

Strengthening Management Capital

Capital	Inputs	Initiatives for strengthening capital	FY2024 results
Intellectual capital 	R&D expenses — ¥3.2 billion (Target — 2.5% of consolidated net sales) R&D Center (R&D and Engineering) Established a research base in Taiwan (2024)	<ul style="list-style-type: none"> Further strengthen competitive advantage in cutting-edge electronics industry In the semiconductor industry, where manufacturing technology is rapidly evolving, it is critical to quickly identify customer needs, develop solutions, and establish them as part of our intellectual property (IP). Therefore, we have created a specialized team to explore trends in the cutting-edge electronics industry and collaborate with the department in charge of IP in conducting R&D. Continuous refinement and application of accumulated separation and purification technologies and analysis technology Our core intellectual capital lies in the accumulation of technologies, from individual water treatment technologies, such as ion exchange resin, membranes, and functional materials, to entire water treatment systems encompassing mechanical, electrical, control, operations, and maintenance know-how, as well as technology for analyzing water quality after it has been treated. We advance R&D to meet customer needs for specific water and liquid quality, explore research topics from the perspective of market changes and future trends, and aim to grow our business by building our own IP network while respecting the IP of other companies. 	
Human capital 	Total number of employees — 2,512 (consolidated) Number of overseas employees — 881 (As of March 31, 2024) Training expenses per employee — 82,753 yen	<ul style="list-style-type: none"> Enhance talent management By visualizing the skills of each employee, we aim to achieve optimal human resource development, plan career paths, and assign talent from the perspectives of both the organization and the individual. Promote diversity It is essential to diversify talent in order to respond to rapidly changing markets and promote new businesses. Therefore, we are aiming to proactively hire foreign employees and increase the number of female managers to 50. Fostering a culture of taking on challenges and the desire to learn while creating a workplace where employees are energetic and passionate about their work Diverse human resources with specialized knowledge is the source of the Company's competitiveness and growth. The Group actively supports talent who have skills gained through hands-on experience, a commitment to continuous improvement, independent thinking, the drive to take on new challenges, and those who strive to improve business operations. We have also introduced a variety of systems that take into account a wide range of life events so that employees can perform to the best of their abilities within their own personal circumstances. 	Financial information Orders — ¥151.2 billion Net sales — ¥163.2 billion Operating profit — ¥31.1 billion Operating profit ratio — 19.1% ROE — 21.7% Order backlog — ¥105.7 billion Dividend payout ratio (consolidated) — 30.5% Equity — ¥121.1 billion Equity ratio — 62.2%
Manufacturing capital 	Water treatment system unit assembly plant (Iwaki Factory) Ion exchange resin refinery (Tsukuba Factory) Standard water treatment equipment manufacturing site (Hostec) Food ingredients and food processing agent manufacturing site (Organo Food Tech)	<ul style="list-style-type: none"> Strengthen our ability to respond to demand in semiconductors and other markets To shorten delivery times for all water treatment equipment while maintaining quality, in addition to sharing project schedule information with the Sales Division, we are managing lead times for material procurement, assembly, and the like, and are proceeding with manufacturing and refinement. ▶ See p. 36 for details. Increase manufacture of standard water treatment equipment In February 2024, manufacturing subsidiary Hostec moved to a new building. The purpose of the move was to accommodate the expansion of manufacturing capacity for the Performance Products Business Unit based on the medium- to long-term management plan ORGANO 2030. Supply of main water treatment equipment components We have a site for assembling equipment units that are the main components of equipment handled by the Water Treatment Engineering Business Unit and for purifying ion exchange resin, one of the functional materials that are key to water treatment performance. In addition, in the Performance Products business, Hostec provided assembly of standard water treatment equipment in Suwa, Nagano Prefecture. Both are manufactured under meticulous quality control to ensure a stable supply of the water and liquid quality desired by customers. 	Nonfinancial information Number of patents and utility models (Japan) — 839 Total number of employees — 2,660 (consolidated) Number of overseas employees — 1,370 Number of female managers (Japan) — 26
Financial capital 	Equity — ¥101,928 million Equity ratio — 55.8% (As of March 31, 2024)	<ul style="list-style-type: none"> Initiatives to enhance corporate value To achieve ROE that exceeds the cost of capital (7-9%), we are working to raise profitability, improve efficiency, and utilize financial leverage, with the aim of achieving an ROE of 15% or more. Capital allocation and shareholder returns We will continue to make growth investments in human capital, R&D, digital investments, and owned-facility service projects. For shareholder returns, we will aim for continuous dividend increases while maintaining a dividend payout ratio (consolidated) of 30% or more. Stable infrastructure that supports business To steadily generate cash through operating activities, we are working to improve profitability and strengthen our financial position by thoroughly managing project profitability and expanding our Service Solutions business and Performance Products Business Unit, which are stable sources of revenue. In addition, to improve corporate value over the medium to long term, we are promoting management that is conscious of cost of capital and stock price, and are striving to achieve a balance between expansion of capital efficiency, investment in growth, and shareholder returns. ▶ See pp. 23-24 for details. 	GHG emission reduction GHG emissions (all group companies) Scope 1 and 2: Total volume — 38% reduction compared with reference year Scope 3: Emissions per gross profit — 35% reduction compared with reference year
Social capital 	Domestic affiliates — 5 Domestic offices and sales offices — 42 Overseas sites — 7	<ul style="list-style-type: none"> Expand overseas engineering locations and strengthen cooperation We are bolstering recruitment and training of local engineers at our engineering locations in Thailand and Vietnam, and they are playing an active role in projects outside those countries as well. Capital and business alliance with LIGHTz Inc. In June 2024, we entered into a capital and business alliance with LIGHTz Inc., a provider of solutions for technology transfer and business optimization, centered on the manufacturing industry. This will help us build a more competitive engineering structure. Customer base and partner companies span a broad range of industries and layers Each industry has its own ecosystem of end users and their partner companies, and Organo has client companies across multiple layers in a number of industries. In recent years, some of our customers have developed globally in the electronics industry overseas. In these cases, along with our network in the country or region of development, we often collaborate with domestic and third-country partner companies. We are leveraging this cultivated network as a major capital. 	Address water resource issues Management of the water we use Water usage volume and wastewater volume (Organo and domestic group companies) Water usage volume — 750,064 m³ Wastewater volume — 737,481 m³
Natural capital 	GHG emission reduction Introduce GHG emission calculation tool Establish working group to study GHG reduction measures and transition plans Address water resource issues Ascertain water usage and wastewater volumes at each site and the reasons for any changes Build and operate an environmental conservation structure including water utilization Develop products and services that contribute to water environment conservation	<ul style="list-style-type: none"> GHG emission reduction We will promote the gradual introduction of electricity derived from renewable energy sources toward achieving Scope 1 and 2 carbon neutrality by FY2050. In addition to switching the electricity used at the headquarters and R&D Center to renewable energy, the share of renewable electricity at the Tsukuba Factory reached approximately 40% in FY2024. For FY2025, we plan to increase this ratio and introduce renewable electricity at the Iwaki Factory as well. Address water resource issues <ul style="list-style-type: none"> Management of the water we use We verify monthly that the level of harmful substances in wastewater is below the standard value, and work to reduce our environmental impact. In addition, we set targets for water recovery and reuse at Tsukuba Factory (50%) and the R&D Center (20%), and are working to reduce our water usage volume. Water environment conservation through the provision of products and services As a water treatment engineering company, we provide customers with wastewater treatment and recovery technologies, thereby reducing the environmental impact of water use in industry and daily life. This contributes to the conservation of a healthy water environment and the securing of water resources. 	Address water resource issues Management of the water we use Water usage volume and wastewater volume (Organo and domestic group companies) Water usage volume — 750,064 m³ Wastewater volume — 737,481 m³

Strategy by Segment

Water Treatment Engineering Business Unit



Yasutoshi Nakayama

Managing Director and Executive Officer
President of Industrial Plant Business

Solving customer challenges and driving company growth through wastewater treatment engineering built on customer dialogue

We operate in a wide range of markets. These encompass the electronics industry, which includes cutting-edge semiconductors for the rapidly growing AI sector; general industry including pharmaceuticals; chemicals; foods and beverages; and infrastructure, including electric power, water supply, and sewage that are vital to industry and daily life (see pp. 5-6). We support the stable business operations of our customers by delivering equipment for ultrapure water production essential for semiconductor manufacturing, industrial wastewater treatment, and recycling of wastewater and valuable resources. We also provide ongoing services such as maintenance and operational management, supply of consumables, and proposals for operational improvements. By engaging in dialogue with customers, sharing trends in each industry, and collaborating with the R&D and Engineering Department and the Performance Products Business Unit, we will provide greater customer value.

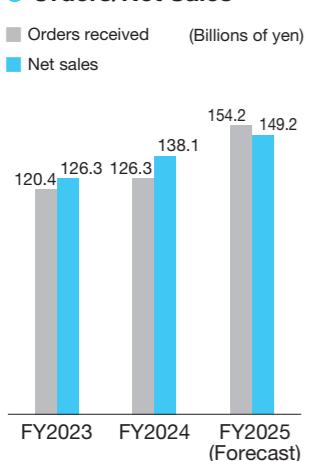
Opportunities

- Continued aggressive investments by customers in advanced semiconductors
- Diversification of investment regions among customers in the electronics industry
- Expansion of investments in the U.S. across various industries
- Growing need for energy and labor saving and workforce reduction

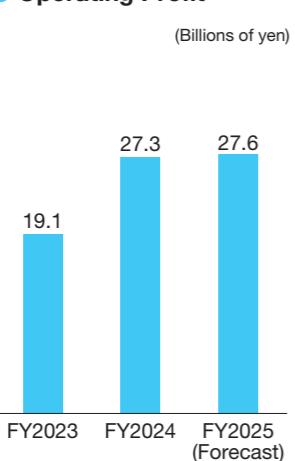
Risks

- Growing geopolitical risks
- Declining labor force in Japan
- Impact of U.S. tariff policies on investment timing of certain customers
- Labor shortage in the U.S.

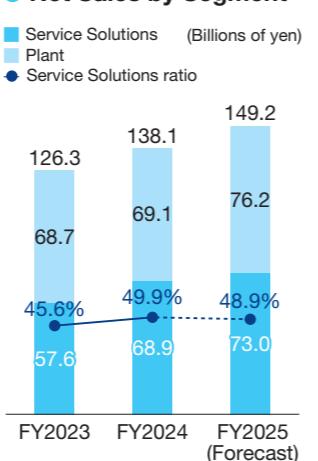
Orders/Net Sales



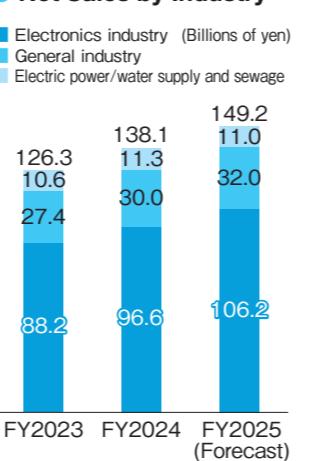
Operating Profit



Net Sales by Segment



Net Sales by Industry



FY2025 (Forecast) are the initial plan figures.

Responding to Risks and Opportunities

In the electronics industry, amid a background of geopolitical risk and other factors, customers continue to diversify their investments across regions. Investments in cutting-edge semiconductors remain strong, and investments in the U.S. are expanding. To fully seize this opportunity, we are promoting R&D into ultrapure water production technologies for cutting-edge semiconductors—which require continuous evolution—and strengthening our U.S. operations. Meanwhile, overseas expansion entails many risks. We are striving to minimize them through repeated discussions with customers and partner companies. Going forward, we will continue to identify needs in a timely manner, including technological and regional trends as well as our customers' sustainability targets, and work to provide even greater value.

Review of Fiscal 2024

While delays in investments by electronics industry customers in Japan, China, and Southeast Asia were longer than expected, capital investment in cutting-edge semiconductors remained active in Taiwan. By capitalizing on that demand, we achieved orders received that surpassed the previous year. In addition to steady progress in backlog projects, maintenance demand steadily increased as multiple large-scale projects that had been delivered in recent years began operation. Service Solutions business also performed well due to the steady operation of owned-facility service projects, resulting in a year-on-year increase in net sales. Meanwhile, supported by a favorable order environment, the profitability of new plant projects and other projects improved. General industry and electric power/water supply and sewage both remained solid, led by the Service Solutions business, and ongoing cost optimization efforts contributed, enabling the Water Treatment Engineering Business Unit to achieve record profits.

Outlook for Fiscal 2025

Although the global economic situation remains uncertain and the recovery of the legacy semiconductor industry is still in progress, investment in cutting-edge semiconductor-related equipment remains at a high level. We expect steady progress in receiving orders for these projects, as well as in general industry and social infrastructure. We forecast receiving more orders than the previous fiscal year. We also expect a year-on-year increase in net sales due to steady progress in construction of backlogged large-scale projects, as well as expansion of owned-facility services and maintenance for delivered equipment. In addition, we expect operating profit to increase due to higher revenue from sales expansion and an improved profitability outlook for plant projects.

Strategy to Achieve Medium- to Long-Term Management Plan ORGANO 2030

To achieve Medium- to Long-Term Management Plan ORGANO 2030, in addition to our existing business model of plant delivery, we will enhance the added value of our business by providing functional materials to support stable plant operations and expand our Service Solutions business to further enhance efficiency. Specifically, we are enhancing our proposals to meet customer needs for advanced purification, high recovery rates, resource conservation, reduction of waste and CO₂ emissions, and labor savings. In addition, we are also working to create synergy with the Performance Products Business Unit by linking functional materials such as membranes and water treatment chemicals.

With regard to market and area strategies, we are positioning overseas expansion as an important pillar for sustainable growth. In particular, we are accelerating overseas expansion focusing on the electronics industry and peripheral fields with strong growth potential. In the U.S., a key market, we are focusing not only on the Water Treatment Engineering Business Unit, but also on expansion through synergy with the Performance Products Business Unit, such as through the sale of functional materials. Meanwhile, in the Indian market, where we anticipate growth, we are advancing research into business opportunities, exploring partner companies, and strengthening cooperation. We will also accelerate the development and provision of technologies, products, and services that support the sustainability initiatives of our customers, while promoting business operations that balance addressing social issues with enhancing corporate value.

Strategy by Segment

Performance Products Business Unit



Toru Amemiya

Executive Officer
President of Performance Products Business

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

In addition to standard water treatment equipment and filters, water treatment chemicals, and functional food materials, the Performance Products Business Unit handles various functional materials including ion exchange resins, the cornerstone of our separation and purification technologies. Alongside the equipment and functional materials that we provide to ensure that water quantity and quality satisfy customer requirements, in recent years we have continued to launch various new, differentiated products and expanded our lineup of new functional materials with the aim of further improving added value and realizing the SDGs. We are working tirelessly to establish a sustainable business structure that can withstand changes in the external environment. The Performance Products Business Unit will become a stable earnings source for the entire Group, and in collaboration with our customers—who are responsible for the maintenance and development of society—we will provide new products and services that resolve various social issues as a partner company that supports society in terms of both industry and daily life.

Opportunities

- Needs from the expanding and evolving electronics industry
- Expanded investment in domestic infrastructure such as data centers
- New water supply sources: Growing need for functional materials in desalination, reuse, and circulation

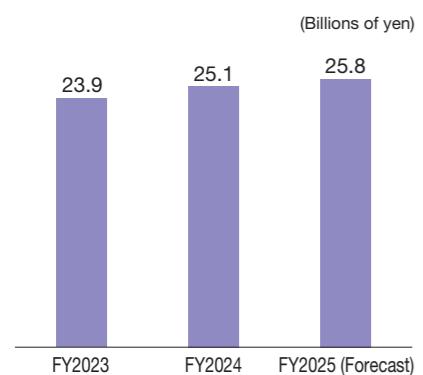
Risks

- Downturn in the domestic and global economies due to trade friction and tariff policies
- Disruptions in the supply chain and logistics due to tariff policies
- Rising raw material and logistics costs and inflationary pressure

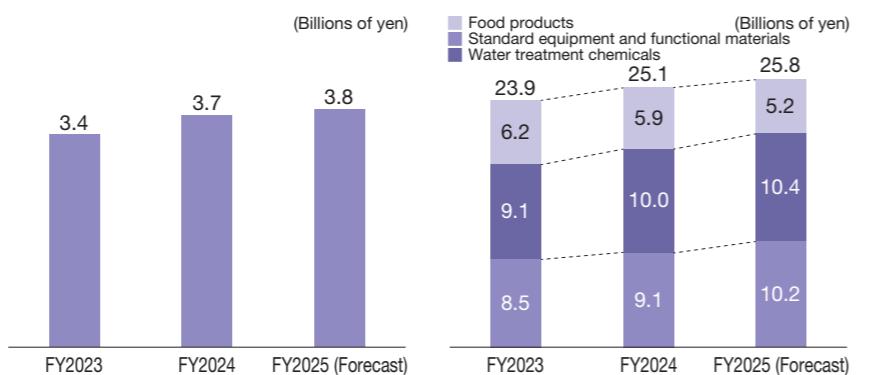
Responding to Risks and Opportunities

Changes in needs in the electronics industry and new investments such as data centers offer significant business opportunities for the Company, whose core business is based on separation and purification technologies. To ensure further growth, we will accelerate the development of new products and market entry. In addition, we will focus on discovering and developing products for new markets, such as to meet needs for functional materials used in water reuse. In terms of risk response, we will diversify our market portfolio and suppliers, visualize information, and improve productivity. In addition, as company-wide initiatives, we will develop value-added products, promote modularization, creation of services, and data utilization, and build a business structure that can flexibly respond to fluctuations in demand. In this way, we aim to continuously expand our business even amid a changing global economic environment.

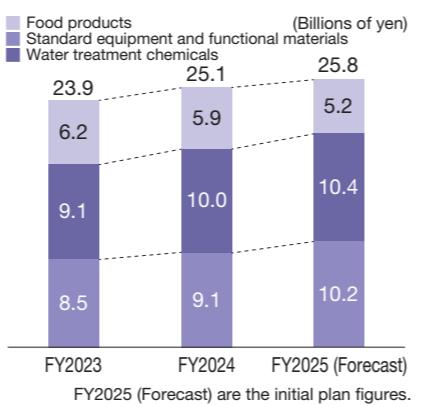
Net Sales



Operating Profit



Net Sales by Segment



Review of Fiscal 2024

In the Water Treatment Chemicals Division, sales overall remained strong, driven by significant growth in membrane treatment agents for the electronics industry through synergies with the Plant Division, increased demand for cooling water treatment agents for building air-conditioning due to extreme heat, and higher sales of industrial wastewater treatment agents through collaboration with other companies.

In the Standard Water Treatment Equipment and Filters Division, due to overlapping periods of sluggish demand, sales for industrial-use compact water treatment systems and filters, including for the cutting-edge electronics industry, as well as for pure water systems for medical institutions and testing facilities, were on par with the previous year. We succeeded in steadily increasing sales of softener filters.

Sales of functional materials progressed steadily overall, supported by sales channel expansion through e-commerce sites, a focus on high-margin products, and recovery in repeat demand from the electronics-related and life science markets. We continue, however, to recognize the need to address supply risks associated with longer delivery lead times as one of our key material issues.

In the Food Products Division, in addition to passing on rising costs of raw materials, an effort that began in the previous fiscal year, profitability improved through product consolidation and integration as well as by acquiring new customers.

Outlook for Fiscal 2025

There is growing uncertainty due to the risk of an economic downturn from U.S. tariff policies and disruptions in supply chains. Even in the electronics industry, which had been strong until last year, the power semiconductor market has declined, creating unfavorable conditions for most customers. Amidst these circumstances, the operating rates at customer facilities for water treatment chemicals, functional materials, and industrial filters are strong, and we expect performance to continue to improve. In standard water treatment equipment, which focuses on laboratory applications, the high-end model launched last year for the cutting-edge electronics industry is expected to see further adoption going forward. With regard to compact pure water equipment for life sciences, we have been enhancing our ability to provide optimal proposals tailored to customer needs since the previous fiscal year, and this is expected to contribute to our performance. We also anticipate sales of various purification and softener filters, which meet diverse customer needs, will remain strong. In addition, further streamlining and cost reduction efforts will contribute to stronger performance at product manufacturing sites for these product groups which were relocated last year. In the Food Products Division, due to efforts to reform our earnings structure since the previous fiscal year, we expect a year-on-year increase in profits.

Business Strategy to Achieve Medium- to Long-Term Management Plan ORGANO 2030

Amid a global economy of increasing uncertainty, the Performance Products Business Unit—which is expected to achieve stable growth—must be developed as a key pillar for realizing the medium- to long-term management plan, in addition to its role in supporting the Plant business. To achieve this, it is essential to have a business strategy that takes overseas markets into consideration, and we will actively work to develop into new fields and regions. First, we will further strengthen our synergies with the Water Treatment Engineering Business Unit not only in Japan but overseas. The key regions for these synergies include the U.S., Taiwan, and China, where we will develop the Plant business.

In the domestic market, we are promoting collaboration with our partners and a restructuring to streamline business for Performance Products overall. In this way, we aim to enter new markets and expand our existing businesses. In the life sciences field, a key market for compact equipment in particular, we will improve productivity and quality through automation and other means at a new site launched last year, and we will provide customers with value products. Overseas, we will develop our own proposal activities targeting new regions and customers. In the cutting-edge semiconductor and electronics industries, particularly in the U.S., Taiwan, and China, we will promote proposals of PURIC ω II, a compact ultrapure water system for laboratories that was launched last year, in addition to developing our competitive functional materials. Transactions through our e-commerce site, launched as part of our initiative to strengthen marketing, have steadily grown, and we will continue to aggressively expand this channel going forward. Through these initiatives, we will expand our business toward achieving Medium- to Long-Term Management Plan ORGANO 2030.



Organo e-commerce site
<https://onlinestore.organo.co.jp/>
(Japanese only)

R&D and Engineering



Nobuyoshi Suda

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

Strategy and Investment

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

Development of Technical Personnel and Engineering Transformation

Human resources are the most important and indispensable foundation for implementing our management philosophy and long-term management vision. To proactively contribute to a better tomorrow by cultivating people today who will improve upon the way things were done yesterday, we constantly review how we have done business in the past and accelerate improvements.

The Engineering Center, which is the backbone of the Plant business, is working to implement Hanchika,* simplify operations, and achieve systemization as targets for FY2030.

	Goal for FY2030	FY2024 results (figures in parentheses indicate progress rate)
Hanchika	70	18 (26%)
Simplification	27	9 (33%)
Systemization	85	37 (44%)

Hanchika refers to the process of using AI technology to visualize and verbalize the knowledge, skills, and thought processes of experienced personnel, enabling them to be passed on to the next generation as explicit knowledge.

* Hanchika is a registered trademark of LIGHTz.

Organo's R&D and Engineering Mission

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

Engineering Center

Experts in Water Treatment Engineering

The Engineering Center is a technical group with expertise in separation and purification technologies in a host of fields. The Center applies the numerous specialized optimization technologies and functional materials of the Organo Group to liquid separation and purification use scenarios, such as water, solvents, and chemicals, contributing to stabilization and yield improvement of our customers' products.

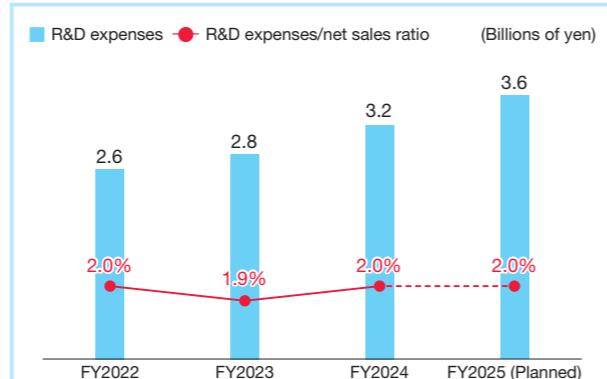
We currently have two engineering locations in Southeast Asia (Thailand and Vietnam), and by incorporating new ideas and pushing forward with our technological innovation through the merging of diverse human resources, we continue to lead the industry by refining our optimization technology, and contribute to the development of industrial fields.



Shin Asano

Managing Executive Officer
General Manager of Engineering Center

Trends in R&D Expenses



Opportunities

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

Risks

- Delays in establishing a rapid delivery system to satisfy capital investment demand in new regions including overseas

Strengths of Organo Engineering

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

Initiatives toward Strengthening the Engineering Structure

This fiscal year, we established a global promotion group with the aim of building a delivery framework for responding to new regional and customer needs, including those from overseas. This enables the Engineering Center to function as a command hub connecting engineers at two sites in Japan and Southeast Asia with those in the Greater China region, establishing a system that can rapidly optimize the value chain. With regard to data-driven engineering initiatives, we have made further progress in our efforts to visualize the thought processes of veteran engineers, digitize their know-how, and quantify their skills, enabling the logical promotion of the training of young engineers and the transfer of technology. Through this application and accumulation of data, measures to dramatically improve and streamline engineering processes have progressed beyond the annual KPIs. We will continue to take on challenges in new fields and technologies, such as further improving operational efficiency, reducing environmental impact, and reusing resources.

R&D and Engineering



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

R&D Center

Using a dual approach to deepen core technologies and create value for future society

As the central base for technological development, we refine separation and purification technologies and advanced analysis technology—our core technologies—and drive the development of sustainable next-generation water treatment systems. We are also expanding our research capabilities and external co-creation, while promoting innovation that will contribute to the future of society.

Opportunities

- Increased demand for purification due to semiconductor miniaturization
- Expanded water recovery and reuse to address water resource issues
- Expanded sustainability activities

Risks

- Changes in customer requirements that are difficult to satisfy with in-house technology alone
- Contraction in existing business due to market changes
- Increased social demand for reduced environmental impact

Priority Development Measures

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

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

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

2. Strengthening research function

We are strengthening research activities to predict future social issues and changes in customer values, and to create medium- to long-term R&D themes. Last fiscal year, we established a research base in Taiwan, where there is a concentration of cutting-edge semiconductor-related companies. This fiscal year, we will expand our target areas and accelerate future value creation.

3. Strengthening external co-creation

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

Aiming for Future Growth through the New 10% Rule

At the R&D Center, we introduced a new “10% rule” that encourages employees to devote 10% of their working time to independent study, research, and improvement activities. In addition to daily development activities, we encourage employees to make time to pursue their own interests and deepen their expertise. This fosters innovation and efficiency while promoting a culture of taking on new challenges and strengthening our development foundation for the future.



Manufacturing Sites

Iwaki Factory

Water treatment system unit assembly plant

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



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.



Hostec Co., Ltd.

Manufacturing plant for small and medium-sized water treatment equipment

This joint venture with OGIHARA MFG CO., LTD., with whom we have been doing business since the Company was founded, manufactures small and medium-sized water treatment equipment. Hostec integrates advanced ultrapure water technology with its compact product design and manufacturing capabilities to realize equipment that can stably supply the single drop of ultrapure water needed by medical and research institutions. This company creates products to meet a variety of needs, not only in the life sciences field but in general industry. Backed by reliable technology and quality, it is committed to manufacturing equipment to support the future of water treatment.



Overseas Business Development



Shojiro Koike

Managing Executive Officer

Deputy President of Corporate Management and Planning

● Overview of Overseas Businesses

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

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

● Overseas Customer Network and Supply Chain

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



Opportunities	Risks
<ul style="list-style-type: none"> Expansion of capital investment by cutting-edge semiconductor customers Active global investment in semiconductor-related industries 	<ul style="list-style-type: none"> Trade and geopolitical risks Area-specific risks

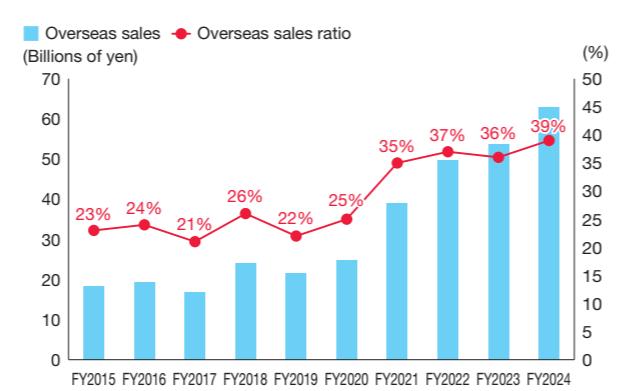
● Overseas Development and Sales Ratio

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

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

With the expansion and growth of overseas business, both overseas sales and the sales ratio continue to increase. As we entered this decade, overseas sales grew significantly due to increased investment by customers in the electronics industry in Taiwan and China. Subsequently, as semiconductor-related investment targets have become more diversified, the Group's overseas sales ratio has trended upward, having capitalized on that demand. Going forward, under Medium- to Long-Term Management Plan ORGANO 2030, we will continue to strengthen resource collaboration among our domestic and overseas bases. In new development regions, we will actively pursue overseas business expansion by seeking out and collaborating with partner companies.

● Trends in Overseas Sales



● Expanding Our Geopolitical Portfolio

The major growth opportunities for the future lie in overseas markets, and we will research markets with a view to developing business with strategic partners and proceeding with project implementation. In the U.S., we will focus on supporting investment projects of key customers, thereby promoting the establishment of a business foundation including the local supply chain. We will develop business centering on products where we have a competitive advantage, not only for the Water Treatment Engineering Business Unit but for the Performance Products Business Unit. In addition, as we expand business into new regions, we are focusing on India and South Korea, where growth is expected in the electronics industry. It is essential, however, to cultivate and build relationships with local partners in order to develop strategies tailored to the circumstances of each region. We respect differences in culture and business practices and strive to build mutually beneficial relationships.

● Responding to Demand for Purification in the Electronics Industry Overseas

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

New Customer Value Creation Initiatives



Satoshi Kasahara

Executive Officer
General Manager of Data & Solution Promotion Dept.

● Expanding and Developing New Service Solutions Using Data and Digital Technology

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

Targets for utilization of data and digital technology

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

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

Opportunities

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

Risks

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

● Promoting Digital Measures and Improving Literacy

The Company is improving operations and creating new business opportunities through the use of digital technology. To accelerate these efforts, each employee must understand the power of digital technology and acquire the skills to utilize it in a variety of situations. The rank-specific DX human resource development program launched in the second half of FY2024 is currently at the stage of providing all employees with DX literacy. To date, literacy training programs for nearly all employees have been completed. Looking forward, we aim to continue and expand the virtuous cycle to further improve digital literacy through specific digital measures.

● Creating Customer Value by Utilizing Digital Technology



Understanding Our Customers and Identifying Issues

In today's business environment of high uncertainty, the ability to gain insight into the future of customer issues is vital. As part of our consultant-driven service solution creation activities since 2020, we have implemented a service solution creation method that utilizes scenario planning to gain insight into customer issues. Currently, we are developing solutions to future customer issues in various scenarios thanks to the work of marketers in each business unit who utilize this scenario planning approach. We are in the fifth phase of our creation activities and are promoting the cultivation of employees who can utilize scenario planning.

Enhancing Service Solution Models

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

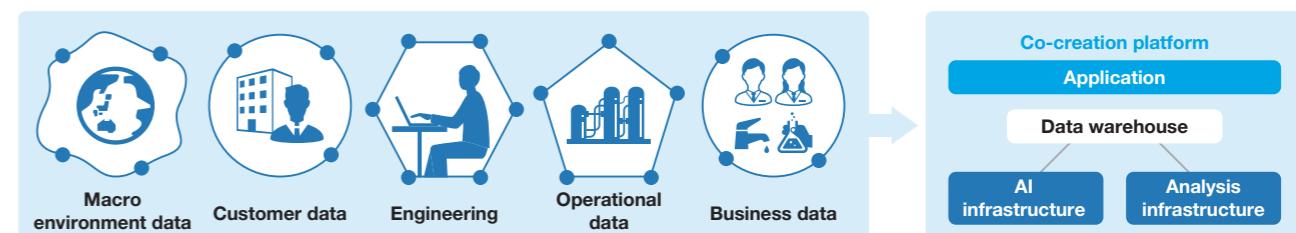
We have already begun offering services including the use of AI to optimize chemical injection volumes and operational management of reverse osmosis (RO) membrane equipment, and following the completion of the data utilization infrastructure outlined below, we have been enhancing the sophistication of various service solutions. Going forward, we will expedite the development of this platform and further enhance our service solutions in response to a vast range of sustainability transformation (SX) issues.

Promoting Open Innovation

We have started trials of outbound open innovation with external companies. The concept of this initiative is to not be constrained by existing business models and ensure that our functions and busy periods do not create bottlenecks, and it is based on the premise of external companies performing detailed development, technical studies, and business operations. Last fiscal year, we began refining our business model, and to encourage the participation of stakeholders across the value chain, we have been conducting demonstrations using prototype equipment at various locations.

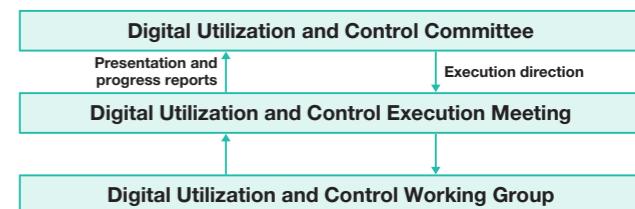
● Building a Data Utilization and Digital Technology Environment

To maximize the effectiveness of data utilization and digital technology, we are building a company-wide co-creation platform. This co-creation platform comprises a data warehouse that allows centralized management of data across various departments and an AI and analysis infrastructure. As of August 2025, we completed the basic functions of the co-creation platform, and are making progress on using the data in business operations through applications such as BI tools as well as condition prediction through linkage with operational management data. In addition, we have completed construction of a new generative AI infrastructure, and it is currently being used by over 500 employees.



To address digital measures in each department where there are concerns about them becoming siloed and identifying digital technologies that should be implemented company-wide, we are continuing activities in which the Digital Utilization and Control Working Group, created in FY2023, organizes issues and measures and implements them after deliberation at high-level meetings and committees. Topics for study range from data utilization to human resource development, and they contribute significantly to the promotion of the Company's digital utilization.

Structure



Human Resource Strategy



Yoshiko Shimada

General Manager of
Human Resources Department

● Basic Concept of Human Resource Strategy

Our human resource strategy focuses on maximizing the potential of our talent—the source of corporate value—to realize our Medium- to Long-Term Management Plan ORGANO 2030 and ensure sustainable growth into the future. By strengthening talent management to quantitatively assess each employee's skills and leverage them as management resources, we are fostering a culture that encourages taking on challenges and building a system that creates a virtuous cycle of high performance and engagement. As priority issues, we are undertaking workstyle reforms, visualizing skills while fostering tangible growth, and promoting diversity. Our ultimate aim is a system of strategic human resource utilization where employee growth is directly linked to corporate growth.

● Structure for Promoting Strategies

To achieve the goals of ORGANO 2030, we need a flexible and strategic talent acquisition and development program that is not bound by conventional frameworks. In recent years, with the intensifying competition for superior talent, the Group has strengthened hiring of personnel with specialized skills who can contribute immediately, in addition to hiring new graduates. In particular, we are focusing on hiring personnel with advanced expertise in water treatment technologies and the digital domain, while diversifying our recruitment channels. Referral and alumni hiring, which leverage trust both inside and outside the Company, are gaining attention as effective recruitment methods, and we have formalized these practices to further strengthen our organizational capabilities. In terms of developing talent once hired, we are working to enhance the effectiveness of talent management by utilizing the expertise of external consultants to objectively assess skills and optimize development policies. These initiatives not only serve to secure talent but also contribute to transforming the corporate culture and improving organizational flexibility, functioning as a foundation for supporting strategic talent utilization.

● Link Between Management and Human Resource Strategies



● Overall Vision of Human Resource Strategy

The Organo Group's human resource strategy embodies its management philosophy of contributing to society through water, and it forms the foundation for achieving Medium- to Long-Term Management Plan ORGANO 2030. The Group is promoting strategic human resource development and placement from both a forecast perspective of predicting future business environments and necessary skills, and a backcasting-based perspective of identifying challenges by working backward from the state it envisions.

In addition, the Group's competitiveness lies in its personnel, who have the skills, knowledge, and experience accumulated in various industrial fields with a focus on water treatment, as well as the Group's organizational capabilities, which makes the most of these skills. To that end, identifying both the quality and quantity of human capital is essential for the Group's sustainable growth. We are therefore developing a skill map as a framework to define the skill sets required for business growth and to link individual employee development with business performance. Our employees understand that their growth is directly linked with creating corporate value, and by taking on challenges to enhance their skills, they are strengthening the competitiveness of the entire organization. As the Group globalizes its operations, it is essential to understand diverse values. We place importance on fostering the ability of our employees to create and deliver value while respecting different cultures and perspectives. By providing flexible workstyles and establishing a support system based on individual growth targets, we are enhancing employee engagement and building an environment to align individual and corporate growth.

● Overall Vision for Achieving ORGANO 2030



● Desired Talent and Talent to Develop

The source of our Group's growth is our water treatment technologies that contribute to addressing social challenges and the human resources that support this. Based on our corporate philosophy, we look for talent who not only have technical skills but also a strong sense of ethics and the ability to collaborate. Within our Group, which emphasizes working as an organization, observing social norms, embracing diversity, and developing mutual understanding are fundamental requirements for our personnel.

In the workplace, employees will be required to think and make decisions independently even if still inexperienced. Therefore, it is important to constantly learn and strive for self-improvement. The people who thrive in the Company are characterized by their ability to understand the essence of issues from diverse perspectives, approach challenges flexibly and logically, and act with an awareness of optimizing the organization as a whole.

● Initiatives to Achieve Our Goals

To foster a culture of taking on challenges, we introduced a business improvement award system in FY2023. Visualizing the results increases motivation to take on new challenges. To support skill development, we have expanded our qualification acquisition support system, established a career consultation desk, and introduced elective training, thereby creating an environment that encourages learning and taking on new challenges. Furthermore, by strengthening trust between supervisors and subordinates through one-on-one meetings and diversifying experiences through personnel rotation, we are promoting on the acceptance of challenges and transformations based on knowledge and experience. These initiatives are realizing both employee growth and organizational revitalization.

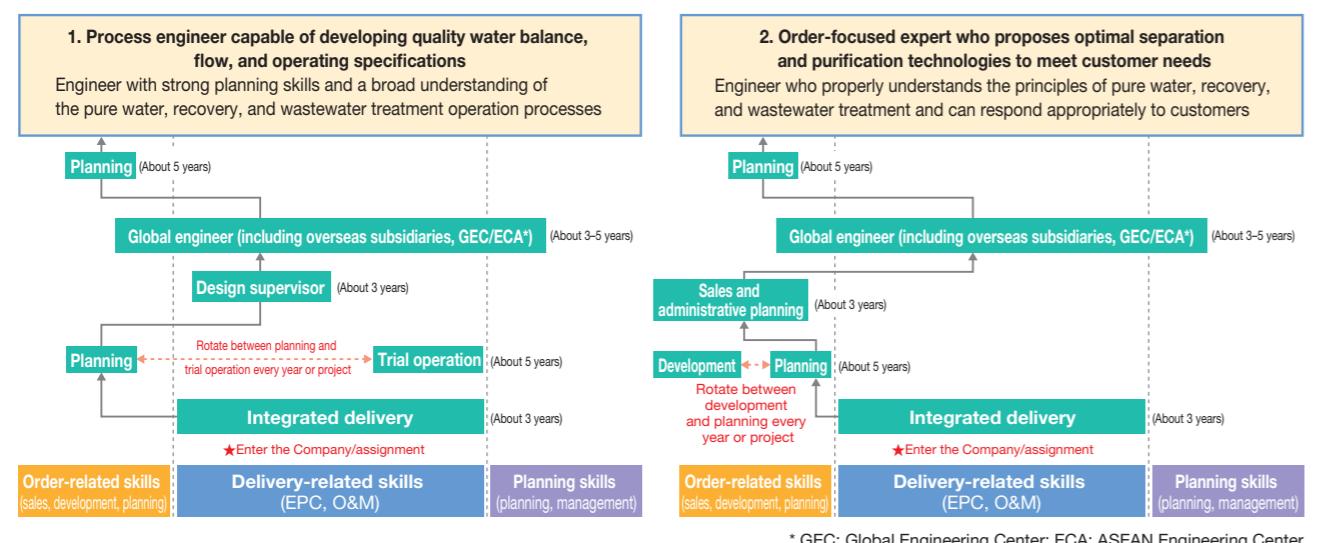


 Human Resource Strategy

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

As part of our efforts to promote the development of human resources who will support the future of the Company, the Engineering Center provides various career paths so that employees can proactively map out their own careers. We clearly define job types that combine expertise and diversity—such as process engineers, project managers, experts in control, design specialists, and data engineers—and aim to share with our employees the vision of the ideal engineer. Career development starts by gaining an understanding of the entire project by experiencing end-to-end delivery, and we place emphasis on broadening employee horizons through global work experience and acquiring new skills while leveraging one's own strengths. In addition, through target and evaluation interviews, we align individual growth aspirations with the needs of the organization and implement effective rotation plans. The R&D Center transfers employees to different departments within the center once every three years so as to gain diverse knowledge and experience on water treatment technology, thereby creating an environment that fosters new ideas leading to technological innovation. This not only supports employee career development but serves as a key initiative directly linked to strengthening the Company's technical capabilities.

○ Engineer Career Case Studies



→ Human Resource Strategy KPIs

We aim to create a workplace where diverse human resources can play an active and rewarding role, and to that end, we are working on the following material issues.

1. To ensure diversity in terms of standpoint and approach in decision-making processes, we aim to increase the number of female managers to 50.
2. We believe that employees find it rewarding when they are able to improve and demonstrate their diverse range of capabilities, and we will work to cultivate human resources and enhance our systems by setting training expenses per employee of ¥100,000.
3. We aim to create a rewarding work environment where employees are mentally and physically healthy, and where no employees work more than the annual legal limit for overtime hours.



— **Diversity Initiatives**

Basic Concept

The Organo Group prescribes “Ensuring a comfortable workplace where all employees can realize their full potential” in the Organo Group Company Code of Conduct and declares that it shall respect the human rights, diversity, and individual personalities of all employees and will not discriminate based on nationality, gender, creed, physical condition, or social status.

Moreover, to ensure employee diversity based on the concept that only through a mixing of diverse ideas can we realize innovations to improve the Company's corporate value, we are working on various measures including promoting the participation of women, employing people with disabilities, utilizing global human resources, employing senior citizens, providing childcare support, and promoting workstyle reform.

Initiatives

Promoting the participation of women	<ul style="list-style-type: none"> • We are establishing maternity and childcare-related systems that exceed legal requirements so as to enable female employees of child-rearing age to balance childcare and careers, and we are promoting the creation of a system that supports flexible workstyles. • We established a Group material issue to increase the number of women in managerial positions to 50 by 2030. (As of March 2025, there were 26.) • In January 2017, the Minister of Health, Labour and Welfare awarded the Company the Eruboshi certification, which is given to companies that promote an environment where women can demonstrate their abilities and have an active role in the workplace.
Employment of people with disabilities	<p>Organo is working to expand its employment of people with disabilities who, as of March 2025, accounted for 2.64% of the Company's workforce.</p>
Utilizing global human resources	<p>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.</p>
Development of the internal environment to ensure diversity	<p>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.</p>
Employing senior citizens	<p>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.</p>



→ Work-Life Balance

The Company has established various systems to support flexible workstyles and enhance the work-life balance of its employees. We promote activities to eliminate long working hours and are working to create a system to support the health of the employees.

Reducing the number of employees exceeding the legal overtime limit is one of the Group's material issues. To address the issue of long working hours, for instance, we are reviewing the work execution system through organizational reform and utilizing DX to improve work efficiency. As a result, the number of employees who worked more than 600 hours of overtime in FY2023—thereby exceeding the legal limit—dramatically decreased.

Moreover, we established a childbirth and childcare leave system that exceeds legal requirements. For example, employees are guaranteed full salary during maternity leave and leave for hospital visits during pregnancy as well as their terms of prenatal and postnatal leave (six weeks before and eight weeks after childbirth). The rate of childcare leave taken in FY2024 remained at 100% for female employees, and that for male employees dramatically increased from 2.3% in FY2018 to 75.8% in FY2024. 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.

Human Resource Strategy

Recruitment

As it is becoming increasingly difficult year by year to secure specialized human resources in the water treatment field, we are working to strengthen the recruitment of personnel who will support sustainable growth. Water treatment engineers in particular require a high level of expertise and experience. There is, however, a labor shortage throughout the industry, making it essential to respond to the competition for attracting top talent.

Against this backdrop, we are focusing on securing and developing human resources that combine both expertise and diversity by reviewing our evaluation system, supporting career development, introducing flexible workstyles, and enhancing our employee benefits programs. We are also implementing recruitment activities that emphasize alignment with our management philosophy and long-term management vision.

Promotion of Human Resource Development

Basic Concept

Under our long-term management vision, 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.

In addition to offering conventional assigned rank-specific training, we are transitioning 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 expenses to ¥100,000 (about double the current amount) by 2030 as a material issue. While we still have room for improvement with actual per-employee expenses at ¥82,753 in FY2024, 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. Additionally, attempts to strengthen psychological safety, such as through the introduction of one-on-one meetings, are essential in human resource development. We believe that these initiatives will lead to an increase in digitally-capable talent and autonomous employees, and these personnel will transform the way we work.

Programs and initiatives

	New employee training	During the first half of roughly six months of training, employees acquire general knowledge as working professionals and regarding Organo's technologies, and then in the second half they put into practice the skills and knowledge gained.
	DX training	To promote DX, employees are trained to utilize digital technology for business.
Rank-specific training	Engineering Seminar Basic Course (ESB)	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.
	Career training	Participants cultivate the ability to independently grow by learning to take a proactive approach to career development.
	Management training	In 2021, we divided management courses into "department head positions," "expert positions," and "supervisory positions" to clarify the role of managers. Participants gain role-based management skills.
	Elective training	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.
Self-development	Qualification acquisition support system	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 linguistics and IT, with technical certifications that include professional engineer, assistant professional engineer, and pollution control manager.
	Organo University (correspondence course subsidy system)	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.

Initiatives to Enhance Engagement

Our Group places importance on creating an environment in which each employee can understand the direction of the organization and act autonomously to help realize our management philosophy and long-term management vision. At the heart of this is improving employee engagement. Engagement is not simply a measure of satisfaction, but an indicator of employees' psychological connection to the Company and their willingness to contribute. It is also an important element that significantly impacts work efficiency, performance, and employee retention.

We continually conduct engagement surveys within the Group once every three months—led mainly by management—with the aim of increasing the sense of unity in the organization. These surveys serve as an important tool in quantitatively identifying employees' voices while visualizing issues within the organization. The survey score has improved steadily, rising from 66 in July 2023 to the present score of 69. This shows that initiatives to improve engagement are taking hold across the organization.

The survey results show high ratings in areas such as support and interpersonal relationships, indicating that collaborative structures and trust within the workplace are recognized as strengths. Meanwhile, there are still issues in terms of providing career opportunities and creating a culture of taking on challenges, and we are strengthening human resource measures to achieve improvement.

Specifically, we are striving to create opportunities for employees to experience self-growth, such as by introducing a performance improvement award system, strengthening job rotation, and implementing one-on-one meetings with management. In addition, to create a culture that encourages taking on challenges, we have launched a business creation talent development program, and are creating an environment where employees can proactively submit new ideas and contribute to improving operations and creating new businesses. Furthermore, initiatives to improve engagement are being driven by each department proactively, and they are working to confront challenges within their teams. We recognize engagement as a key indicator of human capital and will continue to build an organization based on employee feedback, with the aim of enhancing corporate value by realizing a rewarding workplace environment.

Change in Engagement Survey Scores

