

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.

Sustainability Policy

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

E

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

S

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

G

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

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.

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

Message from the President



Aiming for a new stage by improving productivity through the strengthening of human capital and operational reform

Masayuki Yamada

Representative Director and President
President and Executive Officer
ORGANO CORPORATION

❖ Key Points in Organo Group Report 2024

The Organo Group has been tackling a host of water and environmental issues, and leveraging its cutting-edge technologies to contribute to the development of industry and social infrastructure. The Group's performance continues to improve steadily, and earnings are on the rise. While we expect demand to remain favorable—especially in the electronics industry—we must aim for further growth and prepare for the next 10 to 20 years now while our business performance is strong. We are at a crucial point where we need to make changes to transition to a new stage for the Group. Under the Medium-Term Management Plan (2024–2026), we have committed ourselves to proactively implementing the investment and initiatives necessary for the Group's growth, including streamlining operations, strengthening human capital, enhancing our IT infrastructure, fostering a comfortable workplace environment, developing new Service Solutions business, and promoting business in newly developed regions. Moreover, our strengthened sustainability

activities align with the Group's water-related business, and we will continue to aggressively proceed with these efforts, focusing on how we as a Group can contribute and provide value to our customers and society. And we expect the increasingly complex global situation to impact the business environment in various ways, including geopolitical risks and supply chain disruptions. While preparing for risks, we will take those we deem necessary, and work together as a Group to address challenges and attempt to capitalize on business opportunities to further grow as a company that contributes to society.

This report provides expanded information on the Group's long-term vision and how it creates value. It offers expanded information regarding sustainability based on our human capital strategies and Task Force on Climate-Related Financial Disclosures (TCFD) recommendations. We hope that this report provides all of our stakeholders with a better understanding of the Group.

❖ Looking Back on FY2023 and Ahead to the Medium-Term Management Plan (2024–2026)

In FY2023, despite a decrease of 16.7% in orders received year on year to ¥144.4 billion, we achieved record earnings, with net sales of ¥150.3 billion and operating profit of ¥22.5 billion. This was primarily attributable to continued robust demand for water treatment facilities for semiconductor manufacturing in Japan and overseas. The Group formulated its three-year medium-term management plan on a rolling basis based on Long-Term Management Plan ORGANO 2030. Under the Medium-Term Management Plan (2024–2026), we aim to achieve net sales of ¥175.0 billion and operating profit of ¥26.0 billion in FY2026. The global semiconductor market is forecast to reach US\$1 trillion by 2030, and from an economic security perspective, semiconductor manufacturing regions are expected to grow worldwide.

The Group is working to improve its water treatment plant delivery capacity and strengthen its business portfolio to achieve the goals of its medium-term management plan and ensure further growth. To

improve plant delivery capacity, we will enhance productivity by strengthening our workforce and streamlining engineering operations. To strengthen our business portfolio, we are working on new Service Solutions business initiatives and strengthening worldwide deployment.

With regard to reinforcing personnel, in addition to hiring new graduates and experienced workers, we also need to actively recruit overseas talent. We have already established the Global Engineering Center in Vietnam and are strengthening our workforce through personnel training. In addition, we will further strengthen our cooperative relationships with partner companies. In addition to promoting data usage by developing IT infrastructure, streamlining business systems will also play a major role in improving the efficiency of engineering operations. One such measure was the start of a strategic capital and business alliance with LIGHTz Inc., which provides AI for technology transfer, in June 2024. Through this business alliance, we will transform our engineering

Message from the President

operational structure and pass on our superior plant engineering technologies. To create new Service Solutions business, it is essential to expand the scope of business by extending our reach to new markets and technologies beyond our current business development. We are aware that becoming complacent with the status quo and neglecting to strengthen our business portfolio will halt the growth of the Company. We will leverage the technologies the Group has developed over the years, such as heat-free purification of organic solvents, to develop new products and services that also contribute to the environment. Another strength of the Group is our broad customer base. We aim to achieve further growth by providing new value to customers in a host of industries such as electronics; infrastructure industry, including electric power and water supply and

Achieving Long-Term Management Plan ORGANO 2030

In an era of rapid change and an uncertain future, it is important for the entire Group to be unified in its thinking and direction. In 2020, after having reflected on our management philosophy, we formulated Long-Term Management Plan ORGANO 2030 which sets out our vision for the company. Under ORGANO 2030, we aim to build a stable earnings structure with net sales of ¥200 billion or more, operating profit ratio of 15% or more, and ROE of 12% or more by FY2030. From there, we use backcasting to set our medium-term management plan each year on a rolling basis. In FY2023, we achieved our goals, recording operating profit ratio of 15% and ROE of 18%, and by steadily implementing planned measures, such as further streamlining our engineering operations, we believe we can reach net sales of ¥200 billion. Looking even beyond 2030, we will anticipate and prepare for risks, while aggressively implementing further investments and taking risks we deem necessary with

Human Resource Strategy

To further develop the Group's domestic and overseas businesses, we must hire diverse talent and strengthen our training structure. To increase the

sewage; general, encompassing pharmaceuticals, chemicals, and food products, as well as research institutions and convenience stores. One part of these efforts is leveraging water treatment technology to develop services to reuse wastewater and recover valuable materials, as well as labor-saving service solutions such as remote monitoring systems that utilize data. To expand business overseas, we are actively developing operations in China and Taiwan, which account for approximately 70% of our overseas sales, as well as in Malaysia, where the electronics industry has seen significant investment in recent years. We entered the U.S. market in 2021, and in line with the Medium-Term Management Plan (2024–2026), we are working to establish a business structure and preparing to construct a business portfolio there.

the aim of becoming a stronger company. Under ORGANO 2030, to achieve further long-term growth, we will strengthen our existing businesses and expand into new areas while incorporating inorganic business growth strategies such as M&A. With regard to our search for the seeds of new business, we have several projects underway, centered on younger employees. We want to encourage and support their enthusiasm to take on new challenges. In terms of overseas business, our top priorities are establishing a stable business structure and building a business portfolio in the U.S. We will also strengthen our presence in China, Taiwan, and Southeast Asia, while taking into consideration geopolitical risks such as friction between China and the U.S. In addition, we will examine further strengthening our geographic portfolio by promoting overseas business in newly developed regions such as India and Europe.

diversity of our human resources, we will increase the proportion of female managers and actively recruit local talent in overseas businesses. In an effort to

strengthen our training structure, we plan to increase investment in human resource education and introduce the latest training facilities for engineering operations. In addition, we will continue to implement measures toward creating a comfortable workplace environment and improving employee motivation and engagement, a focus of ours for some time. We value open communication among employees and believe it is important to have a corporate culture where opinions can be freely and openly exchanged. Last year, I held 10 open discussions with around 50 managers to exchange opinions on the future and current situation of the Company. It was inspiring to

Practicing Sustainability Management

The Organo Group's business itself plays a key role in the realization of sustainability in society. The basis of Organo's sustainability efforts is our contribution to environmental preservation and the mitigation of global warming, primarily by improving water quality, using our advanced technologies. One important facet of these efforts is the purification technology the Group provides which features the use of ion exchange resin for ultrapure water production which, unlike the conventional distillation method that uses heat, significantly contributes to reducing CO₂. We focus on R&D of environmentally-friendly products and services, including water purification and reuse and recovery of valuable materials from wastewater. On the environmental side, we are working to reduce Scope 1, 2, and 3 emissions as part of our alignment with TCFD recommendations. The Group delivers large-scale

To Our Stakeholders

While the Group continues to perform well, we refuse to rest on our laurels. To achieve even greater growth in 2030, 2040, and beyond, we will invest in strengthening human capital, the foundation of our business, and streamlining operations. At the same time, we will carefully monitor the direction of our business growth while investing in human capital, R&D, and digital technologies. We will take on challenging new business ventures and actively formulate organic

hear the thoughts and enthusiasm of employees from their perspectives as people in responsible positions. The Company's performance has improved over the past several years, and our employees have become more confident than ever before. During these discussions, while I felt there was enthusiasm to be able to do new things, it was also pointed out that it can be difficult to take on new challenges amongst the hustle and bustle of everyday work. Under the new Medium-Term Management Plan (2024–2026), we will work to strengthen our workforce and training, while working together as a group to streamline operations and improve productivity.

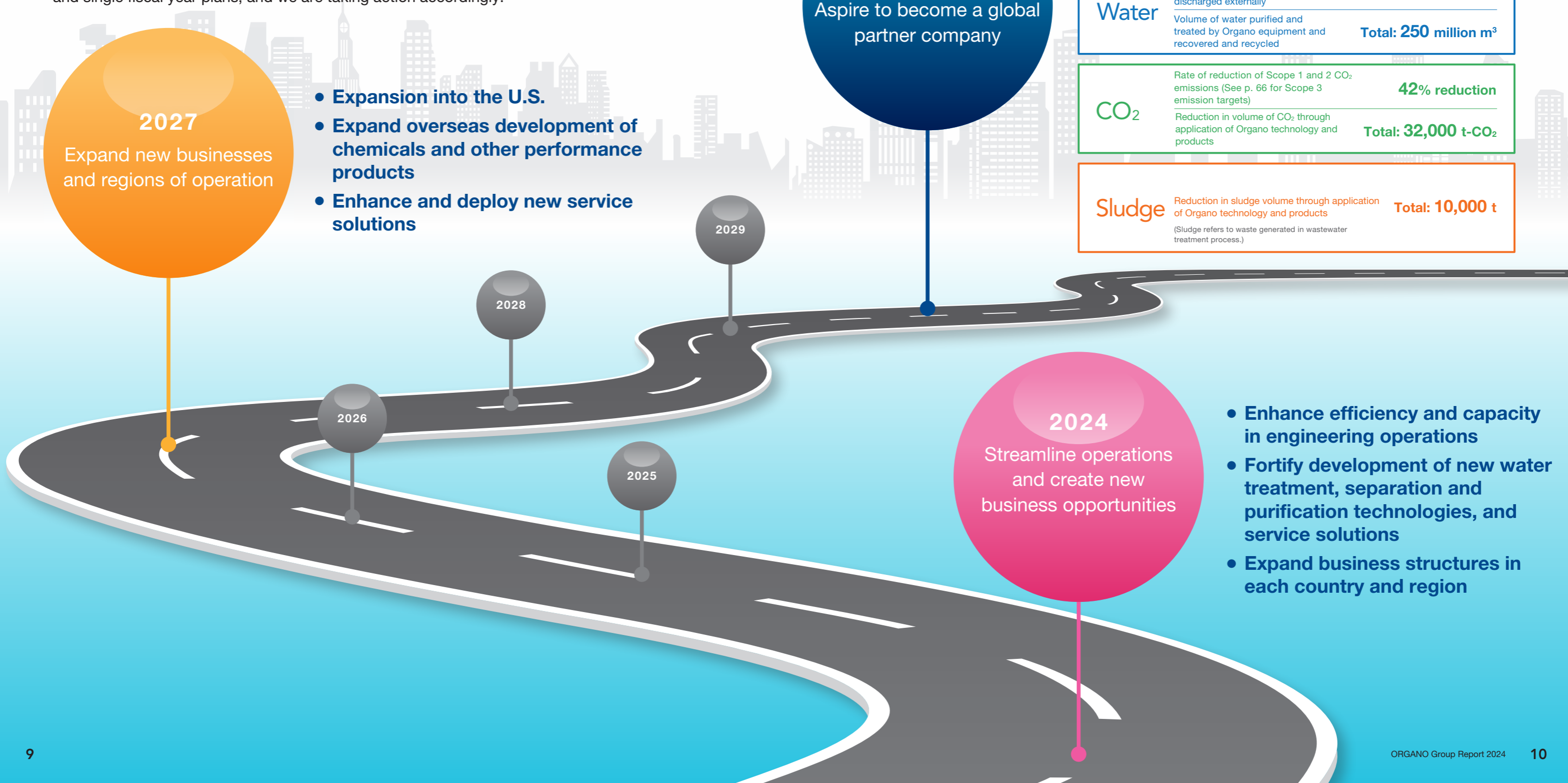
equipment, so visualizing and reducing Scope 3 emissions presents significant challenges, and an issue going forward will be deciding what metric to employ in managing them. We established a Risk Management Committee that identifies the Group's risks and uses a four-quadrant matrix to classify them into operational, investment, emergent, and business strategy execution risks. The Committee then evaluates the impact and likelihood of realization and uncertainty for each classification, and the Group proceeds with countermeasures as necessary. In addition to formulating a business continuity plan (BCP) to minimize damage and ensure business continuity in the event of a large-scale disaster such as a major earthquake, we are working to improve the effectiveness of our BCP by preparing for emergency situations and implementing education and training.

and inorganic growth strategies to achieve sustainable growth. We will also actively implement initiatives to provide solutions toward realizing a sustainable society. Going forward, the Group will continue to work together to become a company that meets the expectations of all its stakeholders. We thank you for your continued understanding and support.



Long-Term Management Plan ORGANO 2030

We have been discussing how to bring our management philosophy and Long-Term Management Vision to fruition and how we envision the role of the Group in the future social environment. Based on these discussions, we are incorporating our Long-Term Management Plan ORGANO 2030, which we formulated in FY2020, into our medium-term management plan and single fiscal year plans, and we are taking action accordingly.



2027
Expand new businesses and regions of operation

- Expansion into the U.S.
- Expand overseas development of chemicals and other performance products
- Enhance and deploy new service solutions

2030
Aspire to become a global partner company

- Aspire to be a partner of top companies in the advanced semiconductor field
- Aspire to be the company of choice for water treatment chemicals and functional materials in differentiated specified fields
- Achieve sustainability goals

○ Financial performance targets for FY2030

| | |
|------------------------|-----------------------|
| Net sales | ¥200 billion |
| Operating profit | ¥30 billion |
| Operating profit ratio | 15% |
| ROE | stable at 12% or more |

○ Sustainability goals (FY2030)

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|-----------------------|--|---|
| Water | Volume of wastewater purified and treated by Organo equipment and discharged externally | Total: 60 million m³ |
| | Volume of water purified and treated by Organo equipment and recovered and recycled | Total: 250 million m³ |
| CO₂ | Rate of reduction of Scope 1 and 2 CO ₂ emissions (See p. 66 for Scope 3 emission targets) | 42% reduction |
| | Reduction in volume of CO ₂ through application of Organo technology and products | Total: 32,000 t-CO₂ |
| Sludge | Reduction in sludge volume through application of Organo technology and products <small>(Sludge refers to waste generated in wastewater treatment process.)</small> | Total: 10,000 t |

2024
Streamline operations and create new business opportunities

- Enhance efficiency and capacity in engineering operations
- Fortify development of new water treatment, separation and purification technologies, and service solutions
- Expand business structures in each country and region