

Summary of Q&A on Financial Results Presentation Meeting
for the Fiscal Year Ended March 31, 2026
(Held on May 14, 2026)

ORGANO CORPORATION

Please note that this Q&A summary was summarized for simplicity based on the Company's judgment.

Q: It is our understanding that over the past several years, earnings improvement has been driven by improved profitability on large-scale plant projects. Has there been any change in the situation or pace of this earnings improvement?

A: The recent earnings improvement is attributable to improved profit margins on large-scale plant projects, against a backdrop of favorable demand conditions, with contracts reflecting increases in raw material prices and effective cost management. Going forward, while we plan to receive multiple large-scale orders in the United States and elsewhere, further margin improvement may be difficult if construction work is included in the contract scope; nevertheless, we will work to maintain the current profit level.

Q: In the FY Ending 03/2027 Plan, SG&A expenses are expected to increase significantly compared with the results for the previous fiscal year. What specific areas of SG&A increase are you assuming?

A: We are working to strengthen delivery capacity for large-scale plant projects. Specifically, we assume an increase in personnel expenses through expanded hiring of new graduates and experienced professionals, as well as wage increases, to reinforce our workforce. We also plan to actively invest in digital areas such as IT infrastructure and in R&D to strengthen technological capabilities.

Q: Large-scale data centers, such as those for AI servers, consume large volumes of water during operation. Could the expansion of these facilities represent a business opportunity for your company?

A: Although large-scale data centers use significant volumes of water, they do not require high-purity water, so this does not represent a major business opportunity for our company. On the other hand, we expect increased demand for water treatment chemicals used in cooling water and are actively pursuing sales activities in this area.

Q: Is there any impact from energy shortages on the restart of nuclear power plants?

A: Although maintenance demand such as replacement of expendable items is expanding with the restart of nuclear power plants, the impact on consolidated results is minimal because the scale of sales remains limited.

Q: How do you view the growth potential of emerging markets such as China and India?

A: Although China is a large market, due to U.S. export regulations, localization is advancing and we expect competition with local companies to intensify going forward. Chinese water treatment companies are also expanding into Southeast Asia, so we are currently reconsidering our strategy for the China and Southeast Asia markets. In India, we established a subsidiary in February 2026 and anticipate medium- to long-term market growth. Because the market is highly complex in terms of business customs and culture, we are first conducting comprehensive research to formulate our strategy. In this process, we will also consider M&A as one potential approach.

Q: What are the foreign exchange assumptions and sensitivity for the FY Ending 03/2027 Plan?

A: We have not disclosed foreign exchange assumptions. Our overseas business is centered on local procurement, resulting in low foreign exchange sensitivity, and the impact is limited mainly to translation differences when consolidating the results of overseas subsidiaries.

Q: What level of net sales growth are you assuming over the next three years?

A: We are assuming growth based on the Medium- to Long-Term Management Plan ORGANO 2030. With investment in cutting-edge semiconductors currently very active, we are focusing for the time being on expanding engineering capacity to support sales growth. The Organo Group increased headcount by a total of 100 people in the previous fiscal year and plans to add approximately 200 people in the current fiscal year. We are also working to improve engineering efficiency through the use of AI.

Q: Was the improvement in profitability of overseas plant projects in the fiscal year ended March 31, 2026 structural or temporary? Also, what is your outlook for future profit margin trends?

A: We consider the profitability improvement of overseas plant projects in the fiscal year ended March 31, 2026 to be temporary. By region, we assume stable margins in Taiwan, while in the United States we plan to receive multiple large-scale orders going forward, and if construction work is included in the contract scope, there is a possibility of fluctuation in profit margins.

Q: What is the assumed net sales for facility-owned services in the fiscal year ending March 31, 2028?

A: We assume that net sales of facility-owned services will grow to approximately 25.0 billion yen in the fiscal year ending March 31, 2028.

Q: Regarding business development in the United States, are you considering expansion to U.S. companies other than existing customers?

A: Although we view the United States as our highest-priority market, currently our top priority is responding to existing customers. In the future, we intend to pursue a multifaceted approach, including functional materials and new sewerage-related technologies.

Q: Regarding the reason for raising the operating profit margin assumption for the fiscal year ending March 31, 2031 in the Medium- to Long-Term Management Plan ORGANO 2030, compared with the time of the financial results presentation meeting for the fiscal year ended March 31, 2025, has there been any change in the external environment?

A: Investment trends in cutting-edge semiconductors in the United States and Taiwan have become more active than at the time of the financial results presentation meeting for the fiscal year ended March 31, 2025. Although the environment remains difficult to predict due to geopolitical risks, including the situation in the Middle East, some investments in cutting-edge semiconductors are being brought forward, and we formulated the plan taking these trends into account.

Q: Are there any risks regarding difficulties in procuring raw materials? Is there a projected timeline for procurement?

A: While it is difficult to provide a specific answer, at present no major procurement difficulties have occurred and each division is collecting information and confirming the outlook. We believe it may become necessary to adjust delivery schedules with customers as needed.

Q: What is the reason that projects scheduled to be received in the fiscal year ended March 31, 2026 have shifted to the fiscal year ending March 31, 2027, is it due to customer circumstances or the materialization of risks related to the situation in the Middle East?

A: As this pertains to the customer's investment plans, we refrain from providing specific details. However, we believe it is unrelated to the impact of the situation in the Middle East. This is due to adjustments in the customer's investment schedule, and we have factored it into our order intake plan for the fiscal year ending March 31, 2027.

Forward-looking statements such as the forecasts in this document regarding business are based on information available at the time of preparation and are therefore subject to risk and uncertainty. Actual performance may differ from these projections.