

# ORGANO GROUP REPORT

2023



**ORGANO CORPORATION**

1-2-8, Shinsuna, Koto-ku, Tokyo 136-8631  
<https://www.organo.co.jp/english/>







# The Power of Purification

The Organo Group leverages the technologies it has cultivated through long experience with water treatment to contribute to the development of industry and societal infrastructure.





# 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.

# Sustainability Policy

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



\* “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.

## Contents

<b>Introduction</b>		<b>Management Resources</b>		<b>Governance</b>	<b>45</b>
Introduction	1	Intellectual and Human Capital (R&D and Engineering)	23	Environment	53
Management Philosophy/Long-Term Management Vision	3	Manufacturing Capital	26	Society	57
Sustainability Policy	4	Social Capital (Overseas Network)	27	<b>Corporate Data</b>	
<b>About the Organo Group</b>		<b>Growth Strategies of the Organo Group</b>		Financial/Nonfinancial Information	61
Business Overview of the Organo Group	5	Long-Term Management Plan ORGANO 2030	29	Consolidated Balance Sheet	63
History of the Organo Group	7	Medium-Term Management Plan (2023–2025)	31	Consolidated Statement of Comprehensive Income	64
<b>Value Creation of the Organo Group</b>		Financial Strategy	33	Consolidated Statement of Shareholders' Equity	65
Message from the President	9	New Customer Value Creation Initiatives	35	Consolidated Statement of Cash Flows	66
Organo's Three Strengths	13	Water Treatment Engineering Business Unit	37	Company Information/Externally Acclaimed—Incorporated into Indexes	67
TOPICS: Value Creation Case Studies	17	Performance Products Business Unit	39	Network (Japan/Overseas)	68
Value Creation Process	19	<b>Sustainability and the Organo Group</b>			
Value Provided through Organo Group Products and Technology	21	Sustainability Management	41		

### Editorial policy

Since 2020, the Organo Group has published the “Organo Group Report” (integrated report), which reports on the financial and nonfinancial activities of the Group. The goal is to provide our shareholders, investors, and other stakeholders with a better understanding of our efforts to improve corporate value over the medium to long term by offering an integrated view of our financial data, management strategies, the business environment, and environmental, social, and governance (ESG) issues. Based on this report, we will continue to conduct dialogue with our stakeholders to further improve corporate value.

### Reference guidelines

“International Integrated Reporting Framework” by the International Integrated Reporting Council (IIRC)  
 “Guidance for Collaborative Value Creation” by Japan's Ministry of Economy, Trade and Industry  
 “Environmental Reporting Guidelines” (2018 edition) by Japan's Ministry of the Environment  
 ISO 26000:2010 Guidance on Social Responsibility

### Disclaimer regarding forward-looking statements

Forward-looking statements included in this report contain assumptions and expectations. They are based on information available at the time of publication, and involve risks and uncertainties. Please note that actual performance may vary materially from forecasts owing to changes in various factors impacting the Company's business.



### Origin of the Company Name

Ion exchange resin, one of Organo's core materials, is called organic zeolite, or “organolite” for short, as opposed to natural inorganic zeolite. The company name derives from the name of the resin.

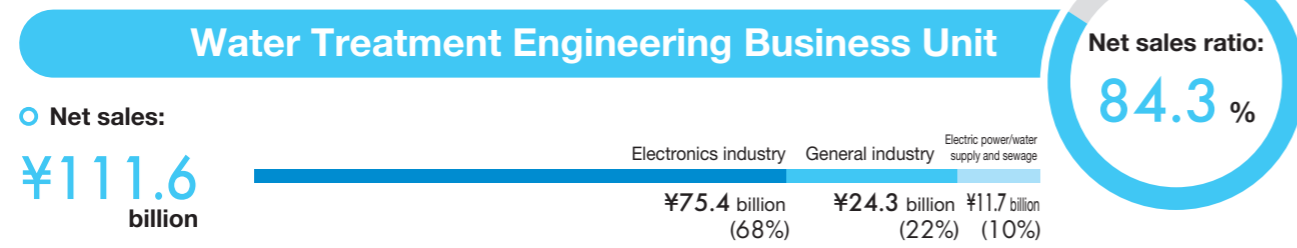
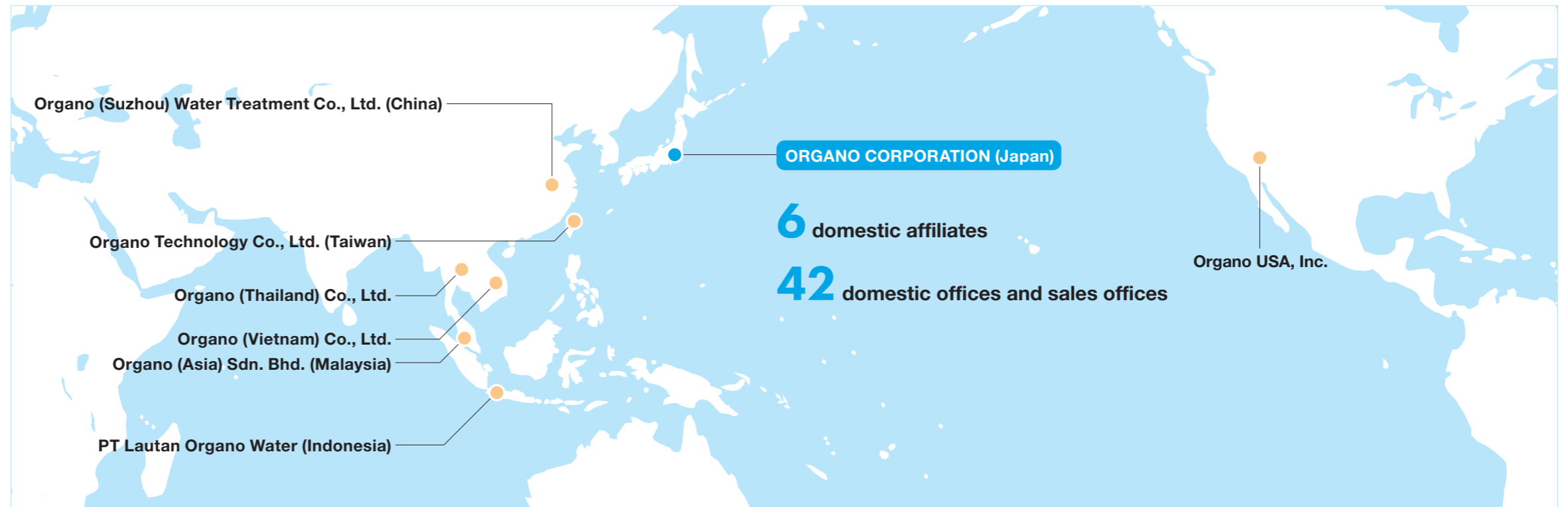
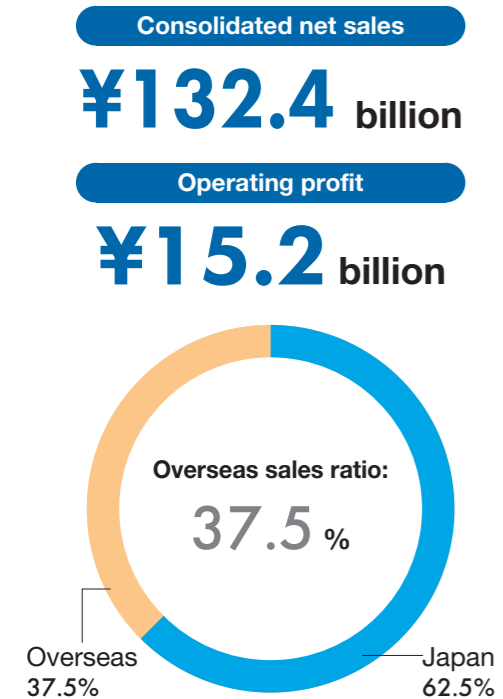
EcoCrysta, PURIC, ORBRAID, ORSMART, and MIZUNETSU, which appear in this document, are trademarks or registered trademarks of Organo Corporation.



# Business Overview of the Organo Group

Organo possesses a wide variety of water treatment technologies for ultrapure water, pure water, tap water, industrial wastewater and sewage, and is developing its businesses globally to serve a diverse range of customers while also applying these technologies to non-water fields. In addition, the Company has built a structure that allows it to provide comprehensive solutions by integrating all functions in-house, including product development, design, construction, sales, post-delivery maintenance, and operational support.

○ FY2022



This business unit provides water treatment systems used at various manufacturing plants, power plants, and water supply and sewage facilities. It undertakes business as a comprehensive water treatment engineering company providing solutions ranging from the supply of ultrapure water—which boasts the top level of purity in the world—to water recycling and various wastewater treatment facilities that detoxify harmful wastewater.

○ **Plant Business**

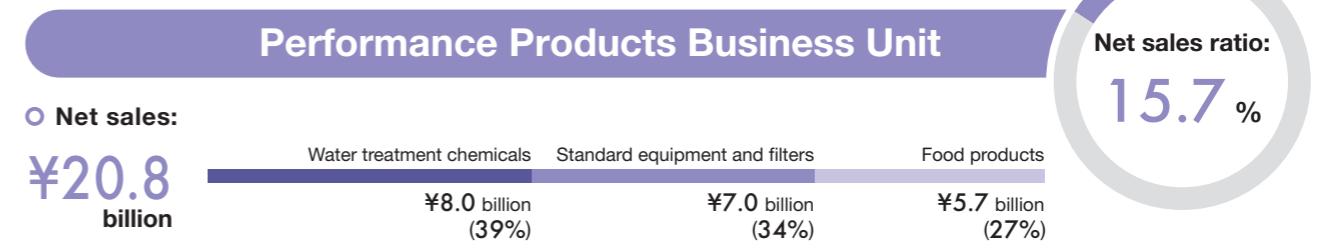


Providing optimal water treatment systems based on advanced technology capabilities cultivated in many industries and countries

○ **Service Solutions Business**



Providing solutions for customers' operational support and improvement needs as well as pure water at our own facilities



This business unit provides performance products such as water treatment chemicals, standard equipment, filters, and food processing materials to various manufacturing plants, retail facilities, and medical and research institutions. Although the business has focused primarily on Japan, the Company is also working to strengthen business development overseas with products such as compact pure water systems for medical institutions and water treatment chemicals for the electronics industry.

○ **Water treatment chemicals**



Providing various water treatment chemicals used for cooling water treatment, boiler water treatment, wastewater treatment, and RO membrane treatment at factories and commercial facilities.

○ **Standard equipment and filters**



Providing compact pure water systems used at medical and research institutions and water purification filters used at factories and in vending machines and coffee machines.

○ **Food products**



Providing food additives used as raw materials for processed foods and beverages, as well as processing technologies for the raw materials used in health food products and food products for nursing care patients.

## History of the Organo Group

# Technology Cultivated Over 75-Plus Years

Since its founding in 1946, Organo has been meeting the needs for water required in industry and daily life. The history of the Organo Group is also the history of expanding the value of water and its possibilities. Beginning with the development of a heat-free water distillation system for hospitals, research centers, and other facilities, Organo has been involved in a wide range of water treatment systems and technologies. This includes treatment systems for pure water and wastewater in various industries, water treatment systems for water supply and sewage and power plants, and ultrapure water systems for the manufacturing of semiconductors and other devices in the electronics industry. Organo plays a role in supporting the development of industry and daily life in Japan and overseas.

### Founded

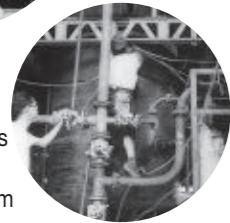
**1946**

Developed compact pure water system (heat-free water distillation system)



**1951**

Delivered Japan's first large-scale pure water system



**1953**

Expanded into special sugar liquid refining field



**1954**

Launched water treatment chemicals business



**1957**

Delivered Japan's first ultrapure water system for electronics industry

**1959**

Expanded into water supply and sewage field



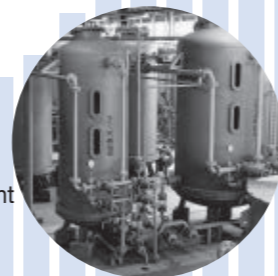
**1959**

Launched food product business



**1966**

Completed large-scale water treatment facility for power plant



**1984**

Expanded into pharmaceutical manufacturing field



**1986**

Completed Central Research Laboratory (Toda)



**1986**

Established Organo (Malaysia) (currently Organo (Asia) Sdn. Bhd.)

**1991**

Expanded deliveries for semiconductors



**1989**

Established Organo (Thailand) Co., Ltd.

**2003**

Expanded overseas business  
Enhanced service solutions

**2005**

Executed full-scale launch of comprehensive service solutions



**2005**

Established R&D Center (Sagamihara)



**2003**

Established Organo (Suzhou) Water Treatment Co., Ltd.

**2005**

Established Organo Technology Co., Ltd. (Taiwan)

**2014**

Launched energy-saving service solutions using water heat utilization system



**2018**

Formulated new management philosophy and long-term management vision

**2020**

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



**2021**

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



**2022**

Formulated Sustainability Policy

Launched ORSMART CW, DX-based energy-saving solutions for cooling water treatment



**2010**

Established Organo (Vietnam) Co., Ltd.

**2013**

Established joint venture enterprise PT Lautan Organo Water (Indonesia)

**2015**

Established joint venture enterprise Murugappa Organo Water Solutions Private Limited (India) (terminated the joint venture in 2021)

**2021**

Established Organo USA Inc.

1940 1950

1960

1970

1980

1990

2000

2010

2020

Startup

Growth

Maturity

Leap

Note: The graph indicates the changes in net sales.

### Founding of Japan Organo Co., Ltd.

The Company was founded in Suwa, Nagano Prefecture in 1946. Japan Organo was established as the country's first company to sell ion exchange equipment as its main product. In response to requests from industry in the wake of post-war reconstruction and the rebuilding of the Japanese economy, the Company focused on research and development of equipment and forged a track record in fields such as water treatment and sugar refining.

### Becoming a Comprehensive Water Treatment Engineering Company

We completed the world's first continuous pure water production system and developed Japan's first pulse bed sugar liquid decolorizing equipment. As awareness of pollution issues continued to heighten, the Company developed water treatment equipment for nuclear power plants, commercialized a full-scale ultrapure water production system, compiled achievements in the areas of public sewage facilities and corporate wastewater treatment, and made great strides toward becoming a comprehensive water treatment engineering company.

### Innovation and Creation

In 1988, we established a management policy of "Innovation and Creation" to revamp and revitalize our corporate culture, established overseas subsidiaries, and strengthened our business for the pharmaceutical industry. Moreover, we made steady progress in resolving management issues, such as expanding our business domains, establishing a cooperative structure as a group, and restructuring our organization to bolster technological development.

### Further Growth through Expansion of Business Domains and Regions

In 2018, we revised our management philosophy. We formulated a long-term management vision that conveys our intent to contribute to the development of industry and the resolution of social issues by expanding the leading-edge technologies cultivated through our experience with water treatment into areas other than water and expanding our operational sphere. We will contribute to the realization of an affluent and sustainable society through the creation of water value.



# Message from the President



**At our peak performance,  
it is the perfect time for  
new challenges and  
transformations**

**Masayuki Yamada**

Representative Director and President  
President and Executive Officer

## Looking Back after One Year as President

In June of 2023, I was appointed President and I held discussions with management regarding pressing issues and the Organo Group's medium- and long-term strategies. For our Long-Term Management Vision, the Group proposed the concept of "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." It was a year in which we laid out the necessary actions and the areas that required changing in the interest of realizing this vision, and we began to act as an organization.

In last year's Group Report, as I became President of Organo Corporation, I announced my commitment to taking on the challenges of new ideas and reform.

Discussions are held regularly at the Long-Term Management Plan Promotion Meeting on the progress of business development and expansion of development regions in the priority areas set forth in Long-Term Management Plan ORGANO 2030. At the most recent meeting, we conducted intensive discussions on how to expand our electronics industry sector business focusing on semiconductor-related industries and the Performance Products Business Unit including pharmaceuticals, how to expand overseas operations in North America and elsewhere, and how to accelerate the promotion of digital transformation (DX), including data usage. This meeting was extremely valuable, with specific and in-depth discussions on plans of action and issues to be addressed to realize these objectives. We are

steadily transitioning from discussions on the direction of the business environment and current situation analysis to talking about specific measures, plans to implement them, and issues that need to be addressed.

We are feeling positive about our efforts to augment our management foundation, particularly with regard to corporate governance. Corporate governance reinforcement is a material issue to be tackled by the Group over the long term. At the Ordinary General Meeting of Shareholders held in June 2023, three Independent Outside Directors—including one female—were newly appointed. Independent Outside Directors now comprise the majority of the Board of Directors. Since the implementation of the new structure, opinions from Outside Directors with extensive management experience and diverse knowledge have energized the Board of Directors, and I have felt firsthand increased effectiveness from the Board.

## Results of Our Business Activities and Responding to Challenges

We have continued to increase net sales since FY2018, and for FY2023, we achieved record highs in orders received, net sales, and operating profit for the second consecutive year. Expanded investment in the electronics industry—both domestically and abroad—greatly contributed to our strong performance. Orders received, a key indicator of performance, rose ¥37.7 billion year on year to ¥173.4 billion, sparked by a significant contribution from increased semiconductor-related orders in China.

Both the Water Treatment Engineering Business Unit and Performance Products Business Unit continued their robust performance. In the general industrial field, there was a recovery in large-scale investment in pharmaceutical, food, and electronics-related industries, and growth remained steady owing to demand for equipment renewal and the Service Solutions business in areas of electric power and water supply and sewage. In the electric power field—where the Group boasts a large market share—orders rose for maintenance

for nuclear power plant restarts.

Based on these strong results, ROE stood at 14.5%, surpassing 10% for the fourth straight year, as well as our medium- to long-term target of 12%. As demand for Organo technology, products, and services continues to rise, we are working to promote operational efficiency, one of the most important measures in sustaining this growth. The key is to promote data usage. This initiative is incorporated into ORGANO 2030 and our medium-term management plan, and we are promoting enhanced efficiency and design operation automation while also considering the adoption of AI. Improving operational efficiency is also an integral factor in the effective utilization of global human resources. At the Global Engineering Center in Vietnam, established in 2021, locally hired engineers are a major asset in our design operations. As securing highly skilled personnel domestically is becoming increasingly challenging, it is clear to us that finding personnel overseas is indispensable to Organo's growth. We will continue

## Message from the President

to focus on enhancing operational efficiency both in Japan and abroad while also strengthening and cultivating our human resources.

Moreover, we are closely monitoring the currently complex business environment. China and Taiwan account for nearly 70% of our overseas business, and we recognize the heightened business risk due to relations between the U.S. and China. Mitigating dependency on business in Greater China is a key long-term challenge in our international expansion.

### Business Development Goals of the Organo Group

While further advancing our cutting-edge technologies in separation, purification, and analysis—our strengths—we will provide customers with solutions that will aid them in their efforts to conserve energy, labor, and resources not only in the water treatment field but also in other fields that involve the purification of electronic materials and the recovery and purification of organic solvents. Overseas, we are expanding our semiconductor-related business in Greater China and Malaysia. We will also explore opportunities to expand to Europe, North America, and India. In 2021, we established Organo USA as a business location in

We are also concerned about procurement risk trends.

While the current situation is within the scope of the assumptions laid out in our business plan, the continued surge in material costs and prolonged delivery times raise concerns about protracted supply-demand constraints—particularly for certain piping materials—and we must be vigilant going forward. We will continue to reinforce the supply chain by attempting to source alternative materials and diversifying our supplier network.

the U.S. In addition to growing our existing business, one challenge we face is setting the stage for further business expansion in the sizable U.S. market.

While semiconductor-related business is currently our primary driver of growth, we recognize that having a broad customer base in other industries and social infrastructure sectors is one of the Organo Group's key strengths. As we pursue semiconductor-related business opportunities, we will construct a more stable business foundation that is less susceptible to market conditions and satisfy our customers' diverse needs.

### Implementing Sustainability Management, Enhancing Corporate Value, and Fostering a Rewarding Workplace Environment

The Organo Group is working to raise corporate value by combining initiatives based on its Sustainability Policy and the business strategies of Long-Term Management Plan ORGANO 2030. As the chairperson of the Sustainability Committee, under the purview of the Board of Directors, I am in charge of the planning, formulation, and implementation of sustainability management promotion measures. In FY2022, we identified material issues and established specific KPIs for each material issue. As we move forward, we will launch full-fledged sustainability management. We identified two material issues related to achieving continuous business growth and three connected with the establishment of a business

foundation. It is important to update KPIs and other indicators in line with changes in the business environment and in our business. One material issue connected with the establishment of a business foundation is the creation of a workplace where diverse human resources can play active, rewarding roles, and we stress that this initiative will lead to employee health and happiness as well as enhanced operational efficiency.

While perspective may differ from one workplace to another, strengthening communication between employees and management at each location will surely lead to the positive transformation of the workplace environment.

### To Our Stakeholders

The Organo Group's reason for existence is to leverage the technologies it has 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. We promote our business activities while taking pride in the knowledge that our business is playing a key role in the realization of sustainability in society. We will continue to actively invest management resources in state-of-the-art separation and purification technologies, analysis technology, and R&D to support these business activities. Further, we will

continue to leverage our advanced technological capabilities to resolve issues both in our customers' businesses and in society. My single most significant mission as President is to continually boost corporate value by growing our company through relentless R&D, business development, and sustainability management, and to return profits to our various stakeholders—including shareholders, investors, customers, employees, and communities. We look forward to your continued support as the Organo Group fully leverages its advanced technologies in contributing to industrial development.





# Organo's Three Strengths

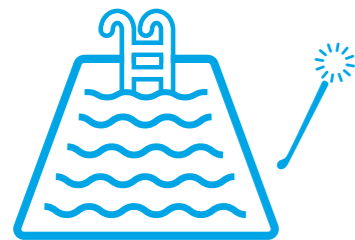
Since its founding, Organo has developed technology to meet its customers' diverse needs through the use of ion exchange resins—unique materials possessing ion component exchange capability—and equipment that effectively utilizes these materials. The accumulation of these efforts has led to the development of unique practical technologies, and the cultivation of our strengths.

## 1. Advanced Separation and Purification Technologies and Analysis Technology

### What Are Separation and Purification Technologies?

While Organo's separation and purification technologies can be found in a wide range of applications—from ultrapure water to wastewater and for various solvents and chemical solutions—the key is the ability to separate and remove unwanted matter and to purify useful substances.

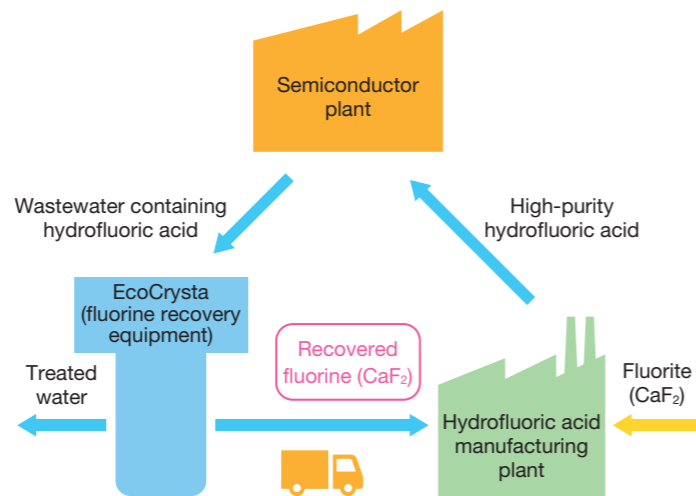
#### Separating and removing unwanted matter



Impurity concentration of **1 ppt or less**

Impurity concentration in ultrapure water for semiconductor manufacturing is no higher than 1 ppt (parts per trillion). This represents just 2.5 mg in a volume of ultrapure water equivalent to a 50-m swimming pool (2,500 m<sup>3</sup>) at the Olympic Games.

#### Purifying useful substances

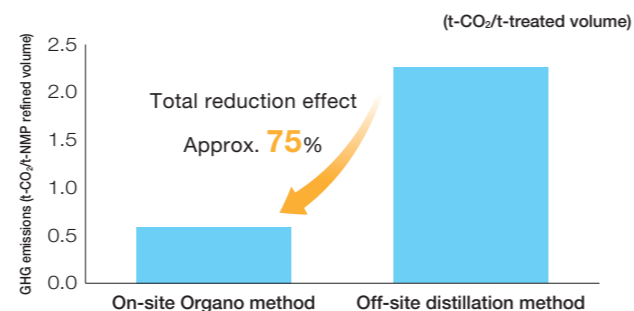


Technology to increase the purity of specific substances is used in applications such as the recovery of valuable resources in wastewater. (The above is an example of calcium fluoride recovery from wastewater)

### Non-Aqueous Separation and Purification

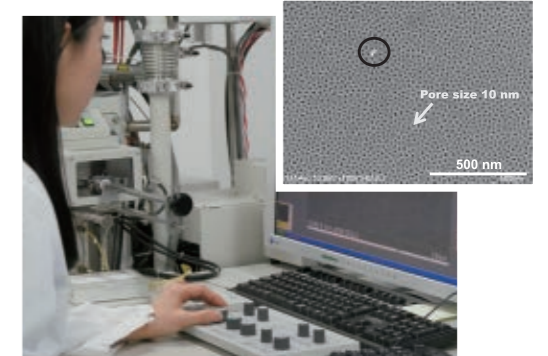
Organo entered the non-aqueous separation and purification field in 1953. We are developing technologies for the refinement and decolorization of sugar, the removal of substances from a distilled spirit that cause people to feel sick, and more recently, to recover N-methylpyrrolidone (NMP) used in large quantities in the manufacture of cathode materials for rechargeable lithium-ion batteries found in electric vehicles (EVs). Whereas mainstream distillation methods are energy intensive, our membrane separation method reduces costs to one-seventh that of conventional methods and reduces lifecycle CO<sub>2</sub> emissions by nearly 75%, contributing to resource and energy savings.

#### ○ Lifecycle CO<sub>2</sub> emissions



### Development of Analysis Technology

While our R&D Center utilizes state-of-the-art analytical equipment and a host of advanced analyses to confirm equipment performance and water quality, the impurities in ultrapure water used in advanced semiconductor manufacturing are at levels so low that they are undetectable by this analytical equipment. Therefore, we continued the development of our analysis technology and succeeded in using a proprietary membrane—the first in the world with the ability to measure fine particles as small as 10 nm (1.0E-8 -meters). (See photo on the right.) Using the newly developed membrane along with filtration and continuous automatic observation technologies, we have made possible the analysis of fine particles as small as 10 nm, contributing to the improvement of the semiconductor product quality and yield (non-defective rate).



### How Separation and Purification Technologies Contribute to Society

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





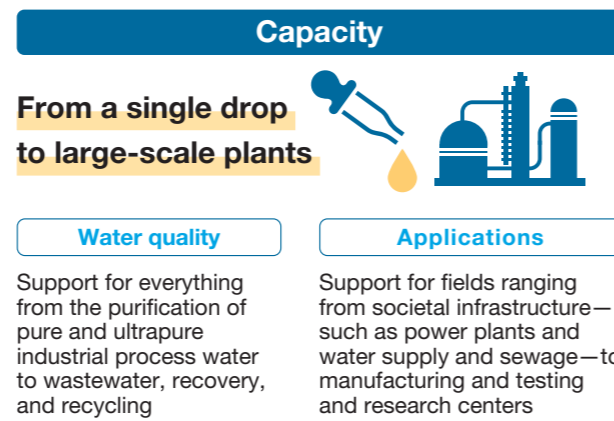
Organo's Three Strengths

## 2. Comprehensive Water Treatment Engineering

Organo continues to evolve the broad range of separation and purification technologies—including water treatment—developed over the years to meet our customers' needs.

### Wide Range of Supporting Technologies

The Organo Group supports a vast range of processing capacities, from ultrapure water production systems used at research institutions that require a single drop of water to ultrapure water production systems used in cleaning applications at large-scale semiconductor manufacturing plants that supply 1,000 tons of water per hour—more water than in an Olympic-size swimming pool. The scale of production determines the equipment technology required, even when producing the same ultrapure water. In addition, water before treatment—also known as raw water—varies depending on the location, such as seawater, river water, well water, industrial water, and wastewater, and there is also a variance in customer uses. As such, we provide water treatment facilities and services in line with the characteristics and uses of raw water.



### Comprehensive Structure

We internally share customer needs and new insight gained at each phase to improve our technology and services.

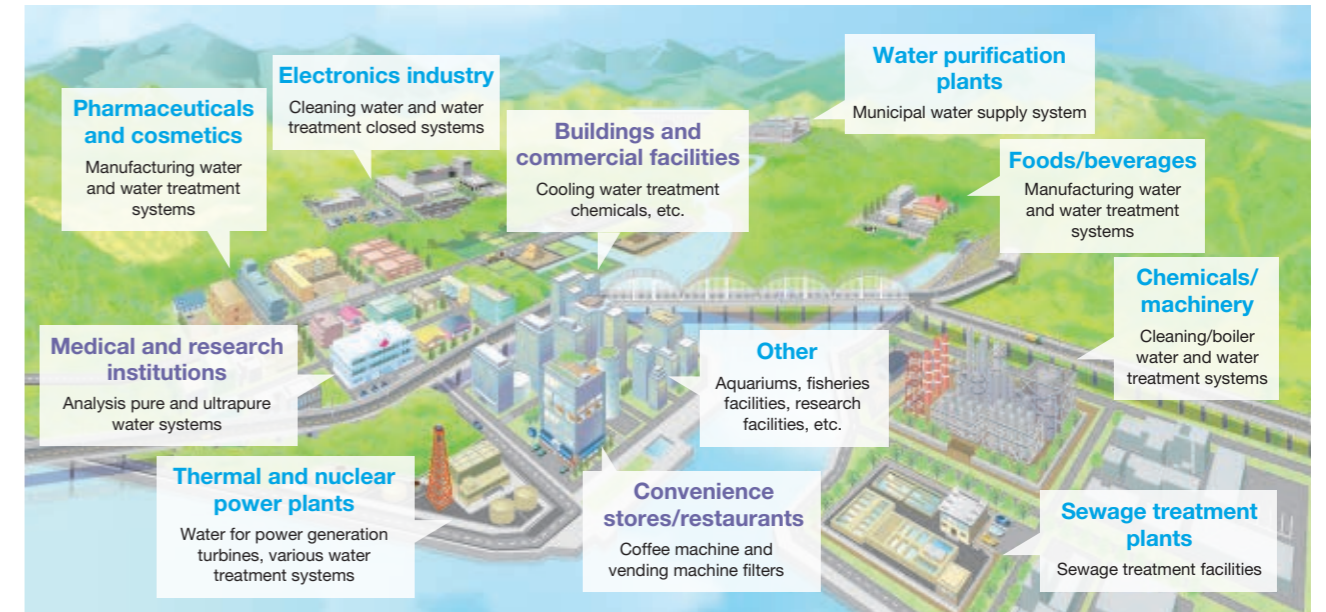


### Know-How and Support Capabilities

The source of the Organo Group's customer support capabilities is the accumulation of know-how through accurately responding to customer needs based on individual experiences. This includes the development of technology and installation of equipment related to separation and purification for more than 75 years as well as the ability to respond to issues that arise during operation and maintenance.

## 3. Extensive Track Record in Industry and Daily Life

The breadth of our customer base accumulated from our wide-ranging delivery record is one of our most valuable assets for meeting our customers' future needs.



### Water Treatment Engineering Business Unit

<b>Electronics industry</b>		Main areas: Semiconductors, panels, electronic parts, etc. Main equipment: Ultrapure water production systems, water treatment systems, wastewater recovery systems, valuable resource recovery systems
<b>General industry</b>		Main areas: Pharmaceuticals and cosmetics, foods and beverages, mechanical and chemical uses Main equipment: Ultrapure water production systems, water treatment systems, wastewater recovery systems, refining facilities for sugar solutions, refining facilities for distilled spirits
<b>Electric power/ water supply and sewage</b>		Main areas: Thermal and nuclear power plants, water supply and sewage Main equipment: Pure water production systems, water treatment systems, condensate treatment systems, water treatment facilities, sewage treatment facilities

### Performance Products Business Unit

<b>Water treatment chemicals</b>		Main areas: Various manufacturing industries, buildings, and commercial facilities Main products: Wastewater, cooling water, boiler water, and RO membrane treatment chemicals
<b>Standard equipment and filters</b>		Main areas: Medical and research institutions, convenience stores/restaurants Main products: Compact pure water/ultrapure water systems, water purification filters
<b>Food products</b>		Main areas: Food/beverages, food products for nursing care patients/health food products Main products: Food additives and processing agents, food ingredients

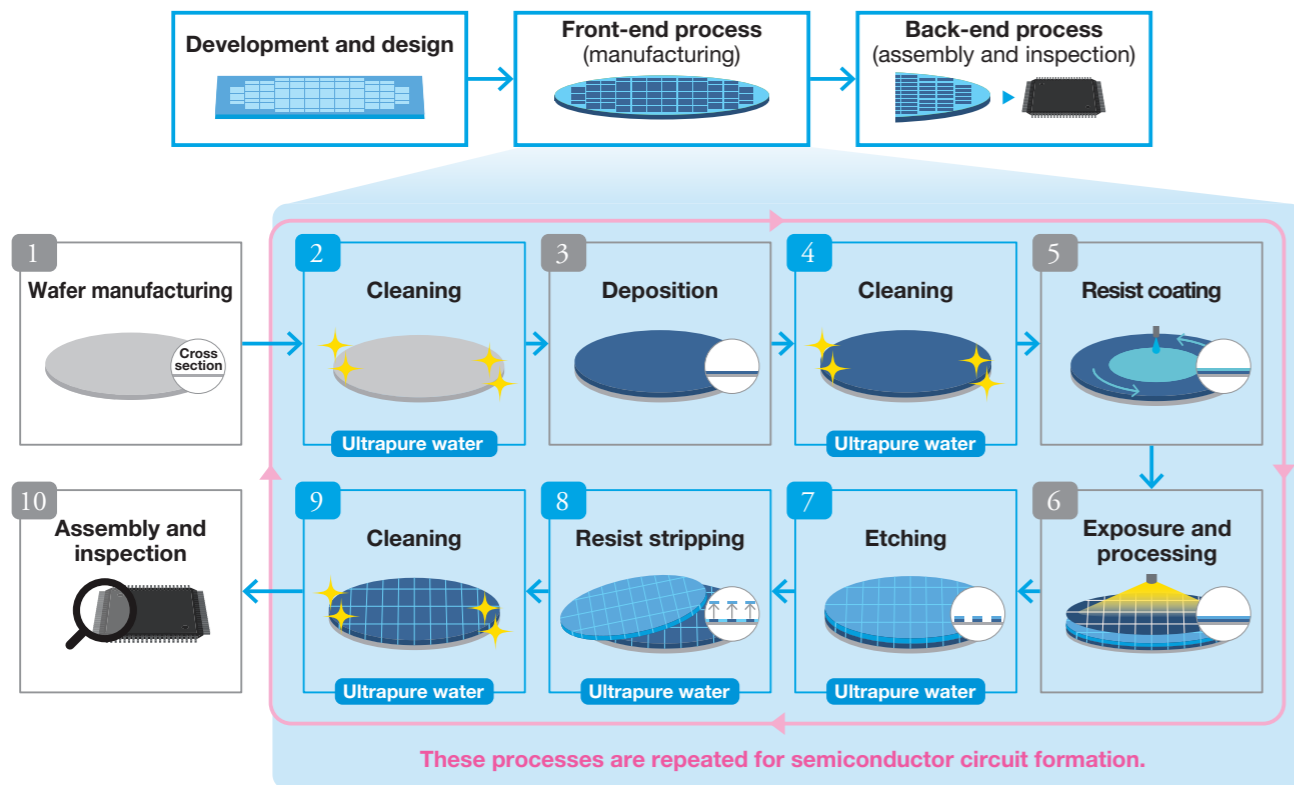


# TOPICS: Value Creation Case Studies

## Ultrapure Water for Semiconductor Manufacturing Plants

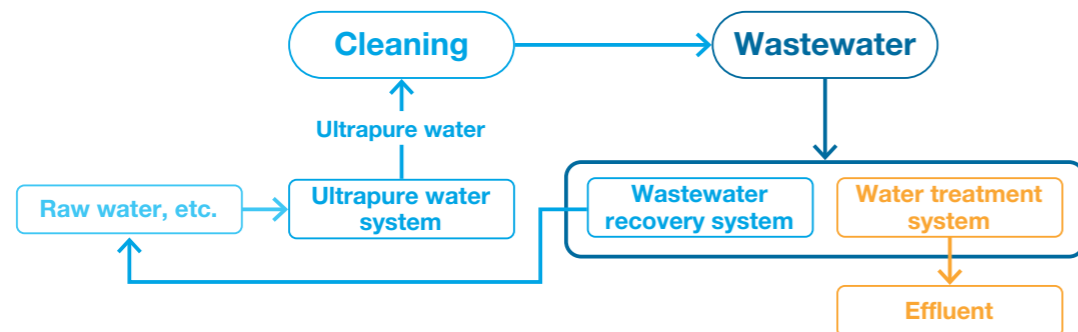
In semiconductor manufacturing—for which demand remains strong—the cleaning process to remove contaminants and deposits from the surface of semiconductors accounts for more than 30% of the entire manufacturing process, and is key to ensuring product quality. This process requires large volumes of ultrapure water, in addition to chemical solutions and gases. Organo has delivered ultrapure water production systems to numerous semiconductor manufacturing plants both domestically and abroad, helping improve their yields.

### Conventional semiconductor manufacturing processes



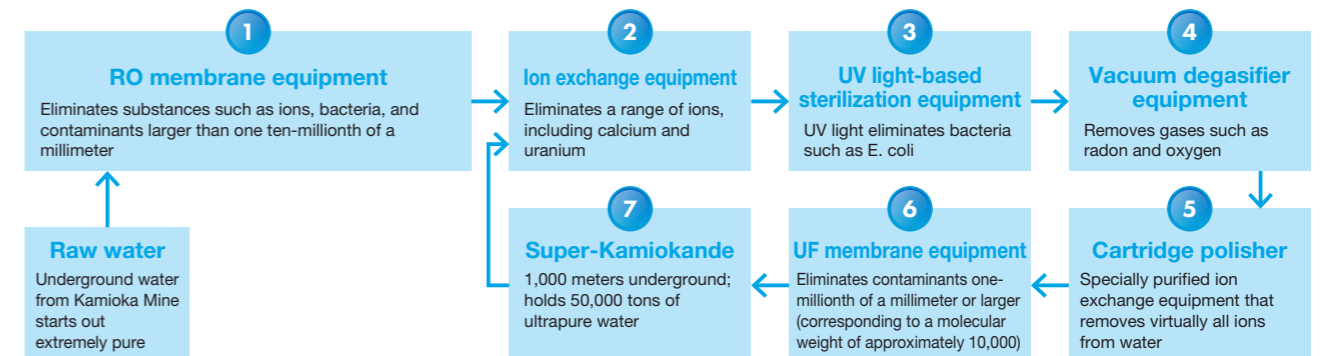
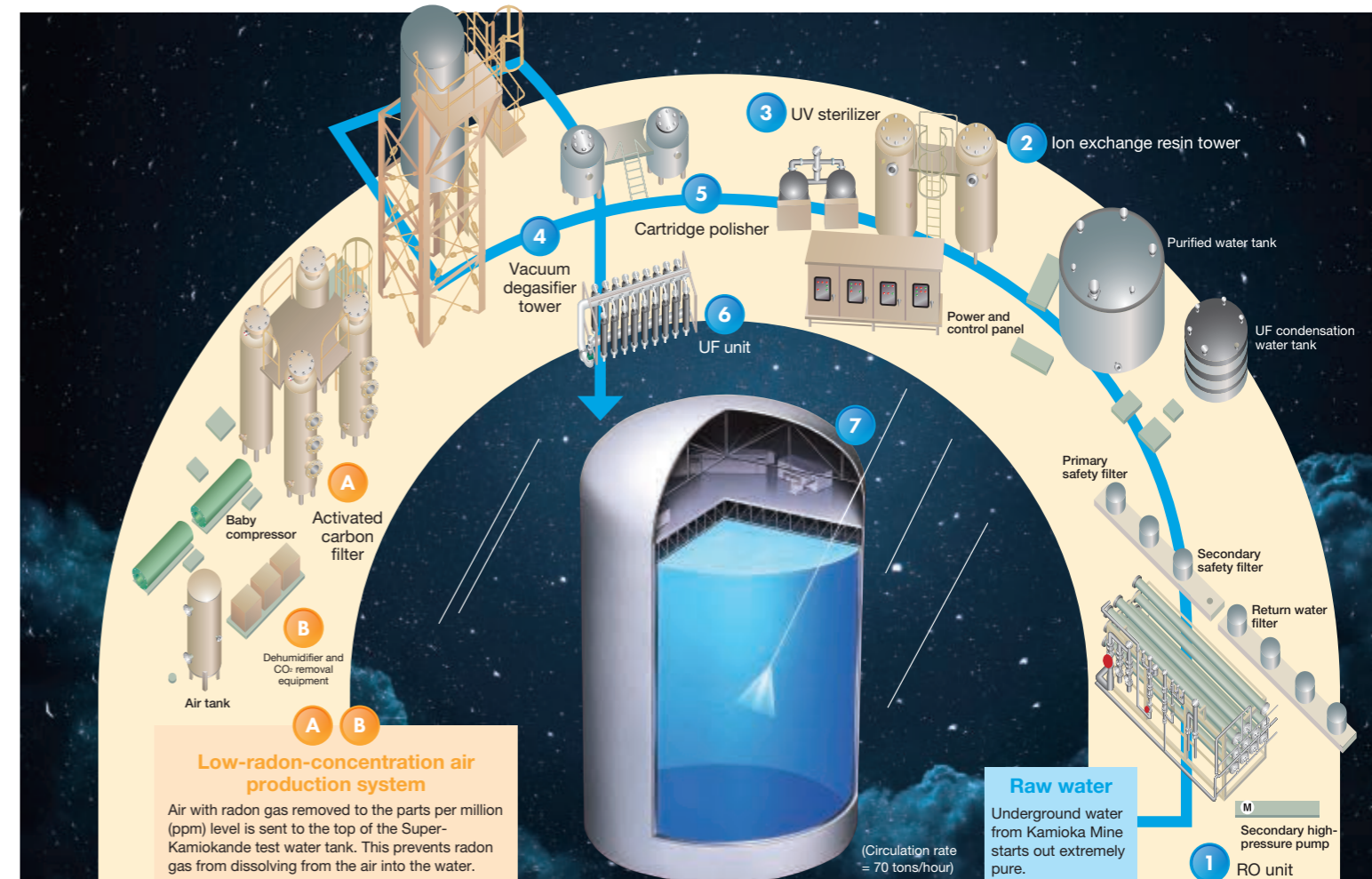
A portion of the large volumes of ultrapure water used is treated prior to discharge so as not to impact the environment, while most of the water is recovered and reused. Organo also provides wastewater recovery systems to contribute to efficient water resource use.

### Example of wastewater treatment



## Supplying Ultrapure Water to Super-Kamiokande

We supply ultrapure water to Super-Kamiokande, the world's largest water Cherenkov detector. Masatoshi Koshiba and Takaaki Kajita won the Nobel prize in 2002 and 2015, respectively, for their research on neutrinos. Moreover, in 2020, we succeeded in removing ions while retaining gadolinium ions ( $Gd^{3+}$ ) using special ion exchange resin jointly developed by the University of Tokyo and Organo. This contributed to increasing the sensitivity of neutrino observations with the introduction of gadolinium.





# Value Creation Process

With the Water Treatment Engineering Business Unit remaining at the core, Organo will further expand its role by leveraging its separation and purification, analysis, and manufacturing technologies. The Company will also expand the scope and regions

of its businesses—including those beyond water—and constantly provide products and services that promote the creation of value and resolve the challenges that confront industry and society.

## [Management Philosophy]

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



**Global sustainable development and growth**

- Responding to climate change
- Declining populations in developed countries
- Advancements in technology

**Development and growth in emerging and developing countries**

- Deepening of globalization
- Growing populations and urbanization in emerging countries

**Advancement and development of medical and health technologies**

- Further exploration of advanced medical technologies
- Developing medical structures in emerging countries
- Implementing infection prevention measures

**Financial foundation**

Equity: **¥86,170 million**

Total shareholder's equity ratio: **52.3%**

**Production technology capabilities**

**Production bases**  
Iwaki Factory, Tsukuba Factory, Organo Food Tech Corporation (Food Products Division), HOSTEC (Performance Products Business Unit)

**Network**

Number of employees: **2,506**

**Domestic sites**

Domestic affiliates: **6**

Domestic offices and sales offices: **42**

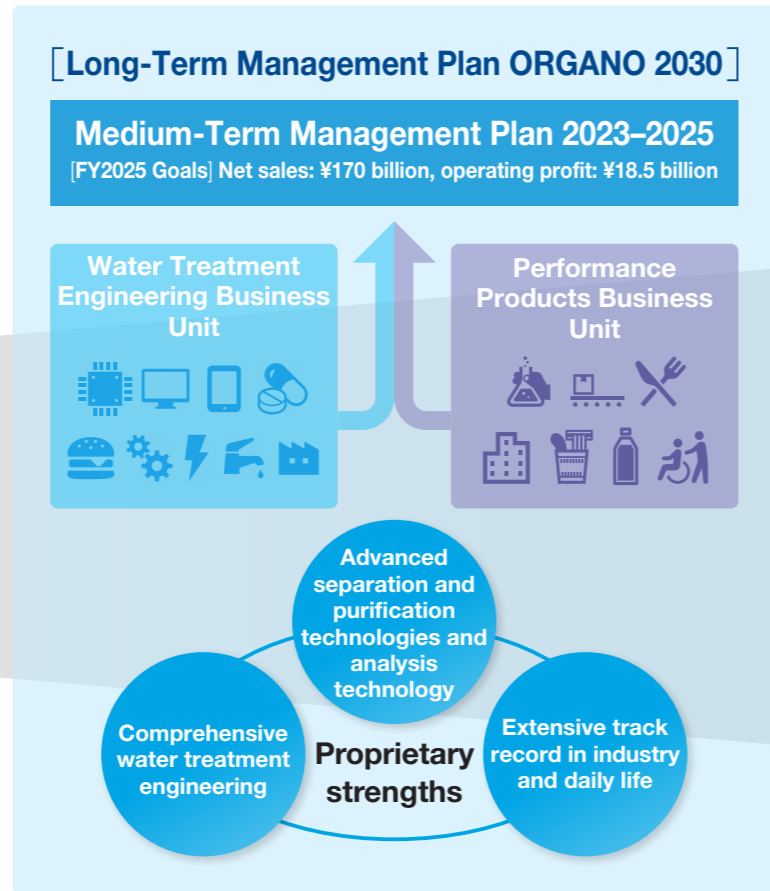
Overseas sites: **7**

**R&D**

R&D expenses: **¥2,615 million**

Number of R&D personnel: **158**

Number of patents and utility models (Japan): **785**



Developing the Information and Communications Technologies (ICT) infrastructure (semiconductor) industry

**Standard pure and ultrapure water production systems**

Reducing environmental impact and improving water utilization

**Water treatment system**

Contributing to a reduction in energy consumption

**Energy-saving service solutions**

Contributing to improving water quality and treatment efficiency, reducing labor, extending useful life, and reducing waste

**Water treatment chemicals and services**

Maintaining quality in pharmaceutical manufacturing

**Water production and supply systems for pharmaceuticals**

**Social value**

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

**Customer value**

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

Contributing to a sustainable society

**Shareholder value**

- Stable ROE of 12% or more
- Continuously increasing shareholder returns

**Employee value**

- Fulfilling place to work; energetic company
- Achieving diversity

**ORGANO 2030**

[ Goal ]

**Aspire to Become a Global Partner Company**

- Aspire to be a partner for 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
Profit margin	15%
ROE	stable at 12% or more



# Value Provided through Organo Group Products and Technology

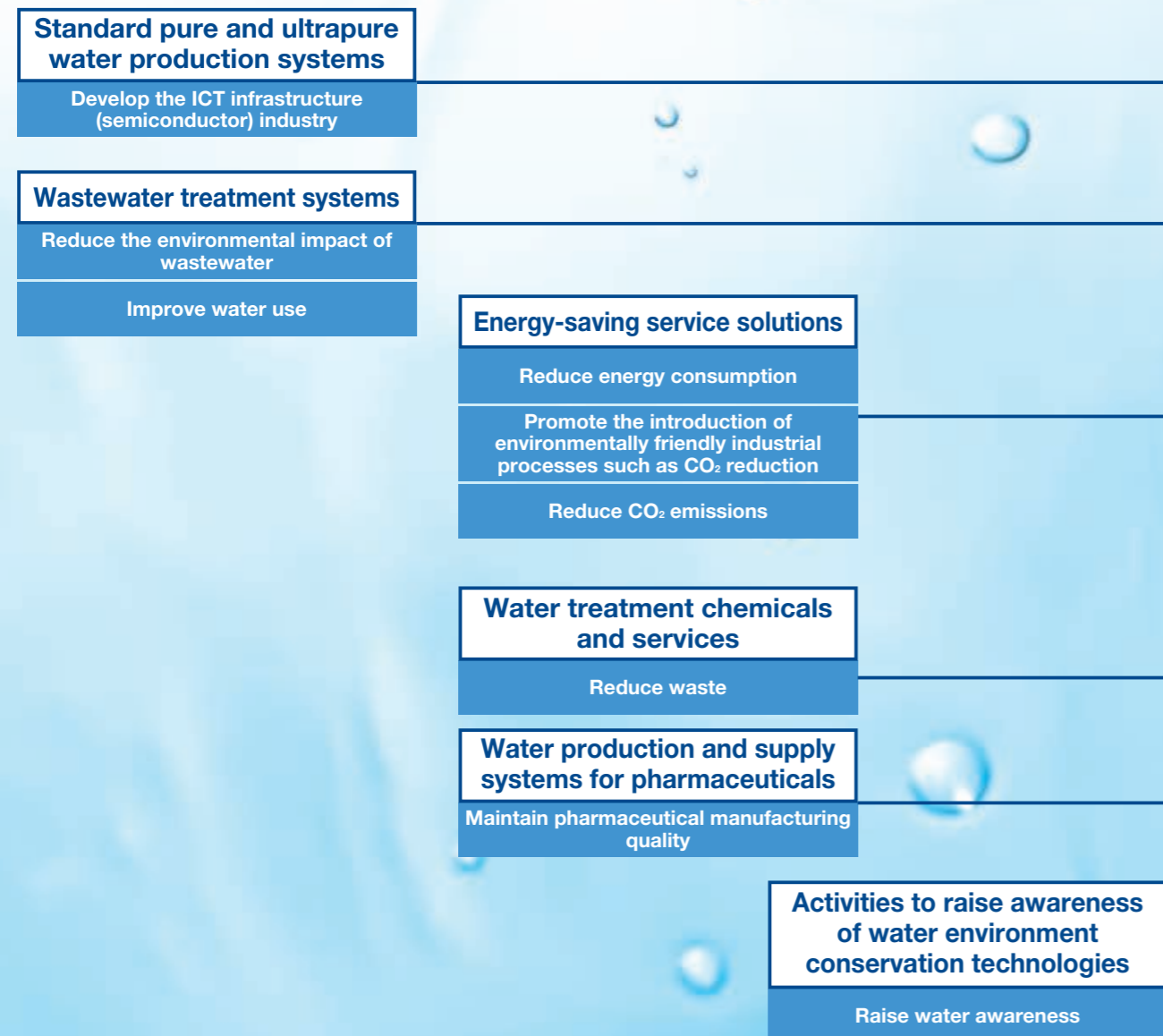
There is a Japanese proverb that says, “When the wind blows, the barrel maker gets rich.” The blowing wind creates dust, which gets in people’s eyes and causes them to lose their eyesight. People who lose their eyesight try to make a living playing the shamisen, leading to an increased demand for shamisen. Because the shamisen is covered in cat skin, the number of cats decreases. As the number of cats decreases, the number of mice increases, resulting in more barrels being gnawed by mice. Therefore, the barrel maker profits from selling more barrels.

While this is an extreme example, in the world in which we live, seemingly unrelated things can actually be connected. Pure water purified using Organo’s state-of-the-art technology is used in pharmaceutical manufacturing, and these pharmaceuticals help people to regain their health. Our technology to purify industrial wastewater beyond legal requirements protects river and ocean ecosystems, thereby preserving marine resources. Ultrapure water with minimal impurities is essential for semiconductor manufacturing. These semiconductors support the core elements of societal infrastructure, including bank ATMs, train operations, and the Internet. Moreover, our technology to enhance air conditioning energy efficiency not only reduces energy consumption but also mitigates CO<sub>2</sub> emissions.

Organo products and technologies support industry and people’s daily lives behind the scenes through a process of intake, use, and discharge of water. Behind this are our strengths—our advanced technologies in separation and purification, analysis, and manufacturing. Our technology contributes to both environmental conservation and economic development by building small water reclamation circulation loops used in daily life and industry within the larger global water cycle. This is the value that we proudly provide to society. By pursuing this value, we support semiconductor, pharmaceutical, and other cutting-edge technologies while realizing climate change measures and the Sustainable Development Goals (SDGs).

Taking full advantage of the cutting-edge technology we have cultivated through long experience with water treatment, Organo will continue to serve as a valuable partner company by contributing to the industries that create the future, and by playing a key role in the development of societal infrastructure.

## Our Businesses, Services, Initiatives, and Social Issues to be Solved



## SDG contributions and targets for FY2030





# Management Resources (Intellectual and Human Capital)



## R&D and Engineering

**Driving Our Separation and Purification Technologies Forward to Help Build the Industries Creating the Future**

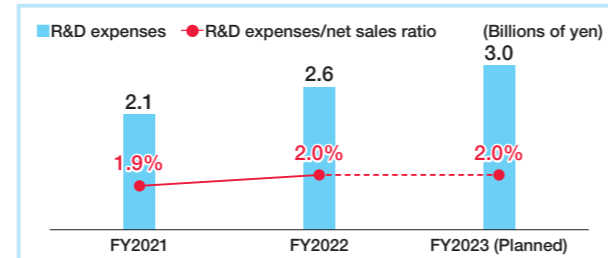
**Nobuyoshi Suda** Managing Director and Executive Officer  
President of R&D and Engineering

### Organo's Policy for R&D and Engineering

In recent years, demand has grown for efforts to realize a sustainable society as the future social situation becomes increasingly unpredictable due to the impacts of abnormal weather patterns as a result of global warming, as well as geopolitical risks. Since its founding in 1946, the Organo Group has evolved over more than 75 years into a comprehensive water treatment engineering company. We will continue to deepen and develop our high value-added separation and purification technologies, and develop and provide advanced technologies to contribute to a sustainable future society. At our core Plant Engineering Business Unit, we accurately grasp changes in the business environment,

achieve constant innovation, and provide technologies, products, and services to promote value creation and problem solving in industry and society.

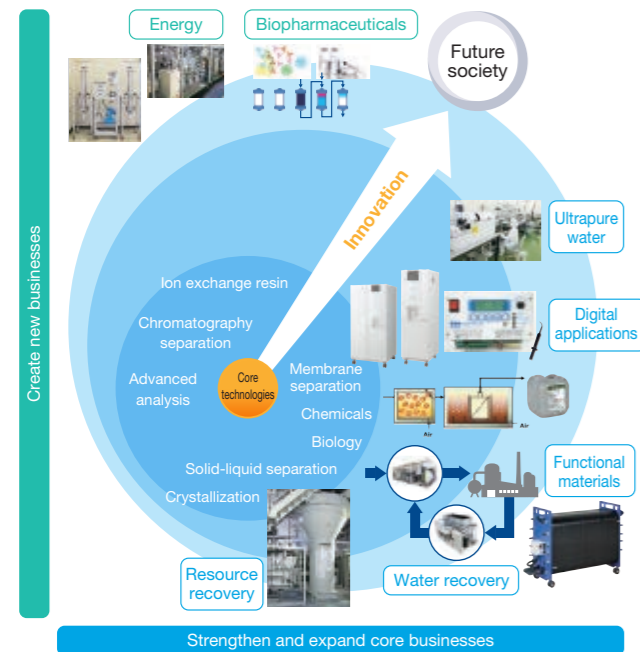
#### Trends in R&D Expenses



### Development of Technical Personnel

Human resources are the most important and indispensable foundation in 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.

One such example is the creation of the Planning Department of the R&D and Engineering's Engineering Center. This department continues to take on the challenge of transformation by fundamentally restructuring engineering operations to optimize the value chain through the use of digital technology, visualizing the expertise and skills of our engineers, and promoting the appointment of global human resources. 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 the 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

#### Responses

- Introduction of design automation tools and development of construction robots to boost engineering capacity
- Strengthening of overseas engineering locations and cooperation
- Strengthening of cooperation with partner companies

#### Risks

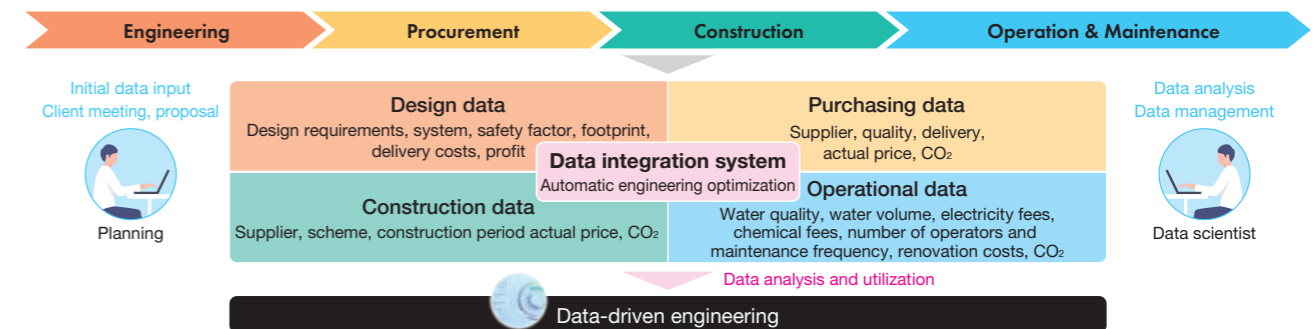
- Inability to meet demand for robust capital investment due to lack of resources
- Increasingly prolonged project construction periods caused by supply chain disruptions

### 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. Moreover, we have also accumulated manufacturing know-how as Japan's lone manufacturer that develops, designs, and manufactures electrodeionization (EDI) systems, a next-generation technology. We are also building a new manufacturing line incorporating DX and robotic technology with the aim of dramatically improving manufacturing efficiency.

### Strengthening of the Engineering Structure

We are building a data-driven engineering structure and reorganizing to create an efficient delivery system for various project sizes to improve productivity and reinforce our structure. We aim to bolster our production system over the medium term by enhancing the development of human resources. This entails a change in mindset as well as business reform. At the same time, we will invest resources to enter new separation and purification fields, strengthen our Service Solutions business, and further advance EDI technology.





Management Resources (Intellectual and Human Capital)

R&D Center

Overview

In addition to the development of separation and purification technologies and advanced analytical technologies that have evolved over the more than 75 years since its establishment based on the theme of “creating value for the society of tomorrow through the development of advanced technologies,” the Organo Group will promote the development of technologies that contribute to a sustainable society through solutions utilizing advanced digital technologies, and by pushing forward open innovation with advanced research institutions. To strengthen the foundation for creating new value, we continually invest in R&D, augment our human resources training programs, and create future-oriented development topics.



**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
- Contraction in existing business due to market changes

Responses

- Accelerated purification of ultrapure water using new dedicated research facilities
- Strengthened development of environmentally friendly technologies
- Increased and strengthened cooperation with cutting-edge research facilities and companies for joint research, startups, etc.
- Promotion of the creation of new future-oriented topics

Development Examples and Topics

In 2022, we began operation of a research facility dedicated to next-generation ultrapure water systems for the purpose of satisfying growing demand for purification in the semiconductor industry. This facility is equipped with the latest actual scale water treatment unit. And, in addition to pursuing ever higher purity of ultrapure water, we are developing technology to improve the water recovery rate and reduce CO<sub>2</sub> emissions. Moreover, we are promoting the development of separation and purification technologies for chemicals and solvents by applying ultrapure water production technology. We aim to create new value to contribute to advanced semiconductor manufacturing processes.



Future Initiatives

Through cooperation with state-of-the-art research institutes and startups in Japan and abroad, we are looking to create new value by integrating advanced technology with our core technologies. Moreover, to realize a sustainable society, we will strengthen technology development to recycle water and resources as well as to mitigate environmental impact, such as by reducing energy and chemicals, through the application of digital technology.

Management Resources (Manufacturing Capital)

Production Technology Capabilities

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.



Iwaki Factory

Water treatment system unit assembly factory

At our advanced factory for manufacturing water treatment systems, 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. In addition to the general assembly line, we provide a clean assembly room for semiconductor and pharmaceutical users.





# Management Resources (Social Capital)



## Overseas Network

Interconnecting Regional Networks to Expand the Group Network and Drive Further Growth

**Makoto Tomizawa**

Managing Executive Officer  
President of Global Management and Planning

The Organo Group aims to grow as a partner company that contributes to the development of societal infrastructure while valuing our relationship with all of our stakeholders based on our management philosophy. Since its founding, Organo has developed its water treatment technology and expanded its business through relationships with its many customers and business partners. The strong support from our customers and trust in the Organo Group have made this possible. To reward the trust of our stakeholders and meet their expectations for the future, we have actively expanded our overseas network since the 1980s, deepening our connections with industry and society in regions around the world. By leveraging existing regional networks in China, Taiwan, Vietnam, Thailand, Malaysia, Indonesia, and the U.S., we are working to bolster our group network. These efforts contribute significantly to the Group's growth with information on business, technology, customers, materials and procurement, resources, and risks as potent capital that supports our business.

## Overview of Overseas Businesses

The Group's overseas business is now evolving into a worldwide network that transcends borders, and we are building relationships with numerous customers and business partners, both Japanese and those from other countries. In Taiwan in particular, we have expanded business together with local customers since the electronics industry's initial growth phase. We are now cultivating a global network that extends beyond borders, and seizing this opportunity to achieve further growth. As one example, in 2021, we opened a location in the U.S. and are expanding business focusing on the semiconductor industry. Our strength lies in our ability to foster connections with regions underpinned by our technology and trust. We will continue to expand our connections with more customers and business partners, thereby further growing our global network.

### 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

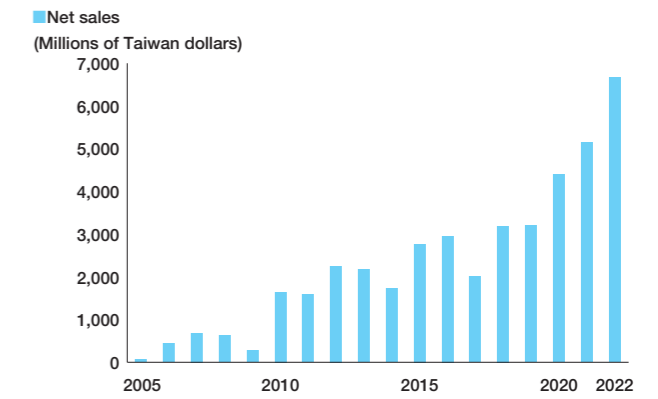
### Responses

- Plant and Service Solutions business expansion
- Expanded geographic reach and creation of business in the same region
- Risk assumption and full complement of countermeasures
- Sequential updates regarding all risks through monitoring

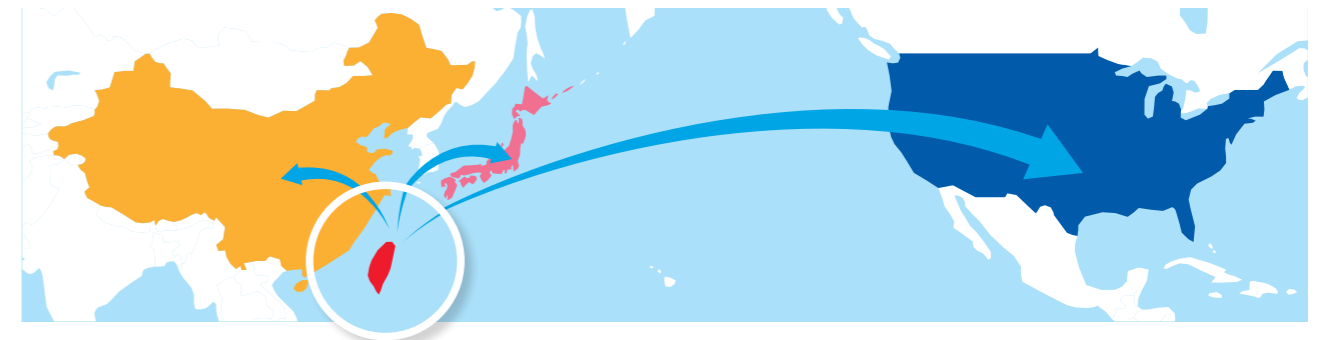
## Taiwan Market

Taiwan is a huge market, boasting a share of over 60% of the world's semiconductor production. Its manufacture of advanced semiconductors in particular is far ahead of all other countries. Organo boasts a top share with its delivery of ultrapure water production systems, which are essential to advanced semiconductor manufacturing. We also offer comprehensive equipment services post-delivery and contribute significantly to stable operations at plants over the years, earning us a high level of trust from our customers. Through these efforts, we have constructed networks not only with our customers and suppliers but also with many other stakeholders around the world, thereby generating a host of business opportunities. We will continue to enhance our technology, quality, and services to satisfy customer demand and aim for further growth.

### Trends in sales of local subsidiaries



### Leveraging our network cultivated in Taiwan to expand business



## U.S. Market

In line with the entry of one of the world's largest semiconductor foundry companies into the U.S. market, Organo established a local U.S. subsidiary in September 2021. As evidenced by the passage of the CHIPS Act\*, the U.S. is looking forward to reconstructing its semiconductor ecosystem and creating jobs. Organo will use its advanced water treatment technology cultivated through its experience in cutting-edge semiconductors as well as its solutions technology and experience in resolving customer issues to contribute to the U.S. semiconductor industry and regional economic development.

Moreover, the electronics industry has a broad base of related businesses, and our separation and purification technologies that use ion exchange resin—one of our core technologies—will be applied to the purification of chemicals used in the semiconductor manufacturing process. We see strong potential in the U.S. market, and are currently conducting market research as we launch sales in certain areas. Expansion into the U.S. market also serves to strengthen our regional portfolio in an increasingly complex global business while minimizing risk and creating a stepping stone to the next region for development.

\* The purpose of the Creating Helpful Incentives to Produce Semiconductors (CHIPS) and Science Act is to support the development of semiconductors in the U.S. and investment in mass production, AI, quantum computers, telecommunications technology, and more.

### Investment in Semiconductor Manufacturing Companies in the U.S. through 2032



Source: "Semiconductor manufacturing investments in the next 10 years," Semiconductor Industry Association

# 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

- Expand U.S. business
- 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 specific fields
  - Achieve sustainability goals
- Sustainability goals (FY2030)

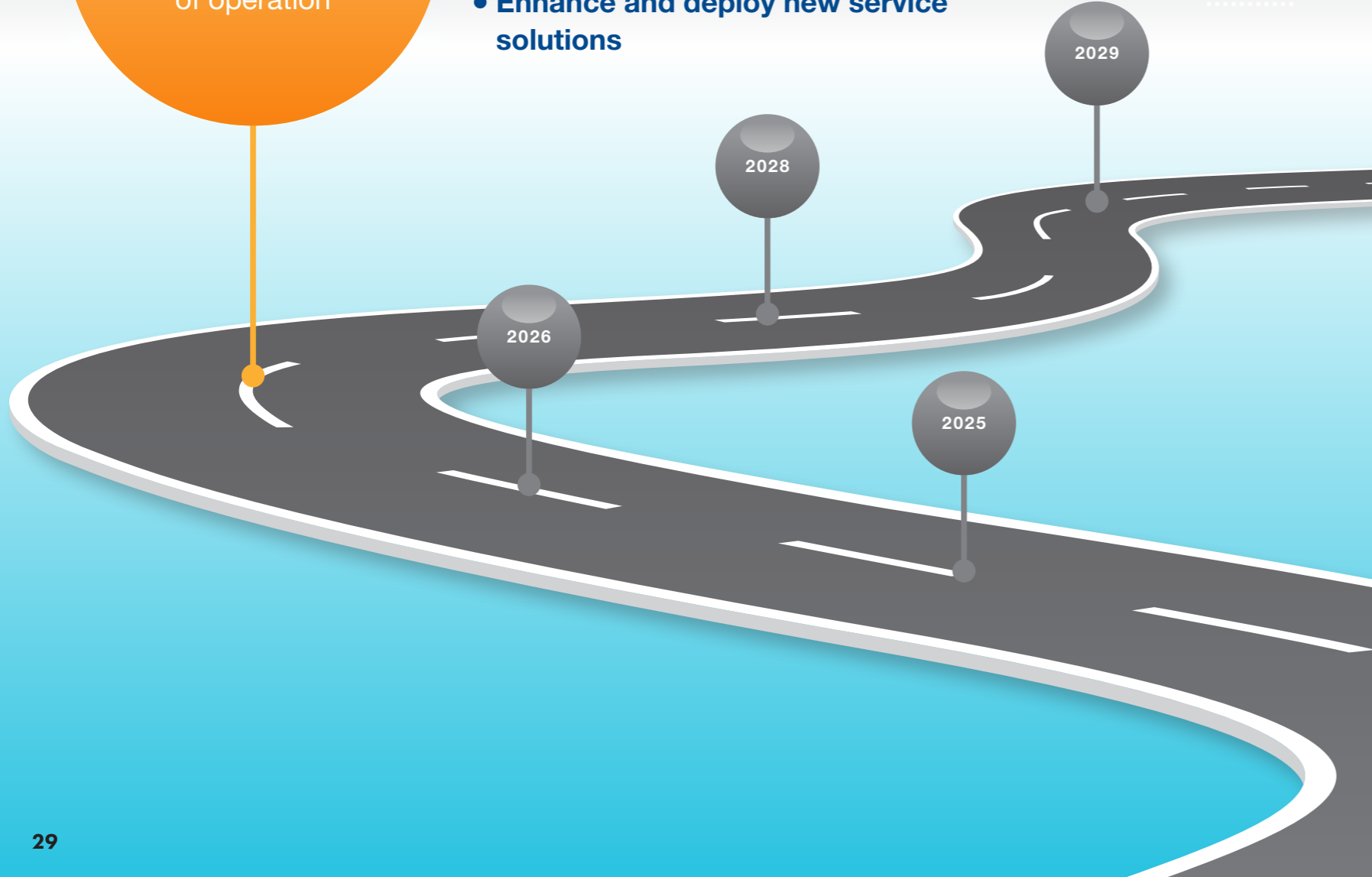
○ Financial performance targets for FY2030

Net sales	¥200 billion
Operating profit	¥30 billion
Profit margin	15%
ROE	stable at 12% or more

Water	Volume of wastewater purified and treated by Organo equipment and discharged externally	<b>Total: 60 million m<sup>3</sup></b>
	Volume of water purified and treated by Organo equipment and recovered and recycled	<b>Total: 250 million m<sup>3</sup></b>

CO <sub>2</sub>	Rate of reduction of Scope 1 and 2 CO <sub>2</sub> emissions (rate of reduction of Scope 3 CO <sub>2</sub> emissions under review)	<b>42% reduction</b>
	Reduction in volume of CO <sub>2</sub> through application of Organo technology and products	<b>Total: 32,000 t-CO<sub>2</sub></b>

Sludge	Reduction in sludge volume through application of Organo technology and products <small>(Sludge refers to waste generated in wastewater treatment process.)</small>	<b>Total: 10,000 t</b>
--------	--	------------------------



**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, service solutions, etc.
- Expand business structures in each country and region



# Medium-Term Management Plan (2023–2025)

## Financial Results for Fiscal 2022

In our mainstay electronics industry, large semiconductor investments have been made not only in Japan, Taiwan, and China but also in Malaysia, and in general industry as well. These conditions contributed to orders received of ¥173.4 billion and net sales of ¥132.4 billion, both significantly exceeding the previous fiscal year as well as the initial plan. Significant growth in net sales outpaced the increase in selling, general and administrative expenses, resulting in a substantial increase in operating profit to ¥15.2 billion, with both figures representing new records, continuing the trend from the preceding fiscal year. ROE, a key business index, grew to 14.5%, marking the fourth consecutive year it has surpassed the benchmark of 10.0% we set to achieve on a stable and continuous basis.

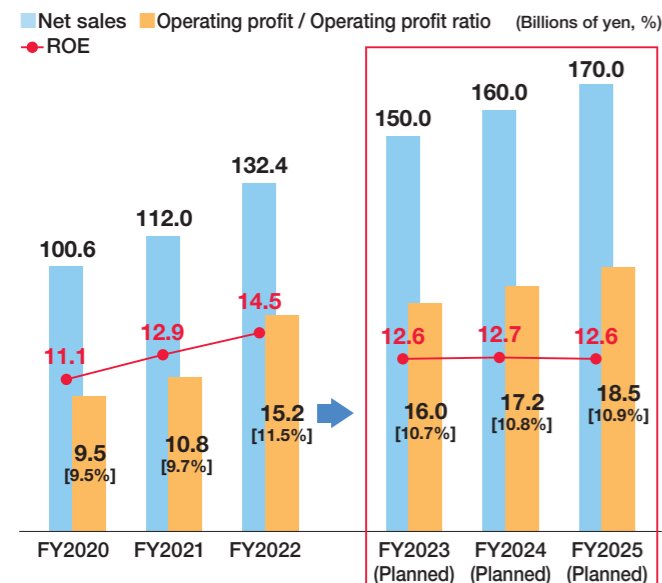
## Overview by Business Field

<b>Electronics Industry</b>	In addition to Japan and Taiwan, we received orders for large-scale projects in China and Malaysia. Construction progressed smoothly overall, despite certain projects having been impacted by schedule reviews and delays in raw materials procurement and construction.
<b>General Industry</b>	Domestically, large-scale investment is recovering in pharmaceutical, food, and electronics-related industries. The Service Solutions business has also grown steadily.
<b>Electric Power/ Water Supply and Sewage</b>	Growth has been steady, centered around equipment renewal demand and the Service Solutions business. In the electric power field, we received increased orders for maintenance related to nuclear power plant restarts.
<b>Performance Products</b>	Looking at water treatment chemicals, sales of various treatment agents for the electronics industry increased. In standard equipment and filters, sales of compact pure water systems such as PURIC μ were robust. Concerning food products, sales of processing agents increased and price pass-through continued.

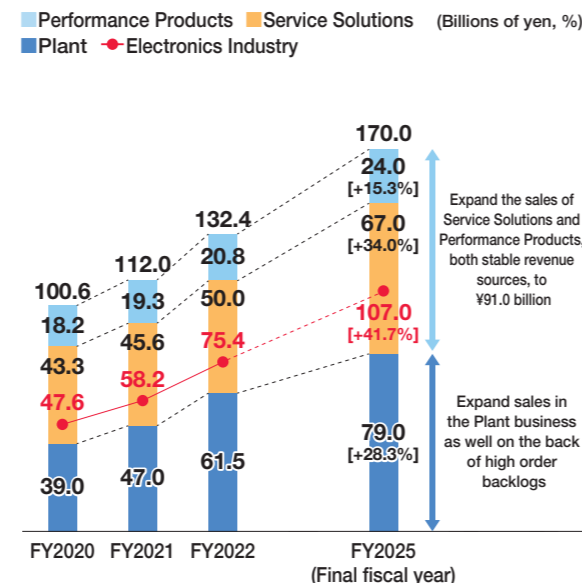
## Positioning the Medium-Term Management Plan (2023–2025)

FY2025, the final year of our new medium-term management plan, is the halfway point of ORGANO 2030, established in FY2020 as part of our 10-year plan, and we have positioned the next three years as an important period for transitioning the Company to a new stage by reinforcing our business foundation and developing our service solutions, new technologies that are fully developed, and new products. We look forward to further enhancing the efficiency and expanding the capacity of engineering business operations, creating new business for our water treatment and separation and purification technologies and service solutions, and extending our geographic reach.

### Trends in net sales, operating profit, and ROE



### Net sales by segment

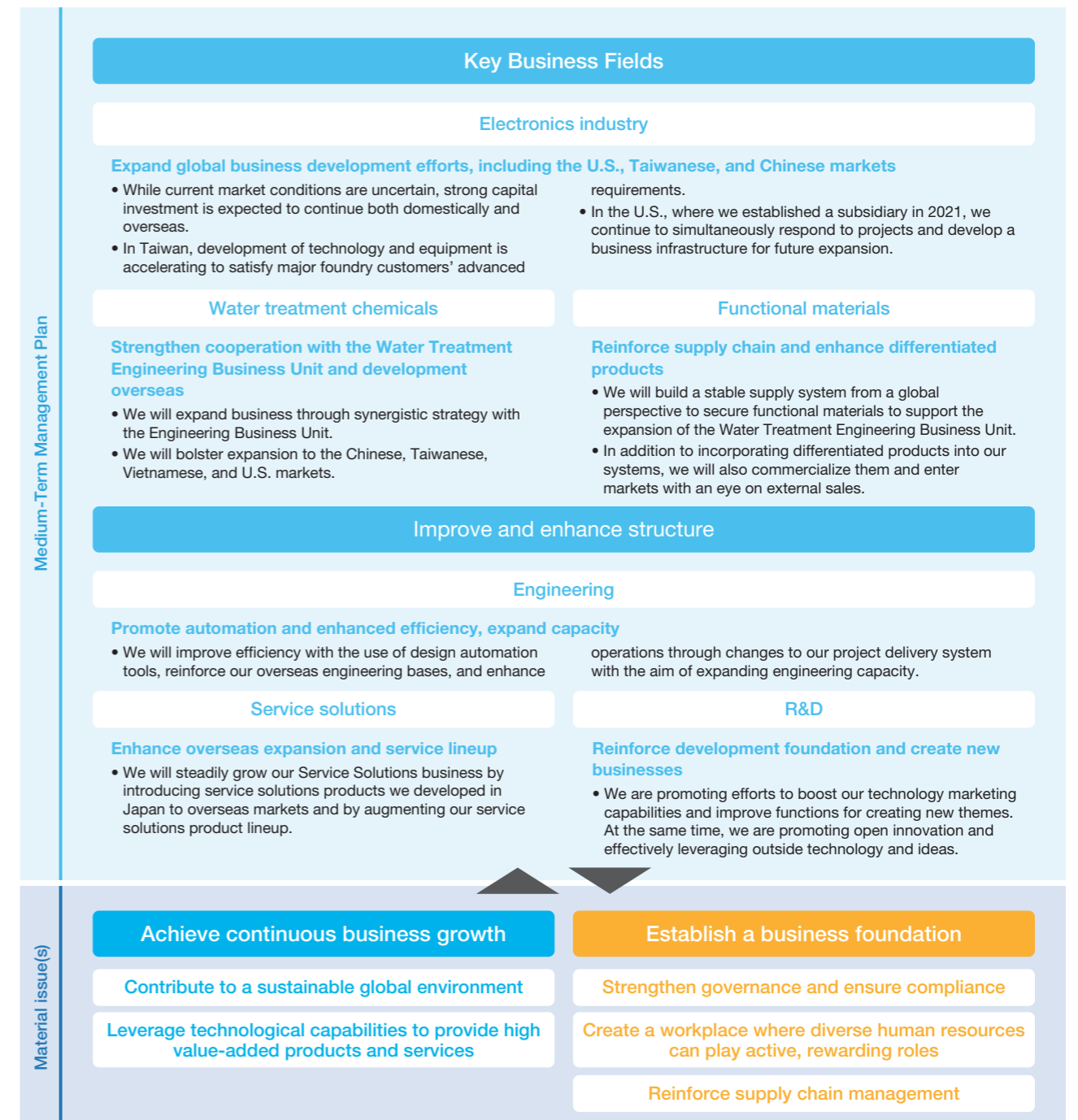


## Overview of Medium-Term Management Plan (2023–2025)

### Streamlining Operations and Creating New Business Opportunities

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

We will promote management by combining our Sustainability Policy (see p. 41) and business policy.



# Financial Strategy



## Financial Strategy

### Increasing Investment to Realize Our Medium- and Long-Term Growth Strategies and Boost Shareholder Returns

**Tetsushi Honda** Director and Managing Executive Officer  
President of Corporate Management and Planning

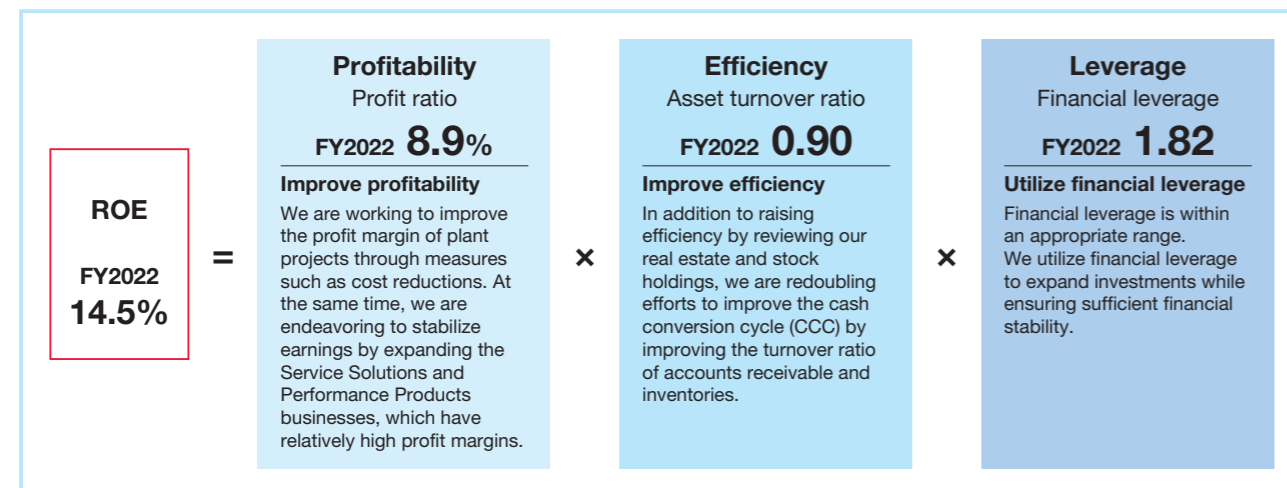
#### Assessment of Current Situation

In our mainstay electronics industry, semiconductor-related capital investment remained high both in Japan and abroad, and our performance continues to expand. Amidst these conditions, Organo worked to improve its management foundation by expanding its owned-facility water treatment services for major customers in Japan, expanding its structure in the U.S. as a new development area, and reinforcing the Global Engineering Center established in Vietnam. Meanwhile, in an effort to develop next-generation technologies and create digital service solutions, we accelerated investment to realize medium- to long-term growth through R&D activities, plans to expand human resources through hiring and training, and exploration of M&A opportunities.

#### Basic Policy on Financial Strategy

Our performance is affected by trends in equipment investment levels in markets—particularly in the electronics industry—and the profitability of projects we have secured. In the past, we experienced a sharp decrease in orders and a decline in order prices due to market trends as well as a deterioration in profit margins resulting from additional costs incurred in construction and equipment delivery. Progress in construction on large contracted projects and

#### Analysis of ROE

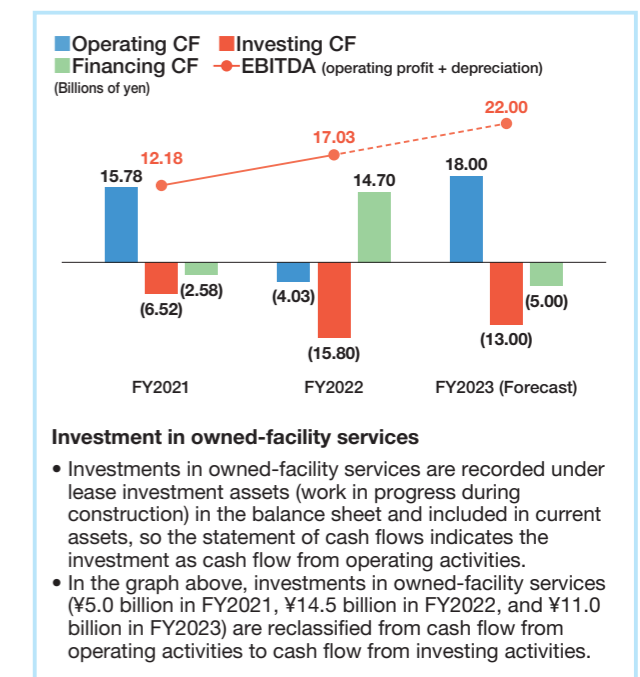


payment collection schedules are factors in a cash flow lag of six to twelve months. Meanwhile, as part of our Service Solutions business, we are expanding owned-facility services under which we construct water treatment facilities at our customers' plants and sites. We are currently making progress with cashing out facility construction expenses. For this reason, the Organo Group is working to stabilize its earnings base by expanding the Service Solutions and Performance Products businesses—steady sources of revenue—while carefully managing project earnings. Moreover, it is important to ensure a stable, sound financial foundation that can withstand 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.

#### Uses and Sources of Capital

With regard to investment for growth, we will allocate our capital resources to constructing a business foundation by enhancing the engineering and service solutions systems, strengthening R&D and expanding water treatment chemical and functional material business, targeting the electronics industry and the U.S. and elsewhere as our key business areas and markets. We generally recognize our cost of equity to be around 7% based on past performance. While investment profitability is evaluated based on a level above 7%, we determine the profitability of each project based on factors including the payback period and individual risks. As for fund procurement, we will basically use our own funds and borrowings from banks, and will also consider procuring funds from market sources such as through corporate bonds as necessary. We will also work to enhance capital efficiency and generate funds by disposing of assets such as real estate and stock holdings, shortening collection periods on accounts receivable, reducing inventories, and enhancing operational efficiency.

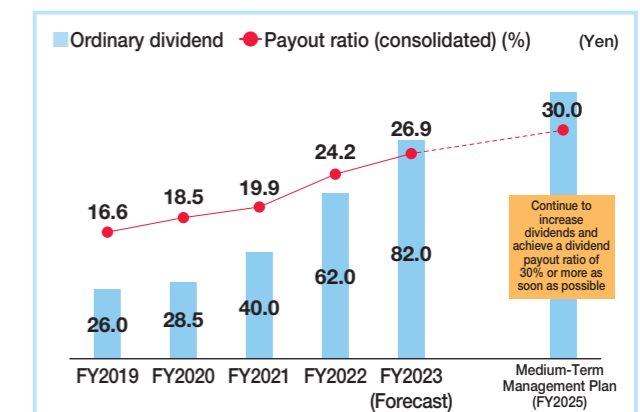
#### Performance trends and cash flows



#### Approach to Shareholder Returns

The Organo Group regards the return of profits to shareholders as one of 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. The medium-term management plan, which runs through the fiscal year ending March 31, 2026, aims for both an expansion of growth investment and continued dividend increases while raising the dividend payout ratio to 30% or higher as soon as possible.

#### Dividend trends



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



# New Customer Value Creation Initiatives



DX

Data and Digital Technology are Key Tools for Enhancing Customer Value and Sustainability

Satoshi Kasahara

Executive Officer  
General Manager of Data & Solution Promotion Dept.

## Creating Customer Value by Utilizing Data and Digital Technology



### Understanding Our Customers and Identifying Issues

To create customer value, we must first accurately ascertain the issues our customers face. While we have contact with customers in various industries, much of the contact is offline, so we gain insight into customer issues through daily sales activities and physical activities such as operations and maintenance. Currently, in certain areas such as the compact equipment and chemicals sectors, we employ marketing automation tools to analyze customer needs, but we plan to proactively implement digital marketing and gain insight into customer requirements, even in the Plant Business Unit.

In addition, in today's business environment of high volatility, uncertainty, complexity, and ambiguity (VUCA) the ability to gain insight into the future of customer issues is also important. Since 2020, the Company has implemented a scenario planning method to gain insight into customer issues. Currently, there is a marketer utilizing this method to develop solutions to future customer issues in various scenarios assigned to each business unit.

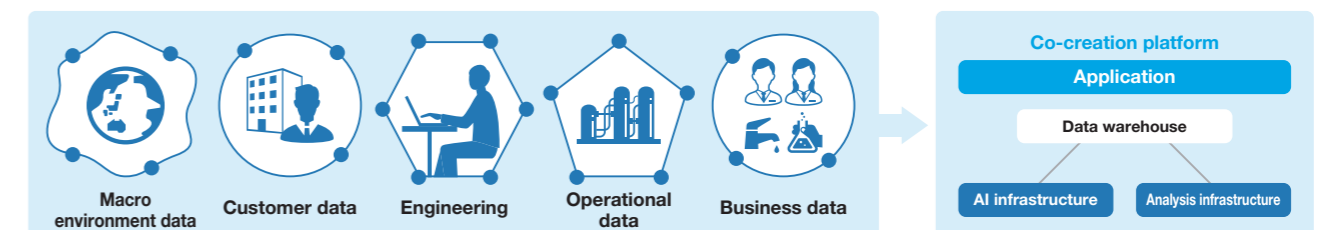
### Enhancing and Creating Service Solution Models

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. And, 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 consumables. 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.

Moreover, we are creating and commercializing new service solution models to address new issues accompanying changes in our customers' business environments.

## Building a Data Utilization and Digital Technology Environment

To maximize the effectiveness of data and digital technology, the internal environment must be such that each organization in the Company's business system can mutually leverage that data. We are building a co-creation platform comprising a data warehouse that allows centralized management of all company data and an AI and analysis infrastructure to utilize the data. In this way, marketing data dispersed across various departments and data held in business efficiency applications and various systems employed in business operations can be securely managed, creating an environment where the entire Organo Group can leverage data. Furthermore, we established alignment working groups to address concerns about siloed digital measures, and we launched control of these measures in October 2023.



### 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

- More data requiring security and increased leak risk
- Lack of digital promotion personnel and training delays
- Pervasion of disconnected department strategies due to digitalization

### Responses

- Development of service solution models that contribute to customer sustainability transformation (SX) promotion
- Proactive implementation of scenario planning methods to gain insight into potential customer issues
- Development of various services utilizing a remote monitoring system
- Construction of a foundation for employee security training and secure data utilization
- Human resource strategies including efficient development programs and incentive redesign
- Building of a company-wide data utilization infrastructure and control by a working group specializing in alignment

## 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 have entered the rank-specific training stage. Looking forward, we are aiming to create a virtuous cycle to raise digital literacy through digital measures and accelerate DX throughout the organization.

# Water Treatment Engineering Business Unit



**Yasutoshi Nakayama**

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

In our mainstay electronics industry and other related sectors, medium- to long-term growth is expected in the semiconductor and electronic component markets due to demand for businesses utilizing new communication technologies such as 5G, as well as healthcare, education, entertainment, and DX investment. Water treatment equipment—which affects semiconductor manufacturing plant product yield rates—requires high purity, high flow, and stable operations of complex systems over the long term. It must also be adaptable given the annual advances being made in manufacturing processes. We are further developing our separation and purification technologies for the refining market for solutions and solvents used in the semiconductor manufacturing process, and for nucleic acid drugs, which are expected to be used as a treatment for COVID-19 infections. Organo will continue to propose and supply systems and services in various industries including electric power and water supply and sewage, which comprise the infrastructure that is indispensable in people’s lives, as well as the chemical and food and beverage sectors. To solve problems facing our customers and society and to support shared value creation initiatives we will contribute to the proposal of technologies for addressing climate change, more effective use of water resources, and conserving energy through our business activities.

## Major Initiatives for Fiscal 2022

### Plant Business

In addition to bolstering marketing activities and expanding the mainstay electronics industry, we are promoting strategic business development by honing our ability to analyze markets, industries, technology, and competitive trends in all fields, including the electronic peripheral, life sciences, and infrastructure business fields. We are also working to enhance our technical tools such as energy-saving systems and an array of sensors and monitors.

### Service Solutions Business

In addition to the maintenance and operational management of facilities delivered to our customers, we are also engaged in the Service Solutions business, where we own facilities and supply ultrapure water and other services. Moreover, in addition to promoting efforts in the electronics industry—including the development of advanced water quality analysis technology and the valuable material recovery business—in order to transform our business model in China, we are increasing the number of locations and further raising the level of our technology and service to expand the Service Solutions business. In the pharmaceutical manufacturing field, we introduced a risk prediction system and are working to ensure stable operation of equipment while exposing risks and sharing information with our customers.

## Financial Results for Fiscal 2022

The Plant business performed well in terms of orders and sales as a result of steady progress with new domestic projects and backlog projects, chiefly in the electronics industry, as well as continued large-scale capital investment in China, Taiwan, Malaysia, and elsewhere overseas. The Service Solutions business—which encompasses proposals for equipment modification and improvement as well as maintenance, including the general industry and electric power and water supply and sewage fields—also enjoyed steady growth, with sales surpassing the preceding year’s level. We achieved record profit through higher revenue as well as our efforts to reduce costs.

## Outlook for Fiscal 2023

While the semiconductor market—memory devices in particular—has been sluggish amid uncertainty about the global economy, we expect domestic and semiconductor-related investment to remain robust due to global supply chain restructuring and the outlook for long-term semiconductor demand growth. In general industry, capital investment is recovering in Japan, and maintenance and other aspects of the Service Solutions business remain robust, even in social infrastructure which includes electric power and water supply and sewage. In FY2023, we plan for sales to exceed ¥120 billion due to progress on domestic and overseas electronics industry projects for which orders have already been received. In terms of profits, although part and material prices remain high due to the yen’s depreciation, Organo will work to improve profit margins by implementing various cost-reducing measures and making proposals to customers.

## Business Strategies for Medium-Term Management Plan

In addition to continuing our focus on receiving orders for and delivering large-scale projects both in Japan and overseas starting with the electronics industry, we intend to continue to invest in large owned-equipment contracts, execute a business strategy in the U.S., improve the R&D system in Taiwan, and augment our solutions system in China. Moreover, we are focusing on activities to create new Service Solutions business based on customer issues, such as a new electricity supply model, a clean material supply model in which impurities are thoroughly removed from solvents, and a monitoring business model integrating the semiconductor process and ultra-trace analysis technology.

### Opportunities

- Diversification of investments from a concentration in Greater China to other regions (U.S., Japan, Southeast Asia, Europe)
- Growth of markets compatible with SDGs (energy conservation, CO<sub>2</sub> reduction, water recovery)
- Expansion of pandemic-response subsidy systems (Ministry of Economy, Trade and Industry: “Developing Biopharmaceutical Manufacturing Sites to Strengthen Vaccine Production” project)

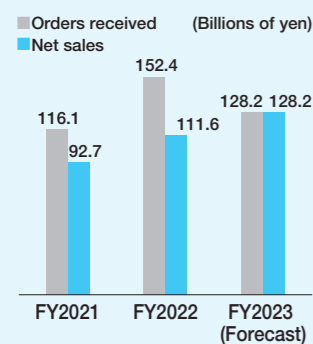
### Risks

- Declining growth in Greater China
- Temporary semiconductor market stagnation
- Rise in global prices

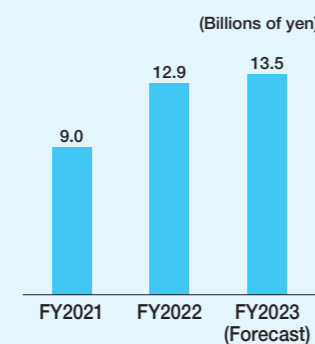
### Responses

- Conversion or change of focus area (Greater China)
- Development of energy-saving systems and high-recovery-rate systems
- Conversion or change of business model in Greater China
- Focus on customers via customer products through reinforced marketing
- Review of system configuration and supply chain

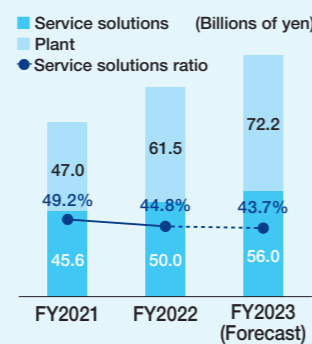
### Orders/Net sales



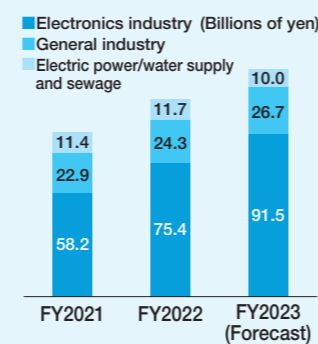
### Operating profit



### Net sales by segment



### Net sales by industry





# Performance Products Business Unit



## Makoto Kukizaki

Managing Executive Officer  
 President of Performance Products Business  
 Senior General Manager of Performance  
 Products Business Division

The Performance Products Business Unit handles functional materials that are key components of separation and purification technologies, as well as water treatment chemicals, standard equipment and filters, and food products.

In addition to providing equipment and functional materials to ensure that water quantity and quality satisfy customer requirements, in recent years, we have continued to launch new differentiated products and materials with the aim of further adding value and realizing the SDGs. Our system that automatically optimizes the volume of water treatment chemicals injected using sensors and their obtained data, for instance, can reduce costs and enable effective use of resources. Moreover, our proprietary RO membrane treatment agent, which can reduce clogging due to the organic matter of the RO membrane, reduces pump power consumption, thereby contributing to reduced CO<sub>2</sub> emissions.

We will establish a business structure that can withstand changes in the external environment, and the Performance Products Business Unit will become a stable earnings source for the entire Group, providing new products and services 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

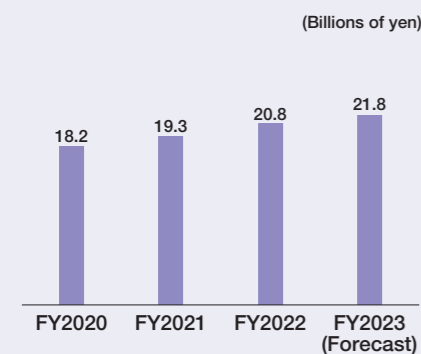
### Risks

- Heightening of various geopolitical risks
- Insufficient supply capacity due to rapidly increasing demand
- Supply chain disruption (price hikes, longer delivery times, etc.)

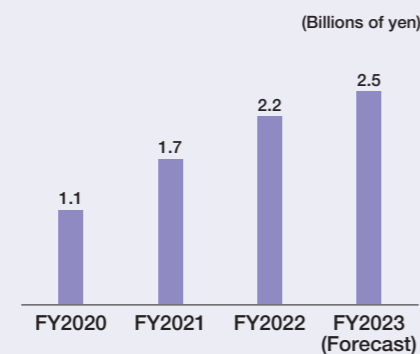
### Responses

- Development of unique service proposals to maximize synergy with the Water Treatment Engineering Business Unit
- Realization of labor savings through DX promotion as represented by the ORSMART series
- Development and launch of technology and products to increase water utilization
- Review of business development areas and structure
- Rebuilding and strengthening of the manufacturing structure
- Securing of global procurement network and manufacturing management using DX

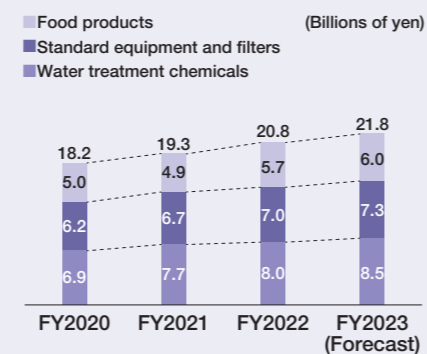
### Net sales



### Operating profit



### Net sales by segment

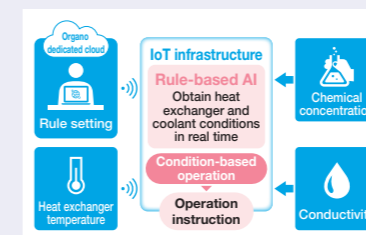


## Major Initiatives for Fiscal 2022

### Water Treatment Chemicals

ORMSMART CW achieves a significant reduction in power consumed by cooling equipment. It received praise, garnering the Director-General Prize of the Agency of Natural Resources and Energy of the FY2022 Energy Conservation Grand Prize.

▶ See p. 56 for details.



### Food Processing Materials

We are restructuring and strengthening our granulation equipment for the nursing care food market, enhancing our contract manufacturing capabilities, and promoting various development with the aim of expanding plant-based food products.

### Standard Water Treatment Equipment and Filters

The PURIC μ desktop-type ultrapure water system employs an innovative replaceable cartridge mechanism for improved maintenance and ease of use. This system was well received, garnering the Nippon Brand Award in the Best 10 New Products Award sponsored by Nikkan Kogyo Shimbun.



### Functional Materials

We are reinforcing purification facilities at our Tsukuba Factory (see p. 26) to ensure a stable supply of highly purified ion exchange resins—a functional material used in ultrapure water systems for the electronics industry—and to achieve even higher purity.

## Financial Results for Fiscal 2022

Although we were forced to respond to prolonged supply chain disruption, we saw robust sales of compact water treatment systems, industrial filters, and water treatment chemicals for the electronics industry and other industries, which are driving the global economy. In addition, sales were also strong for cooling water treatment agents for building air conditioning, wastewater treatment agents for general industry, pure water systems for medical and testing institutions, compact ultrapure water systems for laboratories, and purification and softener filters for beverage dispensers and other products. In the Food Products business, sales and profit increased due to appropriate pass-through of rising raw material costs to prices.

As a result, sales increased 7.6% year on year, and operating profit rose 27.4%, achieving a record for the Performance Products Business Unit.

## Outlook for Fiscal 2023

While certain overseas markets remain stagnant due to heightened geopolitical risks, conditions in our mainstay domestic market are rapidly recovering. Water treatment chemicals and functional materials for the electronics industry in particular, where active production and investment continue, remained strong, and demand for cooling water treatment agents increased owing to extreme heat. Sales of standard water treatment equipment for laboratories positioned as focus areas and new purification and softener filters that accurately caught up with customer demand are also strong. In the Food Products business, although sales expansion of some products has been sluggish, we expect an increase due to expanded sales of other products, and we anticipate overall sales of the Performance Products Business Unit to increase over the preceding year.


## Strategy to Achieve the Medium-Term Management Plan

Unprecedented changes are evident in the business environment due to the outbreak of COVID-19 and various increased geopolitical risks. Amidst this business environment, the Performance Products Business Unit is undergoing bold, unconventional changes. First, as part of our DX promotion, we launched an e-commerce site and digital marketing initiatives. Next, we restructured key business development areas and promoted collaboration with various partner companies. Moreover, to realize workstyle reforms, labor savings, and productivity improvements, we are considering expanding and relocating key plants and automating production lines to expand business and improve profitability.

# Sustainability Management

## 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.\*

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



**S**

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



**G**

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

The Organo Group established the Sustainability Policy in 2022. To enhance the sustainability of the business activities of the Organo Group and contribute to achieving a sustainable society and global government, we are integrating our medium- and long-term management plans with this policy to promote management that links business activities to ESG initiatives.

We will provide products and services that contribute to our customers' sustainability, water environment conservation, and global warming prevention by solidifying the foundation of our business through comprehensive compliance and strengthened governance, and by sustainably developing cutting-edge technologies cultivated through long experience with water treatment.

## Sustainability Promotion System

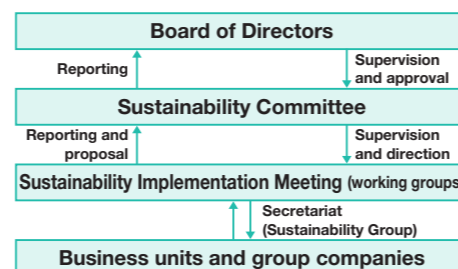
The Group established the Sustainability Committee as an organization to plan, propose, and implement measures to promote sustainability management. We also established the Sustainability Implementation Meeting, which promotes specific measures as the implementation organization of the Committee.

The Sustainability Implementation Meeting creates working groups in response to prevailing sustainability issues, and working group members are assembled from relevant business units and group companies to work on resolving issues.

As of October 2023, the Sustainability Implementation Meeting had five working groups, with each one focused on separate initiatives (measures to calculate and reduce GHG emissions, measures to achieve SDGs, promotion of CSR procurement, and response to TCFD recommendations).

The progress status of the measures implemented by the Sustainability Implementation Meeting are reported to the Sustainability Committee, which discusses and deliberates on issues and reports to the Board of Directors, the supervisory and approval authority.

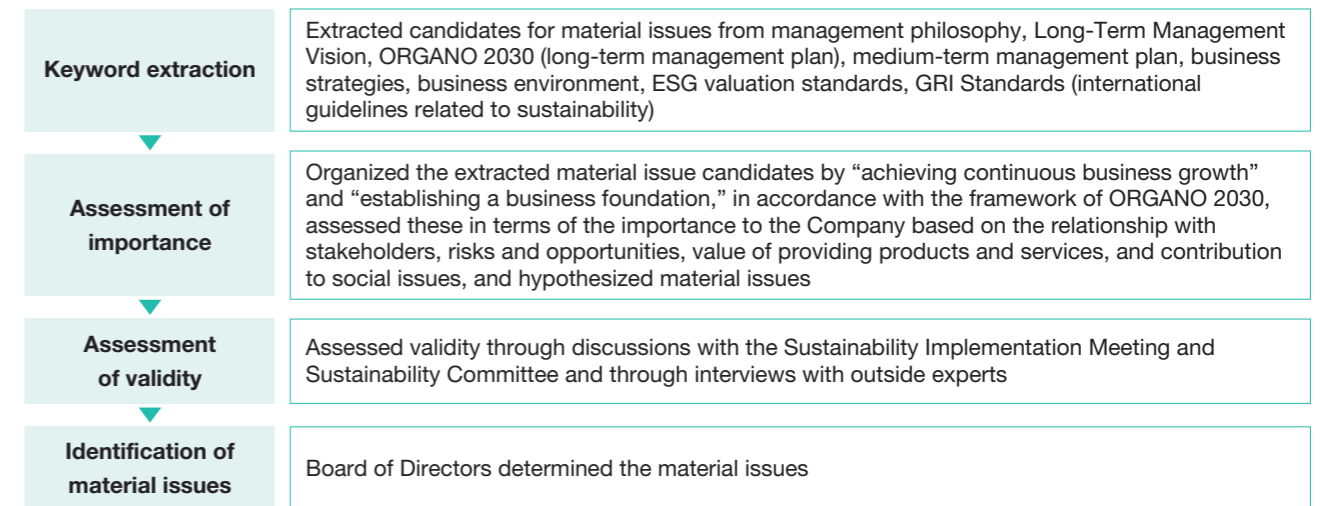
The Sustainability Committee is required to meet at least twice a year, and it may meet on an ad hoc basis when there are urgent matters to be considered. In FY2022, the Committee met a total of seven times, including two written deliberations.



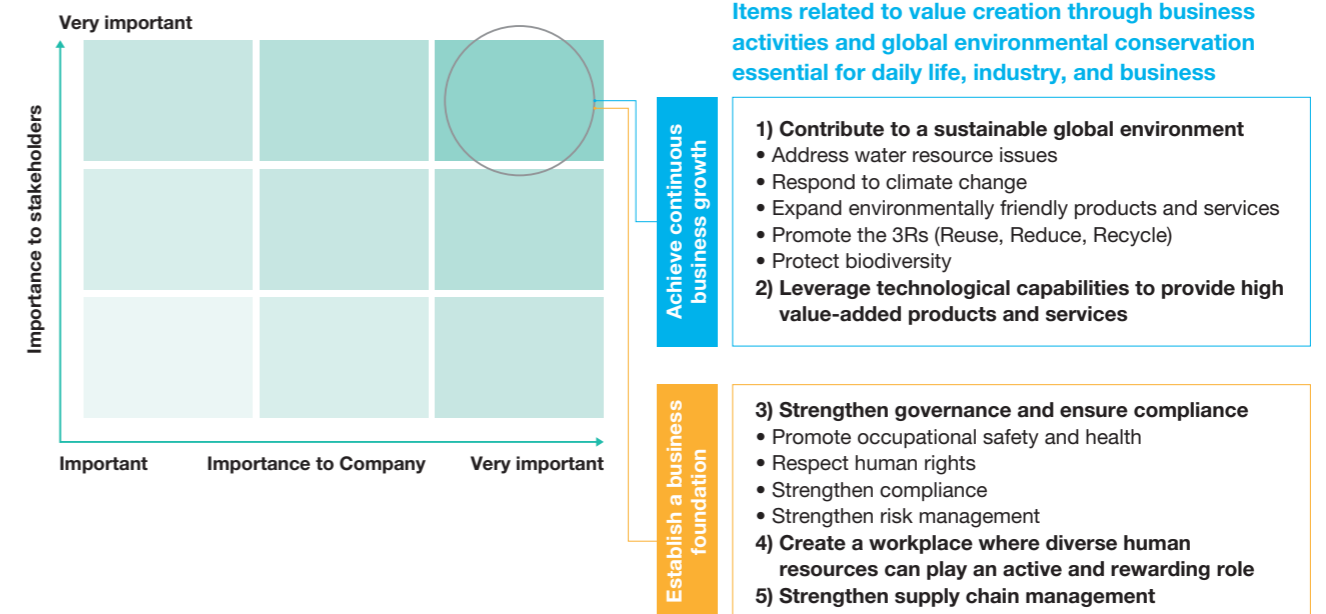
## Material Issues

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

### Identification Process



### Identified Material Issues



The foundation enabling continued business operations while fulfilling social responsibilities



## List of Material Issues

Material issue		Approach	Index (KPI)	Reference year (initiative start year)	Goals for FY2030	Results for FY2022	Reference page	
Achieve continuous business growth	<ul style="list-style-type: none"> <li>• Address water resource issues</li> <li>• Protect biodiversity</li> </ul>	<ul style="list-style-type: none"> <li>• Contribute to the preservation of healthy water cycles and secure water resources through water use in industry and daily life by providing wastewater treatment and recovery technology.</li> <li>• Contribute to the protection of biodiversity through corporate initiatives on material issues including wastewater treatment, products and services that save energy and resources, and waste reduction.</li> </ul>	Amount of wastewater treated by newly delivered Organo systems and discharged by plants	2023	Total 60 million m <sup>3</sup>	(There is no actual value for FY2022, as the initiative began in FY2023)	-	
			Amount of water collected and reused by newly delivered Organo systems	2023	Total 250 million m <sup>3</sup>	(There is no actual value for FY2022, as the initiative began in FY2023)	-	
	1) Contribute to a sustainable global environment	Respond to climate change	Contribute to realizing a sustainable society by optimizing energy usage related to business activities and providing products and services that contribute to mitigating climate change.	Rate of reduction of Scope 1 and 2 CO <sub>2</sub> emissions according to science-based target (SBT) presentation method* <sup>1</sup>	2021	42% reduction	CO <sub>2</sub> emissions: 11,566 t-CO <sub>2</sub> (12% increase from FY2021), includes domestic and overseas group companies	p. 55
				Rate of reduction of Scope 3 CO <sub>2</sub> emissions according to science-based target (SBT) presentation method* <sup>1</sup>	2021	Under review	CO <sub>2</sub> emissions: 893,606 t-CO <sub>2</sub> (37% increase from FY2021), not including domestic and overseas group companies	p. 55
		<ul style="list-style-type: none"> <li>• Expansion of environmentally friendly products and services</li> <li>• Promotion of the 3Rs</li> </ul>	<ul style="list-style-type: none"> <li>• Reduction of the environmental burden of corporate activities, including those of our customers, through the creation, commercialization, and provision of products and services that contribute to resource and energy conservation.</li> <li>• Promotion of the 3Rs for waste generated by corporate activities, including those of our customers, through Organo's technology and services.</li> </ul>	Volume of CO <sub>2</sub> reduced by applying Organo technology and products	2023	Total 32,000 t-CO <sub>2</sub>	(There is no actual value for FY2022, as the initiative began in FY2023)	-
				Volume of sludge reduced by applying Organo technology and products	2023	Total 10,000 t	(There is no actual value for FY2022, as the initiative began in FY2023)	-
	2) Leverage technological capabilities to provide high value-added products and services		Continually develop and provide new technology and services that solve customer's sustainability issues.	Number of developed environmentally-friendly products and services that add value by solving customer's sustainability issues	2023	Two per year	(There is no actual value for FY2022, as the initiative began in FY2023)	-
Establish a business foundation	3) Strengthen governance and ensure compliance	Promote occupational safety and health	Improve in-house guidance and training to ensure safety and health in business activities with the aim of eliminating serious lost-time injuries.	Number of serious lost-time injuries* <sup>2</sup>	2022	Zero per year	Number of serious lost-time injuries: 7	p. 57
		Strengthen compliance	Maintain appropriate transactions based on fair and free competition, and promote the strengthening of compliance to continue to be useful to society at large.	Completion rate of compliance-related training for participants enrolled at the end of the previous fiscal year	2022	100%	Of the 18 required courses, 13 courses had a 100% completion rate; 5 courses had less than a 100% completion rate	p. 50
		Respect human rights	Maintain and respect international standards for human rights, and promote initiatives on respect for human rights to fulfill our corporate social responsibility.	Completion rate of human-rights-related training for participants enrolled at the end of the previous fiscal year	2022	100%	Launched human rights e-learning course (course ends FY2023)	p. 58
		Strengthen risk management	In order to realize our management philosophy, we will enhance our risk management capabilities to recognize and appropriately address risks in our Long-Term Management Vision.	PDCA implementation rate for key risks identified by the Company	2022	100%	100% implementation	p. 49
	4) Create a workplace where diverse human resources can play an active and rewarding role	Ensure diversity (in terms of standpoint and approach) in various decision-making.		Number of females in managerial positions (domestic group companies)	2022	50	22	p. 59
		We consider the improvement and exercising of diverse abilities by our employees to be a source of job satisfaction, and we will work to cultivate human resources and enhance our systems to achieve this goal.		Training expense per employee (all group employees including those overseas)	2022	¥100,000 per person	¥58,309 per person	p. 60
		Provide a rewarding work environment where employees are mentally and physically healthy.		Number of employees exceeding the annual legal overtime limit * Domestic group companies only	2022	Employees with 600 hours per year: Zero	Employees with 600 hours per year: 53	p. 59
	5) Strengthen supply chain management	Support the efforts of suppliers based on the Organo Group Supply Chain CSR Promotion Guidebook, and improve CSR awareness and compliance across the group supply chain.		Number of main suppliers in compliance with Organo Group Supply Chain CSR Promotion Guidebook	2022	Number of companies in compliance: 300 or more	Number of companies surveyed: 41	p. 58

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

\*2: Four or more days out of work

# Governance

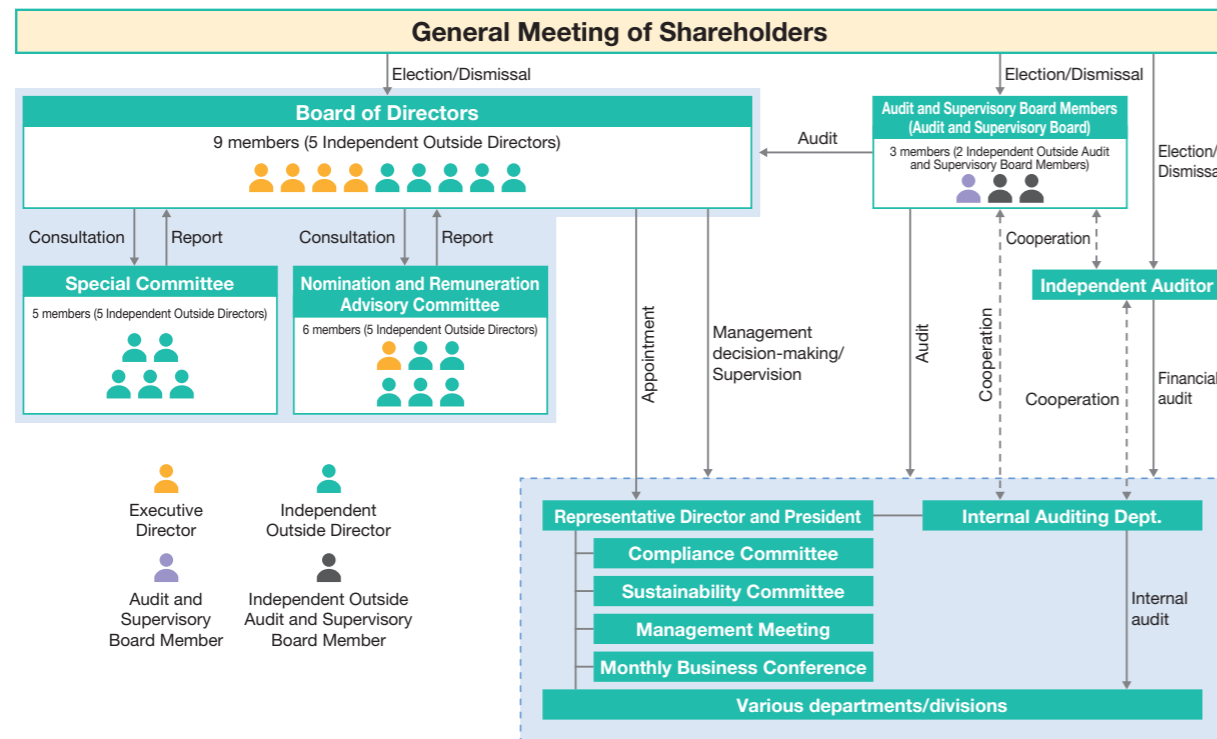
## Basic Views on Corporate Governance

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

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

## Corporate Governance Structure

### Corporate Governance Structure



### Nomination and Remuneration Advisory Committee

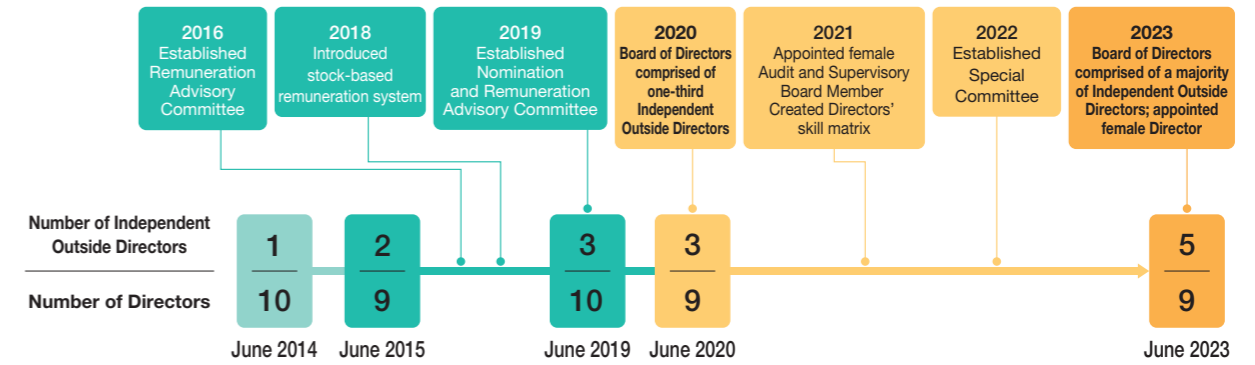
The Company established the Nomination and Remuneration Advisory Committee as a non-statutory advisory body to the Board of Directors. The committee reviews matters relating to the selection of officers including the election and dismissal of Directors and Executive Officers as well as remuneration for executives, and reports the results to the Board of Directors.

### Special Committee

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

## Transition toward Stronger Corporate Governance

### Main initiatives for corporate governance



## 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 year. 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.

### Method of Implementation

- Scope: A total of 12 people including Directors of the Company (nine) and Audit and Supervisory Board Members of the Company (three)
- Period: FY2022 (April 2022 to March 2023)
- Implementation timing: March 2023 to May 2023
- Implementation method: Survey by third-party organization

Main issues	Status of response
Strengthen the supervision function related to business execution of the Board of Directors	Independent Outside Directors comprise the majority of the Board of Directors. (June 2023)
Establish measures to ensure diversity on the Board of Directors	One female Outside Director was appointed. (June 2023)
Clarify policies and methods for developing director candidates	Continuing from FY2022, the Company will provide opportunities for Executive Officers and general managers to explain and report on proposals at Board of Directors' meetings, as well as promote discussions on the policy for developing candidates for Directors.
Strengthen group governance	<ul style="list-style-type: none"> <li>• A new compliance group was established to foster Group-wide compliance awareness. (June 2023)</li> <li>• We will raise awareness in the workplace—the key to governance and first line of defense—by disseminating messages from management to employees and promoting awareness through means such as signage and posters.</li> <li>• We will reinforce the Organo Group's auditing system, including subsidiaries overseas, and promote awareness of the whistleblowing system to build a system to strengthen the governance of the entire Group.</li> </ul>
Promote sustainability management	Based on the basic policy for sustainability management, material issues, and KPIs established in FY2022, we will promote sustainability management to deepen discussions at Board of Directors' meetings on issues such as compliance with Task Force on Climate-related Financial Disclosures (TCFD) recommendations.
Enhance discussion of issues to be addressed, including management strategies with an awareness of profitability and capital efficiency, etc., and human capital investments	We will discuss issues to be addressed, including management plans with an awareness of profitability and capital efficiency and human capital investments primarily through the Long-Term Management Plan Promotion Meeting, and monitor the effectiveness of these plans through the Board of Directors as appropriate.



## Composition of Board of Directors and Skill Matrix

The Company believes that ensuring the diversity of the Board of Directors is useful for its deliberation to be made in a multifaceted and effective manner, and shall select in a balanced way persons with diverse knowledge, experience and ability. The Company's skill matrix is displayed below. It considers the Board of Directors as a whole to be well balanced and well diversified and of an appropriate size.

Name	Corporate Management/ Management Strategy	Finance/ Accounting	Legal Affairs and Risk Management	Global	Sales and Marketing	Technology	Human Resource Strategy	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 is especially expected to demonstrate their expertise and experience are marked with a "○."

## Remuneration for Directors and Other Officers

### Basic Policy

The remuneration system for Executive Directors, in addition to the fixed remuneration (cash), encourages business execution in line with management policies and management targets and establishes a remuneration framework and remuneration standards which provide strong incentive for the achievement of short-term as well as medium- 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 ensuring the effective functioning of their supervisory and oversight roles. The Company has established the Nomination and Remuneration Advisory Committee as a non-statutory advisory body to the Board of Directors, in order to ensure objectivity and transparency in the process of determining remuneration.

### ○ Remuneration composition ratio of Executive Directors



\* In the case of the Representative Director and President

### ○ Overview of remuneration system of Executive Directors

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

## Connection with Stakeholders

The Organo Group fulfills its corporate social responsibility to the five types of stakeholders with whom it is closely connected in order to achieve sustainable growth.

Stakeholders	Organo's role and mission	Engagement
Shareholders and investors	Appropriate disclosure, stable and appropriate dividends, and sustainable improvement of corporate value	IR activities (financial results presentations, IR meetings), general meeting of shareholders, Organo's website
Customers	Provision of high-quality products that are useful for society at reasonable prices	Communication through sales activities
Suppliers	Fair and impartial transactions	Communication through purchasing activities
Employees	Stable employment, cultivation of human resources, appropriate compensation, sharing of information and issues	Employee meetings, labor-management consultations, various training programs, intranet, intra-group announcements, health consultation office
Community, society, and government	Appropriate payment of taxes, stable and fair employment, dialogue with local communities	Organo's website, Organo Group Report

## Dialogue with Shareholders and Investors

To achieve sustainable growth and improve corporate value over the medium and long term, the Company promotes constructive dialogue with shareholders and investors. We place an emphasis on providing fair and accurate information, and we report opinions and requests obtained through dialogue at Board of Directors meetings to improve management.

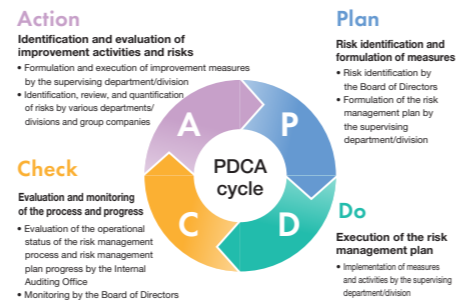
### ○ Main IR activities of FY2022

Main activities	Number
Financial results presentations for analysts and institutional investors	2 (Main speaker: President)
Small meetings	1 (Main speaker: President)
Individual IR meetings	180
Corporate briefings for individual investors	1 (Main speaker: President)
Issuance of shareholder newsletters	2

## Risk Management

### Determining Risk and the PDCA Cycle

In executing management plans and strategies, the Board of Directors identifies major risks by performing evaluation based on two evaluation criteria: “possibility of occurrence” and “level of impact” extracted from various departments and divisions as well as Group companies. For those major risks, the Company determines the responsible department or division, formulates a risk management plan, and carries out risk mitigation measures based on the plan. Next, the Board of Directors monitors the progress of the risk management plan and provides instructions to the responsible department or division regarding improvements, as needed. Moreover, the Internal Auditing Office evaluates the operational status of the risk management process and risk management plan progress from an independent viewpoint to increase the effectiveness of risk management. By continuously repeating the PDCA cycle in this way, we increase the effectiveness of risk management. Improving our risk management capabilities is a material issue for the Group. As such, we have established “100% PDCA implementation rate for key risks identified by the Company” as a KPI to gauge the progress of our efforts. In FY2022, this implementation rate was 100%.



### Major risks of the Organo Group

Risk category	Item	Description	Responses
(1) Market and business risks	Over-reliance on specific markets and customers	• Risk with increased impact from deterioration of business performance in the event of decline in market conditions or loss of important customers or impact from incurred losses such as compensation for damages, due to a concentration on specific markets and customers	<ul style="list-style-type: none"> <li>Reduce the impact of plant-related received order fluctuations by strengthening service solutions</li> <li>Automate and streamline operations and use outsourcing to create delivered resources</li> <li>Augment marketing for the electronics industry market</li> <li>Accelerate R&amp;D based on the technology development roadmap</li> <li>Reinforce safety measures</li> </ul>
	Overseas business	• Country-specific risks such as political and economic turmoil and legal restrictions in countries and regions where we do business, including export and import restrictions due to U.S.-China conflict and restrictions on business activities due to the Taiwan contingency and rising tensions between China and Taiwan	<ul style="list-style-type: none"> <li>Strengthen the supply chain by establishing differentiated technologies and securing and proposing alternative products</li> <li>Diversify concentration in specific regions by accelerating expansion into new regions and markets</li> </ul>
	Securing critical materials	• Risk of price hikes, procurement difficulties, and longer key material delivery times dependent on specific suppliers	<ul style="list-style-type: none"> <li>Maintain stable relationships with key suppliers, consider multiple procurement sources and alternative products, and invest in augmenting supply capacity</li> </ul>
	Digitization and data utilization	• Risk of deteriorating business performance due to delays in development of digital services and measures to improve operational efficiency, and risk of information system malfunction due to factors including system failure and leakage of confidential information	<ul style="list-style-type: none"> <li>Plan and promote DX strategies, develop elemental technologies, and train and secure digital human resources focused on department dedicated to DX promotion</li> <li>Strengthen technology infrastructure, introduce virus detection and countermeasure tools, and bolster security education</li> </ul>
	Technology and R&D	• Risk of difficulty in implementing growth strategies due to factors including delays in technological development required by the market and customers and delays in the introduction of ICT and AI technologies	<ul style="list-style-type: none"> <li>Expand R&amp;D Center, plan for R&amp;D based on technology development roadmap of customers, and promote open innovation</li> </ul>
	Sustainability	• Risk of difficulty in addressing sustainability issues due to delays in the development of products and services to mitigate environmental impact	<ul style="list-style-type: none"> <li>Promote materiality initiatives through the Sustainability Committee and Sustainability Implementation Meeting</li> </ul>
(2) Other risks related to business foundation	Securing human resources	• Risk of long-term decline in competitiveness of the Group in the event of a failure to secure and train human resources	<ul style="list-style-type: none"> <li>Promote education for digital human resource development in addition to rank- and function-specific training</li> <li>Promote the creation of a workplace where diverse human resources can play an active and rewarding role</li> </ul>
	Safety	• Risk of serious occupational accidents and injuries during construction and production activities	<ul style="list-style-type: none"> <li>Establish, operate, and upgrade an occupational safety and health management system</li> <li>Implement safety training and information sharing on the status of work-related accidents and improvement measures</li> </ul>
	Product quality, etc.	• Risk of serious quality issues with products and services	<ul style="list-style-type: none"> <li>Upgrade quality management system, strengthen supplier quality surveys, improve production processes, prevent recurrence through horizontal deployment of nonconformity information, and upgrade various types of insurance</li> </ul>
	Disaster	• Risk of significant impact on business activities due to major natural disasters such as earthquakes and typhoons	<ul style="list-style-type: none"> <li>Promote business continuity plan (BCP) for major business, expand and broaden BCP, and strengthen management systems Group-wide</li> </ul>
	Infectious disease	• Risk of restrictions and delays in business activities due to infectious diseases that are unforeseen or exceed expectations	<ul style="list-style-type: none"> <li>Establish and implement strategies to ensure business continuity based on experiences with COVID-19</li> </ul>
	Compliance and internal control	• Risk of detection of legal or compliance violations or significant deficiencies in internal controls related to financial reporting	<ul style="list-style-type: none"> <li>Distribute messages from the Representative Director and President and enhance employee education</li> <li>Work to disseminate Organo Group Company Code of Conduct</li> <li>Direct the Compliance Committee to establish a compliance system and education plan</li> <li>Work to develop and disseminate a whistleblowing system in Japan and overseas</li> </ul>
Intellectual property rights	• Risk of infringement of the Group’s intellectual property rights or unintentional infringement of intellectual property rights of other companies by the Group	<ul style="list-style-type: none"> <li>Protect intellectual property through proactive filing of patent applications in Japan and overseas, and regularly monitor the status of applications filed by other companies, including those overseas</li> </ul>	
(3) Risks related to shareholders and stock		• Risk that changes in the capital policy or management strategy of the parent company, Tosoh Corporation, may affect the Group’s business development or stock price	<ul style="list-style-type: none"> <li>Mitigate the impact of changes in the capital policy, etc. of Tosoh Corporation by continuing to communicate appropriately with the parent company</li> </ul>

## Compliance

The Group conducts business activities based on the idea that safety and compliance are necessary for the survival of the business. In addition, the Company has established the Organo Group Company Code of Conduct as the basic action guidelines to be observed by the Group’s employees. In addition to Japanese and English versions, it has prepared local company versions in Malaysia, China, Taiwan, Thailand, and Vietnam and shared them with officers and employees of the Group in Japan and overseas. The Company also conducts a biennial survey for its officers and employees to confirm the degree of implementation and observance of the Company Code of Conduct. The results are reported to the Board of Directors and employees in an effort to foster compliance awareness. A special committee established as an organization for promoting compliance is responsible for formulating and implementing a compliance education plan, investigating compliance issues, and considering corrective measures. Moreover, the Company established a whistleblowing system to ensure the effectiveness of compliance through the early detection and correction of improper acts. And, in addition to the Company’s internal contact point, it has established contact points with Audit and Supervisory Board Members and external lawyers to receive reports and requests for consultations. The Company is also promoting the development of local whistleblowing hotlines overseas, and it is launching operation of an internal whistleblowing system in Malaysia, China, Taiwan, Thailand, and Vietnam. As a material issue indicator (KPI), the completion rate for compliance-related training was 100%. In FY2022, however, 5 out of 18 required courses did not reach this target. Those who have not completed the courses are required to take them the following year, and a follow-up system has been established to prevent incompleteness.

## Business Continuity Plan (BCP)

In addition to formulating a 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. Our basic policy for business continuity is as follows.

### Basic Policy

#### Prioritizing the safety of human life

Human life comes first, and our top priority is to confirm the safety and well-being of officers, employees, and their families.

#### Ensuring the safety of the community

We prioritize safety at company facilities and the surrounding areas as well as the prevention of secondary disasters while coexisting with the community.

#### Rapid restoration of business

We will swiftly assess the damage to our facilities and offices as well as built properties or those under construction, and we will take prompt recovery action to minimize adverse effects on business and reputational risk associated with a suspension of operations. We will work to continue infrastructure-related businesses in particular whose suspension of operations would threaten human life, those that support societal infrastructure, and those that are considered important in each business unit. We will contribute to our customers’ business continuity by thinking and acting in accordance with our own business continuity.

#### Review of BCP

We regularly conduct training and education and continuously review and improve the BCP with the aim of becoming a company resilient to risks such as disasters.

### Initiatives to Prepare for Large-scale Disasters

To quickly and efficiently confirm the safety of employees in the event of a disaster, we have introduced a safety confirmation system that sends safety confirmation emails to employees in affected areas according to disaster information. To ensure the effectiveness of the system, in September 2023, all employees were trained to respond to the safety confirmation system.

Emergency supplies such as rations, drinking water, blankets, medicine, and toilets are provided at major locations to ensure the health and safety of employees and office hygiene in the event of a disaster.



Officers (as of June 29, 2023)

Directors



**Masayuki Yamada**  
President  
Representative Director  
President and Executive Officer

Apr. 1985 Joined Toyo Soda Manufacturing Co., Ltd. (currently Tosoh Corporation)  
Jun. 2019 Director and Executive Vice President, General Manager of Research and Development Planning, President of Specialty Group, and President of Engineering Group of Tosoh Corporation  
Jun. 2021 Senior Managing Director and Executive Officer  
Jun. 2022 Director and President (Representative Director) President and Executive Officer (current position)



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

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



**Nobuyoshi Suda**  
Managing Director and Executive Officer  
President of R&D and Engineering

Apr. 1984 Joined the Company  
Jan. 2013 Representative Director and General Manager of Organo (Suzhou) Water Treatment Co., Ltd.  
Jun. 2017 Executive Officer, General Manager of Corporate Strategy and Planning Dept., Corporate Management and Planning of the Company  
Jun. 2019 Chairman of Organo (Vietnam) Co., Ltd.  
Jun. 2019 Director and Executive Officer, President of Corporate Management and Planning and General Manager of Corporate Strategy and Planning Dept.  
Jun. 2021 Managing Director and Executive Officer, President of R&D and Engineering, and Senior General Manager of R&D Center  
Jun. 2023 Director and Managing Executive Officer, President of R&D and Engineering (current position)



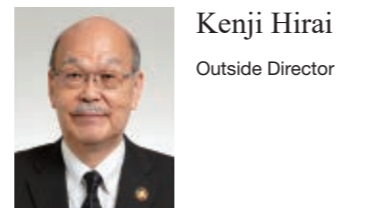
**Tetsushi Honda**  
Director and Managing Executive Officer  
President of Corporate Management and Planning

Apr. 1986 Joined the Company  
Apr. 2012 Managing Director of Organo (Asia) Sdn. Bhd.  
Jun. 2018 Executive Officer, Senior General Manager of Power Plant Division, Industrial Plant Business of the Company  
Jun. 2020 Executive Officer, Senior General Manager of R&D Center, R&D and Engineering  
Jun. 2021 Director and Executive Officer, President of Corporate Management and Planning and General Manager of Corporate Strategy and Planning Dept.  
Jun. 2023 Director and Managing Executive Officer, President of Corporate Management and Planning (current position)



**Keikou Terui**  
Outside Director

Apr. 1979 Joined Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry)  
Jul. 2008 Deputy Minister for Technical Affairs, Minister's Secretariat  
Jan. 2011 Director-General of Kanto Bureau of Economy, Trade and Industry  
Apr. 2012 Director-General of Regional Economic and Industrial Policy  
Aug. 2013 President of Japan Utility Telemetering Association (current position)  
Oct. 2013 Senior Research Associate of Chemicals Evaluation and Research Institute, Japan  
Jun. 2014 Director of Union of Japanese Scientists and Engineers (current position)  
Outside Director of Ube Industries, Ltd. (currently UBE Corporation)  
Mar. 2016 Outside Director of Bridgestone Corporation  
Jun. 2016 Director of Chemicals Evaluation and Research Institute, Japan  
Outside Director of the Company (current position)  
Aug. 2018 Director of Japan Industrial Safety Competency Center (current position)  
Jun. 2020 Executive Director of Japan Chemical Innovation and Inspection Institute (current position)



**Kenji Hirai**  
Outside Director

Apr. 1981 Joined Sagami Chemical Research Center (currently Sagami Chemical Research Institute)  
Apr. 1990 Senior Research Fellow  
Apr. 1998 Senior Fellow  
Jan. 2002 Vice President  
Apr. 2004 Vice Chairman of the Board, President  
Dec. 2018 Vice Chairman of the Board (Representative Director), President  
Apr. 2019 Vice Chairman of the Board (Representative Director), Research Advisor  
Jun. 2019 Outside Director of the Company (current position)  
Jun. 2021 Research Advisor of Sagami Chemical Research Institute



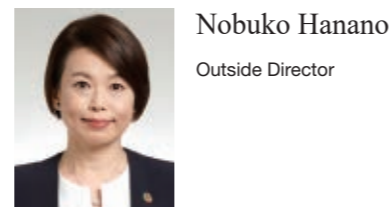
**Morifumi Wada**  
Outside Director

Mar. 1978 Joined EIKEN CHEMICAL CO., LTD.  
Apr. 2005 General Manager of Production Planning & Control Division, Production Division and General Manager of Procurement Department  
Jun. 2006 Executive Officer, General Manager of Production Planning & Control Division, Production Division and General Manager of Procurement Department  
Apr. 2007 Executive Officer, General Manager of Nogi Plant, Production Division  
May 2007 Executive Officer, General Manager of Nogi Plant and General Manager of Togane Plant, Production Division  
Apr. 2011 Vice President and Executive Officer, General Manager of Nogi Plant and General Manager of Togane Plant, Production Division  
Jun. 2011 Director, Vice President and Executive Officer, General Manager of Nogi Plant and Director of Togane Plant, Production Division  
Apr. 2012 Director, Vice President and Executive Officer, General Manager of Sales Division  
Jun. 2014 Director, President and CEO  
Jun. 2021 Director, Chairman and CEO  
Jun. 2022 Director, Chairman (current position)  
Jun. 2023 Outside Director of the Company (current position)



**Daisaku Abe**  
Outside Director

Apr. 1980 Joined The Industrial Bank of Japan, Limited  
Jun. 2019 Deputy Chairman and Executive Officer, Head of Internal Audit Group and Officer in Charge of Specially Assigned Matters of Mizuho Financial Group, Inc.  
Director (Audit and Supervisory Committee Member) of Mizuho Trust & Banking Co., Ltd.  
Director (Audit and Supervisory Committee Member) of Mizuho Securities Co., Ltd.  
Outside Director of Mizuho Leasing Company, Limited  
Apr. 2020 Administrative Officer of Mizuho Financial Group, Inc.  
Jun. 2020 Director and Chairman (Outside Director) of Mizuho Leasing Company, Limited  
Jun. 2022 Executive Adviser (current position)  
Jun. 2022 Outside Director of NIPPON STEEL KOWA REAL ESTATE CO., LTD. (current position)  
Jun. 2023 Outside Director of the Company (current position)



**Nobuko Hanano**  
Outside Director

Apr. 1991 Joined Nomura Research Institute, Ltd.  
Oct. 2000 Deputy Chairman and Executive Officer, Head of Association (current position)  
Joined KOHWA SOHGOH LAW OFFICES  
Oct. 2004 Partner (current position)  
Mar. 2019 Outside Audit and Supervisory Board Member, Kanro Inc. (current position)  
Apr. 2020 Auditor, Drone Service Promotion Association (current position)  
Jun. 2021 Outside Audit and Supervisory Board Member of the Company  
Jun. 2023 Auditor of Japan Hockey Association (current position)  
Outside Director of the Company (current position)

Audit and Supervisory Board Members



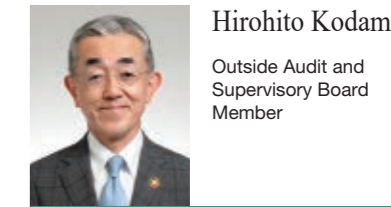
**Yoshihiro Tajitsu**  
Audit and Supervisory Board Member (Full-time)

Apr. 1985 Joined Toyo Soda Manufacturing Co., Ltd. (currently Tosoh Corporation)  
Apr. 1995 Corporate Control & Accounting  
Dec. 2005 Corporate Control & Accounting and New System Project Team  
Jan. 2008 Corporate Control & Accounting  
Jun. 2010 Outside Corporate Auditor of PLAS-TECH CORPORATION  
Outside Corporate Auditor of TOHO ACETYLENE Co., Ltd.  
Corporate Strategy of Tosoh Corporation  
Feb. 2013 General Manager of Audit & Supervisory Board Secretariat  
Jun. 2019 General Manager of Auditing  
May 2022 Vice President, General Manager of Auditing  
Jun. 2022 Executive Officer, Deputy President of Corporate Management and Planning of the Company  
Jun. 2023 Audit and Supervisory Board Member (Full-time) (current position)



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

Oct. 1993 Joined Deloitte Touche Tohmatsu (currently Deloitte Touche Tohmatsu LLC)  
Apr. 1997 Registered as Certified Public Accountant (excluding the period of legal training) (current position)  
Oct. 2002 Registered as Lawyer (Dai-ichi Tokyo Bar Association) (current position)  
Joined SEIWA KYODO LAW OFFICE (SEIWA METETSU LAW OFFICE)  
Oct. 2007 Partner  
Jun. 2016 Outside Director (Serving as Audit and Supervisory Committee Member) of Marubeni Construction Material Lease Co., Ltd. (current position)  
Oct. 2018 Representative Partner of Ootemon Law and Accounting (current position)  
Jun. 2019 Outside Audit and Supervisory Board Member of the Company (current position)  
Oct. 2019 Executive Officer of Advance Residence Investment Corporation (current position)  
Mar. 2022 Inspector of The Professional Golfers' Association of Japan (current position)



**Hirohito Kodama**  
Outside Audit and Supervisory Board Member

Apr. 1981 Joined Kagome Co., Ltd.  
Jun. 2006 Executive Officer, General Manager, Corporate Planning Department  
Jun. 2008 Director & Executive Officer, General Manager, Research & Development Division  
Jun. 2011 Director & Managing Executive Officer, General Manager, Research & Development Division  
Apr. 2013 Director & Managing Executive Officer, CEO, Asia Business Company  
Oct. 2015 Director & Managing Executive Officer, General Manager, Shared Service Preparation Office  
Apr. 2016 Director & Managing Executive Officer President & Representative Director of Kagome Axis Co., Ltd. (Representative Director)  
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)  
Mar. 2020 Outside Director of Dynapac Co., Ltd. (Audit and Supervisory Committee Member) (current position)  
Jun. 2023 Outside Audit and Supervisory Board Member of the Company (current position)

Message from Outside Director

Toward the Future

I served as an Outside Audit and Supervisory Board Member for two years starting in 2021, and I have now been appointed as a Director. During this time, the General Meeting of Shareholders held in June 2023 made quite an impression on me. With the lifting of self-imposed restrictions due to the pandemic, many shareholders were in attendance, and questions were asked about overseas business expansion, women in managerial positions, and our social contributions. This gave me a sense of their expectations for the Company and again reinforced my understanding of my responsibility for the future as a director.

We live in times in which not changing is the same as regressing, so we can strongly sense the need to clearly demonstrate our path to the future and advance along that path with a sense of urgency. To achieve this, management must strengthen its ability to respond to long-term risk (TCFD), bolster its pioneering efforts in an era of change (diversity), and reinforce the structure that supports and, at times, propels these efforts (governance).

The cutting-edge technologies Organo has cultivated in water treatment will continue to expand, and we will work tirelessly to boost our corporate value.



**Nobuko Hanano**  
Outside Director  
Lawyer

# Environment

## Environmental Philosophy and Basic Environmental Policy

### Environmental Philosophy

Recognizing that the preservation of the earth's environment is of the greatest importance for every human being, Organo contributes to human coexistence and symbiosis with Earth's beautiful environment in every facet of its business operations.

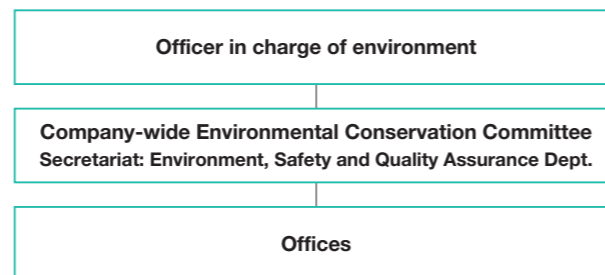
### Basic Environmental Policy

<b>Continuous improvement</b>	We will be aware of the environment surrounding all industrial activities and continue to preserve and improve the environment through all technical and economic means possible.	<b>Product environment</b>	We will develop product manufacturing technologies that will reduce the burden on the environment.
<b>Observance of laws and establishment of our own standards</b>	We will observe laws, regulations, and agreements concerning the environment. We will also establish our own standards and do our best to preserve the environment in accordance with these standards.	<b>Environmental monitoring</b>	We will inspect the environment within our company and work to improve our environmental preservation activities.
<b>Production environment</b>	We will strive to conserve resources and energy, to minimize waste and to recycle the waste produced in every aspect of our business activities.	<b>Comprehensive involvement</b>	We will educate our staff and encourage in-house publicity concerning environmental issues to promote understanding and awareness of the environment and of our own basic environmental policy.

## Environmental Management

### Environmental Conservation Structure

The Company's policies, targets, and measures for environmental preservation are discussed and decided by the company-wide Environmental Conservation Committee. Each business site in Japan appoints an Environmental Conservation Committee which establishes the policies, targets, and measures for their own office based on the Company's targets and measures—as well as specific issues—and performs environmental conservation activities accordingly.



### Environmental Management System

Our environmental management system complies with national or public standards. We conduct environmental conservation operations and activities at our offices in accordance with the environmental management system, and we also perform internal environmental audits.

Our Tsukuba Factory, where ion exchange resins are purified as one of our core materials, has acquired ISO 14001 certification, the international standard for environmental management systems.



### Environmental Education

As part of the curriculum for new employee training and engineering technology training, the Company offers courses on pollution prevention laws and regulations. It also encourages employees to obtain national Pollution Control Manager certification, increasing the number of qualified individuals. In this way, the Company is putting its environmental philosophy into practice.

Number of qualified Pollution Control Managers in FY2022\*

**Cumulative: 210**

\* Total of water quality-related Classes 1 to 4, air quality-related Classes 1 to 4, and dioxin-related

## Addressing Water Resource Issues and Protecting Biodiversity

### Basic Concept

Water is the source of life. It circulates around the Earth, nurturing a variety of plants and animals. Protecting our water is protecting life. At Organo, we have technology to protect water.

By managing the water used by the Group and providing our customers with technology to protect this precious resource, we are promoting the sustainable use of water resources and protecting biodiversity.

### Initiative 1 Management of the water we use

Recently, the use and conservation of water resources has been gaining attention as a global sustainability issue, and we view the impact on our corporate activities of water resource depletion, river flooding, and water pollution as a risk.

The Organo Group is working to conserve water resources by effectively using water intake and maintaining and improving the quality of wastewater around its business sites to ensure the sustainable use of water resources. We will continue to contribute to environmental conservation through our business activities while keeping a close eye on water-related risks.

### Water Usage Volume and Wastewater Volume

	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
<b>Water usage volume</b>	m <sup>3</sup>	516,352	542,256	539,185	624,755	618,948
<b>Wastewater volume</b>	m <sup>3</sup>	423,922	434,603	461,591	538,819	587,049

\* Targets for calculation: Head Office, R&D Center, Tsukuba Factory, and Iwaki Factory of Organo Corporation, and Main Factory of Organo Food Tech Corporation

\* The water balance does not include evaporation or sprinkling, or products brought out of or into facilities.

### Initiative 2 Sustainable use of water resources and promotion of biodiversity conservation

By providing our customers with treatment and recovery technologies for wastewater, our Group contributes to maintaining a healthy water cycle and securing water resources for industrial and daily water use. In 2022, we identified “addressing water resource issues” and “protecting biodiversity” as material issues, and in 2023, we established two KPIs: the amount of wastewater treated by newly delivered Organo systems and discharged by plants, and the amount of water collected and reused by newly delivered Organo systems.

We will further promote the use of wastewater treatment technologies used to purify industrial wastewater beyond legal requirements and wastewater recovery technologies used to reduce the amount of wastewater released into rivers, thereby promoting the sustainable use of water resources in society to protect a rich water environment where diverse organisms thrive and preserve biodiversity.



## Responding to Climate Change

### Basic Concept

Climate change is a threat to the stability of society and the environment on a global scale. As an organization heavily involved in water resources, Organo considers it a risk it should pay close attention to. Meanwhile, the Company recognizes the growing demand for environment-friendly products and services as a business opportunity.

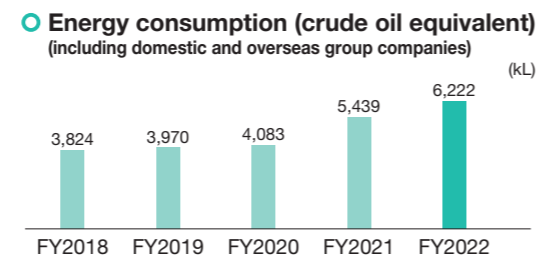
We actively work to mitigate and adapt to climate change, and we contribute to realizing a sustainable society by optimizing energy usage related to our business activities and by providing products and services that contribute to lessening the effects of climate change.

### Initiatives

Scope 1 and 2 emissions in FY2022 increased 12% compared with the reference year of FY2021. The main factor behind the increase was the launch of operations of a new laboratory building at the R&D Center in Sagamihara. We worked to reduce emissions, however, such as by introducing renewable energy in electricity in January 2023 and in gas in March at the head office. Moreover, we revised our Scope 1 and 2 emission reduction targets for FY2030 from 37.8% to 42%.

Scope 3 emissions in FY2022 increased 37% compared with the reference year of FY2021. The key factor was our strong business performance. This performance led to increased purchase and sales volume, which in turn led to increased greenhouse gas emissions.

We expect to complete the calculations of Scope 3 emissions for FY2021 and 2022 for domestic and overseas group companies by March 2024. This year, we were able to determine the Company's emissions, which gave us a clearer picture of the Scope 3 emission areas (categories) that are at high levels. Moving forward, we will analyze this information to consider Scope 3 emission targets.



Item	Target	Results for FY2021 (reference year)	Results for FY2022
<b>Scope 1 and 2</b>	42% reduction (compared with FY2021 levels) by FY2030	Emissions: 10,324 t-CO <sub>2</sub> (including domestic and overseas group companies)	12% increase (compared with FY2021 levels) • Emissions: 11,566 t-CO <sub>2</sub> (including domestic and overseas group companies)
<b>Scope 3</b>	Under review	Emissions: 558,991 t-CO <sub>2</sub> (not including domestic and overseas group companies)	37% increase (compared with FY2021 levels) • Emissions: 893,606 t-CO <sub>2</sub> (not including domestic and overseas group companies)

Category	FY2021 (t-CO <sub>2</sub> )	FY2022 (t-CO <sub>2</sub> )
Category 1: Purchased goods and services	256,147	358,215
Category 2: Capital goods	8,650	8,454
Category 3: Fuel- and energy-related activities not included in Scope 1 or Scope 2	1,586	1,690
Category 4: Upstream transportation and distribution	6,078	6,179
Category 5: Waste generated through operations	1,527	1,309
Category 6: Business travel	143	142
Category 7: Employee commuting	295	292
Category 8: Upstream leased assets	-	-
Category 9: Downstream transportation and distribution	380	510
Category 10: Processing of sold products	-	-
Category 11: Use of sold products	236,505	476,435
Category 12: End-of-life treatment of sold products	3,238	3,414
Category 13: Downstream leased assets	44,442	36,966
Category 14: Franchises	-	-
Category 15: Investments	-	-

## Promotion of the 3Rs

Together with its stakeholders, the Organo Group aims to realize a sustainable society. As part of these efforts, we identified promotion of the 3Rs as a material issue in 2022, and set the volume of sludge reduced through the application of Organo technology and products as a KPI in 2023. We will continue to use our technologies and services to promote the 3Rs for waste generated through our corporate activities as well as those of our customers, and make more effective use of resources and reduce our environmental impact to realize a recycling-oriented society.

### Recycling Volume and Volume of Waste Generated

	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
<b>Recycling volume</b>	t	400	548	486	554	491
<b>Volume of waste generated</b>	t	471	737	679	617	636

\* Targets for calculation: Head Office, R&D Center, Tsukuba Factory, and Iwaki Factory of Organo Corporation, and Main Factory of Organo Food Tech Corporation

## Expansion of Environmentally Friendly Products and Services

Organo received the Director-General Prize of the Agency of Natural Resources and Energy of the FY2022 Energy Conservation Grand Prize for ORSMART CW, a DX-based energy-saving service solution for cooling water treatment. This marks the fourth time overall and third consecutive year the Company has earned this award.

Cooling water is used in large volumes for applications such as large-scale air conditioning in buildings and factories. One of the main obstacles in cooling water is microorganism-derived slime. The generation of slime not only leads to electric power loss, but if it is allowed to rapidly grow due to the ambient environment and temperature, it can cause high-voltage cuts, forcing operational shutdowns.

ORSMART CW monitors the temperature data of cooling equipment in real-time, and through the use of AI and a remote monitoring system, the service quickly and automatically controls the application of a chemical to inhibit slime growth. This allows the operating environment to remain at optimal conditions at all times to ensure energy savings and operation throughout the year. In a case study, electric power loss was reduced by 40.3%.

Cooling water treatment is required at various manufacturing sites—including air conditioning—and this service contributes to energy savings in a wide range of fields.

Organo will continue taking on the challenge of developing energy-saving solutions to contribute to increased corporate value.



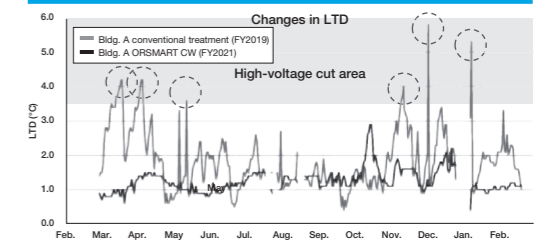
### Features of ORSMART CW

- **Real-time monitoring of LTD\***  
Treatment using the fouling condition of the heat exchanger (LTD) as the index
- **Using proprietary AI for optimal chemical injection control**  
Optimal chemical injection amount according to heat exchanger condition
- **High security centralized management service**  
From preliminary survey to treatment management

Employs ORBLADE series for cooling water treatment agent!

Winner of FY2020 Energy Conservation Grand Prize  
**ORBLADE series** cooling water treatment agent  
Features  
• Contains our new proprietary bactericidal ingredients, an industry first  
• Abundant lineup offering 17 different types  
• Bactericidal ingredients are inorganic, with zero TOC and low environmental impact

### Value provided by ORSMART CW



Did not become high-voltage cut area throughout the year  
**Stable operation of refrigerator and prevention of production opportunity loss**

Power loss of refrigerator due to LTD increase  
**40.3% reduction**

\* Leaving Temperature Difference (LTD): Fouling index of heat exchanger at "refrigerant condensation temperature - cooling water outlet temperature" of refrigerator

# Society

## Promotion of Occupational Safety and Health

### Basic Concept

As a company with a large amount of field work, we recognize the risk of serious workplace accidents. Safety is a top-priority topic, and the Company established promotion of occupational safety and health as a material issue in 2022. It continuously promotes initiatives that enable employees of our group companies and business partners to work with peace of mind.

### Creating Safe Workplaces

In order to ensure the safety and health of its employees and to promote the creation of a comfortable work environment, Organo has established a structure for safety and health management under the direct control of the President and the role of each member pursuant to company regulations on safety and health management. The Company is committed to properly maintaining safe workplace environments, preventing occupational accidents and taking appropriate emergency measures, and conducting relevant education and training.

For plant installation work and handling of chemicals, Organo prepares documented instructions, performs safety checks using checklists, and conducts scheduled safety patrols at construction sites and factories. The Company's safety patrols involve providing guidance on immediately taking corrective action when safety concerns are apparent, and ensuring that safety education is properly conducted. Organo further strengthens safety management practices by providing guidance on voluntary safety activities to prevent accidents including hazard prediction prior to performing tasks, and risk assessments. In addition, the Company posts safety newsletters on occupational health and safety on the intranet to disseminate reports on the occurrence of disasters and remedial measures. To heighten health and safety awareness and stimulate such activities, we present labor safety awards to business partners and internal business offices to convey the message that safety is our highest priority, and we work to create safe workplaces.

### Workplace Accident Prevention Activities

The Organo Group established an occupational safety and health policy in which it places the safety and health of workers as the top priority in business activities and promotes the creation of a comfortable work environment. In particular, we implemented activities to prevent workplace accidents based on the President's message that "safety is a higher priority than delivery dates, cost, and profit," but in FY2022, we had eight workplace accidents. Of these, seven are subject to the KPI of the material issue set in FY2022. The increase in the number of accidents over past years is attributable to the inclusion of those of domestic group companies. Moreover, the causes of the accidents included irregular work, falls, chemical injuries, complacency, insufficient checks, and inattention. We will work to improve the safety level of the entire Group through scheduled employee education and training while also fostering employee safety awareness with the aim of eliminating serious lost time injuries.

#### Number, frequency rate, and severity rate of workplace accidents

	FY2020	FY2021	FY2022
Number of workplace accidents*	6	7	8
Frequency rate of workplace accidents (%)*	1.02	0.68	1.36
Severity rate of workplace accidents (%)*	0.004	0.004	0.036

\* Figures changed to include domestic group companies.

Calculation methods:

- Frequency rate: The number of incidents due to workplace accidents per 1 million total number of hours worked; indicates the frequency of accident occurrence.  
Frequency rate = (Number of incidents ÷ Total number of hours worked) × 1 million
- Severity rate: The number of workdays lost per 1,000 total number of hours worked; indicates the degree of accident severity.  
Severity rate = (Number of workdays lost ÷ Total number of hours worked) × 1,000

### Employee Health Initiatives

The Group considers the health of its employees as one of the most valuable management resources in achieving sustainable growth. We provide lifestyle review counseling based on results of regular health checkups and offer annual stress level checkups for all employees as mental health measures. Moreover, Organo employees have access to counseling provided by specialists and registered nurses through the Company's in-house consultation center for when they have concerns about themselves, their colleagues, or their subordinates.

### Engagement with Labor Unions

The Company enters into collective bargaining agreements with Organo's labor union and maintains harmonious labor-management relations. Through regularly scheduled labor-management meetings with the participation of top management, Organo strives to disseminate its management policies to its employees and ensure that opinions of union members are reflected in the Company's management strategies and policies.

## Respect for Human Rights

### Basic Concept

The Organo Group declares that it shall respect human rights and prohibit discrimination, and accordingly aims to act as a company that respects individuals and diversity, without discrimination based on nationality, gender, creed, physical condition, or social status. Based on this foundation and as stated in Organo's Long-Term Management Vision, the Company is working to "proactively contribute to a better tomorrow by cultivating people today who will improve upon the way things were done yesterday, as a company where all employees are energetic and passionate about their work."

### Initiatives

The Organo Group Company Code of Conduct sets forth clear guidelines on respecting human rights, prohibiting discrimination, and forbidding harassment. In 2022, we identified respect for human rights as a material issue. As the KPI, we established a 100% completion rate of human rights-related training for participants enrolled at the end of the previous fiscal year. To promote the creation of a workplace where human rights are respected, employees need to have a correct understanding of human rights. To that end, all employees undergo human rights e-learning training including corporate ethics, compliance, and harassment prevention. Organo maintains and respects international standards for human rights, and we hold in the highest regard human rights of all employees of the Group, as well as everyone involved in its corporate activities. Furthermore, Organo continues to promote initiatives on respect for human rights to fulfill its corporate social responsibility.

## Supply Chain Management

### CSR Procurement Initiatives

Amid interest from stakeholders on our overall business process as it relates to the creation and provision of products and services, there was growing demand not only to promote the Organo Group's CSR, but also to promote the CSR of the entire supply chain.

The Group revised the Organo Group Supply Chain CSR Promotion Guidebook formulated in 2015, and called on business partners to engage in CSR initiatives and deepen the common understanding of the importance of these initiatives. In 2022, we identified the strengthening of supply chain management as a material issue, and established the number of main suppliers in compliance with the CSR Promotion Guidebook as the KPI. Our efforts are progressing smoothly, and in FY2022, we completed surveys for 41 main suppliers. In FY2023 and beyond, the Company will check the status of its customers' CSR activities based on the Guidebook and provide support where needed.

Organo Group Supply Chain CSR Promotion Guidebook

<https://www.organo.co.jp/company/society/collaboration/> (Japanese only)

Organo Group Company Code of Conduct

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

Policy on the Conflict Minerals Issue

<https://www.organo.co.jp/company/society/mineral/> (Japanese only)




## 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

<b>Promoting the participation of women</b>	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 November 2023, there were 26.) 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.	
<b>Employment of people with disabilities</b>	Organo is working to expand its employment of people with disabilities who, as of November 30, 2023, accounted for 2.3% of the Company’s workforce.	
<b>Utilizing global human resources</b>	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.	
<b>Development of the internal environment to ensure diversity</b>	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.	
<b>Employing senior citizens</b>	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 FY2022 —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 FY2022 remained at 100% for female employees, and that for male employees dramatically increased from 2.3% in FY2018 to 55.3% in FY2022. 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.

## Promotion of Human Resource Development

### Basic Concept

We are undertaking various measures to develop human resources who can help us 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 are also cultivating people who proactively contribute to a better tomorrow and who will improve upon the way things were done yesterday.

Our training system is transitioning from the conventional assigned training determined by rank to a system of elective training, in which each employee performs a self-assessment to find the areas in which they may be lacking and selects from a menu of training courses that they can take to improve themselves.

The Group has established a target of increasing annual per-employee training costs to ¥100,000 (about double the current amount) by 2030 as a material issue. While actual training costs in FY2022 were half that, at ¥58,309 per employee, we provide employees with a wide range of learning opportunities.

Moreover, human resource rotation and global personnel exchange are effective ways to promote career development and reskilling. Attempts to strengthen psychological safety, such as through one-on-one meetings, are essential in human resource development. We believe that these efforts will lead to an increase in digitally-capable talent and autonomous employees, and these personnel will transform the way we work.

### Programs and Initiatives

<b>Rank-specific training</b>	<b>New employee training</b>	During the first half of roughly six months of training, employees acquire general knowledge as members of society and regarding Organo’s technologies, and then in the second half they put into practice the technology and knowledge gained.
	<b>DX training</b>	To promote DX, employees are trained to utilize digital technology for business.
	<b>Engineering Seminar Basic Course (ESB)</b>	The ESB course involves technology field-specific training concerning Organo’s basic technologies. Participants are able to equip themselves for future career opportunities by gaining extensive knowledge on technologies that are not directly related to their work.
	<b>Career training</b>	Participants cultivate the ability to independently grow by learning to take a proactive approach to career development.
	<b>Management training</b>	In 2021, we divided management courses into “division supervisory positions,” “expert positions,” and “supervisory positions” to clarify the role of managers. Participants gain role-based management skills.
<b>Elective training</b>		Employees assess and identify the areas in which they work and select from a menu of training courses that they can take to improve themselves.
<b>Self-development</b>	<b>Qualification acquisition support system</b>	To support employees who learn autonomously, the Company subsidizes a portion of the cost employees incur when acquiring one of approximately 300 different formal qualifications. This encompasses target qualifications across a wide range of subject areas such as technology, linguistics, and IT, with certifications that include professional engineer, assistant professional engineer, and pollution control manager.
	<b>Organo University (correspondence course subsidy system)</b>	Organo University provides the opportunity to study by featuring 181 correspondence courses across 10 fields of study including technology and sales courses necessary for business, as well as management skills required at different levels of the corporate hierarchy.

## Social Contribution Activities

Organo Group places emphasis on cooperation, collaboration, and building trust with communities, and actively promotes social contribution activities in areas surrounding business locations.

### Supporting the Art Para Fukagawa Chatty Art Festival

This unique art festival is a nationwide public art exhibition with the aim of realizing a society in which people with disabilities and others live together, and it transforms the entire city of Fukagawa in Koto Ward, Tokyo, near our head office, into an art museum. Since its initial year in 2020, Organo has participated as a supporting partner, and the Company will continue to contribute to the development of local culture and art and to the promotion of social participation by people with disabilities.

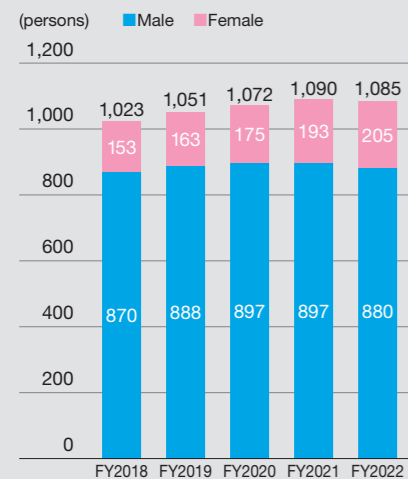
## = Financial Information

	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
<b>Orders</b> (millions of yen)	60,238	65,501	77,873	76,485	74,041	88,049	103,838	104,986	94,563	135,698	173,491
<b>Net sales</b> (millions of yen)	66,718	62,096	68,741	78,719	81,114	79,226	92,273	96,515	100,638	112,069	132,426
<b>Operating profit</b> (millions of yen)	3,498	833	2,398	3,947	4,114	3,821	6,558	9,908	9,579	10,850	15,212
<b>Operating profit ratio</b> (%)	5.2	1.3	3.5	5.0	5.1	4.8	7.1	10.3	9.5	9.7	11.5
<b>Ordinary income</b> (millions of yen)	3,909	1,170	2,465	3,871	4,162	3,933	6,538	9,929	9,900	11,545	16,020
<b>Profit attributable to owners of parent</b> (millions of yen)	2,564	664	1,085	2,485	2,731	2,780	4,452	7,162	7,074	9,210	11,730
<b>Capital expenditures</b> *1 (millions of yen)	720	358	334	603	903	644	635	965	1,015	3,387	1,466
<b>R&amp;D expenses</b> (millions of yen)	1,655	1,490	1,392	1,407	1,495	1,776	1,823	2,178	2,300	2,146	2,615
<b>Depreciation</b> (millions of yen)	1,159	1,065	999	950	950	972	920	1,189	1,212	1,332	1,824
<b>Net assets</b> (millions of yen)	45,207	44,252	45,308	46,567	49,034	51,681	54,795	60,857	67,357	76,004	86,371
<b>Total assets</b> (millions of yen)	85,309	76,852	83,609	94,795	95,405	96,036	101,257	101,448	115,011	130,506	164,854
<b>Liabilities with interest</b> (millions of yen)	14,901	10,230	12,717	17,412	16,910	15,484	13,659	9,740	16,005	15,628	33,019
<b>Annual dividend</b> *2,3 (yen per share)	12	8	8	9	11	53	73	104	114	160	62
<b>Book-value per share (BPS)</b> *2,3 (yen)	777.05	768.24	786.72	806.89	849.45	4,477.64	4,784.81	5,301.26	5,856.25	6,620.54	1,877.80
<b>Earnings per share (EPS)</b> *2,3 (yen)	44.52	11.53	18.85	43.17	47.44	241.50	388.48	626.05	616.72	802.69	255.77
<b>Equity ratio</b> (%)	52.5	57.6	54.2	49.0	51.3	53.7	54.0	59.9	58.4	58.1	52.3
<b>Return on equity (ROE)</b> (%)	5.9	1.5	2.4	5.4	5.7	5.5	8.4	12.4	11.1	12.9	14.5
<b>Return on assets (ROA)</b> (%)	4.6	1.4	3.1	4.3	4.4	4.1	6.6	9.8	9.1	9.4	10.8
<b>Consolidated payout ratio</b> (%)	27.0	69.4	42.4	20.8	23.2	21.9	18.8	16.6	18.5	19.9	24.2

\*1 Capital expenditures in FY2020 and beyond include investments in property, plant and equipment, intangible assets, etc. \*2 The Company implemented a reverse stock split on October 1, 2017, consolidating five common shares into one. \*3 The Company implemented a share split with an effective date of October 1, 2022, splitting one common share into four.

## = Nonfinancial Information (Non-consolidated)

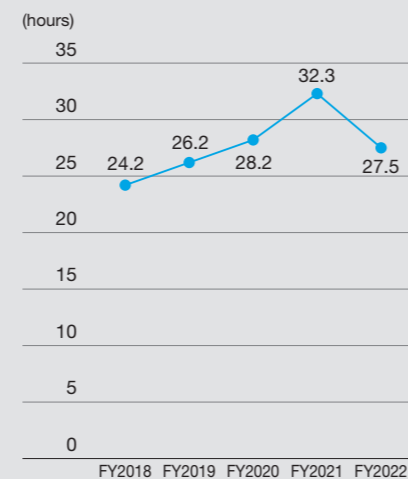
### Number of employees



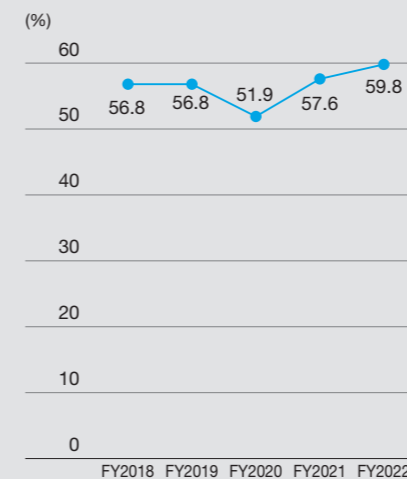
### Average years of service



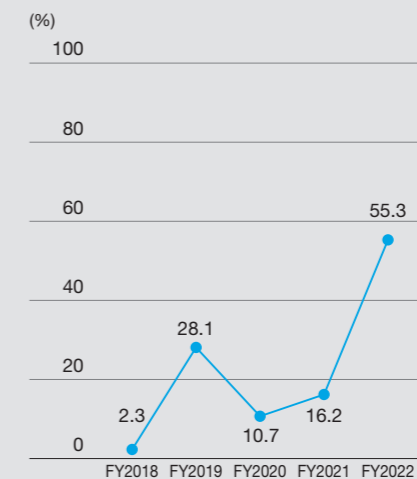
### Average monthly hours of overtime



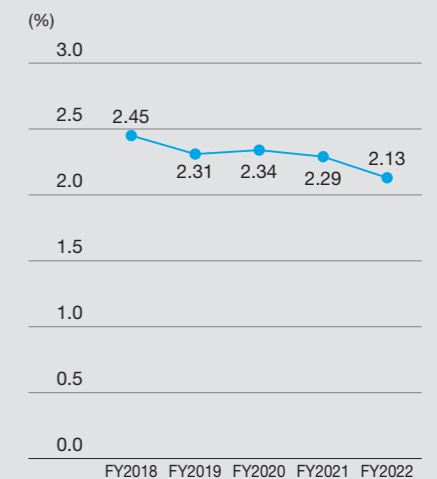
### Rate of use of paid leave\*



### Rate of childcare leave taken by male employees



### Employment rate of people with disabilities



\* Aggregated values from January 1 of the previous fiscal year to December 31 of the current fiscal year. Ex.: FY2022 → Period from January 1, 2022 to December 31, 2022



## = Consolidated Balance Sheet

(millions of yen)

	Previous fiscal year (March 31, 2022)	Fiscal year under review (March 31, 2023)		Previous fiscal year (March 31, 2022)	Fiscal year under review (March 31, 2023)
<b>Assets</b>			<b>Liabilities</b>		
<b>Current assets</b>			<b>Current liabilities</b>		
Cash and deposits	20,198	15,558	Trade notes and accounts payable	18,795	20,904
Notes receivable - trade	1,703	1,026	Electronically recorded obligations - operating	5,575	4,640
Accounts receivable - trade	25,639	39,470	Short-term borrowings	9,933	29,124
Electronically recorded monetary claims - operating	1,862	2,826	Income taxes payable	1,444	3,014
Contract assets	25,584	32,359	Contract liabilities	1,820	3,007
Lease investment assets	11,293	9,853	Provision for bonuses	1,477	1,594
Merchandise and finished goods	5,264	7,165	Provision for product warranties	296	548
Work in progress	6,735	21,886	Provision for loss on construction contracts	46	512
Raw materials and supplies	1,456	1,744	Provision for stock-based remuneration for directors (and other officers)	123	105
Other	3,133	4,891	Other	3,559	5,284
Allowance for doubtful accounts	(6)	(17)	<b>Total current liabilities</b>	<b>43,072</b>	<b>68,738</b>
<b>Total current assets</b>	<b>102,862</b>	<b>136,765</b>	<b>Fixed liabilities</b>		
<b>Fixed assets</b>			Long-term borrowings	5,695	3,895
<b>Tangible fixed assets</b>			Deferred tax liabilities	53	91
Buildings and structures	18,873	19,183	Retirement benefit liabilities	5,512	5,511
Accumulated depreciation	(12,707)	(13,104)	Other	168	245
Buildings and structures (net)	6,166	6,078	<b>Total fixed liabilities</b>	<b>11,429</b>	<b>9,744</b>
Machinery, equipment and vehicles	5,826	6,582	<b>Total liabilities</b>	<b>54,501</b>	<b>78,483</b>
Accumulated depreciation	(5,117)	(5,452)	<b>Net assets</b>		
Machinery, equipment and vehicles (net)	709	1,129	Shareholders' equity		
Land	12,257	12,296	Capital stock	8,225	8,225
Construction in progress	1,115	118	Capital surplus	7,508	7,508
Other	5,346	5,955	Retained earnings	59,619	69,002
Accumulated depreciation	(4,601)	(4,784)	Treasury stock	(734)	(613)
Other (net)	745	1,171	<b>Total shareholders' equity</b>	<b>74,617</b>	<b>84,123</b>
<b>Total tangible fixed assets</b>	<b>20,995</b>	<b>20,795</b>	Accumulated other comprehensive income		
<b>Intangible fixed assets</b>	<b>1,082</b>	<b>949</b>	Valuation difference on available-for-sale securities	434	539
<b>Investments and other assets</b>			Deferred gains or losses on hedges	(0)	(2)
Investment securities	2,058	2,430	Foreign exchange translation adjustment	575	1,191
Retirement benefit assets	624	815	Accumulated adjustment for retirement benefits	208	317
Deferred tax assets	2,369	2,673	<b>Total accumulated other comprehensive income</b>	<b>1,218</b>	<b>2,047</b>
Other	979	596	Minority interests	168	201
Allowance for doubtful accounts	(464)	(171)	<b>Total net assets</b>	<b>76,004</b>	<b>86,371</b>
<b>Total investments and other assets</b>	<b>5,566</b>	<b>6,343</b>	<b>Total liabilities and net assets</b>	<b>130,506</b>	<b>164,854</b>
<b>Total fixed assets</b>	<b>27,644</b>	<b>28,088</b>			
<b>Total assets</b>	<b>130,506</b>	<b>164,854</b>			

## = Consolidated Statement of Income

(millions of yen)

	Previous fiscal year ( from April 1, 2021 to March 31, 2022 )	Fiscal year under review ( from April 1, 2022 to March 31, 2023 )
Net sales	112,069	132,426
Cost of sales	83,556	97,449
Gross income	28,512	34,976
Selling, general and administrative expenses	17,662	19,763
Operating income	10,850	15,212
<b>Non-operating profit</b>		
Interest income	26	35
Dividend income	33	44
Exchange gains	573	559
Equity method investment income	160	208
Other	129	130
<b>Total non-operating income</b>	<b>924</b>	<b>978</b>
<b>Non-operating expenses</b>		
Interest expenses	127	159
Loss on valuation of derivatives	92	-
Other	9	10
<b>Total non-operating expenses</b>	<b>229</b>	<b>170</b>
Ordinary income	11,545	16,020
<b>Extraordinary income</b>		
Income from sales of fixed assets	1,150	5
Income from sales of investment securities	23	40
Income from sales of right to use facilities	11	-
<b>Total extraordinary income</b>	<b>1,185</b>	<b>46</b>
<b>Extraordinary losses</b>		
Loss on sales of fixed assets	-	0
Loss on abandonment of fixed assets	21	28
Loss on sales of investment securities	-	1
Loss on sales of right to use facilities	13	-
<b>Total extraordinary losses</b>	<b>35</b>	<b>31</b>
Income before income taxes	12,696	16,035
Corporate, inhabitant, and business taxes	2,984	4,628
Income taxes - deferred	485	(357)
<b>Total income taxes</b>	<b>3,470</b>	<b>4,270</b>
Profit	9,226	11,764
Profit attributable to minority interests	15	34
Profit attributable to owners of parent	9,210	11,730

## = Consolidated Statement of Comprehensive Income

(millions of yen)

	Previous fiscal year ( from April 1, 2021 to March 31, 2022 )	Fiscal year under review ( from April 1, 2022 to March 31, 2023 )
Profit	9,226	11,764
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	135	104
Deferred gains or losses on hedges	(0)	(2)
Foreign exchange translation adjustment	809	625
Adjustment amount for defined benefit plans	235	110
Share of other comprehensive income of entities accounted for using equity method	(2)	0
<b>Total other comprehensive income</b>	<b>1,178</b>	<b>837</b>
<b>Comprehensive income</b>	<b>10,405</b>	<b>12,602</b>
<b>Items</b>		
Comprehensive income attributable to owners of parent	10,371	12,559
Comprehensive income attributable to minority interests	33	43

## Consolidated Statement of Shareholders' Equity

(millions of yen)

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

(millions of yen)

Fiscal year under review (from April 1, 2022 to March 31, 2023)	Shareholders' equity					Minority interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity		
Balance at beginning of current period	8,225	7,508	59,619	(734)	74,617		
Changes during current period							
Dividends of surplus			(2,347)		(2,347)		
Profit attributable to owners of parent			11,730		11,730		
Acquisition of treasury stock				(4)	(4)		
Disposal of treasury stock		0		125	125		
Changes in items other than shareholders' equity (net)							
Total changes during current period	-	0	9,383	121	9,505		
Balance at end of current period	8,225	7,508	69,002	(613)	84,123		
	Accumulated other comprehensive income						
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign exchange translation adjustment	Accumulated adjustment for retirement benefits	Total accumulated other comprehensive income		
Balance at beginning of current period	434	(0)	575	208	1,218	168	76,004
Changes during current period							
Dividends of surplus							(2,347)
Profit attributable to owners of parent							11,730
Acquisition of treasury stock							(4)
Disposal of treasury stock							125
Changes in items other than shareholders' equity (net)	104	(2)	616	109	828	32	861
Total changes during current period	104	(2)	616	109	828	32	10,366
Balance at end of current period	539	(2)	1,191	317	2,047	201	86,371

## Consolidated Statement of Cash Flows

(millions of yen)

	Previous fiscal year (from April 1, 2021 to March 31, 2022)	Fiscal year under review (from April 1, 2022 to March 31, 2023)
<b>Cash flow from operating activities</b>		
Income before income taxes	12,696	16,035
Depreciation	1,332	1,824
Increase (decrease) in provisions	127	652
Increase (decrease) in retirement benefit liabilities	150	171
Decrease (increase) in retirement benefit assets	(250)	(211)
Interest and dividend income	(60)	(80)
Interest expenses	127	159
Foreign exchange losses (gains)	(178)	(233)
Share of loss (profit) of entities accounted for using equity method	(160)	(208)
Loss (gain) on valuation of derivatives	92	(5)
Loss (gain) on sales of fixed assets	(1,150)	(4)
Loss on abandonment of fixed assets	21	28
Loss (gain) on sales of investment securities	(23)	(39)
Loss (gain) on sales of right to use facilities	1	-
Decrease (increase) in trade receivables and contract assets	(320)	(19,954)
Decrease (increase) in lease investments	(1,518)	1,439
Decrease (increase) in inventories	(2,244)	(17,295)
Increase (decrease) in trade payables	5,451	664
Other	403	1,672
Subtotal	14,497	(15,384)
Interest and dividends received	73	93
Interest paid	(129)	(168)
Insurance income received	11	71
Damages paid	(0)	-
Income taxes paid or refunded	(3,664)	(3,147)
Cash flow from operating activities	10,787	(18,536)
<b>Cash flow from investing activities</b>		
Expenditures on acquisitions of tangible fixed assets	(2,492)	(1,205)
Income from sales of tangible fixed assets	1,200	5
Expenditures on acquisitions of intangible fixed assets	(306)	(247)
Expenditures on acquisitions of investment securities	(8)	(301)
Income from sales of investment securities	65	73
Income from loan collection	-	300
Income from sales of right to use facilities	32	-
Other	(10)	64
Cash flow from investing activities	(1,520)	(1,309)
<b>Cash flow from financing activities</b>		
Net increase (decrease) in short-term borrowings	(5,979)	19,138
Income from long-term borrowings	6,000	-
Repayments of long-term borrowings	(600)	(1,900)
Acquisition of treasury stock	(354)	(4)
Dividends paid	(1,541)	(2,347)
Dividends paid to minority interests	(7)	(10)
Other	(101)	(170)
Cash flow from financing activities	(2,586)	14,706
Foreign exchange translation adjustments on cash and cash equivalents	398	500
Increase (decrease) in cash and cash equivalents	7,079	(4,639)
Cash and cash equivalents at beginning of current period	12,804	20,198
Increase in cash and cash equivalents associated with new consolidation	314	-
Cash and cash equivalents at end of current period	20,198	15,558



## = Company Information

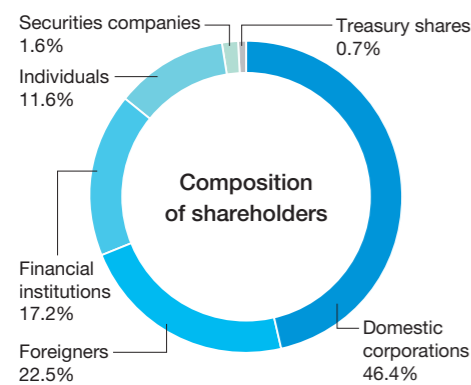
### Company Profile (as of March 31, 2023)

**Company name** ORGANO CORPORATION  
**Foundation** May 1, 1946  
**Capital** 8,225,499,312 yen  
**Representative** Masayuki Yamada, Representative Director and President

**Number of employees** 2,506 consolidated (1,085 single entity)  
**Major businesses** As a comprehensive water treatment engineering company, the Company is mainly engaged in the manufacture, sale, and maintenance of various types of industrial process water and wastewater treatment systems using ion exchange resin, separation membranes, activated charcoal, etc., the provision of water treatment outsourcing services, and the sale of various chemicals and food processing materials.

### Shares (as of March 31, 2023)

Total number of authorized shares: 101,568,000 shares  
 Total number of issued shares: 46,359,700 shares (including 337,755 treasury shares)  
 Number of shareholders: 6,913



### Major Shareholders (top ten)

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.

## = External evaluation—Incorporated into indexes



JPX-Nikkei Index 400



FTSE Blossom Japan Sector Relative



S&P/JPX Carbon Efficient Index



CDP



JPX-Nikkei Mid and Small Cap Index

### Our website

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



## = Network (Japan/Overseas)

### Major Offices

**Head Office** 1-2-8, Shinsuna, Koto-ku, Tokyo, 136-8631  
**R&D Center** 4-4-1, Nishi-Onuma, Minami-ku, Sagami-hara, Kanagawa, 252-0332  
**Tsukuba Factory** 2-3, Midorigahara (Tsukuba TechnoPark Toyosato), Tsukuba City, Ibaraki, 300-2646  
**Iwaki Factory** 1-66, Yoshima Kogyodanchi, Iwaki City, Fukushima, 970-1144  
**Hokkaido Branch** 5-8-37, Kita 7 Jou Higashi (Organo Hokkaido Building), Higashi-ku, Sapporo City, Hokkaido, 060-0907  
**Tohoku Branch** 1-11-1, Honcho (HF Sendai Honcho Building), Aoba-ku, Sendai City, Miyagi, 980-0014  
**Kanto Branch** 1-2-8, Shinsuna, Koto-ku, Tokyo, 136-8631  
**Chubu Branch** 3-7-3, Uchiyama (NTP Plaza Chikusa-Uchiyama), Chikusa-ku, Nagoya City, Aichi, 464-0075  
**Kansai Branch** 1-6, Enoki Town (Kansai Organo Building), Suita City, Osaka, 564-0053  
**Chugoku Branch** 2-14, Inari Town (Wako-Inarimachi Building), Minami-ku, Hiroshima City, Hiroshima, 732-0827  
**Kyushu Branch** 1-4-2, Shirokane (Organo Kyushu Building), Chuo-ku, Fukuoka City, Fukuoka, 810-0012



### Domestic Group Companies

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

### Overseas Group Companies

Organo (Asia) Sdn. Bhd.	No. 49, Jalan Bagan Terap 26/11, Seksyen 26, 40400 Shah Alam, Selangor Darul Ehsan, Malaysia
Organo (Suzhou) Water Treatment Co., Ltd.	No. 28 Sheng gang Rd. Suzhou Industrial Park, Suzhou 215126, China
Organo Technology Co., Ltd.	10th Floor, No. 158, Sec. 2, Gongdao 5th Rd., Hsinchu City 300, Taiwan R.O.C.
Organo (Thailand) Co., Ltd.	89/1 Kasemsap Building, 6th Floor, Vipavadi Rangsit Rd., Chom Phon, Chatuchak, Bangkok 10900, Thailand
PT Lautan Organo Water	Graha Indramas 5th Floor, Jl. AIP II K.S. Tubun Raya, No.77, Jakarta 11410, Indonesia
Organo (Vietnam) Co., Ltd.	Thuy Loi 4 Office Building, 3rd Floor, 102 Nguyen Xi Street, Ward 26, Binh Thanh District, Ho Chi Minh City, Vietnam
Organo USA, Inc.	23040 N 11th Avenue, Suite 107 Phoenix, AZ 85027, United States