Auditor.
 - (i) Development of systems to ensure the appropriateness of business operations and Overview of operational status of systems to ensure appropriateness of business operations for the business report
 - (ii) Consolidated Statement of Changes in Equity and Notes to Consolidated Financial Statements
 - (iii) Statement of Changes in Equity and Notes to Non-consolidated Financial Statements
- Any corrections in the Reference Documents for General Meeting of Shareholders, Business Report, Consolidated Financial Statements, or Non-consolidated Financial Statements will be posted on the Company's website.

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

Guide to Exercising Voting Rights via the Internet, etc.

By scanning the QR code (“Smart Exercise”)

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

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

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

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

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

By entering the voting rights exercise code and password

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

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

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

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

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

Reference Documents for General Meeting of Shareholders

Proposal No. 1 Appropriation of Surplus

The Company proposes the appropriation of surplus as follows:

1. Year-end dividends

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

In accordance with the above policy, the Company proposes to pay year-end dividends for the 77th fiscal year as follows.

As a result, the annual dividend for the fiscal year under review including the interim dividend of ¥72 will amount to ¥160 per share.

(1) Type of dividend property

Cash

(2) Allotment of dividend property and their total amount

¥88 per common share of the Company

Total dividend amount is ¥1,012,513,040

(3) Effective date of dividends of surplus

June 30, 2022

2. Other appropriation of surplus

As for internal reserves, the Company proposes the following to strengthen the management foundation.

(1) Item of surplus to be decreased and amount of decrease

Retained earnings brought forward: ¥5,000,000,000

(2) Item of surplus to be increased and amount of increase

General reserve: ¥5,000,000,000

Proposal No. 2 Amendments to the Articles of Incorporation

1. Reasons for the proposal

Since the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) are to be enforced on September 1, 2022, the Company proposes to make the following changes as it will introduce a system for providing informational materials for the general meeting of shareholders in electronic format.

- (1) As the Company shall be obligated to stipulate in the Articles of Incorporation that it will take measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. in electronic format, Article 16 (Measures, etc. for Providing Information in Electronic Format), paragraph 1 in the proposed amendment shall be newly established.
- (2) To provide for being able to limit the scope of the items to be stated in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents to the scope designated by the Ministry of Justice Order among items for which measures are taken for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. in electronic format, Article 16 (Measures, etc. for Providing Information in Electronic Format), paragraph 2 in the proposed amendment shall be newly established.
- (3) As the provisions under Article 16 (Internet Disclosure and Deemed Provision of Reference Documents of the General Meeting of Shareholders, Etc.) of the current Articles of Incorporation shall no longer be required with the adoption of the system for providing informational materials for the general meeting of shareholders in electronic format, these provisions shall be deleted.
- (4) Supplementary provisions will be established to stipulate when the aforementioned newly established and deleted provisions will take effect. These supplementary provisions shall be deleted after the specified date elapses.

2. Details of the amendment

The details of the amendments are as follows.

(Underlines indicate amended sections)

Current Articles of Incorporation	Proposed Amendments
<p><u>Article 16. (Internet Disclosure and Deemed Provision of Reference Documents of the General Meeting of Shareholders, Etc.)</u></p> <p><u>When the Company convenes a General Meeting of Shareholders, if it discloses information that is to be stated or indicated in the reference documents of the General Meeting of Shareholders, business report, financial statements and/or consolidated financial statements through the internet in accordance with the provisions prescribed by the Ordinance of the Ministry of Justice, it may be deemed that the Company has provided this information to shareholders.</u></p> <p>(Newly established)</p>	<p>(Deleted)</p> <p><u>Article 16. (Measures, etc. for Providing Information in Electronic Format)</u></p> <p><u>1. When the Company convenes a general meeting of shareholders, it shall take measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. in electronic format.</u></p>

Current Articles of Incorporation	Proposed Amendments
<p>(Newly established)</p>	<p>2. <u>Among items for which the measures for providing information in electronic format will be taken, the Company is not required to state all or some of those items designated by the Ministry of Justice Order from statements in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents by the record date of voting rights.</u></p> <p><u>Supplementary Provisions</u></p> <p><u>Article 1. (Transitional Measures for Providing Informational Materials for the General Meeting of Shareholders in Electronic Format)</u></p> <p>1. <u>The deletion of Article 16 (Internet Disclosure and Deemed Provision of Reference Documents of the General Meeting of Shareholders, Etc.) of the Articles of Incorporation and the new establishment of Article 16 (Measures, etc. for Providing Information in Electronic Format) shall come into effect from September 1, 2022.</u></p> <p>2. <u>Notwithstanding the provisions of the preceding paragraph, Article 16 of the Articles of Incorporation (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.) shall remain effective regarding any general meeting of shareholders held on a date within six months from September 1, 2022.</u></p> <p>3. <u>The provisions in this Article shall be deleted on the date when six months have elapsed from September 1, 2022, or three months have elapsed from the date of the general meeting of shareholders in the preceding paragraph, whichever is later.</u></p>

Proposal No. 3 Election of Nine Directors

The terms of office of all nine Directors will expire at the conclusion of this Ordinary General Meeting of Shareholders. Therefore, the Company proposes the election of nine Directors including three Outside Directors.

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

Candidate No.	Name	Position in the Company	Attendance at Board of Directors meetings
1	Masaki Uchikura Reelection	Director and President (Representative Director) President and Executive Officer	100% (15/15)
2	Masayuki Yamada Reelection	Senior Managing Director and Executive Officer	100% (15/15)
3	Yasutoshi Nakayama Reelection	Managing Director and Executive Officer President of Industrial Plant Business, and Senior General Manager of Electronics Division	100% (15/15)
4	Nobuyoshi Suda Reelection	Managing Director and Executive Officer Senior General Manager of R&D Center, R&D and Engineering	100% (15/15)
5	Tetsushi Honda Reelection	Director and Executive Officer President of Corporate Management and Planning and General Manager of Corporate Strategy and Planning Dept.	100% (12/12)
6	Mitsutaka Sugata New election	–	–
7	Motoo Nagai Reelection Outside	Outside Director	100% (15/15)
8	Keikou Terui Reelection Outside	Outside Director	100% (15/15)
9	Kenji Hirai Reelection Outside	Outside Director	100% (15/15)

Note: Tetsushi Honda was elected at the 76th Ordinary General Meeting of Shareholders, which was held on June 29, 2021, and he assumed office on that day. Accordingly, the attendance figure stated above for the Director indicates his attendance at the meetings of the Board of Directors that were held on and after June 29, 2021.

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company	Number of the Company's shares owned
1	<p style="text-align: center;">Reelection</p> <p>Masaki Uchikura (August 6, 1954)</p> <p>Tenure as Director 5 years</p>	<p>Apr. 1982 Joined Toyo Soda Manufacturing Co., Ltd. (currently Tosoh Corporation)</p> <p>June 2010 Associate Director, General Manager of Legal & Patents</p> <p>June 2011 Director, General Manager of Legal & Patents</p> <p>June 2015 President (Representative Director) of Tosoh Specialty Materials Corporation (retired in June 2017)</p> <p>Chairman of the Board of Tosoh SMD, Inc. (retired in June 2017)</p> <p>Managing Director, President of Specialty Group and Senior General Manager of Advanced Materials Division of Tosoh Corporation</p> <p>Mar. 2016 Chairman of the Board of Tosoh America, Inc. (retired in June 2017)</p> <p>June 2016 Director, Executive Vice President, President of Specialty Group and Senior General Manager of Advanced Materials Division of Tosoh Corporation (retired in June 2017)</p> <p>June 2017 Senior Managing Director and Executive Officer, President of Performance Products Business of the Company</p> <p>Chairman of the Board (Representative Director) of Organo Food Tech Corporation (retired in June 2019)</p> <p>Chairman of the Board (Representative Director) of Hostec (retired in June 2019)</p> <p>June 2019 Director and President (Representative Director) President and Executive Officer of the Company</p> <p>Current position</p>	14,000
<p>[Significant concurrent positions outside the Company]</p> <p>None</p>			
<p>[Reasons for nomination as candidate for Director]</p> <p>Masaki Uchikura had been engaged in legal and patent fields for many years at Tosoh Corporation. He contributed to enhancement of corporate governance and expanded the advanced material business as a Director of Tosoh Corporation, utilizing his expertise in functional materials. After being appointed as a Director of the Company, as President of the Performance Products Business he has plotted out the growth strategy of the business division. After being appointed as the Director and President of the Company, he has been demonstrating his leadership in formulating and promoting long-term management plans and formulating and executing strategies for the overall Group.</p> <p>In addition to high ethical standards, and abilities to accurately make decisions and understand issues, which are essential for a Director, he also possesses the necessary experience and insight to promote sustainable growth and improvement of corporate value of the Group. Therefore, the Company nominates him as a candidate for Director.</p>			
<p>[Special interest between candidate and the Company]</p> <p>There is no special interest between the candidate and the Company.</p>			

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company	Number of the Company's shares owned
2	<p style="text-align: center;"><u>Reelection</u></p> <p style="text-align: center;">Masayuki Yamada (January 7, 1959)</p> <p style="text-align: center;">Tenure as Director 3 years</p>	<p>Apr. 1985 Joined Toyo Soda Manufacturing Co., Ltd. (currently Tosoh Corporation)</p> <p>June 2007 President of Tosoh Bioscience, Inc. President of Tosoh Bioscience LLC</p> <p>June 2011 Associate Director, Deputy Senior General Manager of Bioscience Division of Tosoh Corporation</p> <p>June 2012 Associate Director, Senior General Manager of Bioscience Division and Manager of Planning and Development Chairman of the Board of Tosoh Europe, N.V. (retired in June 2019)</p> <p>June 2013 Director, Senior General Manager of Bioscience Division and Manager of Planning and Development of Bioscience Division of Tosoh Corporation</p> <p>June 2015 President (Representative Director) of Tosoh Techno-System, Inc. (retired in June 2019) Director of Tosoh Bioscience, Inc. (retired in June 2019) Director of Tosoh Bioscience LLC (retired in June 2019)</p> <p>June 2016 Senior Vice President, Senior General Manager of Bioscience Division of Tosoh Corporation</p> <p>June 2017 Director, Executive Vice President, President of Specialty Group and Senior General Manager of Bioscience Division Chairman of the Board of Tosoh America, Inc. (retired in June 2021)</p> <p>June 2019 Director, Executive Vice President, General Manager of Research and Development Planning, President of Specialty Group, and President of Engineering Group of Tosoh Corporation (retired in June 2021) Director of the Company</p> <p>June 2021 Senior Managing Director and Executive Officer Current position</p> <p>(Responsibilities) In charge of Global Management and Planning, Legal and Patent Dept., Trade Control Office, Environment, Safety and Quality Assurance Dept., and Purchasing and Logistics Dept.</p>	1,400
<p>[Significant concurrent positions outside the Company] None</p>			
<p>[Reasons for nomination as candidate for Director] Masayuki Yamada has been engaged in the bioscience field at Tosoh Corporation for many years. After being appointed as Director, Executive Vice President, he has been leading management and operation of not only the Specialty Group but also a wide range of divisions, such as the Research and Planning Division and Engineering Group, and contributed to creation and expansion of businesses of the aforesaid company. After assuming the position of Director of the Company, he has been in charge of the Global Management and Planning Dept., Environment, Safety and Quality Assurance Dept., Purchasing and Logistics Dept., etc., and has been contributing to company-wide safety and quality improvement, cost reduction, etc. while capitalizing on global experience. In addition to high ethical standards, and abilities to accurately make decisions and understand issues, which are essential for a Director, he also possesses the necessary experience and insight to promote sustainable growth and improvement of corporate value of the Group. Therefore, the Company nominates him as a candidate for Director.</p>			
<p>[Special interest between candidate and the Company] There is no special interest between the candidate and the Company.</p>			

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company	Number of the Company's shares owned
3	<p style="text-align: center;"><u>Reelection</u></p> <p style="text-align: center;">Yasutoshi Nakayama (July 30, 1961)</p> <p style="text-align: center;">Tenure as Director 4 years</p>	<p>Apr. 1984 Joined the Company</p> <p>June 2010 General Manager of Electronics Industry Sales Dept., Plant Division, Industrial Plant Business</p> <p>Apr. 2012 Director of Organo Kansai Co., Ltd. (retired in December 2013)</p> <p>Jan. 2014 Managing Director of Organo (Asia) Sdn. Bhd.</p> <p>June 2016 Executive Officer of the Company</p> <p>May 2017 Director of Organo (Asia) Sdn. Bhd.</p> <p>June 2017 Executive Officer, Senior General Manager of Plant Division, Industrial Plant Business of the Company</p> <p>Jan. 2018 Executive Officer, Senior General Manager of Plant Division, Industrial Plant Business, and General Manager of Electronics Industry Sales Dept.</p> <p>Apr. 2018 Executive Officer, Senior General Manager of Plant Division, Industrial Plant Business of the Company</p> <p>June 2018 Director and Executive Officer, Deputy President of Industrial Plant Business, and Senior General Manager of Plant Division</p> <p>June 2019 Director and Executive Officer, President of Industrial Plant Business, and Senior General Manager of Plant Division</p> <p>June 2020 Managing Director and Executive Officer, President of Industrial Plant Business, and Senior General Manager of Plant Division</p> <p>June 2021 Managing Director and Executive Officer, President of Industrial Plant Business, and Senior General Manager of Electronics Division</p> <p style="text-align: center;">Current position</p>	6,400
[Significant concurrent positions outside the Company]			
None			
[Reasons for nomination as candidate for Director]			
<p>Yasutoshi Nakayama, as head of the Plant Division, one of the Company's core businesses, has been putting effort into business growth and improvement of revenue, after being engaged in company management as the president of an overseas subsidiary of the Company. After being appointed as a Director of the Company, as the Senior General Manager of the Plant Division and President of the Industrial Plant Business, he has been in charge of the whole Water Treatment Engineering Business Unit, and working to expand the businesses and achieve stable earnings in Japan and overseas.</p> <p>In addition to high ethical standards, and abilities to accurately make decisions and understand issues, which are essential for a Director, he also possesses the necessary experience and insight to promote sustainable growth and improvement of corporate value of the Group. Therefore, the Company nominates him as a candidate for Director.</p>			
[Special interest between candidate and the Company]			
There is no special interest between the candidate and the Company.			

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company	Number of the Company's shares owned
4	<p style="text-align: center;"><u>Reelection</u></p> <p style="text-align: center;">Nobuyoshi Suda (November 19, 1963)</p> <p style="text-align: center;">Tenure as Director 3 years</p>	<p>Apr. 1984 Joined the Company</p> <p>June 2010 Deputy General Manager of Plan Design Dept., Technology & Production Center</p> <p>Apr. 2012 General Manager of Electronics Industry Sales Dept., Plant Division, Industrial Plant Business and Project Management Office and Engineering Dept., Engineering</p> <p>Jan. 2013 Representative Director and General Manager of Organo (Suzhou) Water Treatment Co., Ltd. (retired in April 2016)</p> <p>Apr. 2016 General Manager of Corporate Strategy and Planning Dept., Corporate Management and Planning of the Company</p> <p>June 2017 Executive Officer, General Manager of Corporate Strategy and Planning Dept., Corporate Management and Planning Chairman of Organo (Vietnam) Co., Ltd. (retired in June 2018)</p> <p>June 2019 Director and Executive Officer, President of Corporate Management and Planning and General Manager of Corporate Strategy and Planning Dept.</p> <p>June 2020 Managing Director and Executive Officer, President of Corporate Management and Planning and General Manager of Corporate Strategy and Planning Dept.</p> <p>June 2021 Managing Director, Executive Officer, and Senior General Manager of R&D Center, R&D and Engineering Current position</p>	4,800
<p>[Significant concurrent positions outside the Company]</p> <p>None</p>			
<p>[Reasons for nomination as candidate for Director]</p> <p>Nobuyoshi Suda has been engaged in the Plant Technology Division, especially the electronics industry, for many years and has been responsible for businesses in the electronics industry field. In addition, he has been engaged in company management as the Representative Director and General Manager (President) of an overseas subsidiary of the Company. After being appointed as a Director of the Company, he has had a track record in establishment of a group-wide management strategy and management and operation plan as a Director in charge of Corporate Strategy, Planning and Management Division. Currently, as a Director in charge of the overall technology development department, he has promoted the improvement of technical capabilities and the creation of new technologies and products, and as the Senior General Manager of R&D Center, he has promoted the planning and execution of strategic technology development.</p> <p>In addition to high ethical standards, and abilities to accurately make decisions and understand issues, which are essential for a Director, he also possesses the necessary experience and insight to promote sustainable growth and improvement of corporate value of the Group. Therefore, the Company nominates him as a candidate for Director.</p>			
<p>[Special interest between candidate and the Company]</p> <p>There is no special interest between the candidate and the Company.</p>			

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company	Number of the Company's shares owned
5	<p style="text-align: center;">Reelection</p> <p style="text-align: center;">Tetsushi Honda (May 1, 1963)</p> <p style="text-align: center;">Tenure as Director 1 year</p>	<p>Apr. 1986 Joined the Company</p> <p>Apr. 2012 Managing Director of Organo (Asia) Sdn. Bhd. (retired in January 2013)</p> <p>Jan. 2013 Director and Deputy President of PT Lautan Organo Water</p> <p>Apr. 2015 President (retired in July 2017)</p> <p>June 2017 General Manager of Power Plant Division, Water Infrastructure and Energy of the Company</p> <p>June 2018 Executive Officer, Senior General Manager of Power Plant Division, Industrial Plant Business</p> <p>June 2019 Executive Officer, Deputy President of Industrial Plant Business, and General Manager of Power Plant Division</p> <p>June 2020 Executive Officer, Senior General Manager of R&D Center, R&D and Engineering</p> <p>June 2021 Director and Executive Officer, President of Corporate Management and Planning and General Manager of Corporate Strategy and Planning Dept.</p> <p style="text-align: center;">Current position</p> <p>(Responsibilities)</p> <p>In charge of Internal Auditing Office, Secretary Office, and Branches</p>	4,400
<p>[Significant concurrent positions outside the Company]</p> <p>None</p>			
<p>[Reasons for nomination as candidate for Director]</p> <p>Tetsushi Honda has been engaged in the Sales Division of the electric power business and overseas business for many years and has also been engaged in company management as the President of an overseas subsidiary. After assuming the position of Director of the Company, he has promoted sustainability and digital utilization as a Director in charge of all administrative divisions, and also has promoted company-wide growth strategy planning and execution as the General Manager of the Corporate Strategy and Planning Dept. In addition to high ethical standards, and abilities to accurately make decisions and understand issues, which are essential for a Director, he also possesses the necessary experience and insight to promote sustainable growth and improvement of corporate value of the Group. Therefore, the Company nominates him as a candidate for Director.</p>			
<p>[Special interest between candidate and the Company]</p> <p>There is no special interest between the candidate and the Company.</p>			

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company	Number of the Company's shares owned
6	<p style="text-align: center;"><u>New election</u></p> <p style="text-align: center;">Mitsutaka Sugata (May 28, 1962)</p>	Apr. 1986 Joined Toyo Soda Manufacturing Co., Ltd. (currently Tosoh Corporation)	100
		June 2011 General Manager of Amines, Organic Chemicals Division	
		June 2016 Director of Taiyo Vinyl Corporation (retired in June 2018)	
		June 2018 Manager of Planning and Development, Organic Chemicals Division of Tosoh Corporation	
		June 2019 Group Leader of Raw Materials & Fuel Operations, Purchasing & Logistics	
		Mar. 2022 Vice President, General Manager of Purchasing & Logistics and Group Leader of Raw Materials & Fuel Operations Current position	
[Significant concurrent positions outside the Company] Vice President of Tosoh Corporation			
[Reasons for nomination as candidate for Director] Mitsutaka Sugata has been involved in the organic chemicals field for many years at Tosoh Corporation, and since becoming a Vice President, he has led the Purchasing and Logistics Dept. and the raw materials and fuel operations field, contributing to the expansion of the company's business and profits. In addition to high ethical standards, and abilities to accurately make decisions and understand issues, which are essential for a Director, he also possesses the necessary experience and insight to promote sustainable growth and improvement of corporate value of the Group. Therefore, the Company nominates him as a new candidate for Director.			
[Special interest between candidate and the Company] There is no special interest between the candidate and the Company.			

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company	Number of the Company's shares owned
7	<div style="text-align: center;"> Reelection Outside Independent </div> <p style="text-align: center;">Motoo Nagai (March 4, 1954)</p> <p style="text-align: center;">Tenure as Outside Director 7 years</p>	<p>Apr. 1977 Joined The Industrial Bank of Japan, Limited</p> <p>Apr. 2005 Executive Officer of Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.)</p> <p>Apr. 2007 Managing Executive Officer (retired in April 2011)</p> <p>Apr. 2011 Deputy President and Executive Officer of Mizuho Trust & Banking Co., Ltd.</p> <p>June 2011 Director and Deputy President (Representative Director), Deputy President and Executive Officer</p> <p>Apr. 2014 Administrative Officer (retired in June 2014)</p> <p>June 2014 Outside Statutory Auditor (Full-time) of Nissan Motor Co., Ltd.</p> <p> Outside Audit and Supervisory Board Member of the Company</p> <p>June 2015 Outside Audit & Supervisory Board Member of Nisshin Seifun Group Inc.</p> <p> Outside Director of the Company</p> <p>June 2019 Outside Director of Nissan Motor Co., Ltd.</p> <p> Outside Director of Nisshin Seifun Group Inc.</p> <p> Current position</p>	2,277
<p>[Significant concurrent positions outside the Company]</p> <p>Outside Director of Nissan Motor Co., Ltd.</p> <p>Outside Director of Nisshin Seifun Group Inc.</p>			
<p>Reasons for nomination as candidate for Outside Director and outline of the expected role</p> <p>Motoo Nagai had worked for financial institutions for many years and had been engaged in company management as a Director and Deputy President of Mizuho Trust & Banking Co., Ltd. In addition, he has served as an outside director of other listed companies, deepening his knowledge on multidimensional corporate management. After being appointed as an Outside Audit and Supervisory Board Member and Outside Director of the Company, he has been giving us useful opinions and advice on the management of the Company, especially enhancement of governance, utilizing his abundant knowledge of various kinds. As the Chairman of the Nomination and Remuneration Advisory Committee, he has also been leading the deliberations on matters related to the selection of candidates for Directors and the compensation of Directors. After being elected, the Company expects that he will continue to fulfill the above roles and, as a member of the Special Committee, contribute to the deliberation of matters relating to important transactions between the Company's parent company group and the Company.</p> <p>In addition to high ethical standards, and abilities to accurately make decisions and understand issues, which are essential for a Director, he also possesses the necessary experience and insight to promote sustainable growth and improvement of corporate value of the Group. Therefore, judging him as being capable of appropriately performing his duties as an Outside Director, the Company nominates him as a candidate for Outside Director.</p>			
<p>[Special interest between candidate and the Company]</p> <p>There is no special interest between the candidate and the Company.</p>			

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company	Number of the Company's shares owned																						
8	<div style="text-align: center;"> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Reelection</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Outside</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Independent</div> Keikou Terui (July 27, 1953) Tenure as Outside Director 6 years </div>	<table border="0"> <tr> <td style="vertical-align: top;">Apr. 1979</td> <td>Joined Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry)</td> </tr> <tr> <td style="vertical-align: top;">July 2008</td> <td>Director-General for Technology Policy Coordination, Minister's Secretariat</td> </tr> <tr> <td style="vertical-align: top;">Jan. 2011</td> <td>Director-General of Kanto Bureau of Economy, Trade and Industry</td> </tr> <tr> <td style="vertical-align: top;">Apr. 2012</td> <td>Director-General of Regional Economic and Industrial Policy (retired in June 2013)</td> </tr> <tr> <td style="vertical-align: top;">Aug. 2013</td> <td>President of Japan Utility Telemetering Association</td> </tr> <tr> <td style="vertical-align: top;">Oct. 2013</td> <td>Senior Research Associate of Chemicals Evaluation and Research Institute, Japan (retired in September 2016)</td> </tr> <tr> <td style="vertical-align: top;">June 2014</td> <td>Director of Union of Japanese Scientists and Engineers Outside Director of Ube Industries, Ltd. (current UBE Corporation)</td> </tr> <tr> <td style="vertical-align: top;">Mar. 2016</td> <td>Outside Director of Bridgestone Corporation</td> </tr> <tr> <td style="vertical-align: top;">June 2016</td> <td>Director of Chemicals Evaluation and Research Institute, Japan (retired in June 2020) Outside Director of the Company</td> </tr> <tr> <td style="vertical-align: top;">Aug. 2018</td> <td>Director of Japan Industrial Safety Competency Center</td> </tr> <tr> <td style="vertical-align: top;">June 2020</td> <td>Executive Director of Japan Chemical Innovation and Inspection Institute Current position</td> </tr> </table>	Apr. 1979	Joined Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry)	July 2008	Director-General for Technology Policy Coordination, 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 (retired in June 2013)	Aug. 2013	President of Japan Utility Telemetering Association	Oct. 2013	Senior Research Associate of Chemicals Evaluation and Research Institute, Japan (retired in September 2016)	June 2014	Director of Union of Japanese Scientists and Engineers Outside Director of Ube Industries, Ltd. (current UBE Corporation)	Mar. 2016	Outside Director of Bridgestone Corporation	June 2016	Director of Chemicals Evaluation and Research Institute, Japan (retired in June 2020) Outside Director of the Company	Aug. 2018	Director of Japan Industrial Safety Competency Center	June 2020	Executive Director of Japan Chemical Innovation and Inspection Institute Current position	3,800
Apr. 1979	Joined Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry)																								
July 2008	Director-General for Technology Policy Coordination, Minister's Secretariat																								
Jan. 2011	Director-General of Kanto Bureau of Economy, Trade and Industry																								
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June 2020	Executive Director of Japan Chemical Innovation and Inspection Institute Current position																								
<p>[Significant concurrent positions outside the Company]</p> <p>President of Japan Utility Telemetering Association Executive Director of Japan Chemical Innovation and Inspection Institute Outside Director of UBE Corporation Outside Director of Bridgestone Corporation</p>																									
<p>Reasons for nomination as candidate for Outside Director and outline of the expected role</p> <p>Keikou Terui had held a number of management positions at the Ministry of Economy, Trade and Industry. At those positions, he had promoted preparation and implementation of industrial policy and demonstrated his leadership at important positions in management of an organization. In addition, he has highly academic knowledge on risk evaluation and management of chemicals, and has served as an outside director of other listed companies, deepening his knowledge on multidimensional corporate management. After being appointed as an Outside Director of the Company, he has been giving us useful opinions and advice on the management of the Company, utilizing his abundant knowledge of various kinds. As a member of the Nomination and Remuneration Advisory Committee, he has also been contributing to deliberations on matters related to the selection of candidates for Directors and the compensation of Directors. After being elected, the Company expects that he will continue to fulfill the above roles and, as the Chair of the Special Committee, lead the deliberation of matters relating to important transactions between the Company's parent company group and the Company.</p> <p>In addition to high ethical standards, and abilities to accurately make decisions and understand issues, which are essential for a Director, he also possesses the necessary experience and insight to promote sustainable growth and improvement of corporate value of the Group. Therefore, judging him as being capable of appropriately performing his duties as an Outside Director, the Company nominates him as a candidate for Outside Director.</p>																									
<p>[Special interest between candidate and the Company]</p> <p>There is no special interest between the candidate and the Company.</p>																									

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company	Number of the Company's shares owned
	<div style="text-align: center;"> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Reelection</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Outside</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Independent</div> Kenji Hirai (March 20, 1953) Tenure as Outside Director 3 years </div>	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 (retired in March 2019) Apr. 2019 Vice Chairman of the Board (Representative Director), Research Advisor June 2019 Outside Director of the Company June 2021 Research Advisor of Sagami Chemical Research Institute Current position	1,800
	[Significant concurrent positions outside the Company] None		
9	Reasons for nomination as candidate for Outside Director and outline of the expected role Kenji Hirai, while making distinguished achievements in research of cutting-edge functional substances, high-performance agrochemicals and environmental preservation substances, and development of biotechnology, has demonstrated his skills in management and operation of an organization, as Vice Chairman of the Board, President of Sagami Chemical Research Institute. After being appointed as an Outside Director of the Company, he has been giving us useful opinions and advice on the management of the Company, especially on research and technological development, utilizing his abundant knowledge of various kinds. As a member of the Nomination and Remuneration Advisory Committee, he has also been contributing to deliberations on matters related to the selection of candidates for Directors and the compensation of Directors. After being elected, the Company expects that he will continue to fulfill the above roles and, as a member of the Special Committee, contribute to the deliberation of matters relating to important transactions between the Company's parent company group and the Company. In addition to high ethical standards, and abilities to accurately make decisions and understand issues, which are essential for a Director, he also possesses the necessary experience and insight to promote sustainable growth and improvement of corporate value of the Group. Therefore, judging him as being capable of appropriately performing his duties as an Outside Director, the Company nominates him as a candidate for Outside Director.		
	[Special interest between candidate and the Company] There is no special interest between the candidate and the Company. Kenji Hirai is the research advisor of Sagami Chemical Research Institute. The Company and the aforesaid institute are implementing joint research. The amount of expenditure paid by the Company to the institute in the 77th fiscal year is ¥10 million. In addition, the Company has made donations to the institute. The amount paid in the fiscal year ended March 31, 2022 is ¥300,000, which is insignificant.		

- Notes: 1. The positions and responsibilities held by Masaki Uchikura in the past ten years at the Company's parent company Tosoh Corporation and its subsidiaries (Tosoh Speciality Materials Corporation, Tosoh SMD, Inc., and Tosoh America, Inc.) are presented in the above "Career summary, and position and responsibility in the Company."
2. The positions and responsibilities held by Masayuki Yamada in the past ten years at the Company's parent company Tosoh Corporation and its subsidiaries (Tosoh Bioscience, Inc., Tosoh Bioscience LLC, Tosoh Techno-System, Inc., Tosoh Europe, N.V., and Tosoh America, Inc.) are presented in the above "Career summary, and position and responsibility in the Company."
3. The positions and responsibilities held by Mitsutaka Sugata presently or in the past ten years at the Company's parent company Tosoh Corporation and its subsidiaries (Taiyo Vinyl Corporation) are presented in the above "Career summary, and position and responsibility in the Company."
4. Motoo Nagai, Keikou Terui and Kenji Hirai are candidates for Outside Director.
5. Motoo Nagai assumed office as an Audit and Supervisory Board Member for a year before assuming office as Outside Director of the Company.
6. Currently, the Company has entered into respective agreements with Motoo Nagai, Keikou Terui, and Kenji Hirai to set the minimum amount of liability provided by laws and regulations as the amount for liability for damages under Article 423, paragraph 1 of the Companies Act in cases where there is good faith and no gross

- negligence, in accordance with Article 427, paragraph 1 of the same Act and the Articles of Incorporation of the Company. If they are elected as Directors, the Company plans to enter into the same agreement with each of them. In addition, if Masaki Uchikura and Mitsutaka Sugata are elected as Directors, the Company plans to enter into the same agreement with each of them.
7. At present, the Company and the insurance company have entered into an Officers' Liability Insurance Contract with all Directors included as insured persons as stipulated in Article 430-3, paragraph 1 of the Companies Act. In the event of a claim for damages arising from duties performed by the insured in his or her position during the insurance period, the insurance contract covers compensation for damage and dispute costs. However, there are certain exemptions, such as damage caused intentionally or by gross negligence that is not covered by the relevant insurance contract. Each candidate who is elected as a Director will be insured under the insurance contract. The term of the insurance contract is one year and shall be renewed upon resolution of the Board of Directors before the expiration of the term.
 8. Nissan Motor Co., Ltd., at which Motoo Nagai currently serves as an Outside Director, announced the issue of serious misconduct by management including the chairman of the said company in November 2018. In connection with the case, Nissan Motor Co., Ltd. issued an amendment report to correct the contents of remuneration for directors (and other officers), etc. disclosed in the securities report for each fiscal year from the fiscal year ended March 31, 2006 to the fiscal year ended March 31, 2018, and submitted it to the Kanto Finance Bureau on May 14, 2019. The Company was ordered by the Financial Services Agency to pay a surcharge on February 27, 2020 in relation to its securities reports and other disclosure documents for the period from the fiscal year ended March 31, 2015 to the fiscal year ended March 31, 2018. Furthermore, the company was fined by the Tokyo District Court on March 3, 2022 for violating the Financial Instruments and Exchange Act in connection with the case. In the United States, the Company also entered into an administrative settlement agreement with the United States Securities and Exchange Commission and paid a surcharge with respect to material misstatements regarding remuneration for directors (and other officers) in the Company's securities reports. Motoo Nagai had been unaware of the said issue before such issue was discovered, but he had been providing recommendations from a legal compliance perspective at the said company's board of directors meetings before this issue. In addition, after becoming aware of the issue, Motoo Nagai has appropriately fulfilled his responsibilities by giving directions regarding comprehensive investigations, recurrence-prevention measures, etc.
 9. Nissan Motor Co., Ltd., at which Motoo Nagai currently serves as an Outside Director, received process improvement orders from the Ministry of Land, Infrastructure, Transport and Tourism in March 2018 related to the said company's non-conformities in the final vehicle inspection processes at plants in Japan. Also, in December 2018, the said company received process improvement directives from the said Ministry related to the same non-conformities discovered in the said company's self-inspection. Motoo Nagai had been unaware of the said issue before the facts that were the cause of the said process improvement orders and directives came to light, but he had been providing recommendations from a legal compliance perspective at the said company's board of directors meetings before this issue. In addition, after becoming aware of the issue, Motoo Nagai has appropriately fulfilled his responsibilities by giving directions regarding comprehensive investigations, recurrence-prevention measures, etc.
 10. UBE Corporation, at which Keikou Terui currently serves as Outside Director, announced in February 2018 that it had not carried out product tests on certain low-density polyethylene products that were meant to be carried out as part of an agreement with customers. In addition, the said company announced a non-conformity with JIS certification of limestone aggregate for ready-mix concrete in May 2018, and 14 new cases of improprieties in quality in June 2018. Further the said company announced, in October 2018, two cases of improprieties in quality including an overseas subsidiary, as the result of a supplementary investigation. Keikou Terui had been unaware of the said issue before the facts that led to the said company's announcement came to light, but he had been providing recommendations from a legal compliance perspective at the said company's board of directors meetings before this issue. In addition, after becoming aware of the issue, Keikou Terui has appropriately fulfilled his responsibilities by requesting an investigation of the cause of the improprieties and thorough enforcement of compliance structure, etc.
 11. The Company has submitted notification to the Tokyo Stock Exchange that Motoo Nagai, Keikou Terui, and Kenji Hirai have been designated as independent officers as provided for by the aforementioned exchange. For the Company's "Criteria for Independence of Outside Officers," please refer to page 24.

Proposal No. 4 Election of Two Substitute Audit and Supervisory Board Members

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

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

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

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

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

Candidate No.	Name (Date of birth)	Career summary and position in the Company	Number of the Company's shares owned
2	Hirohito Kodama (March 22, 1959)	<p>Apr. 1981 Joined Kagome Co., Ltd.</p> <p>June 2006 Executive Officer, General Manager, Corporate Planning Department of Kagome Co., Ltd.</p> <p>June 2008 Director & Executive Officer, General Manager, Research & Development Division</p> <p>June 2011 Director & Managing Executive Officer, General Manager, Research & Development Division</p> <p>Apr. 2013 Director & Managing Executive Officer, CEO, Asia Business Company</p> <p>Oct. 2015 Director & Managing Executive Officer, General Manager, Shared Service Preparation Office</p> <p>Apr. 2016 Director & Managing Executive Officer President & Representative Director of Kagome Axis Co., Ltd. (Representative Director) (retired in October 2017)</p> <p>Mar. 2018 Outside Audit & Supervisory Board Member of Dynapac Co., Ltd.</p> <p>Director of Kagome Co., Ltd. (Full-time Audit and Supervisory Committee Member)</p> <p>Mar. 2020 Outside Director of Dynapac Co., Ltd. (Audit and Supervisory Committee Member)</p> <p>Current position</p>	0
[Significant concurrent positions outside the Company]			
Director of Kagome Co., Ltd. (Full-time Audit and Supervisory Committee Member)			
Outside Director of Dynapac Co., Ltd. (Audit and Supervisory Committee Member)			
[Reasons for nomination as candidate for Substitute Outside Audit and Supervisory Board Member]			
<p>Hirohito Kodama has been in charge of corporate management for many years as a director of a major food manufacturer, and has been involved in audit operation as a director (Full-time Audit and Supervisory Committee Member). In addition, he has served as an outside director (Audit and Supervisory Committee Member) of another listed company, deepening his knowledge on multidimensional corporate management. In addition to high ethical standards and an ability to make decisions fairly and impartially, which are essential for an Audit and Supervisory Board Member, he also possesses the necessary experience and insight to conduct an appropriate audit on the management of the Company. Therefore, judging him as being capable of appropriately performing his duties as an Outside Audit and Supervisory Board Member, the Company nominates him as a new candidate for Substitute Outside Audit and Supervisory Board Member.</p>			
[Special interest between candidate and the Company]			
There is no special interest between the candidate and the Company.			

- Notes: 1. Hirohito Kodama is a candidate for Substitute Outside Audit and Supervisory Board Member.
2. If the number of Audit and Supervisory Board Members or Outside Audit and Supervisory Board Members does not satisfy the number prescribed by laws and regulations and Tomoaki Itou or Hirohito Kodama is appointed, the Company plans to enter into an agreement to set the minimum amount of liability provided by laws and regulations as the amount for liability for damages under Article 423, paragraph 1 of the Companies Act in cases where there is good faith and no gross negligence, in accordance with Article 427, paragraph 1 of the same Act and the Articles of Incorporation of the Company.
3. At present, the Company and the insurance company have entered into an Officers' Liability Insurance Contract with all Audit and Supervisory Board Members included as insured persons as stipulated in Article 430-3, paragraph 1 of the Companies Act. In the event of a claim for damages arising from duties performed by the insured in his or her position during the insurance period, the insurance contract covers compensation for damage and dispute costs. However, there are certain exemptions, such as damage caused intentionally or by gross negligence that is not covered by the relevant insurance contract. If the number of Audit and Supervisory Board Members or Outside Audit and Supervisory Board Members does not satisfy the number prescribed by laws and regulations and Tomoaki Itou or Hirohito Kodama is appointed, he will become the insured under the

insurance contract. The term of the insurance contract is one year and shall be renewed upon resolution of the Board of Directors before the expiration of the term.

4. If the number of Outside Audit and Supervisory Board Members does not satisfy the number prescribed by laws and regulations and Hirohito Kodama is appointed, the Company will designate him as an independent officer in accordance with the provisions of the Tokyo Stock Exchange and notify it to the Exchange. For the Company's "Criteria for Independence of Outside Officers," please refer to page 24.

(Reference)

Policy on Nomination of Director Candidates

The number of the Board of Directors shall be between three and ten, and in principle, one-third or more of its members shall be comprised of Independent Outside Directors. In order to achieve sustainable growth and maximize corporate value over the medium to long term, the Company's policy to nominate candidates for Directors is to identify skills such as knowledge, experience, and abilities that should be provided as a Director and ensure that the entire Board of Directors has a well-balanced structure.

Skill matrix of Directors (planned) after the General Meeting of Shareholders

Based on the above policy, the Company has identified the following items as skills necessary to realize its medium- to long-term management plan. The skills possessed by each Director candidate are appropriately balanced, and the list is shown in the table below.

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 candidate, skills that can be expected to demonstrate their expertise and experience are marked with a "◎" mark.
 2. All director candidates are considered to possess ESG (environmental, social, governance) skills.

Criteria for Independence of Outside Officers

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

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

(Attached Documents)

Business Report

(From April 1, 2021 to March 31, 2022)

1. Status of the corporate group

(1) Business progress and results

During the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022), the global economy was subject to mounting concerns of an economic slowdown despite a recovery trend overall even amid effects of COVID-19, in part given that Russia's military invasion of Ukraine during the latter half of the fiscal year culminated in progressing inflation particularly when it comes to energy and food prices, as well as adverse consequences of economic sanctions imposed on Russia.

The electronics industry, the Organo Group's main market, remained active amid factors that included successive instances of substantial semiconductor-related capital investment across different nations, being undertaken amid moves to rebuild global supply chains in response to the shortage of semiconductor supply, geopolitical risk, and other such developments. On the other hand, there were signs of turmoil in supply chains including logistics largely due to restrictions on economic activities brought about by a shortage of raw materials supply and the spread of COVID-19. Meanwhile, some customers, including those in the general industry field, encountered adverse effects particularly in terms of schedules for equipment construction and delivery, and manufacturing activity. However, the overall recovery trend has persisted. In addition, the electric power/water supply and sewage fields remained strong centered on renewed facilities demand in Japan and solutions projects.

Under these conditions, the Organo Group has been actively working to achieve more expansive business development, which has involved focusing its efforts on drawing in orders and deliveries involving major semiconductor-related projects in Japan, Taiwan, and China, while also gaining a new, major semiconductor order in the United States. We have also been making progress toward strengthening our delivery system which has involved establishing a subsidiary in the United States and setting up a global engineering center (GEC) in Vietnam, with the aim of addressing a growing number of orders. We have also been engaging in initiatives that include expanding our R&D Center to enhance our next-generation ultrapure water systems as well as new separation and purification technologies, and seeking to digitalize and streamline various operations such as those involving engineering.

As a result, for fiscal year ended March 31, 2022, orders received increased by 43.5% year on year to ¥135,698 million, net sales increased by 11.4% year on year to ¥112,069 million, operating profit increased by 13.3% to ¥10,850 million, ordinary profit increased by 16.6% to ¥11,545 million, profit attributable to owners of parent increased by 30.2% to ¥9,210 million, and our carry-over balance for order backlog as of March 31, 2022 was up 39.7% to ¥86,417 million. Orders received, net sales and the respective profit figures surpassed levels of the initial plan and earnings forecasts across the board and achieved record highs. Ordinary profit was affected by the Company having posted foreign exchange gains due to rapid depreciation of the yen heading toward fiscal year-end, and profit attributable to owners of parent was affected by the Company having posted extraordinary income from sale of real estate. In addition, we have secured a high balance with respect to carry-over backorder, which will form the basis for sales from next fiscal year onward, through orders received involving successive major projects in Japan and overseas.

(Millions of yen)

Category	76th term Fiscal year ended March 31, 2021	77th term (Fiscal year under review)		Year-on-year	Actual-to- forecast
		Fiscal year ended March 31, 2022			
		Initial plan	Actual result		
Orders received	94,563	100,000	135,698	43.5%	35.7%
Carry-over backorder	61,871	58,871	86,417	39.7%	46.8%
Net sales	100,638	103,000	112,069	11.4%	8.8%
Operating profit	9,579	8,250	10,850	13.3%	31.5%
Operating profit ratio (%)	9.5	8.0	9.7	–	–
Ordinary profit	9,900	8,150	11,545	16.6%	41.7%
Profit attributable to owners of parent	7,074	6,500	9,210	30.2%	41.7%
Return on equity (ROE) (%)	11.1	9.3	12.9	–	–

[Water Treatment Engineering Business Unit]

Net sales ratio 82.7%	Orders received	¥116,116 million (Up 52.3% year-on-year)
	Net sales	¥92,723 million (Up 12.5% year-on-year)
	Operating profit	¥9,087 million (Up 7.3% year-on-year)

Major Business

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

■Orders received

Orders received increased 52.3% year on year to ¥116,116 million. In the electronics field, which is the Group's main market, circumstances remained upbeat worldwide. This was a result of factors that include our having gained orders for water treatment facilities for major semiconductor plants from our major customers in Japan and Taiwan, our having expanded into more regions by drawing in orders from new customers against a backdrop of active capital investment in China for automotive semiconductors, power semiconductors, memory and other products, and our having successfully landed orders for major semiconductor projects in the United States. In addition, in the general industry field and the electric power/water supply and sewage fields, firm levels of orders continued in the Japanese market for equipment modification and renewal and various maintenance services.

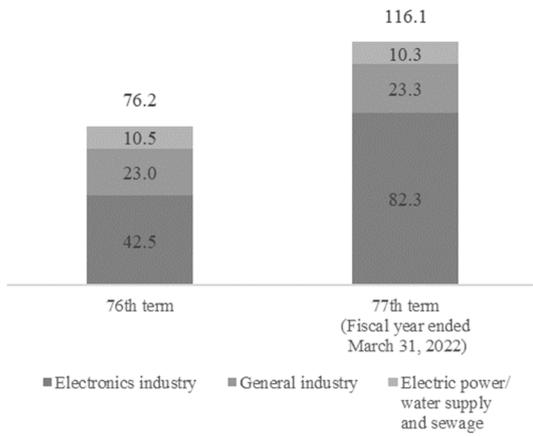
■Net sales

Net sales increased 12.5% year on year to ¥92,723 million. The increase in net sales centered on the electronics field amid steady progress in work achieved overall, despite having encountered situations involving procedural overhaul of some projects due to supply chain turmoil particularly in the form of a shortage of raw materials supply and logistical delays. In the general industry field, the Service Solutions Division performed well particularly in Japan, despite a downturn in sales of major plants due to factors that include the COVID-19 pandemic having caused a decrease in large-scale investment and concentration of resources in the electronics field. In the electric power/water supply and sewage fields, net sales increased year on year, mainly due to the Company having posted sales for major water supply and sewage-related projects for which orders were received up until the previous fiscal year.

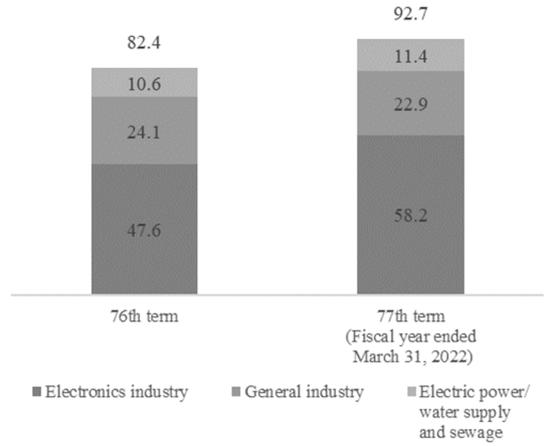
■Operating profit

Operating profit increased 7.3% year on year to ¥9,087 million. The year-on-year increase in operating profit is a result of the Company having secured higher earnings amid an upturn in sales in the electronics field and the electric power/water supply and sewage fields, as well as profitability improvements achieved in the general industry field, despite an increase in the plant projects to net sales ratio including large semiconductor-related projects, and a slight decrease in the operating profit ratio largely brought about by higher selling, general and administrative expenses centered on personnel expenses and other such costs.

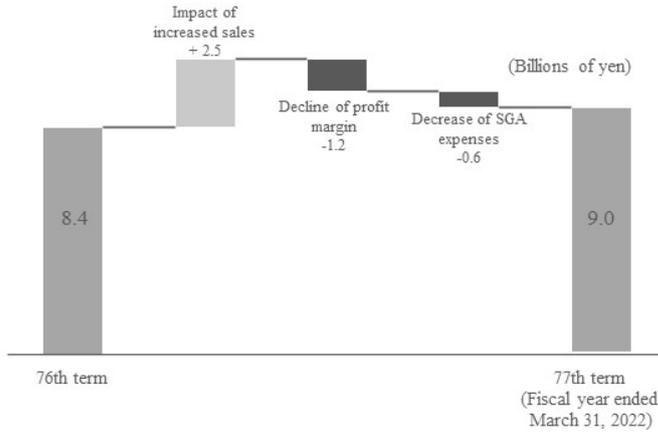
Water Treatment Engineering Business Unit
Orders by field
(Billions of yen)



Water Treatment Engineering Business Unit
Net sales by field
(Billions of yen)



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



[Performance Products Business Unit]

Net sales ratio 17.3%	Orders received	¥19,581 million (Up 6.8% year-on-year)
	Net sales	¥19,346 million (Up 6.2% year-on-year)
	Operating profit	¥1,763 million (Up 58.4% year-on-year)

Major Business

● Major Business and Products

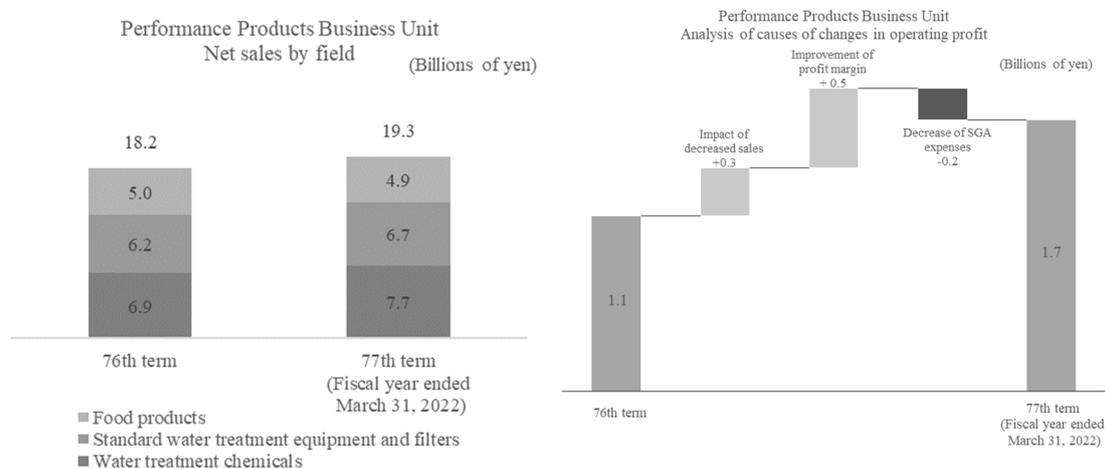
Water Treatment Chemicals Division	Standard Water Treatment Equipment and Filters Division	Food Products Division
RO membrane protection chemicals, Wastewater treatment chemicals, Cooling water treatment chemicals, Cleaning chemicals, Boilers water treatment chemicals ●Customers and Markets Various manufacturing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

■ Orders received/Net sales

Orders received increased 6.8% year on year to ¥19,581 million and net sales increased 6.2% year on year to ¥19,346 million. In the Water Treatment Chemicals Division, sales for the electronics industry were favorable. The Standard Water Treatment Equipment and Filters Division saw a recovery in sales centered on small-scale pure water production equipment for medical institutions and research institutions, which had slumped last year. We are also seeing an increase in sales including a solid start to sales of the small-scale ultrapure water production equipment “Puric μ (mu).” Meanwhile, in the Food Products Division, sales were about level with the previous fiscal year as recovery in sales of products for the restaurant market were offset by lower sales to the household food products market.

■ Operating profit

Operating profit increased 58.4% year on year to ¥1,763 million. Operating profit increased year on year amid factors that include higher net sales in the Water Treatment Chemicals Division and the Standard Water Treatment Equipment and Filters Division, higher sales involving relatively high-margin product categories, and better profit margins due to cost improvement efforts and other such initiatives.



(2) Capital investment

The Organo Group's total outlays for capital investment amounted to ¥3,387 million (including intangible assets) during the fiscal year under review. The main ongoing capital investment during the fiscal year under review was the construction of two new testing buildings at the Company's R&D Center.

(3) Financing

During the fiscal year ended March 31, 2022, the Company procured ¥6,000 million as long-term borrowings through financial institutions for use with respect to funding requirements of the Group.

(4) Issues to be addressed

In the electronics industry field, which is listed as a priority business for the current consolidated fiscal year, the Company has advanced the development of new customers in China, won large-scale semiconductor project contracts in the United States, and also received orders for large-scale projects from major customers in Japan and Taiwan, among others. The Company has been developing its business against the backdrop of market conditions where high levels of investment continue. In addition, the Company has proceeded with strengthening its research and development system, such as the expansion of a new experimental building in the development center, digitalized engineering operations, reallocated resources across groups, and promoted outsourcing, etc., to improve operational efficiency. The Company also strengthened its overseas business structure through initiatives such as establishing a locally incorporated company in the United States, reviewing the Indian business, and establishing a global engineering center in Vietnam, etc., to promote the strengthening of the group-wide engineering system.

The Group has formulated a three-year medium-term management plan on a rolling basis every year. In the current fiscal year, the Group has formulated a medium-term management plan for fiscal 2022–2024, which assumes the management direction of priority businesses, growth regions, growth drivers, etc., established last fiscal year, and the framework of the business infrastructure that supports such a management direction. It has done so while proceeding with discussions based on the direction of initiatives to realize social value and customer value, such as the SDGs, and the risks that supply chain disruptions impose on business results against the backdrop of a prolonged response to COVID-19 and expansion of geopolitical risks, as well as market trends, such as investment trends in large-scale projects in Japan and overseas in the electronics industry field.

In the new medium-term management plan, based on the active investment situation in the electronics industry sector, the Group considers reliable order acceptance and delivery of large-scale projects as the most important issues. The Group aims to build a competitive global value chain by advancing its initiatives with priority themes, such as the improvement of productivity through digitalization and higher efficiency in operations, the utilization and development of global human resources, expansion of the delivery system by strengthening partnerships with domestic and foreign partner companies, provision of new values through solutions services utilizing data, and building business models. Management targets for fiscal 2024, which is the last year of the plan, are net sales of ¥140.0 billion, and operating profit of ¥14.0 billion, and the Organo Group aims to build a profit structure that can achieve an operating profit ratio and return on equity (ROE) of at least 10.0% consistently and continuously. Furthermore, in order to evaluate the status of progress in sustainably enhancing corporate value and improving profitability, the Organo Group positions ROE and consolidated operating profit ratio as key indicators.

Medium-term Management Plan 2022–2024

Key Business Fields / Electronics industry

Reliable orders and deliveries for large-scale projects [Japan, Taiwan, China, United States]

Building a competitive global value chain

[Growth Regions]

China/Taiwan markets

- Construction and maintenance of systems for research and development, solutions, and production
- Strengthening expansion outside of the electronics industry in the Chinese market

[Growth drivers]

Service solutions

- Establishment of the foundation for digital solution services
- Development of the global solution system and quality improvement

Research and development

- Expansion of development investment by 2.5% of sales
- Next-generation ultrapure water systems for the electronics industry
- Creation of new business with advanced separation and purification technology
- Enhancement of sensing and digital technologies
- Expansion of open innovation

Water treatment chemicals

- Expansion of package service menu including chemicals, equipment, and the IoT
- Robust development of local partners and expansion of overseas business

Functional materials

- Establishment and maintaining of global supply chains
- Development of differentiated functional materials and creation of business models that realize social value

Establishment of a business foundation

- Strengthening the engineering structure
- Initiatives for ESG/SDGs
- Ensuring safety and compliance
- Promoting data utilization
- Developing and utilizing human resources

Management Target

(Millions of yen)

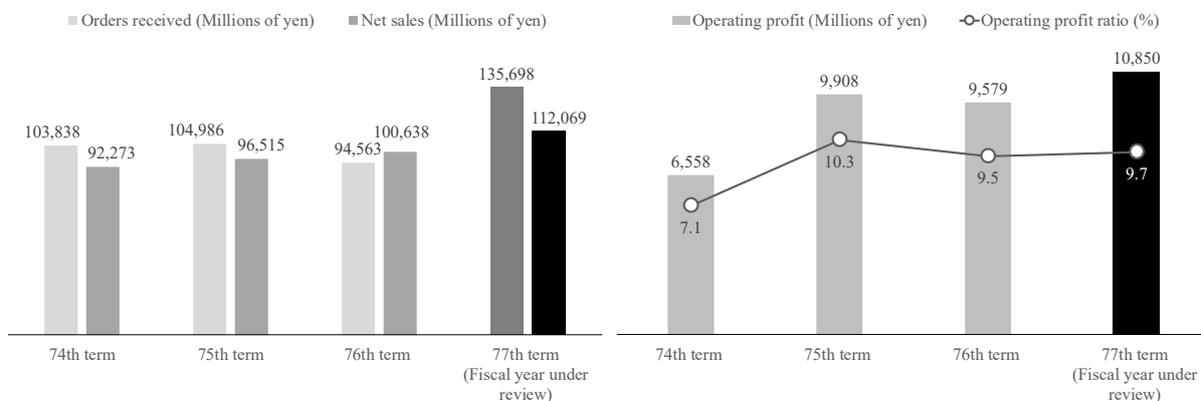
Category	77th term Fiscal year ended March 31, 2022 (Result)	78th term Fiscal year ending March 31, 2023 (Plan)	79th term Fiscal year ending March 31, 2024 (Plan)	80th term Fiscal year ending March 31, 2025 (Plan)
Orders received	135,698	125,000	130,000	140,000
Net sales	112,069	125,000	130,000	140,000
Operating profit	10,850	11,700	12,500	14,000
Operating profit ratio (%)	9.7	9.4	9.6	10.0
Return on equity (ROE) (%)	12.9	10.6	10.4	10.7

(5) Changes in assets and profit and loss

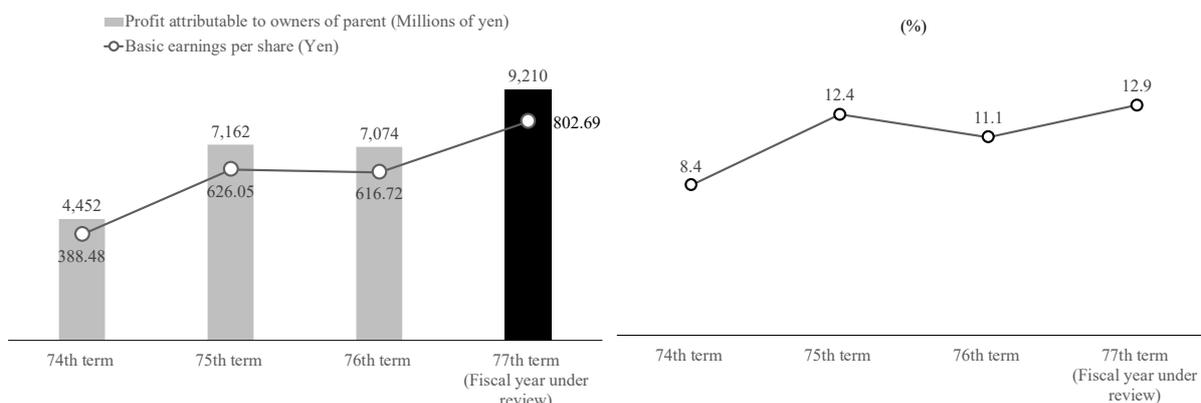
Category	74th term Fiscal year ended March 31, 2019	75th term Fiscal year ended March 31, 2020	76th term Fiscal year ended March 31, 2021	77th term (Fiscal year under review) Fiscal year ended March 31, 2022
Orders received (millions of yen)	103,838	104,986	94,563	135,698
Net sales (millions of yen)	92,273	96,515	100,638	112,069
Operating profit (millions of yen)	6,558	9,908	9,579	10,850
Operating profit ratio (%)	7.1	10.3	9.5	9.7
Ordinary profit (millions of yen)	6,538	9,929	9,900	11,545
Profit attributable to owners of parent (millions of yen)	4,452	7,162	7,074	9,210
Basic earnings per share (yen)	388.48	626.05	616.72	802.69
Return on equity (ROE) (%)	8.4	12.4	11.1	12.9
Total assets (millions of yen)	101,257	101,448	115,011	130,506
Net assets (millions of yen)	54,795	60,857	67,357	76,004
Net assets per share (yen)	4,784.81	5,301.26	5,856.25	6,620.54

- Notes: 1. When calculating basic earnings per share, common shares of the Company held by the Officer Share Delivery Trust have been included in treasury shares excluded from the calculation of the average number of shares during the period. Also, when calculating net assets per share, those shares have been included in treasury shares excluded from the total number of issued shares at the end of the period.
2. The Company has applied Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc., from the current consolidated fiscal year. Concerning the status of property and profit and loss in the current consolidated fiscal year, the figures are stated as those after applying the said Accounting Standard, etc.

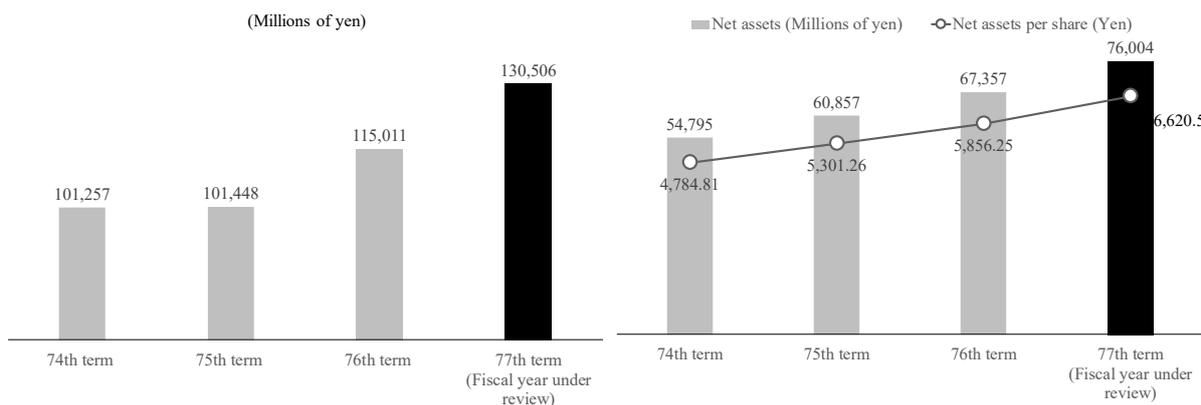
Orders received / Net sales **Operating profit / Operating profit ratio**



Profit attributable to owners of parent / Basic earnings per share **ROE**



Total assets **Net assets / Net assets per share**



(6) Parent company and major subsidiaries

(i) Relationship with parent company

The Company's parent company is Tosoh Corporation, and it holds 4,937 thousand shares (equity ownership 42.6% includes the portion of indirect ownership) of the Company.

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

Tosoh Corporation and the Company have not entered into any contracts or other agreements regarding the Company's material financial and business policies. There are no particular restrictions on the Company's material financial and business policies in relation to Tosoh Corporation, including approval items in conducting business activities. Although the Company is engaged in businesses related to the corporate group of Tosoh Corporation, the two companies are clearly segregated in terms of the products they handle and the customers they do business with. The Company recognizes that as a listed company, it has secured a certain degree of management independence in its business activities and management decisions.

(ii) Major subsidiaries

Company name	Share capital	Ownership of the Company (%)	Major businesses
ORGANO PLANT SERVICE CORPORATION	93 (Millions of yen)	100.0	Installation and supervision of various types of water treatment systems
ORGANO FOOD TECH CORPORATION	50	100.0	Sales and manufacture of food ingredients and food processing agents
ORGANO ECO TECH CORPORATION	50	100.0	Sales and related construction of various types of water treatment systems and related chemicals
ORGANO ACTY CORPORATION	20	100.0	Printing business, agency business involving various forms of insurance and management outsourcing business
Organo (Asia) Sdn. Bhd.	7,000 (Thousands of MYR)	100.0	Sales and related construction of various types of water treatment systems and related chemicals
Organo (Suzhou) Water Treatment Co., Ltd.	5,000 (Thousands of USD)	100.0	Sales and related construction of various types of water treatment systems and related chemicals
Organo Technology Co., Ltd.	30,000 (Thousands of NTD)	100.0	Sales and related construction of various types of water treatment systems and related chemicals
Organo (Thailand) Co., Ltd.	120,100 (Thousands of THB)	*100.0	Sales and related construction of various types of water treatment systems and related chemicals
PT Lautan Organo Water	18,000 (Millions of IDR)	51.0	Sales and related construction of various types of water treatment systems and related chemicals
Organo (Vietnam) Co., Ltd.	3,150 (Thousands of USD)	100.0	Sales and related construction of various types of water treatment systems and related chemicals
Organo USA, Inc.	3,000 (Thousands of USD)	100.0	Sales and related construction of various types of water treatment systems and related chemicals

- Notes:
1. Equity ownership with (*) mark includes the portion of indirect ownership held by the Company's subsidiaries.
 2. There is no subsidiary that falls under the category of specified wholly-owned subsidiary.
 3. Organo (Vietnam) Co., Ltd. became a major subsidiary from the current consolidated fiscal year due to its increased importance. In addition, Organo USA, Inc. was established in September 2021.
 4. The eleven major subsidiaries above are consolidated subsidiaries of the Company, and one affiliated company was accounted for by the equity method.

(7) Major business offices and factories (as of March 31, 2022)

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

Notes: In October 2021, the Taiwan branch was closed.

(8) Employees (as of March 31, 2022)

(i) Employees of the Organo Group

Business Segment	Number of employees	Change from previous fiscal year-end
Water Treatment Engineering Business Unit	1,944	Increase by 135
Performance Products Business Unit	380	Increase by 21
Company-wide (common)	152	Increase by 1
Total	2,476	Increase by 157

(ii) Employees of the Company

Number of employees	Change from previous fiscal year-end	Average age	Average years of service
1,090	Increase by 18	43.6 years old	16.3 years

(9) Major lenders (as of March 31, 2022)

Lenders	Amount of Borrowings (Millions of yen)
Mizuho Bank, Ltd.	5,300
Sumitomo Mitsui Banking Corporation	1,660
MUFG Bank, Ltd	1,660
Sumitomo Mitsui Trust Bank, Limited	1,255
The Hachijuni Bank, Ltd.	1,150

2. Shares of the Company (As of March 31, 2022)

- (1) **Total number of authorized shares:** 25,392,000 shares
- (2) **Total number of issued shares:** 11,589,925 shares
(including treasury shares of 84,095 shares)
- (3) **Number of shareholders:** 4,103 shareholders
- (4) **Major shareholders**

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)	966	8.40
Custody Bank of Japan, Ltd. (Trust account)	632	5.50
SSBTC CLIENT OMNIBUS ACCOUNT	279	2.43
Mizuho Bank, Ltd.	200	1.74
KBC BANK NV-UCITS CLIENTS NON TREATY	153	1.33
BBH FOR THE ADVISORS' INNER CIRCLE FUND II/KOPERNIK GLO ALL-CAP FUND	127	1.11
DZ PRIVATBANK S.A. RE INVESTMENTFONDS	110	0.96
MLI FOR CLIENT GENERAL OMNI NON COLLATERAL NON TREATY-PB	102	0.89
BNYM AS AGT/CLTS 10 PERCENT	91	0.79

- Notes: 1. The treasury shares (84,095 shares) are excluded in the calculation of the holding ratio shown above.
2. 51,160 shares of the Company held by Custody Bank of Japan, Ltd. (Trust account) (shares in the Officer Share Delivery Trust) are not included in treasury shares.

(5) Shares issued to officers as compensation for the execution of their duties during the fiscal year under review

Category	Number of shares	Number of persons
Directors (excluding Outside Directors)	9,200	6

- Notes: 1. Pursuant to a resolution at the 73rd Ordinary General Meeting of Shareholders held on June 28, 2018, the Company introduced a performance-linked share-based remuneration plan using a trust for Directors (excluding Non-Executive Directors) as well as Executive Officers (excluding non-residents) of the Company, in order to heighten awareness of contributing to enhancing the Organo Group's medium- to long-term operating results and increasing corporate value. The details are described in "3. (4) Remuneration, etc. to Directors and Audit and Supervisory Board Members." As of March 31, 2022, the trust established by the Company held 51,160 shares of the Company.
2. The above includes shares delivered during the current fiscal year as compensation for the execution of duties as an Executive Officer prior to assuming the position of Director.

3. Officers

(1) Names etc. of Directors and Audit and Supervisory Board Members (as of March 31, 2022)

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

Position	Name	Responsibility	Significant concurrent positions outside the Company
Audit and Supervisory Board Member	Wataru Higuchi		Lawyer Certified Public Accountant Representative Partner of Ootemon Law and Accounting Executive Officer of Advance Residence Investment Corporation Outside Director (serving as Audit and Supervisory Committee Member) of Marubeni Construction Material Lease Co., Ltd.
Audit and Supervisory Board Member	Nobuko Hanano		Lawyer Partner, Kohwa Sohgo Law Offices Outside Audit & Supervisory Board Member, Kanro Inc.

- Notes:
1. Directors Motoo Nagai, Keikou Terui, and Kenji Hirai are Outside Directors.
 2. Audit and Supervisory Board Members Wataru Higuchi and Nobuko Hanano are Outside Audit and Supervisory Board Members.
 3. Changes in Directors and Audit and Supervisory Board Members during the fiscal year under review are as follows:
 - (i) Director Haruki Myouga and Outside Audit and Supervisory Board Member Masao Wada retired from their office due to expiration of their terms of office at the conclusion of the 76th Ordinary General Meeting of Shareholders held on June 29, 2021.
 - (ii) Tetsushi Honda was elected as a Director and Nobuko Hanano was elected as an Audit and Supervisory Board Member at the 76th Ordinary General Meeting of Shareholders held on June 29, 2021, and they assumed their office.
 4. Changes in the important concurrent positions of Directors and Audit and Supervisory Board Members during the fiscal year under review are as follows:
 - (i) As of June 2021, Director Masayuki Yamada retired as Director, Executive Vice President of Tosoh Corporation and Chairman of the Board of Tosoh America, Inc.
 - (ii) As of June 2021, Director Kenji Hirai retired as Vice Chairman of the Board (Representative Director) of Sagami Chemical Research Institute.
 5. Audit and Supervisory Board Members Masahiko Toyoda and Wataru Higuchi possess extensive financial and accounting knowledge as shown below.
 - Audit and Supervisory Board Member Masahiko Toyoda has past experience of supervising finance and accounting divisions at other companies.
 - Audit and Supervisory Board Member Wataru Higuchi is qualified as a certified public accountant.
 6. The Company has submitted notification to the Tokyo Stock Exchange that Outside Directors Motoo Nagai, Keikou Terui and Kenji Hirai and Outside Audit and Supervisory Board Members Wataru Higuchi and Nobuko Hanano have been designated as independent officers as provided for by the aforementioned exchange.

(2) Overview of limited liability agreements

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

A similar limited liability agreement was concluded with Director Masayuki Yamada, but due to a transfer from the post of Non-Executive Director to Executive Director on June 29, 2021, the agreement was terminated.

(3) Outline of the Officers' Liability Insurance Contract

The Company has entered into the Officers' Liability Insurance Contract for Directors and Audit and Supervisory Board Members of the Company and its subsidiaries, as well as Executive Officers of the Company, with an insurance company as insured persons, as stipulated in Article 430-3, paragraph 1 of the Companies Act. The contract is renewed every year. In the event of a claim for damages arising from duties performed by the insured in his or her position during the insurance period, the insurance contract covers compensation for damage and dispute costs. However, there are certain exemptions, such as damage caused by intentional or gross negligence that is not covered by the relevant insurance contract. The total amount of insurance expenses is shared proportionally by the Company and its subsidiaries.

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

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

a. Directors

The following is a summary of the Company's "Policy for determining remuneration, etc. to Directors" resolved at the Board of Directors meeting held on July 30, 2021. This policy is resolved by the Board of Directors after obtaining opinions based on review by the Nomination and Remuneration Advisory Committee, of which the majority are independent outside directors.

The Board of Directors has confirmed that the method of determining the details of remuneration, etc. and the content of remuneration, etc. determined for each individual Director for the fiscal year under review are consistent with the relevant decision policy and that the opinions of the Nomination and Remuneration Advisory Committee have been respected. The Board of Directors has determined that the content of remuneration, etc. is in line with the relevant decision policy.

(a) 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 work.

(b) Remuneration framework

i. Executive Directors

Remuneration to Executive Directors consists of fixed remuneration and performance-linked remuneration, and performance-linked remuneration consists of short-term performance-linked remuneration (cash) and mid- and long-term performance-linked remuneration (stock). The remuneration level is designed to be appropriate for each position by comparing and verifying it with objective data such as remuneration levels from external remuneration consultants and remuneration survey data from external research organizations.

1) Fixed remuneration

The total amount of remuneration based on the remuneration table set for each position shall be paid in equal monthly installments from July to June of the following year.

2) Performance-linked remuneration

The ratio of the total amount of performance-linked remuneration is designed to be approximately 50% to 60% when the performance evaluation index is the standard value set by the Board of Directors, and this ratio is higher for Directors of higher ranks. In addition, the ratio of short-term performance-linked remuneration (cash) to medium-to-long-term performance-linked remuneration (shares) shall be designed to be approximately 7:3 in case the performance evaluation index is at the standard value set by the Board of Directors. In addition, the same ratio will be designed with 5:5 as a guide from April 1, 2022.

- Short-term performance-linked remuneration (cash)

The short-term performance-linked remuneration shall be monetary remuneration. From the perspective of clarifying the relationship between business performance and remuneration, the Company shall use the consolidated operating profit, which is an important management index of the Group, as the performance evaluation index, and shall pay the total amount calculated with the remuneration table for each position according to the consolidated operating profit of the previous fiscal year in equal monthly installments from July to June of the following year. The amount paid varies in the range of 0 to 170% depending on the amount of consolidated operating profit.

- Medium-to-long-term performance-linked remuneration (shares)

The medium-to-long-term performance-linked remuneration is a stock-based remuneration plan using a trust. 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, and shall deliver shares of the Company calculated based on the performance-linked coefficient determined in accordance with the consolidated return on equity for the previous fiscal year and the basic amount for each position. The amount equivalent to the payment varies in the range of 0 to 200% depending on the consolidated return on equity. In addition, the Company has established a three-year transfer restriction period from the time of delivery of the shares to be delivered.

- ii. Non-Executive Director

The remuneration for Non-Executive Directors consists of fixed remuneration only, and the total remuneration based on their position is paid in equal monthly installments from July to June of the following year. The remuneration level is designed to be appropriate for each position by comparing and verifying it with objective data such as remuneration levels from external remuneration consultants and remuneration survey data from external research organizations, and by taking into consideration the appointment of each Director as a member of important committees and the nature of their duties.

- (c) Process of determining remuneration

The Company has established the Nomination and Remuneration Advisory Committee as a non-statutory advisory body to the Board of Directors in order to ensure objectivity and transparency in the process of determining remuneration, etc. and provide an appropriate amount of remuneration. The amount of remuneration to the Company's Directors and the method of calculating such amount shall be determined by resolution of the Board of Directors based on the opinion of the Nomination and Remuneration Advisory Committee and within the scope of the remuneration limit determined by resolution of the General Meeting of Shareholders. The Nomination and Remuneration Advisory Committee shall review matters such as the total amount of remuneration for Directors, confirmation of the

amount of remuneration for individual Directors, and the policy of remuneration, etc. for Directors, and report to the Board of Directors. Among the remunerations for Directors, the amount of remuneration and the number of shares to be paid for performance-linked remuneration shall be determined in unison in accordance with a predetermined method.

b. Audit and Supervisory Board Members

Remuneration to Audit and Supervisory Board Members is a fixed amount according to their respective positions in the Company. The amount of remuneration is determined through discussion by the Audit and Supervisory Board Members within the scope of the remuneration limit determined by resolution of the General Meeting of Shareholders.

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

Category	Total amount of remuneration, etc. (Millions of yen)	Total amount of remuneration, etc. and number of persons covered classified by type				
		Fixed remuneration		Performance-linked remuneration		
				Short-term	Mid- and long-term	
		Monetary remuneration, etc.			Non-monetary remuneration, etc. (Stocks)	
Total amount (Millions of yen)	Number of persons covered	Total amount (Millions of yen)	Total amount (Millions of yen)	Number of persons covered		
Directors (excluding Outside Directors)	286	90	7	127	68	7
Audit and Supervisory Board Members (excluding Outside Audit and Supervisory Board Members)	17	17	1	–	–	–
Outside Directors	33	33	3	–	–	–
Outside Audit and Supervisory Board Members	19	19	3	–	–	–
Total	356	160	14	127	68	7

- Notes: 1. The above figures include one Director and one Outside Audit and Supervisory Board Member who retired upon the conclusion of the 76th Ordinary General Meeting of Shareholders held on June 29, 2021.
2. Remuneration of Directors does not include salaries as employees paid to Directors who are also employees.
3. The details of the performance indicators related to the performance-linked remuneration, the reasons for selecting such performance indicators, and the calculation method of the performance-linked remuneration are described in “(1) Policies and procedure of determining remuneration to Directors and Audit and Supervisory Board Members,” and changes in the performance indicators including in the current fiscal year are described in “1. (5) Changes in assets and profit and loss.”
4. The details of non-monetary remuneration, etc. (medium- to long-term performance-linked remuneration (shares)) are described in “(1) Policies and procedure of determining remuneration to Directors and Audit and Supervisory Board Members.” The amount of non-monetary remuneration, etc. (shares) above includes the amount of remuneration delivered in the current fiscal year and the amount to be delivered in the following fiscal year, which should be recorded as expenses in the current fiscal year. The status of shares issued to officers is described in “2. (5) Shares issued to officers as compensation for the execution of their duties during the fiscal year under review.”
5. The amount of remuneration for Directors was set at not more than ¥340 million per year (of which, not more than ¥40 million is for Outside Directors) by resolution of the 69th Ordinary General Meeting of Shareholders held on June 27, 2014. The number of Directors as of the close of this General Meeting of Shareholders is 10 (including one Outside Director).

In addition to this limited amount of remuneration, the Company introduced a performance-linked, share-based remuneration plan for Directors (excluding Non-Executive Directors) by resolution of the 73rd Ordinary General Meeting of Shareholders held on June 28, 2018 in which the amount of cash the Company may contribute shall be limited to ¥300 million for the three fiscal years in the initial applicable period, and the total number of Company’s shares that may be issued for Directors (excluding Non-Executive Directors) shall be limited to 54,000 shares per fiscal year (162,000 shares for the three fiscal years in the initial application period). The

number of Directors (excluding Non-Executive Directors) as of the close of this General Meeting of Shareholders is six.

6. The amount of remuneration for Audit and Supervisory Board Members was set at not more than ¥60 million per year by resolution of the 61st Ordinary General Meeting of Shareholders held on June 29, 2006. The number of Audit and Supervisory Board Members as of the close of this General Meeting of Shareholders is four.
7. Director Masayuki Yamada is eligible for performance-linked remuneration from June 29, 2021 because he changed his status from Non-Executive Director to Executive Director at the Board of Directors meeting held after the 76th Ordinary General Meeting of Shareholders held on the aforementioned date.

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

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

Significant concurrent positions outside the Company are as described in “(1) Names etc. of Directors and Audit and Supervisory Board Members (As of March 31, 2022).” Director Kenji Hirai was Vice Chairman of the Board (Representative Director) of Sagami Chemical Research Institute until June 2021. The Company participating in joint research with said institute (in fiscal year ended March 31, 2022, payments of research costs to said institute was ¥10 million) the Company also donates money to said institute (in fiscal year ended March 31, 2022, the payment amount was ¥300 thousand), the amounts of both of those payments are immaterial. For the other Outside Officers, the Company does not have any important dealing or other special relationship with the said each organization where the officers hold significant concurrent positions.

- (ii) Principal activities during the fiscal year under review

a. Directors

Name	Board of Directors meetings	Status of Expression of Opinions and Summary of Duties Performed in Relation to the Expected Role
	Status of attendance	
Motoo Nagai	15/15 (100%)	He has been fulfilling his role appropriately by mainly providing opinions as necessary on such issues as management plans, business strategies, risk management, compliance, corporate governance, personnel policies, cross shareholdings, dialogue with investors, sustainability, safety management, internal control, etc., based on his extensive knowledge and experience in corporate management mainly as a manager of a financial institution. As the Chairman of the Nomination and Remuneration Advisory Committee, he attended all 9 meetings of the Committee held during the fiscal year under review and led the supervisory function in the process of selecting candidates, etc. for the Company’s Board of Directors and determining the remuneration, etc. for Directors, in addition to examining the skill sets required of the Board of Directors.
Keikou Terui	15/15 (100%)	He has been fulfilling his role appropriately by mainly providing opinions as necessary on such issues as management plans, business strategies, corporate governance, affiliate management, personnel policies, risk management, cross shareholdings, technology development strategies, capital policy, and sustainability, etc., based on his extensive knowledge of industrial policy and industrial technology and his experience in key positions at the Ministry of Economy, Trade and Industry. As a member of the Nomination and Remuneration Advisory Committee, he attended all 9 meetings of the Committee held during the fiscal year under review and is responsible for the supervisory function in the process of selecting candidates, etc. for the Board of Directors and determining the remuneration, etc. for Directors, in addition to examining the skill sets required of the Board of Directors.
Kenji Hirai	15/15 (100%)	He has been fulfilling his role appropriately by mainly providing opinions as necessary on such issues as management plans, business strategies, personnel policies, compliance, sustainability, risk management, employee labor management, and information disclosure, etc., based on his extensive knowledge and experience as the head of a research institution. As the member of the Nomination and Remuneration Advisory Committee, he attended all 9 meetings of the Committee held during the fiscal year under review and is responsible for the supervisory function in the process of selecting candidates, etc. for the Board of Directors and determining the remuneration, etc. for Directors, in addition to examining the skill sets required of the Board of Directors.

b. Audit and Supervisory Board Member

Name	Board of Directors meetings	Audit and Supervisory Board meetings	Status of Expression of Opinions
	Status of attendance	Status of attendance	
Wataru Higuchi	15/15 (100%)	14/14 (100%)	He mainly provided opinions as he saw fit concerning such issues as internal audits, affiliate management, director remuneration policies, compliance, risk management, sustainability, group governance, and credit management, etc., based on his extensive knowledge and experience related to legal, finance and accounting operations as a lawyer and certified public accountant.
Nobuko Hanano	12/12 (100%)	11/11 (100%)	She mainly provided opinions as she saw fit concerning such issues as internal control, internal audits, and accounting policies, sustainability, group governance, information management, risk management, and credit management, etc., based on her extensive legal knowledge and experience as a lawyer.

Notes: Audit and Supervisory Board Member Nobuko Hanano was elected at the 76th Ordinary General Meeting of Shareholders, which was held on June 29, 2021, and she assumed office on that day. Accordingly, the attendance figure stated above for the Audit and Supervisory Board Member indicates her attendance at the meetings of the Board of Directors and Audit and Supervisory Board that were held on and after June 29, 2021.

4. Independent Auditor

(1) Name of Independent Auditor

KPMG AZSA LLC

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

Category	Amount of remuneration, etc.
Amount of remuneration, etc. for Independent Auditor for the fiscal year under review	¥54 million
Total amount of money and other financial profits to be paid by the Company and its subsidiaries	¥54 million

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

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

(3) Audit of consolidated subsidiaries

Among the Company's major overseas subsidiaries, Organo Technology Co., Ltd. and five other companies are audited by other certified public accountants or audit firms (including those who have equivalent certificates in foreign countries) other than the Company's Independent Auditor.

(4) Description of non-auditing services

Not applicable.

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

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

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

5. Company systems and policies

(1) Corporate governance

(i) Basic views on corporate governance

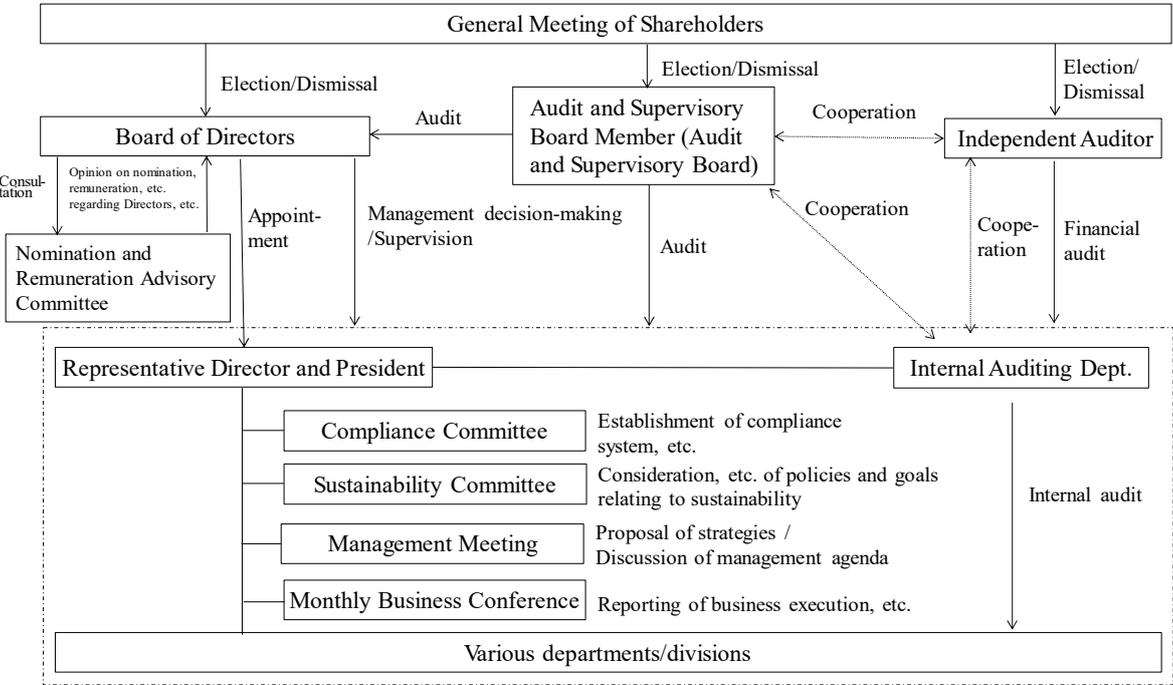
The Company has been engaging in efforts to enhance corporate governance that conforms to the following basic views in order to realize fair and trustworthy management and improve management efficiency.

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

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

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

(ii) Schematic view of corporate governance structure



(iii) Organization Structure

a. Board of Directors

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

b. Audit and Supervisory Board

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

c. Executive Officer System

The Company has introduced an Executive Officer System, and 17 members (in which six Executive Officers concurrently serve as Director) are selected. This system allows for differentiating between the “management decision-making and supervision function” of Directors and the “business execution function” of Executive Officers, thereby clarifying responsibilities and accelerating decision-making.

d. Nomination and Remuneration Advisory Committee

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

e. Management Meeting

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

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

f. Monthly Business Conference

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

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

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

g. Compliance Committee

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

h. Sustainability Committee

The Sustainability Committee, which consists of Executive Directors and Executive Officers holding important posts, plans, proposes and implements measures to promote sustainability management based on the basic policy determined by the Board of Directors.

The Sustainability Implementation Meeting, the subordinate organization, promotes specific measures.

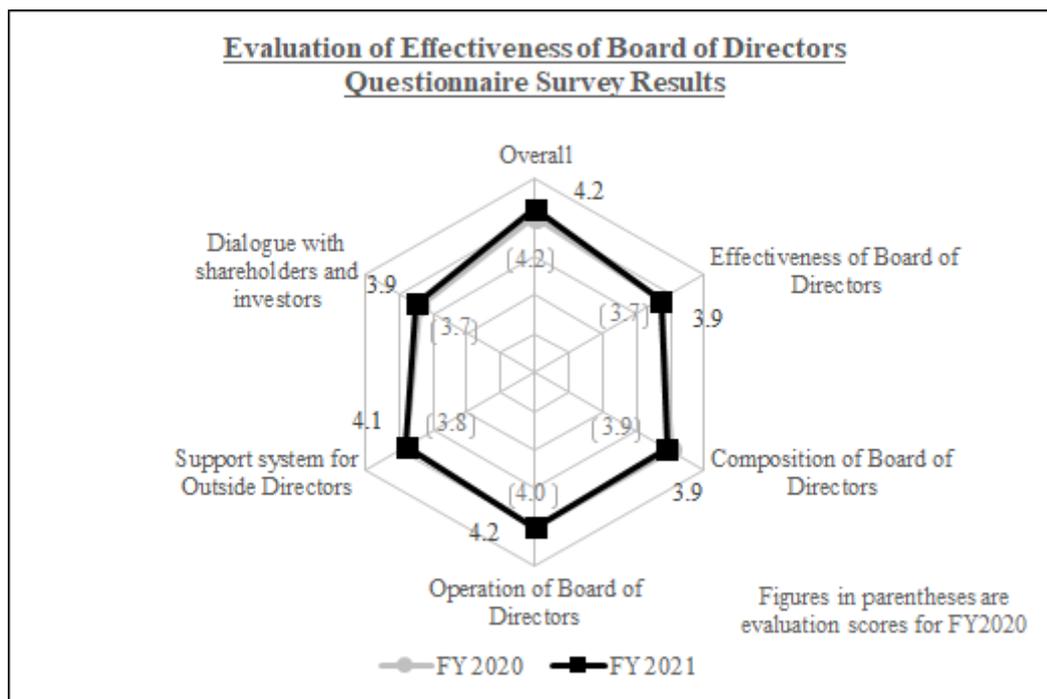
Notes: The Company monitors and supervises conflicts of interest between the parent company of the Company and its subsidiaries (hereinafter referred to as the “Parent Company Group”) and minority shareholders, and in order to appropriately protect the interests of minority shareholders, a special committee consisting only of independent Outside Directors was established on April 1, 2022. If an important transaction, etc., occurs between the Parent Company Group and the Company, the committee will deliberate on the details of the transaction and inform or report to the Board of Directors.

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

Every year, an analysis/assessment is performed on the overall effectiveness of the Board of Directors, and a summary of the results is released. In the fiscal year under review, a signed questionnaire for all Directors and Audit and Supervisory Board Members (target period: April 2020 to March 2021) was conducted in April 2021, and based on the results of that questionnaire, an analysis/assessment was performed at the Board of Directors meetings in May and June 2021, and future efforts to make were discussed.

As a result of the evaluation, we have confirmed that the effectiveness of the Board of Directors as a whole is ensured on the grounds that the Board of Directors presented the target direction and growth strategy, and the Board of Directors responds appropriately to the promotion and revisions, etc., of the execution thereof, and that the incentive function of director remuneration is appropriate. In addition, we have judged that the results of discussions by the Nomination and Remuneration Advisory Committee were properly reported to the Board of Directors and there was an improvement in the support system for Non-Executive Directors and Outside Audit and Supervisory Board Members, among other things, compared with the previous fiscal year. On the other hand, we have identified that it is necessary for the Board of Directors to be more effectively involved in the election of Directors and the appointment of the President, narrow down the agenda of the Board of Directors, and take more time for discussion, among other things.

In addition, as an initiative for this fiscal year, with a view to ensuring the diversity of executives, we appointed female Outside Auditors, discussed the diversity of officers that should be ensured in light of our management policies and strategies, and identified skills, etc. required for Directors and the Board of Directors. Going forward, we will deepen discussions on the direction of ensuring diversity among executives.



Notes FY2020 (Evaluation period of questionnaire: April 2019 to March 2020)
 FY2021 (Evaluation period of questionnaire: April 2020 to March 2021)

(2) Basic policy on control of the Company

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

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

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

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

The Company has included provisions in the Articles of Incorporation on the payment of dividends, etc., of surplus by resolution of the Board of Directors. Dividend payments are made twice a year in interim dividends and year-end dividends, and year-end dividends are in principle a matter for resolution of the Ordinary General Meeting of Shareholders.

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

Consolidated Balance Sheet
(As of March 31, 2022)

(Millions of yen)

Item	Amount	Item	Amount
Assets		Liabilities	
Current assets	102,862	Current liabilities	43,072
Cash and deposits	20,198	Notes and accounts payable - trade	18,795
Notes receivable - trade	1,703	Electronically recorded obligations - operating	5,575
Electronically recorded monetary claims - operating	1,862	Short-term borrowings	9,933
Accounts receivable - trade	25,639	Income taxes payable	1,444
Contract assets	25,584	Contract liabilities	1,820
Investments in leases	11,293	Provision for bonuses	1,477
Merchandise and finished goods	5,264	Provision for product warranties	296
Work in process	6,735	Provision for loss on construction contracts	46
Raw materials and supplies	1,456	Provision for share-based remuneration for Directors (and other officers)	123
Other	3,133	Other	3,559
Allowance for doubtful accounts	(6)	Non-current liabilities	11,429
Non-current assets	27,644	Long-term borrowings	5,695
Property, plant and equipment	20,995	Deferred tax liabilities	53
Buildings and structures	6,166	Retirement benefit liability	5,512
Machinery, equipment and vehicles	709	Other	168
Land	12,257	Total liabilities	54,501
Construction in progress	1,115	Net assets	
Other	745	Shareholders' equity	74,617
Intangible assets	1,082	Share capital	8,225
Investments and other assets	5,566	Capital surplus	7,508
Investment securities	2,058	Retained earnings	59,619
Retirement benefit assets	624	Treasury shares	(734)
Deferred tax assets	2,369	Accumulated other comprehensive income	1,218
Other	979	Valuation difference on available-for-sale securities	434
Allowance for doubtful accounts	(464)	Deferred gains or losses on hedges	(0)
		Foreign currency translation adjustment	575
		Remeasurements of defined benefit plans	208
		Non-controlling interests	168
		Total net assets	76,004
Total assets	130,506	Total liabilities and net assets	130,506

Consolidated Statement of Income
(From April 1, 2021 to March 31, 2022)

(Millions of yen)

Item	Amount	
Net sales		112,069
Cost of sales		83,556
Gross profit		28,512
Selling, general and administrative expenses		17,662
Operating profit		10,850
Non-operating income		
Interest and dividend income	60	
Foreign exchange gains	573	
Share of profit of entities accounted for using equity method	160	
Other	129	924
Non-operating expenses		
Interest expenses	127	
Loss on valuation of derivatives	92	
Other	9	229
Ordinary profit		11,545
Extraordinary income		
Gain on sales of non-current assets	1,150	
Gain on sales of investment securities	23	
Gain on sales of right of using facilities	11	1,185
Extraordinary losses		
Loss on abandonment of non-current assets	21	
Loss on sales of right to use facilities	13	35
Profit before income taxes		12,696
Income taxes - current	2,984	
Income taxes - deferred	485	3,470
Profit		9,226
Profit attributable to non-controlling interests		15
Profit attributable to owners of parent		9,210

Balance Sheet
(As of March 31, 2022)

(Millions of yen)

Item	Amount	Item	Amount
Assets		Liabilities	
Current assets	75,246	Current liabilities	29,377
Cash and deposits	10,556	Notes payable - trade	1,311
Notes receivable - trade	1,527	Electronically recorded obligations - operating	4,880
Electronically recorded monetary claims - operating	1,862	Accounts payable - trade	7,753
Accounts receivable - trade	19,007	Short-term borrowings	5,900
Contract assets	12,771	Current portion of long-term borrowings	1,800
Investments in leases	11,293	Accounts payable - other	1,158
Merchandise and finished goods	4,223	Income taxes payable	764
Work in process	6,223	Contract liabilities	1,299
Raw materials and supplies	987	Deposits received	1,699
Advance payments - trade	962	Provision for bonuses	1,027
Prepaid expenses	293	Provision for product warranties	206
Short-term loans receivable	4,351	Provision for loss on construction contracts	140
Other	1,191	Provision for share-based remuneration for Directors (and other officers)	123
Allowance for doubtful accounts	(6)	Other	1,312
Non-current assets	27,475	Non-current liabilities	10,982
Property, plant and equipment	20,267	Long-term borrowings	5,695
Buildings	5,477	Provision for retirement benefits	5,274
Structures	228	Other	13
Machinery and equipment	581	Total liabilities	40,360
Vehicles	5	Net assets	
Tools, furniture and fixtures	637	Shareholders' equity	61,990
Land	12,161	Share capital	8,225
Construction in progress	1,174	Capital surplus	7,508
Intangible assets	981	Legal capital surplus	7,508
Software	913	Other capital surplus	0
Other	67	Retained earnings	46,992
Investments and other assets	6,226	Legal retained earnings	832
Investment securities	829	Other retained earnings	46,159
Shares of subsidiaries and associates	2,541	Reserve for dividends	140
Long-term loans receivable	300	Reserve for research and development	90
Guarantee deposits	94	Reserve for tax-purpose reduction entry of non-current assets	30
Prepaid pension costs	244	Reserve for special account for tax-purpose reduction entry of non-current assets	494
Deferred tax assets	2,196	General reserve:	30,065
Other	400	Retained earnings brought forward:	15,338
Allowance for doubtful accounts	(380)	Treasury shares	(734)
		Valuation and translation adjustments	370
		Valuation difference on available-for-sale securities	370
		Total net assets	62,361
Total assets	102,721	Total liabilities and net assets	102,721

Statement of Income
(From April 1, 2021 to March 31, 2022)

(Millions of yen)

Item	Amount	
Net sales		70,063
Cost of sales		48,997
Gross profit		21,066
Selling, general and administrative expenses		14,294
Operating profit		6,772
Non-operating income		
Interest and dividend income	1,584	
Rental income from non-current assets	311	
Other	198	2,094
Non-operating expenses		
Interest expenses	57	
Depreciation	99	
Property tax	34	
Other	7	199
Ordinary profit		8,667
Extraordinary income		
Gain on sales of non-current assets	1,150	
Gain on sales of investment securities	22	
Gain on sales of shares of subsidiaries and associates	1	
Gain on sales of right of using facilities	11	1,185
Extraordinary losses		
Loss on abandonment of non-current assets	17	
Loss on valuation of shares of subsidiaries and associates	109	
Loss on sales of right to use facilities	13	140
Profit before income taxes		9,712
Income taxes - current	1,751	
Income taxes - deferred	480	2,232
Profit		7,480

Figures are rounded down to the nearest unit.

(English translation)

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

Independent Auditor's Report

May 9, 2022

To the Board of Directors of
ORGANO CORPORATION:

KPMG AZSA LLC
Tokyo Office, Japan

Kentaro Yamamoto
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Yoshitaka Kuwamoto
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Opinion

We have audited the consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the related notes of ORGANO CORPORATION ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), as at March 31, 2022 and for the year from April 1, 2021 to March 31, 2022 in accordance with Article 444-4 of the Companies Act.

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

Basis for Opinion

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

Other Information

The other information comprises the business report and its supplementary schedules. Management is responsible for the preparation and presentation of the other information. Audit and Supervisory Board Members and the Audit and Supervisory Board are responsible for overseeing the Directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the

consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Audit and Supervisory Board Members and the Audit and Supervisory Board for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Audit and Supervisory Board Members and the Audit and Supervisory Board are responsible for overseeing the Directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

Notes to the Reader of Independent Auditor's Report:

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

(English translation)

Certified copy of Independent Auditor's audit report

Independent Auditor's Report

May 9, 2022

To the Board of Directors of
ORGANO CORPORATION:

KPMG AZSA LLC
Tokyo Office, Japan

Kentaro Yamamoto
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Yoshitaka Kuwamoto
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Opinion

We have audited the financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and the accompanying supplementary schedules (“the financial statements and the accompanying supplementary schedules”) of ORGANO CORPORATION (“the Company”) as at March 31, 2022 and for the year from April 1, 2021 to March 31, 2022 in accordance with Article 436-2-1 of the Companies Act.

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

Basis for Opinion

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

Other Information

The other information comprises the business report and its supplementary schedules. Management is responsible for the preparation and presentation of the other information. Audit and Supervisory Board Members and the Audit and Supervisory Board are responsible for overseeing the Directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the financial statements and the accompanying supplementary schedules does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements and the accompanying supplementary schedules, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the accompanying supplementary schedules or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Audit and Supervisory Board Members and the Audit and Supervisory Board for the Financial Statements and the Accompanying Supplementary Schedules

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

In preparing the financial statements and the accompanying supplementary schedules, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Audit and Supervisory Board Members and the Audit and Supervisory Board are responsible for overseeing the Directors' performance of their duties with regard to the design, implementation and maintenance of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements and the Accompanying Supplementary Schedules

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

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

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

accompanying supplementary schedules represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Notes to the Reader of Independent Auditor's Report:

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

(English translation)

Certifies Copy of Audit Report by Audit and Supervisory Board Member

Audit Report

With respect to the Directors' performance of their duties during the 77th fiscal year from April 1, 2021 to March 31, 2022, the Audit and Supervisory Board has prepared this Audit Report after deliberations based on the audit reports prepared by each Audit and Supervisory Board Member. We hereby report as follows:

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

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

2. Result of Audit

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

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

(2) Result of Audit of non-consolidated financial statements and supplementary schedules thereof

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

(3) Results of audit of consolidated financial statements

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

May 10, 2022

Audit and Supervisory Board, ORGANO
CORPORATION

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

Outside Audit and Supervisory Board Member
Wataru Higuchi [Seal]

Outside Audit and Supervisory Board Member
Nobuko Hanano [Seal]

Items Disclosed on the Internet Concerning Notice of the 77th Ordinary General Meeting of Shareholders

77th fiscal year
(From April 1, 2021 to March 31, 2022)

- (i). Business Report
 - Development of systems to ensure the appropriateness of business operations
 - Overview of operational status of systems to ensure appropriateness of business operations
- (ii). Consolidated Financial Statements
 - Consolidated Statement of Changes in Equity
 - Notes to Consolidated Financial Statements
- (iii). Non-consolidated Financial Statements
 - Statement of Changes in Equity
 - Notes to Non-consolidated Financial Statements

ORGANO CORPORATION

The matters from (i) to (iii) above are provided to shareholders by posting them on the Company's website (<https://www.organo.co.jp/>) pursuant to the provisions of laws and regulations and Article 16 of the Company's Articles of Incorporation.

Company systems and policies

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

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

- (i) System to ensure that Directors and employees perform their duties in compliance with relevant laws and regulations and the Articles of Incorporation
 - The Company will establish the Organo Group Company Code of Conduct and the Compliance Regulations and will ensure that all officers and employees of the Company are aware of them.
 - To promote compliance, the Company will establish the Compliance Committee to formulate a compliance education plan, establish a compliance system, and enact other company-wide initiatives.
 - The Company has established the Whistleblowing Regulations in order to ensure the effectiveness of compliance, and the system allows the Company's officers and employees to directly report to or consult with the Company's Legal Division, the Audit and Supervisory Board Members, or external lawyers about systematic or personal legal violations, etc.
 - The Company will seek to raise awareness of compliance by providing compliance training to the Company's officers and employees as necessary.
 - The Internal Auditing Dept. will perform periodic audits concerning the performance of duties and compliance practices.
 - In order to carry out appropriate financial reporting for the Group, the Internal Control Division, the division which establishes control systems, serves as a center in promoting maintenance activities, and the Internal Auditing Dept., the assessment division, performs independent assessments in accordance with "Internal Controls over Financial Reports" stipulated in the Financial Instruments and Exchange Act.
- (ii) System for retaining and managing information pertaining to the performance of duties by Directors
 - The Company will appropriately retain and manage documents and other information concerning the performance of duties by Directors in accordance with internal rules such as the Documents and Information Management Regulations, the Corporate Information Basic Management Regulations, etc.
 - The Directors and the Audit and Supervisory Board Members may inspect such documents and other information as necessary.
- (iii) Rules and other systems for management of risk of loss
 - The Company will establish various rules, including the Crisis Management Basic Regulations, and establish and operate a risk management system in order to respond to the various risks in business activities.
 - Each division will independently manage the risks of daily business activities, such as economic risks and financial risks relating to regular transactions, under the guidance of the supervising Director.
- (iv) Systems to ensure efficiency of the performance of duties by Directors
 - The Company will ensure to establish the system that enables appropriate and efficient performance of duties. Specifically, among others, the Board of Directors makes

decisions on important business execution and supervises the status of business execution at the meetings (held at least once per month in principle), whereas Executive Directors and Executive Officers with title formulate medium- to long-term strategies, etc. and discuss important management issues at the Management Meetings (held twice per month in principle).

- The Company has introduced an Executive Officer System in seeking to differentiate the “management decision-making and supervision function” of Directors and the “business execution function” for Executive Officers, thereby clarifying responsibilities and accelerating decision-making.
 - In business management, the Company sets company-wide goals based on the Medium-term Management Plan approved by the Board of Directors and the profit plan for each fiscal year, and at the Monthly Business Conference (in principle, held once per month, and once per quarter as the Group Liaison Conference including Presidents of group companies, etc.) consisting of Executive Directors, Executive Officers, and General Managers, etc., ensures the appropriate execution of all projects through evaluating progress reports by the General Managers on the business of each division.
- (v) System to ensure the appropriateness of business operations of the corporate group consisting of the Company, its parent company and subsidiaries
- a. Systems for the reporting of items related to the performance of the duties of directors, etc. of subsidiaries to the Company
- The Company will provide Group Companies Management Regulations, and require reports from the group companies on management policies/management plans, human resources/organization, accounting/financial affairs, audits, disasters/accidents, and other important matters. These reports will be made at the Group Liaison Conference (in principle, held once per quarter).
- b. Rules and other systems for management of risk of loss at subsidiaries
- At the Company, each supervising Director and the Corporate Strategy and Planning Dept. provide comprehensive advice and guidance on business management and risk management systems for group companies.
- c. System to ensure efficiency of the performance of duties by directors, etc. of subsidiaries
- The Company will set company-wide goals based on the Organo Group’s Medium-term Management Plan approved by the Board of Directors and the profit plan for each fiscal year, and at the Group Liaison Conference will ensure the appropriate execution of all projects through evaluating business progress reports by the Presidents of each group company.
 - The Company will establish a system to make the business operations of group companies more efficient by providing and sharing indirect business operations and optimizing funding and management.
- d. System to ensure that directors, etc. and employees of subsidiaries perform their duties in compliance with relevant laws and regulations and the Articles of Incorporation
- The Company will prescribe the Organo Group Company Code of Conduct as a basic code of conduct with which all officers and employees of group companies must comply, and seek to spread awareness.

- The Company will provide compliance training to the group companies' officers and employees as necessary.
 - The Company's Internal Auditing Dept. will perform audits concerning the performance of duties and compliance practices of group companies.
 - The officers and employees of group companies are also able to use the Company's whistleblowing system.
- e. Other system to ensure the appropriateness of business operations of the corporate group consisting of the Company, its parent company and subsidiaries
- From the perspective of internal controls pertaining to consolidated financial statements, the Company's Internal Control Division and Accounting Division will cooperate in the development and operation of the accounting and financial reporting processes of the group companies.
 - The Company will ensure a certain degree of independence in business activities and management decisions from the Company's parent company, Tosoh Corporation, and promotes appropriate coordination of activities through regular meetings, etc., with the company.
- (vi) Matters relating to employees that assist the Audit and Supervisory Board Members upon the request of such Audit and Supervisory Board Members for assistance, matters relating to independence of the relevant employees from Directors and matters relating to effectiveness of directions given to such employees to be ensured
- The Company will establish a secretariat for the Audit and Supervisory Board and assign employees that assist in the duties of Audit and Supervisory Board Members.
 - Audit and Supervisory Board Members will make personnel evaluations of employees that assist in the duties of Audit and Supervisory Board Members, and will determine proper procedures for handling matters related to human affairs, including personnel changes, for employees that assist in the duties of the Audit and Supervisory Board members with the prior consent of the Audit and Supervisory Board.
 - Employees that assist in the duties of the Audit and Supervisory Board Members will not receive instructions or orders from executives, but will follow direct instructions or orders from Audit and Supervisory Board Members.
- (vii) System for directors, etc., and employees of the Company and its subsidiaries to report to Audit and Supervisory Board Members of the Company, and system for ensuring that these parties will not be treated adversely due to making reports
- If Audit and Supervisory Board Members of the Company request reports from Directors and employees of the Company and group companies or audit and supervisory board members of group companies, they will provide an appropriate report without delay.
 - Directors and employees of the Company and group companies or audit and supervisory board members of group companies will immediately report to the Audit and Supervisory Board Members of the Company if they discover facts that could cause significant damage on the Company or the group companies.
 - Audit and Supervisory Board Members participate in important meetings such as the Board of Directors, the Group Liaison Conference, etc., and will request explanations from the Directors and employees of the Company and group companies as necessary.

- The Legal Division and external lawyers who serve as contact points for the whistleblowing system will report to the Audit and Supervisory Board Members of the Company on the whistleblowing information received from the Directors and employees of the Company and group companies in accordance with the Whistleblowing Regulations.
- The Company's Audit and Supervisory Board Members also serves as a contact point for the whistleblowing system.
- The Company will ensure that Directors and employees of the Company and group companies who make reports to the Audit and Supervisory Board Members of the Company, or otherwise make a report in accordance with the Whistleblowing Regulations, will not be treated adversely due to the report or the act of making the report.

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

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

(2) Overview of operational status of systems to ensure appropriateness of business operations

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

The Company seeks to raise awareness of compliance, and as efforts to spread legal compliance, is conducting education on corporate ethics and compliance for new employees through the use of e-learning, etc.

In addition, the Company arranged for external organizations to provide training to Directors and Audit and Supervisory Board Members, and the Directors and Audit and Supervisory Board Members attended as appropriate.

The Company has established a BCP (Business Continuity Plan) to minimize loss or disadvantage suffered by the Company and group companies. The New Coronavirus Infectious Disease Countermeasures Headquarters, established in accordance with the Crisis Management Basic Regulations and the BCP, took the lead in ensuring smooth business continuity by collecting and disseminating information, planning and instructing the implementation of countermeasures such as the establishment of a telecommuting environment, and minimizing the human and economic impact.

In addition, the Company is building the PDCA cycle of the process to ensure and enhance the effectiveness of group-wide risk management. In executing management plans and strategies, the Company's Board of Directors identifies major risks among the risks pointed out by various departments/divisions and group companies. Various departments/divisions proceed with their risk responses based on the risk management plan formulated by the supervising department/division that lead the responses against those major risks. Among other activities, the Internal Auditing Dept. evaluates the progress of the risk management plan, and the Board of Directors conducts monitoring and gives directives for improvement of the plan, thereby supervising the risk management status.

In the fiscal year under review, the Company held 15 meetings of the Board of Directors, 27 Management Meetings to discuss important management agendas, and continued to strive to ensure the appropriateness and efficiency of business execution by Directors. In addition, the Monthly Business Conference was held 12 times (including four Group Liaison Conferences), and progress on goal developed based on the Medium-term Management Plan and the profit plan for the fiscal year under review was confirmed through the reception of status reports on business by the General Managers of each division, etc.

The Company's Audit and Supervisory Board Members participated in meetings of the Board of Directors, the Management Meeting, the Monthly Business Conference and other important meetings, established internal controls for the Company, and confirmed the status of operations through regular reports from the Legal and Patent Dept., Corporate Strategy and Planning Dept., Accounting Dept., Internal Auditing Office and other departments pertaining to internal control while making efforts to improve the efficiency and effectiveness of its audits by exchanging information and opinions with Independent Auditors as necessary. In addition, in September 2021 and March 2022, the Representative Director and the Audit and Supervisory Board Members held opinion exchanges on overall management and endeavored to ensure the effectiveness of audits.

Consolidated Statement of Changes in Equity

(From April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,225	7,508	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 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
Purchase of treasury shares	-	-	-	(354)	(354)
Disposal of treasury shares	-	-	-	115	115
Net changes in items other than shareholders' equity	-	-	-	-	-
Total changes during period	-	-	7,705	(238)	7,466
Balance at end of period	8,225	7,508	59,619	(734)	74,617

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	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 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
Purchase of treasury shares	-	-	-	-	-	-	(354)
Disposal of treasury shares	-	-	-	-	-	-	115
Net changes in items other than shareholders' equity	132	(0)	777	234	1,144	25	1,169
Total changes during period	132	(0)	777	234	1,144	25	8,635
Balance at end of period	434	(0)	575	208	1,218	168	76,004

Notes to Consolidated Financial Statements

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

(1) Scope of consolidation

(i) Status of consolidated subsidiaries

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

(ii) Status of non-consolidated subsidiaries

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

(2) Application of the equity method

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

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

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

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

(3) Change in scope of consolidation

Organo (Vietnam) Co., Ltd. has been included in the scope of consolidation from the fiscal year under review due to its increased significance. Furthermore, from the fiscal year under review, the newly established Organo USA, Inc. has been included in the scope of consolidation.

(4) Fiscal year-end of consolidated subsidiaries

Of consolidated subsidiaries, seven overseas subsidiaries have their fiscal year-end on December 31.

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

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

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

- d. Provision for loss on construction contracts
To prepare for any losses on undelivered construction projects, the estimated amount of losses in or after the following fiscal years is recorded for some of the construction projects as of the end of the fiscal year under review, which are highly probable to incur losses and for which the amounts thereof can be reasonably estimated.
 - e. Provision for share-based remuneration for directors (and other officers)
To prepare for the delivery of the Company's shares, etc. to Directors and Executive Officers, pursuant to the Share Delivery Regulations, the Company recorded a provision for share-based remuneration for directors (and other officers) based on estimated share benefit obligations at the end of the fiscal year under review.
- (iv) Standards for recognition of revenues and expenses
- a. Revenue from contracts with customers
Details of main performance obligations in business relating to revenue from contracts with customers of the Company and its consolidated subsidiaries, and the typical point in time (typical point in time revenue is recognized) at which such performance obligations are satisfied are as follows.
 - i. Water Treatment Engineering Business Unit
The water treatment engineering business unit provides various water treatment services that mainly include construction work of water treatment plant, renovation and reconditioning of existing facilities, maintenance, and operational support. In these transactions, judging that performance obligations are satisfied over a certain period of time, revenue is recognized based on the progress toward satisfying the performance obligations. The measurement of progress in construction contracts, including construction and renovation and reconditioning of facilities, is based on the ratio of construction costs incurred until the last day of each reporting period to the total estimated construction costs. Furthermore, the measurement of progress in water treatment service transactions in contracts with one-year or multi-year terms, including maintenance and operational support of facilities, is based on the time elapsed and the assessment of the results achieved. In addition, the Company is to recognize revenue using the cost recovery method in cases where it expects to recover costs incurred but is unable to reasonably estimate the extent of progress made toward satisfying performance obligations.
 - ii. Performance Products Business Unit
The performance products business unit manufactures and sells mainly water treatment chemicals, standard water treatment equipment and filters, food ingredients and food processing agents. For such sales transactions, revenue is recognized at the time merchandise and finished goods are each delivered to customers. In their domestic sales, however, revenue is recognized at the time of shipment of such merchandise and finished goods.
Among sales transactions of merchandise, for items where it is judged the Company and its consolidated subsidiaries correspond to agents, the net amount, which is the amount receivable in exchange for merchandise provided by another party minus the amount payable to such other party, is recognized as revenue.
 - b. Standard for recognition of revenue related to finance lease transactions
Revenue related to finance lease transactions follows a method of accounting net sales and cost of sales at the time of receiving lease fees.
- (v) Method of significant hedge accounting
- a. Method of hedge accounting
Principally, accounted for with deferred hedge accounting. The designated hedge accounting (the "Furiate-shori") is applied to forward exchange contracts that satisfy

- requirements for such accounting, and the exceptional treatment (the “Tokurei-shori”) is applied to interest rate swaps that satisfy the requirements for such treatment.
- b. Hedging instruments and hedged items

Hedging instruments: Forward exchange contracts and interest rate swaps

Hedged items: Foreign currency-denominated monetary claims, obligations, etc., and borrowings
 - c. Hedging policy

Foreign exchange rate fluctuation risk and market interest rate fluctuation risk are hedged within a certain range based on transaction management regulations that stipulate authorization relating to derivatives and other matters.
 - d. Method of assessing hedge effectiveness

The Company assesses hedge effectiveness by comparing cumulative cash flow or fair value fluctuations of hedged items with those of hedging instruments quarterly and based on those fluctuation amounts.

However, assessment of effectiveness is omitted for interest rate swaps which are accounted for applying the exceptional treatment.
- (vi) Other significant matters for the basis of the preparation of consolidated financial statements
- Standard for recognition of retirement benefit liability
- To prepare for the payment of employees’ retirement benefits, the amount of retirement benefit obligations minus plan assets is recorded as retirement benefit liability, based on the estimated amount at the end of the fiscal year under review.
- If the amount of plan assets exceeds the amount of retirement benefit obligations, retirement benefit assets will be recorded.
- Past service costs are recognized as expenses at the time they are incurred.
- Actuarial gains and losses are amortized in the year following the year in which the gains or losses are recognized by the straight-line method in equally allocated amounts over a certain number of years (principally ten years) which are within the average remaining years of service of the eligible employees at the time of occurrence.
- Unrecognized actuarial gains and losses are recorded in the remeasurements of defined benefit plans in the accumulated other comprehensive income of the net assets after adjusting for tax effects. In the calculation of retirement benefit obligations, the method used to attribute expected retirement benefits to periods up to the fiscal year under review is benefit formula basis.

2. Notes to changes in the accounting policies

Application of Accounting Standard for Revenue Recognition, etc.

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant revised ASBJ regulations effective from the beginning of the fiscal year under review, and it has recognized revenue at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange of said goods or services. With respect to construction contracts, the Company previously had applied the percentage-of-completion method to construction work whose outcome from the completed portion was deemed definite, and had applied the completed-contract method to other construction work. As a result of this application, however, the Company has changed the method to recognize revenue over a certain period of time in alignment with its satisfaction of performance obligations to transfer goods or services to customers when control over a good or service is to be transferred to the customer over a certain period of time. In measuring progress made in satisfying a performance obligation, construction costs incurred as of the last day of each reporting period are to be calculated based on the ratio of the total estimated construction costs. In addition, the Company is to recognize revenue using the cost recovery method in cases where it expects to recover costs incurred but is unable to reasonably estimate the extent of progress made toward satisfying performance obligations.

Application of the Accounting Standard for Revenue Recognition and relevant revised ASBJ regulations is subject to the transitional treatment provided for in the proviso to paragraph 84 of the Accounting

Standard for Revenue Recognition. The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the beginning of the fiscal year under review, was added to or deducted from the opening balance of retained earnings of the fiscal year under review, and thus the new accounting policy was applied from such opening balance. As a result, for the fiscal year under review, net sales increased ¥1,320 million, cost of sales grew ¥1,220 million, operating profit went up ¥99 million, and ordinary profit and profit before income taxes each increased ¥92 million. In addition, the opening balance of retained earnings increased by ¥11 million.

Due to the application of the Accounting Standard for Revenue Recognition and relevant revised ASBJ regulations, “Notes and accounts receivable - trade” under current assets of the consolidated balance sheet of the previous fiscal year have been included in “Notes receivable - trade,” “Accounts receivable - trade” and “Contract assets” under current assets from the fiscal year under review. In addition, “Advances received” under current liabilities have been included in “Contract liabilities” from the fiscal year under review.

Application of Accounting Standard for Fair Value Measurement, etc.

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019) and relevant revised ASBJ regulations effective from the beginning of the fiscal year under review, and in the future will accordingly apply new accounting policy stipulated by the Accounting Standard for Fair Value Measurement, etc. in accordance with the transitional treatment provided for in paragraph 19 of the Accounting Standard for Fair Value Measurement and paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). Moreover, notes on the breakdown, etc. of fair value of financial instruments by level is provided in “8. Notes to financial instruments.” This will not affect the consolidated financial statements.

3. Notes to changes in the manner of presentation

(Consolidated statement of income)

“Insurance claim income” (¥11 million in the fiscal year under review) was presented separately until the previous fiscal year, but it is included in “Other” under non-operating income from the fiscal year under review, as it has become insignificant in terms of quantitative materiality.

4. Notes to accounting estimates

Accounting estimates are reasonable amounts calculated based on information available at the time of preparation of the consolidated financial statements. Of the amounts recorded in the consolidated financial statements for the current fiscal year that are based on accounting estimates, the following items have the risk of having a material impact on the consolidated financial statements for the following fiscal year.

(Recording of revenue regarding transactions recognizing revenue over a certain period of time in the water treatment engineering business unit)

- (1) Amount recorded in the consolidated financial statements for the fiscal year under review

In the consolidated statement of income, the Company recorded ¥79,155 million of revenue on performance obligations satisfied over a certain period of time in the water treatment engineering business unit for the fiscal year under review. The amount includes various water treatment services contracts that mainly include maintenance and operational support and construction contracts using the cost recovery method, and the revenue excluding these is ¥52,139 million.

- (2) Information on the details of significant accounting estimates for identified items

The Company and its consolidated subsidiaries recognize revenue over a certain period of time in alignment with satisfaction of performance obligations to transfer goods or services to customers when control over a good or service is to be transferred to the customer over a certain period of time. Revenue is recorded by reasonably estimating the total amount of construction revenue, total amount of construction cost, and progress as of the end of the fiscal year.

The Company estimates the total amount of construction cost, which is the basis for the recognition of the revenue, as the expected cost for each contract. However, the content of the

work may change due to an increase in the number of man-hours or changes in site conditions caused by facts that become known after the start of the construction contract. In particular, large-scale construction projects require a long time to complete, and therefore there is a high degree of uncertainty in estimating the work content and man-hours required for completion. More specifically, the estimate of the total cost of construction at the end of the consolidated fiscal year will be significantly affected by the identification of the work required for the completion of a construction contract, the estimation of the cost of that work, and the timely and appropriate reflection of changes in the work due to changes in conditions after the start of construction.

5. Additional Information

(Impact arising due to the proliferation of COVID-19)

Although the COVID-19 pandemic is gradually settling as the spread of infections continue to subside, it will probably take quite some time before the end is reached. However, accounting estimates have been made based on the assumption that the impact on the Group's business performance will be limited based on the current status of customers' capital investment plan, the operation status of customer plants, and the outlook for construction progress in backlog projects.

The assumptions made above are highly uncertain, and depending on the situation of the spread of the infection and its impact on the economy, there may be a significant impact on the consolidated financial statements for the next and subsequent fiscal years.

6. Notes to the consolidated balance sheet

- | | |
|--|-----------------|
| (1) Accumulated depreciation for property, plant and equipment | ¥22,426 million |
| (2) Contingent liabilities | |
| Guarantee obligation for bank loans of employees | ¥0 million |

7. Notes to the consolidated statement of changes in equity

(1) Total number of shares issued

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

(2) Number of treasury shares

Class of shares	Number of shares at beginning of period (Thousands of shares)	Increase in number of shares during the period (Thousands of shares)	Decrease in number of shares during the period (Thousands of shares)	Number of shares at end of period (Thousands of shares)
Common shares	112	49	27	135

- Notes:
- The increase of 49 thousand shares in the number of treasury shares reflects the acquisition of 49 thousand shares by the Officer Share Delivery Trust and the increase of 0 thousand shares due to the purchase of shares less than one unit.
 - The decrease of 27 thousand shares in the number of treasury shares reflects the decrease of 27 thousand shares due to the delivery of the Company's shares held by the Officer Share Delivery Trust.
 - The number of treasury shares at the end of the fiscal year under review includes 51 thousand shares of the Company held by the Officer Share Delivery Trust.

(3) Dividends of surplus

(i) Dividends paid, etc.

- Dividends resolved at the 76th Ordinary General Meeting of Shareholders held on June 29, 2021

• Total dividends:	¥713 million
• Dividend per share:	¥62
• Record date:	March 31, 2021
• Effective date:	June 30, 2021

- Note Total dividends resolved at the 76th Ordinary General Meeting of Shareholders held on June 29, 2021 include ¥1 million in dividends for shares of the Company held by the Officer Share Delivery Trust.
- b. Dividends resolved at the meeting of the Board of Directors held on November 1, 2021
- Total dividends: ¥828 million
 - Dividend per share: ¥72
 - Record date: September 30, 2021
 - Effective date: December 6, 2021
- Note Total dividends resolved at the meeting of the Board of Directors held on November 1, 2021 include ¥0 million in dividends for shares of the Company held by the Officer Share Delivery Trust.
- (ii) Dividends whose record date falls in the fiscal year under review and which have an effective date in the next fiscal year
- The following dividends are proposed for the 77th Ordinary General Meeting of Shareholders, scheduled for June 29, 2022.
- Total dividends: ¥1,012 million
 - Source of dividends: Retained earnings
 - Dividend per share: ¥88
 - Record date: March 31, 2022
 - Effective date: June 30, 2022
- Note Total dividends include ¥4 million in dividends for shares of the Company held by the Officer Share Delivery Trust.

8. Notes to financial instruments

(1) Status of financial instruments

(i) Policy for handling financial instruments

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

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

(ii) Details of financial instruments and associated risks

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

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

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

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

Derivatives are forward exchange contracts executed for the purpose of hedging foreign exchange rate fluctuation risk associated with foreign currency-dominated trade receivables and payables, interest rate swaps executed for the purpose of hedging interest rate fluctuation risk associated with borrowings. With respect to hedging instruments and hedged items, hedging policy and method of assessing hedge effectiveness, please refer to “1. Notes on significant matters for the basis of the preparation of consolidated financial statements (5) Accounting policies (v) Method of significant hedge accounting” previously described.

- (iii) Management system for risks associated with financial instruments
 - a. Management of credit risks (risks of contractual defaults by business partners)

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

In utilizing derivatives, the Organo Group has transactions only with high-rated financial institutions to mitigate credit risks.
 - b. Management of market risks (risks of fluctuations in foreign exchange rates and interest rates)

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

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

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

Execution and management of derivatives is conducted with the approval of the decision-making person in the responsible department in accordance with transaction management regulations that stipulate authorization relating to derivatives and other matters.
 - c. Management of liquidity risk associated with procurement of funds (risk of becoming unable to repay on payment date)

The Organo Group in a timely way develops and updates the financing plans through divisions in charge of accounting based on reports from each division, and manages liquidity risks by maintaining cash balances.
- (iv) Supplemental remarks on fair values of financial instruments

As changeable factors are included in calculating fair values of financial instruments, if different assumptions, etc. are used, these values could vary.
- (v) Concentration of credit risks

Of the trade receivables as of the consolidated balance sheet date for the current fiscal year, 34.2% are those from the top three companies.

(2) Fair value of financial instruments

Amount on the consolidated balance sheet as of March 31, 2022, fair values and the difference are as follows. Shares, etc. without market prices are not included in the following table. (Please refer to Note) Furthermore, notes are omitted for cash. Notes are also omitted for deposits, notes receivable - trade, electronically recorded monetary claims - operating, notes and accounts payable - trade,

electronically recorded obligations - operating, and short-term borrowings, given that the fair values are proximate to the book values since they are settled in a short term.

(Millions of yen)

	Amounts on consolidated balance sheet	Fair value	Differences
(i) Accounts receivable - trade	25,639	25,638	(0)
(ii) Investments in leases	11,293	11,699	406
(iii) Investment securities	924	924	-
Total assets	37,856	38,262	405
Long-term borrowings			
(i) (including current portion of long-term borrowings)	7,495	7,471	(23)
Total liabilities	7,495	7,471	(23)
Derivatives [*]	(92)	(92)	-

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

Note Shares, etc. without market prices

(Millions of yen)

Category	Amounts on consolidated balance sheet
Unlisted shares	1,134

The Company does not include unlisted shares in “(iii) Investment securities.”

(3) Breakdown, etc. of fair value of financial instruments by appropriate category

Fair values of financial instruments are categorized into the following three levels depending on the observability and significance of inputs used for fair value measurement.

Level 1 fair value: Fair value measured by using, of observable inputs for fair value measurement, quoted prices in active markets for assets or liabilities that are subject to the fair value measurement concerned

Level 2 fair value: Fair value measured by using, of observable inputs for fair value measurement, inputs other than Level 1 inputs for fair value measurement

Level 3 fair value: Fair value measured by using unobservable inputs for fair value measurement

If multiple inputs that have a significant impact on fair value measurement are used, the inputs are categorized under the lowest priority level of fair value measurement in which each input belongs.

(i) Financial assets and financial liabilities recorded at fair value on consolidated balance sheet

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Shares	924	-	-	924
Total assets	924	-	-	924
Derivatives				
Currency derivatives	-	92	-	92
Total liabilities	-	92	-	92

(ii) Financial assets and financial liabilities not recorded at fair value on consolidated balance sheet

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Accounts receivable - trade	-	25,638	-	25,638
Investments in leases	-	11,699	-	11,699
Total assets	-	37,338	-	37,338
Long-term borrowings (including current portion of long-term borrowings)	-	7,471	-	7,471
Total liabilities	-	7,471	-	7,471

(Note) Description of valuation techniques and inputs used for fair value measurement

Investment securities

Listed shares are appraised using market price. Since listed shares are traded in active markets, the fair values are categorized under Level 1 fair value.

Derivatives

Fair values of forward exchange contracts are measured by a discounted cash flow method using observable inputs such as foreign exchange rates. They are categorized under Level 2 fair value.

Accounts receivable - trade

Fair values of accounts receivable - trade are measured by a discounted cash flow method based on amount of receivables, period to maturity, and interest rates that take into account credit risks of each receivable categorized by period of time. They are categorized under Level 2 fair value.

Investments in leases

Fair values of investments in leases are measured by a discounted cash flow method, under which the sum of principal and interest is discounted at an interest rate assumed in a case of similar new lease transactions. They are categorized under Level 2 fair value.

Long-term borrowings (including current portion of long-term borrowings)

Fair values of long-term borrowings are measured by a discounted cash flow method, under which the sum of principal and interest is discounted at an interest rate assumed in a case of similar new borrowings. They are categorized under Level 2 fair value. Of the long-term borrowings with floating rates, fair values of ones subject to exceptional treatment for interest rate swaps are measured by a discounted cash flow method, under which the sum of principal and interest treated in combination with the said interest rate swap is discounted based on a reasonably estimated rate applied to a similar new borrowing.

9. Notes to revenue recognition

(1) Information on disaggregation of revenue from contracts with customers

(Millions of yen)

	Reportable Segment			Total
	[Water Treatment Engineering Business Unit]	[Performance Products Business Unit]	Total	
Japan	51,790	17,854	69,644	69,644
Taiwan	19,311	212	19,523	19,523
China	12,772	538	13,310	13,310
Southeast Asia	4,372	501	4,874	4,874
Other	1,024	239	1,263	1,263
Revenue from contracts with customers	89,271	19,346	108,617	108,617
Other revenue	3,452	-	3,452	3,452
Sales to external customers	92,723	19,346	112,069	112,069

(2) Basic information to understand revenue from contracts with customers

(i) Water Treatment Engineering Business Unit

The water treatment engineering business unit provides various water treatment services that mainly include construction work of water treatment plant facilities, renovation and reconditioning of existing facilities, maintenance, and operational support to customers in Japan and overseas regions. There is no significance in variable consideration in these transactions.

At a point in time when performance obligations are satisfied, they are judged to be satisfied over a certain period of time. With respect to construction contracts, this is because the majority of transactions are the building of facilities on the customer's grounds based on the customer's specifications, and any of the following conditions are satisfied:

- a. Fulfilment of performance obligation arises when a new asset is created or the value of an asset is increased and the customer takes control of that asset or that asset's increased value.
- b. By fulfillment of performance obligation, an asset that cannot be operated for a different purpose is created and the Company has the legal right to receive from the customer the amount of consideration corresponding to the part that performance obligation was completed for.

As for provision of services such as maintenance, performance obligations are judged to be satisfied over a certain period of time since customers are able to enjoy benefits as obligations are performed by the Company and its consolidated subsidiaries.

The measurement of progress in construction contracts is based on the ratio of construction costs incurred until the last day of each reporting period to the total estimated construction costs. This is due to the fact that construction work is believed to progress in proportion to the extent construction costs are incurred. Furthermore, the measurement of progress in water treatment service transactions in contracts with one-year or multi-year terms is based on the time elapsed and the assessment of the results achieved. This is because consideration and service-rendering items for each period are defined in contracts in advance, and customer acceptance is conducted for each period. In addition, the Company is to recognize revenue using the cost recovery method in cases where it expects to recover costs incurred but is unable to reasonably estimate the extent of progress made toward satisfying performance obligations.

Consideration is in accordance with the conditions set forth in the contract and is generally received in steps, in proportion to the progress of performance obligations. The remaining consideration is received generally within one year after all performance obligations are satisfied. No significant financing component is included.

Construction and maintenance contracts, etc. have product warranty obligations where defects found generally within two years after delivery will be repaired or replaced at no charge. As such warranty obligations guarantee customers that finished goods will function as intended according to the specification set forth in the contracts with customers, they are recognized as a provision for product warranties.

(ii) Performance Products Business Unit

The performance products business unit manufactures and sells mainly water treatment chemicals, standard water treatment equipment and filters, food ingredients and food processing agents to customers in Japan and overseas regions. There is no significance in variable consideration in these transactions.

The time performance obligations are satisfied is set at the point when each piece of merchandise and finished goods is delivered to the customer. This is because, at such point, legal ownership and physical possession of merchandise and finished goods, as well as significant risks and economic values from owning finished goods is transferred to the customer, and therefore it can be judged that the right to receive payment of transaction consideration from the customer has been obtained. In their domestic sales, however, revenue is recognized at the time of shipment of such merchandise and finished goods.

Among sales transactions of merchandise, for items where it is judged the Company and its consolidated subsidiaries correspond to agents, the net amount, which is the amount receivable in exchange for merchandise provided by another party minus the amount payable to such other party, is recognized as revenue.

Consideration is received generally within four months after delivery, and no significant financing component is included.

- (3) Information on relation between satisfaction of performance obligations based on contracts with customers and cash flow arising from such contracts, and expected amount and period of revenue recognition as from the following fiscal year based on contracts with customers existing as of the end of the fiscal year under review
- (i) Balance of contract assets and contract liabilities, etc.

(Millions of yen)

	Fiscal year under review
Receivables from contracts with customers (balance at beginning of period)	28,570
Receivables from contracts with customers (balance at end of period)	27,835
Contract assets (balance at beginning of period)	22,732
Contract assets (balance at end of period)	25,584
Contract liabilities (balance at beginning of period)	1,092
Contract liabilities (balance at end of period)	1,820

Contract assets are rights to consideration in exchange for the satisfied portion of performance obligations to mainly construction work of water treatment plant, renovation and reconditioning of existing facilities, and maintenance and they are measured based on the progress as of the end of the fiscal year, net of receivables. Contract assets are transferred to receivables arising from contracts with customers at the time rights to consideration by the Company and its consolidated subsidiaries become unconditional.

Contract liabilities are mainly advances received from customers. Contract liabilities are reduced when revenue is recognized.

Of the revenue amount recognized in the fiscal year under review, the amount included in the balance of contract liabilities as of the beginning of the period was ¥824 million.

There is no significance in the amount of revenue recognized in the fiscal year under review from performance obligations satisfied (or partially satisfied) in a past period.

- (ii) Transaction prices allocated to remaining performance obligations

The Company and its consolidated subsidiaries adopt a practical expedient when noting transaction prices allocated to remaining performance obligations, and do not include performance obligations relating to water treatment service transactions performed under contracts with an initially expected term of one year or less, and one year or multi-year contracts claiming fixed amounts based on implementation of service-rendering items set forth in the contracts in advance. The unsatisfied (or partially unsatisfied) performance obligations as of the end of the fiscal year under review were ¥47,242 million. Such performance obligations are mainly related to the construction work of water treatment plant, renovation and reconditioning of existing facilities and maintenance in the water treatment engineering business unit. Approximately 65% is expected to be recognized as revenue within one year after the last day of the period, and of the remaining 35%, approximately 10% within two years that follow, and approximately 25% thereafter.

10. Notes to per share information

Net assets per share	¥6,620.54
Basic earnings per share	¥802.69

Notes 1. When calculating net assets per share, common shares of the Company held by the Officer Share Delivery Trust have been included in treasury shares excluded from the total number of issued shares at the end of the period (51 thousand shares at the end of the fiscal year under review).

2. When calculating basic earnings per share, common shares of the Company held by the Officer Share Delivery Trust have been included in treasury shares excluded from the calculation of the average number of shares during the period (31 thousand shares in the fiscal year under review).

11. Significant subsequent events

Not applicable.

Statement of Changes in Equity
(From April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity						
	Share capital	Capital surplus		Retained earnings		Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Legal retained earnings	Other retained earnings		
Balance at beginning of period	8,225	7,508	0	832	40,220	(495)	56,290
Cumulative effects of changes in accounting policies	-	-	-	-	0	-	0
Restated balance	8,225	7,508	0	832	40,221	(495)	56,291
Changes during period							
Dividends of surplus	-	-	-	-	(1,541)	-	(1,541)
Profit	-	-	-	-	7,480	-	7,480
Reversal of reserve for tax purpose reduction entry of non-current assets	-	-	-	-	-	-	-
Provision of reserve for special account for tax purpose reduction entry of non-current assets	-	-	-	-	-	-	-
Provision of general reserve	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	-	(354)	(354)
Disposal of treasury shares	-	-	-	-	-	115	115
Net changes in items other than shareholders' equity	-	-	-	-	-	-	-
Total changes during period	-	-	-	-	5,938	(238)	5,699
Balance at end of period	8,225	7,508	0	832	46,159	(734)	61,990

(Millions of yen)

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	257	257	56,547
Cumulative effects of changes in accounting policies	-	-	0
Restated balance	257	257	56,548
Changes during period			
Dividends of surplus	-	-	(1,541)
Profit	-	-	7,480
Reversal of reserve for tax purpose reduction entry of non-current assets	-	-	-
Provision of reserve for special account for tax purpose reduction entry of non-current assets	-	-	-
Provision of general reserve	-	-	-
Purchase of treasury shares	-	-	(354)
Disposal of treasury shares	-	-	115
Net changes in items other than shareholders' equity	113	113	113
Total changes during period	113	113	5,813
Balance at end of period	370	370	62,361

(Components of other retained earnings)

(Millions of yen)

	Reserve for dividends	Reserve for research and development	Reserve for tax purpose reduction entry of non-current assets	Reserve for special account for tax purpose reduction entry of non-current assets	General reserve	Retained earnings brought forward	Total
Balance at beginning of period	140	90	31	-	27,065	12,892	40,220
Cumulative effects of changes in accounting policies	-	-	-	-	-	0	0
Restated balance	140	90	31	-	27,065	12,893	40,221
Changes during period							
Dividends of surplus	-	-	-	-	-	(1,541)	(1,541)
Profit	-	-	-	-	-	7,480	7,480
Reversal of reserve for tax purpose reduction entry of non-current assets	-	-	(1)	-	-	1	-
Provision of reserve for special account for tax purpose reduction entry of non-current assets	-	-	-	494	-	(494)	-
Provision of general reserve	-	-	-	-	3,000	(3,000)	-
Purchase of treasury shares	-	-	-	-	-	-	-
Disposal of treasury shares	-	-	-	-	-	-	-
Net changes in items other than shareholders' equity	-	-	-	-	-	-	-
Total changes during period	-	-	(1)	494	3,000	2,445	5,938
Balance at end of period	140	90	30	494	30,065	15,338	46,159

Notes to Non-consolidated Financial Statements

1. Significant Accounting Policies

- (1) Valuation standards and methods for assets
 - (i) Securities
 - Shares of subsidiaries and associates
 - Stated at cost using the moving-average method
 - Other securities
 - Other than shares, etc. without market prices
 - Stated at fair value (Valuation difference are included in a separate component of net assets, and cost of sales is determined by the moving-average method.)
 - Shares, etc. without market prices
 - Stated at cost using the moving-average method
 - (ii) Derivatives
 - Stated at fair value
 - (iii) Inventories
 - Inventories held for sale in the ordinary course of business
 - Stated at cost (based on the method of writing down the book value in accordance with the declining in profitability).
 - Merchandise, finished goods and raw materials
 - Stated using the moving-average method
 - Work in process
 - Stated using the identified cost method
 - Supplies
 - Stated using the last purchase cost method
- (2) Depreciation and amortization of non-current assets
 - (i) Property, plant and equipment
 - Depreciated using the declining balance method.
 - Buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998 and facilities attached to buildings and structures acquired on or after April 1, 2016 are depreciated using the straight-line method.
 - The estimated useful lives of major items are as follows.
 - Buildings and structures: 3 to 50 years
 - Machinery, equipment and vehicles: 4 to 17 years
 - Tools, furniture and fixtures: 2 to 20 years
 - (ii) Intangible assets
 - Depreciated using the straight-line method.
 - Software for internal use is amortized using the straight-line method over the internally expected useful life (five years).
- (3) Standards for recognition of allowances and provisions
 - (i) Allowance for doubtful accounts
 - To prepare for losses from bad debt, an estimated uncollectible amount is recorded at the amount estimated by using the historical rate of credit loss for ordinary receivables, and based on individual consideration of collectability for specific receivables such as highly doubtful receivables.
 - (ii) Provision for bonuses
 - To prepare for payment of employee bonuses, of the estimated future bonus payment, an amount to be borne during the fiscal year under review is recorded.

(iii) Provision for product warranties

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

(iv) Provision for loss on construction contracts

To prepare for any losses on undelivered construction projects, the estimated amount of losses in or after the following fiscal years is recorded for some of the construction projects as of the end of the fiscal year under review, which are highly probable to incur losses and for which the amounts thereof can be reasonably estimated.

(v) Provision for share-based remuneration for directors (and other officers)

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

(vi) Provision for retirement benefits

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

If the amount of plan assets exceeds the amount of the retirement benefit obligations adjusted by unrecognized actuarial gains and losses, it is recorded under prepaid pension costs.

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

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

(4) Standards for recognition of revenues and expenses

(i) Revenue from contracts with customers

Details of main performance obligations in business relating to revenue from contracts with customers of the Company and the typical point in time (typical point in time revenue is recognized) at which such performance obligations are satisfied are as follows.

a. Water Treatment Engineering Business Unit

The water treatment engineering business unit provides various water treatment services that mainly include construction work of water treatment plant, renovation and reconditioning of existing facilities, maintenance, and operational support. In these transactions, judging that performance obligations are satisfied over a certain period of time, revenue is recognized based on the progress toward satisfying the performance obligations. The measurement of progress in construction contracts, including construction and renovation and reconditioning of facilities, is based on the ratio of construction costs incurred until the last day of each reporting period to the total estimated construction costs. Furthermore, the measurement of progress in water treatment service transactions in contracts with one-year or multi-year terms, including maintenance and operational support of facilities, is based on the time elapsed and the assessment of the results achieved. In addition, the Company is to recognize revenue using the cost recovery method in cases where it expects to recover costs incurred but is unable to reasonably estimate the extent of progress made toward satisfying performance obligations.

b. Performance products business unit

The performance products business unit manufactures and sells mainly water treatment chemicals, standard water treatment equipment and filters, food ingredients and food processing agents. For such sales transactions, revenue is recognized at the time

merchandise and finished goods are each delivered to customers. In their domestic sales, however, revenue is recognized at the time of shipment of such merchandise and finished goods.

Among sales transactions of merchandise, for items where it is judged the Company corresponds to an agent, the net amount, which is the amount receivable in exchange for merchandise provided by another party minus the amount payable to such other party, is recognized as revenue.

- (ii) Standard for recognition of revenue related to finance lease transactions
Revenue related to finance lease transactions follows a method of accounting net sales and cost of sales at the time of receiving lease fees.
- (5) Method of significant hedge accounting
 - (i) Method of hedge accounting
Principally, accounted for with deferred hedge accounting. The designated hedge accounting (the “Furiate-shori”) is applied to forward exchange contracts that satisfy requirements for such accounting, and the exceptional treatment (the “Tokurei-shori”) is applied to interest rate swaps that satisfy the requirements for such treatment.
 - (ii) Hedging instruments and hedged items
Hedging instruments: Forward exchange contracts and interest rate swaps
Hedged items: Foreign currency-denominated monetary claims, obligations, etc., and borrowings
 - (iii) Hedging policy
Foreign exchange rate fluctuation risk and market interest rate fluctuation risk are hedged within a certain range based on transaction management regulations that stipulate authorization relating to derivatives and other matters.
 - (iv) Method of assessing hedge effectiveness
The Company assesses hedge effectiveness by comparing cumulative cash flow or fair value fluctuations of hedged items with those of hedging instruments quarterly and based on those fluctuation amounts.
However, assessment of effectiveness is omitted for interest rate swaps which are accounted for applying the exceptional treatment.
- (6) Other significant matters for the basis of the preparation of non-consolidated financial statements
Accounting treatment of retirement benefits
The accounting treatment method for unrecognized actuarial gains or losses related to retirement benefits is different from the treatment for the item in the consolidated financial statements.

2. Notes to changes in the accounting policies

Application of Accounting Standard for Revenue Recognition, etc.

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant revised ASBJ regulations effective from the beginning of the fiscal year under review, and it has recognized revenue at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange of said goods or services. With respect to construction contracts, the Company previously had applied the percentage-of-completion method to construction work whose outcome from the completed portion was deemed definite, and had applied the completed-contract method to other construction work. As a result of this application, however, the Company has changed the method to recognize revenue over a certain period of time in alignment with its satisfaction of performance obligations to transfer goods or services to customers when control over a good or service is to be transferred to the customer over a certain period of time. In measuring progress made in satisfying a performance obligation, construction costs incurred as of the last day of each reporting period are to be calculated based on the ratio of the total estimated construction costs. In addition, the Company is to recognize revenue using the cost recovery method in cases where it expects to recover costs incurred but is unable to

reasonably estimate the extent of progress made toward satisfying performance obligations.

Application of the Accounting Standard for Revenue Recognition and relevant revised ASBJ regulations is subject to the transitional treatment provided for in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the beginning of the fiscal year under review, was added to or deducted from the opening balance of retained earnings of the fiscal year under review, and thus the new accounting policy was applied from such opening balance. As a result, for the fiscal year under review, net sales increased ¥78 million, cost of sales grew ¥91 million, while operating profit, ordinary profit, and profit before income taxes each decreased ¥13 million. In addition, the opening balance of retained earnings increased by ¥0 million.

Due to the application of the Accounting Standard for Revenue Recognition and relevant revised ASBJ regulations, “Accounts receivable - trade” under current assets of the non-consolidated balance sheet of the previous fiscal year have been included in “Accounts receivable - trade” and “Contract assets” under current assets from the fiscal year under review. In addition, “Advances received” under current liabilities have been included in “Contract liabilities” from the fiscal year under review.

Application of Accounting Standard for Fair Value Measurement, etc.

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019) and relevant revised ASBJ regulations effective from the beginning of the fiscal year under review, and in the future will accordingly apply new accounting policy stipulated by the Accounting Standard for Fair Value Measurement, etc. in accordance with the transitional treatment provided for in paragraph 19 of the Accounting Standard for Fair Value Measurement and paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). There is no impact of this change on the non-consolidated financial statements.

3. Notes to accounting estimates

Accounting estimates are reasonable amounts calculated based on information available at the time of preparation of the non-consolidated financial statements. Of the amounts recorded in the non-consolidated financial statements for the fiscal year under review that are based on accounting estimates, the following items have the risk of having a material impact on the non-consolidated financial statements for the following fiscal year.

(Recording of revenue regarding transactions recognizing revenue over a certain period of time in the water treatment engineering business unit)

- (1) Amount recorded in the non-consolidated financial statements for the fiscal year under review
In the non-consolidated statement of income, the Company recorded ¥40,851 million of revenue on performance obligations satisfied over a certain period of time in the water treatment engineering business unit for the fiscal year under review. The amount includes various water treatment services contracts that mainly include maintenance and operational support and construction contracts using the cost recovery method, and the revenue excluding these is ¥22,969 million.
- (2) Information on the details of significant accounting estimates for identified items
The details are the same as those described in “(2) Information on the details of significant accounting estimates for identified items” in “4. Notes to accounting estimates” of Notes to Consolidated Financial Statements.

4. Additional Information

(Impact arising due to the proliferation of COVID-19)

Although the COVID-19 pandemic is gradually settling as the spread of infections continue to subside, it will probably take quite some time before the end is reached. However, accounting estimates have been made based on the assumption that the impact on the Company’s business performance will be limited based on the current status of customers’ capital investment plan, the operation status of customer plants, and the outlook for construction progress in backlog projects. The assumptions made above are highly uncertain, and depending on the situation of the spread of

COVID-19 and its impact on the economy, there may be a significant impact on the non-consolidated financial statements for the next and subsequent fiscal years.

5. Notes to the non-consolidated balance sheet

(1) Accumulated depreciation for property, plant and equipment	¥21,233 million
(2) Contingent liabilities	
Guarantee obligation for bank loans of employees	¥0 million
Joint and several suretyship for bank loans	
Organo (Suzhou) Water Treatment Co., Ltd.	¥2,056 million
Organo Technology Co., Ltd.	¥1,029 million
Performance bonds	
Organo (Asia) Sdn. Bhd.	¥197 million
Organo (Suzhou) Water Treatment Co., Ltd.	¥1,103 million
Organo (Vietnam) Co., Ltd.	¥66 million
(3) Monetary claims and obligations to subsidiaries and associates	
Short-term monetary claims	¥6,023 million
Long-term monetary claims	¥300 million
Short-term monetary obligations	¥5,011 million

6. Notes to the non-consolidated statement of income

Total transactions with subsidiaries and associates	
Operating transactions (income)	¥5,488 million
Operating transactions (payment)	¥16,903 million
Transactions other than operating transactions (income)	¥1,873 million
Transactions other than operating transactions (payment)	¥10 million

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

Number of treasury shares

Class of shares	Number of shares at beginning of period (Thousands of shares)	Increase in number of shares during the period (Thousands of shares)	Decrease in number of shares during the period (Thousands of shares)	Number of shares at end of period (Thousands of shares)
Common shares	112	49	27	135

- Notes:
1. The increase of 49 thousand shares in the number of treasury shares reflects the acquisition of 49 thousand shares by the Officer Share Delivery Trust and the increase of 0 thousand shares due to the purchase of shares less than one unit.
 2. The decrease of 27 thousand shares in the number of treasury shares reflects the decrease of 27 thousand shares due to the delivery of the Company's shares held by the Officer Share Delivery Trust.
 3. The number of treasury shares at the end of the fiscal year under review includes 51 thousand shares of the Company held by the Officer Share Delivery Trust.

8. Note to tax-effect accounting

Breakdown of deferred tax assets and liabilities by main cause

	(Millions of yen)
Deferred tax assets	
Provision for bonuses	314
Enterprise tax payable	76
Provision for retirement benefits	1,613
Provision for product warranties	63
Provision for loss on construction contracts	42
Provision for share-based remuneration for directors (and other officers)	37
Testing and research facilities	77
Allowance for doubtful accounts	118
Loss on valuation of right to use facilities	66
Loss on valuation of shares of subsidiaries and associates	218
Other	534
Subtotal deferred tax assets	3,164
Valuation allowance	(498)
Total deferred tax assets	2,665
Deferred tax liabilities	
Valuation difference on available-for-sale securities	(163)
Prepaid pension costs	(74)
Reserve for tax purpose reduction entry of non-current assets	(13)
Reserve for special account for tax purpose reduction entry of non-current assets	(218)
Total deferred tax liabilities	(469)
Net deferred tax assets	2,196

9. Note to transactions with related parties

Subsidiaries

Name of the company	Location	Share capital	Voting rights ownership ratio	Relationship with related parties	Details of transaction	Transaction amount (Millions of yen)	Item	Balance at end of period (Millions of yen)
ORGANO PLANT SERVICE CORPORATION	Bunkyo-ku, Tokyo	¥93 million	Direct ownership 100.0%	Installation of various types of water treatment systems and ordering of supervision services Dispatching of officers	Installation of various types of water treatment systems and ordering of supervision services	6,226	Accounts payable - trade	975
					Deposits of funds	1,100	Deposits received	500
ORGANO ECO TECH CORPORATION	Koto-ku, Tokyo	¥50 million	Direct ownership 100.0%	Ordering of various types of water treatment systems and related construction Dispatching of officers	Ordering of various types of wastewater treatment systems and related construction	5,366	Accounts payable - trade	1,370
Organo (Suzhou) Water Treatment Co., Ltd.	Jiangsu, China	US\$5,000 thousand	Direct ownership 100.0%	Sales of various types of water treatment systems and related chemicals Dispatching of officers	Debt guarantees	3,160	-	-
Organo Technology Co., Ltd.	Hsinchu City, Taiwan, R.O.C.	NT\$30,000 thousand	Direct ownership 100.0%	Sales of various types of water treatment systems and related chemicals Dispatching of officers	Sales of various types of water treatment systems and related chemicals	2,949	Accounts receivable - trade	1,178
							Contract assets	2,658
					Loans of funds	795	Short-term loans receivable	2,069
					Debt guarantees	1,029	-	-

- Notes
1. Conditions of transaction and policies for deciding conditions of transaction are determined by referencing general trading conditions in consideration of market prices, etc.
 2. Interest rates on loans of funds and those on deposits of funds are reasonably determined taking interest rates on the market into account. For transaction amounts, the average balance during the fiscal year is indicated.
 3. The Company provides debt guarantees on their loans from financial institutions. The Company does not receive guarantee fees.

10. Notes to revenue recognition

Basic information to understand revenue from contracts with customers

The details are the same as those described in “(2) Basic information to understand revenue from contracts with customers” in “9. Notes to revenue recognition” of Notes to Consolidated Financial Statements.

11. Notes to per share information

Net assets per share	¥5,444.21
Basic earnings per share	¥651.91

- Notes
1. When calculating net assets per share, common shares of the Company held by the Officer Share Delivery Trust have been included in treasury shares excluded from the total number of issued shares at the end of the period (51 thousand shares at the end of the fiscal year under review).
 2. When calculating net assets per share, common shares of the Company held by the Officer Share Delivery Trust have been included in treasury shares excluded from the total number of issued shares at the end of the period (31 thousand shares at the end of the fiscal year under review).

12. Significant subsequent events

Not applicable.

Figures are rounded down to the nearest unit.