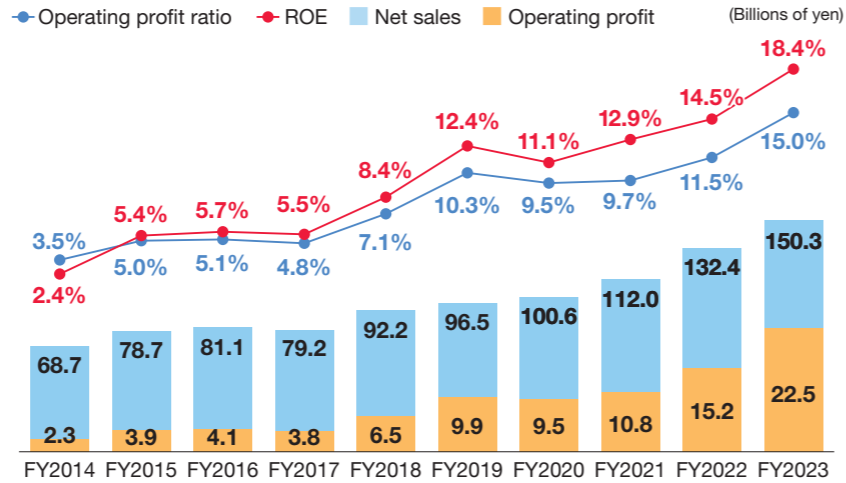


Medium-Term Management Plan (2024–2026)

Review of the Past 10 Years

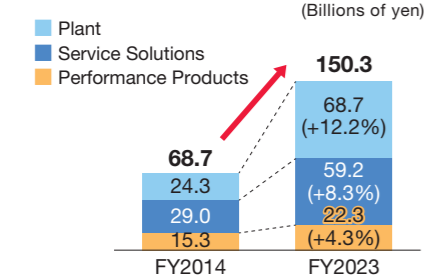
Compared to FY2014, performance in FY2023 recorded dramatic growth, with net sales more than doubling and operating profit growing tenfold, ushering in a new stage.

- Sales of Service Solutions and Performance Products grew in line with increased Plant Division sales.
- Both in Japan and overseas, sales grew primarily in the electronics industry. Overseas, there was growth particularly in countries such as Taiwan, China, and Malaysia.
- In addition to growing sales of Service Solutions and Performance Products, improved profitability of Plant Division projects was also a contributing factor.

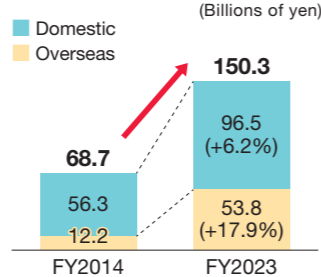


Sales Composition Comparison (figures in parentheses are CAGR)

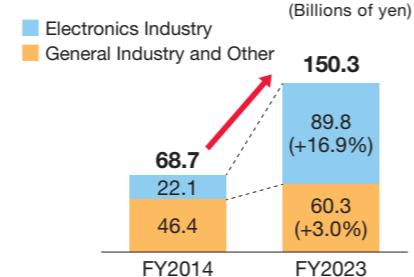
Business field comparison



Region Comparison



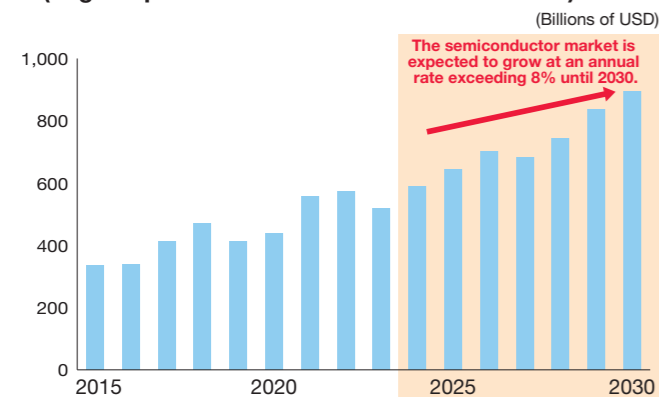
Market Comparison



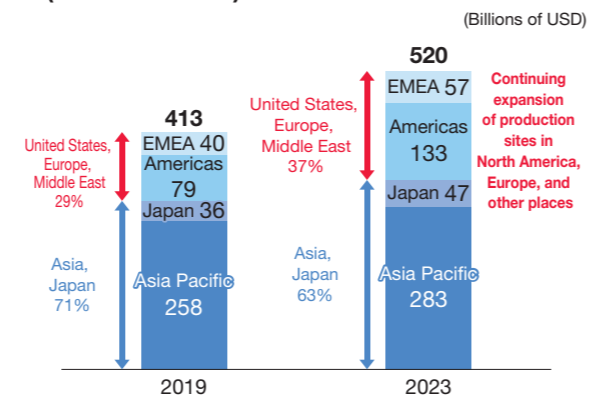
Market Forecast

- The expansion of AI and EVs is expected to generate growth in the semiconductor market through 2030 that exceeds the rate from 2015 to 2023. As a result, demand for products such as semiconductor materials and electronic components will also grow.
- Against the backdrop of geopolitical risks including tensions between the US and China and the Taiwan issue, a global reconstruction of semiconductor supply chains is underway. Companies are moving to shift production sites from Asia to places such as the United States and Europe.

Semiconductor Market Forecast (Organo prediction based on WSTS* forecast)



Semiconductor Market by Region (WSTS research)



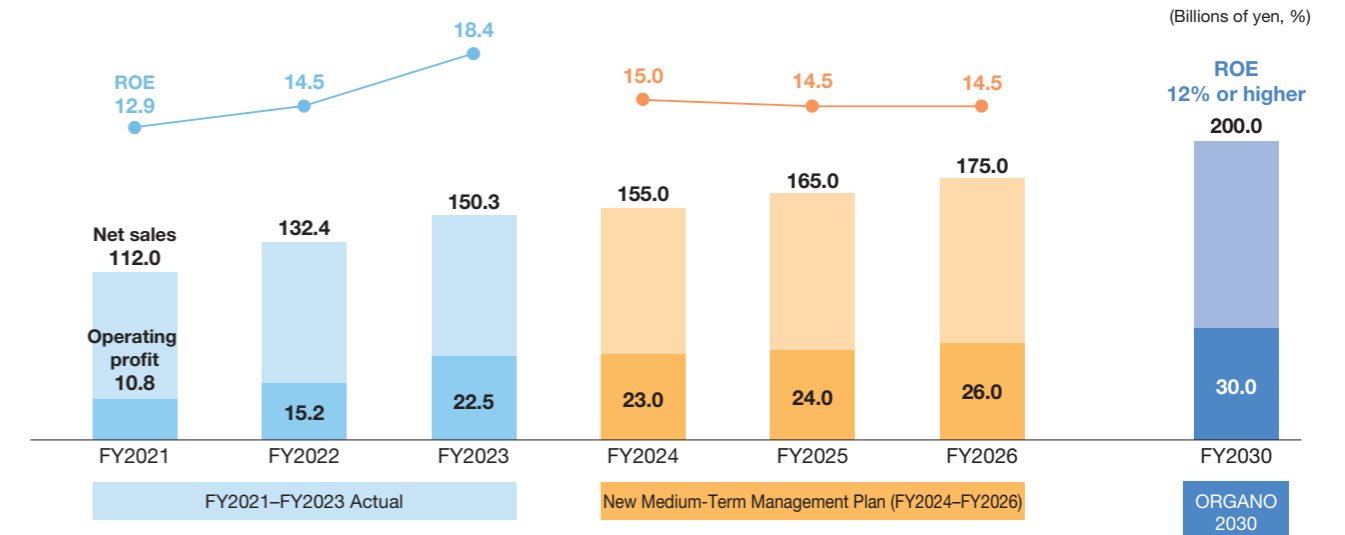
* WSTS: World Semiconductor Trade Statistics

Targets of the Medium- and Long-Term Management Plans

(Billions of yen)

	FY2023 results	New Medium-Term Management Plan		ORGANO 2030
		FY2024 initial plan	FY2026 plan	FY2030 plan
Net sales	150.3	155.0	175.0	200.0
Operating profit	22.5	23.0	26.0	30.0
ROE	18.4%	15.0%	14.5%	12% or higher

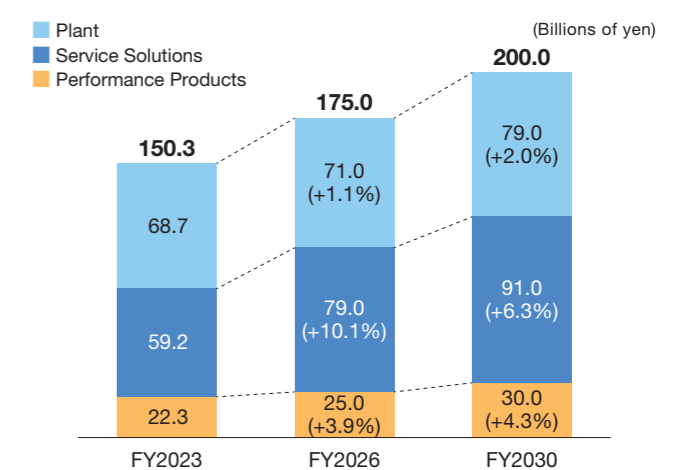
- Based on long-term management plan ORGANO 2030, we formulate a three-year plan on a rolling basis each year.
- The long-term plan aims for net sales of ¥200 billion, operating profit of ¥30 billion, profit margin of 15% or higher, and ROE of 12% or higher by FY2030.
- The three-year plan aims for net sales of ¥175 billion and operating profit of ¥26 billion by FY2026.



Measures to Achieve Targets

- We expect orders as plans for large semiconductor investment proceed in Japan and overseas. Therefore, we will augment global personnel investment aimed at expanding engineering capacity, strengthen M&A and partnerships, and expand digital investment.
- In addition to expanding owned-facility service contracts, maintenance of large-scale plants delivered in Japan and overseas, and sales of water treatment chemicals, we will strengthen sales of Service Solutions and Performance Products that contribute to sustainability issues such as energy conservation and decarbonization.
- We will strengthen business development of advanced separation and purification of non-aqueous solutions and solvent recovery in lithium-ion batteries, and expand our business in the U.S., where future semiconductor-related investment is expected.

Business Field Comparison



Financial Strategy



Tetsushi Honda

Director and Managing Executive Officer
President of Corporate Management and Planning

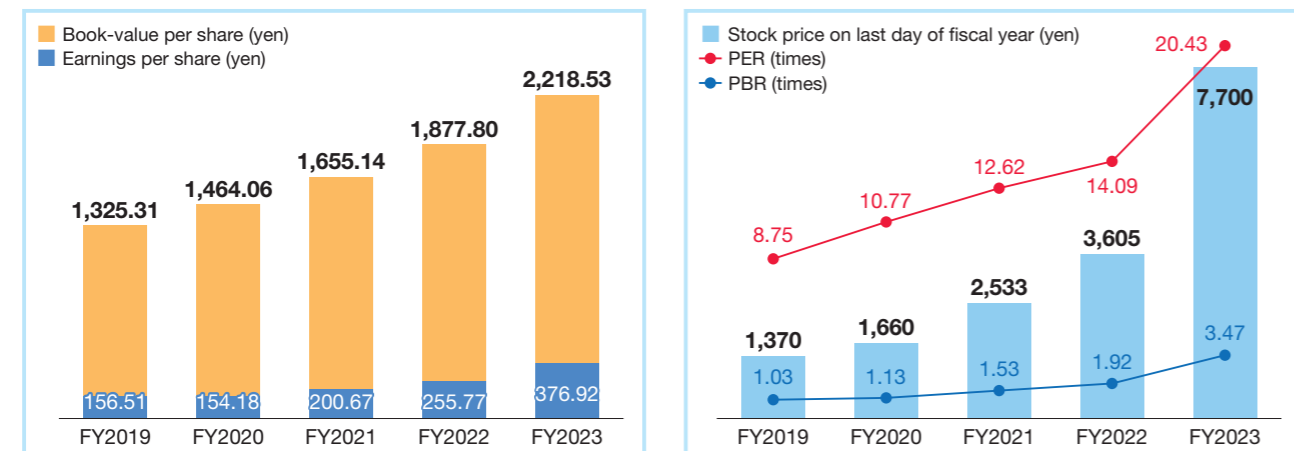
Review of Fiscal 2023

The Company's business performance continues to improve, supported by a favorable market environment with a high level of semiconductor-related capital investment in the electronics industry, our main market. Amid these circumstances, the Company has steadily generated cash through operating activities, while investing in various initiatives, including expanding production and delivery capacity to support receiving and delivering large-scale project orders, bolstering R&D activities, and securing and cultivating human resources. We have increased our investment in owned-facility services, utilizing borrowings in addition to cash on hand, and have also worked to boost shareholder returns. We recognize, however, that we need to strengthen and expand our cash-generating capacity, capital efficiency, and various investments and shareholder returns to achieve further growth.

Initiatives to Enhance Corporate Value

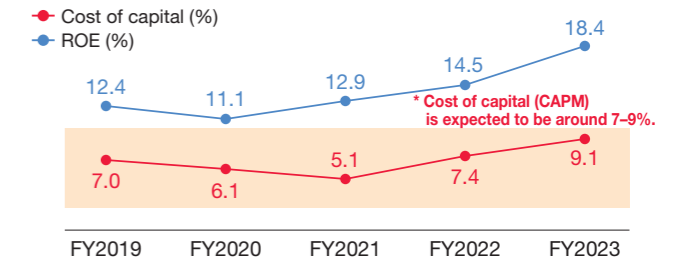
The Company is working to stabilize its earnings base by expanding the Service Solutions business and Performance Products Business Unit—steady sources of revenue—while carefully managing project earnings. Moreover, it is important to ensure a safe, sound financial foundation that can withstand unforeseen circumstances, such as a sudden decrease in orders or deterioration in project profitability, as well as fluctuations in cash flow, and to achieve the optimal balance between capital efficiency and shareholder returns. Therefore, it is important to improve profitability and efficiency and utilize financial leverage to improve ROE. In addition, we recognize that it is important to promote management that is conscious of cost of capital and stock price to ensure the sustainable growth of the Company and improve corporate value over the medium and long term. Therefore, we aim to accurately assess the cost of capital to achieve ROE that exceeds that cost. While the current cost of capital is presumed to be around 7 to 9%, in recent years, the ROE has greatly exceeded the cost of capital. In addition, we are focusing on measures to return profits to shareholders, such as continued dividend increases, and strengthening investor relations (IR) activities, and the stock price has trended upward, significantly improving PER and PBR. We recognize that this is the result of the market accurately assessing our efforts.

Per-share Indexes and Trends in Stock Price, PER, and PBR

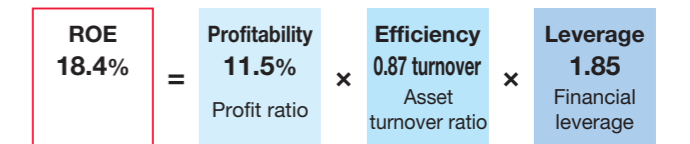


In our medium- and long-term management plans, we have set a target of achieving an ROE of 12% or more, exceeding the cost of capital, have established policies for profitability, efficiency, and financial leverage, and are aiming for further improvement. In terms of profitability, we have established a goal in Long-Term Management Plan ORGANO 2030 of building a profit structure that can consistently post a profit margin of at least 15% by FY2030, and we will work to improve the profit margin of plant projects through measures such as cost reductions while continuing to work on stabilizing earnings by expanding the Service Solutions business and Performance Products Business Unit, which have relatively high profit margins. In addition, we will strive to heighten efficiency by strengthening efforts to improve the cash conversion cycle (CCC), such as by reducing accounts receivable and inventories. Through these initiatives, we aim to improve our ability to generate cash, and while ensuring sufficient financial soundness, we will expand growth investments by utilizing financial leverage, such as borrowings.

Cost of Capital and ROE



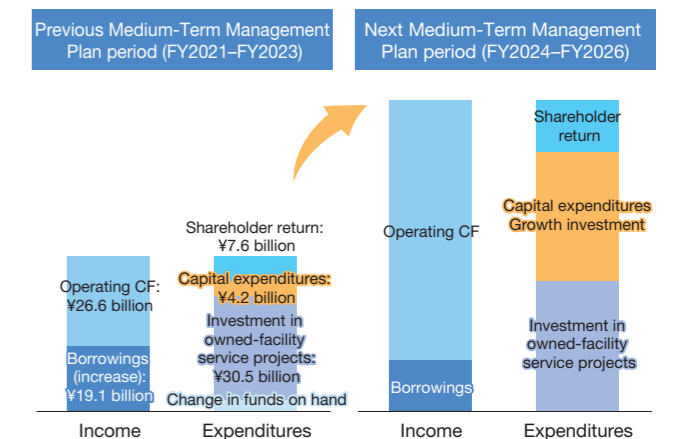
Breakdown of ROE (FY2023)



* Cost of capital is calculated based on CAPM (Rf + β(Rm - Rf)).
Rf (risk free rate): Yield on long-term government bonds (10-year): Around 0.8%
β (β value): Stock price volatility (3-year estimate): Around 1.6
Rm (market risk premium): Expected stock yield: Around 6%

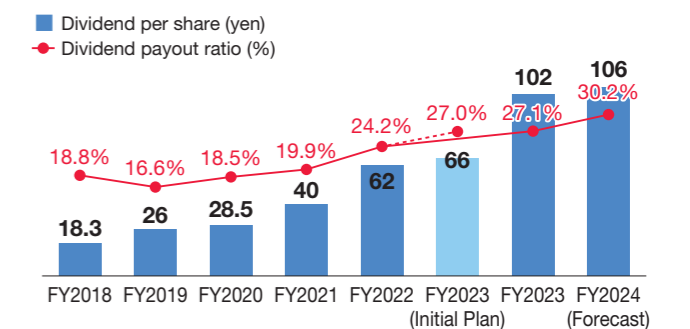
Capital Allocation

Under the medium-term management plan, which will end in FY2026, we will invest and return profits to shareholders by improving capital efficiency to generate operating cash flow and by utilizing borrowings. With regard to investment for growth, we will expand investment in areas such as human capital, R&D, and digital, as well as M&A and other investments for inorganic growth, in addition to ordinary capital investment. In terms of investment in owned-facility service projects, we anticipate numerous business opportunities, and will continue to invest, not only from the perspectives of profitability and stability, but also to maximize the effects of customer retention, the fact that it is our own equipment which facilitates optimization, and that it will lead to the expansion of new services such as remote monitoring and automatic operation.



Shareholder Return Measures

The Company regards the return of profits to shareholders as one of its most important management issues. The Company's basic policy is to provide stable, continuous dividends, and it strives to distribute profits while taking into account the status of earnings. For the fiscal year ended March 31, 2024, we paid a dividend far exceeding our initial plan due to an upward revision of our business performance. Under the medium-term management plan, which ends in FY2026, we aim to balance and expand shareholder returns and growth investment, with continued dividend increases and a dividend payout ratio of 30% or more. For the fiscal year ending March 31, 2025, we plan to pay dividends with a payout ratio in excess of 30%. In addition, we will examine shareholder returns other than dividends, taking into account trends in stock price and business performance.



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

Water Treatment Engineering Business Unit



Yasutoshi Nakayama

Director and Managing Executive Officer
President of Industrial Plant Business

Promoting the Engineering Business Unit to Drive Growth for the Group

We operate in a wide range of fields, including the electronics industry and related sectors, particularly semiconductors, which are the main market for our group and are expected to grow in the medium to long term; the infrastructure areas of electric power and water supply and sewage—indispensable to daily life—and general industry including pharmaceuticals, chemicals, foods, and beverages. (See p. 11–12 and 20.) Globally, in Asia and the U.S., we support the stability of our customers' business operations by delivering ultrapure water production and wastewater treatment equipment and by providing maintenance, operational support, and other services as well as expendable items. Going forward, we will assess our current strengths and weaknesses in the value chain and drive transformation without being bound by the status quo, to strengthen the Group's growth and earnings base.

Responding to Risks and Opportunities

In the electronics industry, where geopolitical risk is one of the factors behind increased diversification of investment regions, the Group's portfolio of businesses and developing areas are key issues. While we continue business in Greater China, establishing a stable business structure in the U.S. will be our top priority in overseas business development. In addition, we are strengthening our marketing capabilities in the cutting-edge semiconductor market, where technological innovation is progressing, and are working to grasp customer needs in a timely manner, including not only technological trends but also sustainability goals. Based on this understanding of the market, we will consider technological development and business models to provide greater value. Although global price hikes and longer delivery times for materials have subsided from their peaks, we are continuing efforts to strengthen our supply chain as a key priority.

Review of Fiscal 2023

In the electronics industry, capital investment in cutting-edge semiconductors and other areas remained strong, and we received several large domestic project orders. Meanwhile, orders decreased overseas in reaction to a series of large semiconductor project orders in China, Taiwan, Malaysia, and other locations last fiscal year, leading to an overall decrease in orders year on year, including Japan. Sales exceeded the previous year's level due to steady progress in backlog projects and the strong performance of the Service Solutions business. Orders and sales in general industry increased year on year mainly due to plant projects in the pharmaceuticals and electronics-related fields as well as service solution projects for the restart of nuclear power plants in the social infrastructure field including electric power and water supply and sewage. We also implemented cost reduction initiatives, creating record highs for the Water Treatment Engineering Business Unit.

Outlook for Fiscal 2024

Although the international situation remains uncertain and the recovery of the semiconductor industry is still in progress, investment in semiconductor-related equipment remains at a high level. In light of this situation, we expect several large semiconductor-related projects both in Japan and overseas and plan to receive more orders than the previous fiscal year in general industry and social infrastructure. Looking at net sales, we expect construction of large projects carried over from the previous year to generally remain steady, and we plan to expand sales of owned-facility services, maintenance for delivered equipment, and water treatment chemicals. We expect operating profit to increase, as revenue growth from increased sales will offset the increase in expenses associated with strengthening the structure to expand capacity in areas such as the Engineering Business Unit and Service Solutions business.

Strategy to Achieve the Medium-Term Management Plan

We will continue to focus on receiving and delivering project orders in the electronics industry in Japan and overseas and grow the Plant business. We will advance our business in the U.S. while strengthening our global engineering structure, and we will reinforce our development structure in Taiwan. In addition to increased revenue from post-delivery maintenance and operational support, we will promote investment in owned-facility contracts, and in China, we will strengthen our structure by establishing bases near our customers to expand our Service Solutions business. We will also accelerate the development and provision of technologies, products, and services that offer both economic and social value, such as energy conservation and decarbonization, from the viewpoint of promoting sustainability in our customers' plant operations.

Opportunities

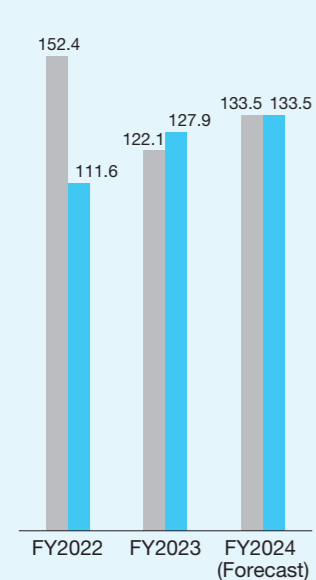
- Expansion in the scale of investment among customers in the electronics industry, and diversification in development areas outside of Greater China, including the U.S., Japan, Southeast Asia, Europe, and India
- Growing need for energy saving, labor-saving, and workforce reduction

Risks

- Growing geopolitical risks
- Declining labor force in Japan
- Rise in global prices and longer material delivery times

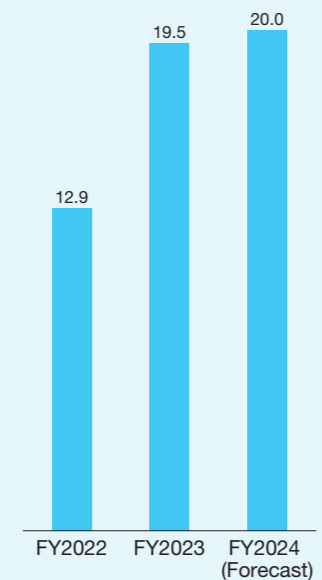
Orders/Net sales

■ Orders received (Billions of yen)
■ Net sales



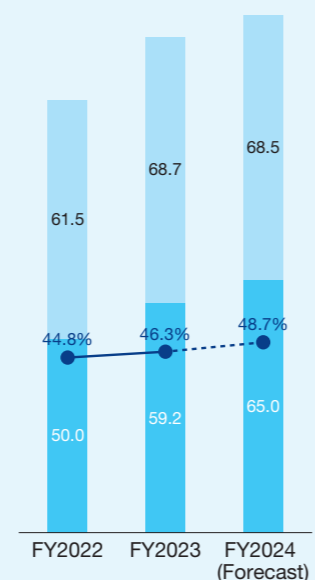
Operating profit

(Billions of yen)



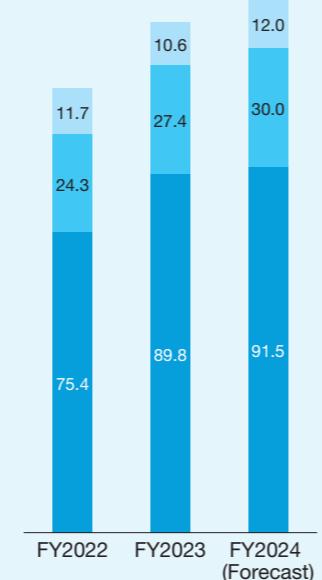
Net sales by segment

(Billions of yen)
■ Service Solutions
■ Plant
● Service Solutions ratio



Net sales by industry

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



Water Treatment Engineering Business Unit

TOPICS

Pharmaceutical-related Business

1. Business overview

Since the development of the heat-free water distillation system in 1946, we have provided pharmaceutical-grade water to the pharmaceutical production process for over 75 years. We utilize our industry-leading track record and advanced technological capabilities cultivated through in-house design and development in Japan to provide pharmaceutical-grade water systems that meet the needs of various customers in the pharmaceutical, cosmetics, and medical devices fields domestically and overseas, and we also support the manufacturing process of our customers with our after-sales service system.

Amid rapid changes in regulations, brought about by the Pharmaceutical Inspection Co-operation Scheme (PIC/S) and the International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use (ICH) in recent years, there is a demand for advanced quality control and risk management. We not only introduce new equipment, but we also study equipment to ensure compliance with the latest regulations and inspections, and look at modifications and improvements using existing equipment.



Heat-free water distillation system

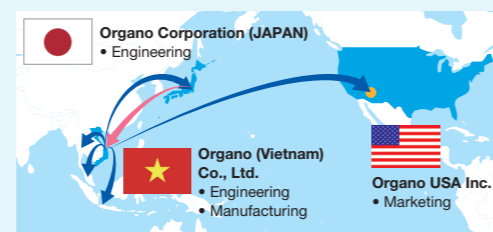
2. Recognizing opportunities and risks

As the global population ages, the pharmaceutical market is expected to grow over the long term due to increasing demand for chronic disease medications and the development of new drugs, including biopharmaceuticals, to treat cancer and rare diseases. In addition, the growing demand for vaccines and therapeutics to combat pandemics such as COVID-19 is also driving market growth. Accordingly, the pharmaceutical manufacturing sector is expected to see steady worldwide growth of capital investment. Meanwhile, in Japan, the population continues to decline, and there are other negative factors that could affect market expansion, creating lingering challenges for medium- to long-term growth. Therefore, the Group aims to expand earnings by focusing on growth areas in the pharmaceutical market and developing business globally. In addition, we are working to provide new services and value, such as the development of energy-saving systems, data utilization using sensors, and the provision of information on Good Manufacturing Practices (GMP) inspection and audit trends.

3. Main targets and areas for development including overseas

In Japan, large-scale investment is expected in the biopharmaceutical sector as a long-term growth area with growing market share, including new plant and building construction and line expansion. In the medium term, we are making progress on large-scale facility plans for vaccine-related subsidy projects, and by focusing on these areas, we aim to expand our business and improve profitability.

Overseas, in addition to our presence in the ASEAN market, we are exploring developing into the U.S. market. The U.S. is the world's largest pharmaceutical market, at nearly eight times that of Japan, and there is also great demand in the pharmaceutical-grade water market. We will conduct market research and run simulations of a supply chain centered on Organo (Vietnam), our engineering and manufacturing base outside Japan, in the pharmaceutical-related business, and aim for early business development.



4. Organo's strengths

Our major strengths lie in our engineering capabilities gained from our impressive delivery track record and our swift troubleshooting capacity and after-sales service utilizing a nationwide maintenance structure. Furthermore, in response to the persistent long delivery times of materials in the supply chain as of late and the shortage of human resources for assembly and construction, we are taking measures to minimize the impact of these issues through our established domestic and overseas production system, including our Iwaki Factory, Organo (Vietnam), and domestic partner companies.

Separation and Purification Business

1. Business overview

Our ultrapure water production systems that we have provided to the electronics industry for many years consist of separation and purification technologies that remove various impurities from water at a high level. With the increasing miniaturization of semiconductors in recent years, even the slightest impurities in electronic materials used for their manufacture can significantly affect the yield. The Group utilizes the ultrapure water production technology it has cultivated to develop the business of removing trace impurities from electronic materials.

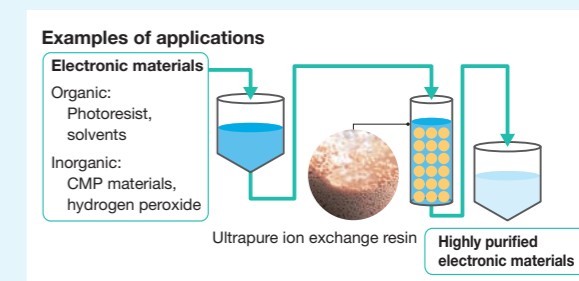


2. Business opportunities

While many electronic materials are used in the manufacture of semiconductors, the target of our separation and purification business is the liquid-based electronic materials used in the wet process. Specifically, these include photoresists, developing solutions, chemical mechanical polishing (CMP) slurries, post-CMP cleaners, hydrogen peroxide, and various other solvents, and they are all indispensable to semiconductor manufacturing. Semiconductor process nodes have progressed to 7 nm, 3 nm, and 2 nm, and there is now a demand to remove metallic impurities down to the parts per trillion (ppt) (1 ppt = 0.000000001%) level. At this level, impurities cannot be removed using conventional methods such as distillation and recrystallization, and there are growing possibilities to apply our separation and purification technologies as an alternative to conventional means.

3. Electronic materials purification technology

There are various types of the aforementioned electronic materials, and they each have different properties. Therefore, purification technology that can handle these diverse properties is required. In addition, as the metallic impurities in the electronic materials exist in various forms, it is necessary to have advanced technology that can remove them while leaving the active components of the electronic materials intact. Organo discovered that ion exchange resin could be used effectively in ultrapure water production and developed the ORLITE DS Series ultrapure ion exchange resins product specialized for the purification of electronic materials. As the ORLITE DS Series offers a rich lineup of structures and functional groups, it can handle the properties of all types of electronic material and impurity. In addition, we propose optimal combinations of ion exchange resins and methods of use based on the know-how we have accumulated through our experience in purifying a wide variety of electronic materials.



4. Areas for development

Japanese companies are very strong in electronic materials manufacturing, and cutting-edge electronic materials made in Japan are supplied to semiconductor plants domestically and around the world. Organo's ORLITE DS Series is used by many electronic material manufacturers in Japan. We will continue to respond to the increasing demand for higher purity electronic materials with our separation and purification technologies, including the ORLITE DS series. From the perspective of the instability of global logistics since the pandemic and economic security concerns since the pandemic, owing to policies such as the localization of semiconductor-related industries and the fostering of such industries in various countries, there is a growing trend toward local production of electronic materials overseas. In response to this trend, Japanese electronic materials manufacturers are also strengthening their overseas bases, where demand for high purity of electronic materials is increasing. We have achieved results with our electronic materials purification technology in the U.S., Taiwan, China, and Korea, and as needs are expected to grow in Europe, Southeast Asia, and other areas, we will expand our geographic reach going forward.

Performance Products Business Unit



Makoto Kukizaki
Managing Executive Officer
President of Performance Products Business

Aiming to be a sustainable business that adapts to the changing social environment and contributes to industry development

In addition to standard water treatment equipment and filters, water treatment chemicals, and functional food materials, the Performance Products Business Unit handles various functional materials including ion exchange resins, the cornerstone of our separation and purification technologies.

Alongside the equipment and functional materials we provide to ensure that water quantity and quality satisfy customer requirements, in recent years we have continued to launch various new, differentiated products and expanded our lineup of new functional materials with the aim of further improving added value and realizing the SDGs.

We will establish a sustainable business structure that can withstand changes in the external environment. The Performance Products Business Unit will become a stable earnings source for the entire Group, and in collaboration with our customers—who are responsible for the maintenance and development of society—we will provide new products and services that resolve various social issues as a partner company that supports society in terms of both industry and daily life.

Opportunities

- Return to domestic manufacturing represented by the electronics industry
- Declining birthrate and aging population driving increased need for labor efficiency
- Increased momentum for effective use of water resources

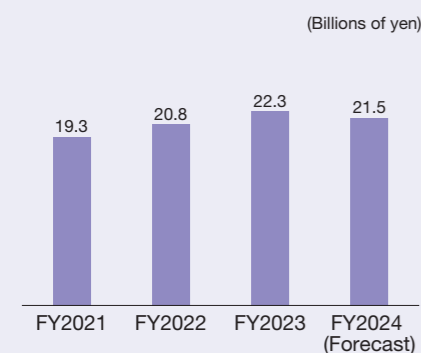
Risks

- Heightening and increasing complexity of various geopolitical risks
- Insufficient supply capacity due to rapidly increasing demand
- Prolonged supply chain disruption (price hikes and longer delivery times)

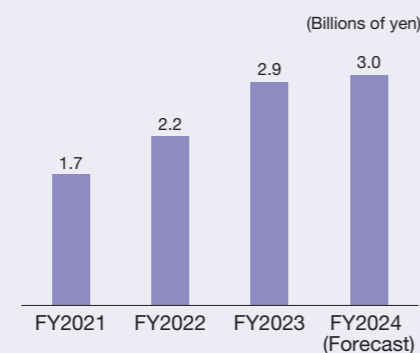
Responding to Risks and Opportunities

The robust domestic economy, the foundation of our business development, provides an opportunity for further growth of the Performance Products Business Unit, and we are making various preparations to accommodate a rapid increase in demand. In the booming electronics industry in particular, we are working with the Water Treatment Engineering Business Unit in advancing the development of next-generation products, services, and applications, and these new products are entering the launch phase. Furthermore, supply chain disruptions, longer delivery times, and initiatives to achieve the SDGs for society as a whole have provided strong momentum for DX promotion, leading to the strengthening of our global procurement network, streamlining of manufacturing and operations management, and the development of new services. Going forward, we will approach various risks by converting them into business opportunities for business and to enhance operational efficiency, and aim to further increase profits.

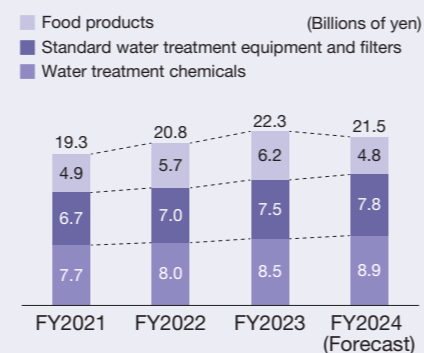
Net sales



Operating profit



Net sales by segment



Review of Fiscal 2023

The Water Treatment Chemicals Division saw growth in cooling water treatment agents for building air conditioning due to extreme heat, membrane treatment agents for the electronics industry where factory operating rates remain high, and wastewater treatment agents for general industry.

In the Standard Water Treatment Equipment and Filters Division, sales were strong for industrial-use compact water treatment systems and filters, including for the cutting-edge electronics industry, as well as for pure water systems for medical institutions and testing facilities. Sales of purification and softener filters, for which new applications have been developed, also increased.

In response to continued rising prices of various raw materials and long delivery times, the Functional Materials Division worked to enhance productivity and adjust inventory levels to support the Water Treatment Engineering Business Unit.

The Food Products Division worked to appropriately pass on the rising costs of raw materials and made steady progress in capturing new customers.

Outlook for Fiscal 2024

Despite growing uncertainty in the global economy, the core domestic market continues to thrive. We expect continued growth for water treatment chemicals, functional materials, and industrial filters for the electronics industry, where production and investment remain strong, as these products see steady demand in equipment supplied by the Water Treatment Engineering Business Unit. While demand remains strong for cooling water treatment agents due to extreme heat, we also began sales of new cooling water treatment agents that have reduced impact on the environment.

In standard water treatment equipment for laboratories, we launched high-end equipment for the cutting-edge semiconductor field, and we are expanding our range of compact pure water systems for various testing devices as well as embedded equipment tailored to customer needs, and these efforts are expected to contribute to our business performance. Sales of various purification and softener filters, which meet diverse customer needs, are also expected to remain strong.

In the Food Products Division, we are working to transform our earnings structure. On the strength of these initiatives, we expect profit to exceed that of the previous fiscal year.

Strategy to Achieve the Medium-Term Management Plan

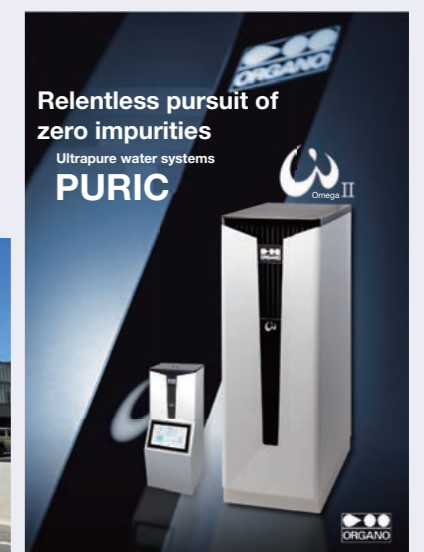
Amid the significant changes in the business environment surrounding the Group, further expansion of the Performance Products Business Unit, which continues to achieve stable business growth, is one of the keys for achieving the medium-term management plan. We will need to promote continuous change to achieve this, so going forward, we will continue to employ unconventional methods such as promoting digital marketing using our e-commerce site launched last year.

We will also continue to search for various partner companies and promote collaboration, conduct marketing activities at conferences and exhibitions, and deepen our synergies with the Water Treatment Engineering Business Unit.

For PURIC ω II, an ultrapure water system that was launched in December 2023 and provides the industry's highest water quality for laboratories, we will work to expand its use to customers in the cutting-edge electronics industry and the life science industry. In February 2024, the relocation and expansion of Hostec, an affiliate manufacturing base of the Equipment Products Division, was completed, strengthening the foundation for development and manufacturing. We will further examine automation of our production lines and expand our business by improving productivity.



Exterior view of Hostec factory



R&D and Engineering

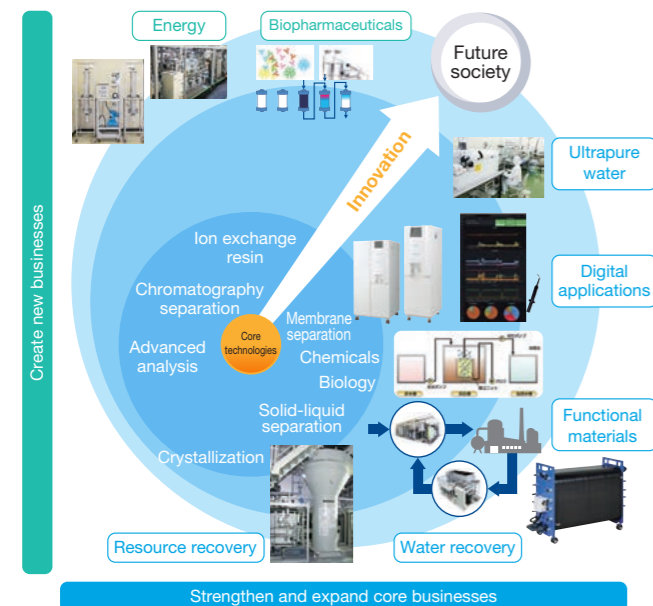


Nobuyoshi Suda

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

Strategy and Investment

To achieve our vision as a development division, we will integrate future social issues and new technologies, and we plan to invest aggressively to continue to create new value. In addition, we will strengthen our ability to create development themes not only from the business divisions but also through the R&D Center staff exploring markets independently. With regard to the engineering structure, we will work to expand our delivery capacity by optimizing delivery operations through collaboration with outside partners and data utilization. To achieve this, we plan to aggressively invest in improving the skills of our

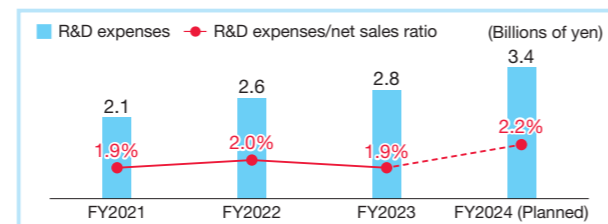


Organo's R&D and Engineering Mission

In recent years, we have seen increasing demand for efforts from companies to help build a sustainable society as the future social situation becomes increasingly unpredictable due to the impacts of abnormal weather patterns caused by global warming, as well as geopolitical risks. Under these conditions, we set the vision for the R&D Center as creating new value together with our partners by mastering separation, purification, and advanced analysis, and playing a role in connecting people, technology, and information and having each individual refine their own approach, organically interact with each other, and continue to take on challenges for the future with the power of the organization. The Engineering Center aims to build the optimal engineering system across the entire Group in line with its long-term management vision of "proactively contributing 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."

engineers, simplifying and automating the delivery process, promoting DX, and reinforcing our production facilities.

Trends in R&D Expenses



Development of Technical Personnel

Human resources are the most important and indispensable foundation for implementing our management philosophy and Long-Term Management Vision. To proactively contribute to a better tomorrow by cultivating people today who will improve upon the way things were done yesterday, we constantly review how we have done business in the past and accelerate improvements. Recently, the development of human resources and the transfer of technology have become challenges for many companies. In developing our engineers, we visualize their skills, formulate optimal training plans to improve the skills they need as engineers of Organo, and train them. We also visualize the skills of veteran employees using Hanchika, developed by LIGHTZ, and formulate training plans that include a path to acquiring these skills. In addition to the R&D Center's various areas of expertise, we encourage cooperation with outside institutions and aim to create new value from a variety of viewpoints, including management and future-oriented thinking and from a higher perspective.

Engineering Center

Overview

The Engineering Center is a technical group with expertise in separation and purification technologies in a host of fields. The Center applies numerous Organo Group specialized optimization technologies and functional materials to all liquid separation and purification use scenarios, such as water, solvents, and chemicals, contributing to stabilization and yield improvement of our customers' products. We currently have two engineering locations in Southeast Asia (Thailand and Vietnam), and by incorporating new ideas and pushing forward with our technological innovation through the merging of diverse human resources, we continue to lead the industry by refining our optimization technology, and contribute to the development of industrial fields.



Shin Asano

Managing Executive Officer
General Manager of Engineering Center

Opportunities

- Robust capital investment in the electronics industry
- Need for purification and recovery of chemicals and solvents as customer products become increasingly sophisticated
- Need for reduction of environmental impact, reuse of resources, and recovery of valuable resources

Risks

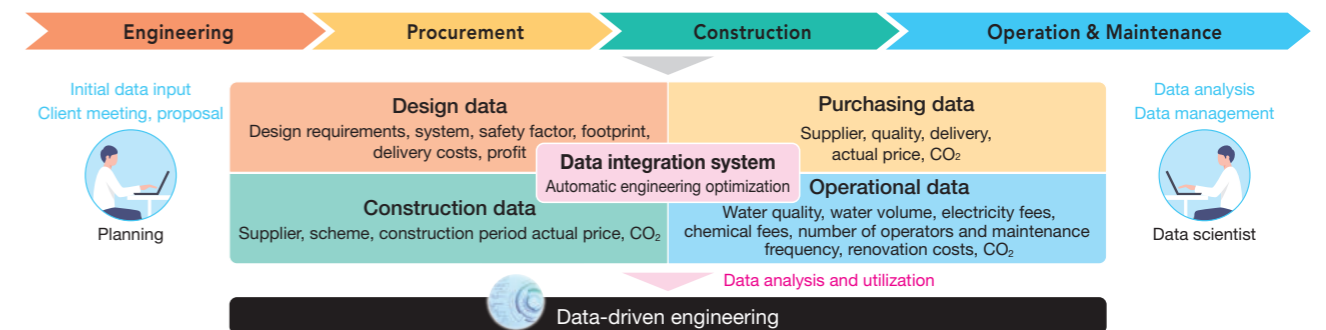
- Inability to meet demand for robust capital investment due to lack of resources

Strengths of Organo Engineering

The strengths of our engineering lie in our diverse application technologies and distinctive functional materials that support them, as well as our experience and expertise in separation and purification technologies for all types of liquids—including water, solvents, and chemicals. Recently, there has been an increasing need to reduce environmental impact and to reuse resources and recover valuable materials, and we will continue to develop and take on challenges in new fields to meet these needs. We are also Japan's lone manufacturer that develops, designs, and manufactures electrodeionization (EDI) systems, a key next-generation technology. We have further accumulated manufacturing know-how and introduced a new manufacturing line that makes full use of robotic technology, and we will apply this to manufacturing lines for larger models as well.

Initiatives toward Strengthening the Engineering Structure

This fiscal year, we significantly improved both the resource shortage and business efficiency by combining various automation tools for plant design, introducing construction robots, expanding engineering bases in Southeast Asia, and augmenting our partner companies. With regard to data-driven engineering initiatives, we accelerated the training of young engineers and the transfer of technology by visualizing the thought processes of veteran engineers and digitizing their know-how, thereby achieving dramatic improvements in plant design. We also delivered the first unit of our solvent recovery system used in lithium-ion batteries, a new technology, and are monitoring the performance difference in environmental impact, quality, recovery rate, and other production process improvement data compared to existing technologies, and utilizing this data to lead to the next stage of improvement. We will continue to take on challenges in new fields and technologies, such as further improving operational efficiency, reducing environmental impact, and reusing resources.



R&D and Engineering

R&D Center

Pursuing Future-Oriented Development by Strengthening Research Capabilities and External Co-Creation



Masahiro Eguchi
Executive Officer
Senior General Manager of R&D Center

Opportunities

- Increased demand for purification due to semiconductor miniaturization
- Expanded sustainability activities

Risks

- Changes in customer requirements that are difficult to satisfy with in-house technology alone
- Contraction in existing business due to market changes

Priority Development Measures

We will pursue the following three priority measures to help achieve ORGANO 2030.

1. Promotion of next-generation technological development linked to business strategies

We will further promote the development of purification technology for ultrapure water and organic solvents that can meet sophisticated customer demands in the manufacturing process of cutting-edge semiconductors, which are becoming increasingly miniaturized and layered. Our new research facility that began operation in 2022 will be the base to achieve this by proposing next-generation ultrapure water systems. In addition, we will actively work toward creating a sustainable smart factory by optimizing the entire plant through the development of technologies for optimal operation of water treatment plants, reduction of use of water resources, and resource recycling using digital and AI technologies.

2. Strengthening research function

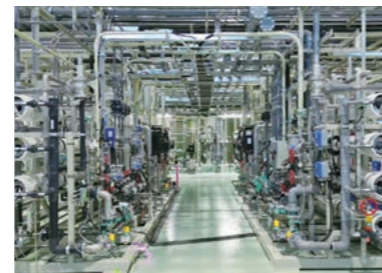
We have established a research team to predict future social issues and changes in customer values, and to create medium- to long-term R&D themes. This fiscal year, we also establish a new research base in Taiwan, where there is a concentration of cutting-edge semiconductor-related companies, to accelerate the creation of new value in the electronics industry.

3. Strengthening external co-creation

We are actively promoting exchange with outside parties to deepen and expand our core technologies of separation, purification, and advanced analysis technologies. In addition to universities with which we have been promoting joint research, we will collaborate with cutting-edge research institutions both in Japan and overseas, as well as companies and startups in various fields from the theme creation phase, innovate new combinations, and promote the development of new technologies that transcends conventional boundaries.

Toward Further Growth

In an era of uncertainty and rapid technological innovation including the emergence of generative AI, strengthening our development foundation has become an increasingly important part of contributing to a sustainable society and ensuring future growth. By fostering a culture of taking on challenges and proactively investing in the development environment and human resource cultivation, we will become an organization that can continue to take on challenges for the future while creating new value through the evolution of our core technologies and promotion of external co-creation.



Inside the R&D Center

Manufacturing Sites

Iwaki Factory

Water treatment system unit assembly plant

We standardize equipment units that comprise large-scale water treatment plants within transportable range and ship them as assembled products. Assembling these at the plant enables us to provide improved and stable product quality, and it simplifies assembly work on site. This allows us to shorten the on-site construction period and reduce costs. EDI, which has been researched for many years, is also manufactured at the Iwaki Factory.



TOPICS Introducing Robots to Streamline EDI Manufacture

We introduced a robot into the manufacturing process for EDI—traditionally assembled by hand—to increase production capacity. EDI continuously regenerates the built-in ion exchange resin using an electric current, eliminating the need for acid, alkali, or other chemicals, as well as the need to shut the equipment down for regeneration, offering multiple benefits to the customer.



Tsukuba Factory

World-leading ion exchange resin refinery

Ion exchange resin is one of our key technologies, and the level of quality required varies depending on its use, with semiconductor manufacturing plants and power plants using very high-quality resin. We condition our ion exchange resins in facilities with cutting-edge technology to meet and accommodate a wide range of quality requirements. We also recycle used ion exchange resins.



TOPICS Establishing a Production System in Anticipation of Growing Demand

As demand for semiconductors increases, demand is also expected to increase for ion exchange resins, which are used in part of the final-stage equipment of ultrapure water systems. We increased the purification capacity at Tsukuba Factory to meet the supply forecast through FY2030 of the ESP Series, ion exchange resin with the highest grade of purification, for which demand is expected to be particularly high.



Overseas Business Development



Makoto Tomizawa

Managing Executive Officer
President of Global Management and Planning

We can develop our business efficiently because these strengths and resources complement each other between Japan and the regions where our overseas bases operate. Going forward, we will continue to augment this power and improve our capabilities. The reason we are able to fully leverage this business network is that the Organo Group's social capital, which has been cultivated over many years, is significant, and we will continue to expand and optimize our domain as globalization progresses further. (Overseas subsidiaries: Taiwan, China, Malaysia, Vietnam, Thailand, Indonesia, U.S.)

Opportunities

- Continued investment in the electronics industry at key locations in China, Taiwan, Malaysia, and the U.S.
- Active global investment in semiconductor-related industries

Risks

- Trade and geopolitical risks
- Area-specific risks

Overview of Overseas Businesses

As the Organo Group continues to expand its operations overseas, it aims for further growth underpinned by the following strengths.

1. Community-based business foundation and broad customer base
2. Ability to deal with major semiconductor manufacturers
3. Diverse network including bases, suppliers, and employees
4. Exceptional design, procurement, manufacturing, and delivery capabilities
5. Comprehensive capabilities to support global business

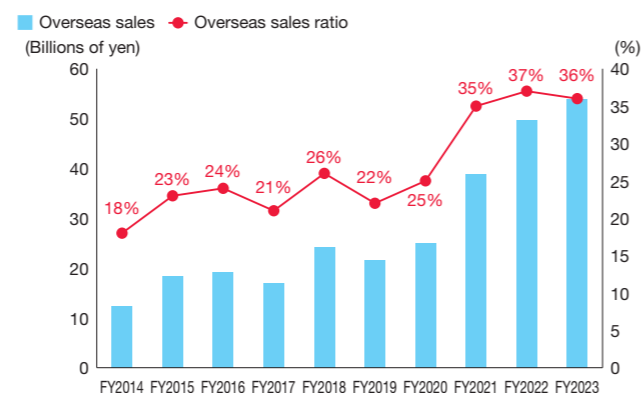
Overseas Development and Sales Ratio

Since the 1980s, Organo has fully implemented an overseas base strategy, starting with our entry into Malaysia and developing our business mainly in Southeast Asia. In the early 2000s, we entered Greater China, where we expanded our business in the electronics industry and also grew our supply chain. Furthermore, in 2021, we established a base in the U.S. as a new development region, and we are aiming for broad and significant growth there.

Our overseas expansion is characterized by our ability to achieve growth and continued development in each area where we operate while flexibly adapting to economic and market changes. Our expanding business network and sophisticated in-house technologies in particular are powerful weapons to support future growth.

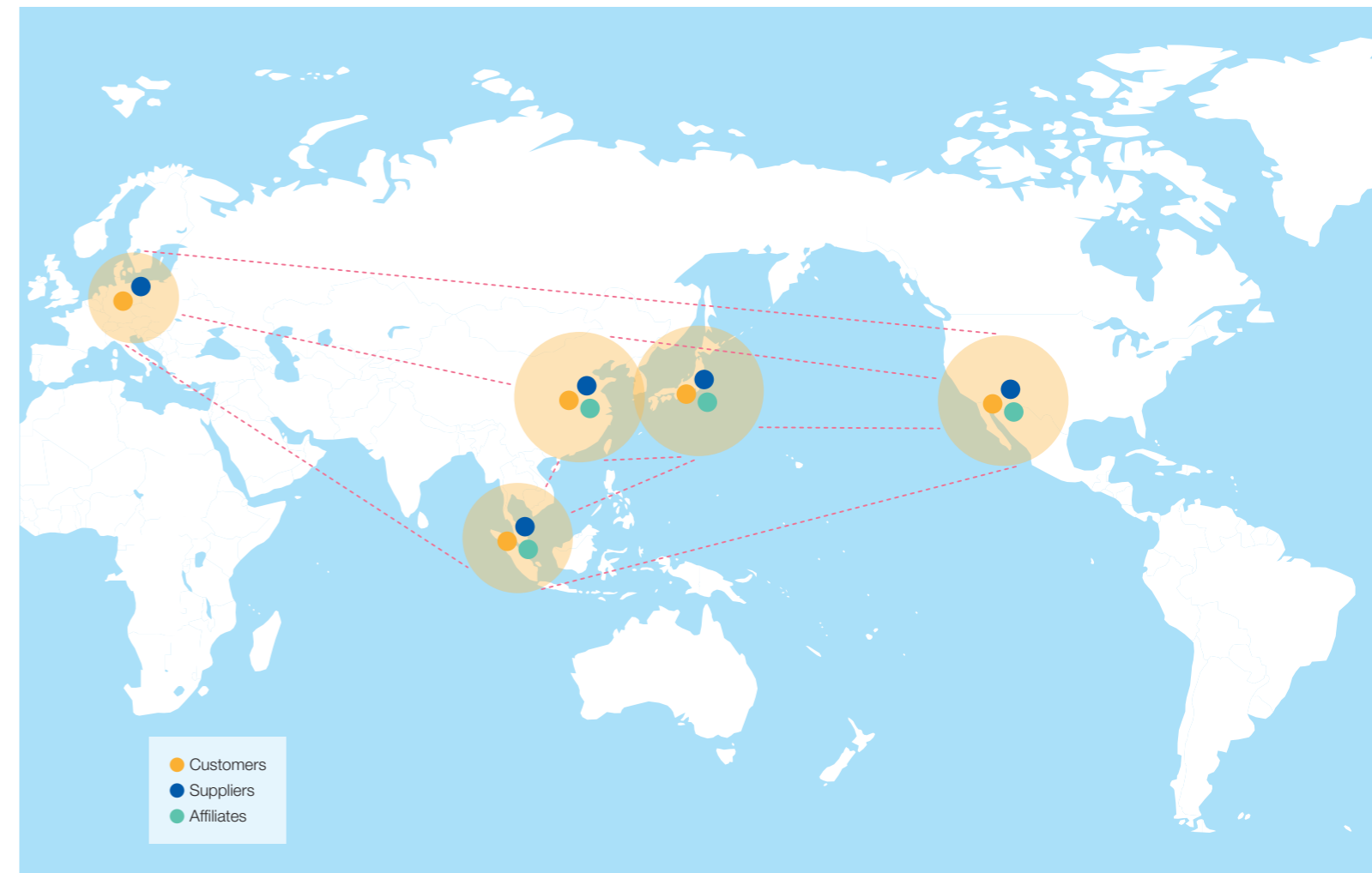
With the expansion and growth of overseas business, both overseas sales and the sales ratio continue to increase. We will continue to actively take on challenges while drawing up the next strategy for the development of our overseas operations.

Trends in Overseas Sales



Overseas Customer Network and Supply Chain

The contributions of the Plant and Service Solutions businesses developed in various regions over the years have not only driven sales and profits but also fostered diverse values based on talent and trust, creating numerous legacies while generating new potential. Our involvement with customers, suppliers, local affiliates, and other concerned parties has become increasingly global and multifaceted over time, and these organic connections play an important role as part of our social capital.



Responding to demand for more sophisticated purification in the electronics industry overseas (ultrapure water production systems, non-aqueous separation and purification)

The development of cutting-edge semiconductors has been remarkable. They are constantly evolving, becoming increasingly advanced and sophisticated. This would not be possible without advanced manufacturing processes. In addition to cutting-edge semiconductor manufacturing equipment, ultrapure water and high purity chemicals and materials play important roles in manufacturing processes. As semiconductor technology advances, the standards for purity of these substances also become more stringent. Organo delivers strictly quality-controlled ultrapure water production equipment that is essential for advanced semiconductor plants. We also supply manufacturers of high-purity chemicals and materials with separation and purification materials needed to achieve high purity in the manufacturing processes. We continue to take on challenges by leveraging our advanced engineering capabilities and highly advanced analysis technology to satisfy individual customer demands.

New Customer Value Creation Initiatives



Satoshi Kasahara

Executive Officer
General Manager of Data & Solution Promotion Dept.

Expanding and Developing New Service Solutions Using Data and Digital Technology

We will create service solutions that generate higher customer value by utilizing data and digital technology to gain insight into customer issues and our strengths.

Targets for utilization of data and digital technology

- Ability to gain insight into customer issues and enhancing of systems
- Enhancement and diversification of company strengths
- Enhancement and diversification of service solution models

Fostering the ability of employees to utilize digital applications to contribute to the above is also an important issue.

Opportunities

- Shift in customer needs to social conformity
- Emergence of new customer needs associated with increased uncertainty in the future business environment
- Potential to provide online services for the significant number of customer contacts cultivated offline

Risks

- Lack of digital promotion personnel and training delays
- Pervasion of disconnected department strategies due to digitalization
- Hindered commercialization of new service solution models due to lack of resources

Promoting Digital Measures and Improving Literacy

The Company is improving operations and creating new business opportunities through the use of digital technology. To accelerate these efforts, each employee must understand digital technology and the effects of its application and improve their ability to use it to solve problems and engage in creative activities.

By July 2023, all employees had completed training to obtain basic digital literacy, including security. We are currently defining the personnel requirements and number of personnel needed to promote various digital measures, and in the second half of FY2024, will start a rank-specific training program. Looking forward, we are aiming to have a virtuous cycle take root throughout the organization to raise digital literacy through digital measures and accelerate DX.

Creating Customer Value by Utilizing Digital Technology



Understanding Our Customers and Identifying Issues

In today's business environment of high uncertainty, the ability to gain insight into the future of customer issues is vital. As part of our consultant-driven service solution creation activities since 2020, we have implemented a service solution creation method that utilizes scenario planning to gain insight into customer issues. Currently, we are

developing solutions to future customer issues in various scenarios thanks to the work of marketers in each business unit who utilize this scenario planning approach. We are in the fourth phase of our creation activities and are promoting the cultivation of employees who can utilize scenario planning.

Enhancing Service Solution Models

Stable operation of the manufacturing process is at the core of customer issues. To respond, we provide service solutions including water treatment facility functional maintenance and functional restoration of aging facilities. In response to recent societal issues such as SX promotion, we offer ion exchange resin recycling, switching from time-based to condition-based maintenance, and streamlining facility operations to reduce expendable items. Enhancing these services requires the visualization of facility operation status and highly accurate predictions of equipment and component condition.

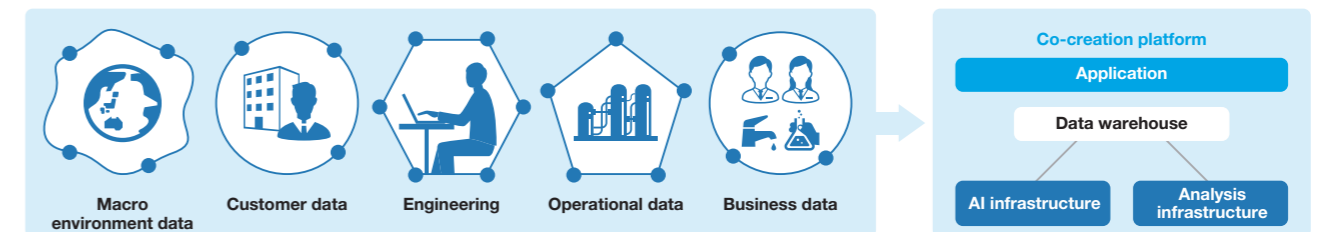
While we have already begun offering services including the use of AI to optimize chemical injection volumes and operational management of reverse osmosis (RO) membrane equipment, we are urgently building the data utilization infrastructure outlined below to enhance our service solutions in response to a vast range of SX issues.

Promoting Open Innovation

We have started trials of outbound open innovation with external companies. The concept of this initiative is to not be constrained by existing business models and ensure that our functions and busy periods do not create bottlenecks, and it is based on the premise of external companies performing detailed development, technical studies, and business operations. We completed several business concepts by the end of last fiscal year, and are currently refining the business model.

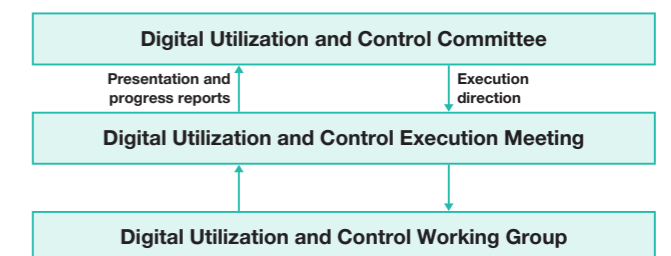
Building a Data Utilization and Digital Technology Environment

To maximize the effectiveness of data utilization and digital technology, we are building a company-wide co-creation platform. This co-creation platform comprises a data warehouse that allows centralized management of data across various departments and an AI and analysis infrastructure. As of August 2024, we completed construction of the data warehouse and linking of multiple business data centered on the data warehouse and mission-critical systems, and soon we will begin using the data in business operations through applications such as BI tools. In addition to making progress on the linkage and application of operational management data to condition prediction, we have also begun building statistical analysis functionality. These initiatives contribute to secure, centralized management of data in various departments and further data utilization across the Group.



To address digital measures in each department where there are concerns about them becoming siloed and identifying digital technologies that should be implemented company-wide, we established a system in which the Digital Utilization and Control Working Group, created last fiscal year, formulates issues and measures for company-wide deployment and implements them after deliberation at high-level meetings and committees. Currently, the various working groups are discussing eight themes, and have identified issues and formulated measures, and concrete activities have begun.

Structure



Human Resource Strategy



Tetsushi Honda

Director and Managing Executive Officer
President of Corporate Management and Planning

Continue Growth by Solving Water and Environmental Issues with Diverse Talent and Organization with Specialized Skills

Basic Concept of Human Resource Strategy

To achieve ORGANO 2030 and continue to grow beyond that, we will focus on enhancing the value of our human resources, who are the source of our growth, and aligning them with our management strategy. Given this, while enhancing talent management that quantitatively ascertains the skills of each employee and leverages them in our business, we are fostering a culture that encourages the acceptance of challenges and growth and a system that creates a cycle in which higher performance leads to even greater engagement. Alongside these efforts, we are working on priority issues such as workstyle reforms, visualizing skills while realizing tangible growth, and promoting diversity.

Overall Vision of Human Resource Strategy

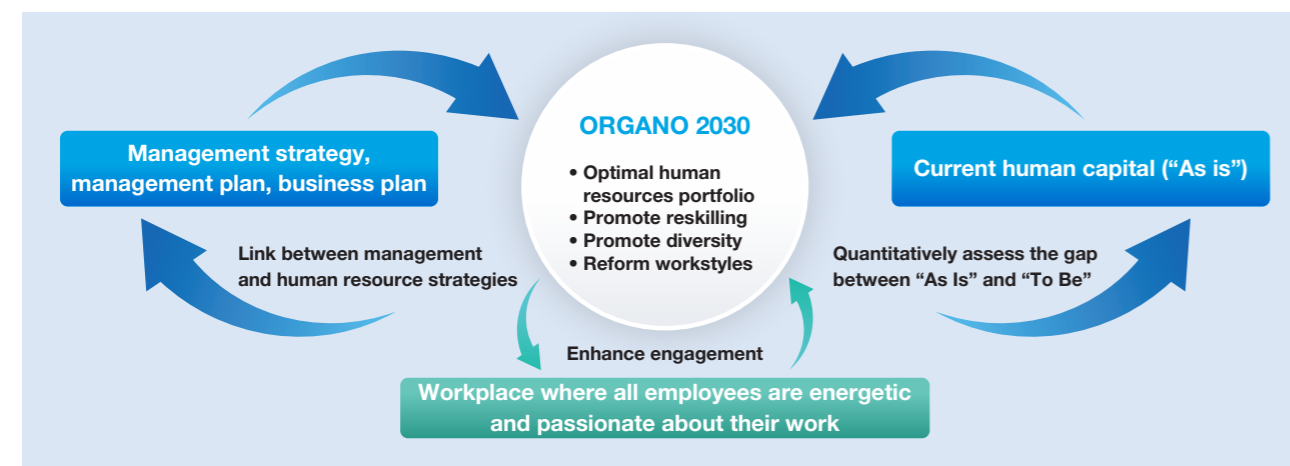
Our human resource strategy requires effectively leveraging human capital to recognize gaps from both forecast and backcast perspectives and overcome those to achieve our long-term management plan that embodies our corporate philosophy and our medium-term management plan with concrete goals toward achieving the long-term plan.

The source of our competitiveness is our employees, who have acquired unique skills, including technology, knowledge, and experience, over the years in a wide range of industries and in businesses that support social infrastructure, as well as our organization, which enables them to effectively utilize their skills. Strengthening these employees is the key to our human resource strategy. Management will provide specific details on the skills needed for the Group to achieve growth and create a framework to utilize employee growth to grow the business and solve issues. At the same time, as our employees continue to challenge themselves to acquire more advanced skills, we continue to enhance our competitiveness as a company.

Moreover, in today's world where business is conducted globally, it is essential to consider the essence of creating and providing value, communicate with stakeholders, and understand diverse values.

Based on this approach, the Group will provide improved and flexible workstyles so that each employee can set specific goals for growth, challenge themselves, and experience personal growth, thereby increasing engagement.

Overall Vision for Achieving ORGANO 2030



Structure for Promoting Strategies

To achieve the goals of ORGANO 2030, we must formulate plans to recruit and train human resources based on a broader perspective and experience. In recent years, with the intensifying competition for superior talent, the framework for promoting human resources strategy needs to transform from the traditional structure which is based on Group knowledge. To that end, in addition to hiring new graduates, we are strengthening our organizational capabilities to promote a recruitment system targeting talent with specialized skills needed by the Company, and developing methods to recruit referrals by current employees and alumni who were previously employed by the Company. In addition, we are working with a sense of urgency, leveraging the advice of external consultants to make our talent management more effective in utilizing employees' skills for our business.

Link between management and human resource strategies

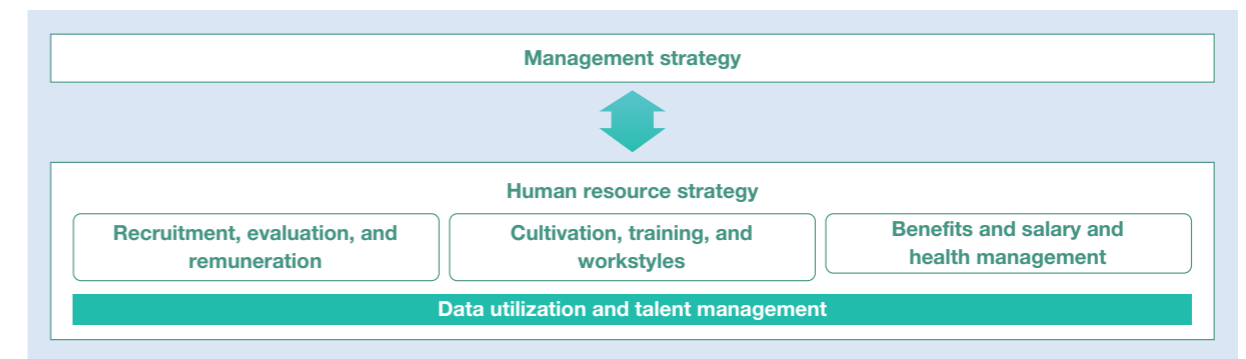


Image of the Ideal Candidate

It goes without saying that human resources are the source of our growth as we contribute to solving problems and developing industrial and social infrastructure with cutting-edge technologies cultivated through long experience in water treatment. For our Group, which values teamwork and working as an organization, observing social norms, recognizing diversity, and developing mutual understanding are fundamental requirements for our human resources. Furthermore, in their actual work, employees will often be required to think and make decisions for themselves in work situations even if still inexperienced. Therefore, we seek individuals who are eager to constantly acquire new knowledge and experiences to transform and grow into their best selves, who strive to understand the essence of situations from diverse perspectives, and who can think critically about how to optimize the organization as a whole. We will continue to cultivate this type of person.

Initiatives to Achieve Our Goals

To foster a culture of taking on challenges, we introduced a business improvement award system in FY2023 to recognize departments that have implemented business improvements. In addition, we expanded our qualification acquisition support system to provide greater support to skills development, the desire to learn, and taking on challenges, and in April 2024, we established a career consultation desk and introduced elective training.

We also introduced one-on-one consultations between supervisors and subordinates to enhance relationships and strengthen collaboration and promotion. Through personnel rotations, we are promoting initiatives to realize on the acceptance of challenges and transformation by acquiring experience and knowledge.

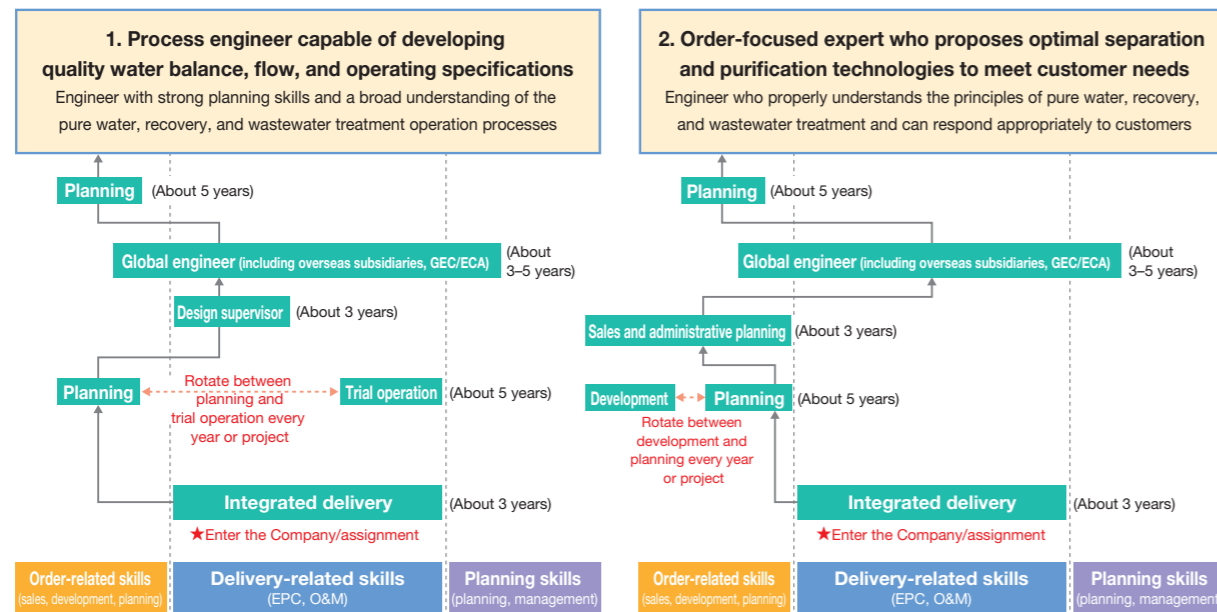


Human Resource Strategy

Career Paths for the Human Resources Who Will Support Our Company Tomorrow

Since FY2023, the Engineering Center has been promoting the development of human resources who will support the future of the Company by providing various career paths, including process engineers, project managers, operations managers, experts in construction, commissioning, and control, design specialists, and data engineers. Through goal-setting and evaluation interviews, the Center shares the ideal image of engineers with employees so as to implement effective rotation plans. Our career paths start by gaining an understanding of the overall picture of the project by experiencing end-to-end delivery, and then employees leverage their strengths while gaining global experience and acquiring new skills. In addition, the R&D Center traditionally transfers employees to different departments about once every three years so as to gain knowledge and experience from various perspectives on water treatment technology, enabling them to apply new ideas to development.

Engineer Career Case Studies



Human Resource Strategy KPIs

We aim to create a workplace where diverse human resources can play an active and rewarding role, and to that end, we have selected the following key issues (materiality). 1. To ensure diversity in terms of standpoint and approach in various decision-making processes, we aim to increase the number of female managers in domestic group companies to 50. 2. We believe that employees find it rewarding when they are able to improve and demonstrate their diverse range of capabilities, and we will work to cultivate human resources and enhance our systems to achieve this goal with training expenses per employee of ¥100,000. 3. We aim to provide a rewarding work environment where employees are mentally and physically healthy, and where no employees work more than 600 hours of overtime, the annual legal limit.

FY2025-FY2027	FY2028-FY2030
Expand new businesses and regions of operation	Expand new businesses and regions of operation
No employees working more than 660 hours of overtime	No employees working more than 600 hours of overtime
Mature fusion of membership-based and job-based human resources systems	Business development expansion driven by expertise through maturation of job-based employment
Establishment of a combined style of assessment and elective training	Achievement of training expenses per employee of ¥100,000
Completion of domestic group's expansion of talent management and reskilling	Implementation of talent development, evaluation, and promotion based on global standards
Achievement of 40 female managers at domestic group companies	Achievement of 50 female managers at domestic group companies

Diversity Initiatives

Basic Concept

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

Initiatives

Promoting the participation of women	We are establishing maternity and childcare-related systems that exceed legal requirements so as to enable female employees of child-rearing age to balance childcare and careers, and we are promoting the creation of a system that supports flexible workstyles. We established a Group material issue to increase the number of women in managerial positions to 50 by 2030. (As of March 2024, there were 25.) In recognition of these efforts, the Minister of Health, Labour and Welfare awarded the Company with the Eruboshi certification, which is given to companies that promote an environment where women can demonstrate their abilities and have an active role in the workplace.
Employment of people with disabilities	Organo is working to expand its employment of people with disabilities who, as of March 2024, accounted for 2.49% of the Company's workforce.
Utilizing global human resources	As Organo expands its operations overseas, it is promoting the employment and training of global human resources to take advantage of diverse values and experiences in different cultures.
Development of the internal environment to ensure diversity	Given that Organo's workforce consists of a diverse range of employees possessing a variety of personalities and backgrounds, the Company is developing an environment where all employees are able to fulfill their potential and realize growth. Female employees have been assigned to the departments in charge of construction management, which previously was staffed mainly by male employees, and consideration is given to diverse backgrounds, such as by augmenting Japanese-language education for foreign national employees, providing a cafeteria, and establishing a prayer room.
Employing senior citizens	The Company has introduced a reemployment program whereby it is possible to rehire employees up to the age of 70 so they can continue to work by leveraging the skills and expertise they cultivated even after reaching the mandatory retirement age of 60.



Work-Life Balance

Organo has established various systems to support flexible workstyles and enhance the work-life balance of its employees. We promote activities to eliminate long working hours and are working to create a system to support the health of the employees. Reducing the number of employees exceeding the legal overtime limit is one of the Group's material issues. To address the issue of long working hours, for instance, we are reviewing the work execution system through organizational reform and utilizing DX to improve work efficiency. As a result, the number of employees who worked more than 600 hours of overtime in FY2023—thereby exceeding the legal limit—dramatically decreased.

Moreover, we established a childbirth and childcare leave system that exceeds legal requirements. For example, employees are guaranteed full salary during maternity leave and leave for hospital visits during pregnancy as well as their terms of prenatal and postnatal leave (six weeks before and eight weeks after childbirth). The rate of childcare leave taken in FY2023 remained at 100% for female employees, and that for male employees dramatically increased from 28.1% in FY2019 to 76.4% in FY2023. We also take into consideration employees' life events, such as by introducing a reduced working hour system for childcare that covers children up through the third grade of elementary school, and by establishing a system that enables employees to change career paths and work in limited geographical areas. Some of Organo's female employees have even taken on managerial positions after returning from childcare leave, evidence of the fact that the Company offers a stable environment conducive to women building careers. In addition, Organo has introduced flextime options without core time, half-day paid leave systems, and telework systems to enable flexible and efficient work styles, and is promoting the streamlining of operations utilizing ICT. As part of the measures to improve the rate of use of paid leave, Organo has established paid leave incentive days and encourages employees to take extended vacations by combining paid leave with summer vacation and special paid leave offered after 15 and 25 years of service.