

# 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)

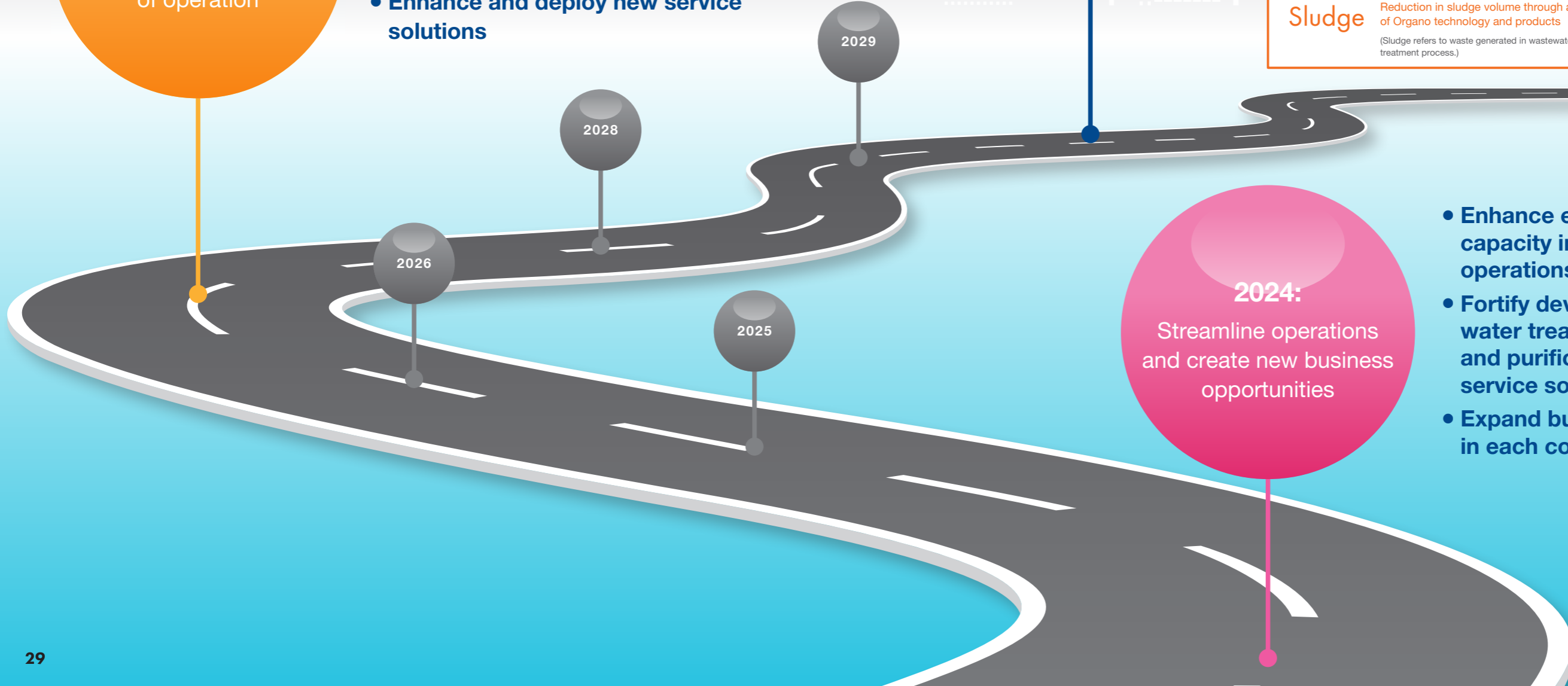
○ Financial performance targets for FY2030

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>
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**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.

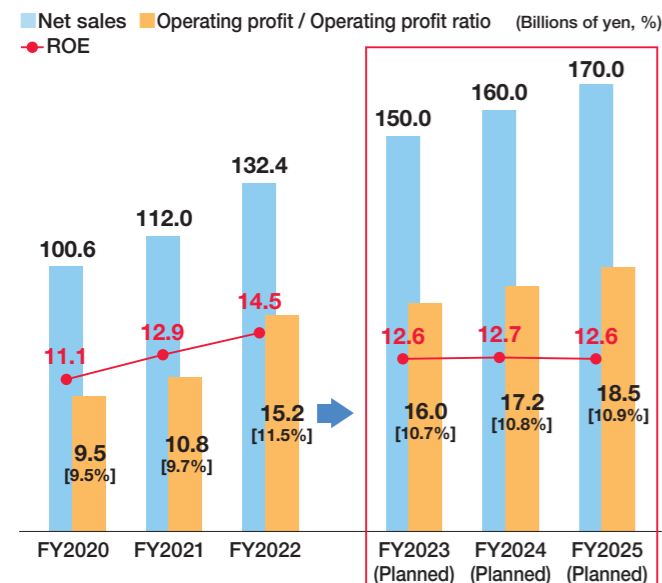
## Overview by Business Field

<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.

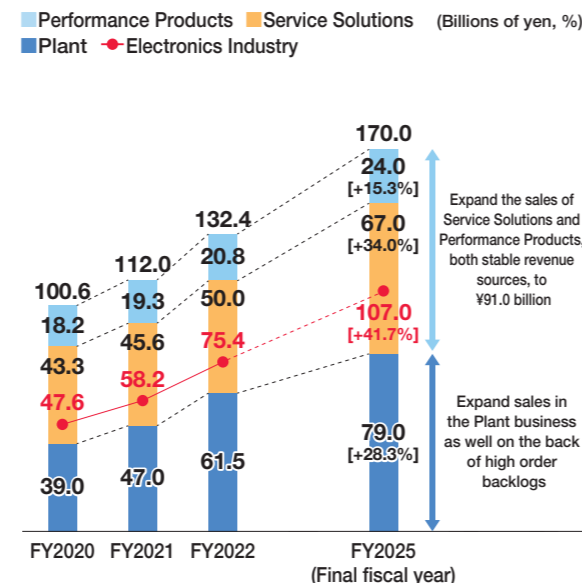
## Positioning the Medium-Term Management Plan (2023–2025)

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

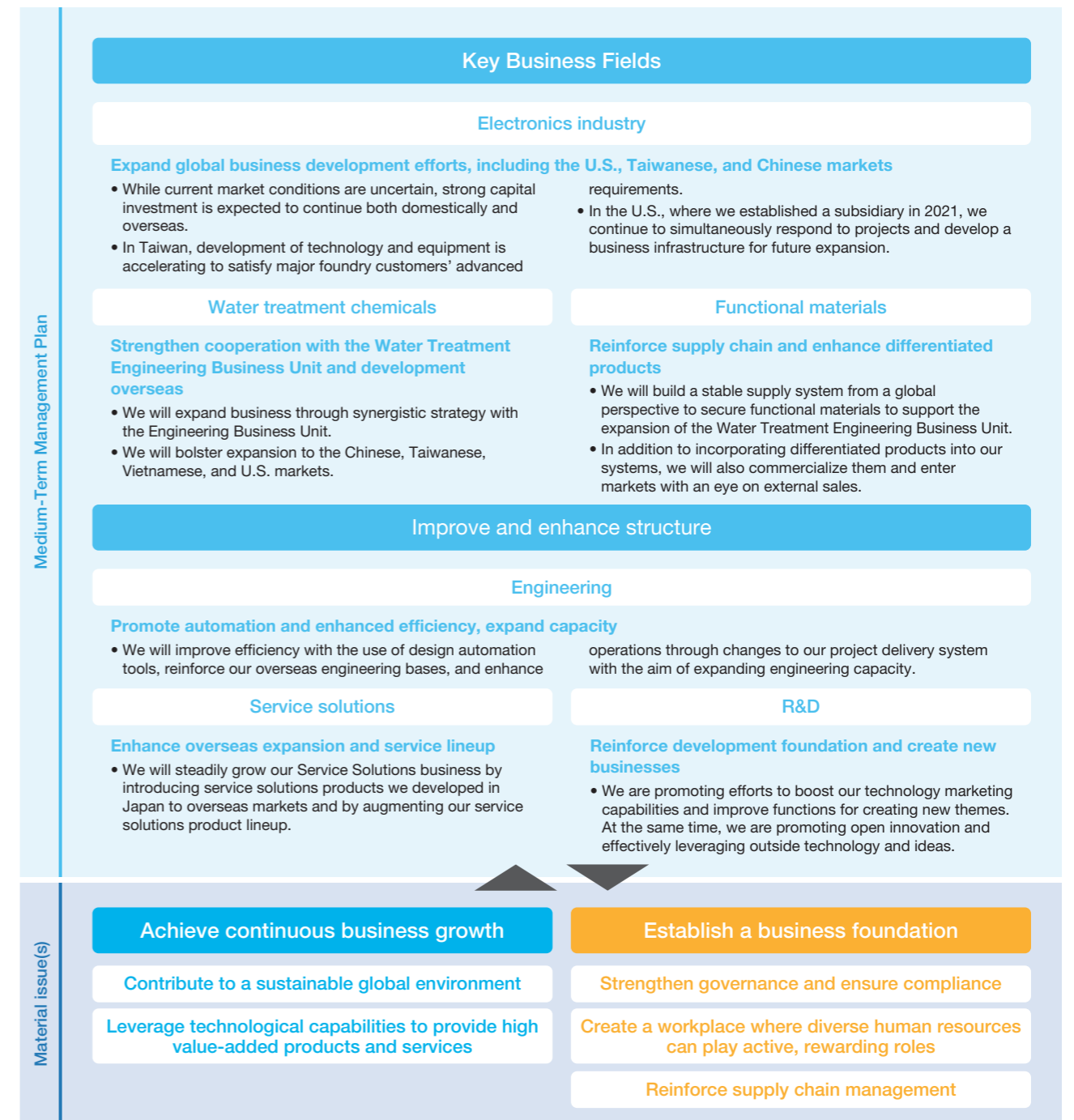


## Overview of Medium-Term Management Plan (2023–2025)

### 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

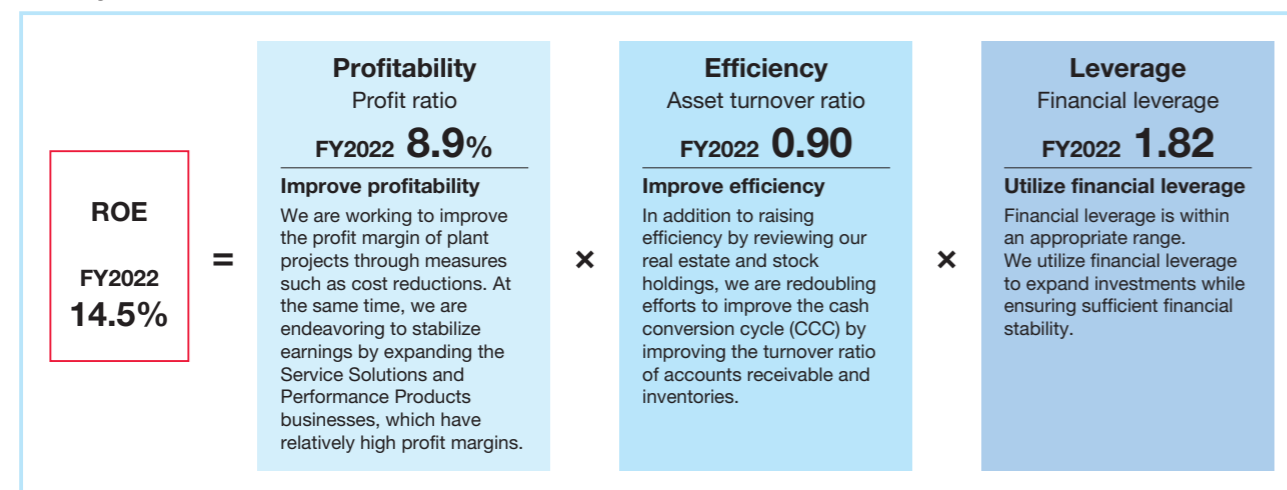
#### Assessment of Current Situation

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

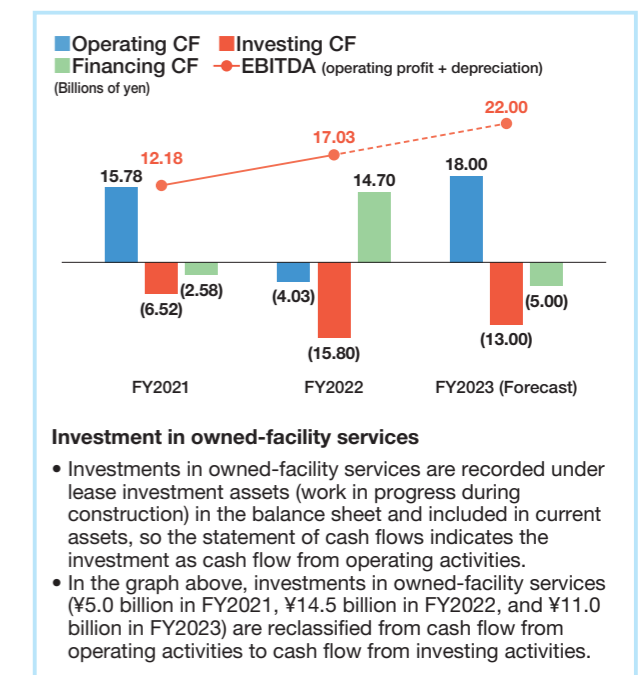


payment collection schedules are factors in a cash flow lag of six to twelve months. Meanwhile, as part of our Service Solutions business, we are expanding owned-facility services under which we construct water treatment facilities at our customers' plants and sites. We are currently making progress 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.

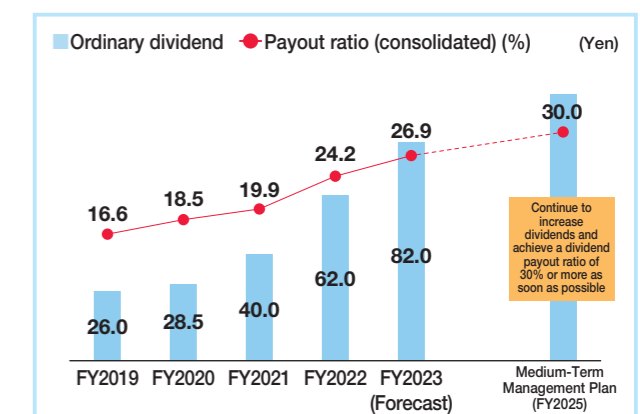
#### Performance trends and cash flows



#### 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.

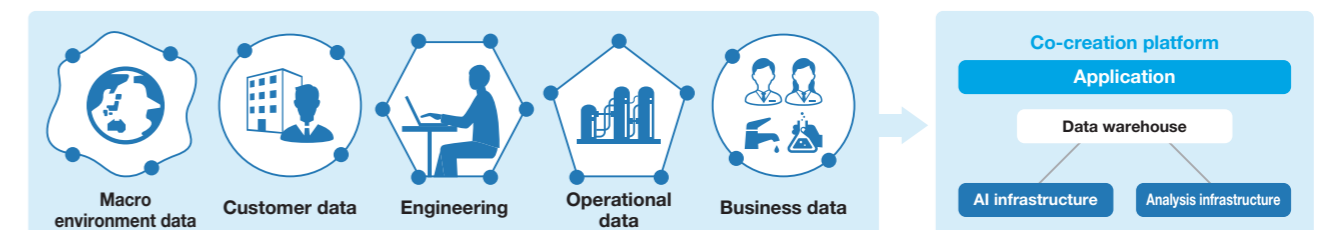
### Enhancing and Creating Service Solution Models

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.

### 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

## 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.

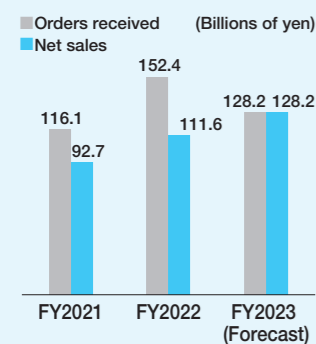
## Outlook for Fiscal 2023

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.

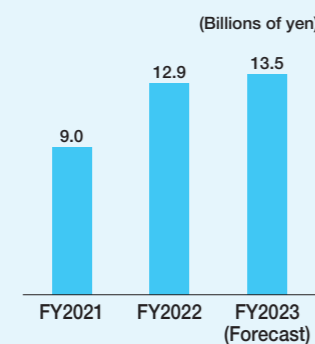
## Business Strategies for Medium-Term Management Plan

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.

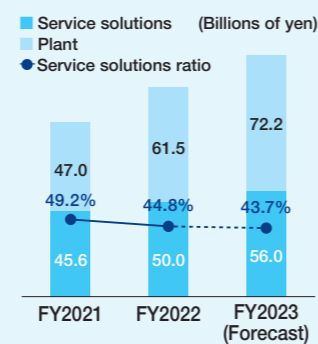
### Orders/Net sales



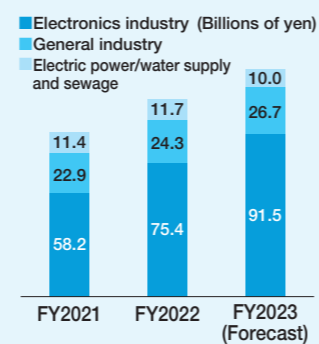
### Operating profit



### 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

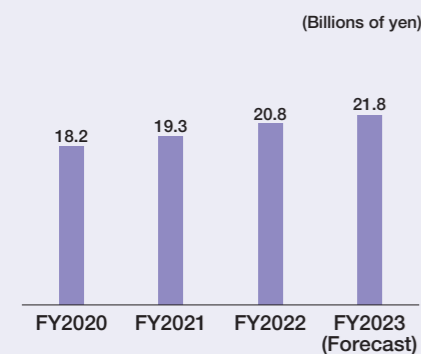
### Risks

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

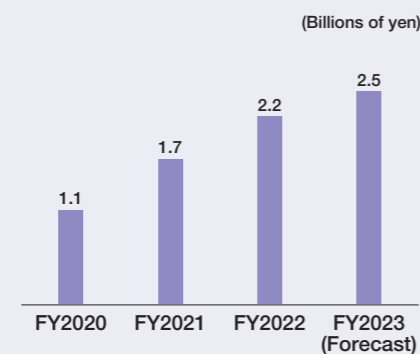
### Responses

- 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

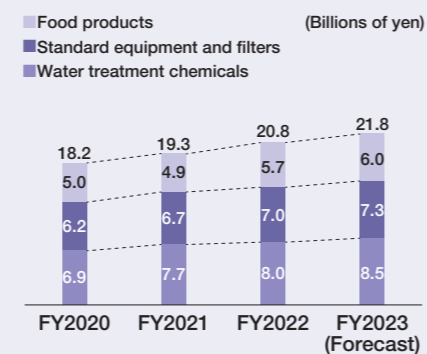
### Net sales



### Operating profit



### Net sales by segment

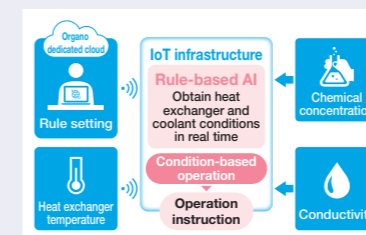


## Major Initiatives for Fiscal 2022

### 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.