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Notice of the 78th 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 notice of the 78th Ordinary General Meeting of Shareholders of ORGANO CORPORATION to be held on Thursday, June 29, 2023. Please confirm proposals of the General Meeting of Shareholders and business outline of the fiscal year 2022 presented in the documents.

June 2023
Representative Director and President,
President and Executive Officer
Masayuki Yamada



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.

(Securities Code: 6368)

June 8, 2023

To our shareholders:

Representative Director and President
Masayuki Yamada
ORGANO CORPORATION
1-2-8, Shinsuna, Koto-ku, Tokyo

Notice of the 78th Ordinary General Meeting of Shareholders

We are pleased to announce the 78th Ordinary General Meeting of Shareholders of ORGANO CORPORATION (the “Company”), which will be held as indicated below.

When convening this General Meeting of Shareholders, the Company takes measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. (matters for which measures for providing information in electronic format are to be taken) in electronic format, and posts this information on the Company’s website. Please access one of the websites shown below to review the information.

The Company’s website Website for posted notices of the general meeting of shareholders:	https://www.organo.co.jp/ir/meeting/ (in Japanese)
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TSE website Listed Company Search:	https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show (in Japanese)
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On the TSE website, enter “ORGANO” in “Issue name (company name)” or the Company’s securities code “6368” in “Code,” and click “Search.” Then, click “Basic information” and select “Documents for public inspection/PR information.”

Website for posted informational materials for the general meeting of shareholders:	https://d.sokai.jp/6368/teiji/ (in Japanese)
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If you are unable to attend the meeting in person, you may exercise your voting rights by mail (in writing) or via the Internet, etc. Please examine the Reference Documents for the General Meeting of Shareholders and then exercise your voting rights by 5:00 p.m. on Wednesday, June 28, 2023 (JST).

- Date and Time:** Thursday, June 29, 2023 at 10:00 a.m. (JST) (Reception is scheduled to be open at 9:00 a.m.)
- Venue:** Conference Room, 2nd floor, Head office building of the Company,
1-2-8, Shinsuna, Koto-ku, Tokyo
- Purpose of the Meeting**
Matters to be reported:
 - The Business Report and the Consolidated Financial Statements for the 78th fiscal year (from April 1, 2022 to March 31, 2023), 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 78th fiscal year (from April 1, 2022 to March 31, 2023)

Matters to be resolved:

- | | |
|-----------------------|--|
| Proposal No. 1 | Appropriation of Surplus |
| Proposal No. 2 | Election of Nine Directors |
| Proposal No. 3 | Election of Three Audit and Supervisory Board Members |
| Proposal No. 4 | Election of Two Substitute Audit and Supervisory Board Members |
| Proposal No. 5 | Revision of Amount of Remuneration for Outside Directors |

4. Other Matters Relating to General Meetings of Shareholders

- If no indication of approval of proposals is made on the voting form when exercising voting rights by mail (in writing), it will be treated as an indication of approval having been made.
- 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.

Request to Shareholders upon the 78th Ordinary General Meeting of Shareholders

- If you appear to be coming down with a fever or have other symptoms of being unwell, please be prudent in your decision regarding attendance of the meeting, including considering the option of not attending in person.
- In accordance with changes made to the Japanese government's basic policy on coping with the novel coronavirus (COVID-19), the wearing of masks is now left to the discretion of the individual. We ask those of you who will be attending this Ordinary General Meeting of Shareholders to decide on your need to wear a mask after taking factors such as your physical condition and avoidance of the risk of infection into consideration.
- Please enforce coughing etiquette and otherwise be considerate of the shareholders around you.

Methods of operating the general meeting of shareholders are subject to change depending on the situation of the spread of COVID-19 infection by the day of the meeting or announcements by the government. Any changes will be announced on the Company's website.

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

Guide to Exercising Voting Rights

Attending the General Meeting of Shareholders

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

Date and time of the Meeting: Thursday, June 29, 2023, 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 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. Wednesday, June 28, 2023

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. Wednesday, June 28, 2023

For details, please see the “Guide to Exercising Voting Rights via the Internet, etc.”

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.

Matters for Disclosure over the Internet to Accompany Measures for Providing Information in Electronic Format

- Out of matters for which measures for providing information in electronic format are to be taken, the following matters are excluded from the paper-based documents delivered to shareholders who have made a request for delivery of such documents. Such matters 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
 - (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
- If revisions to the matters for which measures for providing information in electronic format are to be taken arise, a notice of the revisions and the details of the matters before and after the revisions will be posted on the Company’s website, the TSE website and the website for posted informational materials for the general meeting of shareholders stated above.

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> (in Japanese)

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 78th fiscal year as follows.

Note that the Company has implemented a 4-for-1 common share split on October 1, 2022, and following conversion to reflect that share split, interim dividends (¥116 per share) with September 30, 2022 as the record date come to ¥29 per share, making full-year dividends for the fiscal year under review equivalent to ¥62 per share.

(1) Type of dividend property

Cash

(2) Allotment of dividend property and their total amount

¥33 per common share of the Company

Total dividend amount is ¥1,518,724,185

(3) Effective date of dividends of surplus

June 30, 2023

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

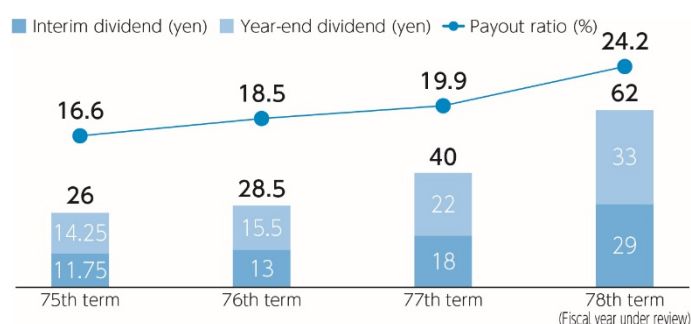
(2) Item of surplus to be increased and amount of increase

General reserve: ¥5,000,000,000

(Reference)

Changes in dividend payout ratio per share

* A 4-for-1 common share split was implemented effective as of October 1, 2022. Dividends prior to interim dividends for the 78th term are stated on the supposition that this share split was implemented.




Proposal No. 2 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 five Outside Directors, increasing the number of Outside Directors by two, in order to increase the ratio of Outside Directors to the Board of Directors to a majority, for the purpose of further strengthening corporate governance.


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	Gender	Position in the Company	Times Attended Board of Directors Meetings
1	Masayuki Yamada Reelection	Male	Director and President (Representative Director), President and Executive Officer	14/14 (100%)
2	Yasutoshi Nakayama Reelection	Male	Managing Director and Executive Officer President of Industrial Plant Business, and Senior General Manager of Electronics Division	14/14 (100%)
3	Nobuyoshi Suda Reelection	Male	Managing Director and Executive Officer President of R&D and Engineering, and Senior General Manager of R&D Center	14/14 (100%)
4	Tetsushi Honda Reelection	Male	Director and Executive Officer President of Corporate Management and Planning and General Manager of Corporate Strategy and Planning Dept.	14/14 (100%)
5	Keikou Terui Reelection Outside Independent	Male	Outside Director	13/14 (93%)
6	Kenji Hirai Reelection Outside Independent	Male	Outside Director	14/14 (100%)
7	Morifumi Wada New election Outside Independent	Male	—	—
8	Daisaku Abe New election Outside Independent	Male	—	—
9	Nobuko Hanano New election Outside Independent	Female	Outside Audit and Supervisory Board Member	13/14 (93%)


Note: For Nobuko Hanano, attendance at the meeting of the Board of Directors as an Audit and Supervisory Board Member is stated.


Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company	Number of the Company's shares owned
1	 <p><u>Reelection</u></p> <p>Masayuki Yamada (January 7, 1959)</p> <p>Tenure as Director 4 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</p> <p>June 2022 Director and President (Representative Director) President and Executive Officer (current position)</p>	10,900
<p>[Reasons for nomination as candidate for Director]</p> <p>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 being appointed as a Director of the Company, as the Director in charge, he has leveraged his global experience as well as demonstrated his skills in areas such as promoting companywide safety and quality improvement, cost reductions, and sustainability. Since assuming the position of President, he has been demonstrating leadership in the promotion of long-term management plans and the devising and execution of strategy for the entire Group, including its overseas business.</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>			


	[Significant concurrent positions outside the Company] None
	[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
2	 <p><u>Reelection</u></p> <p>Yasutoshi Nakayama (July 30, 1961)</p> <p>Tenure as Director 5 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. (current position)</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 (current position)</p>	29,600
<p>[Reasons for nomination as candidate for Director]</p> <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>			
<p>[Significant concurrent positions outside the Company]</p> <p>None</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
3	 <p><u>Reelection</u></p> <p>Nobuyoshi Suda (November 19, 1963)</p> <p>Tenure as Director 4 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, Senior General Manager of R&D and Engineering and Senior General Manager of R&D Center (current position)</p> <p>(Responsibilities) In charge of Environment, Safety and Quality Assurance Dept., Purchasing and Logistics Dept., and Performance Products Business</p>	23,600
<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 all administrative divisions. 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>[Significant concurrent positions outside the Company]</p> <p>None</p>			
<p>[Special interest between candidate and the Company]</p> <p>There is no special interest between the candidate and the Company.</p>			

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company	Number of the Company's shares owned
4	 <p>Reelection</p> <p>Tetsushi Honda (May 1, 1963)</p> <p>Tenure as Director 2 years</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. (current position)</p> <p>(Responsibilities)</p> <p>In charge of Internal Auditing Office, Corporate Secretariat Office, Global Management and Planning, Legal and Patent Dept., Trade Control Office, and Branches</p>	21,400
<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 being appointed as a 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>[Significant concurrent positions outside the Company]</p> <p>None</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> Reelection Outside Independent </p> <p>Keikou Terui (July 27, 1953)</p> <p>Tenure as Director 7 years</p>	<p>Apr. 1979 Joined Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry)</p> <p>July 2008 Director-General for Technology Policy Coordination, Minister's Secretariat</p> <p>Jan. 2011 Director-General of Kanto Bureau of Economy, Trade and Industry</p> <p>Apr. 2012 Director-General of Regional Economic and Industrial Policy (retired in June 2013)</p> <p>Aug. 2013 President of Japan Utility Telemetering Association (current position)</p> <p>Oct. 2013 Senior Research Associate of Chemicals Evaluation and Research Institute, Japan (retired in September 2016)</p> <p>June 2014 Director of Union of Japanese Scientists and Engineers (current position)</p> <p>Outside Director of Ube Industries, Ltd. (current UBE Corporation) (retired in June 2022)</p> <p>Mar. 2016 Outside Director of Bridgestone Corporation (retired in March 2023)</p> <p>June 2016 Director of Chemicals Evaluation and Research Institute, Japan (retired in June 2020)</p> <p>Outside Director of the Company (current position)</p> <p>Aug. 2018 Director of Japan Industrial Safety Competency Center (current position)</p> <p>June 2020 Executive Director of Japan Chemical Innovation and Inspection Institute (current position)</p>	15,500
<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. In addition to driving forward deliberations of matters related to material transactions of the Company's parent company group and the Company as Chair of the Special Committee, he has also been contributing to deliberations on matters related to the selection of candidates for Directors and the compensation of Directors as a member of the Nomination and Remuneration Advisory Committee. After his appointment, he is expected to continue to fulfill the above-mentioned roles as well as serve as Chair of the Nomination and Remuneration Advisory Committee.</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>[Significant concurrent positions outside the Company]</p> <p>President of Japan Utility Telemetering Association Executive Director of Japan Chemical Innovation and Inspection Institute</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	 <div style="text-align: center;"> <div>Reelection</div> <div>Outside</div> <div>Independent</div> </div> <p>Kenji Hirai (March 20, 1953)</p> <p>Tenure as Director 4 years</p>	<p>Apr. 1981 Joined Sagami Chemical Research Center (currently Sagami Chemical Research Institute)</p> <p>Apr. 1990 Senior Research Fellow</p> <p>Apr. 1998 Senior Fellow</p> <p>Jan. 2002 Vice President</p> <p>Apr. 2004 Vice Chairman of the Board, President</p> <p>Dec. 2018 Vice Chairman of the Board (Representative Director), President (retired in March 2019)</p> <p>Apr. 2019 Vice Chairman of the Board (Representative Director), Research Advisor</p> <p>June 2019 Outside Director of the Company (current position)</p> <p>June 2021 Research Advisor of Sagami Chemical Research Institute (retired in March 2023)</p>	8,400
		<p>[Reasons for nomination as candidate for Outside Director and outline of the expected role]</p> <p>Kenji Hirai, while making distinguished achievements in research of cutting-edge functional substances, high-performance agrochemicals and environmental preservation substances, and development of biotechnology, has demonstrated his skills 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. Additionally, as a member of the Special Committee, he has been contributing to the deliberation of matters related to material transactions of the Company's parent company group and the Company. After his appointment, he is expected to continue to fulfill the above-mentioned roles.</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>[Significant concurrent positions outside the Company]</p> <p>None</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
7	 <div> <div>New election</div> <div>Outside</div> <div>Independent</div> </div> <p>Morifumi Wada (October 8, 1954)</p>	<p>Mar. 1978 Joined EIKEN CHEMICAL CO., LTD.</p> <p>Apr. 2005 General Manager of Production Planning & Control Division, Production Division and General Manager of Procurement Department</p> <p>June 2006 Executive Officer, General Manager of Production Planning & Control Division, Production Division and General Manager of Procurement Department</p> <p>Apr. 2007 Executive Officer, General Manager of Nogi Plant, Production Division</p> <p>May 2007 Executive Officer, General Manager of Nogi Plant and General Manager of Togane Plant, Production Division</p> <p>Apr. 2011 Vice President and Executive Officer, General Manager of Nogi Plant and General Manager of Togane Plant, Production Division</p> <p>June 2011 Director, Vice President and Executive Officer, General Manager of Nogi Plant and Director of Togane Plant, Production Division</p> <p>Apr. 2012 Director, Vice President and Executive Officer, General Manager of Sales Division</p> <p>June 2014 Director, President and CEO</p> <p>June 2021 Director, Chairman and CEO</p> <p>June 2022 Director, Chairman (current position)</p>	0
<p>[Reasons for nomination as candidate for Outside Director and outline of the expected role]</p> <p>Morifumi Wada, while having overseen corporate management for many years as a Director and CEO at a listed company in the pharmaceuticals industry, has a wealth of experience in corporate management and knowledge of governance. After his appointment as Outside Director of the Company, in addition to leveraging that abundance of knowledge in his possession to provide useful opinions and guidance to the management of the Company, he is expected to contribute deliberations on matters related to the selection of candidates for Directors and the compensation of Directors as a member of the Nomination and Remuneration Advisory Committee as well as to deliberations of matters related to material transactions of the Company's parent company group and the Company as a member of the Special Committee.</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 new candidate for Outside Director.</p>			
<p>[Significant concurrent positions outside the Company]</p> <p>Director, Chairman of EIKEN CHEMICAL CO., LTD.</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	 <p> New election Outside Independent Daisaku Abe (June 20, 1957) </p>	<p>Apr. 1980 Joined The Industrial Bank of Japan, Limited</p> <p>Apr. 2007 Executive Officer of Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.) (retired in April 2009)</p> <p>Apr. 2009 Managing Executive Officer, Head of Strategic Planning Group and Head of IT, Systems & Operations Group, Mizuho Financial Group, Inc.</p> <p>Apr. 2012 Managing Executive Officer, Head of IT & Systems Group and Head of Operations Group Managing Executive Officer, Mizuho Bank, Ltd. Managing Executive Officer, Mizuho Corporate Bank, Ltd. Managing Executive Officer, Mizuho Trust & Banking Co., Ltd. (retired in April 2014)</p> <p>June 2012 Managing Director, Managing Executive Officer, Head of IT & Systems Group and Head of Operations Group, Mizuho Financial Group, Inc.</p> <p>Apr. 2013 Deputy President and Deputy President-Executive Officer, Head of IT & Systems Group and Head of Operations Group Deputy President-Executive Officer, Mizuho Bank, Ltd. (retired in July 2013 due to merger) Deputy President-Executive Officer, Mizuho Corporate Bank, Ltd. (retired in April 2019) Managing Executive Officer, Mizuho Securities Co., Ltd. (retired in April 2014)</p> <p>June 2014 Deputy President and Executive Officer, Head of IT & Systems Group and Head of Operations Group, Mizuho Financial Group, Inc.</p> <p>June 2019 Deputy Chairman and Executive Officer, Head of Internal Audit Group and Officer in Charge of Specially Assigned Matters Director (Audit and Supervisory Committee Member), Mizuho Trust & Banking Co., Ltd. (retired in April 2020) Director (Audit and Supervisory Committee Member), Mizuho Securities Co., Ltd. (retired in April 2020) Outside Director, Mizuho Leasing Company, Limited</p> <p>Apr. 2020 Administrative Officer, Mizuho Financial Group, Inc. (retired in June 2020)</p> <p>June 2020 Director and Chairman (Outside Director), Mizuho Leasing Company, Limited</p> <p>June 2021 Director and Chairman</p> <p>June 2022 Executive Adviser (current position) Outside Director, NIPPON STEEL KOWA REAL ESTATE CO., LTD. (current position)</p>	0

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company	Number of the Company's shares owned
		<p>[Reasons for nomination as candidate for Outside Director and outline of the expected role]</p> <p>Daisaku Abe has years of involvement in IT/systems planning, corporate planning and other areas at financial institutions, and possesses deep knowledge of financial operations in general. He also possesses a wealth of corporate management experience through the series of successive officer and executive officer positions that he held at numerous financial institutions, including the role of Deputy President and the role of Deputy President and Executive Officer at the Mizuho Financial Group, Inc. Simultaneously, he has deepened his knowledge of multidimensional corporate management as an outside director of other listed companies. After his appointment as Outside Director of the Company, in addition to leveraging that abundant, diverse knowledge in his possession to provide useful opinions and guidance to the management of the Company, he is expected to contribute deliberations on matters related to the selection of candidates for Directors and the compensation of Directors as a member of the Nomination and Remuneration Advisory Committee as well as to deliberations of matters related to material transactions of the Company's parent company group and the Company as a member of the Special Committee.</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 new candidate for Outside Director.</p>	
		<p>[Significant concurrent positions outside the Company]</p> <p>Outside Director, NIPPON STEEL KOWA REAL ESTATE CO., LTD.</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="border: 1px solid black; padding: 2px; margin: 5px 0;">New election</div> <div style="border: 1px solid black; padding: 2px; margin: 2px 0;">Outside</div> <div style="border: 1px solid black; padding: 2px; margin: 2px 0;">Independent</div> <p>Nobuko Hanano (October 6, 1968)</p>	<p>Apr. 1991 Joined Nomura Research Institute, Ltd. (left in April 1995)</p> <p>Oct. 2000 Registered as Lawyer (Dai-Ichi Tokyo Bar Association) (current position) Joined KOHWA SOHGOH LAW OFFICES</p> <p>Oct. 2004 Partner (current position)</p> <p>Mar. 2019 Outside Audit and Supervisory Board Member, Kanro Inc. (current position)</p> <p>Apr. 2020 Auditor, Drone Service Promotion Association (current position)</p> <p>June 2021 Outside Audit and Supervisory Board Member of the Company (current position)</p>	0
9	<p>[Reasons for nomination as candidate for Outside Director and outline of the expected role]</p> <p>After working for one of Japan's largest consulting firms as a management researcher, Nobuko Hanano has worked extensively as a lawyer. In addition, she has served as an outside auditor of another listed company, deepening her knowledge on multidimensional corporate management. After being appointed as an Outside Audit and Supervisory Board Member of the Company, she has contributed to improving the effectiveness of the Company's audits by utilizing her abundant and various pieces of knowledge. After her appointment as Outside Director of the Company, in addition to leveraging that abundant, diverse knowledge in her possession to provide useful opinions and guidance to the management of the Company, she is expected to contribute deliberations on matters related to the selection of candidates for Directors and the compensation of Directors as a member of the Nomination and Remuneration Advisory Committee as well as to deliberations of matters related to material transactions of the Company's parent company group and the Company as a member of the Special Committee.</p> <p>In addition to high ethical standards, and abilities to accurately make decisions and understand issues, which are essential for a Director, she also possesses the necessary experience and insight to promote sustainable growth and improvement of corporate value of the Group. Therefore, judging her as being capable of appropriately performing her duties as an Outside Director, the Company nominates her as a new candidate for Outside Director.</p> <p>[Significant concurrent positions outside the Company]</p> <p>Lawyer Partner, KOHWA SOHGOH LAW OFFICES Outside Audit and Supervisory Board Member, Kanro Inc.</p> <p>[Special interest between candidate and the Company]</p> <p>There is no special interest between the candidate and the Company.</p>		

- Notes: 1. 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."
2. Keikou Terui, Kenji Hirai, Morifumi Wada, Daisaku Abe and Nobuko Hanano are candidates for Outside Director.
3. Nobuko Hanano's term of office as an Audit and Supervisory Board Member of the Company will be two years upon the conclusion of this Ordinary General Meeting of Shareholders.
4. Currently, the Company has entered into respective agreements with Keikou Terui, Kenji Hirai and Nobuko Hanano 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 Morifumi Wada and Daisaku Abe are elected as Directors, the Company plans to enter into the same agreement with each of them.


5. 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.
6. UBE Corporation, at which Keikou Terui served as Outside Director until June 2022, 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.
7. The Company has submitted notification to the Tokyo Stock Exchange that Keikou Terui, Kenji Hirai and Nobuko Hanano have been designated as independent officers as provided for by the aforementioned exchange. In addition, the Company has submitted notification to the said exchange that Morifumi Wada and Daisaku Abe shall be designated as independent officers. For the Company's "Criteria for Independence of Outside Officers," please see the "(Reference)" part that follows "Proposal No. 4: Election of Two Substitute Audit and Supervisory Board Members" in this Notice of the Ordinary General Meeting of Shareholders.


Proposal No. 3 Election of Three Audit and Supervisory Board Members


Audit and Supervisory Board Member Nobuko Hanano will retire upon the conclusion of this General Meeting of Shareholders. Audit and Supervisory Board Members Masahiko Toyoda and Wataru Higuchi's terms of service will expire upon the conclusion of this General Meeting of Shareholders. Therefore, the Company proposes the election of three Audit and Supervisory Board Members.

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

The candidates for Audit and Supervisory Board Members is as follows:

Candidate No.	Name (Date of birth)	Career summary and position in the Company	Number of the Company's shares owned
1	 <p>New election</p> <p>Yoshihiro Tajitsu (February 25, 1963)</p>	<p>Apr. 1985 Joined Toyo Soda Manufacturing Co., Ltd. (currently Tosoh Corporation)</p> <p>Apr. 1995 Corporate Control & Accounting</p> <p>Dec. 2005 Corporate Control & Accounting and New System Project Team</p> <p>Jan. 2008 Corporate Control & Accounting</p> <p>June 2010 Outside Corporate Auditor of PLAS-TECH CORPORATION (retired in June 2013)</p> <p> Outside Corporate Auditor, TOHO ACETYLENE Co., Ltd. (retired in June 2013)</p> <p> Corporate Strategy, Tosoh Corporation</p> <p>Feb. 2013 General Manager of Audit & Supervisory Board Secretariat</p> <p>June 2019 General Manager of Auditing</p> <p>May 2022 Vice President, General Manager of Auditing (retired in June 2022)</p> <p>June 2022 Executive Officer, Deputy President of Corporate Management and Planning of the Company (current position)</p>	100
<p>[Reasons for nomination as candidate for Audit and Supervisory Board Member]</p> <p>Yoshihiro Tajitsu has been extensive involvement with the finance department of Tosoh Corporation, where he devised and executed finance and accounting strategy and achieved results in group company management. Moreover, he leveraged that knowledge of finance to subsequently endeavor towards properly monitoring the management of Tosoh Corporation in the capacity of the General Manager of Auditing thereof. In addition, he has served as an outside auditor of other listed companies, deepening his knowledge on multidimensional corporate management. After being appointed as an Executive Officer of the Company, he has assisted a Director in charge of all administrative divisions and has contributed to promoting the devising and executing of companywide growth strategies of the Company.</p> <p>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 Audit and Supervisory Board Member, the Company nominates him as a new candidate for Audit and Supervisory Board Member.</p>			
<p>[Significant concurrent positions outside the Company]</p> <p>None</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 in the Company	Number of the Company's shares owned
2	 <div style="text-align: center;"> <div>Reelection</div> <div>Outside</div> <div>Independent</div> </div> <p>Wataru Higuchi (October 30, 1970)</p> <p>Tenure as Audit and Supervisory Board Member 4 years</p>	<p>Oct. 1993 Joined Deloitte Touche Tohmatsu (currently Deloitte Touche Tohmatsu LLC) (left in August 1998)</p> <p>Apr. 1997 Registered as Certified Public Accountant (excluding the period of legal training) (current position)</p> <p>Oct. 2002 Registered as Lawyer (Dai-Ichi Tokyo Bar Association) (current position) Joined SEIWA KYODO LAW OFFICE (SEIWA MEITETSU LAW OFFICE)</p> <p>Oct. 2007 Partner (left in September 2018)</p> <p>June 2016 Outside Director (Serving as Audit and Supervisory Committee Member) of Marubeni Construction Material Lease Co., Ltd. (current position)</p> <p>Oct. 2018 Representative Partner of Ootemon Law and Accounting (current position)</p> <p>June 2019 Outside Audit and Supervisory Board Member of the Company (current position)</p> <p>Oct. 2019 Executive Officer of Advance Residence Investment Corporation (current position)</p> <p>Mar. 2022 Inspector, The Professional Golfers' Association of Japan (current position)</p>	0
<p>[Reasons for nomination as candidate for Outside Audit and Supervisory Board Member]</p> <p>Wataru Higuchi, as a lawyer and certified public accountant, has highly professional knowledge and experience relating to legal, finance and accounting. 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. After being appointed as an Outside Audit and Supervisory Board Member of the Company, he has contributed to improving the effectiveness of the Company's audits by utilizing his abundant and various pieces of knowledge. After his appointment, he is expected to continue to fulfill the above-mentioned roles.</p> <p>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 Outside Audit and Supervisory Board Member.</p>			
<p>[Significant concurrent positions outside the Company]</p> <p>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.</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 in the Company	Number of the Company's shares owned
3	 <p>New election Outside Independent</p> <p>Hirohito Kodama (March 22, 1959)</p>	<p>Apr. 1981 Joined Kagome Co., Ltd.</p> <p>June 2006 Executive Officer, General Manager, Corporate Planning Department</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. Director of Kagome Co., Ltd. (Full-time Audit and Supervisory Committee Member) (current position)</p> <p>Mar. 2020 Outside Director of Dynapac Co., Ltd. (Audit and Supervisory Committee Member) (current position)</p>	0
<p>[Reasons for nomination as candidate for Outside Audit and Supervisory Board Member]</p> <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. After being appointed as an Outside Audit and Supervisory Board Member of the Company, he is expected to contribute to highly effective auditing by utilizing his abundant and various pieces of knowledge. 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 Outside Audit and Supervisory Board Member.</p>			
<p>[Significant concurrent positions outside the Company]</p> <p>Director of Kagome Co., Ltd. (Full-time Audit and Supervisory Committee Member) Outside Director of Dynapac Co., Ltd. (Audit and Supervisory Committee Member)</p>			
<p>[Special interest between candidate and the Company]</p> <p>There is no special interest between the candidate and the Company.</p>			

- Notes: 1. The positions and responsibilities held by Yoshihiro Tajitsu presently or in the past ten years at the Company's parent company Tosoh Corporation are presented in the above "Career summary and position in the Company."
2. Wataru Higuchi and Hirohito Kodama are candidates for Outside Audit and Supervisory Board Member.
3. Currently, the Company has entered into respective agreements with Wataru Higuchi 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 Wataru Higuchi is elected as an Audit and Supervisory Board Member, the Company plans to enter into the same agreement with him. In addition, if Yoshihiro Tajitsu and Hirohito Kodama are elected as Audit and Supervisory Board Members, the Company plans to enter into the same agreement with each of them.
4. 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. Each candidate who is elected as an Audit and Supervisory Board Member 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.

5. The Company has submitted notification to the Tokyo Stock Exchange that Wataru Higuchi has been designated as an independent officer as provided for by said exchange. In addition, the Company has submitted notification to the said exchange that Hirohito Kodama shall be designated as an independent officer. For the Company's "Criteria for Independence of Outside Officers," please see the "(Reference)" part that follows "Proposal No. 4: Election of Two Substitute Audit and Supervisory Board Members" in this Notice of the Ordinary General Meeting of Shareholders.


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. If Proposal No. 3 is approved as proposed, Haruki Myouga will be a substitute for Audit and Supervisory Board Member Yoshihiro Tajitsu, and Mio Minaki 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	 <p>Haruki Myouga (February 21, 1956)</p>	<p>Apr. 1978 Joined the Company</p> <p>June 2011 Executive Officer, Senior General Manager of R&D Center and General Manager of Planning and Administration Dept., R&D Center</p> <p>Apr. 2012 Executive Officer, Senior General Manager of R&D Center and General Manager of Development Dept. I, R&D Center</p> <p>Apr. 2013 Executive Officer, Senior General Manager of R&D Center</p> <p>Apr. 2015 Managing Executive Officer, Senior General Manager of R&D Center</p> <p>June 2016 Managing Director and Executive Officer, Senior General Manager of R&D Center</p> <p>June 2017 Managing Director and Executive Officer</p> <p>June 2018 Managing Director and Executive Officer, President of R&D and Engineering (retired in June 2021)</p>	34,400
<p>[Reasons for nomination as candidate for Substitute Audit and Supervisory Board Member]</p> <p>Haruki Myouga has overseen corporate management for many years as a Director of the Company, and possesses advanced levels of knowledge and experience regarding technology development, particularly that for wastewater treatment technology. Over time, he has contributed to the enhancement of technological prowess and the creation of new technologies and products at the Company.</p> <p>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.</p>			
<p>[Significant concurrent positions outside the Company]</p> <p>None</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 in the Company	Number of the Company's shares owned
2	 <p>Mio Minaki (April 6, 1973)</p>	<p>Oct. 2003 Public Prosecutor, Tokyo District Public Prosecutors Office</p> <p>Apr. 2004 Public Prosecutor, Osaka District Public Prosecutors Office</p> <p>Apr. 2005 Public Prosecutor, Fukuoka District Public Prosecutors Office</p> <p>Apr. 2014 Litigation Prosecutor, Fukuoka Legal Affairs Bureau</p> <p>Apr. 2016 Public Prosecutor, Tokyo District Public Prosecutors Office</p> <p>Apr. 2017 Visiting General Manager of Legal Affairs Department, Agriculture, forestry and fisheries Fund corporation for Innovation, Value-chain and Expansion Japan (retired in March 2019)</p> <p>Apr. 2019 Registered as Lawyer (Dai-Ni Tokyo Bar Association) (current position) Partner of Minaki & Kitazawa Law Office (current position)</p> <p>June 2019 Outside Director of SEIKAGAKU CORPORATION (current position)</p> <p>June 2021 Outside Auditor of NITTOKU CO., LTD. (current position)</p>	0
<p>[Reasons for nomination as candidate for Substitute Outside Audit and Supervisory Board Member]</p> <p>Mio Minaki is currently widely active as a lawyer based on her wealth of experience and insight into corporate legal affairs cultivated over years in the judicial sector. Additionally, she has deepened her knowledge of multidimensional corporate management as an outside officer of other listed companies.</p> <p>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, she also possesses the necessary experience and insight to conduct an appropriate audit on the management of the Company. Therefore, judging her as being capable of appropriately performing her duties as an Outside Audit and Supervisory Board Member, the Company nominates her as a candidate for Substitute Outside Audit and Supervisory Board Member.</p>			
<p>[Significant concurrent positions outside the Company]</p> <p>Lawyer Partner of Minaki & Kitazawa Law Office Outside Director of SEIKAGAKU CORPORATION Outside Auditor of NITTOKU CO., LTD.</p>			
<p>[Special interest between candidate and the Company]</p> <p>There is no special interest between the candidate and the Company.</p>			

- Notes: 1. Mio Minaki 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 Haruki Myouga or Mio Minaki 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 Haruki Myouga or Mio Minaki is appointed, he or she 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 Mio Minaki is appointed, the Company will designate her 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 see the "(Reference)" part that follows this proposal.

(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	Sustainability
Masayuki Yamada	◎		◎	◎		◎		◎
Yasutoshi Nakayama	◎			◎	◎		◎	◎
Nobuyoshi Suda	◎	◎		◎		◎		◎
Tetsushi Honda	◎			◎	◎	◎		◎
Keikou Terui (Outside)	◎		◎			◎	◎	◎
Kenji Hirai (Outside)	◎		◎			◎	◎	◎
Morifumi Wada (Outside)	◎	◎	◎				◎	◎
Daisaku Abe (Outside)	◎	◎	◎			◎		◎
Nobuko Hanano (Outside)			◎					◎

Note: Skills through which each director candidate is especially expected to demonstrate that candidate's expertise and experience are marked with a "◎" mark.

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).

Proposal No. 5 Revision of Amount of Remuneration for Outside Directors

The amount of remuneration for Directors of the Company was set at not more than ¥340 million per annum (of which not more than ¥40 million is for Outside Directors) by approval at the 69th Ordinary General Meeting of Shareholders held on June 27, 2014.

In order to strengthen corporate governance at this time as well as prepare for an increase in the number of Outside Directors and the expansion of their role in the future, the Company proposes that the amount of remuneration for Outside Directors be revised from not more than ¥40 million per annum to not more than ¥90 million per annum while keeping the amount of remuneration for Directors at not more than ¥340 million per annum.

Based on the Company's policy regarding the determination of remuneration, etc. for Directors, this proposal was resolved by the Board of Directors and submitted for review to this General Meeting of Shareholders after subjecting it to the review of the Nomination and Remuneration Advisory Committee, a voluntary advisory body of the Board of Directors whose majority members consist of Independent Outside Directors, and obtaining the opinion of that committee. The Company believes that the amount of remuneration is reasonable in light of the roles, liability, number, etc. of Outside Directors.

The Company also proposes that the amount of remuneration for Directors continues to not include salaries as employees paid to Directors who are also employees in the same manner as before.

Additionally, the current number of Directors is nine (out of which three are Outside Directors). Should Proposal No. 2 be approved as proposed, the number of Directors upon the conclusion of this General Meeting of Shareholders will be nine (out of which five will be Outside Directors).

Business Report (From April 1, 2022 to March 31, 2023)

1. Status of the corporate group













(1) Business progress and results

During the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023), the pace of recovery in the global economy slowed and the sense of stagnation became stronger due to factors such as the effects of progressive inflation caused by rising prices for energy, food and other goods, and consequent changes in the monetary policies of various countries, amid the prolonged impact of geopolitical risks, including the Russian invasion of Ukraine and trade friction between the U.S. and China.

In the electronics industry, the Organo Group's main market, there was a deterioration in semiconductor market conditions, centered around memory, and there were signs that some customers were reducing production and decreasing/postponing capital investment mainly due to the impact of semiconductor-related restrictions imposed on China by the U.S. However, large-scale investments in cutting-edge semiconductors in Taiwan, and capital investments in silicon wafers, automotive/power semiconductors, and others in Japan, China, Malaysia, etc. remained active. The general industry field saw recovering capital investments, which had been weak due to the impact of the COVID-19 pandemic, and there was continued strength in electric power/water supply and sewage and other areas of social infrastructure, driven primarily by the Service Solutions Division in Japan.

Under these conditions, the Organo Group proceeded to draw in orders and make deliveries for large-scale projects in Japan and overseas, while establishing supply chains and delivery frameworks in each country, and promoting digitalization to improve efficiency in the engineering operations and expand service solutions. We also engaged in initiatives to enhance R&D aimed at the creation of next-generation ultrapure water systems and new separation and purification technologies, and moved forward with measures to strengthen the management foundation, such as bolstering governance through risk management, formulating sustainability policies, and identifying issues of materiality.


As a result, for the fiscal year ended March 31, 2023, orders received increased by 27.9% year on year to ¥173,491 million, net sales increased by 18.2% year on year to ¥132,426 million, operating profit increased by 40.2% to ¥15,212 million, ordinary profit increased by 38.8% to ¥16,020 million, profit attributable to owners of parent increased by 27.4% to ¥11,730 million, and return on equity (ROE) was 14.5%, compared to 12.9% for the previous fiscal year. Orders received, net sales and the respective profit figures surpassed the actual results of the previous fiscal year and the levels of the initial plan across the board and achieved record highs. In addition, we have secured a high balance with respect to carry-over balance for order backlog centered on large-scale semiconductor projects, etc., which will form the basis for sales from next fiscal year onward, with an order backlog of ¥117,659 million (up 36.2% year on year).

Orders received	Carry-over backorder	Net sales
¥173.4 billion	¥117.6 billion	¥132.4 billion
+27.9% YoY 	+36.2% YoY 	+18.2% YoY 
+38.8% vs. Plan 	+36.2% vs. Plan 	+5.9% vs. Plan 
Operating profit	Operating profit ratio	Return on equity (ROE)
¥15.2 billion	11.5%	14.5%
+40.2% YoY 	+1.8 points YoY 	+1.6 points YoY 
+30.0% vs. Plan 	+2.1 points vs. Plan 	+3.9 points vs. Plan 

[Water Treatment Engineering Business Unit]


Orders received

¥152.4 billion

+31.3% YoY 


Net sales

¥111.6 billion

+20.4% YoY 

Operating profit

¥12.9 billion

+42.7% YoY 

Major Business and Products

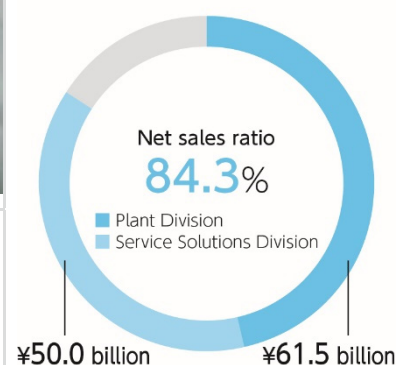


Plant Division

Pure and ultrapure water production facilities, Industrial process water treatment facilities, Wastewater treatment and recovery facilities, Valuable material recovery facilities, Production processing-related facilities

Service Solutions Division

Replacement of expendable items, Maintenance, Operational support services, Renovation and reconditioning, Contract water treatment, Comprehensive maintenance



Customers and Markets

Electronics Industry

Net sales

¥75.4 billion

- Semiconductors
- Flat panel display
- Electronic parts

General Industry

Net sales

¥24.3 billion

- Pharmaceuticals, cosmetics
- Food and beverage
- Machinery and chemicals

Electric Power/Water Supply and Sewage

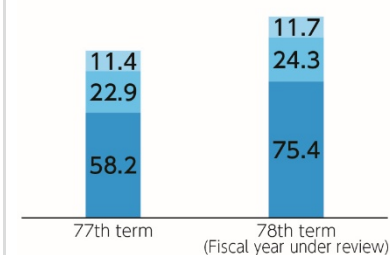
Net sales

¥11.7 billion

- Power plants
- Water purification plants
- Sewage treatment plants

Net sales by field

■ Electronics industry ■ General industry
■ Electric power/water supply and sewage (Billions of yen)



■Orders received

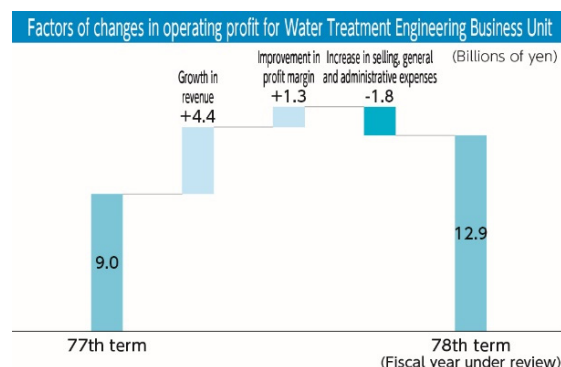
Orders received increased 31.3% year on year to ¥152,422 million. The electronics industry, which is the Organo Group's main market, saw a significant increase in orders received as a result of investing in semiconductor projects in Japan and cutting-edge semiconductors in Taiwan, and of receiving orders for large-scale construction programs involving the silicon wafer project in Japan, among others. Also, the increase was contributed by the active investments in automotive/power semiconductors in countries such as China and Malaysia. In the general industry field, there was also a recovery in large-scale capital investments in areas related to the pharmaceutical, food and electronics industries, and therefore orders received increased. In the field of social infrastructure, which includes electric power/water supply and sewage, orders received were about the same level as the previous fiscal year, mainly in solutions projects in Japan.

■Net sales

Net sales increased 20.4% year on year to ¥111,601 million. In the electronics field, net sales increased mainly due to mostly steady progress on the construction of the projects ordered as a whole, and strength in maintenance, renovation/reconditioning, facility-owned projects/contracted processing, etc. of the Service Solutions Division, despite the impact from revised schedules for some projects and delays in procuring raw materials and in construction work. Sales also expanded in the general industry field, driven by such factors as a recovery in orders received for large-scale projects, and a growth in the Service Solutions Division. In the social infrastructure field, such as electric power/water supply and sewage, we succeeded in recording net sales of about the same level as the previous fiscal year, driven mainly by solutions projects in Japan.

■Operating profit


Operating profit increased 42.7% year on year to ¥12,966 million. In addition to gross profit increasing due to the effects of higher sales primarily in the electronics industry, margins also improved year on year as a result of higher profitability in large-scale projects, which more than offset a rise in selling, general and administrative expenses centered on personnel and outsourcing expenses, and led to a year-on-year increase in operating profit.



[Performance Products Business Unit]


Orders received

¥21.0 billion

+7.6% YoY 


Net sales

¥20.8 billion

+7.6% YoY 

Operating profit

¥2.2 billion

+27.4% YoY 

Major Business and Products



Water Treatment
Chemicals Division

RO membrane
protection chemicals,
Wastewater treatment
chemicals, Cooling
water treatment
chemicals, Cleaning
chemicals, Boilers
water treatment
chemicals



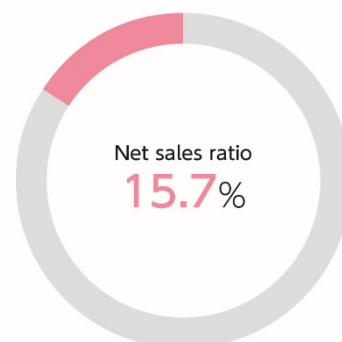
Standard Water
Treatment Equipment
and Filters Division

Pure and ultrapure
water production
systems
Water purification
filters



Food Products Division

Food ingredients
Food processing agents



Customers and Markets

Water Treatment
Chemicals Division

Net sales

¥8.0 billion

- Various manufacturing industries
- Buildings and commercial facilities

Standard Water
Treatment Equipment
and Filters Division

Net sales

¥7.0 billion

- Medical institutions, research institutions
- Various manufacturing industries
- Food and beverage, convenience stores

Food Products Division

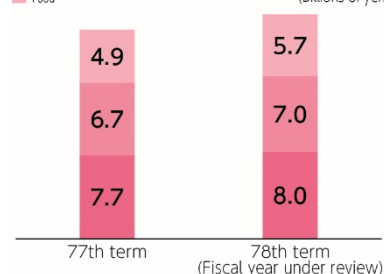
Net sales

¥5.7 billion

- Food factories, food processing industry
- Beverage manufacturing
- Nursing care food, health food manufacturing

Net sales by field

■ Water treatment chemicals ■ Standard water treatment equipment and filters
■ Food (Billions of yen)

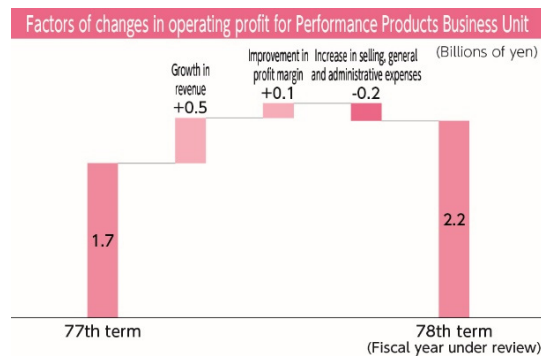


■Orders received/Net sales

Orders received increased 7.6% year on year to ¥21,068 million and net sales increased 7.6% year on year to ¥20,824 million. Sales of various water treatment chemicals to the electronics industry increased, while in the standard equipment and filters field, sales of small-scale pure water production equipment, such as Puric μ (mu), were also strong. In the food products field, sales of food processing agents, among others, also increased.

■Operating profit

Operating profit increased 27.4% year on year to ¥2,246 million. In addition to the effects of higher sales in each field, we made progress in passing on higher costs, such as increases in raw material prices, to selling prices, which resulted in operating profit growing year on year.



(2) Issues to be addressed

Every year, the Group has been formulating its three-year medium-term management plan on a rolling basis based on ORGANO 2030, its long-term management plan. Under ORGANO 2030, in addition to pursuing discussions on areas such as priority businesses, growth regions and drivers and measures to reinforce its business foundation while envisioning business performance targets of ¥200 billion in net sales and a 15% operating profit ratio, the Group is moving forward with identifying issues of materiality and setting quantitative targets for each issue to address with a view to reaching the dual sustainability goals of “achieving continuous business growth” and “establishing a business foundation.”

In the fiscal year under review, amid the backdrop of a brisk order environment both in Japan and overseas, the Group pushed forward with the utilization of engineering resources within the Group and the expansion of outsourcing in order to handle design and delivery for large-scale projects. However, in achieving the Group’s medium- to long-term targets, the further enhancement of its resources and development of its human capital are indispensable. Alongside challenges faced by the supply chain such as the securing of materials, sharp rise in material prices, and the effects of semiconductor regulations imposed on China by the US, the situation as it stands requires greater response. Additionally, in the areas of service solutions and research and development, although positive outcomes such as the deployment of new service solutions that make use of the likes of equipment operation data, the development of technology aimed at next-generation ultrapure water systems and developments in advanced analysis technology were visible to a certain degree, greater reinforcement and enhancement efforts are required in order to create new businesses.

In its new medium-term management plan whose last year is fiscal 2025, the Group will position the corresponding three-year period as a crucial phase for the Company to transition to a new stage as it proceeds to tackle the reinforcement of its business foundation and the expansion of its business development efforts. More specifically, as it espouses the “electronics industry,” “pharmaceuticals business” and “functional materials” as its priority areas, the Group will address issues such as the “strengthening of its engineering structure” by automating design operations and enhancing their efficiency with the use of digital technology and expanding capacity, the “deployment of service solutions” by expanding services overseas and reinforcing data utilization-model services, and the “enhancement of its research and development structure” for the purpose of furthering advanced separation and refinement technologies and analysis technology and creating new businesses, and will pursue the execution of various measures and enhanced cooperation and expanded investment with its partner companies, among other efforts, in order to reach its sustainability goals. For its management targets for fiscal 2025, the last year of the medium-term management plan, the Group will strive to reach net sales of ¥170.0 billion, operating profit of ¥18.5 billion, and an operating profit ratio of 10.9%. The Group aims to build a profit structure that can achieve an operating profit ratio and return on equity (ROE) of at least 12% 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 operating profit ratio as key indicators.

Medium-term Management Plan

Priority Areas

Electronics industry

Expansion of efforts to develop business globally, including the US, Taiwanese and Chinese markets

Water treatment chemicals

Reinforcement of value chain and overseas expansion

Functional materials

Reinforcement of supply chain and enhancement of differentiated merchandise

Improvement and Enhancement of Structure

Engineering

Expansion of capacity to promote automation and enhanced efficiency

Service solutions

Enhancement of overseas expansion and service selection

Research and development

Reinforcement of development foundation and creation of new businesses

Sustainability Goals and Material Issues

Achieve Continuous Business Growth

Contribute to a sustainable global environment

Provide high value-added products and services by leveraging technological capabilities

Establishment of a Business Foundation

Strengthen governance and ensure compliance

Create a workplace where diverse human resources can play an active and rewarding role

Strengthen supply chain management

■Management Target

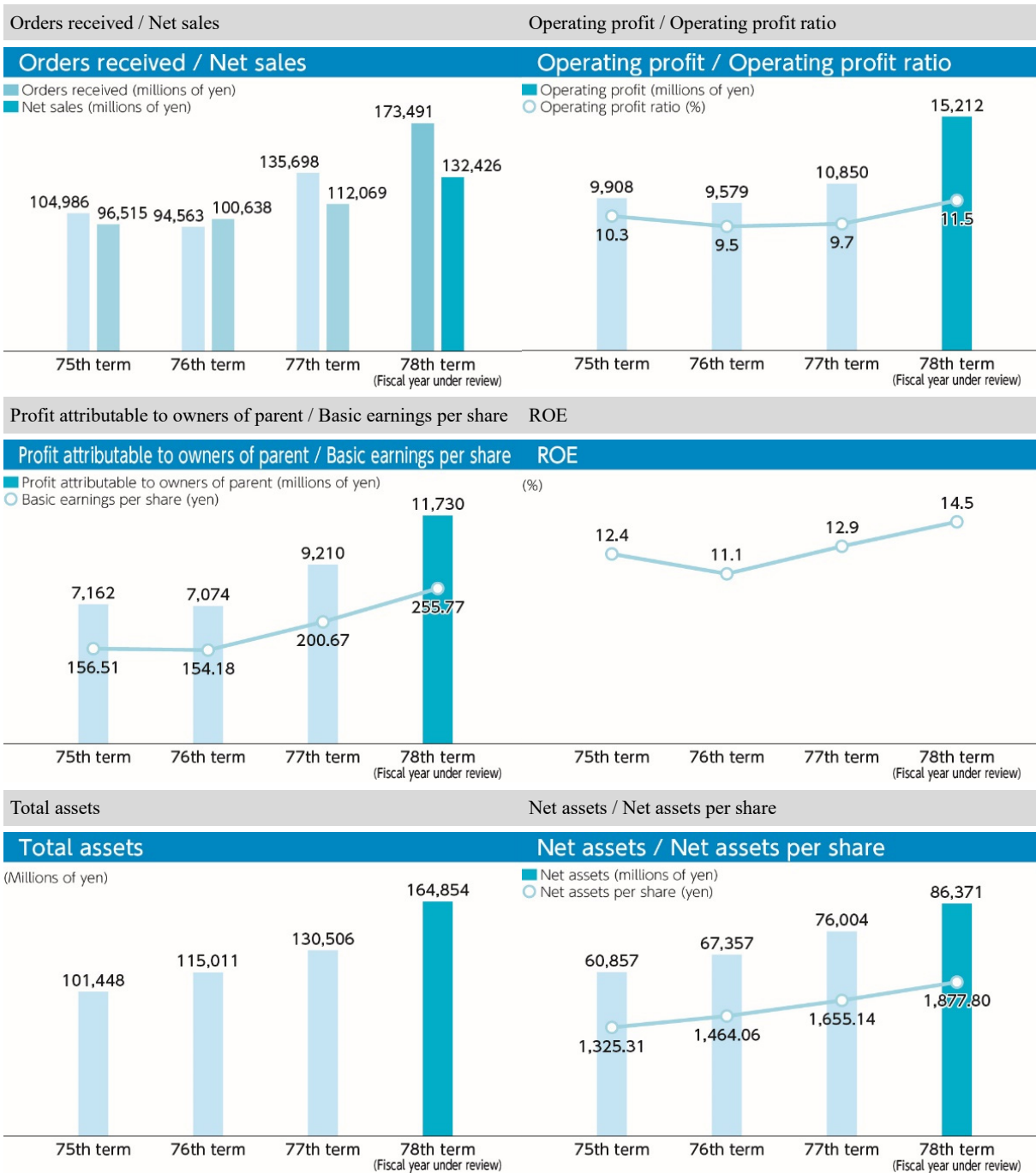
(Millions of yen)

Category	78th term Fiscal year ended March 31, 2023 (results)	79th term Fiscal year ending March 31, 2024 (planned)	80th term Fiscal year ending March 31, 2025 (planned)	81st term Fiscal year ending March 31, 2026 (planned)
Orders received	173,491	150,000	160,000	170,000
Net sales	132,426	150,000	160,000	170,000
Operating profit	15,212	16,000	17,200	18,500
Operating profit ratio (%)	11.5	10.7	10.8	10.9
Return on equity (ROE) (%)	14.5	12.6	12.7	12.6

(3) Changes in assets and profit and loss

Category	75th term Fiscal year ended March 31, 2020	76th term Fiscal year ended March 31, 2021	77th term Fiscal year ended March 31, 2022	78th term (Fiscal year under review) Fiscal year ended March 31, 2023
Orders received (millions of yen)	104,986	94,563	135,698	173,491
Net sales (millions of yen)	96,515	100,638	112,069	132,426
Operating profit (millions of yen)	9,908	9,579	10,850	15,212
Operating profit ratio (%)	10.3	9.5	9.7	11.5
Ordinary profit (millions of yen)	9,929	9,900	11,545	16,020
Profit attributable to owners of parent (millions of yen)	7,162	7,074	9,210	11,730
Basic earnings per share (yen)	156.51	154.18	200.67	255.77
Return on equity (ROE) (%)	12.4	11.1	12.9	14.5
Total assets (millions of yen)	101,448	115,011	130,506	164,854
Net assets (millions of yen)	60,857	67,357	76,004	86,371
Net assets per share (yen)	1,325.31	1,464.06	1,655.14	1,877.80

- Notes: 1. The Company implemented a share split on October 1, 2022, splitting one common share into four. Basic earnings per share and net assets per share have been calculated as if the aforementioned share split had been carried out at the beginning of the 75th fiscal year.
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. 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.
3. The Company has applied Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc., from the start of the 77th fiscal year. Concerning the status of property and profit and loss in and beyond the 77th fiscal year, indicators, etc. are those after applying the said Accounting Standard, etc.



(4) Parent company and major subsidiaries

(i) Relationship with parent company

The Company's parent company is Tosoh Corporation, and it holds 20,429 thousand shares (equity ownership 44.1% 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. The eleven major subsidiaries above are consolidated subsidiaries of the Company, and one affiliated company was accounted for by the equity method.

(5) Major business offices and factories (as of March 31, 2023)

In Japan

The Company

- ① Head Office (Koto-ku, Tokyo)

Factories

- ② Tsukuba Factory (Tsukuba City, Ibaraki)
- ③ Iwaki Factory (Iwaki City, Fukushima)

Research and Development Facility

- ④ R&D Center (Sagamihara City, Kanagawa)

Branches

- ⑤ Hokkaido Branch (Sapporo City, Hokkaido)
- ⑥ Tohoku Branch (Sendai City, Miyagi)
- ⑦ Kanto Branch (Koto-ku, Tokyo)
- ⑧ Chubu Branch (Nagoya City, Aichi)
- ⑨ Kansai Branch (Suita City, Osaka)
- ⑩ Chugoku Branch (Hiroshima City, Hiroshima)
- ⑪ Kyushu Branch (Fukuoka City, Fukuoka)

Subsidiaries

- ⑫ ORGANO PLANT SERVICE CORPORATION
(Bunkyo-ku, Tokyo)
- ⑬ ORGANO FOOD TECH CORPORATION
(Satte City, Saitama)
- ⑭ ORGANO ECO TECH CORPORATION
(Koto-ku, Tokyo)
- ⑮ ORGANO ACTY CORPORATION
(Koto-ku, Tokyo)



Oversea

Subsidiaries

- ① Organo (Asia) Sdn. Bhd. (Malaysia)
- ② Organo (Suzhou) Water Treatment Co., Ltd. (China)
- ③ Organo Technology Co., Ltd. (Taiwan)
- ④ Organo (Thailand) Co., Ltd. (Thailand)
- ⑤ PT Lautan Organo Water (Indonesia)
- ⑥ Organo (Vietnam) Co., Ltd. (Viet Nam)
- ⑦ Organo USA, Inc. (USA.)



(6) Employees (as of March 31, 2023)**(i) Employees of the Organo Group**

Business Segment	Number of employees	Change from previous fiscal year-end
Water Treatment Engineering Business Unit	1,986	Increase by 42
Performance Products Business Unit	354	Decrease by 26
Company-wide (common)	166	Increase by 14
Total	2,506	Increase by 30

(ii) Employees of the Company

Category	Number of employees	Change from previous fiscal year-end	Average age	Average years of service
Male	880	Decrease by 17	44.2 years old	17.0 years
Female	205	Increase by 12	42.2 years old	14.4 years
Total or average	1,085	Decrease by 5	43.9 years old	16.6 years

(iii) Ratio of female employees out of total managerial positions, rate of childcare leave taken by male employees and gender-based employee wage disparity at the Company

Fiscal year under review				
Ratio of female employees out of total managerial positions (%) (Note 1)	Rate of childcare leave taken by male employees (%) (Note 2)	Gender-based employee wage disparity (%) (Note 1)		
		All employees	Regular employees	Non-regular employees (Note 3)
4.5%	55.3%	68.3%	73.9%	48.5%

- Notes:
1. Calculated based on the provisions of the “Act on the Promotion of Women’s Active Engagement in Professional Life” (Act No. 64 of 2015).
 2. Calculated based on the rate of childcare leave, etc. taken under Article 71, paragraph (4), item (i) of the “Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Ordinance of the Ministry of Labor No. 25 of 1991) based on the “Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Act No. 76 of 1991).
 3. Includes contract and temporary employees. Excludes part-time employees.

(7) Capital investment

The Organo Group’s total outlays for capital investment amounted to ¥1,466 million (including intangible assets) during the fiscal year under review. The two new testing buildings at the Company’s R&D Center that were under construction entered operation in the fiscal year under review.

(8) Financing

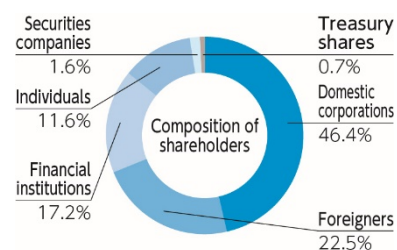
No items to report.

(9) Major lenders (as of March 31, 2023)

Lenders	Amount of Borrowings (Millions of yen)
Mizuho Bank, Ltd.	11,462
MUFG Bank, Ltd	6,230
The Hachijuni Bank, Ltd.	4,970
Sumitomo Mitsui Banking Corporation	3,420
Sumitomo Mitsui Trust Bank, Limited	3,148

2. Shares of the Company (As of March 31, 2023)

- (1) **Total number of authorized shares:** 101,568,000 shares
- (2) **Total number of issued shares:** 46,359,700 shares
(including treasury shares of 337,755 shares)
- (3) **Number of shareholders:** 6,913 shareholders
- (4) **Major shareholders**



Name of shareholder	Number of shares held (Thousands of shares)	Holding ratio (%)
Tosoh Corporation	20,379	44.28
The Master Trust Bank of Japan, Ltd. (Trust account)	4,190	9.11
Custody Bank of Japan, Ltd. (Trust account)	2,317	5.03
DZ PRIVATBANK S.A. RE INVESTMENTFONDS	871	1.89
KBC BANK NV-UCITS CLIENTS NON TREATY	870	1.89
STATE STREET BANK AND TRUST COMPANY 505223	506	1.10
Mizuho Bank, Ltd.	464	1.01
VICTORY TRIVALENT INTERNATIONAL SMALL-CAP FUND	395	0.86
BNYMSANV RE BNYMSANVDUBRE LEGAL (AND) GENERAL UCITS ETF PLC	393	0.85
STATE STREET BANK AND TRUST COMPANY 505253	379	0.82

- Notes:
1. The treasury shares (337,755 shares) are excluded in the calculation of the holding ratio shown above.
 2. 133,040 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)	6,700 shares	6 persons

- 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, 2023, the trust established by the Company held 133,040 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. The Company implemented a share split on October 1, 2022, splitting one common share of the Company into four. However, the number of shares indicated are those at the time of delivery (August 18, 2022).

(6) Other significant matters relating to shares

The Company implemented share split on October 1, 2022, splitting one common share of the Company into four. In line with this, the total number of authorized shares increased by 76,176,000 shares to 101,568,000 shares. Additionally, the total number of issued shares increased by 34,769,775 shares to 46,359,700 shares.

3. Officers

(1) Names etc. of Directors and Audit and Supervisory Board Members (as of March 31, 2023)

Position	Name	Responsibilities and significant concurrent positions outside the Company
Director Chairman of the Board of Directors	Masaki Uchikura	
Director and President (Representative Director) President and Executive Officer	Masayuki Yamada	
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	President of R&D and Engineering, Senior General Manager of R&D Center In charge of Environment, Safety and Quality Assurance Dept., Purchasing and Logistics Dept., and Performance Products Business
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, Corporate Secretariat Office, Global Management and Planning, Legal and Patent Dept., Trade Control Office, and Branches
Director	Mitsutaka Sugata	Executive Officer of Tosoh Corporation Outside Director of MANAC Chemical Partners Co., Ltd.
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
Director	Kenji Hirai	
Audit and Supervisory Board Member (Full-time)	Masahiko Toyoda	
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 SOHGOH LAW OFFICES Outside Audit and 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 Hitoshi Hori retired from his office due to expiration of his term of office at the conclusion of the 77th Ordinary General Meeting of Shareholders held on June 29, 2022.
 - (ii) Mitsutaka Sugata was elected as Director at the 77th Ordinary General Meeting of Shareholders held on June 29, 2022, and assumed his 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:
- Director Keikou Terui resigned from the position of Outside Director of UBE Corporation on June 29, 2022 and from the position of Outside Director of Bridgestone Corporation on March 28, 2023.
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.
7. Executive Officers who are not also Directors are as follows:

Position	Name	Responsibility
Managing Executive Officer	Shin Asano	Deputy President of R&D and Engineering, General Manager of Engineering Center
Managing Executive Officer	Makoto Tomizawa	President of Global Management and Planning, General Manager of Global Management Office, and General Manager of Trade Control Office President of Organo (Singapore) Pte Ltd
Managing Executive Officer	Makoto Kukizaki	President of Performance Products Business and Senior General Manager of Performance Products Business Division
Executive Officer	Katsumi Ohga	General Manager of Legal and Patent Dept.
Executive Officer	Tatsuya Kunieda	General Manager of Global Engineering Center Chairman of Organo (Vietnam) Co., Ltd.
Executive Officer	Ken Shimada	General Manager of Engineering Dept., Engineering Center, R&D and Engineering
Executive Officer	Fusayoshi Akimoto	Deputy President of Corporate Management and Planning and General Manager of Operation Improvement Dept. Representative Director and President of ORGANO ACTY CORPORATION
Executive Officer	Shojiro Koike	Representative Director and President of ORGANO PLANT SERVICE CORPORATION
Executive Officer	Koh Yoshida	Deputy President of Performance Products Business and General Manager of Product Planning and Technology Dept.
Executive Officer	Toru Amemiya	Representative Director and General Manager of Organo Technology Co., Ltd.
Executive Officer	Yoshihiro Tajitsu	Deputy President of Corporate Management and Planning

(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 Masaki Uchikura, Mitsutaka Sugata, 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.

(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 intentionally or by 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.

Percentage breakdown of remuneration to Executive Directors (in the case of the Representative Director and President)



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 5:5 in case the performance evaluation index is at the standard value set by the Board of Directors.

- 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) Resolutions of the General Meeting of Shareholders related to remuneration, etc. to Directors and Audit and Supervisory Board Members

Type of remuneration, etc.	Resolution date	Subject of remuneration	Description	Number of persons at time of resolution
Monetary remuneration, etc.	June 27, 2014	Directors	Within ¥340 million per annum (Of which not more than ¥40 million is for Outside Directors)	10 persons (Out of which 1 person is an Outside Director)
	June 29, 2006	Audit and Supervisory Board Members	Within ¥60 million per annum	4 persons
Non-monetary remuneration, etc. (Medium-to-long-term performance-linked remuneration (shares))	June 28, 2018	Directors (Excluding Non-Executive Directors)	Not more than ¥300 million/162,000 shares per three fiscal years (not more than 54,000 shares per fiscal year)	6 persons

Note: The Company implemented a share split on October 1, 2022, splitting one common share of the Company into four. However, the number of shares making up non-monetary remuneration, etc. (medium-to-long-term performance-linked remuneration (shares)) is stated as that at the time of the resolution (June 28, 2018).

(iii) 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. (Shares)	
		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)	228	102	7	73	52	6
Audit and Supervisory Board Members (excluding Outside Audit and Supervisory Board Members)	18	18	1	—	—	—
Outside Directors	33	33	3	—	—	—
Outside Audit and Supervisory Board Members	19	19	2	—	—	—
Total	299	173	13	73	52	6

- Notes: 1. The above figures include one Director who retired upon the conclusion of the 77th Ordinary General Meeting of Shareholders held on June 29, 2022.
2. The total amount of remuneration, etc. to 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 “(i) 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. (3) 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 “(i) 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. Although Director Masaki Uchikura is included in the number of persons covered for performance linked remuneration, he is excluded from performance linked remuneration from June 29, 2022, because he changed his status from executive Director to non-executive Director at the Board of Directors meeting held after the 77th 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, 2023).” The Company does not have any important dealing or other special relationship with the said organizations where the officers hold significant concurrent positions.

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

Category	Name	Attendance at Board of Directors meetings	Attendance at Audit and Supervisory Board meetings	Attendance at Nomination and Remuneration Advisory Committee meetings
Directors	Motoo Nagai	14/14 (100%)	—	9/9 (100%)
	Keikou Terui	13/14 (93%)	—	9/9 (100%)
	Kenji Hirai	14/14 (100%)	—	9/9 (100%)
Audit and Supervisory Board Members	Wataru Higuchi	14/14 (100%)	15/15 (100%)	—
	Nobuko Hanano	13/14 (93%)	15/15 (100%)	—

Category	Name	Status of Expression of Opinions and Summary of Duties Performed in Relation to the Expected Role
Directors	Motoo Nagai	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, sustainability, information management, internal control, internal audits, 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, in addition to reviewing the organization structure of the Company, he 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.
	Keikou Terui	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, information management, internal control, compliance, 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 the member of the Nomination and Remuneration Advisory Committee, in addition to reviewing the organization structure of the Company, he was responsible in part for the supervisory function in the process of selecting candidates, etc. for the Board of Directors and determining the remuneration, etc. for Directors.
	Kenji Hirai	He has been fulfilling his role appropriately by mainly providing opinions as necessary on such issues as management plans, business strategies, personnel policies, sustainability, technology development strategies, corporate governance, risk management, and employee labor management, 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, in addition to reviewing the organization structure of the Company, he was responsible in part for the supervisory function in the process of selecting candidates, etc. for the Board of Directors and determining the remuneration, etc. for Directors.

Category	Name	Status of Expression of Opinions and Summary of Duties Performed in Relation to the Expected Role
Audit and Supervisory Board Members	Wataru Higuchi	He mainly provided opinions as he saw fit concerning such issues as internal audits, affiliate management, information management, 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	She mainly provided opinions as she saw fit concerning such issues as internal control, internal audits, accounting policies, receivables management, compliance, sustainability, group governance, information management, risk management, affiliate management, and credit management, etc., based on her extensive legal knowledge and experience related to legal operations as a lawyer.

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	¥57 million
Total amount of money and other financial profits to be paid by the Company and its subsidiaries	¥57 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

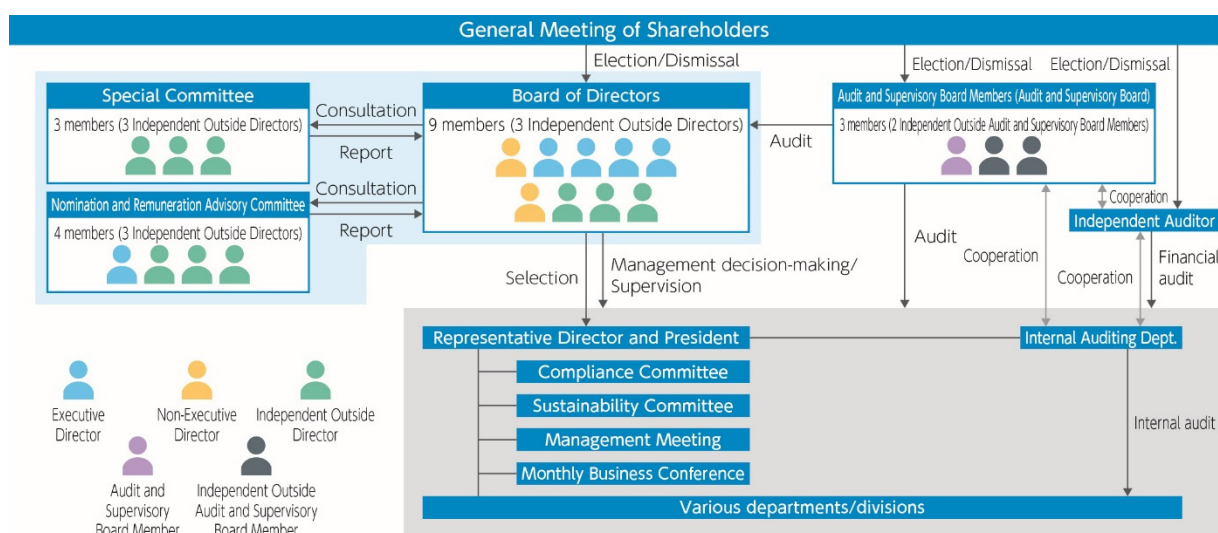
The Company has been engaging in efforts to enhance corporate governance that conforms to the following basic views in order to realize fair and trustworthy management and improve management efficiency.

- 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).

(<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. 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.

d. Special Committee

The Special Committee, which consists solely of three Independent Outside Directors, monitors and supervises issues regarding conflicts of interest between the Company's parent company Tosoh Corporation and its subsidiaries (excluding the Company and its subsidiaries; the "parent company group") and minority shareholders. To adequately protect the interests of minority shareholders, when important transactions, etc. between the parent company group and the Company arise, the Committee deliberates the nature of those transactions, etc. and makes a report to the Board of Directors.

e. Executive Officer System

The Company has introduced an Executive Officer System, and 15 members (in which four 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.

f. 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.

g. 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.

h. Compliance Committee

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

i. 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.

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

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

78th Term (Fiscal Year Ended March 31, 2023)

(Evaluation period of questionnaire: April 2021 to March 2022)

■Main issues

- The Company needs to provide guidance on the policy for measures to protect minority shareholders in conducting transactions, etc. with the controlling shareholder as a prime market listed company with a controlling shareholder. (Disclosure of corporate governance reports required)
- Policy on developing director candidates and method of development requires clarification.
- Deeper discussions required to ensure diversity on the Board of Directors, including the selection of female candidates and foreigner candidates for Director.
- Risk management system needs reinforcement.
- Disclosure of sustainability initiatives required as prime market listing requirement.

■Status of response

- A Special Committee was established to deliberate and review important transactions, etc. with the parent company and its subsidiaries (excluding the Company and its subsidiaries). The Company has secured the independence of this committee by having it solely consist of Independent Outside Directors.
- There will be more opportunities for Executive Officers and General Managers to explain and report on proposals at Board of Directors meetings, as well as new opportunities for Executive Officers to make presentations to the members of the Board of Directors on a topic of their choice, in an effort to develop candidates for Director.
- The Company is in the process of holding discussions to ensure diversity on the Board of Directors, including the selection of female candidates for Director and other measures.

- The Company is identifying key risks and creating risk scenarios, and is improving the group-wide risk management system by taking measures such as the establishment of the Risk Management Office in June 2022 under Corporate Management and Planning and augmenting the staff in the Internal Auditing Dept.
- The Company is reinforcing risk management by monitoring the progress of risk management planning of the Board of Directors and the internal meetings.
- After holding discussions with the Sustainability Committee, the Company identified issues of materiality in May 2022 and established the sustainability policy the following month. At the end of November 2022, the Board of Directors determined the KPIs and goals. Currently, the Company is implementing initiatives to achieve sustainability management.

(2) Basic policy on control of the Company

The Company has not particularly prescribed a basic policy regarding the nature of parties that control the determination of the finance and business policy of the Company.

(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 Financial Statements

Consolidated Balance Sheet (As of March 31, 2023)

(Millions of yen)

Item	Amount	Item	Amount
Assets		Liabilities	
Current assets	136,765	Current liabilities	68,738
Cash and deposits	15,558	Notes and accounts payable - trade	20,904
Notes receivable - trade	1,026	Electronically recorded obligations - operating	4,640
Accounts receivable - trade	39,470	Short-term borrowings	29,124
Electronically recorded monetary claims - operating	2,826	Income taxes payable	3,014
Contract assets	32,359	Contract liabilities	3,007
Investments in leases	9,853	Provision for bonuses	1,594
Merchandise and finished goods	7,165	Provision for product warranties	548
Work in process	21,886	Provision for loss on construction contracts	512
Raw materials and supplies	1,744	Provision for share awards for Directors (and other officers)	105
Other	4,891	Other	5,284
Allowance for doubtful accounts	(17)	Non-current liabilities	9,744
Non-current assets	28,088	Long-term borrowings	3,895
Property, plant and equipment	20,795	Deferred tax liabilities	91
Buildings and structures	6,078	Retirement benefit liability	5,511
Machinery, equipment and vehicles	1,129	Other	245
Land	12,296	Total liabilities	78,483
Construction in progress	118	Net assets	
Other	1,171	Shareholders' equity	84,123
Intangible assets	949	Share capital	8,225
Investments and other assets	6,343	Capital surplus	7,508
Investment securities	2,430	Retained earnings	69,002
Retirement benefit assets	815	Treasury shares	(613)
Deferred tax assets	2,673	Accumulated other comprehensive income	2,047
Other	596	Valuation difference on available-for-sale securities	539
Allowance for doubtful accounts	(171)	Deferred gains or losses on hedges	(2)
		Foreign currency translation adjustment	1,191
		Remeasurements of defined benefit plans	317
		Non-controlling interests	201
		Total net assets	86,371
Total assets	164,854	Total liabilities and net assets	164,854

Consolidated Statement of Income (From April 1, 2022 to March 31, 2023)

(Millions of yen)

Item	Amount	
Net sales		132,426
Cost of sales		97,449
Gross profit		34,976
Selling, general and administrative expenses		19,763
Operating profit		15,212
Non-operating income		
Interest and dividend income	80	
Foreign exchange gains	559	
Share of profit of entities accounted for using equity method	208	
Other	130	978
Non-operating expenses		
Interest expenses	159	
Other	10	170
Ordinary profit		16,020
Extraordinary income		
Gain on sales of non-current assets	5	
Gain on sales of investment securities	40	46
Extraordinary losses		
Loss on sales of non-current assets	0	
Loss on abandonment of non-current assets	28	
Loss on sale of investment securities	1	31
Profit before income taxes		16,035
Income taxes - current	4,628	
Income taxes - deferred	(357)	4,270
Profit		11,764
Profit attributable to non-controlling interests		34
Profit attributable to owners of parent		11,730

Non-consolidated Financial Statements

Balance Sheet (As of March 31, 2023)

(Millions of yen)

Item	Amount	Item	Amount
Assets		Liabilities	
Current assets	97,632	Current liabilities	46,999
Cash and deposits	6,130	Notes payable - trade	327
Notes receivable - trade	933	Accounts payable - trade	10,941
Accounts receivable - trade	30,360	Electronically recorded obligations - operating	3,823
Electronically recorded monetary claims - operating	2,826	Short-term borrowings	20,900
Contract assets	14,295	Current portion of long-term borrowings	1,700
Investments in leases	9,966	Accounts payable - other	1,422
Merchandise and finished goods	5,669	Income taxes payable	1,813
Work in process	20,276	Contract liabilities	616
Raw materials and supplies	1,156	Deposits received	1,298
Advance payments - trade	2,206	Provision for bonuses	1,115
Prepaid expenses	316	Provision for product warranties	460
Short-term loans receivable	2,612	Provision for loss on construction contracts	538
Other	902	Provision for share awards for Directors (and other officers)	105
Allowance for doubtful accounts	(19)	Other	1,935
Non-current assets	27,603	Non-current liabilities	9,411
Property, plant and equipment	20,019	Long-term borrowings	3,895
Buildings	5,355	Provision for retirement benefits	5,422
Structures	259	Other	94
Machinery and equipment	1,059	Total liabilities	56,411
Vehicles	6	Net assets	
Tools, furniture and fixtures	1,023	Shareholders' equity	68,358
Land	12,194	Share capital	8,225
Construction in progress	118	Capital surplus	7,508
Intangible assets	860	Legal capital surplus	7,508
Software	781	Other capital surplus	0
Other	78	Retained earnings	53,238
Investments and other assets	6,724	Legal retained earnings	832
Investment securities	935	Other retained earnings	52,405
Shares of subsidiaries and associates	2,548	Reserve for dividends	140
Guarantee deposits	106	Reserve for research and development	90
Prepaid pension costs	462	Reserve for tax purpose reduction entry of non-current assets	494
Deferred tax assets	2,468	Reserve for special account for tax purpose reduction entry of non-current assets	17
Other	375	General reserve	35,065
Allowance for doubtful accounts	(171)	Retained earnings brought forward	16,597
		Treasury shares	(613)
		Valuation and translation adjustments	465
		Valuation difference on available-for-sale securities	467
		Deferred gains or losses on hedges	(2)
		Total net assets	68,824
Total assets	125,235	Total liabilities and net assets	125,235

Statement of Income (From April 1, 2022 to March 31, 2023)

(Millions of yen)

Item	Amount	
Net sales		78,387
Cost of sales		53,998
Gross profit		24,389
Selling, general and administrative expenses		15,555
Operating profit		8,834
Non-operating income		
Interest and dividend income	1,803	
Rental income from non-current assets	309	
Other	269	2,382
Non-operating expenses		
Interest expenses	70	
Depreciation	91	
Property tax	25	
Other	2	190
Ordinary profit		11,026
Extraordinary income		
Gain on sales of non-current assets	0	
Gain on sales of investment securities	40	41
Extraordinary losses		
Loss on sales of non-current assets	0	
Loss on abandonment of non-current assets	26	
Loss on sale of investment securities	1	
Loss on valuation of shares of subsidiaries and associates	49	78
Profit before income taxes		10,988
Income taxes - current	2,709	
Income taxes - deferred	(313)	2,395
Profit		8,593

Figures are rounded down to the nearest unit.

Audit Report

(English translation)

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

Independent Auditor's Report

May 9, 2023

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

Koichi Hamaguchi
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, 2023 and for the year from April 1, 2022 to March 31, 2023 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, 2023

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

Koichi Hamaguchi
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, 2023 and for the year from April 1, 2022 to March 31, 2023 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 78th fiscal year from April 1, 2022 to March 31, 2023, 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, 2023

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]

**78th Ordinary General Meeting of Shareholders
Other Matters Subject to Measures for Electronic Provision
(Matters Excluded From Delivered Paper-based Documents)**

78th fiscal year
(From April 1, 2022 to March 31, 2023)

- (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

<p>In accordance with the provisions of laws and regulations and the Company's Articles of Incorporation, the above matters (i) through (iii) are excluded from the paper-based documents delivered to shareholders who have made a request for delivery of such documents.</p>

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 Company establishes and operates a system of internal control over financial reporting, including the establishment of an internal control policy for financial reporting and the establishment of an Internal Control Division, and evaluates this system.
- (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 serve 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 has a systematic approach to promoting compliance to ensure that all officers and employees are aware of laws and regulations and internal rules with which they must comply. More specifically, the Company distributes the Organo Group Company Code of Conduct Card to its employees to conduct education, as well as conducts education (e-learning) on harassment prevention, corporate ethics and compliance, and provides hierarchical patent and legal education programs and training on contracts, so as to raise awareness of compliance.

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

The Company has established a BCP (Business Continuity Plan) to minimize loss or disadvantage suffered by the Company and group companies. 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 leads 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 14 meetings of the Board of Directors, 21 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 2022 and March 2023, 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, 2022 to March 31, 2023)

(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	59,619	(734)	74,617
Changes during period					
Dividends of surplus	-	-	(2,347)	-	(2,347)
Profit attributable to owners of parent	-	-	11,730	-	11,730
Purchase of treasury shares	-	-	-	(4)	(4)
Disposal of treasury shares	-	0	-	125	125
Net changes in items other than shareholders' equity	-	-	-	-	-
Total changes during period	-	0	9,383	121	9,505
Balance at end of period	8,225	7,508	69,002	(613)	84,123

	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	434	(0)	575	208	1,218	168	76,004
Changes during period							
Dividends of surplus	-	-	-	-	-	-	(2,347)
Profit attributable to owners of parent	-	-	-	-	-	-	11,730
Purchase of treasury shares	-	-	-	-	-	-	(4)
Disposal of treasury shares	-	-	-	-	-	-	125
Net changes in items other than shareholders' equity	104	(2)	616	109	828	32	861
Total changes during period	104	(2)	616	109	828	32	10,366
Balance at end of period	539	(2)	1,191	317	2,047	201	86,371

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 to which the equity method was not applied would give only a minimal impact on the consolidated financial statements when removed, judging from profit or loss (based on the Company's ownership percentage), retained earnings (based on the Company's ownership percentage) and the like, and they are not material as a whole, they are removed from the scope to which the equity method is applied.

(3) Fiscal year-end of consolidated subsidiaries

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.

- (4) 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 differences 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 awards 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 awards 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 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 ¥96,380 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 ¥67,959 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.

3. Notes to the consolidated balance sheet

- | | |
|--|-----------------|
| (1) Accumulated depreciation for property, plant and equipment | ¥23,341 million |
| (2) Contingent liabilities | |
| Guarantee obligation for bank loans of employees | ¥0 million |

4. Notes to the consolidated statement of changes in equity

(1) Total number of shares issued

Class of shares	Number of shares at beginning of period (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	34,769	-	46,359

Note: The Company implemented a share split on October 1, 2022, splitting one common share into four, which increased the total number of issued shares by 34,769 thousand shares.

(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	135	353	17	470

Notes: 1. The Company implemented a share split on October 1, 2022, splitting one common share into four.

2. The increase of 353 thousand shares in the number of treasury shares reflects the increase of 352 thousand shares due to the share split and the increase of 0 thousand shares due to the purchase of shares less than one unit.

3. The decrease of 17 thousand shares in the number of treasury shares reflects the decrease of 17 thousand shares due to the delivery of the Company's share held by the Officer Share Delivery Trust and the decrease of 0 thousand shares due to the sale of shares less than one unit.

4. The number of treasury shares at the end of the fiscal year under review includes 133 thousand shares of the Company held by the Officer Share Delivery Trust.

(3) Dividends of surplus

(i) Dividends paid, etc.

- | | |
|--|----------------|
| a. Dividends resolved at the 77th Ordinary General Meeting of Shareholders held on June 29, 2022 | |
| • Total dividends: | ¥1,012 million |
| • 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.

- b. Dividends resolved at the meeting of the Board of Directors held on October 31, 2022
- Total dividends: ¥1,334 million
 - Dividend per share: ¥116
 - Record date: September 30, 2022
 - Effective date: December 5, 2022
- Notes 1. Total dividends include ¥3 million in dividends for shares of the Company held by the Officer Share Delivery Trust.
2. Dividend per share is shown as the amount before the share split on October 1, 2022, since the record date is September 30, 2022.
- (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 78th Ordinary General Meeting of Shareholders, scheduled for June 29, 2023.
- Total dividends: ¥1,518 million
 - Source of dividends: Retained earnings
 - Dividend per share: ¥33
 - Record date: March 31, 2023
 - Effective date: June 30, 2023
- Note Total dividends include ¥4 million in dividends for shares of the Company held by the Officer Share Delivery Trust.

5. Notes to financial instruments

(1) Status of financial instruments

(i) Policy for handling financial instruments

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

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

(ii) Details of financial instruments and associated risks

Notes receivable - trade, accounts receivable - trade, electronically recorded monetary claims - operating 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 (4) Accounting policies (v) Method of significant hedge accounting” previously described.

(iii) Management system for risks associated with financial instruments

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

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

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

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

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

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

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

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

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

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

(iv) Supplemental remarks on fair values of financial instruments

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, 32.6% are those from the top three companies.

(2) Fair value of financial instruments

Amount on the consolidated balance sheet as of March 31, 2023, 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	39,470	39,470	(0)
(ii) Investments in leases	9,853	10,547	693
(iii) Investment securities	1,045	1,045	-
Total assets	50,370	51,063	693
(i) Long-term borrowings (including current portion of long-term borrowings)	5,595	5,565	(29)
Total liabilities	5,595	5,565	(29)
Derivatives [*]	(2)	(2)	-

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

Note Shares, etc. without market prices

(Millions of yen)

Category	Amounts on consolidated balance sheet
Unlisted shares	1,384

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	1,045	-	-	1,045
Total assets	1,045	-	-	1,045
Derivatives				
Currency derivatives	-	2	-	2
Total liabilities	-	2	-	2

(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	-	39,470	-	39,470
Investments in leases	-	10,547	-	10,547
Total assets	-	50,018	-	50,018
Long-term borrowings (including current portion of long-term borrowings)	-	5,565	-	5,565
Total liabilities	-	5,565	-	5,565

(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.

6. 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	59,825	19,535	79,360	79,360
Taiwan	23,264	239	23,504	23,504
China	11,277	413	11,691	11,691
Southeast Asia	9,634	583	10,217	10,217
Other	4,163	53	4,216	4,216
Revenue from contracts with customers	108,165	20,824	128,989	128,989
Other revenue	3,436	-	3,436	3,436
Sales to external customers	111,601	20,824	132,426	132,426

(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 are 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)	27,835
Receivables from contracts with customers (balance at end of period)	42,033
Contract assets (balance at beginning of period)	25,584
Contract assets (balance at end of period)	32,359
Contract liabilities (balance at beginning of period)	1,820
Contract liabilities (balance at end of period)	3,007

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 ¥1,654 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 ¥90,607 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 64% is expected to be recognized as revenue within one year after the last day of the period, and of the remaining approximately 36%, approximately 35% within two years that follow, and approximately 1% thereafter.

7. Notes to per share information

Net assets per share	¥1,877.80
Basic earnings per share	¥255.77

Notes 1. The Company implemented a share split on October 1, 2022, splitting one common share into four.

Basic earnings per share have been calculated as if the aforementioned share split had been carried out at the beginning 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 (133 thousand shares at the end of the fiscal year under review).
3. When calculating basic earnings per share, common shares of the Company held by the Officer Share Delivery Trust have been included in treasury shares excluded from the calculation of the average number of shares during the period (158 thousand shares in the fiscal year under review).

8. Significant subsequent events

Not applicable.

Statement of Changes in Equity
(From April 1, 2022 to March 31, 2023)

(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	46,159	(734)	61,990
Changes during period							
Dividends of surplus	-	-	-	-	(2,347)	-	(2,347)
Profit	-	-	-	-	8,593	-	8,593
Provision of reserve for tax purpose reduction entry of non-current assets	-	-	-	-	-	-	-
Reversal of reserve for tax purpose reduction entry of non-current assets	-	-	-	-	-	-	-
Reversal of reserve for special account for tax purpose reduction entry of non-current assets	-	-	-	-	-	-	-
Provision of general reserve	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	-	(4)	(4)
Disposal of treasury shares	-	-	0	-	-	125	125
Net changes in items other than shareholders' equity	-	-	-	-	-	-	-
Total changes during period	-	-	0	-	6,246	121	6,367
Balance at end of period	8,225	7,508	0	832	52,405	(613)	68,358

(Millions of yen)

	Valuation and translation adjustments			Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of period	370	-	370	62,361
Changes during period				
Dividends of surplus	-	-	-	(2,347)
Profit	-	-	-	8,593
Provision of reserve for tax purpose reduction entry of non-current assets	-	-	-	-
Reversal of reserve for tax purpose reduction entry of non-current assets	-	-	-	-
Reversal of reserve for special account for tax purpose reduction entry of non-current assets	-	-	-	-
Provision of general reserve	-	-	-	-
Purchase of treasury shares	-	-	-	(4)
Disposal of treasury shares	-	-	-	125
Net changes in items other than shareholders' equity	96	(2)	94	94
Total changes during period	96	(2)	94	6,462
Balance at end of period	467	(2)	465	68,824

(Components of other retained earnings)

(Millions of yen)

	Reserve for dividends	Reserve for research and develop- ment	Reserve for tax purpose reduction entry of non- current assets	Reserve for special account for tax purpose reducti- on entry of non- current assets	General reserve	Retained earnings brought forward	Total
Balance at beginning of period	140	90	30	494	30,065	15,338	46,159
Changes during period							
Dividends of surplus	-	-	-	-	-	(2,347)	(2,347)
Profit	-	-	-	-	-	8,593	8,593
Provision of reserve for tax purpose reduction entry of non-current assets	-	-	477	-	-	(477)	-
Reversal of reserve for tax purpose reduction entry of non-current assets	-	-	(13)	-	-	13	-
Reversal of reserve for special account for tax purpose reduction entry of non-current assets	-	-	-	(477)	-	477	-
Provision of general reserve	-	-	-	-	5,000	(5,000)	-
Purchase of treasury shares	-	-	-	-	-	-	-
Disposal of treasury shares	-	-	-	-	-	-	-
Net changes in items other than shareholders' equity	-	-	-	-	-	-	-
Total changes during period	-	-	464	(477)	5,000	1,259	6,246
Balance at end of period	140	90	494	17	35,065	16,597	52,405

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 differences 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 awards 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 awards 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 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 ¥46,228 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 ¥26,417 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 “2. Notes to accounting estimates” of Notes to Consolidated Financial Statements.

3. Notes to the non-consolidated balance sheet

(1) Accumulated depreciation for property, plant and equipment	¥22,029 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.	¥2,545 million
Organo Technology Co., Ltd.	¥3,197 million
Performance bonds	
Organo (Asia) Sdn. Bhd.	¥816 million
Organo (Suzhou) Water Treatment Co., Ltd.	¥3,141 million
Organo Technology Co., Ltd.	¥23 million
Organo (Vietnam) Co., Ltd.	¥464 million
(3) Monetary claims and obligations to subsidiaries and associates	
Short-term monetary claims	¥7,407 million
Short-term monetary obligations	¥6,539 million
Long-term monetary obligations	¥77 million

4. Notes to the non-consolidated statement of income

Total transactions with subsidiaries and associates	
Operating transactions (income)	¥6,467 million
Operating transactions (payment)	¥19,649 million
Transactions other than operating transactions (income)	¥2,075 million
Transactions other than operating transactions (payment)	¥8 million

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

Number of treasury shares

Class of shares	Number of shares at beginning of period (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	135	353	17	470

- Notes:
1. The Company implemented a share split on October 1, 2022, splitting one common share into four.
 2. The increase of 353 thousand shares in the number of treasury shares reflects the increase of 352 thousand shares due to the share split and the increase of 0 thousand shares due to the purchase of shares less than one unit.
 3. The decrease of 17 thousand shares in the number of treasury shares reflects the decrease of 17 thousand shares due to the delivery of the Company's share held by the Officer Share Delivery Trust and the decrease of 0 thousand shares due to the sale of shares less than one unit.
 4. The number of treasury shares at the end of the fiscal year under review includes 133 thousand shares of the Company held by the Officer Share Delivery Trust.

6. Note to tax-effect accounting

Breakdown of deferred tax assets and liabilities by main cause

	(Millions of yen)
Deferred tax assets	
Provision for bonuses	341
Enterprise tax payable	126
Provision for retirement benefits	1,659
Provision for product warranties	141
Provision for loss on construction contracts	164
Provision for share awards for directors (and other officers)	32
Testing and research facilities	63
Allowance for doubtful accounts	58
Loss on valuation of right to use facilities	59
Loss on valuation of shares of subsidiaries and associates	308
Other	450
Subtotal deferred tax assets	3,406
Valuation allowance	(364)
Total deferred tax assets	3,041
Deferred tax liabilities	
Valuation difference on available-for-sale securities	(206)
Prepaid pension costs	(141)
Reserve for tax purpose reduction entry of non-current assets	(218)
Reserve for special account for tax purpose reduction entry of non-current assets	(7)
Total deferred tax liabilities	(573)
Net deferred tax assets	2,468

7. Note to transactions with related parties

Subsidiaries

Name of the company	Location	Share capital	Voting rights ownership ratio	Relationship with related parties	Details of transaction	Transaction amount (Millions of yen)	Item	Balance at end of period (Millions of yen)
ORGANO PLANT SERVICE CORPORATION	Bunkyo-ku, Tokyo	¥93 million	Direct ownership 100.0%	Installation of various types of water treatment systems and ordering of supervision services Dispatching of officers	Installation of various types of water treatment systems and ordering of supervision services	6,623	Accounts payable - trade	1,480
ORGANO ECO TECH CORPORATION	Koto-ku, Tokyo	¥50 million	Direct ownership 100.0%	Ordering of various types of wastewater treatment systems and related construction Dispatching of officers	Ordering of various types of wastewater treatment systems and related construction	6,654	Accounts payable - trade	3,300
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	5,687	-	-
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	3,079	Accounts receivable - trade	3,691
					Collection of loans receivable	2,069	Contract assets	2,317
					Debt guarantees	3,220	Short-term loans receivable	-
							-	-

- 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 are reasonably determined taking interest rates on the market into account.
 3. The Company provides debt guarantees on their loans from financial institutions. The Company does not receive guarantee fees.

8. 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 “6. Notes to revenue recognition” of Notes to Consolidated Financial Statements.

9. Notes to per share information

Net assets per share	¥1,499.80
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Basic earnings per share	¥187.36
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- Notes
1. The Company implemented a share split on October 1, 2022, splitting one common share into four. Basic earnings per share have been calculated as if the aforementioned share split had been carried out at the beginning 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 (133 thousand shares at the end of the fiscal year under review).
 3. When calculating basic earnings per share, common shares of the Company held by the Officer Share Delivery Trust have been included in treasury shares excluded from the calculation of the average number of shares during the period (158 thousand shares in the fiscal year under review).

10. Significant subsequent events

Not applicable.

Figures are rounded down to the nearest unit.