



EBARA Group

INTEGRATED REPORT

2023

Publication of the *EBARA Group Integrated Report 2023*



Shugo Hosoda

Responsible for the Publication of the Integrated Report
Executive Officer,
Division Executive,
Corporate Strategic Planning,
Finance and Accounting Division & CFO

EBARA has been publishing an integrated report since 2015 as a form of dialogue with its stakeholders. The *EBARA Group Integrated Report 2023* mainly focuses on communicating the Group's value creation story, connectivity with sustainability and its business, and the medium-term management plan starting in 2023, E-Plan 2025. In addition, this report includes an updated version of the Strategic Table of Technological Capabilities published in last year's report to a very positive response, as well as a dialogue between the Chairman of the Board of Directors and institutional investors about the Company's governance. As the Executive Officer in charge of the overall publication of this report, I hereby state that the processes for its preparation were properly conducted and that the statements contained within are accurate. We aim to use this report to enhance EBARA's corporate value by implementing the dialogue and opinions of our stakeholders into our management.

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EBARA Group Business Ethics Framework

Elements of the “EBARA Way”:

Founding Spirit of Passion and Dedication

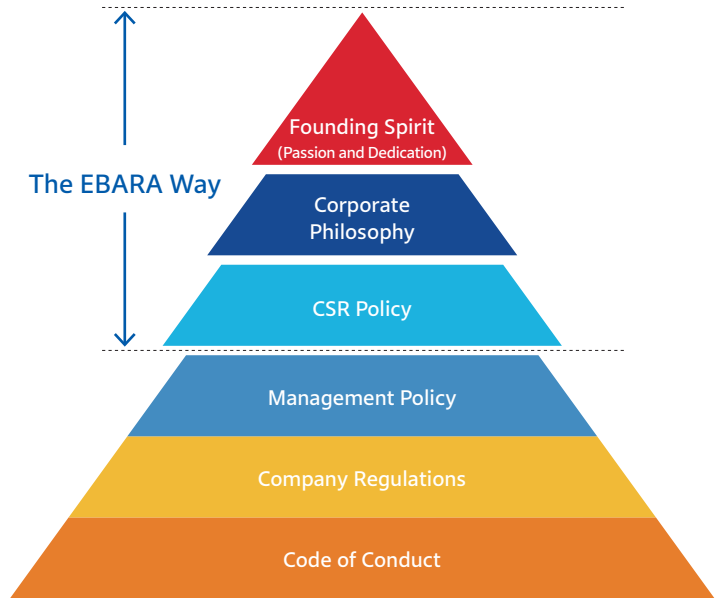
Both employees and the Company shall strive for growth with passion and dedication to bring forth originality and ingenuity, rather than simply fulfilling the task at hand. When working with passion and dedication, there is nothing that cannot be communicated to others.

Corporate Philosophy

We contribute to society through high-quality technologies and services relating to water, air, and the environment.

CSR Policy


We seek to foster trust with our valued stakeholders by conducting our business with a strong sense of ethics.




Editorial Policy

The EBARA Group has issued this integrated report to provide stakeholders with financial and non-financial information about its medium-to long-term value creation activities. This report was created with reference to the International Financial Reporting Standards Foundation’s International Integrated Reporting Framework; the Ministry of Economy, Trade and Industry’s Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation 2.0; and the Global Reporting Initiative (GRI) Standards. A table detailing the referenced GRI Standards is available on the Company’s corporate website.

Information Regarding the Group

 [Corporate Website](https://www.ebara.co.jp/en/)

	Financial Information	Non-Financial Information
Dialogue	Financial results briefing, Six Months financial results briefing, IR DAY, General Meeting of Shareholders, IR Meeting	ESG Meeting, Dialogue between the Board of Directors and investors
Report	Report for Shareholders, Annual Securities Report	Corporate Governance Report
WEB	Site for Shareholders and investors, Fact Book	Integrated Report, Sustainability Site, ESG Data

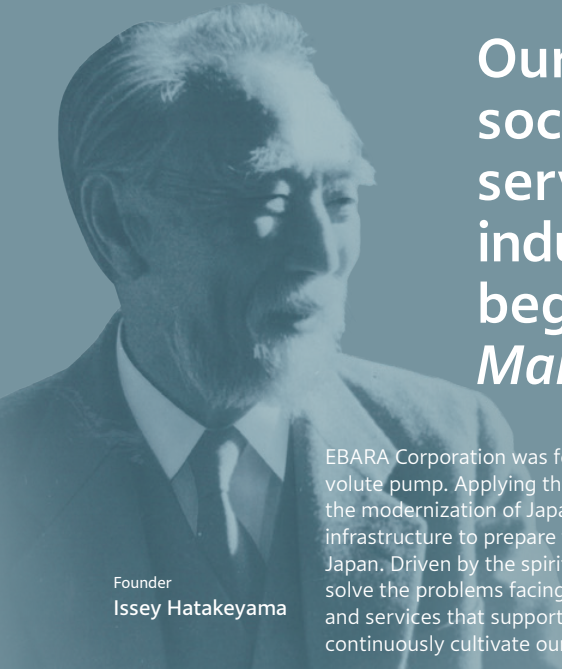
 To contact EBARA CORPORATION, please use the following contact form. <https://www.ebara.co.jp/en/contact/index.html>

Company References	“EBARA” and “the Company” refer to EBARA CORPORATION while “the EBARA Group,” “the Group,” or “we” refer to EBARA CORPORATION and its domestic and overseas subsidiaries and affiliates.
Target Readers	All stakeholders of the EBARA Group
Reporting Period	The fiscal year ended December 31, 2022 (January 1, 2022 to December 31, 2022)
Scope of Reporting	EBARA CORPORATION and its subsidiaries (of which 112 are consolidated), four affiliates, and one jointly controlled company that collectively comprise the EBARA Group (as of December 31, 2022). Notice will be provided when the scope of data collection differs from the above.
Japanese Publication Date	July 31, 2023

Cautionary Statement with Regard to Forward-Looking Statements

Certain of the statements made in this integrated report are forward-looking statements, which involve certain risks and uncertainties that could cause actual results to differ materially from those projected. Readers are cautioned not to place undue reliance on these forward-looking statements, which are valid only as of the date thereof. EBARA undertakes no obligation to republish revised forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

The History and Purpose of the EBARA Group



Founder
Issey Hatakeyama

Our mission is to contribute to society by providing products and services that support society, industry, and daily life. Our mission begins with the spirit of “*Netsu to Makoto*” (Passion and Dedication).

EBARA Corporation was founded in 1912 by Issey Hatakeyama with the aim of spreading the use of the Inokuty-type volute pump. Applying the world-renowned volute pump research of Dr. Ariya Inokuty, EBARA sought to contribute to the modernization of Japan by producing the first domestically manufactured waterworks pumps, installing water infrastructure to prepare for natural disasters, and developing the first water purifiers for waterworks manufactured in Japan. Driven by the spirit of “*Netsu to Makoto*” (Passion and Dedication) to support the modernization of Japan and solve the problems facing society, EBARA has determined its mission is to contribute to society by providing products and services that support society, industry, and our daily lives. Inspired by “*Netsu to Makoto*,” our employees seek to continuously cultivate our technological capabilities and reliability, which are the sources of our growth.

The History of the EBARA Group

The EBARA Group has continued to grow in line with the needs of society through its businesses that support social and industrial infrastructure.

History 1912– Development of the EBARA Group’s Foundations

From its founding, the EBARA Group sought to contribute to the modernization of Japan by producing the first domestically manufactured waterworks pumps, installing water infrastructure to prepare for natural disasters, and developing the first water purifiers for waterworks manufactured in Japan.

1945– EBARA Technologies Responding to Social Demand

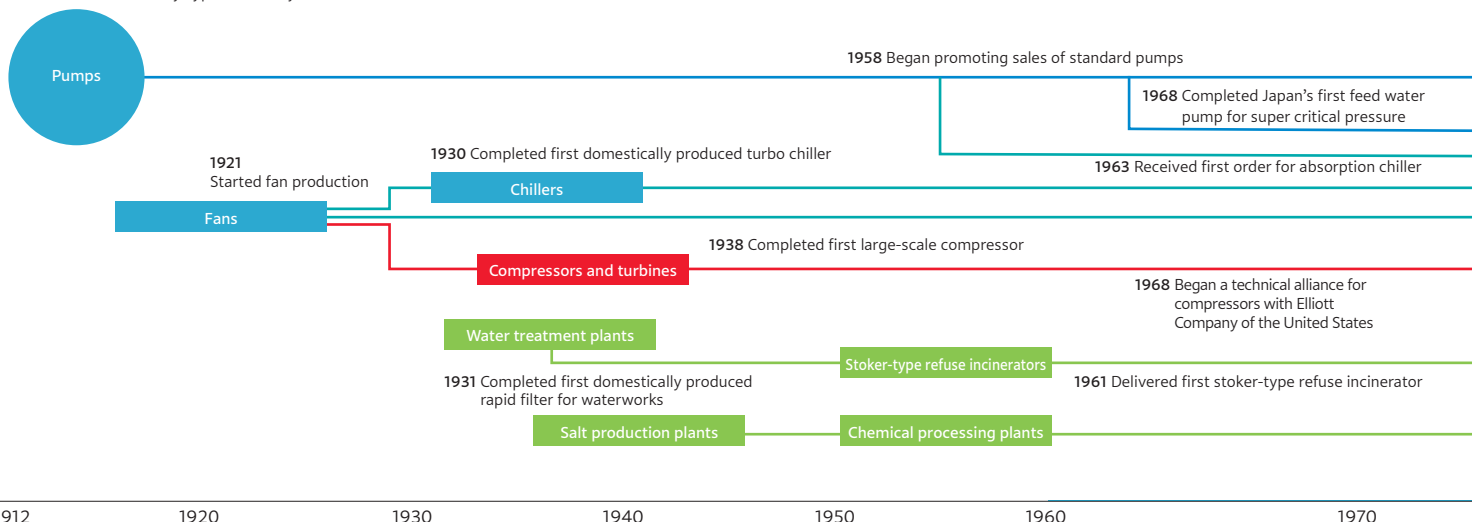
EBARA contributed to the stabilization of the lives of people in Japan after World War II by mass producing pumps for increasing food production and for farmland reclamation. In addition, we delivered the first domestically manufactured feed water pump for supercritical pressure power plants to help address power shortages. At the same time, the Group began exporting plant equipment and establishing overseas bases to lay the groundwork for its overseas expansion.

1980– EBARA Technologies Permeating Society

It was during this time that the Group succeeded in developing and realizing practical application of a gasification and ash melting furnace for use as a next-generation waste treatment facility capable of completely decomposing dioxins and recycling residue. In addition, technologies accumulated thus far were applied to the development of dry vacuum pumps, resulting in the start of the Precision Machinery business.

Businesses by Product History

1912 Founded as Inokuty Type Machinery Office



軌と誠

2000– Frameworks for Future Growth

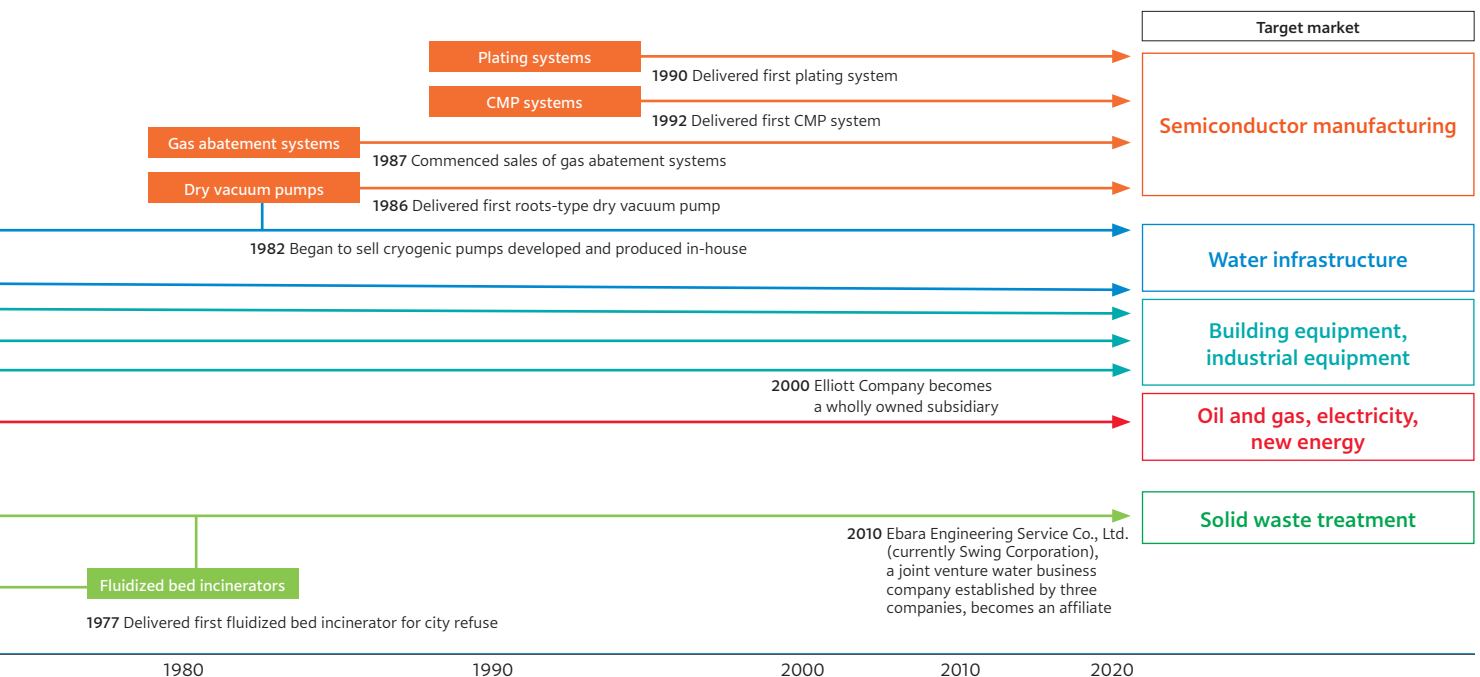
Energy-efficient, high-efficiency pumps and chillers were developed to help reduce environmental impacts while pump technologies were created for urban rainwater drainage systems. The Group also developed sophisticated, ultra-precise, high productivity CMP and plating systems.

2010– Centennial Anniversary and Pursuit of Future Growth

The Group began investing in its global competitiveness, following its success in improving its financial base through the selection and concentration of businesses. These investments include strengthening corporate governance, implementing new human resource systems, bolstering our overseas service and support (S&S) bases, introducing automated assembly lines powered by Internet of Things (IoT) and artificial intelligence (AI) technologies, and other environmental, social, and governance (ESG) management initiatives.

2020– Continue to Contribute to Society and Become a Globally Excellent Company

Under the slogan of “Technology. Passion. Support Our Globe,” we are enhancing our corporate value by simultaneously improving social and environmental value. In 2023, we are accelerating our efforts to achieve our long-term vision by moving from a product-based structure to one based on new segments by target market.

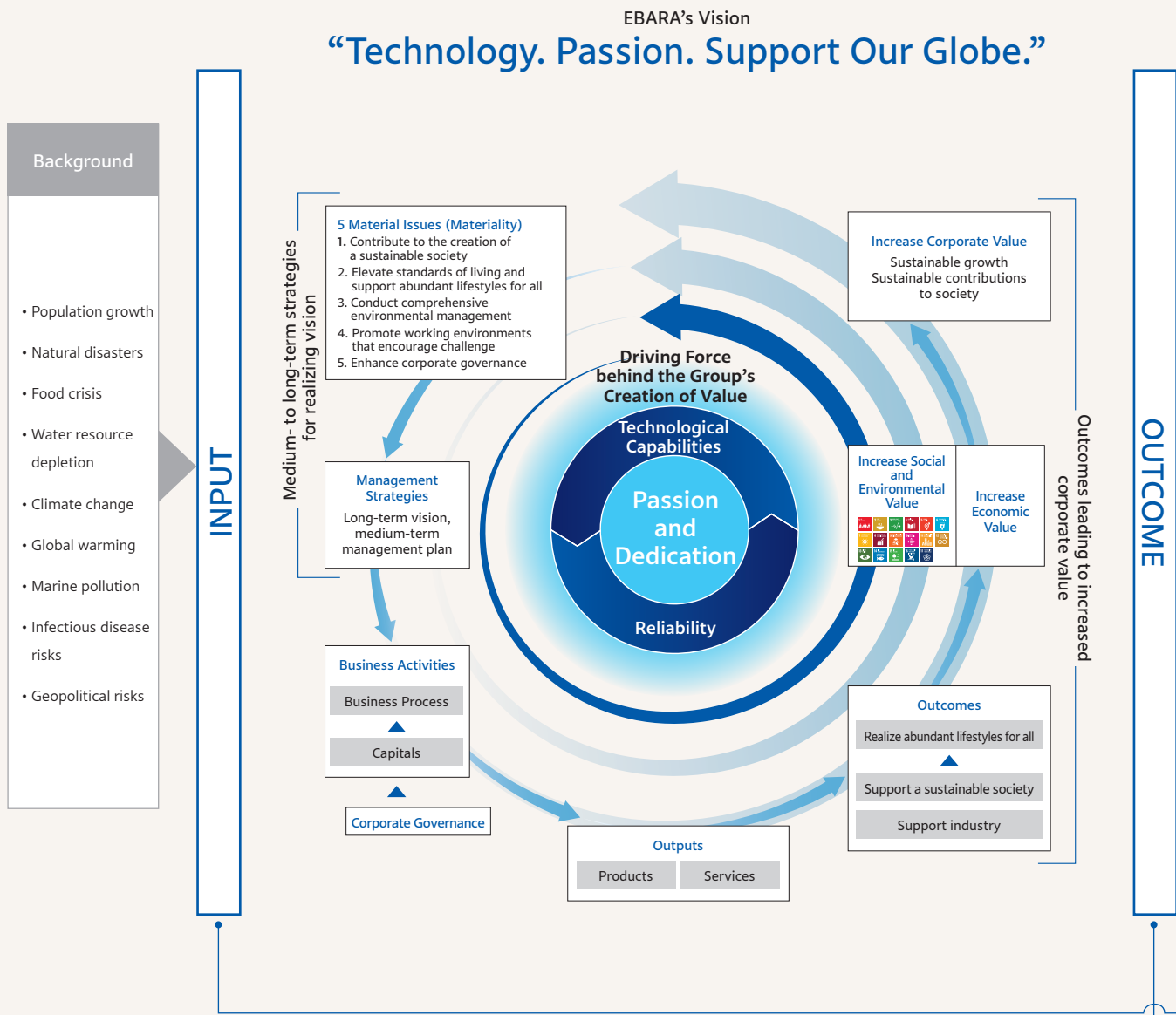


Value Creation Story

“Technology. Passion. Support Our Globe.”—A Mission to Be Fulfilled Based on the “EBARA Way”

Guided by the core of the “EBARA Way” and the Founding Spirit of “*Netsu to Makoto*” (Passion and Dedication), the EBARA Group has continued to contribute to the resolution of social issues with the strengths of its technological capabilities and reliability throughout its 110-year history. We will further build on these strengths while advancing business activities based on our desired vision for EBARA.

This is the approach we will take in supporting the globe into the future and ensuring that EBARA can continue to grow over the next century.



INPUT

As of December 31, 2022

Financial Capital

Total capital:	¥369.7 billion
Interest-bearing debt:	¥119.3 billion
Credit rating:	R&I Issuer Rating A
Growth investment:	¥57.6 billion

Manufactured Capital

Domestic manufacturing bases:	5
Overseas manufacturing bases:	20

Social and Relationship Capital

Cumulative start-ups funded:	4 companies
Social contribution expenditures:	¥792 million

Human Capital

Employees:	19,095
Of these, at overseas consolidated subsidiaries:	10,769
Training investment per employee (non-consolidated):	¥30,179

Natural Capital

Electricity usage:	182,043 MWh
Water consumption:	1,085 km ³

OUTCOME

As of December 31, 2022

Financial Capital

Revenue:	¥680.8 billion
Operating profit:	¥70.5 billion
ROIC:	11.2%
ROE:	15.0%
Total dividends:	¥17.7 billion
Dividend payout ratio:	35.2%
Operating cash flow:	¥37.0 billion
Free cash flow:	¥-1.2 billion
Total shareholder return (TSR):	+208.9% (10 years) +11.9% (annual)

Intellectual Capital

Number of patent applications (annual):	271
Domestic:	271
Overseas:	434

Human Capital

Female employees:	16.2%
Female managers:	9.5%
Foreign employees (EBARA and domestic Group companies):	1.9%
Local employees in global key positions at overseas offices:	23%
Engagement Index in the Global Engagement Survey:	79%

Manufactured Capital, Social and Relationship Capital

Worldwide annual standard pump production (Building Service & Industrial):	Over 1.3 million units
Custom pumps for oil & gas, chemical, and fertilizers (Energy):	Over 54,000 units
Pumps installed at domestic drainage pumping stations (Infrastructure):	Over 1,000 locations
Cumulative domestic and overseas deliveries of municipal solid waste treatment facilities (Environmental Solutions):	Over 495 locations
Chemical mechanical polishing (CMP) systems:	3,000 units shipped (cumulative as of January 2022)
Dry vacuum pumps:	200,000 units shipped (cumulative as of July 2022)

Natural Capital

Scope 1 & 2 GHG emissions:	157,000 tons
Water discharge:	680 km ³
Total waste discharge:	18,351 tons
Material recycling rate:	97.5%

Social Value Created by EBARA

EBARA products are used under a variety of circumstances, supporting social infrastructure around the world.



E-Vision 2030
Solutions for material issues
Safe and reliable living

E-Vision 2030
Solutions for material issues
Reduced GHG emissions

E-Vision 2030
Solutions for material issues
Smarter living

LNG Terminals
6 Cryogenic Pumps

Thermal Power Plants
4 Boiler Feed Pumps

Oil Refineries and Petrochemical Plants
5 Compressors and Steam Turbines

Crop Fields
7 Agricultural Pumps

Buildings and Condominiums
1 Water Supply Units
2 Fans

Waste Treatment Plants
10 Waste Treatment Plants

Tunnels
9 Fans

Solar Cell and LED Factories
12 Dry Vacuum Pumps
13 Gas Abatement Systems

Pumping Stations
8 Water Drainage Pumps

Biomass Power Generation Plants
11 Biomass Power Generation Plants

Sports Arenas
3 Chillers

Semiconductor Factories
12 Dry Vacuum Pumps
13 Gas Abatement Systems
14 CMP Systems
15 Precision Chillers

Building Service & Industrial Company

1 Water Supply Units



Supplying water for everyday use to buildings and condominiums

Water supply units are a crucial element of the facilities of buildings, condominiums, factories, and other structures for realizing a stable supply of water for everyday use.

2 Fans



Keeping inside air fresh

Used to move gases and ventilate buildings and condominiums by moving fresh air throughout the rooms and taking out the dirty air.

3 Chillers



Maintaining comfortable temperatures in buildings, large-scale commercial facilities, and factories

Our chillers supply cold water for use in the air-conditioning equipment of large-scale commercial facilities and factories to be utilized for cooling or heating entire structures. Other benefits of our chillers include reduced costs through optimization of cooling and heating equipment as well as lower energy consumption and CO₂ emissions.

Energy Company

4 Boiler Feed Pumps



Offering “behind-the-scenes” support for power generation

Thermal power plants generate electricity through generators directly attached to turbines, which are rotated using high-pressure steam. Boiler feed pumps supply high-temperature water to boilers to create this high-pressure steam.

5 Compressors and Steam Turbines



Playing a central role in power plants and oil refineries worldwide

Compressors play a central role in oil refineries and petrochemical plants by compressing the gases produced from crude oil and natural gas.

6 Cryogenic Products



Safely transporting LNG

High technology and safety is essential for pumps used to transport and store ultralow temperature liquefied natural gas (LNG), as well as expanders used in the liquefaction process.

Infrastructure Company

7 Agricultural Pumps



Watering crops in fields

Essential equipment for transporting water in agricultural irrigation facilities, these pumps also help provide a stable supply of water for agriculture.

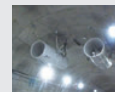
8 Water Drainage Pumps



Protecting against typhoons and concentrated heavy rains

During incidences of heavy rain, rainwater is pumped to drain into rivers or the ocean to prevent flood damage to residential and agricultural areas.

9 Fans



Ventilating tunnels

EBARA fans are delivered for installation in tunnel ventilation equipment. By achieving highly precise ventilation control, these fans help appropriately maintain the air environments of tunnels while securing evacuation routes in the event of a tunnel fire.

Environmental Solutions Company

10 Waste Treatment Plants



Supporting sanitation through safe waste treatment

Municipal solid waste treatment facilities support the entire process from design and construction to operation, management, and maintenance, providing stable, safe, and secure facilities to support daily hygiene.

11 Biomass Power Generation Plants



Helping reduce CO₂ through woody biomass-related power generation

We offer construction, operation, and management services for biomass power generation plants that leverage the characteristics of internally circulating fluidized-bed boilers designed to use woody biomass as fuel and capable of achieving reliable combustion of a diverse range of fuel sources. Through these services, we are contributing to the popularization of renewable energy and the prevention of climate change.

Precision Machinery Company

12 Dry Vacuum Pumps



Realizing the optimal clean environments necessary for semiconductor production

Dry vacuum pumps are used to create the vacuums needed in the semiconductor production process.

13 Gas Abatement Systems



Detoxifying hazardous gases

Gas abatement systems prevent pollution by detoxifying the hazardous gases used in semiconductor manufacturing and other processes.

14 CMP Systems



Supporting semiconductor production with nano-level precision polishing technologies

CMP systems polish the surface of semiconductor wafers with nano-level precision using polishing solutions.

15 Precision Chillers



Efficient use of sub-fab space

This chiller is installed in the sub-fab space of the semiconductor manufacturing plant and is used to control the temperature of semiconductor manufacturing equipment.

Positioning of Long-Term Vision E-Vision 2030

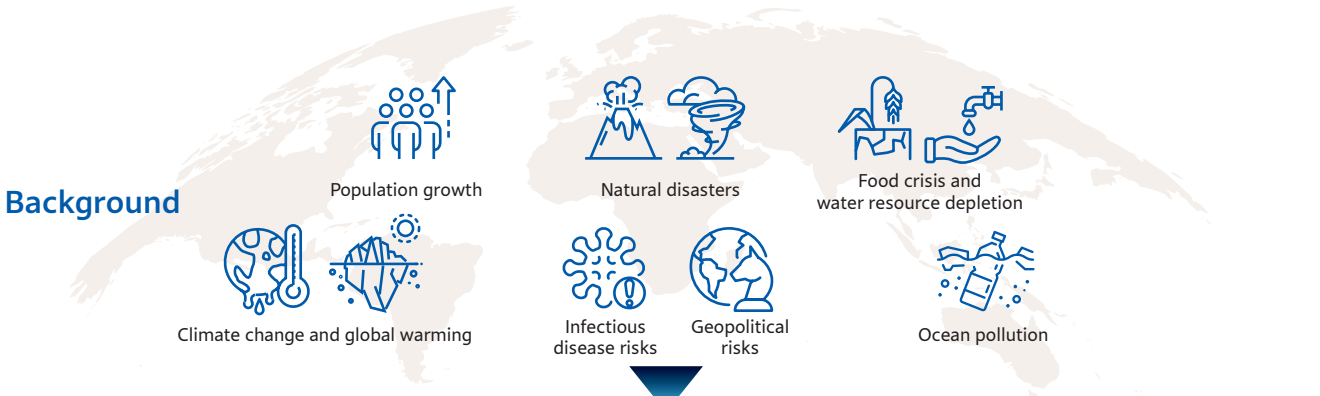
Long-Term Vision for 2030: E-Vision 2030

In 2020, the EBARA Group formulated a 10-year long-term vision and the path towards that goal, E-Vision 2030, as its value creation story. Under the slogan of “Technology. Passion. Support Our Globe,” we aim to become an excellent global company. Through our business, we will contribute to the resolution of social issues such as the SDGs while simultaneously increasing the social, environmental, and economic value we generate. We believe this will earn










greater corporate value and recognition as an excellent global company.

E-Vision 2030 sets out five material issues (EBARA’s materiality) for the Group to address by 2030. By endeavoring to solve these problems through EBARA’s business activities, we aim to achieve results that lead to improvements in social, environmental, and economic value.

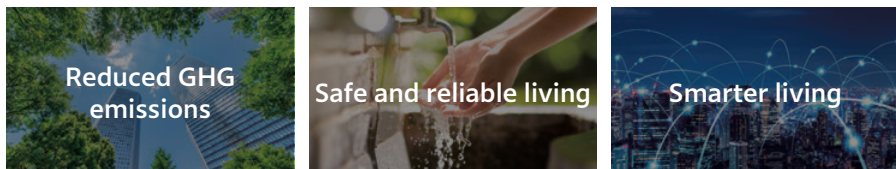
EBARA’s Material Issue Identification Process and Long-Term Vision Connectivity



Five Material Issues (Materiality)

 <p>1. Contribute to the creation of a sustainable society</p> <p>We will utilize our technologies to passionately support the creation of a sustainable, environmentally friendly world with ample food and water, and safe and reliable social infrastructure.</p> <p>For people and society</p> 	 <p>2. Elevate standards of living and support abundant lifestyles for all</p> <p>We will utilize our technologies to passionately support economic development that enables the world to end poverty and realize ever-evolving and abundant lifestyles.</p> <p>For industry</p> 	 <p>3. Conduct comprehensive environmental management</p> <p>We will promote the reduction of CO₂ emissions from our business operations and maximize our use of renewable energy to move toward a carbon-neutral world.</p> <p>For our business activities and supply chain</p> 	 <p>4. Promote working environments that encourage challenge</p> <p>We will promote a Group culture of competition and challenge, and provide diverse employees with meaningful work and comfortable working environments.</p> <p>For our employees</p> 	 <p>5. Enhance corporate governance</p> <p>We will lay out a vision for and pursue growth through offensive and defensive governance that supports high-level management capabilities.</p> <p>For sustainable management</p>
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Issue resolution



and Medium-Term Management Plan E-Plan 2025

Vision for 2030

Excellent Global Company

Enhance EBARA's corporate value through the improvement of social, environmental, and economic value

Social / Environmental Value

Solve social issues through our business

- Reduce GHG emissions by an amount equivalent to approximately 100 million tons of CO₂
- Deliver water to 600 million people
- Contribute to development of ICAC5*1: Challenge 14Å

Economic Value

Sustainable Groupwide growth and efficient management

- ROIC 10% or more
- ROE 15% or more*2
- Revenue Around ¥1 trillion

Indicator of Corporate Value

¥1 trillion
in market capitalization

*1. IoT, Cloud, AI, Car, 5G

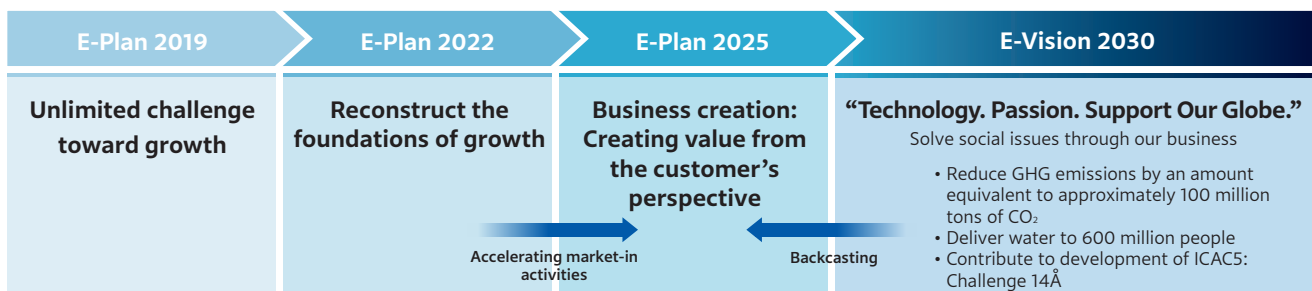
*2. We decided to aim for ROE of 15% or more because the shareholders' equity ratio will become even more important to achieve the financial targets in our vision for 2030.

Positioning of the E-Plan 2025 Medium-Term Management Plan

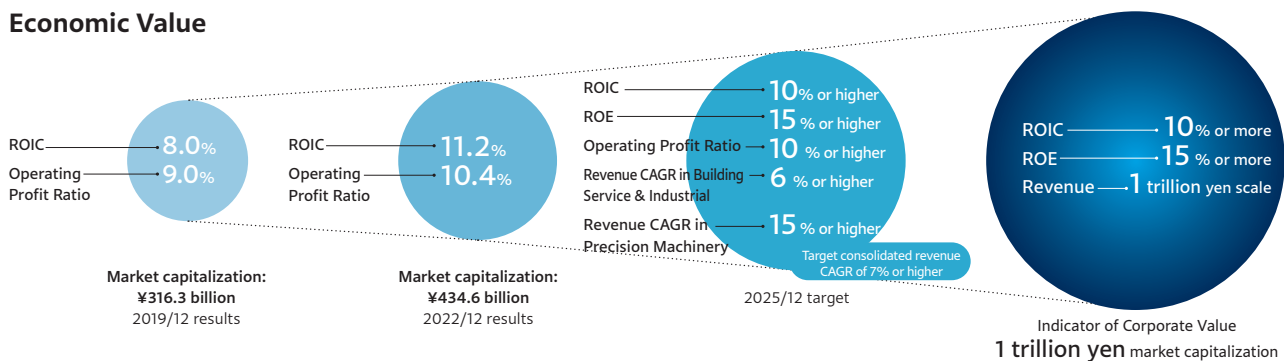
We formulated the new medium-term management plan, E-Plan 2025, based on backcasting from our long-term vision, E-Vision 2030, as well as reviewing issues remaining from the previous medium-term management plan, E-Plan 2022, to determine the direction the Group should take. E-Plan 2025 covers the three-year period from 2023 to 2025, and is based on the theme of “creating value from

the customers' perspective” to further strengthen competitiveness in each business.

In addition, while striving to exceed the high levels of efficiency and profitability achieved in E-Plan 2022, we will achieve topline growth centered on the building and industrial equipment market as well as the semiconductor manufacturing market.



Economic Value



* ROIC: (Until FY22) Profit attributable to owners of parent ÷ [Interest-bearing debt (average between beginning and end of period) + Equity attributable to owners of parent (average between beginning and end of period)] (from FY23) NOPLAT (Net Operating Profit Less Adjusted Taxes) ÷ invested capital [Interest-bearing debt (average amount of the beginning and end of fiscal year) + Equity attributable to owners of parent (average amount of the beginning and end of fiscal year)]

Message from the President



Masao Asami

Director, President and
Representative Executive Officer
CEO & COO

We want to deliver happiness with technology to passionately support the world.

Reflecting on the Previous Medium-Term Management Plan

I was appointed as president in March 2019. Profitability at that time was low, and the quantitative targets of three consecutive medium-term management plans were not achieved. We created another medium-term management plan amidst these circumstances, but the COVID-19 pandemic began along with the plan's announcement, and the Japanese government soon declared a state of emergency that April. Even though the COVID-19 pandemic brought tremendous turbulence, we were able to continue to provide our essential business for both society and industry. This experience made me realize anew how stable our business is and that if we continue providing our products and services properly, society will continue to rely on us.

In the three years of the plan, we were able to make three large achievements. The first was strengthened profitability. With improved profitability, we were able to achieve our targets for operating profit ratio and ROIC.

The second achievement was taking action for growth. Two of EBARA's businesses, the Standard Pumps Business, and the Precision Machinery

Business, were positioned as growth areas. For the Standard Pumps Business, we had a goal to increase the number of bases by ten. We were able to add eight bases, including through M&A such as that of Hayward Gordon and Vansan.

In the Precision Machinery Business, which faced sharply rising demand amidst the semiconductor shortage, it was challenging to meet customers' desired delivery dates. Still, because of our efforts, record highs were reached in orders, revenue, and operating profit in 2021 and 2022.

The third achievement was the strengthening of our management foundation. We have been making various efforts throughout the Company. One of those efforts was Companywide quality assurance measures to halve the costs arising from quality problems. I also wanted people to change their mindsets, so rather than a ten or twenty percent reduction, we set the formidable target of a 50% reduction. As a result, there were some things we achieved and some things we didn't, but I believe that we were able to effectively communicate the "cost of quality," a management concept to ensure high-quality standards, throughout the entire Company.

Message from the President

We established the Global Procurement and SCM Strategy Department in 2020, and we have been making efforts to optimize procurement across the entire Group. Three years of consecutive collaboration have lowered the walls between the businesses, and I feel a growing sense of unity. This initiative proved successful during the global parts shortage caused by the COVID-19 pandemic. By establishing a procurement point of contact, we were able to flexibly exchange parts regardless of business division or region and continued supplying products to our customers.

We have also established the ExValuE Project for cost planning. The capital letter E at the beginning and end of the project name represents EBARA's desire to offer the ultimate value to customers throughout the product life cycle. Value engineering typically aims to reduce the costs of what we currently have, but instead, EBARA will switch to a more balanced approach and invest its development resources into functionality that adds value in order to increase competitiveness, rather than using such resources on functions that would just be nice to have. All products starting development in 2024 and beyond will be developed based on this cost planning philosophy.

Focus of the New E-Plan 2025 Medium-Term Management Plan Market-In Perspective and New Structures

I think we are about 30% of the way to achieving E-Vision 2030, our long-term vision. The three accomplishments I mentioned were positive outcomes of the previous medium-term plan, but there is still room for improvement toward 2030.

111 years ago, the EBARA Group started with pumps, and we have been improving on and expanding that business ever since. However, as the business grew, we started focusing on selling products. Why was this originally needed? What was the starting point? When I asked myself these questions, the answer was that because the market and the times demanded it. To find the needs of today, we must adjust our structure to fit the markets we serve, rather than following a product-centered structure. This is the "market-in" perspective, and the primary focus of the new medium-term management plan, E-Plan 2025.

For example, our Compressors & Turbines and Custom Pumps Businesses were serving the same oil and gas market, but operating separately. Since the customers for these products are the same, we are now working to integrate the businesses and production systems and optimize our new in-house company, the Energy Company, to better serve the needs of the oil and gas market. This optimization will allow us to build a robust business with strong sales, production, and procurement.

Additionally, we consider this period an important time to consider business opportunities we can contribute to in the transition from fossil fuel energy sources to sustainable sources. This transition will require new energy alternatives, and EBARA's pumps, compressors and turbines can be used in a variety of fields, including carbon capture, usage and storage (CCUS) as well as ammonia and hydrogen production, transport, and usage. We will contribute to the realization of a hydrogen society by supporting all stages of hydrogen production, transport, and usage.

Business Creation and My Thoughts Since Becoming President

The theme of E-Plan 2025 is "Creating value from the customer's perspective leads to business creation." Entrepreneurs are always thinking about how to solve a problem, and that's exactly what we're trying to do with our market-oriented business structure. Rather than thinking from the perspective of how to create or sell something, we will go the extra mile to solve customers' problems, even when the solution is ultimately different from how the customer describes it.

Even if an entrepreneur or a start-up has an idea to solve a social issue, they might not be very good at realizing their idea at scale. On the other hand, corporations already doing business like EBARA are better at ensuring profitability and delivering products to customers at a certain scale. EBARA is working to solve social issues through its business by investing in the Real Tech Global Fund, which supports start-ups in Southeast Asia, and if we have affinity with a company, I'd like to try collaborating on something with them. Entrepreneurs make it easier for us to connect our business to customer needs. It doesn't matter if they are from inside or outside the Company. To cultivate entrepreneurs from inside EBARA, we have dispatched EBARA personnel to the Fund. These personnel get close to customers with their entrepreneurial knowledge, and then bring their ideas back to EBARA. The Company has the requisite resources, such as technology development and production systems for new businesses. If we don't have the resources we need, we can simply collaborate with an external entity, and thus create a new business. We will create the Companywide pathways to create such new businesses and transform EBARA.

Since I have become president, I have tried to impress upon employees two words: sensitivity and imagination. When we talk with our customers, if we aren't sensitive to what they are thinking in that moment or fail to understand their background, it won't be possible to imagine how the customer will feel when I explain something, or what kind of action the talk will lead to. The main idea is to get close to

the customer, understand their perspectives, and imagine how they will feel. We will obviously be offering added value for our customers if we can solve their problems involving disadvantages, inconvenience, and dissatisfaction, and then they will naturally want to buy what we are selling. Our starting point needs to be getting close to our customers and what they really want. This is the foundation of new business. This philosophy should be applied to everyday work and assignments, not just limited to new things. Instead of just doing what they're told, I want our employees to work while imagining how the person on the receiving end of their work will think.

Furthermore, we also need problem awareness and strong thinking. In our everyday lives, I believe it's important to be aware of the problems ahead and have your own unique intentions, such as wanting to make society a better place, or wanting to improve how your work is done. For example, even if you only see one news article, if you are aware of the problem, you can use it as a reference, try something out, and connect to the next step. Being driven to want to make something better, solve a problem, or make someone happy is very important. I want our employees to not only do what they are told, but also to be proud knowing that what they are doing is meaningful to society.

Data-Driven Management and Task Diversity

To realize business and product strategy, data on the customer perspective is essential. Without such data, it is impossible to find solutions to overcome difficult situations and solve our customers' problems. The business side needs to be able to comprehend and use data to formulate strategies. We established the Data Strategy Team in July 2022 to provide dedicated support to do just that. The team receives and analyzes problems and goals from the business side and derives solutions. We will make it possible to make data-driven decisions in human resources with tools such as people analytics, in sales when looking at customers and markets, and in technology.

In January 2022, the Diversity Project was formed by a group of volunteers and established as a dedicated structure in July 2022 to promote task diversity, meaning the invisible diversity of skills, knowledge, and experience. It is crucial to know what kind of task will suit a person, and whether we can expect high performance in that task. We need objective data in order to make that determination. We will strive to put the right person in the right role based on their experience, behavior patterns, thinking patterns, and the abilities they have acquired.

Our people will support the realization of what the Group is striving for and our vision as set forth in E-Vision 2030. We will promote data-driven diversity to ensure the right

employees are in the right roles, receive the right training, and are able to fulfill their responsibilities.

Visualization and Communication of the EBARA Group's Approach and Strengths

In 2022, EBARA received multiple awards including the Minister of Economy, Trade and Industry Award at the Corporate Governance of the Year 2022 Awards, Best IR Award, and Outstanding Leadership Awards in Corporate Communications. In the early 2000s, EBARA faced some challenges with corporate governance in terms of management and problems related to compliance. We received these awards in recognition of our efforts over the past twenty years to strengthen governance, and we plan to continue to serve as a model for other Companies with Three Committees in the future. I am truly thankful for the work of my predecessors and the Independent Directors who promoted governance reform, as well as the efforts of the executive side who worked to improve profitability.

It is important for those outside the Company to understand our approach and strengths. For example, after we published our Strategic Table of Technological Capabilities last year, our strengths in technology were more widely known and we started hearing that others would be interested in discussing their problems with us. Even internally, when faced with a problem, we sometimes end up unsuccessfully searching for a solution in the same business department, so it is essential for our employees to be able to see where other sources of help in the Company are available. I would like to continue to make these connections visible both inside and outside of EBARA.

We have contributed to both society and industry by leveraging our strengths for over 110 years. We will further enhance this DNA and strengthen any weaknesses based on data, so that we may continue contributing to society. I hope that the future world will be comfortable to live in, sustainable, environmentally friendly, and a place where everyone can smile. We want to deliver happiness with technology to passionately support the world, and we will continue to work to realize this goal.



Masao Asami
Director, President and Representative Executive Officer
CEO & COO

Message from the CFO

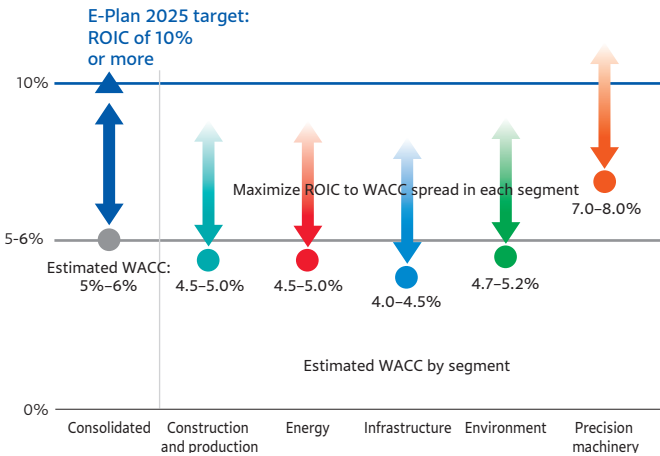
We will maintain high levels of efficiency while making the necessary investments to realize E-Vision 2030



Shugo Hosoda
Executive Officer,
Division Executive,
Corporate Strategic Planning,
Finance and Accounting Division & CFO

We announced our new medium-term management plan, E-Plan 2025, in February 2023. In a financial context, it will be a three-year period of steady investment while maintaining high levels of efficiency. We will conduct balanced investment and loan activities to support our continued business expansion and to allocate capital to investing for the future. To achieve this, we will further utilize interest-bearing debt while maintaining financial soundness. We will conduct appropriate financial activities while aiming for a target return on equity (ROE) of 15%, along with return on invested capital (ROIC) in the new medium-term management plan.

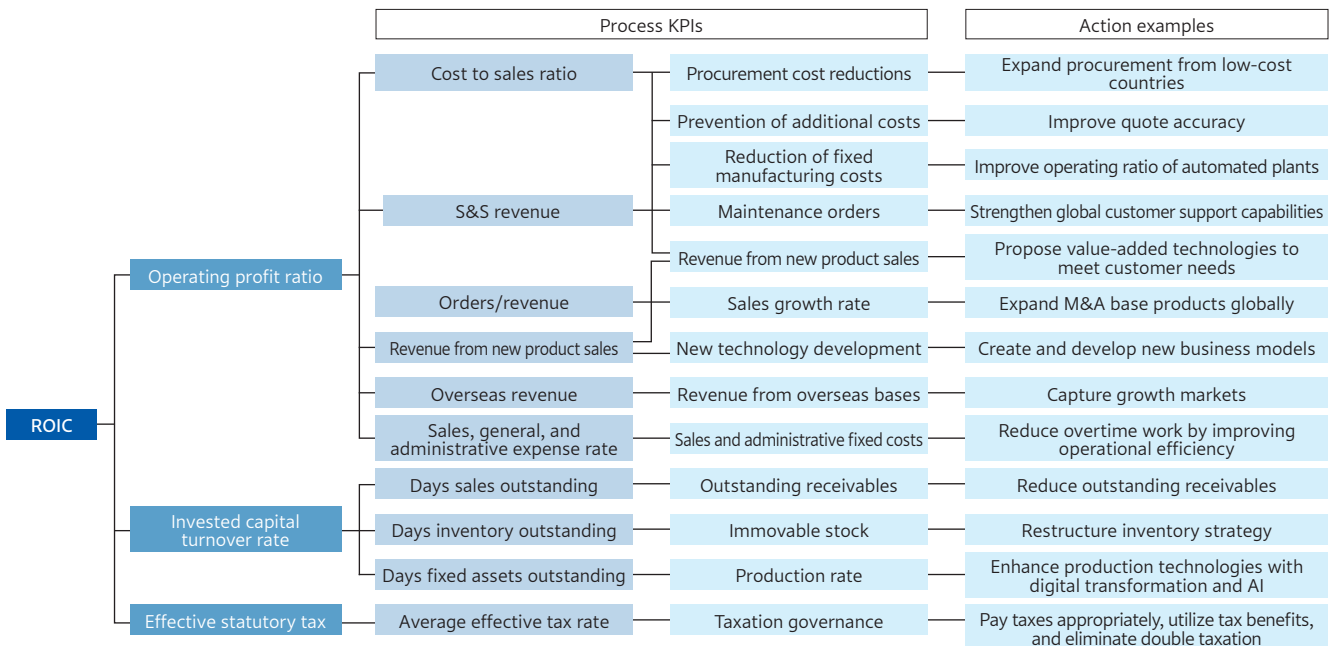
Maximize ROIC to WACC Spread



Deepening ROIC Management

We will further deepen ROIC management. We will break down the ROIC tree into specific factors and improve its effectiveness as a tool (see diagram below). The Group's most recent WACC is estimated to be about 5%-6%. We will maximize the ROIC to WACC spread in each business and strive to achieve the ROIC target of 10% or more by fiscal 2025, and emphasize such spreads in investment capital allocation to realize well-balanced business portfolio management (see left figure).

ROIC Tree



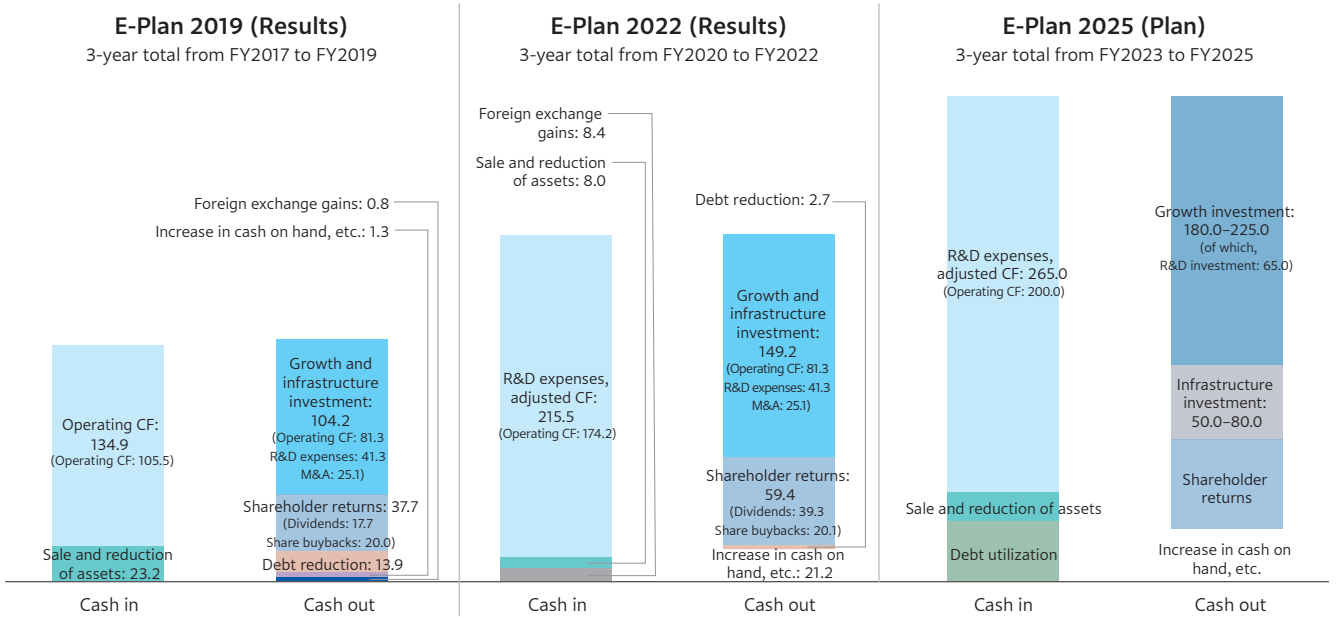
Cash Allocation

The diagram below compares the overview of cash allocation (cash in versus cash out) during the period of E-Plan 2025 (fiscal 2023–2025) with the previous two medium-term management plan periods. In light of the expanding cash in

versus cash out balance, we will actively make both growth and infrastructure investments to realize E-Vision 2030 while effectively utilizing debt.

Cash Allocation by Medium-Term Management Plan

Unit: Billions of yen

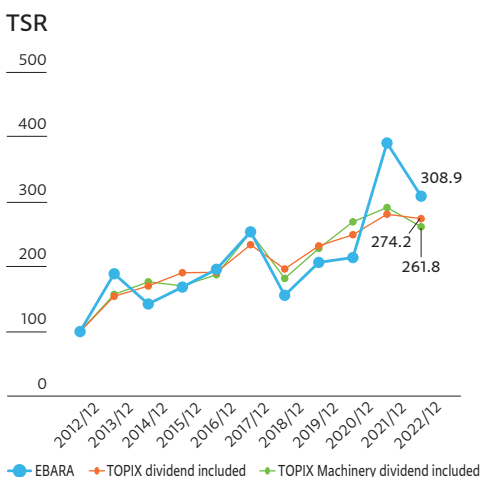


Shareholder Returns

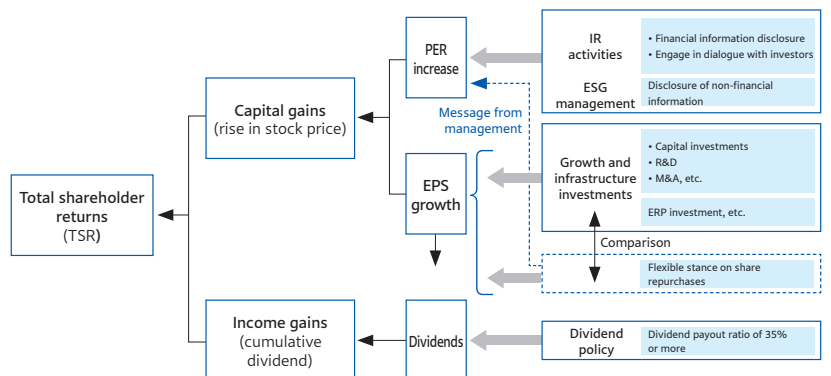
For the fiscal year ended December 31, 2022, the consolidated dividend payout ratio was 35.2%, while the annual dividend per share was ¥193, an increase of 18% compared to the previous year's ¥163. In the period of E-Plan 2025, which began this fiscal year, we will maintain our policy of paying dividends in line with the performance of each fiscal year, with the goal of a consolidated dividend payout ratio of at least 35%.

Based on EBARA's dividend policy, we will maintain shareholder returns based on income gains while steadily investing in growth to realize medium- to long-term growth in earnings per share (EPS), as we return profits to

shareholders in the form of capital gains. EBARA views share repurchases as a way to improve EPS, and its policy is to flexibly implement such investments when necessary, while making due consideration for the equity ratio, cash and deposits on hand, business performance trends, and stock price trends, and comparing these against other investment targets. Relative total shareholder returns (TSR) for the past ten years (see below diagram) outperformed the market average as of December 31, 2022. We are striving to expand both capital and income gains, including increasing PER, and will continue aiming to maximize TSR.



TSR Flowchart



* Set at 100 as of December 31, 2012

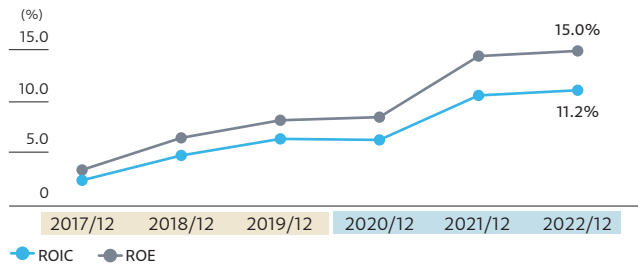
Financial and Non-Financial Highlights

The occurrence of the irregular nine-month period ended December 31, 2017, is the result of a change in the settlement date used by EBARA CORPORATION and consolidated subsidiaries. Effective from the fiscal year ended December 31, 2021, the Company has adopted IFRS in place of the previously used Japanese GAAP. The financial figures for the fiscal year ended December 31, 2020 are also presented in accordance with IFRS.

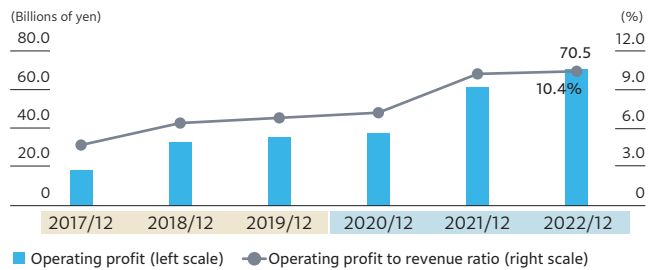
Financial Indicators

JGAAP IFRS

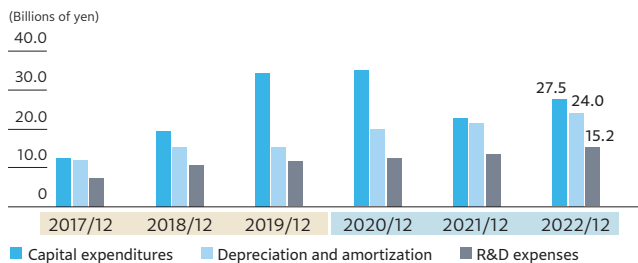
ROIC*1 / ROE*2



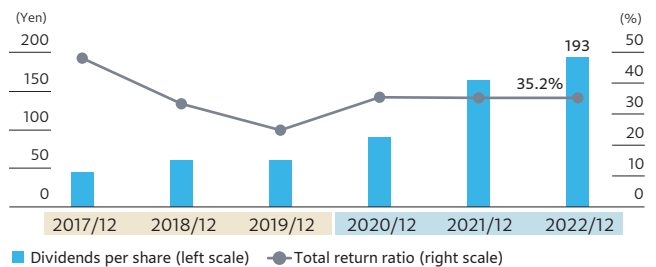
Operating Profit / Operating Profit to Revenue Ratio



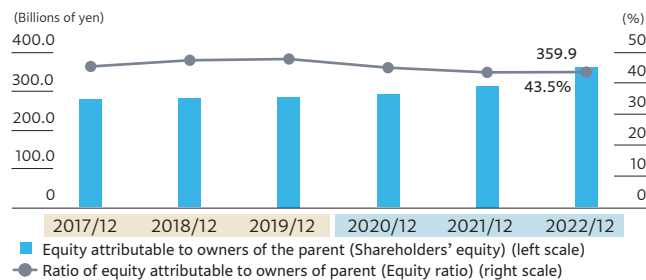
Capital Expenditures / Depreciation and Amortization / R&D Expenses



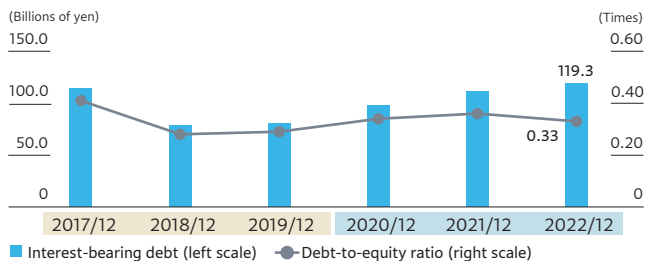
Dividends per Share / Consolidated Dividend Payout Ratio*3



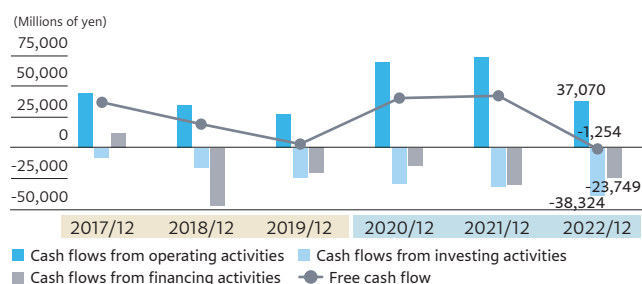
Equity Attributable to Owners of the Parent / Ratio of Equity Attributable to Owners of Parent (Shareholders' equity*4 / Equity ratio)



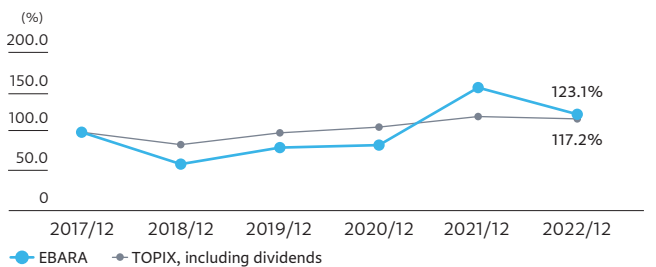
Interest-Bearing Debt / Debt-to-Equity Ratio



Cash Flows



Total Shareholder Returns (TSR)*5



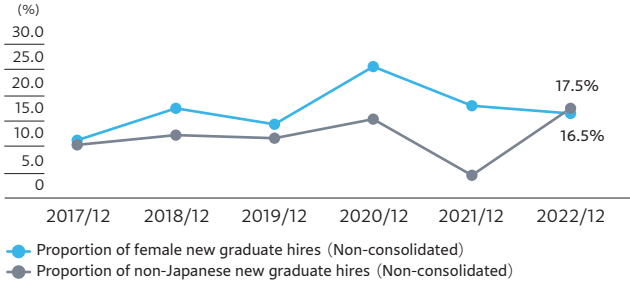
*1. ROIC: IFRS: Profit attributable to owners of parent / [Interest-bearing debt (Average between beginning and end of period) + Equity attributable to owners of parent (Average between beginning and end of period)]
 JGAAP: Profit attributable to owners of parent / [Interest-bearing debt (Average between beginning and end of period) + Shareholders' equity (Average between beginning and end of period)]

*2. ROE: IFRS: Profit attributable to owners of parent / Shareholders' equity (Average between beginning and end of period)
 JGAAP: Profit attributable to owners of parent / Equity attributable to owners of parent (Average between beginning and end of period)

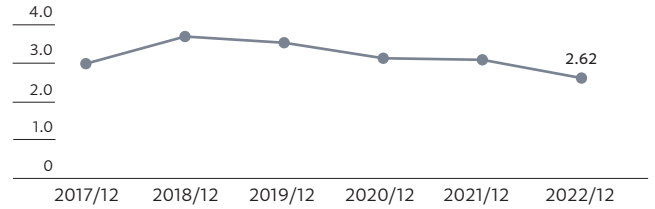
*3. When the annual dividend of ¥36 for the fiscal year ended March 31, 2017 (including an interim dividend of ¥6), is converted after the consolidation of shares, it is equivalent to ¥60 per share, consisting of an interim dividend of ¥30 and a year-end dividend of ¥30. Accordingly, the total return ratio is calculated based on an annual dividend of ¥60 per share.

Non-Financial Indicators

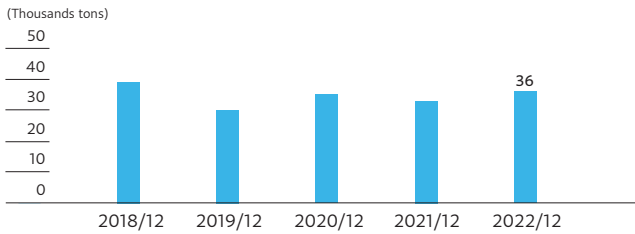
Proportion of Female New Graduate Hires*⁶ /
Proportion of Non-Japanese New Graduate Hires*⁶



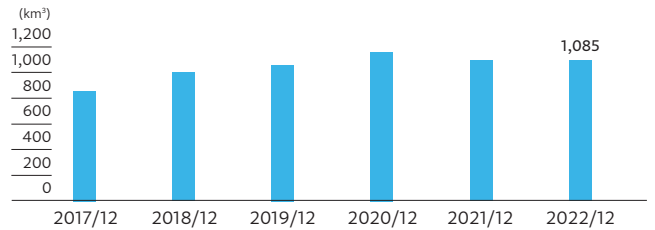
Total Recordable Incident Rate*⁷



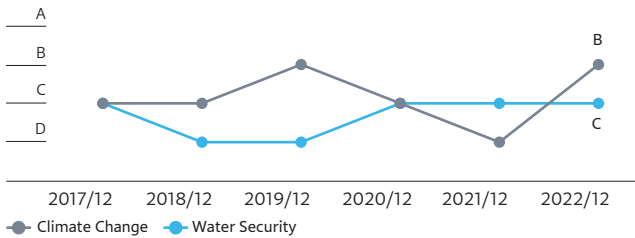
GHG emissions (Scope 1 & 2)*⁸



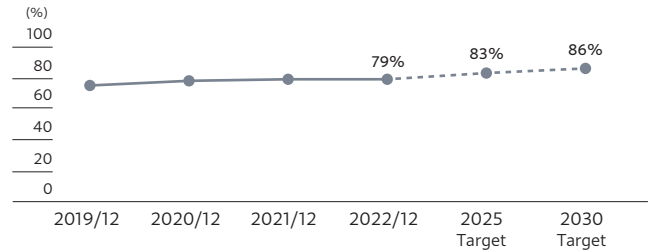
Water Consumption



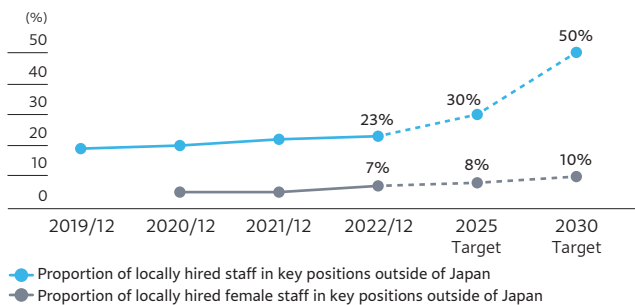
CDP Scores



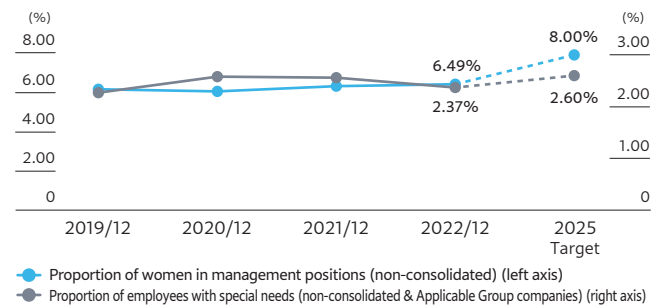
Global Engagement Survey Score



Diversity in Global Key Positions



Proportion of Women in Management Positions*⁶ /
Proportion of Employees with Special Needs



*4. Shareholders' equity: Total net assets – (Subscription rights to shares + Non-controlling interests)

*5. Set at 100 as of December 31, 2017.

*6. EBARA CORPORATION (non-consolidated)

*7. EBARA Corporation and Domestic Group

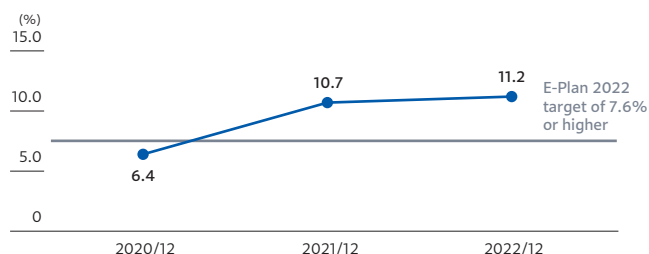
*8. EBARA CORPORATION. Values calculated in line with the GHG Protocol.

Review of the Previous Medium-term Management Plan E-Plan 2022

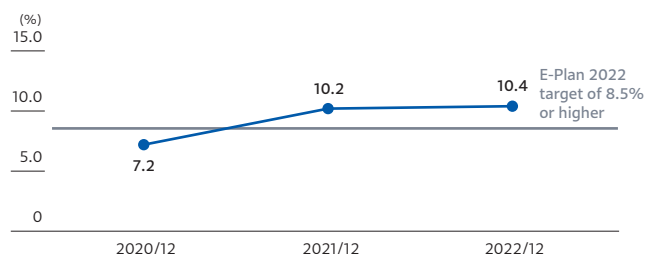
In E-Plan 2022, we positioned “Reconstruct the foundations of growth” as the first stage to realize E-Vision 2030. Under the four basic policies of (1) strive for growth, (2) improve the profitability of existing businesses, (3) refine management and business infrastructure, and (4) enhance ESG-focused management. ROIC and operating profit ratio were set as KPIs, and we conducted various measures to achieve them. As a result, in addition to achieving the KPIs for ROIC and operating profit ratio, we achieved our targets one year ahead of schedule, and in 2022, we surpassed them even further. In the Fluid Machinery & Systems Business, we

achieved our business targets as a result of improved profitability in the Custom Pumps Business and the Compressors and Turbines Business. The Precision Machinery Business also improved profitability because we were able to capture increased demand from expanding semiconductor investment, and we exceeded our targets. On the other hand, in the Environmental Plants Business, profitability declined due to the mix of engineering, procurement, and construction (EPC) projects, additional temporary costs, and other factors, thereby falling short of its targets.

Return on Invested Capital (ROIC)

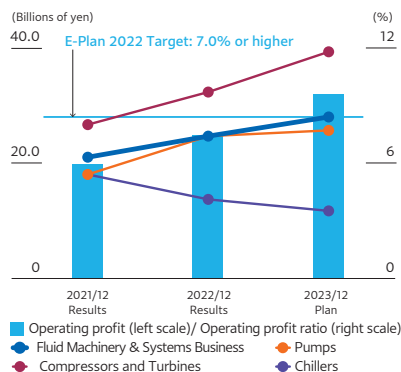


Operating Profit Ratio

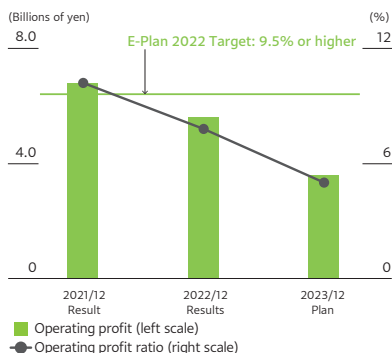


Operating Profit Ratio by Business Segment

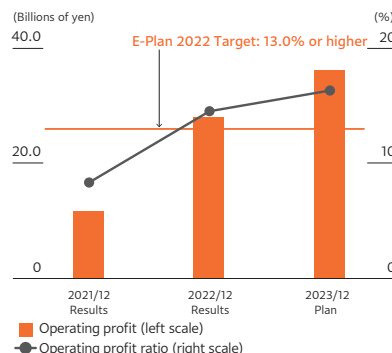
Fluid Machinery & Systems Business



Environmental Plants Business



Precision Machinery Business



Target Achievement by Business Segment and Results for 2022

Business Segment	Numerical Targets	2022/12	2022/12 Achievements
Fluid Machinery & Systems Business	Pumps Business 6.5% or more	7.7%	<ul style="list-style-type: none"> Standard Pumps <ul style="list-style-type: none"> Domestic: Strengthened service systems and promoted services Overseas: Acquired North American mixer/pump manufacturer; established bases in Kenya and Romania Expanded lineup of key global and regional products Custom Pumps <ul style="list-style-type: none"> Steady progress through improved non-consolidated product profit margins, reduced fixed costs, and increased profits at Group companies External sales target was slightly below plan, but operating profit target was achieved
	Compressors and Turbines Business 8.0% or more	11.8%	<ul style="list-style-type: none"> Improved profitability through selective order acceptance Reduced labor hours through automated design and further reduced costs with improved front-loading and project management Utilized IPO in China and India
	Chillers Business 5.0% or more	3.5%	<ul style="list-style-type: none"> Domestic: Promoted sales of low GWP chillers; conducted development aimed at expanding precision chiller lineup China: Expanded sales of products to meet regional needs and decarbonization policies
Environmental Plants Business	9.5% or more	5.0%	<ul style="list-style-type: none"> Received contracts for DBO projects for municipal governments as well as EPC projects for the private sector as a result of customer-oriented proposals Received contracts for facility life-extension projects for municipal governments due to our highly-evaluated, long-term track record in maintenance, management, and operation Increased the number of facilities equipped with AI cranes and the number of facilities eligible for remote monitoring support by implementing digital transformation Modified laboratory facilities to construct a test unit for chemical recycling technology for waste plastics and testing is underway Target not achieved due to temporary cost increases in EPC and new electric power
Precision Machinery Business	13.0% or more	16.3%	In response to the high-level capital investment in the semiconductor industry, EBARA has enhanced productivity through automated factory operations in Fujisawa and the expansion of production lines in Kumamoto. EBARA also increased production and improved efficiency by strengthening the supply chain.

KPI Status and Achievements by Business Segment for 2022

Fluid Machinery & Systems Business

Related Materiality	Measures and KPIs	2022/12 Targets	2022/12 Results	2022/12 Achievements
1	Stable water supply to diverse regions			
	Expansion of solar pump sales (Standard Pumps)	Achieve a unit sales volume target of 100%	87% achievement	Although the target was not achieved, sales surpassed FY21 results, contributing to stable water supply in South America and Africa
	Contribution to technologies that reduce environmental impact			
	Development and market launch of products for liquid hydrogen plants (Custom Pumps)	Achieve 100% commercialization	Completed product development and started sales	Created Companywide project for hydrogen-related business, commercialized hydrogen compressor, started sales activities and are currently receiving quotation inquiries
	Making products more energy efficient			
	Complete development and commercialization of new steam turbine series (Compressors and Turbines)	Achieve 100% commercialization	Completed product development	Launched high-speed, compact, and highly efficient steam turbine series
	Environmental load management			
Reduction of GHG emissions through sales of low-GWP* products (Chillers)	Reduce annual GHG emissions by the equivalent of 33,000 tons of carbon dioxide	36,300t per year reduction	Helped reduce environmental impact by providing low-GWP products mainly in the industrial market	

* GWP: Global Warming Potential

Environmental Plants Business

Related Materiality	Measures and KPIs	2022/12 Targets	2022/12 Results	2022/12 Achievements
1	Environmental load management			
	Generation of renewable energy from waste	130,000 MWh	164,279 MWh	Exceeded volume target for contracted power as a result of positive municipal responses to our initiatives to generate power locally for local consumption
	Stable operation of social infrastructure			
	Long-term comprehensive contracts for DBO projects (cumulative total)	19	16	Promoted proposal activities to support stable operation of social infrastructure Targets were affected by delays and lost orders, so going forward we will aim to strengthen backup project composition
	Crane upgrades and AI crane installation	Achieve 100% installation target	Installation target 33% achieved	Introduced AI cranes to municipal facilities for their labor-saving and stable incinerator functions
	Contribution to technologies that reduce environmental impact			
Implementation of ICFG@*	Construction of demonstration units Achieve an order target of 100%	Modified laboratory testing facilities for construction orders of demonstration equipment	To test design for demonstration equipment for chemical recycling of waste plastics using ICFG@, we modified laboratory equipment and are conducting ongoing testing	

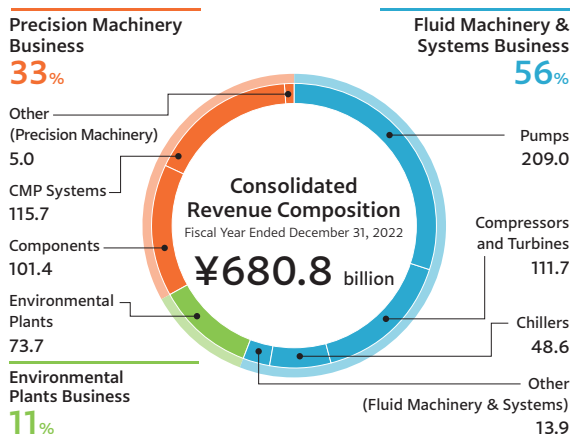
* ICFG is a system to recover high-calorific fuel gas, consisting mainly of hydrocarbons, from low-grade materials like biomass. The product gas can be used as an alternative energy to fossil fuels, thus reducing new fossil fuel usage. ICFG is a chemical recycling technology that can be integrated into existing industrial processes with massive energy consumption to realize innovative systems that utilize biomass and waste energy as alternative fuel for manufacturing industries. ICFG is a registered trademark in Japan of Ebara Environmental Plant Co., Ltd.

Precision Machinery Business

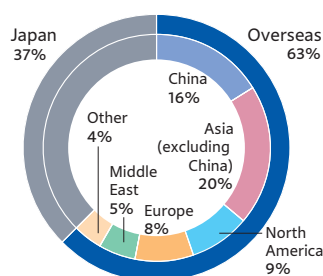
Related Materiality	Measures and KPIs	2022/12 Targets	2022/12 Results	2022/12 Achievements
1	Environmental load management			
	Reduction of GHG emissions through gas abatement systems	Achieve 100%	79% achievement	Did not achieve sales expansion target for products that negate harmful greenhouse gas emissions generated in the semiconductor manufacturing process
	Product weight reduction			
	Weight reduction of target products (Per unit compared to 2019)	Achieve 12% reduction	12% reduction	Target achieved by expanding sales of lightweight dry vacuum pump Model EV-X, launched in November 2021
	Development of manufacturing equipment to meet the evolutionary roadmap for semiconductors			
	Development of new models arising from priority projects	Achieve 100%	75% achievement	Due to development schedule delays, target was not achieved by December 2022, but reached 100% in February 2023
2	Development of elemental technologies for the next generation of target products			
	Development of elemental technologies for the next generation of target products	Achieve 100%	100% achievement	Completed development and started commercial use of installed products

Revenue Composition in 2022

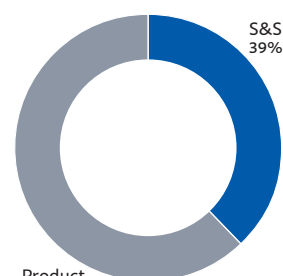
(Billions of yen)



Revenue Ratio by Region



Service and Support (S&S) Revenue Ratio



Review of the Previous Medium-term Management Plan E-Plan 2022

Other Management Indicators

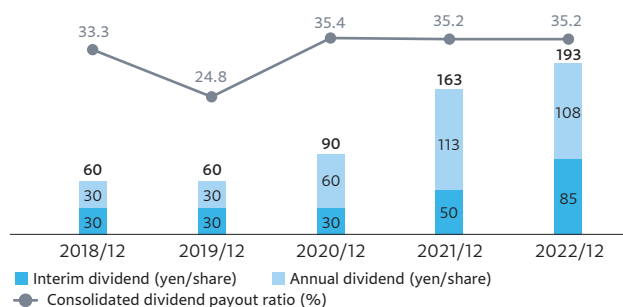
In E-Plan 2022, we invested in growth, expanded shareholder returns, and improved capital efficiency. We also achieved our goals in key indicators, including ROIC and operating profit ratio. The cumulative total of capital investments for growth over the three-year period of the plan was ¥85.4 billion, compared to the planned amount of ¥100.0 billion, but total investment, including the M&A of Vansan in Türkiye and Hayward Gordon in North America, was ¥111.0 billion. Total cumulative R&D investments for the three-year period were ¥41.3 billion, compared to the planned amount of ¥40.0 billion. In terms of shareholder returns, we maintained a consolidated dividend payout ratio of 35% over the three years, and in 2021 we repurchased ¥20 billion of EBARA shares.

Growth Investments

(Billions of yen)

	E-Plan 2022 Cumulative Total (Target) (3 years)	FY20 Results	FY21 Results	FY22 Results	FY20-22 Results (3 years)
CAPEX	100.0	35.0	22.7	27.5	85.4
R&D	40.0	12.5	13.5	15.2	41.3
M&A	—	—	10.7	14.9	25.6

Shareholder Returns



Changes in Share Buybacks

(Billions of yen)

Year	2018/12	2019/12	2020/12	2021/12	2022/12
Share Buybacks	5.0	15.0	—	20.0	—

Main Capital Investments and R&D

Standard Pumps Business

Established new overseas bases

8 bases established, 2 in preparation (2020-2022)

- 2020 (2 bases)
- 2021 (2 bases)
- 2022 (4 bases)

Compressors and Turbines Business

Constructed test facility for cryopump series (Cryodynamics) products

Precision Machinery Business

Full operation of automated dry vacuum pump production line

Major newly launched products

<p>Standard Pumps Business</p> <p>Model 3E/3ES*</p>	<p>Precision Machinery Business</p> <p>CMP F-REX300XA*</p>
<p>Chillers Business, Precision Machinery Business</p> <p>Precision chillers</p>	<p>Precision Machinery Business</p> <p>Gas abatement systems for EUV lithography equipment</p>

* Refers to the EBARA model number

Assessment of Basic Policies

We took on the challenge of business growth, and expanded sales in the Standard Pumps Business, especially overseas, and we also saw a significant increase in sales of the Precision Machinery Business thanks to strong customer demand. From a market-in perspective, we worked to create new businesses in the four areas of hydrogen, ecosystem, marine, and biomass. We improved profitability of existing business through selective order acceptance in the Custom Pumps Business and Compressors and Turbines Business. Furthermore, enhanced service and support sales contributed to improved profitability in the Compressors and Turbines Business and Precision Machinery Business. We achieved our goal of advancing management and business infrastructure by introducing ROIC into each business'

management. In addition, implementation of ERP is progressing smoothly toward operation in 2025.

We have enhanced our ESG-focused management. Regarding "E" environmental activities, we disclosed information in line with the TCFD recommendations and launched projects that work toward achieving carbon neutrality. We still need to develop a system to disclose additional environmental data.

In "S" for society, we promoted working environments that encourage challenge through projects aimed at increasing diversity, people analytics, and more, but strengthening human rights due diligence for suppliers remains an issue.

In "G" for governance, we assess that we have made good progress, including starting to link ESG indicators to director and officer compensation.

Basic Policy

Strive for growth	Improve the profitability of existing businesses	Refine management and business infrastructure	Enhance ESG-focused management
<ul style="list-style-type: none"> Develop and create new businesses and further expand existing businesses into global markets 	<ul style="list-style-type: none"> Transform business structure to strengthen revenue base and increase S&S revenue in all businesses 	<ul style="list-style-type: none"> Accelerate management and deepen ROIC management with proactive initiatives for Digital Transformation (DX) 	<ul style="list-style-type: none"> Address changing environmental issues, connect with society, and strengthen governance
Evaluation ○ <ul style="list-style-type: none"> Expanded revenue from growth businesses (Overseas Standard Pumps and PM Businesses) Explored new businesses from a market-in perspective and advanced toward commercialization in four areas (hydrogen, ecosystem, marine, and biomass) 	Evaluation ○ <ul style="list-style-type: none"> Significantly improved profitability in Custom Pumps and CT Businesses by establishing measures to improve profitability, including selective order-takings Achieved S&S revenue increase in CT and Precision Machinery Businesses 	Evaluation ○ <ul style="list-style-type: none"> Achieved ROIC targets by introducing “ROIC by business segment” and establishing capital efficiency-oriented business management methods Made progress in the introduction of ERP and other systems as planned 	Evaluation △ <ul style="list-style-type: none"> E: Released information based on TCFD recommendations, launched Carbon Neutral (CN) project, and announced CN targets for 2050. Need to improve on the existing system for environmental data disclosure S: Promoted diversity project and data-driven management. Challenges remain in promoting human rights due diligence at suppliers G: Refined corporate governance structure. Began linking ESG indicators to director and officer compensation

Challenges for the New Medium-term Management Plan E-Plan 2025

The challenges in E-Plan 2025 are for business growth, such as expanding the Standard Pumps Business’ overseas business and creating synergy between Vansan and Hayward Gordon, which we acquired during the period of E-Plan 2022. To improve the profitability of existing businesses, starting in fiscal 2023, we will work to expand sales through service and support for the Custom Pumps and Compressors and Turbines businesses, which will be integrated into the Energy Company. Furthermore, we will further strengthen the cultivation of markets and fields from a market-in perspective across all businesses. In the next

three years, we will focus on meeting customer needs for each market, shifting our business model from product sales to providing solutions and commercializing new areas. To upgrade our management and business infrastructure, we will introduce ERP, implement digital transformation at production bases, and evolve Companywide ROIC management. In ESG management, we aim to improve our CDP Score and enhance our disclosure of non-financial information, and carry out measures that strengthen human capital management.

	Strive for growth	Improve the profitability of existing businesses	Refine management and business infrastructure	Enhance ESG-focused management
Challenges and Key Points	Drive growth on a global scale <ul style="list-style-type: none"> Implement measures delayed amid the COVID-19 pandemic and supply chain disruptions Increase revenue at global bases Create synergy with M&A bases 	Ceaselessly improve profitability of existing businesses <ul style="list-style-type: none"> Expand S&S revenue Optimize S&S structure Strengthen SCM to cope with supply chain disruptions and geopolitical risks 	Strengthen business foundation and innovate business models driven by DX <ul style="list-style-type: none"> Materialize the investment in DX promotion, expand globally, and develop human resources Accelerate pilot roll out of ERP Further streamline production bases 	Consistently implement/strengthen ESG-focused management <ul style="list-style-type: none"> Further improve CDP score Strengthen actions to address sustainability issues (with better measures and progress management) Increase releases of non-financial information Strengthen and improve actions for human rights due diligence (suppliers, employees) Diversity (promote women’s empowerment, increase the ratio of women in key positions*) Analyze results of global engagement survey and make improvements
	Develop markets and domains from a market-in perspective <ul style="list-style-type: none"> Tap into customer needs in each market Shift to a solution-oriented business models and accelerate development and launch of new products Promote commercialization in hydrogen and new business areas 	Further sophisticate ROIC-focused management <ul style="list-style-type: none"> Upgrade and refine management 		

* Key positions: Employee positions equivalent to managers

New Medium-Term Management Plan E-Plan 2025

Based on the results of E-Plan 2022, our next stage is to further strengthen the competitiveness of each business. We have positioned the three-year period of E-Plan 2025 as a time to steadily move closer to our vision for 2030, E-Vision 2030, and have identified six approaches.

Six Approaches

1 Transformation

Foster and instill a corporate culture of “creating new value from the customer’s perspective”

4 Efficiency and Profitability

Maintain efficiency and profitability indicators (ROIC, Operating Profit Ratio) at E-Vision 2030 target levels or higher

2 Business Strategy

Maximize business performance through reorganization into a five-company system by market

5 Target

Add ROE as a key indicator as part of the commitment to achieving “1 trillion yen market cap by 2030”

3 Execution

Proactively invest in growth and infrastructure businesses

6 Overall Optimization

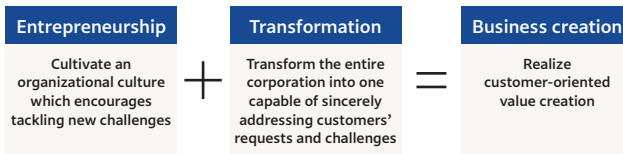
Introduce CxO system to optimize the entire group and enhance group governance by function

Objective of E-Plan 2025

We have set “business creation: creating value from the customers' perspective” as the theme of E-Plan 2025. EBARA strives for continuous business and value creation by fostering an organizational culture which supports a mindset of tackling new challenges and transforming the entire company into one which sincerely addresses customer needs and challenges, creating an uninterrupted flow that generates businesses.

Business creation: Creating value from the customers' perspective

Aim to foster a mindset of tackling new challenges, conduct corporate structuring to ingrain this across the organization in order to create value from the customers' perspective, and contribute to profit generation while guaranteeing sustainability



E-Plan 2025 Targets

Financial Targets

Type	Item	FY2022 Results	FY2025 Targets
Profitability	Operating profit ratio	10.4%	10% or more
	Operating profit ratio by segment		
	Building Service & Industrial Company	6.1%	7% or more
	Energy Company	11.6%	12% or more
	Infrastructure Company	7.8%	6% or more
	Environmental Solutions Company	5.0%	7% or more
Efficiency	Precision Machinery Company	16.3%	17% or more
	ROIC*	11.2%	10% or more
	ROE	15.0%	15% or more
Growth Potential	Building Service & Industrial Company Revenue CAGR (FY2022–2025)	195.1 billion yen	6% or more
	Precision Machinery Company Revenue CAGR (FY2022–2025)	212.2 billion yen	15% or more
Soundness	Debt-to-equity ratio (times)	0.33%	0.3–0.5 (management guideline)

* ROIC: (Until FY22) Profit attributable to owners of parent ÷ [Interest-bearing debt (Average between beginning and end of period) + Equity attributable to owners of parent (Average between beginning and end of period)] (from FY23) Net Operating Profit Less Adjusted Taxes (NOPLAT) ÷ Invested capital [Interest-bearing debt (Average amount of the beginning and end of fiscal year) + Equity attributable to owners of parent (Average amount of the beginning and end of fiscal year)]

Non-Financial Targets

Type	Item	Targets
Environment	CDP score (climate change)	Maintain B or above
	Scope 1 & 2: GHG emissions	Reduce by 32% compared to 2018
	Scope 3	Establish a practical measurement method to reduce 100 million tons by 2030
Social	Further promote a culture of competition and pioneering spirit, and strive to create an environment where diverse employees can comfortably work and perform well • Global Engagement Survey Score	FY2025: 83 or higher FY2030: 86 or higher
	Aim for global mobility improvement • Percentage of non-Japanese employees in global key positions (GKP)	FY2025: 30% or higher FY2030: 50% or higher
	Resolve gender pay gap (1) Percentage of female employees in GKP (2) Percentage of female employees in management (EC*)	(1) FY2025: 8% or higher FY2030: 10% or higher (2) FY2025: 8% or higher
	Cultivate a company culture where employees can balance work and childcare regardless of gender • Percentage of male employees taking parental leave (EC*)	Establish data collection methods by the end of 2023 and set targets based on an action plan to improve the acquisition ratio
	Promote inclusion of employees with special needs • Percentage of employees with special needs (EC + 4 domestic Group companies)	FY2025: 2.6% or higher
Governance	Implement necessary measures based on the results of human rights due diligence for suppliers Enhance the performance of the Board of Directors and contributions to Governance to Value (G to V)	

* EC: Targets for EBARA Corporation (non-consolidated)

E-Plan 2025: Cash Allocation (Three-year Cumulative Total)

Item	Content	FY2023-2025 3 year cumulative
Growth investment	Growth investment based on business portfolio (Facilities for increased production, R&D, new businesses, M&A, etc.)	¥180.0-225.0 billion Of which, R&D expenses: ¥65 billion
Infrastructure investment	Strengthen bases that underpin sustainable growth (Maintenance and renewal facilities, human capital, IT such as ERP, business infrastructure, ESG areas)	¥50-80 billion
Shareholder returns	Dividend policy: Aim for a consolidated dividend payout ratio of 35% or higher Repurchase of treasury stock Implement flexibly at appropriate time, carefully considering the level of equity attributable to owners of the parent company	

E-Plan 2025: Basic Policy (5 key areas)



There are five key areas of the Basic Policy of E-Plan 2025, three of them are business strategies. The first strategy is to transition to a target market structure to create customer-oriented value, the second is to create new value by developing combined solutions through internal and external collaboration, and the third is to promote global expansion with the aim of strengthening the ability to provide value and infrastructure to overseas markets and customers and establish a global management system.

We have also established two basic policies to support these strategies. The first policy is advanced and efficient management infrastructure where we will introduce a CxO system to optimize the entire Group, introduce ERP, deepen ROIC management, strengthen and diversify human resources, and utilize data strategy to enhance our management infrastructure's sophistication. The second policy is evolving ESG-focused management, and will aim to promote carbon neutrality, diversity, and further enhance corporate governance.

Basic Policy 1 Target Markets and Customer-Orientation

In January 2023, we transitioned from a product-based structure to a target market-based structure in order to better understand the markets and create value from a customer-oriented perspective. To ensure that the business side can fully focus on value creation in target markets, we will establish new cross-departmental functionality through introducing the CxO system, aiming for Groupwide optimization and enhanced governance. We will position the Building Service & Industrial Company and Precision Machinery Company as growth businesses, and set CAGR

targets for sales of 6% or more and 15% or more from 2022 to 2025, respectively. We will also strive for a 7% or more CAGR for consolidated sales. We have positioned the Energy Company for transformation into a growth business by accurately understanding the needs of customers in the transition from oil and gas markets to decarbonization. In the Infrastructure and Environmental Solutions Companies, we will continue to work to improve profitability and secure stable profit.

New Medium-term Management Plan E-Plan 2025

Create an Organization and Structure to Strengthen Customer Responsiveness

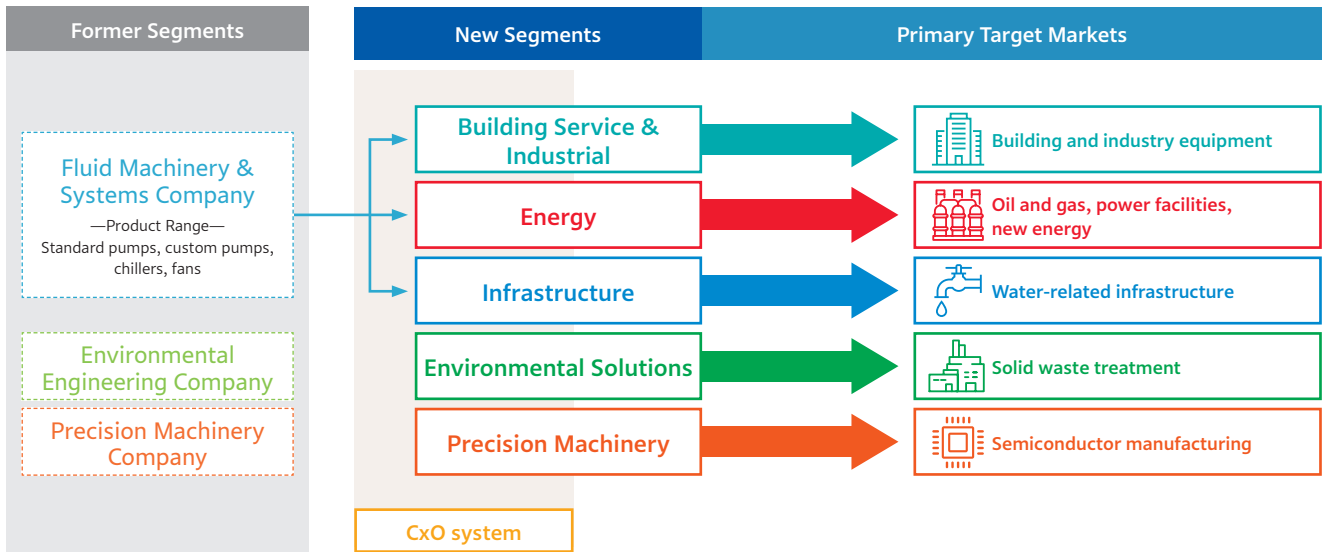
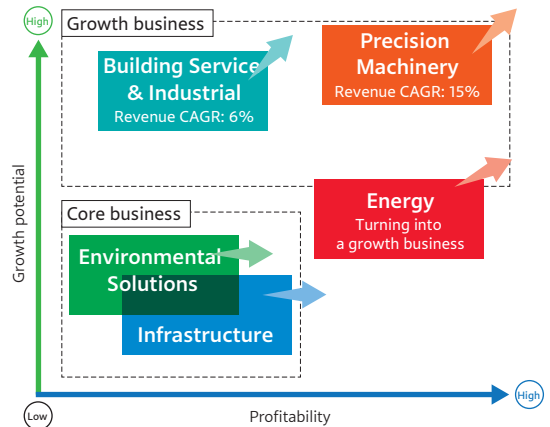
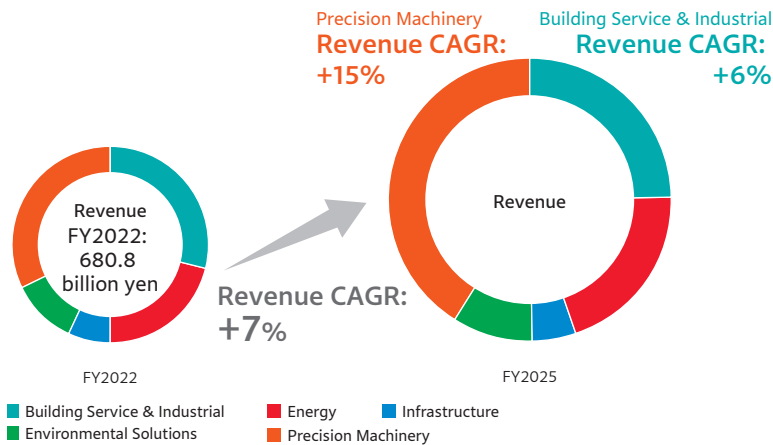


Image of Revenue Composition in the Final Year of E-Plan 2025

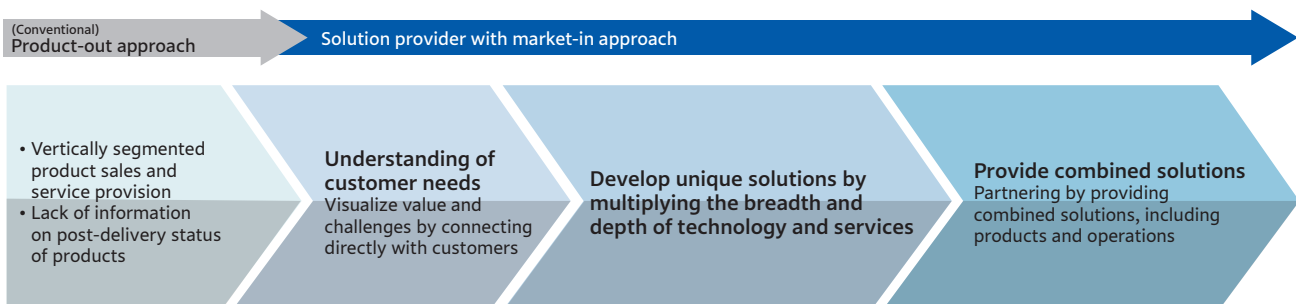
Plan of Advancement of the Portfolio in E-Plan 2025



Basic Policy 2 New Value Creation

In our existing business, we will transition away from a conventional product-out approach to strengthen our market-in approach. We are striving to transform into a solution provider by offering complex solutions that utilize our competitive advantage of handling multiple products and services that address customers' problems and requests. We will utilize the Strategic Table of Technological

Capabilities, which makes internal technologies, human resources, and core competencies into visual media as well as our human resource map to strengthen both internal and external collaboration, and understand social issues through customer-oriented marketing from the customer's perspective, thereby creating new value.



Basic Policy 3 Global Business Infrastructure

We will enhance functions to support the global expansion for business units and strengthen our global business foundation.

Sophisticate business operations	<ul style="list-style-type: none"> Introduce a regional department system (Building Service and Industrial), and promote a function- and region-specific organizational structure (Energy) Introduce an account system and establish an equipment development building to optimize global operations (Precision Machinery)
Initiatives to strengthen S&S	<ul style="list-style-type: none"> Rationalize and strengthen S&S bases by integrating compressors, turbines and custom pumps Develop new service menus integrating pumps, chillers, fans, etc.
Strengthen production processes and development capabilities	<ul style="list-style-type: none"> Reinforce resources and execute design and development DX to firmly implement developed products into society Develop core technologies by utilizing Ebara Manufacturing Technology Advanced Center
Bolster global procurement and SCM	<ul style="list-style-type: none"> Increase procurement capabilities from centralized and consolidated suppliers across divisions/ departments Establish multiple supply networks across the Group and with suppliers Build a robust supply chain through networking and digitization of manufacturing and distribution bases
Promote R&D	<ul style="list-style-type: none"> Utilize technology and talent globally through the visualization of our technologies, core competencies, and technical personnel (technology mapping)

Basic Policy 4

Advanced and Efficient Management Infrastructure

We will advance and improve the efficiency of our management infrastructure to optimize operations, and we have introduced the CxO system to optimize the entire Group and enhance Group governance.

Establish global infrastructure foundations	<ul style="list-style-type: none"> Implement Groupwide ERP system by 2025 Integrate global IT infrastructure and expand common systems Standardize operations globally
Digital strategy to drive business model innovation	<ul style="list-style-type: none"> Data-driven management (data analysis and utilization of data in the areas of human resources, sales, and finance as a service) Utilize digital twin/metaverse space
Sophisticate ROIC management	<ul style="list-style-type: none"> ROIC-WACC in new business units in line with the transition to organization by target market Define optimal hurdle rates and valuation metrics to use for business assessment and growth support
Sophisticate "One Ebara HR"	<ul style="list-style-type: none"> Determine the definition of global key position (GKP) and improve global mobility Optimize personnel allocation based on global talent database Further promote diversity and inclusion
Risk management	<ul style="list-style-type: none"> Centralize and streamline Groupwide risk management functions Conduct comprehensive environmental management (i.e., ISO14001 certification for all Group companies with manufacturing and maintenance plants)

Basic Policy 5 Advance ESG-Focused Management

We will evolve our ESG-focused management to move towards a sustainable society. In the "E" for Environment category, we aim to reduce environmental impact through business activities and the provision of products and services in order to achieve carbon neutrality by 2050. In the "S" for Social category, we aim to contribute to society and the environment through our products and services,

strengthen human capital management, and promote diversity. We will continue to promote human rights due diligence in the supply chain, as well as further enhance corporate governance. The Board of Directors will support the EBARA Group's growth to solve its medium- and long-term issues, under the theme of Governance to Value.

Strategy and Action Policy

Environment	Social	Governance
Carbon neutrality	Contribute to society and environment through our products and services, promote diversity, and respect human rights	Further enhance corporate governance
<ul style="list-style-type: none"> Reduce environmental impact through business activities (Scope 1 & 2) Reduce environmental impact through provision of products and services (Scope 3) Absorb and eliminate GHGs through the commercialization of chemical recycling technology for waste plastics, etc. 	<ul style="list-style-type: none"> Strengthen human capital management Promote diversity Promote human rights due diligence in the supply chain 	<p>(Roles and activities of the Board of Directors)</p> <ul style="list-style-type: none"> Support the EBARA Group's growth to solve medium- to long-term issues Supervise sustainability efforts taken by executives Promote Dialogue between the Board of Directors and stakeholders Continue efforts to improve efficacy

E-Vision 2030 and E-Plan 2025 Non-financial Goals, KPIs, and Targets

To resolve the five material issues laid out in E-Vision 2030, our long-term vision, we have set outcome goals, key performance indicators (KPIs) and targets for each department to achieve. We will continuously monitor these KPIs and go through

Five Material Issues (EBARA's Materiality)	Related SDGs	2025 Outcome Goals	Responsibility		
1  Contribute to the creation of a sustainable society	      	Reduce greenhouse gas (GHG) emissions	Building Service & Industrial Energy Infrastructure Environmental Solutions		
		Develop technologies that reduce CO ₂ emissions and enable carbon resource circulation	Environmental Solutions		
		Deliver water to 500 million people	Building Service & Industrial		
		Protect people's safe and secure lifestyles from disasters through stable operation of pump equipment	Infrastructure		
		Reduce water usage and discharge	Precision Machinery		
		2  Elevate standards of living and support abundant lifestyles for all	 	Develop foundational technologies for semiconductor miniaturization	Precision Machinery
				Implement technical tool development to improve product development throughput	
Propose new themes and strengthen strategic research policies	CTO				
Advance information analysis communication and proposal activities and integrate into regular operations					
Expand ERP project across the Group	CIO				
3  Conduct comprehensive environmental management	   	Carbon neutrality by 2050	CRO		
		Reduce Scope 1 and 2 GHG emissions by 32% compared to 2018			
		Reduce the equivalent of 100 million tons of CO ₂ in Scope 3 emissions (2030 goal)			
		Continuously reduce water consumption rate (2030 goal)			
		Maintain a recycling rate of 95% or more (2030 goal)			
4  Promote working environments that encourage challenge	  	Transform EBARA's culture into a competitive one that takes on challenges, creating an environment where diverse employees thrive in their work	CHRO		
		Improve global mobility			
		Eliminate wage gap between men and women			
		Foster a corporate culture that allows people to balance work and childcare regardless of gender			
		Promote the success of employees with disabilities			
5  Enhance corporate governance		Implement necessary measures based on the results of human rights due diligence of suppliers	Operations Innovation Division		
		Improve the effectiveness of the Board of Directors and contribute to G to V (Governance to Value)	Board of Directors		

the plan–do–check–act (PDCA) cycle to achieve our targets. Please find more in-depth information about initiatives and measures at the pages in the reference column.

	KPIs	2025/12 Targets	2022/12 Results	Reference
	Unit sales of energy-saving and highly efficient products	15% increase compared to 2022	—	P.42
	Development and sales promotion for new products (ammonia pumps, injection pumps, etc.) for the decarbonization market	Achieve 100% of commercialization and sales targets	Continued product development	P.44
	Development of new compressors for the decarbonization market	Achieve 100% commercialization	Completed concept design	
	Unit sales of products with low environmental impact	50	—	P.46
	Number of new waste treatment facilities that generate thermal electricity from waste processing	3 facilities over the 3-year period of E-Plan 2025	5 facilities during 2020–2022	P.48
	Reduction of GHG emissions from semiconductor manufacturing processes through gas abatement	20% reduction from 2022	—	P.50
	Reduction of GHG emissions from dry vacuum pump manufacturing	10% reduction from 2022	—	
	Development of practical applications of technology (ICFG®*1) for reusing chemical raw materials derived from waste plastics (implementation in 2030)	Implementation of pilot testing	Modifications to ongoing laboratory tests	P.48
	Unit sales of solar pumps	50% increase compared to 2022	—	P.42
	Unit sales in emerging countries	40% increase compared to 2022	—	
	Total drainage capacity of pumps delivered for disaster preparedness (drainage volume per second)	145 m ³ /s	—	P.46
	Reduction of pure water use by CMP equipment	30% reduction from 2022	—	P.50
	Development of foundational technology for 14Å semiconductor manufacturing	100%	45%	P.50
	Expansion of application scope of technical tools that eliminate rework in development	Expand to all 5 in-house companies	—	P.53
	Formation of macro-level technology development strategies and action plans based on technological and social trends	Form medium- to long-term scenarios and corporate R&D strategies based on trends, and create action plans for the next fiscal year	—	
	Number of analysis recommendations for intellectual and non-intellectual property information that contributes to management and business decisions, etc.	20 analysis recommendations per year (limited to those rated highly by the reporting party)	—	
	Number of Group companies with ERP implemented	20 or more	Implemented at 2; in process at 2 others	P.55
	Rate of compliance with ISO 27001 categories at bases	100%	0%	
	Number of items needing to be handled by CIS Controls	100%	0%	
	CDP Evaluation (climate change)	Maintain B or above	B	P.29
	Reduction of Scope 1 and 2 GHG emissions	32% reduction compared to 2018	Reduced by 1.6% compared to 2018	P.29, 61
	Reduction of Scope 3 GHG emissions	Establish a practical measurement method to reduce 100 million tons by 2030	—	P.29
	Water consumption rate	Continuous reduction	Water use intensity of 0.160 km ³ /¥100 million in 2022	P.61
	Recycling rate (Domestic Group)	Maintain rate of 95% or higher	97.5%	
	Global engagement survey score	83 or higher	79	P.52
	Proportion of non-Japanese employees in global key positions (GKP)	30% or higher	23%	
	Proportion of women in GKPs	8% or higher	7%	
	Proportion of female managers (non-consolidated)	8% or higher	6.4%	
	Proportion of male employees taking childcare leave (non-consolidated)	Establish data collection method in 2023; set action plans and targets to increase acquisition rate	—	
	Proportion of employees with disabilities (EBARA and 4 Group companies)	2.6% or higher	2.4%	
	—	—	—	P.63
	—	—	—	P.65–84

*1. ICFG is a trademark of EBARA Environmental Plant in Japan

*2. A department that works to optimize business processes, with one of its functions being to oversee procurement for the Group

Climate Change Initiatives

Achieving Carbon Neutrality by 2050

The EBARA Group is aiming to realize both a sustainable society and sustainable growth of the Group and achieve carbon neutrality by 2050 by reducing GHG emissions internally and in the value chain.

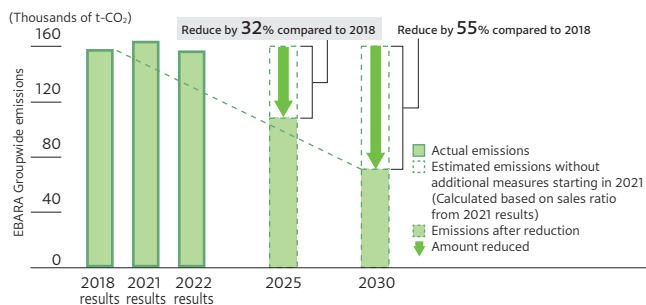


Basic policy of E-Plan 2025: Advance ESG-Focused Management <E: Environment> Non-Financial Indicators

As a milestone for EBARA’s targets for 2030, the medium-term management plan E-Plan 2025, formulated in February 2023, sets our targets for 2025 and we are working to achieve them through the implementation of various initiatives.

Metrics and Targets for FY2025	Initiative Status
Reduce EBARA Group GHG emissions (Scope 1 & 2) by 32% compared to 2018 levels	<ul style="list-style-type: none"> We are increasing procurement and use of low-CO₂ green energy We are promoting energy conservation and production innovation in business activities, shifting away from fossil fuels by converting to electricity We are considering the introduction of internal carbon pricing
Establish a practical measurement method to reduce 100 million tons of GHG emissions in the value chain (Scope 3) by 2030	<ul style="list-style-type: none"> We are establishing communication methods with business partners to promote supplier engagement We are making products even more efficient as category 11 constitutes the bulk of emissions
Maintain a CDP (climate change) score of B or above	<ul style="list-style-type: none"> Acquired B score in 2022 Began implementing third-party verification Focusing on advancing supplier engagement

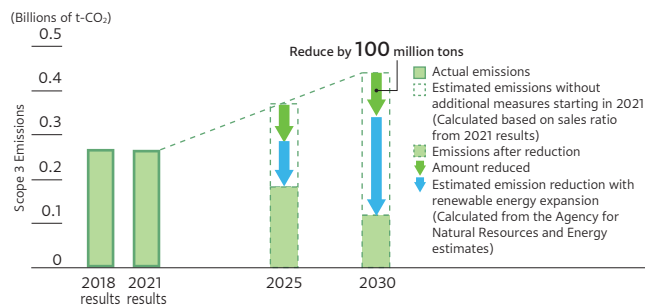
GHG Emissions (Scope 1 & 2) Reduction Targets



Reducing GHG Emissions Across Society through our Products

We are working to reduce GHG emissions across society through such efforts as the manufacture and sale of equipment that processes exhaust gas with high emission factors; development and sales of injection pumps for carbon dioxide capture, utilization and storage (CCUS); commercialization of technology for chemical recycling of waste plastic; and development of infrastructure facilities for production and utilization of next-generation fuel sources such as hydrogen and ammonia.

GHG Emissions (Scope 3) Reduction Targets



Expanding Green Energy

EBARA Group procures almost all the electricity needed by its business sites in Japan from its subsidiary, EBARA Environmental Plant Co., Ltd., which provides low-CO₂ electricity. We are further expanding solar power generation at the Fujisawa Plant, and we have completed installation of rooftop 1.6 MW-class solar power generation facilities at a plant that completed construction in 2020. Electricity accounts for approximately 80% of the Group's energy consumption, in order to reduce CO₂ emissions from energy use, we will continue to expand our solar power generation facilities through power purchase agreements and internal installations.

Information Disclosure in line with the TCFD Recommendations

The EBARA Group’s vision for 2030 is to make advances in ESG-focused management. We conducted analysis of climate risks and opportunities in line with the TCFD recommendations as a part of that vision. The results of the scenario analysis were incorporated in E-Plan 2025, our medium-term management plan for the period between 2023–2025. Following the disclosure in 2022 relating to our businesses for the oil and gas and semiconductor manufacturing markets, we conducted scenario analyses for our businesses in the building and industrial equipment, water infrastructure, and solid waste treatment markets. Please see the EBARA website for details.



Reference Information Disclosure in line with the TCFD Recommendations

<https://www.ebara.co.jp/en/sustainability/think/information/tcfid.html>

Governance

In 2022, we incorporated ESG performance metrics into director and executive officer compensation. We also monitor our progress toward non-financial targets. First, each in-house company evaluates its progress, then these efforts are reported to and reviewed by the Management Issue Planning and Monitoring Meeting. This is then reported to the Sustainability Committee which reviews the overall status of the Group’s progress toward meeting our non-financial targets. In 2023, the internal project we had previously established to work toward carbon neutrality was formed into a new permanent department, the Carbon Neutral Promotion Section, which is under the purview of the Chief Risk Officer.

Reference Climate Change Governance

<https://www.ebara.co.jp/en/sustainability/think/information/tcfid.html#gov>

plan, E-Plan 2025, which started in 2023, and every in-house company formulated their own climate strategies.

Reference Financial Impact and Response Measures

https://www.ebara.co.jp/en/sustainability/think/information/tcfid.html#sus2023_3

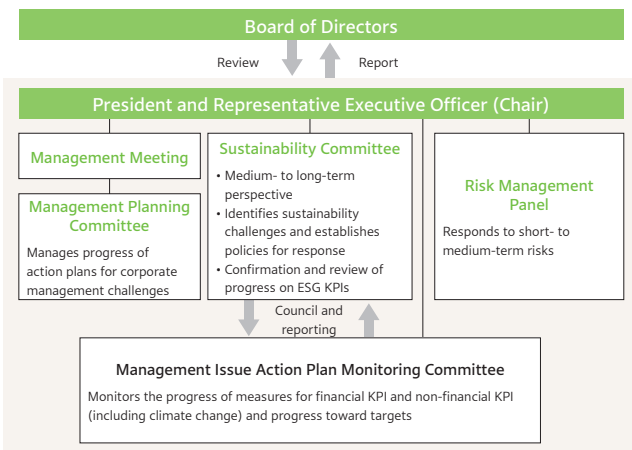
Risk Management

The president of each in-house company reports the progress and results of various measures for the important risks and opportunities identified through the climate-related scenario analyses to the Management Issue Planning and Monitoring Meeting, which is chaired by the President and Representative Executive Officer. In addition to the Monitoring Meeting, the overall progress of non-financial metrics and targets, including those related to climate, is communicated to the Sustainability Committee and reviewed. The Sustainability Committee reports this information and the content of their review to the Board of Directors.

Reference TCFD Risk Management

https://www.ebara.co.jp/en/sustainability/think/information/tcfid.html#sus2023_1

Climate-Related Governance Structure Chart



Strategy

We conducted climate-related scenario analyses for our five major target markets from the second half of 2021 to March 31, 2023. Based on these analyses, we anticipated changes related to climate change, identified important business risks and opportunities, estimated the financial impact, and considered countermeasures for each target market. The results of the climate-related scenario analyses were reflected in EBARA’s new medium-term management

Metrics and Targets

In December 2022, we published “Carbon Neutrality Efforts by the EBARA Group,” as a dedicated page on the Company’s website. Each in-house company and subsidiary, down to the department level, is applying measures to achieve this goal laid out in the action plan for E-Plan 2025. Each department is also setting its own goals, taking action and achieving progress. Furthermore, based on the scenario analysis results for each target market, each in-house company formulated an action plan for its non-financial management issues, including metrics and targets related to energy conservation, carbon neutrality, and adapting to climate change.

Reference Metrics and Targets

<https://www.ebara.co.jp/en/sustainability/think/information/tcfid.html#goal>

Future Initiatives

The Sustainability Committee is aiming to disclose progress towards non-financial metrics and targets in the next fiscal year. We will strive to improve the level of disclosure for all our non-financial indicators, including those related to climate change.

Realizing Data-Driven Management

Initiatives of the Data Strategy Team and the Diversity Project

Data Strategy Team

The team contributes to data-driven strategy formulation and decision-making. We are working to improve corporate value and optimize global business management, and each section is working collaboratively to implement corporate branding and human capital management, digital transformation utilizing cutting-edge data processing technologies such as AI and the metaverse, construction of a personal digital twin,^{*4} improvement of operational efficiency, and automation.

To realize a corporate culture that enables a wide range of human resources to feel the satisfaction and comfort essential for sustainable corporate growth as they go about their work, we are automating human resources decision-making

using our proprietary people analytics AI^{*5}. We are also working on getting ISO 30414 certification (guidelines for internal and external human capital reporting). To further encourage innovative thinking, we are conducting internal human resource development through reskilling courses on cutting-edge technologies such as AI at the University of Tokyo Metaverse School of Engineering.

^{*4}. Accurate reproduction of information, people, and physical objects in virtual space
^{*5}. AI that analyzes aptitude test, entry sheets, interview information, and classifies the results into different human resource types

Reference Data Strategy Team Special Website <https://dst.ebara-dx.com/en/>



The Data Strategy Team is comprised of ten sections, each of which is staffed by professionals with different areas of expertise. Every section works together to formulate and execute strategies to realize data-driven management.

In the VUCA (Volatility, Uncertainty, Complexity, Ambiguity) era where there are no right answers, corporations must make decisions and take action more flexibly and swiftly than ever before. In response, EBARA Corporation launched the Data Strategy Team under the direct control of the president in July 2022. Its purpose is to aim for data-driven management with optimal decision-making using facts and results-based data, as well as human imagination and creativity from data. To realize data-driven management, we need to be able to understand data from a variety of perspectives, so a culture of mutual respect for diverse

perspectives is critical. Therefore, the Company is promoting task diversity.*1

The Data Strategy Team is structured in a way that incorporates task diversity, a concept that is also the focus of the Diversity Project, which was launched at the same time. We are working beyond sectional boundaries so that many team members will become H-type*2 and π(pi)-type*3 human resources. We will aim to create innovative businesses while promoting the integration of our employees' knowledge.

*1. Invisible diversity such as in ability, knowledge, and experience

*2. Human resources who have one field of strong expertise who can act as a horizontal bridge to connect the expertise of others

*3. Human resources with expertise in two or more different fields

Examples of Section Initiatives

Ambassador Section

Our section is a team of specialists in the human resources field who perform everything from recruitment PR to onboarding after recruitment based on data-driven decision-making to realize task diversity. The role of ambassador was newly launched with people analytics in January 2023, and we select and place human resources who can take on challenges and make EBARA attractive. We will organically create psychologically safe spaces, sharing the appeal of diverse human resources and promoting their success.

Metaverse Section

We are planning to create personal digital twins in order to create a new business model for the metaverse. By creating our personalities in the metaverse, we can expand our abilities and intelligence regardless of time, place, physical ability or presence, and infinitely expand our business fields. By building a common global platform in the metaverse and creating an environment in which people can work comfortably, EBARA Corporation will achieve task diversity.

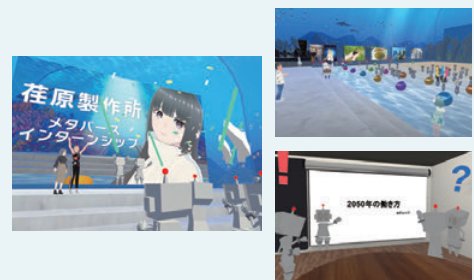
Diversity Project

To promote working environments that encourage challenge, one of the material issues set out in E-Vision 2030, we launched a project in January 2022 which reports directly to the president, and in July of the same year, we established a dedicated organization. We aim to realize a world where each individual can continue to work in their unique way by connecting their knowledge with that of diverse human resources in a data-driven way, leading to innovation. We are preparing a place to increase, discover, nurture, and connect diverse human resources through the Leader Creation School, which nurtures human resources who will lead diversity in the future, in addition to new employee training.

TOPICS

Held Job Offer Ceremony for New Graduates Hired in 2023 and for Interns who will Graduate in 2024 in the Metaverse

Participants created their own avatars and were able to discuss and make decisions freely based on the content of the discussions, without being influenced by such biases as gender, age, or status, thus leading to task diversity in a psychologically safe environment.



TOPICS

Held Diversity Training for Management and Directors

We held training in November 2022 to resolve the issues that hinder diversity, based on the results of an employee survey. We invited Rochelle Kopp, President of Japan Intercultural Consulting, to give a lecture, and held an active discussion on the four themes of diversity, psychological safety, unconscious bias, and servant leadership. Going forward, we will expand this training globally and enhance the diversity that EBARA is striving towards.

Technical Strategy and Strategic Table of Technological Capabilities



Dialogue How to Utilize the Strategic Table of Technological Capabilities

Connecting people with technology to solve problems with EBARA's R&D and manufacturing capabilities

Norihisa Miyoshi

Executive Officer,
Division Executive, Technologies,
R&D & Intellectual Property Division & CTO



Facilitator

Kazunori Suda

Division Executive, Marketing Division

New System to Accelerate Technical Development

Suda: E-Plan 2025, the new medium-term management plan, started this year. Please tell me your strategies and initiatives to utilize technology and human resources in line with the Strategic Table of Technological Capabilities.

Miyoshi: The CTO Office was newly established to create new value by managing the EBARA Group's technologies. The office has dozens of members from the technology and marketing departments of each in-house company. With this departmental variety, the members' background knowledge and experience becomes complex, but by using the symbols of the Strategic Table of Technological Capabilities, each member can understand each other's technical background, and communication is smoother. I believe that this will lead to higher-quality discussions, advance technology sharing, and generate synergies.

Technology by itself can't stand on its own, but a product is composed of many technologies. Until last year, I worked on the business side of things. To be honest, I thought it would be difficult to consider technology as a single element. However, after the Strategic Table of Technological Capabilities was completed, I found it very easy to understand, even from an outside perspective, and I can see why it's been praised so highly.

Nakazawa: From a manufacturing perspective, from among the production technologies connected on the Strategic Table of Technological Capabilities, we must properly maintain the six technologies of casting, machining, welding and joining, surface modification, pressing, and 3D. At Ebara Manufacturing Technology Advanced Center (EMTAC), one

of EBARA's prototype facilities, we can use this technology for experiments such as casting with various materials. I believe that one of EBARA's strengths is its ability to take advantage of such advanced prototyping technological capabilities even in the development stage. We share technology with both domestic and overseas bases with factory equipment, and work together to solve problems. Going forward, I would like to collaborate further with our overseas Group companies.

Suda: Mr. Miyoshi was the president of Ebara Environmental Plant until last year, after which he started work as CTO, but what kind of strategies do you want to execute for technology policy?

Miyoshi: R&D staff are good at understanding technology on a deep level, but I feel that business is somewhat outside of their typical field and there aren't opportunities to consider it. I would like to help create a system that allows people to interact with the information around them and learn organically how business is conducted. If you don't have any business experience, you won't have an awareness of it, so you might miss a good opportunity. I would also like to increase opportunities for R&D staff to interact with customers, get a sense for time and even nerves, and really understand the value of their work.

Connecting Technology with People to Swiftly Solve Problems

Suda: Starting this year, the Group has switched to a new corporate structure that focuses on target markets. One of the important points in a customer-oriented perspective is to act swiftly. Can you give any examples of such action?

Nakazawa: At EMTAC, the technology manufacturing hub, we aim to deliver a prototype within three days, and we treat our business departments like customers, listen to their feedback, and work to quickly deliver products that better meet their needs. Going forward, we will expand this system across the Company and increase development speed.

The EBARA Group has created and is continuously updating its Strategic Table of Technological Capabilities, which makes visual EBARA's core competencies of its technologies, and its technical talent map, which transforms such technology and technical personnel into data. The EBARA Group has a diverse variety of businesses, but they are all based on the Group's shared foundation of technology and manufacturing. Norihisa Miyoshi, who was appointed as CTO in March 2023, and Toshiharu Nakazawa, who is in charge of manufacturing, discussed the utilization and R&D of the Strategic Table of Technological Capabilities, and strategies and practices of manufacturing.

Toshiharu Nakazawa

Head of Production Process Innovation and Quality Assurance Department



Miyoshi: When I was working on the business side, I had a chat with Mr. Nakazawa, which helped me see a connection between the technology and the issue at hand, and we solved it very quickly. At Ebara Environmental Plant, we wanted to use a surface treatment with a corrosion-resistant material to extend the life of the grates used in stoker furnaces, but the challenge was the shape of the grate would deform when heat was applied. Mr. Nakazawa happened to ask me at the same time about a laser spray technology, but I wasn't actually aware if EBARA had such technology. When I asked about the details, I thought that it would be the perfect surface treatment for the grates. I then conferred with the people involved. We went and tested it, and now we are using the technology for the grates.

Nakazawa: Mr. Miyoshi happened to be near EMTAC and immediately went to go see the laser spray technology. From that conversation, we connected the dots and quickly solved the issue without a hitch. That was very interesting.

Suda: As you both mentioned, it is very important to increase points of contact between the R&D side and the business side.

Miyoshi: In the CTO Office, we are working to increase points of contact through organic discussions to share issues between customers and the Company. Just by looking at the Strategic Table of Technological Capabilities, you can't immediately tell if a technology will solve a problem, but if someone who understands the technology hears about your problem, they will instantly see the relationship between the two. I think it will be crucial to create opportunities for people to connect technology with problems.

Think Deeply and Expand Outlooks

Suda: How will the EBARA Group advance its technological strategies in the future?

Miyoshi: R&D for 2030 and beyond will require a structure that allows us to think about what EBARA should do for the future, not limited to just our existing businesses, and to continue to make proposals. Starting this year, we have examined various scenarios based on mega-trends and

started considering our future technology strategies.

We will consider introducing technology and external cooperation for the technologies EBARA doesn't handle, and incorporate these directions into an action plan. We will review this every year and polish it when necessary. Our semiconductor-related business, which has grown to become a pillar of our business today, originated from a project we started in 1985. We will build a system that will allow us to lay the groundwork for the next twenty or even thirty years.

Nakazawa: I believe that we must look ahead the same way for our manufacturing. For example, in casting, the basic manufacturing technology will stay the same, but we are in discussions about how to proceed with it. Previously, we made sand molds from wooden molds, but now we can make sand molds with 3D technology. We are creating a technology development roadmap and deliberating issues like if we can use environmentally friendly resins without CO₂ emissions, or if we can reimagine our processes to eliminate CO₂ emissions.

Miyoshi: We are thinking about where we are headed with medium- to long-term mega-trends, so we need to have a broader and more overarching perspective. People involved in our technology must share this perspective. If you look at the Strategic Table of Technological Capabilities, the elements are different colors. Going forward with this understanding, I would like to determine exactly what we should strengthen, how we should strengthen important areas, and how we should develop our human resources.

Nakazawa: EBARA's manufacturing business is diverse, and we have bases all over the world, so we will look at the big picture and explore our basic technology even further. I would like the managers on the ground to work with this kind of awareness, grow together, and establish this mindset as our corporate culture.

Suda: Our top two R&D and manufacturing executives will take the lead in strengthening EBARA's manufacturing, and we will strive to quickly release products that meet the demands of customers and the market, thereby putting EBARA's slogan, "Netsu to Makoto" (Passion and Dedication), into practice. Thank you for your time today.

Technical Strategy and Strategic Table of Technological Capabilities

The EBARA Group's Strategic Table of Technological Capabilities

	Infrastructure Company		Energy Company		Building Service and Industrial Company				
	Pr Planning & Proposal	Pj Project Management	Rc Refrigerating Compressor						
	Cm Construction Management	Pt Power Transmission Device	Cr Cryogenic Engineering	St Seal Technology	Hi Heat Integrated System	Rc Refrigerating Compressor	Es Embedded Software	Tg Timing Gear	Po Polish
	Qa Quality Assurance	Fl Fluid	Ch Chemistry	Sm Sliding Materials	Ea Electro-magnetic Analysis	Mw Motor Under Water	Pu Pump System	MI Magnetic Levitation	Cl Cleaning
	Ma Maintenance	Ei Electrical Instrumentation	Mt Material	Am Additive Manufacturing	Mm Motor Manufacturing	Sm Sliding Materials	So Systems Operation	Mo Motor Control	Mc Machining
Shared Technologies	Bt Bearing Technology	Va Vibration & Acoustics	Sd Structural Design	Na Numerical Analysis	Fd Fluid Machine Design	De Digital Engineering			
Common basic technologies	Ca Chemical Analysis	As Assembly	Cs Casting	Ie Industrial Engineering	Mc Machining	Pm Presentational Maintenance	Ps Production System	Pw Press Working	
	Ch Chemistry	Va Vibration & Acoustics	Fl Fluid	Ht Heat Technology	Mn Motion Control	Mt Material	Na Numerical Analysis	Xr Extended Reality	Ds Data Science

The New EBARA Group Strategic Table of Technological Capabilities

The EBARA Group has created five in-house companies to handle each of its target markets. Accordingly, we revised the EBARA Group Strategic Table of Technological Capabilities. The new EBARA Group Strategic Table of Technological Capabilities has been reorganized into core technology categories that show the features of the five in-house companies, technologies shared between multiple in-house companies, and technologies shared across the entire Company. Last year's table had 47 technologies, and has increased to 64 with this year's revisions, including new technologies related to heat, motors, and infrastructure equipment. We will work with "Netsu


to Makoto" (Passion and Dedication) in mind to contribute to society by making use of these technologies. The corporate research and production technology departments develop Company-wide technologies which support the core shared technologies of the five in-house companies. EBARA will utilize these technologies and their expert personnel to create new value and develop complex solutions in collaboration with the CTO Office team members. In addition to using the Strategic Table of Technological Capabilities for efficient human resource development, we will also apply it to revitalizing internal and external collaboration and joint development.

Creating Human Resources to Support Hydrogen-Related Technologies

Production

Turquoise Hydrogen

To realize a hydrogen society, we are developing a turquoise hydrogen production process with no CO₂ emissions by using methane raw materials such as natural gas and bio-gas. Based on the EBARA Group's core thermal, chemical, and analytical technologies, we are advancing technological development of catalysts, process condition construction at optimal temperature and pressure for reactions, and reactor development and design. We are working on process construction and collaborating with partners with the end goal of practical implementation of turquoise hydrogen in society.



Kenta Toyoshiba
First Section, Marketing Promotion Department, Marketing Division

Transportation

Hydrogen

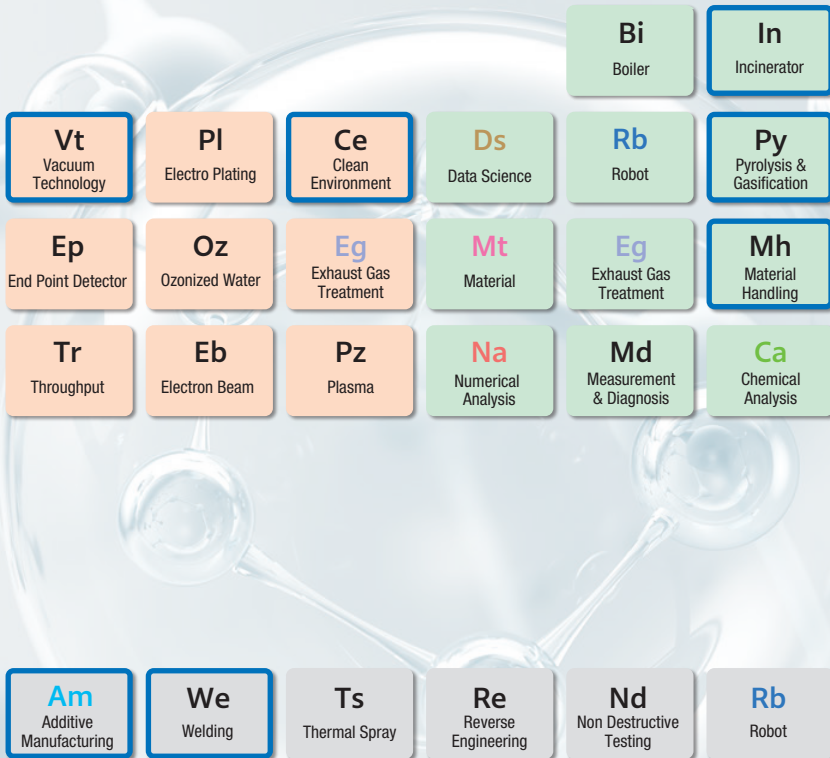
Through cross-business co-creation and generation of synergies, we aim to create a unique EBARA hydrogen business in the fields of production, transportation, and implementation. EBARA's cryogenic engineering, fluid technology, vibration and acoustic technology, numerical analysis technology, material technology, pump system technology, and digital engineering are developed and integrated to create unique new products and contribute to the creation of a hydrogen society.



Kei Watatsugu
Technology Development Unit, CP Hydrogen Business Project, Corporate Project Hydrogen Technology (Rotating Machinery) Group

Precision Machinery Company

Environmental Solutions Company



Meaning and Technology Indicated by Symbols

Example: Mt (Material)

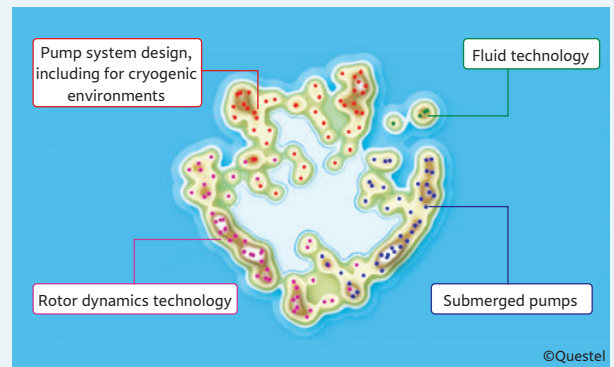
- Mt** Material: Environmental Company: Technologies related to the selection of optimal materials, evaluation and diagnosis, and the development of new materials in the high-temperature corrosive environment unique to waste incinerators and biomass boilers
- Mt** Material: Common basic technology: Basic and applied technologies related to corrosion protection, sliding and wear, and structural strength of metallic materials
- Mt** Material: frame: Hydrogen-related technology
- Mt** Material: Colored text: Multiple of the same symbol

The EBARA Group acquires and forms its unique material technologies by conducting research and development on materials that adapt to special environments (high temperature, corrosion, sliding, fluid, etc.) in which EBARA products are used in combination with its fluid technologies and vibration technologies

The detailed Strategic Table of Technological Capabilities will be updated and published on the Company's website in October 2023.

Hydrogen-Related Technology Development Utilizing Core Technologies

The CP Hydrogen Business Project was launched in August 2021 with the purpose of creating optimal technology across fields by combining new technologies based on the core technologies cultivated through R&D, as well as taking on the challenge of the production technologies of the five EBARA in-house companies and corporate headquarters. Going forward, we will increase the number of new core specialized technologies for hydrogen-related businesses, create new symbols in the Strategic Table of Technological Capabilities for such businesses, and work toward the practical application in society of clean hydrogen-related technologies across all fields of production, transportation, and implementation.



Hydrogen-Related Business Patent Map

The above map shows just some of the patents the Company holds in Japan for its pump technologies that make up the foundation of the hydrogen-related business. By applying EBARA's cultivated technologies, such as for pump system design, rotor dynamics, submerged pumps, fluid technology, cryogenic technology, and more, we were able to quickly develop relevant technologies for hydrogen-related business such as liquid hydrogen booster pumps. At EBARA, we use IP landscapes, including this patent map, to assist various activities such as analyzing the patent value by business and making technical personnel more visible.

Implementation

Space

We will help realize low-cost, easy-to-use space transportation, and environmentally friendly new options such as hydrogen aircraft by applying the rotor technology that we have refined over the more than 110 years since EBARA's founding. By taking on the challenge of development, EBARA will further enhance its strengths in fluid technology, vibration, materials and production technology, and apply these strengths to land-based general industries, thereby contributing to the realization of a sustainable society.



Hideki Fujieda

Technology Development Unit, CP Hydrogen Business Project, Corporate Project Aerospace Technology Group

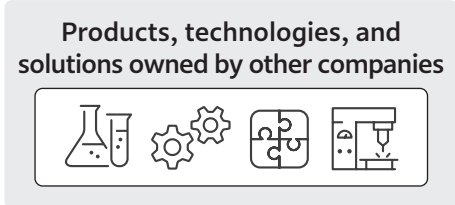
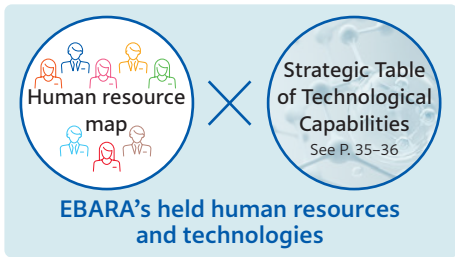
New Businesses

E-Plan 2025 Basic Policy 2 (New Value Creation)

Strategies and Initiative Policies

Internal and External Collaboration and Utilization of Joint Development

We will steadily conduct initiatives to create new businesses while visualizing the EBARA Group’s technologies and human resources as well as forming business alliances with other companies.



Customer-driven marketing		Creating new value (Main initiatives)
Social challenges <ul style="list-style-type: none"> • Energy transitions • Increasing demand for commercial rockets • Recycle plastic waste as a resource 	Hydrogen	<ul style="list-style-type: none"> • Liquid hydrogen transportation, turquoise hydrogen Construction of hydrogen supply chain • Rocket/aircraft engine fuel feeding pumps Support the growth of the commercial rocket market and hydrogen aircraft market for satellite applications • Chemical recycling Re-source waste plastics to petroleum and chemical feedstock
<ul style="list-style-type: none"> • Increased demand for marine resources • Seawater pollution • Biodiversity 	Marine	<ul style="list-style-type: none"> • Land-based aquaculture
<ul style="list-style-type: none"> • Development of biotechnology 	Bio	<ul style="list-style-type: none"> • Structural protein materials • Regenerative medicine • Cultured cell meat
<ul style="list-style-type: none"> • Water shortage problem • Global warming problem 	Ecosystem and GX*	<ul style="list-style-type: none"> • Water supply for Africa

* GX: Green Transformation

Ecosystem and GX

Strategy Overview

Environment

Water shortages have become a global problem due to population growth and climate change. We will build a sustainable water supply business model that meets the needs of the countries our business serves.

GX

Greenhouse gas emissions are the biggest contributor to climate change. Green transformation (GX) is a form of change to reduce greenhouse gas emissions and connect these reductions to opportunities for economic growth. EBARA is developing technologies for GX and is also developing new businesses.

Progress

Ecosystem: WaterKiosk® Water Supply Business

In 2021, the EBARA Group entered into a sponsorship agreement to support the drinking water supply business in Kenya through WaterKiosk®, developed by Boreal Light, a German start-up. We are providing safe, clean drinking water to communities such as schools for children with disabilities by installing water purification units that use EBARA’s pumps.



GX: Development of a Turquoise Hydrogen Production Process

We use hydrocarbon (methane) as a raw material through a cyclical process that continuously carries out dry methane reforming, hydrogen separation, and carbon capture, and we are developing a hydrogen and carbon production system utilizing reaction field separation (turquoise hydrogen production technology) that enables hydrogen production without generating carbon dioxide. Continuing on our work from 2021–2022, it has also been adopted for the NEDO project which started in 2023. Through this business, we aim to implement these processes within society while seeking out new collaborative partnerships.

Marine

Strategy Overview

We will solve social issues such as increasing demand for fish due to population growth, expansion of marine aquaculture and lack of suitable sites, overfishing and lack of resource management, and decline in natural fish catches due to climate change. We will do this by supporting sustainable methods, such as increasing the number of people raising fish through inland recirculating aquaculture systems (RAS). Specifically, we will become a one-stop shop for RAS necessities, thereby lowering the hurdles required to enter into the aquaculture business and contributing to its industrialization.

Social Issues

Increase in demand for fish due to population growth

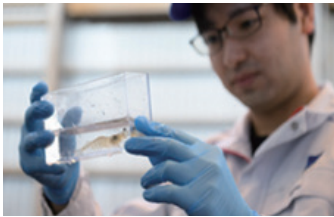
Expansion of marine aquaculture and lack of suitable sites

Overfishing and lack of resource management; decline in natural fish catches due to climate change

Progress

1 Establishment of Internal Testing Facilities

We established testing facilities at the Sodegaura Plant and started a shrimp breeding experiment.



2 Entered into Partnerships while Considering the Entire Value Chain

EBARA entered into capital and business partnerships with Regional Fish (specializes in high-growth breeding) and Sakana Farm (specializes in farmed fish branding). We received the Japan Open Innovation Prize in 2022 through our collaboration with Regional Fish, NTT, and Dentsu.



3 EBARA's First Production and Sale of Fish

We conducted fish product planning and sales activities for general consumers, including with e-commerce and commercial facilities in Ginza, Tokyo.



Bio

Strategy Overview

We provide process solutions for decarbonization and water and energy resources that help reduce environmental impacts. By utilizing EBARA's technology, we will develop culture process equipment that meets customer needs, and contribute to the biomass industry.

Social Issues

Decarbonization:
Realize a society that does not depend on petroleum products

Protein crisis:
Reduce the environmental load of protein production

Consideration for food safety and animal welfare

Progress

1 In-house Biolab Cell Culture Testing

We will develop equipment and devices for culturing in EBARA's laboratory.

2 Cell Agriculture

We will work to improve the efficiency of cultured meat production systems, through joint development with our partners, and of cellular food-related equipment and consumables.

3 Fermentation and Culture Process Development

Using EBARA's strengths in heat and fluid technology, we will promote culture process solutions with each of our partners, and develop new equipment and expand into the biomass industry.

New Businesses

Hydrogen and Aerospace Corporate Projects and CP Hydrogen-Related Business Strategy Overview

Strategy Overview

A total of 144 countries have declared that they will achieve carbon neutrality by 2050, and preliminary calculations indicate that 18% of those carbon neutral measures will use hydrogen. Approximately 60% of this is said to be derived from renewable energy, with about 40% from fossil fuels that do not emit carbon dioxide. With clean hydrogen production growing significantly, the countries around the world that export and import hydrogen are becoming clearer, and an increasing number of countries are both producing and consuming hydrogen within their own borders.*

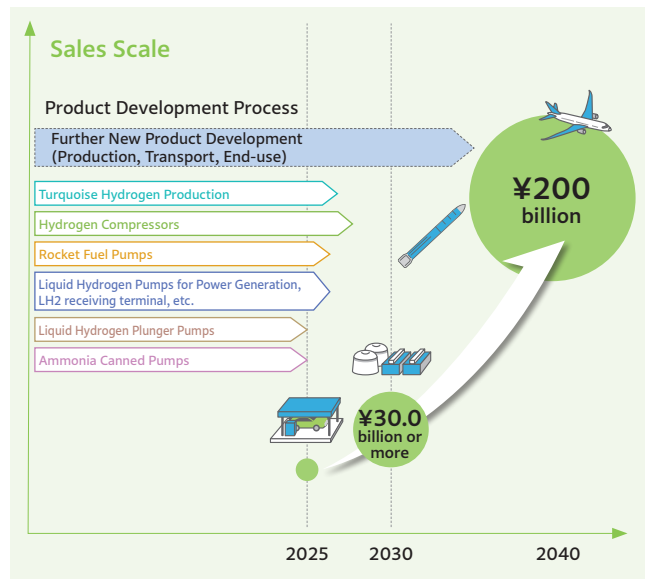
To contribute to the world's rapidly growing hydrogen market, the EBARA Group is striving to implement clean hydrogen-related technologies in society throughout the fields of production, transport, and end-use. For production, hydrogen is made through the gasification of waste plastic, and turquoise hydrogen is made by

separating hydrogen and carbon from methane. For transport, we are developing liquid hydrogen pumps and hydrogen compressors, which are critical for large-scale supply chains. For end-use, we are working on a wide range of hydrogen market fields such as power generation, industry, mobility, and construction, hydrogen supply equipment for refueling stations, hydrogen-fired absorption chillers and heaters, and fuel supply pumps for hydrogen-powered aircraft. We will also contribute to improving information communication by applying the expertise we have cultivated in cryogenic technology, particularly for applications involving liquid methane and liquid hydrogen etc., to supply fuel pumps for commercial rockets used in satellite launches. We are creating the society of the future and trailblazing new roles for EBARA to take on.

* According to the IEA report

	Helpful	Harmful
Internal origin	Strengths <ul style="list-style-type: none"> World-class core technologies such as compressors and cryogenic pumps Synergies with our five in-house companies Sales network in Japan and around the world Companywide momentum for fostering new businesses 	Weaknesses <ul style="list-style-type: none"> Lack of human resources who can take on the challenge of new businesses
External origin	Opportunities <ul style="list-style-type: none"> Paris Agreement (global long-term goal of 2°C) Hydrogen use promotion at the G7 Summit in Hiroshima ¥15 trillion in public and private investment over 15 years as called for in revised Basic Hydrogen Strategy (Japan) Projects to build large-scale supply chains and for utilization are steadily growing in countries around the world Cheaper renewable energy 	Threats <ul style="list-style-type: none"> Global conflict that leads to slowed decarbonization momentum Delayed development of hydrogen-related technology

Business Scale Growth

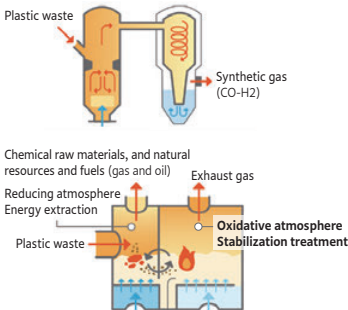


Production

Transport

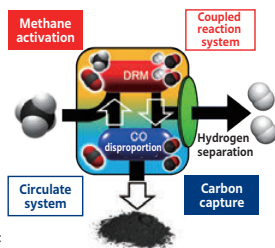
Hydrogen Production from Waste

EUP®*1 and ICFG®*2 for hydrogen production and gasification



Turquoise Hydrogen Production

Simultaneous production of CO₂-free hydrogen and solid carbon through methane pyrolysis

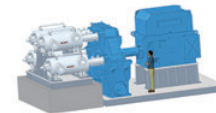


Hydrogen Gas Compression

Hydrogen compressor with a great track record



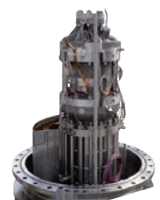
Flex-Op™ compact hydrogen compressor arrangement



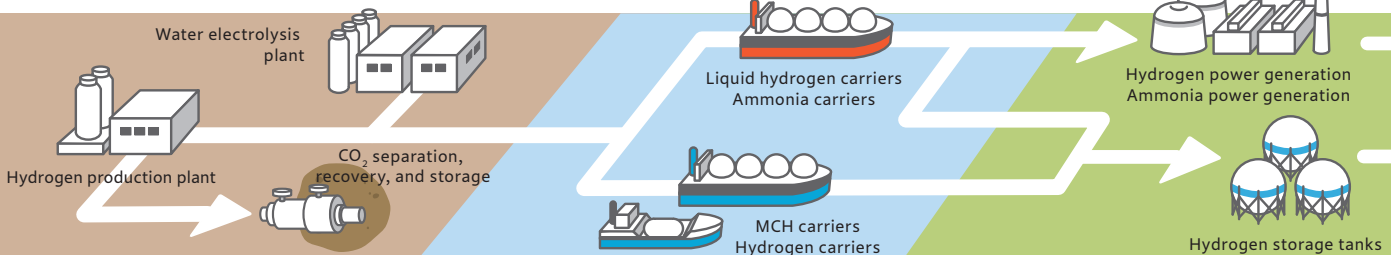
Applications: Hydrogen gas transport pipelines, hydrogen liquefaction plants, etc.

Liquid Hydrogen Transport

World's first centrifugal liquid hydrogen fuel supply pump, essential for hydrogen-powered gas turbines



Applications: Hydrogen power generation, hydrogen liquefaction plants, liquid hydrogen receiving terminals



*1 EUP is a trademark of UBE Corporation and EBARA Environmental Plant in Japan
 *2 ICFG is a trademark of EBARA Environmental Plant in Japan

Progress

Hydrogen
Successfully Developed World's First Liquid Hydrogen Booster Pump

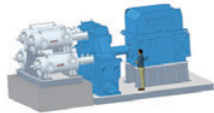
We have successfully developed a pump which supplies liquid hydrogen at -253°C. This critical piece of equipment is used in hydrogen power generation as well as large-scale production and storage processes. We will support the creation of a hydrogen supply chain by utilizing our technologies and our 111 years of experience. Currently, we are working with our stakeholders, both in Japan and overseas, with the aim of marketing this pump from 2025 onward.



Liquid hydrogen booster pump

Hydrogen Compressors (Flex-Op™*)

By using the compressor technologies held by Elliott, we developed the Flex-Op™ hydrogen compressor arrangement. We are currently developing a large-capacity, high-purity



Flex-Op™

hydrogen compressor suitable for liquefaction of hydrogen and pressurized transport of hydrogen gas. We will contribute to the compressed hydrogen gas market by making efforts towards rotor acceleration, miniaturization, and power conservation.

Participation in the Spring Int'l Hydrogen & Fuel Cell Expo

EBARA exhibited at the largest hydrogen-related expo in Japan. Participants included a wide variety of companies with all kinds of technologies and concepts related to hydrogen implementation, and we shared the EBARA Group's hydrogen-related technologies and commitments. We are aiming to generate synergies through co-creation with external stakeholders with similar ambitions and create a unique hydrogen business at EBARA throughout the hydrogen supply chain.



Ebara Booth @ FC Expo, Spring 2023

* Flex-Op™ is a trademark of Elliott Group Holdings in the United States.

Aerospace
Proposal Selected for JAXA Space Exploration Innovation Hub Center Project



Concept of a pump mounted on space equipment

In collaboration with JAXA and Mitsubishi Heavy Industries, Ltd., we are jointly researching and developing a high-speed rotation canned motor pump with the research theme "Electric centrifugal pump capable of pressurizing corrosive fluids without external leakage," one of the targets of JAXA's Space Exploration Innovation Hub Center.

Started Development of an Electric Pump for Rocket Engines

Engine-mounted pumps are said to be particularly difficult, even within the rocket technology field, but they play a critical role, like that of the heart, and send fuel and oxidants to the combustion chamber. We are conducting development, such as the electrification of engine pumps, with the end goal of full-scale commercialization to contribute to the improvement transport.



Electric engine pump concept

Water Flow Test for Rocket Engine Turbo Pump

In an elemental test of pump performance, we conducted a water flow test of the turbo pump for the ZERO microsatellite launch vehicle engine. We are jointly



Water flow testing site

conducting R&D on this with Muroran Institute of Technology and Interstellar Technologies, Inc. From this test, we were able to acquire the necessary data for pump efficiency and boost performance.

Use

Ammonia Hydrogen Carriers

Environmentally friendly no-seal, no-leak ammonia pump (pot type, in-tank type)



Applications: Ammonia production plants, ammonia power generation

Pumps for Hydrogen Refueling Stations

Highly efficient liquid hydrogen plunger pumps expected for hydrogen refueling stations for large and commercial venues



Hydrogen Gas Driven Absorption Chiller / Heater

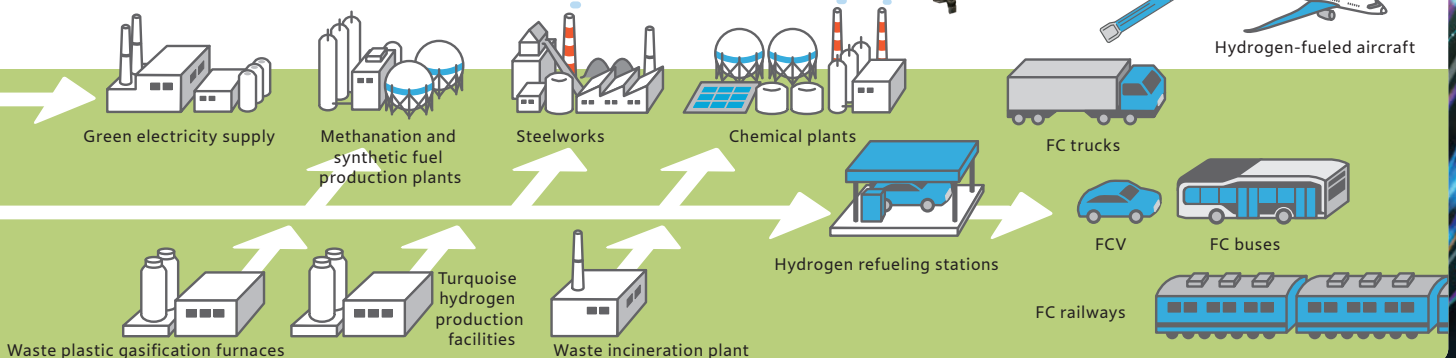
Next-generation chiller and heater using hydrogen as a heat source with zero CO₂ emissions during fuel combustion



Rockets



Hydrogen-fueled aircraft



Building Service & Industrial Company

We will provide solutions that utilize our wide range of products and realize value creation from the customer’s perspective

Shu Nagata

Executive Officer
President, Building Service & Industrial Company



In the fiscal year ended December 31, 2022, the Standard Pumps Business acquired a pump manufacturer in North America, expanded its overseas bases, and created new business by developing precision chillers for semiconductor manufacturing equipment. As a result, despite major external environmental changes, such as rising raw material costs and difficulties in procurement of parts, we achieved increases in sales and operating profit.

Based on the achievements and remaining challenges of E-Plan 2022, in January 2023, we reorganized the in-house company structure from product-based to target market-based segments and launched a new medium-term management plan, E-Plan 2025. To face the market more directly and create

value from the customer’s perspective, we believe it is crucial to understand the actual and potential issues from their standpoint and provide solutions to resolve them.

The Building Service & Industrial Company will promote the global expansion of acquired companies’ products and enter into industrial markets where we expect growth and will provide new solutions that contribute to carbon neutrality. For example, instead of following the conventional model of selling single products, we will offer energy saving solutions through the combination of products such as pumps, chillers, and fans. We aim to build a high value-added business model that moves away from focusing overly on product sales.

SWOT Analysis

Strengths

- Fluid, numerical analysis, material, analytical, and other fundamental technologies
- Capability for developing highly efficient, high-quality, and highly reliable products
- Diverse global employee base and network
- Strong presence in Asia and South America
- Wide range of products

Weaknesses / Challenges

- Strengthen marketing capabilities to incorporate customer needs, transform business model away from focusing on product sales
- Strengthen organic collaboration between overseas bases
- Expand lineup of products matched to overseas and industrial market specifications and needs
- Integrate standard pumps, chillers, and fans businesses, which were separate entities before this year

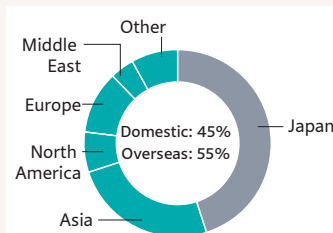
Opportunities

- Increase in water demand attributable to population and economic growth in emerging countries
- Increase in collective housing and buildings due to population concentration in cities
- Increase in demand for irrigation and drainage equipment due to climate change
- Increase in demand due to growth in advanced industries such as semiconductors
- New opportunities arising from industrial structure changes occurring in conjunction with decarbonization and progress in 5G, IoT, and other technologies

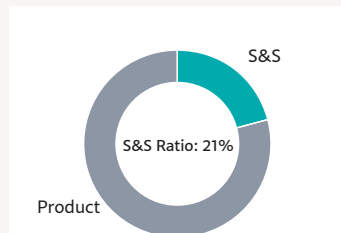
Threats

- Intensification of price competition stemming from domestic market contraction
- Increased competition due to maturity of technologies and improvement of technological capabilities of emerging manufacturers
- Supply chain disruptions due to geopolitical risks

Revenue by Region



S&S Revenue Ratio



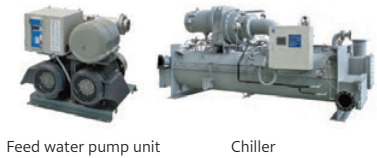
Main Target Markets and Products

Main Target Markets	Main Products
<ul style="list-style-type: none"> • Building equipment • Industrial equipment 	<ul style="list-style-type: none"> • Standard pumps • Chillers • Fans • Cooling towers

Main Achievements and Market Share
<ul style="list-style-type: none"> • Standard pumps: #1 domestic share • Cooling towers: #1 domestic share

Note: EBARA survey

Note: The above graph displays actual figures for the first quarter of the fiscal year ending December 31, 2023.

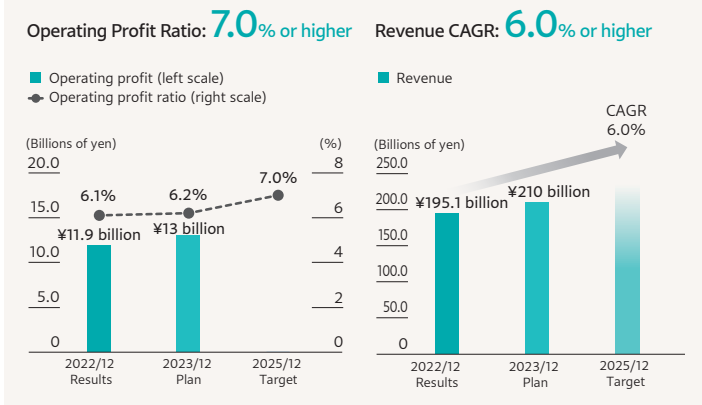


Business Strategies of E-Vision 2030 and E-Plan 2025

Business Vision (E-Vision 2030)

We will aim to be a solution service provider that solves water supply and thermal energy issues in the building and industrial equipment markets.

Numerical Targets of E-Plan 2025



Basic Policies of E-Plan 2025

- Aim for further business growth by providing new solutions combining pumps, chillers, and services from the customers' perspective in the building and industrial equipment markets
- Upgrade and streamline tasks and business management through DX

Basic Strategies of E-Plan 2025

- Strengthen solution business
- Capture (overseas) growth markets
- Rebuild global business infrastructure

Financial Targets of E-Plan 2025

2025/12 Target	2022/12 Results	Future Initiatives
Profitability Operating profit ratio: 7.0% or higher	6.1%	<ul style="list-style-type: none"> • Provide solutions that utilize new technologies such as low environmental impact technology and cloud monitoring • Global rollout of acquired products and expand scale of overseas sales by entering the industrial market • Improve profit margin by strengthening entry into high value-added and growth areas • Launch and expand sales of new products that meet regional needs • Strengthen response to supply chain risks by refining procurement and production systems
Growth Potential Revenue CAGR 2022-2025: 6.0% or higher	¥195.1 billion	

Non-Financial Goals, KPIs, and Targets of E-Plan 2025

The Building Service & Industrial Company has the opportunity to contribute to a broader and more sustainable society, so we have set KPIs for energy-conserving products and technologies that reduce environmental impact, as we work to provide stable water supply to diverse regions.

Related Materiality	2025 Outcome Goals	KPIs	2025/12 Targets	2022/12 Results	Measures and Future Initiatives
1 	Reduce GHG emissions	Unit sales of energy-saving, highly efficient products	15% increase compared to 2022	—	Launch and expand sales of products that reduce GHG emissions
	Deliver water to 500 million people	Unit sales of solar pumps	50% increase compared to 2022	—	Expand product lineup and sales focused in South America and Africa
		Unit sales in emerging countries	40% increase compared to 2022	—	<ul style="list-style-type: none"> • Establish new bases in Africa, South America, etc. • Launch and expand sales of products that meet the differing needs of each region

Energy Company

We aim to become the best solution provider in the energy sector and to play a leading role in building a sustainable society

Takanobu Miyaki

Executive Officer
President, Energy
Company



The main target markets of the Energy Company include oil and gas and electricity, as well as next generation energy sources such as hydrogen and ammonia, and we have integrated what was previously known as the Custom Pumps Business and the Compressors and Turbines Business to create a new organizational structure. Based on our market-in perspective to meet our customers' needs, we are aiming to become the best solution provider of the quickest, most efficient solutions.

2023 marks the first year of E-Plan 2025, the theme of which is creating value from the customers' perspective, and we are striving to transform new growth businesses to handle the changes of our customers and society. We will implement organizational business reforms and work to further improve profitability of our existing businesses,

while also establishing new business models in the sustainability and service areas to lead the shift to renewable energy and contribute to decarbonization.

To realize these goals, we will utilize our special fluid (gas and liquid) pumping technology, as well as cryogenic technology, that we have cultivated in our pumps, compressors, and turbines businesses. We will also take advantage of our global business foundation with a network reinforced by business reorganization. We will actively pursue product and technology development for next-generation energy markets, such as hydrogen and CCUS, as well as decarbonization markets. We are determined to provide new value to customers and society in addition to new growth for the Company.

SWOT Analysis

Strengths

- Abundant track record and cultivated trust for use in important equipment such as compressors for LNG and ethylene, turbines, custom pumps
- Close proximity to end users; engineering, procurement, and construction (EPC); and process licensors
- Comprehensive, high-quality service and support
- Excellent high-speed rotator machine technology, super high-temperature technology, and materials technology

Weaknesses / Challenges

- Reliant on volatile markets such as oil and gas
- Need to build a system and implement measures to ensure we take advantage of opportunities for the shift to renewable energy
- Business integration of custom pumps and compressors and turbines, which were separate before this year

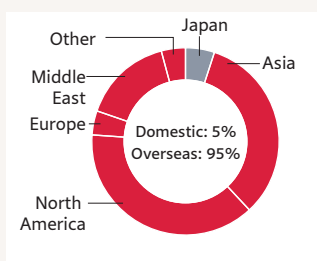
Opportunities

- Increased demand for LNG in the short- to medium-term
- Increased demand for fossil fuels in line with population growth in emerging countries
- Growth in renewable and new energy markets such as CCUS, hydrogen, geothermal, and ammonia
- New S&S demand due to lack of personnel, aging population, and aging equipment at customer facilities and plants

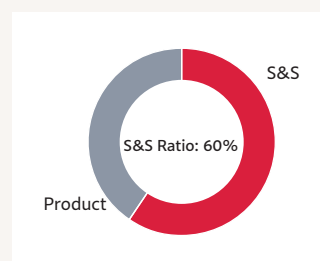
Threats

- Uncertainty in the oil and gas market due to geopolitical risks
- Possibility of the oil and gas market shrinking over the medium- to long-term
- Increased costs for procurement and manufacturing due to geopolitical risks
- Intensifying price competition due to maturation of technology and improved technological capabilities of competitors

Revenue by Region



S&S Revenue Ratio

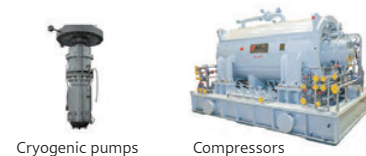


Main Target Markets and Products

Main Target Markets	Main Products
<ul style="list-style-type: none"> • Oil and gas • New energy 	<ul style="list-style-type: none"> • Electric power • Custom pumps • Compressors and turbines
Main Performance and Industry Share	
<ul style="list-style-type: none"> • Top global share in LNG pumps and expander manufacture • Top global share in oil and gas plant (downstream) compressors 	

Note: EBARA survey

Note: The above graph displays actual figures for the first quarter of the fiscal year ending December 31, 2023.

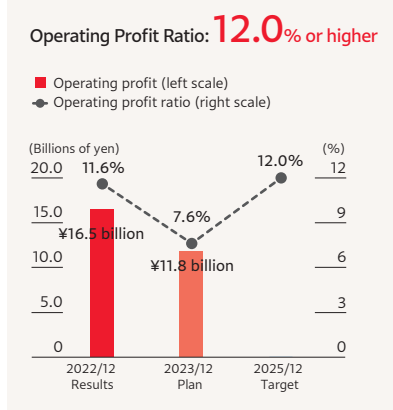


Business Strategies from E-Vision 2030 and E-Plan 2025

Business Vision (E-Vision 2030)

In the energy field, we are striving to become the best solution provider by offering excellent equipment and after-sales services. We will also simultaneously play an active and leading role in building a sustainable society.

Numerical Targets of E-Plan 2025



Basic Policies of E-Plan 2025

- Establish new business models in the areas of sustainability and services to lead the shift to renewable energy and contribute to decarbonization
- Make structural reforms to further improve profitability in existing business areas
- Integrate compressors, turbines, and custom pumps to deliver new value to customers and markets

Basic Strategies of E-Plan 2025

- Continue strategic order acceptance in order to improve profitability in existing markets
- Complete preparation to introduce new solutions to market by utilizing our sophisticated technology and experience
- Optimize the Energy Company from the beginning and rebuild the engineering system and production system from a Groupwide perspective
- Optimize service resources for custom pumps and compressors & turbines, and develop and advance market introduction of new service and support (S&S) business

Financial Targets of E-Plan 2025

2025/12 Target	2022/12 Results	Future Initiatives
Profitability Operating profit ratio: 12.0% or higher	11.6%	<ul style="list-style-type: none"> • Accelerate investment in human resources and R&D for new technologies and manufacturing technologies to complete preparations for market introduction of new solutions; simultaneously realize solutions that combine pumps and compressors (CCS/CCUS systems, etc.) and hydrogen compressor solutions • Work towards structural reforms of S&S global bases including closing unprofitable bases, expanding flagship bases, and opening new bases to optimize personnel allocation and bases • Aim to improve profitability by continuing the policy of selective order acceptance

Non-Financial Goals, KPIs, and Targets of E-Plan 2025

The energy business holds a wide range of opportunities for us to contribute to creating a sustainable society. We have set KPIs for many approaches, including activities aiming for the stable supply of energy in diverse regions and expansion into the new energy field. Here are some of the KPIs.

Related Materiality	2025 Outcome Goals	KPIs	2025/12 Targets	2022/12 Results	Measures and Future Initiatives
	Reduce GHG emissions	Development and sales promotion of new pumps (ammonia pumps, injection pumps, etc.) for the decarbonization market	100% achievement of commercialization and sales targets	Continued product development	Introduce products that reduce GHG emissions to the market and expand sales
		Development of new compressors for the decarbonization market	100% achievement of commercialization	Completed concept design	Promote R&D including resources

Infrastructure Company

We will continue to contribute to the realization of a sustainable society in public markets both in Japan and overseas

Teruyuki Ota
Executive Officer
President, Infrastructure
Company



The Infrastructure Company is aiming to contribute to society through the development of social infrastructure centered on large-scale pumps and fan equipment for Japan and overseas. Since EBARA's founding in 1912, we have delivered a large number of pumps and equipment for water supply and sewage facilities in the agricultural field, river drainage pumps for flood prevention, large fan equipment for road ventilation, and more. Going forward, in Japan's infrastructure market, in which there are concerns about rapid simultaneous infrastructure deterioration, we will leverage our extensive construction experience to proactively develop technologies to meet the needs of our customers and expand our market share.

Overseas, we expect an average annual market growth rate of 4.9%. We will incorporate engineering technology that has been well received in Japan and proceed with business development in collaboration with our overseas bases. Over the next three years, we will carefully evaluate growth markets and find ways to expand our success while ensuring profitability. Currently, climate change is causing extreme weather around the world and threatens people's safety, and immediate response is needed. With EBARA's mission of supporting social infrastructure in mind, the Infrastructure Company will serve as a public institution for society and continue to contribute to the realization of a sustainable society.

SWOT Analysis

Strengths

- Extensive delivery track record (#1 share in Japanese public infrastructure pumps)
- One of Japan's leading service networks (EBARA bases and agency network)
- Experience in construction and delivery of huge projects in Japan and overseas
- Large pump factory and testing facilities with world-class production technology

Weaknesses / Challenges

- Securing qualified engineers for domestic businesses
- Foundation for acquiring overseas products and strengthening of resource needs
- Need to develop new refurbishment technology for aging facilities

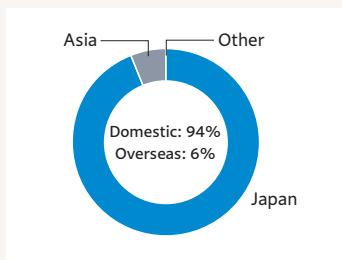
Opportunities

- Increased demand for reconstruction and maintenance of aging social infrastructure in Japan
- Increases in infrastructure investment in conjunction with rising water demand attributable to population growth and urbanization in East and Southeast Asia
- Acceleration of infrastructure investment in North America
- Increased demand for disaster prevention and mitigation equipment for water-related disasters due to extreme weather

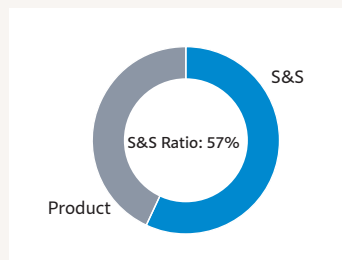
Threats

- Changes in the competitive environment in the domestic market
- Intensifying price competition in overseas markets
- Supply chain disruption due to world affairs

Revenue by Region



S&S Revenue Ratio



Main Target Markets and Products

Main Target Markets	Main Products
<ul style="list-style-type: none"> • Water infrastructure 	<ul style="list-style-type: none"> • Custom pumps • Fans
Main Achievements and Market Share	
<ul style="list-style-type: none"> • #1 domestic share in pumps for draining pumping stations • EBARA pumps installed at more than 1,000 drainage pumping stations in Japan 	

Note: EBARA survey

Note: The above graph displays actual figures for the first quarter of the fiscal year ending December 31, 2023.



Drainage pump facility

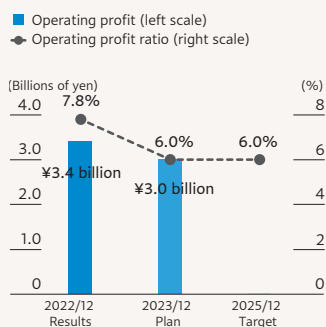
Business Strategies of E-Vision 2030 and E-Plan 2025

Business Vision (E-Vision 2030)

In the areas of water, air, and the environment, we are striving to make social and industrial infrastructure more efficient and resilient by innovating our products and services, and to realize a sustainable society where people around the world can live comfortable and abundant lifestyles.

Numerical Targets of E-Plan 2025

Operating Profit Ratio: **6.0% or higher**



Basic Policies of E-Plan 2025

- Japan:** Strengthen product development capabilities in collaboration with production plants to maintain a substantial market share of stable public demand and revenue
- Overseas:** Identify growth markets and create new value using pump equipment, peripheral technologies, and engineering technologies

Basic Strategies of E-Plan 2025

- Expand market share in the domestic pump market
- Deepen overseas pump market and secure profit
- Improve productivity in Japan and overseas

Financial Targets of E-Plan 2025

2025/12 Target	2022/12 Results	Future Initiatives
Profitability Operating profit ratio: 6.0% or higher	7.8%	Domestic <ul style="list-style-type: none"> Domestic infrastructure is entering an era of major renewal, and demand for reconstruction and maintenance will continue to increase, so we will aggressively pursue business opportunities based on our abundant construction track record and technological development to maintain a high market share and secure stable revenue Use digital transformation and IoT technologies to respond swiftly to the rapidly increasing number of aging infrastructure facilities Overseas <ul style="list-style-type: none"> Focusing on East Asia and Southeast Asia, with China and Vietnam at the center, where our production bases are located, we will expand the engineering technology that we have refined in Japan to our overseas bases and strengthen our competitiveness Strengthen collaboration between production bases and achieve product development, prices, and delivery times that meet market demands

Non-Financial Goals, KPIs, and Targets of E-Plan 2025

The Infrastructure Company aims to provide total solutions to resolve issues related to climate change, thereby realizing a sustainable society where people around the world can live in safety, security, and comfort.

Related Materiality	2025 Outcome Goals	KPIs	2025/12 Targets	2022/12 Results	Measures and Future Initiatives
1 	Protect people's safe and secure lives from disasters through stable operation of pump equipment	Total drainage capacity of pumps delivered in the disaster prevention field (drainage volume per second)	145m ³ /s	—	<ul style="list-style-type: none"> Expand share of pumps delivered in the domestic disaster prevention field Deliver pumps in the overseas disaster prevention field using engineering technologies cultivated in Japan
	Reduce GHG emissions	Number of units sold of products with low environmental	50	—	Develop and market high-efficiency pumps to reduce environmental impact and contribute to customer profits

Environmental Solutions Company

We will change the concept of waste by providing resource circulation solutions to realize a sustainable society

Hideki Yamada
Executive Officer
President, Environmental Solutions Company



Under the long-term vision E-Vision 2030, the Environmental Solutions Company has been strengthening its activities to become a resource circulation solutions provider for a wider range of fields, with the construction and operation of waste treatment plants as its core business.

To realize carbon neutrality in 2050, resource circulation will be crucial in addition to a circular economy, which will require the introduction of cutting-edge technology and new systems. In addition, businesses now need to understand their dependence on and impact on biodiversity, and to fulfill their responsibilities to ensure its conservation and restoration. As the environment surrounding companies changes in these ways, we are strengthening our efforts to provide

resource circulation solutions, which are becoming increasingly important.

To add even further value to our core businesses and provide customers with safe, secure and stable operations, we will accelerate the development of new technologies utilizing AI, ICT, and robot technologies as we strengthen and implement new initiatives to enable resource circulation such as chemical recycling of waste plastics. Our goal is to realize the trinity of resource recycling, carbon neutrality, and Nature Positive* to achieve a sustainable society.

* Nature Positive: Reducing negative impacts on the natural environment caused by corporate and economic activities, and restoring natural capital, including biodiversity.

SWOT Analysis

Strengths

- Integrated system for providing services ranging from engineering and construction to operation and maintenance (O&M)
- Track record of constructing more than 400 plants in Japan and overseas utilizing a wide range of incinerator technologies
- O&M expertise founded on industry-leading operation contracting track record
- Cutting-edge plant operation initiatives employing AI and ICT
- Gasification technologies related to chemical recycling

Weaknesses / Challenges

- Dependence on public infrastructure industry in Japan
- Geographic overconcentration of customers
- Labor-intensive facility operation businesses

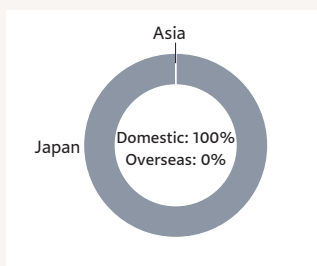
Opportunities

- Reconstruction and upgrade demand stemming from aging waste treatment plants
- Increased outsourcing of plant operation to the private sector
- Increased demand for renewable energy
- Need for waste plastic processing (enforcement of the Act on Promotion of Resource Circulation for Plastics)
- Trends to improve chemical recycling rate of waste plastic

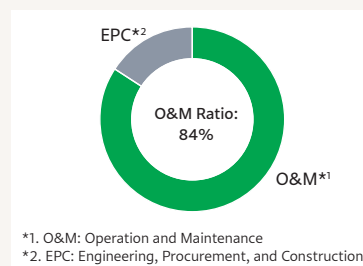
Threats

- Consolidation of waste treatment plants in response to domestic population decline
- Workforce contraction
- Intensification of cost competition

Revenue by Region



O&M Revenue Ratio



Main Target Markets and Products

Main Target Markets

- Solid waste treatment

Main Products

- Municipal waste incineration plants
- Industrial waste incineration plants

Main Achievements and Market Share

- Over 480 domestic and overseas waste treatment facilities delivered cumulatively
- Over 80 waste treatment plants under contracted management of operations cumulatively

Note: EBARA survey

Note: The above graph displays actual figures for the first quarter of the fiscal year ending December 31, 2023.



Municipal solid waste treatment plant

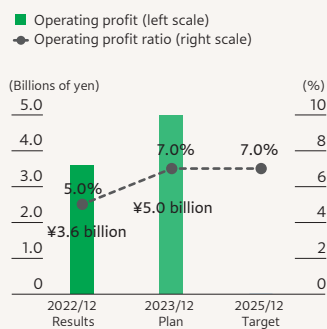
Business Strategies of E-Vision 2030 and E-Plan 2025

Business Vision (E-Vision 2030)

Expand business to become a resource circulation solutions provider with operations centered on waste treatment plant construction and operation that provides integrated EPC*² services primarily to local government.

Numerical Targets of E-Plan 2025

Operating Profit Ratio: **7.0% or higher**



Basic Policies of E-Plan 2025

- Bolster the foundation of our core business
- Strengthen initiatives as a solution provider based on Life Cycle Assessment (LCA) by appropriately grasping changes in the market, such as decarbonization and resource recycling

Basic Strategies of E-Plan 2025

- Improve price competitiveness of new design, build, and operate (DBO) projects and prevent additional EPC costs
- Further strengthen the revenue base for O&M projects
- Strengthen initiatives as a decarbonization and resource circulation solutions provider with LCA as core axis
- Promote regional strategies

Financial Targets of E-Plan 2025

2025/12 Target	2022/12 Results	Future Initiatives
Profitability Operating profit ratio: 7.0% or higher	5.0%	Improve short-term profitability of core businesses <ul style="list-style-type: none"> • Stable orders of DBO/EPC (increase order winning rate) → Strengthen price and non-price evaluations of competitiveness • Reduce additional costs → Improve front loading and planning accuracy • Strengthen project management • Further strengthen the revenue base for O&M projects • Improve profitability of new electric power business

Non-Financial Goals, KPIs, and Targets of E-Plan 2025

One outcome of our business activities is that we help reduce CO₂ and improve social and environmental value. Here are some of the main related activities.

Related Materiality	2025 Outcome Goals	KPIs	2025/12 Targets	2022/12 Results	Measures and Future Initiatives
1 	Reduce GHG emissions	Number of new waste treatment facilities that generate thermal electricity from waste processing	3 facilities during the 3 years of E-Plan 2025	5 facilities during 2020–2022	<ul style="list-style-type: none"> • Construct waste treatment facilities that generate thermal electricity from waste processing • Introduce high-efficiency power generation equipment to further reduce GHG emissions
	Develop technologies that reduce CO ₂ emissions and enable carbon resource circulation	Development of practical applications of technology (ICFG®*) for reusing chemical raw materials derived from waste plastics (implementation in 2030)	Implementation of pilot testing	Modifications to ongoing laboratory tests	Constructed a pilot testing facility and conducted tests in order to improve the yield and quality of the technology for converting waste plastic into oil and to materialize a scheme with partner companies for the practical application of chemical recycling

* ICFG is a registered trademark of Ebara Environmental Plant in Japan

Precision Machinery Company

We will provide solutions with the world's highest level of technology and support in the manufacturing processes, which enable the miniaturization and enhanced sophistication of semiconductors, as well as in the sub-fab area. We will provide new value for the evolution of the industry

Tetsuji Togawa
Executive Officer
President, Precision Machinery Company



In fiscal 2022, market conditions were stagnant in the memory field in the second half of the year; capital investments in the whole market remained high; and orders, sales, and operating profit all reached record highs; exceeding the targets of E-Plan 2022. Against this business environment, at automated dry vacuum pump plants, we worked to increase the number of eligible models to improve operating rates and flexibility in response to the changes in market conditions. We further increased production by expanding the CMP production line and strengthening the personnel structure, and improved profitability by increasing production efficiency.

Although the market will enter an adjustment phase in the fiscal year ending December 31, 2023, we believe that it will return to expansion by 2025, and E-Plan 2025 aims to strengthen product and solution development capabilities,

increase production capacity, strengthen the supply chain, and reconstruct global business infrastructure, so we will continue to strengthen our business structure in anticipation of the upcoming market growth. One example of this is the R&D building and new facility in Kumamoto that are under construction. Both are scheduled to start operation during the period of E-Plan 2025. In the service and support business, we will continue developing dry pump overhaul plants in Japan and overseas, and will also work to strengthen our global supply chain with a focus on Southeast Asia.

In addition to providing unique solutions for our customers' manufacturing processes and utility challenges, we will further develop energy- and resource-saving products, and contribute to the SDGs and decarbonization by reducing the environmental impact of our customers' business activities.

SWOT Analysis

Strengths

- Rotating machinery, fluid equipment, machine control systems, gas decomposition and abatement, and energy conservation technologies
- Sophisticated technological capabilities and manufacturing technologies that contribute to material conservation
- Bases positioned near customers worldwide
- Flexible, high-quality customer support capabilities
- Long-term employee retention contributing to technology accumulation and succession
- Diverse base of technically skilled employees around the world

Weaknesses / Challenges

- Lack of optimization of production systems (i.e., fully automated plants, etc.)
- Faltering share expansion in growth-promising Chinese market
- Slow launches to new business initiatives
- Restructuring of supply chain, including overseas

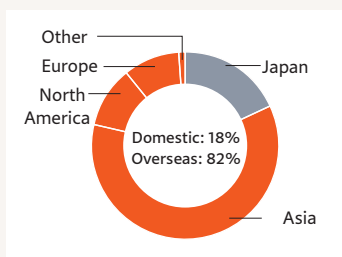
Opportunities

- Spread of IoT, AI, and automated driving technologies
- Diversification of workstyles through teleworking and other methods utilizing cloud and communications technologies
- Increased demand for semiconductors due to the spread of DX and the metaverse, as well as increased investment in GX
- International semiconductor strategy materialization
- Active investment in the semiconductor sector in China
- Continued demand for capital investment in Taiwan, South Korea, Europe, the U.S., and Japan

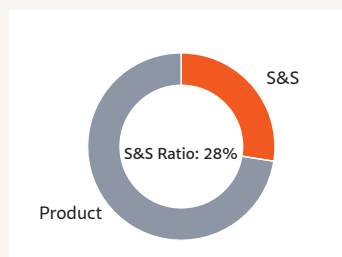
Threats

- Fluctuations in semiconductor demand and inconsistent pace of semiconductor capital investment following slowed pace of semiconductor miniaturization
- Raw material price hikes due to COVID-19 and the situation in Ukraine
- Semiconductor export controls in the U.S.
- Rising energy costs leading to price increases

Revenue by Region



S&S Revenue Ratio



Main Target Markets and Products

Main Target Markets	Main Products
<ul style="list-style-type: none"> • Semiconductor manufacturing 	<ul style="list-style-type: none"> • Vacuum pumps • CMP systems • Gas abatement systems
Main Achievements and Market Share	
<ul style="list-style-type: none"> • #2 global share in CMP systems • #2 global share in dry vacuum pumps 	

Note: EBARA survey

Note: The above graph displays actual figures for the first quarter of the fiscal year ending December 31, 2023.



Dry vacuum pump CMP systems

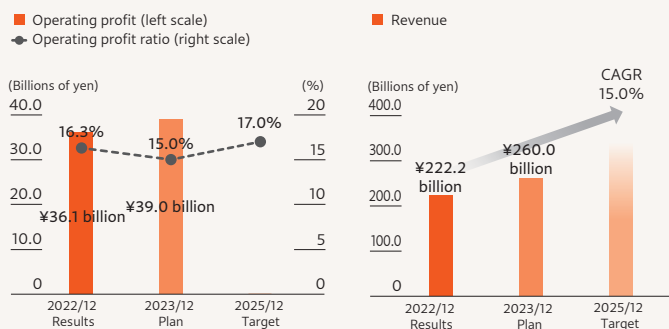
Business Strategies of E-Vision 2030 and E-Plan 2025

Business Vision (E-Vision 2030)

Contribute to the development of society through partnerships and distinctive technologies centered on the semiconductor field while helping create a more enriched world through endeavors in new fields.

Numerical Targets of E-Plan 2025

Operating Profit Ratio: **17.0% or higher** Revenue CAGR: **15.0% or higher**



Basic Policies of E-Plan 2025

- Provide unique value not only by providing products and services, but also by offering solutions for customers' process and utility challenges
- Shift from a regional strategy to a global account strategy to expand market share through strategic planning and overall global optimization in line with customers' global expansion

Basic Strategies of E-Plan 2025

- Strengthen product and solution development capabilities
- Increase production capacity
- Reconstruct global business infrastructure to accommodate expansion of business scale

Financial Targets E-Plan 2025

2025/12 Target	2022/12 Results	Future Initiatives
Profitability Operating profit ratio: 17.0% or higher	16.3%	<ul style="list-style-type: none"> • Further increase operation rate of fully automated plants • Strengthen global supply chain • Strengthen customer support, shift from local-centric approach to global service & support (S&S) • Create further value through the utilization of AI, digital transformation, and data science
Growth Potential Revenue CAGR 2022-2025: 15.0% or higher	¥222.2 billion	<ul style="list-style-type: none"> • Provide products, new features, and solutions that meet the needs of our customers and the world, such as semiconductor evolution roadmaps and decarbonization response • Construct new equipment production facilities and dry vacuum pump overhaul plants to meet increasing demand • Construct R&D buildings for developing new equipment and elemental technologies to meet future customer needs

Non-Financial Goals, KPIs, and Targets of E-Plan 2025

We will realize E-Vision 2030 by providing solutions that support the evolution of semiconductor manufacturing and help reduce the environmental impact during both manufacturing and use. We have set more than ten categories of KPIs and are monitoring the progress of all of our initiatives.

Related Materiality	2025 Outcome Goals	KPIs	2025/12 Targets	2022/12 Results	Measures and Future Initiatives
1 	Reduce GHG emissions	Reduction of GHG emissions from semiconductor manufacturing processes through gas abatement	20% reduction from 2022	—	Develop and expand sales of gas abatement systems
		Reduction of GHG emissions from dry vacuum pump manufacturing	10% reduction from 2022	—	Reduce environmental impact by lightening product weight of dry pumps
2 	Reduce water usage and discharge	Pure water use by CMP equipment	30% reduction from 2022	—	Develop cleaning methods that consume less pure water
	Develop foundational technologies for semiconductor miniaturization	Develop foundational technology for 14Å semiconductor manufacturing	100%	45%	Make progress in development of foundational technology for 14Å semiconductor miniaturization in CMP systems

Human Resources Strategy



Message from
Chief Human Resource Officer

Further advance human capital management to become an excellent global company

Yoji Sato
Executive Officer
Division Executive, Human Resources Division & CHRO

As attention on human capital management increases, it is very important to create an environment in which diverse employees can participate even more actively. Therefore, we will accelerate the development of requisite infrastructure to achieve sustainable growth throughout the Group and create greater global mobility for our employees. By introducing a global role-grade system that standardizes roles across the Group and strategically implementing succession plans in Japan and overseas, we will create a system that allows diverse human resources to hold important positions regardless of gender or nationality.

We use the results of the annual global engagement survey to clarify human resource challenges. The CHRO Office, whose members include personnel managers from each in-house company and corporate headquarters, tackles any identified issues and promotes the establishment of a personnel system that encourages all employees to take on challenges head-on and ensures that all employees can be proud of working for the EBARA Group.

Reference Personnel Affairs and Human Resource Development Policy
<https://www.ebara.co.jp/en/sustainability/social/information/talent-management.html>

Human Resource Vision (E-Vision 2030)


Create a corporate culture of competition and challenge by providing safe and stimulating working environments where diverse employees can engage in meaningful work and utilize their full potential.

Reflecting on the Main KPIs of E-Plan 2022

Related Materiality	Measures and KPIs	2022/12 Targets	2022/12 Results	Scope	2022/12 Achievements
4 	Establishing a foundation to achieve sustainable global growth				
	Global expansion of the role-grade system	100%	40%	Global	Completed setting grades, etc. for subsidiaries of the former Fluid Machinery & Systems Company; subsidiaries under the Precision Machinery Company have decided not to introduce the role-grade system in anticipation of the upcoming globally standardized system; started our Global Career Development Program, and enhanced global mobility is proceeding in line with the Global Mobility Policy
	Global expansion of the performance evaluation system	2025 100%	0%		
	Global expansion of the succession program system	2025 100%	0%		
	Reduction of total recordable incident rate (TRIR) (by 2023)	2023 0.80	2.62	Consolidated, in Japan	To reduce the potential risk of occupational accidents, occupational safety consultants conducted risk surveys at Group company plants in Japan; identified potential risks and conducted risk reduction activities
	Transform into a Group with a corporate culture of competition and challenge				
	Reduce total average work hours	1,920 hours	2,014 hours	EBARA CORPORATION	After the drastic change in workstyles due to the COVID-19 pandemic, worked to implement the “Ebara New Workstyle,” which includes expanding remote work including at satellite offices, and expanding staggered working hours to enable off-peak commuting; due to the significantly reduced commute time enabled by remote work, some employees who needed to work shorter hours due to childcare or nursing care are now able to work regular hours, and such employees have reported increased satisfaction
	Promote diversity by increasing the percentage of female candidates for key positions*1	6.8%*2	6.5%		Analyzed the ratio of female managers by in-house company and continuously approached companies with low numbers; implemented measures to enable early promotion of excellent human resources, regardless of gender, and focused on strengthening young people’s capabilities
	Promote diversity by increasing the percentage of female new hires	30%	13.8%		Maintained a certain level of recruitment of foreign nationals despite continuing immigration restrictions due to COVID-19; promoted recruitment of women and foreign nationals through various recruitment methods such as the alumni system and referral system
	Promote diversity by increasing the percentage of non-Japanese new hires	25%	5.1%		
Improve global engagement survey score	83	79	Global	Efforts were made to improve communication, including increasing the frequency of messages from management; although many items improved over time due to changes in working methods during the COVID-19 pandemic, the results were not sufficient	
Continue investing in human resource development (training costs per person)	¥46,795	¥30,179	EBARA CORPORATION	Shifted some rank-specific training from mandatory to voluntary; conducted selective training, such as for next-generation leaders, in person as much as possible to increase the effectiveness of training	
Increase the ratio of local employees in global key positions at overseas operating sites (by 2030)	2030 50%	23%	Global	Expanded opportunities for overseas employees to apply for the international training program, which had previously been mainly conducted for employees in Japan, opening up opportunities for people of any nationality to acquire the leadership qualities required to take on global key positions (GKP)	

*1 Key position: employee positions equivalent to managers
*2 The goal is to exceed 7% by April 2023 and 8% by April 2025.

Non-Financial Goals, KPIs, and Targets of E-Plan 2025

Related Materiality	2025 Outcome Goals	KPIs	2025/12 Targets	2022/12 Results	Measures and Future Initiatives
4 	Transform EBARA's culture into a competitive one that takes on challenges, creating an environment where diverse employees thrive in their work	Global engagement survey score	83 or higher	79	Positions with low scores include those in the production career track and manager-level personnel that do not have subordinates; business departments and human resources will discuss and implement action plans for each circumstance
	Improve global mobility	Proportion of non-Japanese employees in GKP	30% or higher	23%	Further secure GKP talent pool of local employees and increase the number of foreign and female employees participating in the E-LEAD program (next-generation global leader development) and global human resource development programs
	Eliminate wage gap between men and women	Proportion of women in GKP	8% or higher	7%	
		Proportion of female managers (non-consolidated)	8% or higher	6.4%	Create a system that allows employees who want to learn and take on challenges to aim for career changes to promote the active participation of diverse human resources; particularly focus on the early selection and development of leader candidates
	Foster a corporate culture that allows people to balance work and childcare regardless of gender	Rate of men taking childcare leave (non-consolidated)	Establish data collection method in 2023; set action plans and targets to increase acquisition rate	—	Immediately establish a data collection method and consider measures to improve the rate of childcare leave taken by men, including the number of days of childcare leave taken
	Promote active participation of employees with disabilities	Proportion of employees with disabilities (non-consolidated plus 4 domestic Group companies)	2.6% or higher	2.4%	Centralize the EBARA Group's management of employees with disabilities and promote the employment and business of people with disabilities across the Group; develop skills of employees with disabilities for career development and expand opportunities for them to play an active role in business

Strategies and Measures to Strengthen Human Capital

Global Engagement Survey

Starting in 2019, we have been conducting a global engagement survey of all employees of domestic and international Group companies to determine what employees think about the Group and their work. The survey results from 2022 show an increase in positive responses in the “action” category. We view this survey as an opportunity for dialogue with our employees, and will continue to formulate, implement, and review action plans tailored to the characteristics of each department.

Group Global Personnel Management

For EBARA to further grow and win globally, local employees of overseas Group companies must play an active role. Since 2012, the Company has been conducting a two-year training program for young Japanese EBARA employees to experience working at overseas Group companies, and we have sent 115 young employees overseas as of 2022. Starting in 2023, we expanded this program to include all of EBARA's young employees, and currently twenty employees from overseas Group companies have been dispatched to countries other than their own to refine their skills. Through this program, we will develop global human resources and aim to achieve a 30% rate of non-Japanese employees in GKPs, one of the key non-financial goals of E-Plan 2025.

Promoting the Active Participation of Employees with Disabilities

The EBARA Group has centralized employment management for people with disabilities and promotes their employment throughout the Group to respond to the

rise in the legally mandated employment rate, as well as changes in the external environment. EBARA EARNEST, a special subsidiary, has begun working on tasks more closely related to the Group's business, such as product assembly and creation of image training data for AI machine learning. Through these efforts, we are aiming to achieve diversity and inclusion as well as sustainable business growth by enabling all Group employees to work together and continue to provide value to society, regardless of whether they have disabilities or otherwise.

Promoting Health Management

We have formulated the EBARA Group Health and Productivity Management Declaration, and are conducting health management with the goal of creating a workplace environment where employees can thrive in their work with good physical and mental health. We recognize that employee health is one of EBARA's most important management resources, so we are aiming to improve our employees' health literacy and improve absenteeism and presenteeism,* and we have set KPIs and implemented measures to improve issues through the PDCA cycle. These efforts have been well received, and EBARA was selected as a White 500 company under the Ministry of Economy, Trade and Industry's Certified Health & Productivity Management Outstanding Organizations Recognition Program in the large enterprise category. Going forward, we will collaborate further with domestic Group companies and aim for the entire Group to be recognized as a Health & Productivity Management Outstanding Organization.

* Absenteeism: being absent from work due to health issues
Presenteeism: reduced productivity due to health issues

R&D and Intellectual Property Strategy



Message from
Chief Technology Officer

Responding to an era of turmoil with medium to long-term technology development strategy scenarios

Norihisa Miyoshi

Executive Officer,
Division Executive, Technologies, R&D & Intellectual Property Division & CTO

With the arrival of AI, it's not an exaggeration to say that the world has entered into a period of upheaval. It is an exciting time, but humans are facing resource and environmental limitations that put our very survival at risk. The EBARA Group is pushing forward with its slogan of "Technology. Passion. Support Our Globe." We are proactively collaborating with universities and partner companies through the Ebara Open Laboratory (EOL). We are strengthening the

technological competitiveness of our current businesses to better preserve the society we pass on to the next generation. To formulate long-term technology development strategy scenarios, we are looking ahead to 2030 and beyond as we further strengthen activities to extract, identify, and acquire technologies needed in future society.

REFERENCE Technologies <https://www.ebara.co.jp/en/technology/technology-top.html>

R&D and Intellectual Property Vision (E-Vision 2030)

We will further evolve and expand long-term strategic activities and contribute to solving social and environmental issues through our business.

Reflecting on the Main KPIs of E-Plan 2022

Related Materiality	Measures and KPIs	2022/12 Targets	2022/12 Results	2022/12 Achievements
1 	Strengthening development capabilities			
	Formulation of a research roadmap (RM) in key technology areas and implementation of medium- to long-term research themes in line with RMs	Target progress: 100%	Target progress: 96%	Formed RMs for 11 important technology areas and have begun implementing measures in accordance with our action plans; going forward, continue to improve our skills and expand into the necessary technical fields
	Pursue new needs and research opportunities			
2 	Propose and implement research themes that lead to new technologies and new businesses	Ongoing proposals of themes for new business fields	Promote R&D in new fields and continue finding and proposing themes	Started considering practical application for materials developed with materials informatics (MI) and applying MI to multiple targets, and implementing multiple work support and training methods using virtual, augmented, and mixed reality (xR) technologies; creating business plans for research themes to reduce CO ₂ and conducting activities to incorporate them into action plans
	Conduct patent application and rights acquisition activities based on market and technology trends for every product	Secure 100% of key products	100% of key products	Proposed, operated, and updated IP strategies for the main products of the five in-house companies starting in 2023; will continue to update and implement our IP strategies in line with each company's policies

Non-Financial Goals, KPIs, and Targets of E-Plan 2025

Related Materiality	2025 Outcome Goals	KPIs	2025/12 Targets	Measures and Future Initiatives	
1 	Implement technical tool development to improve product development throughput	Expansion of application scope of technical tools that eliminate rework in development	Expand to all 5 in-house companies	Establish and master a development platform (that performs functional simulations, formalizes knowledge, etc.) as a technical tool to eliminate rework in development, and gradually increase the application scope	
	2 	Propose new themes and strengthen strategic research policies	Formulation of macro-level technology development strategies and action plans (APs) based on technological and social trends	Form medium- to long-term scenarios and corporate R&D strategies based on trends, and create APs for the next fiscal year	1. Research and compile trends related to society, the market, and technology 2. Form medium- to long-term scenarios to clarify EBARA's objectives, goals, and challenges 3. Form strategies for corporate R&D 4. Form APs
		Advance information analysis communication and proposal activities and integrate into regular operations	Number of analysis recommendations for IP/non-IP information that contributes to management and business decisions, etc.	20 analysis recommendations per year (limited to those rated highly by the reporting party)	Understand the needs of each in-house company's marketing department in addition to corporate new business development and EOL to increase analysis recommendations, and improve analysis efficiency by standardizing work methods

System to Continuously Strengthen Competitiveness

Established the Office of the CTO

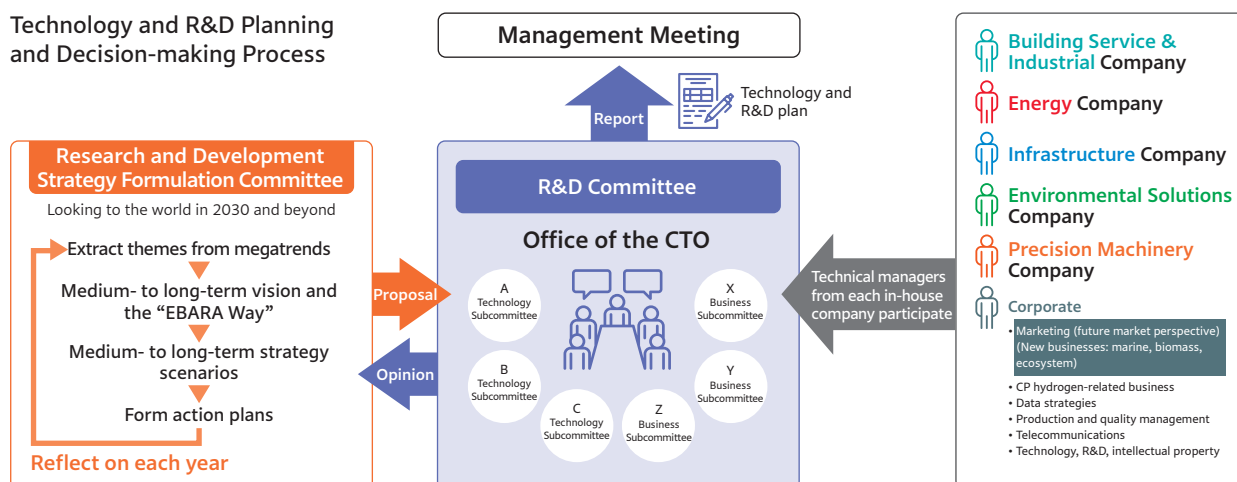
We introduced the target market-based business structure in the fiscal year ended December 31, 2023. Even if the target markets are different, the Group has many shared technologies that can support the business. We have established the Office of the Chief Technical Officer (CTO), known as the CTO Office to manage and combine these in-house technologies to create new value for the EBARA Group.

The Office of the CTO includes members responsible for the marketing and technology of each in-house company. By discussing and understanding each other's technologies, as well as the changing market and social conditions, these members mutually inspire each other and actively explore new business opportunities.

Previously, R&D themes were chosen through individual discussions between each business segment and the R&D department, but this approach presented the

challenges of broadening the perspective and enabling a more medium- to long-term perspective. To address these issues, we established the Research and Development Strategy Formulation Committee. Looking towards 2030 and beyond, the Research and Development Strategy Formulation Committee will formulate medium- to long-term technology development strategy scenarios and action plans and then submit these scenarios to the Office of the CTO. Then, the Office, staffed by the technology and marketing department managers from each in-house company, will hold discussions with production technology departments, research and development departments, and others. After thoroughly examining market suitability and the scalability of technologies, we formulate a technology development plan and implement it following approval from the Management Meeting.

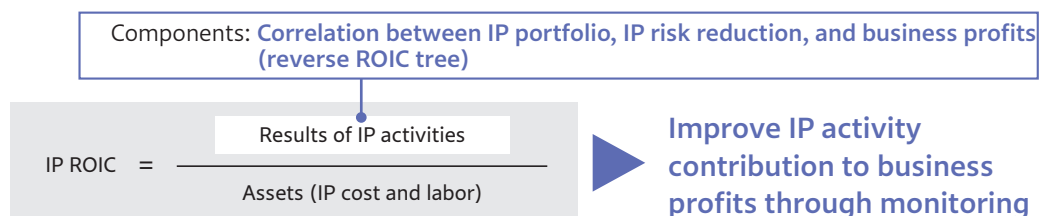
Technology and R&D Planning and Decision-making Process



Initiatives for Intellectual Property Activities

We develop product-specific intellectual property (IP) strategies, and are implementing proactive IP activities, such as creating IP landscapes, etc. The ultimate contribution of IP activities to business profits is important, and we monitor the efficiency of IP activities to ensure that they contribute to business profits. We are working to construct an evaluation index that will work as an "IP version" of ROIC with the denominator set as investment into IP activities (expenses such as handling fees, labor

costs, etc.) and the numerator set as the results of such activities (mainly IP portfolio management, IP risk management, analysis and recommendation activities, and IP contracts). The results of IP activities have led us to consider the relationship of such activities to business profits as well as how to demonstrate the degree of contribution to business. Through these efforts, we will make future IP activities more efficient and contribute further to increased business profits.



DX Strategy



Message from
Chief Information Officer

Promoting digital transformation through a three-way integration of the management, business, and IT divisions

Hiroyuki Kowase

Executive Officer,
Division Executive, Information & Communication System Division & CIO

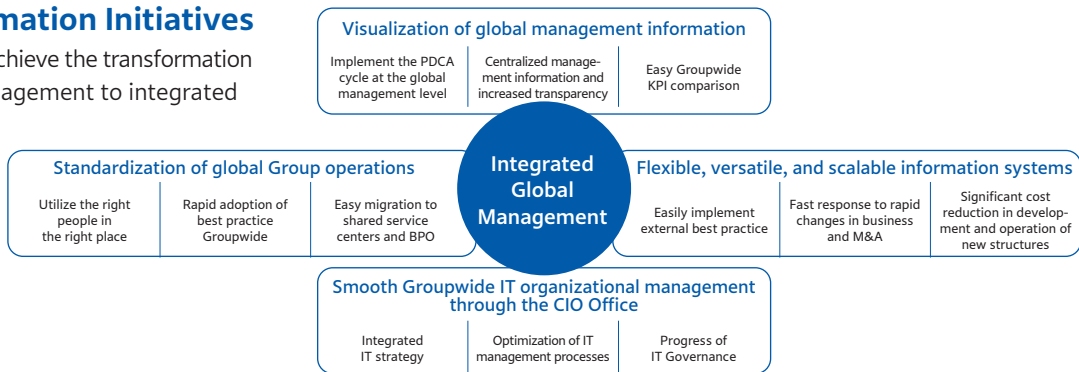
The EBARA Group is promoting digital transformation through a three-way integration of the management, business, and IT divisions. We are taking on the challenge of various forms of digital transformation, and the key to information security measures will be building information platforms that offer a safe and secure environment. The Global CSIRT* plays a central role in these efforts,

monitoring carefully for any type of information security incident that may occur within the EBARA Group globally, day and night. The Global CSIRT is composed of both Japanese and global members from Elliot in Europe and America, already actively practicing diversity and inclusion.

* Global Computer Security Incident Response Team

Digital Transformation Initiatives

The EBARA Group will achieve the transformation from international management to integrated global management.



Digital Transformation Vision (E-Vision 2030)

Transform products, services, and business models and strengthen S&S by driving digital transformation.

Reflecting on the Main KPIs of E-Plan 2022

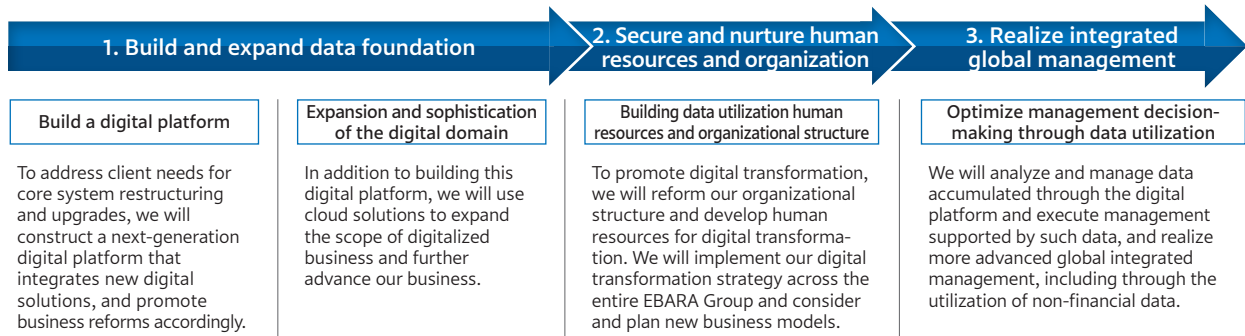
Related Materiality	KPIs	2022/12 Targets	2022/12 Results	2022/12 Achievements
 	Realization of integrated global management			
	Global deployment of systems centered on ERP (by 2024)	Determine optimal pilot facilities and deploy systems in advance	Implement optimal pilot facilities (1 domestic, 1 overseas)	Completed standard business templates for business reform toward global standards
	Integration of global IT infrastructure	100%	100%	Implemented security measures for both domestic and overseas Group companies and infrastructure for integrated authentication
	Expansion of centralized global systems	100%	100%	Continued to review workflow and promote operational efficiency through automation
	Increase of internal IT tools	100%	100%	Made steady progress toward goal of 100 robots in operation per year; 300 robots in operation by 2022, contributing to operational efficiency

Non-Financial Goals, KPIs, and Targets of E-Plan 2025

Related Materiality	2025 Outcome Goals	KPIs	2025/12 Targets	2022/12 Results	Measures and Future Initiatives
 	Expand ERP project across the Group	Number of Group companies with ERP implemented	20 or more	Implemented at 2 companies; in progress at 2 companies	Implement SAP at Group companies
		Rate of compliance with ISO 27001 categories at bases	100%	0%	Become compliant with ISO 27001
	Strengthen information security and comply with NIST (US) and CIS	Number of items needing to be handled by CIS Controls	100%	0%	Become compliant with CIS Controls

Groupwide ERP Introduction Project

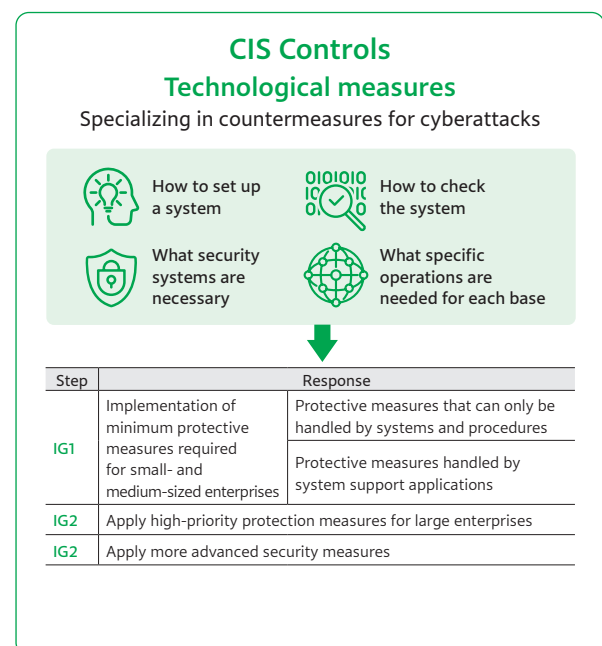
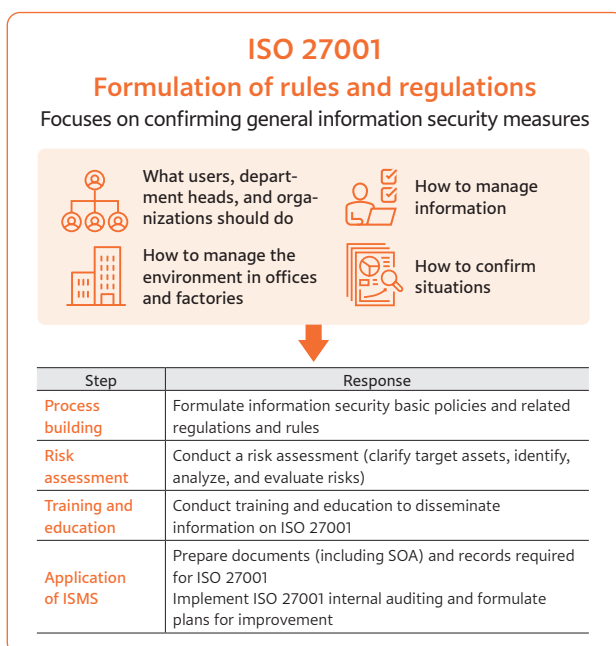
- Pilot implementation was completed according to plan at Group companies to build the digital platform, and starting in fiscal 2023, we are expanding the introduction to overseas Group companies beyond just EBARA.
- We will shift to data-driven management by eventually expanding ERP across the entire Group, enabling detailed data analysis through centralized management of global management data. By doing so, we will aim to optimize management decision-making by managing KPIs across the entire EBARA Group and conducting the PDCA cycle at the management level.



Initiatives and Policies to Strengthen the EBARA Group's Cybersecurity

There was a cybersecurity incident at a Group company in March 2021. As cybersecurity threats become more commonplace, this incident reinforced that there was an urgent need to standardize and raise our security levels. Going forward, to earn credibility in the market, we need to comply with globally recognized international standards and frameworks. We started working in 2022 to comply with ISO 27001, an international information

security standard, and CIS Controls, a framework that summarizes what cybersecurity measures companies should take, created by CIS, a nonprofit security organization in the United States. To strengthen our security governance as is required of global companies, we decided to invite employees from overseas companies to build a system that complies with Global CSIRT standards, and work to continuously apply and improve the system.



Risk Management



Message from
Chief Risk Officer

Systematically evaluate risks to the Group and implement essential, effective risk countermeasures globally

Toru Nakayama

Executive Officer
Division Executive, Legal, Internal Control, Risk Management and General Affairs Division & CRO

We will introduce and enhance the Chief Risk Officer (CRO) system as a major initiative of E-Plan 2025. We established a collaborative system with Risk Officers (ROs) designated in the Corporate division as well as in each in-house company, that coordinate with the other CxOs, to communicate risk incidents from across the Group and provide prompt and appropriate countermeasure instructions, and we are striving to proactively manage risks in a way that enables

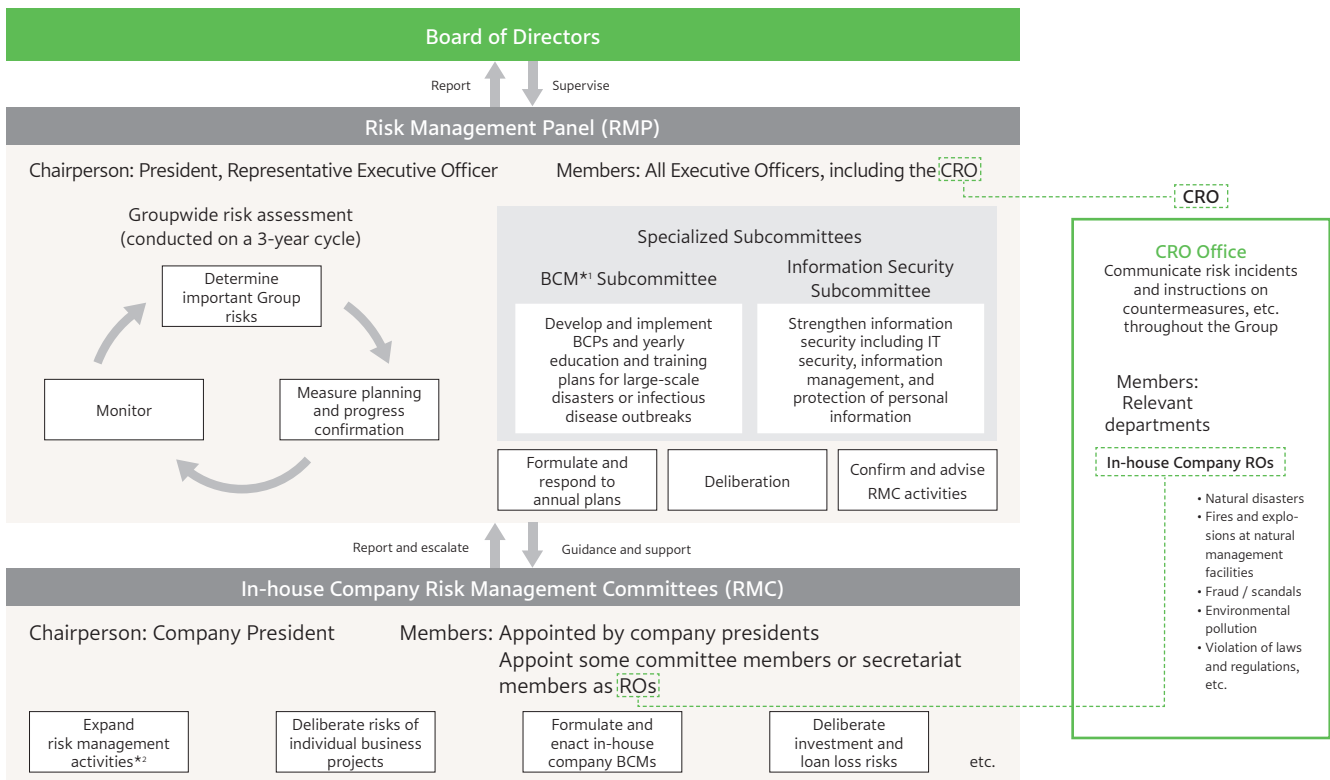
their transformation into opportunities. In terms of concrete risk response, we will continue our existing activities such as strengthening the business continuity system in case of disaster and improving our information security systems. We review and respond flexibly to major risks, which currently include economic security (such as between the United States and China) and geopolitical risks (such as the conflict between Russia and Ukraine).

Basic Approach and Risk Response System

The EBARA Group systematically identifies and assesses risks that may arise from its business operations and implements measures to minimize negative impacts that may impact the ongoing survival and development of the Group. We are shifting from a system that focused on responding ad-hoc to individual risks that emerge in the course of

business to a more systematic approach that emphasizes continuous implementation of system improvements parallel to enacting risk control measures. We have also established the CRO Office, which includes the CRO and ROs from each in-house company, thereby creating an overarching risk-response system that transcends traditional business silos.

Risk Management Organizational Structure



*1 Business Continuity Management

*2 Including subsidiaries under the umbrella of in-house companies

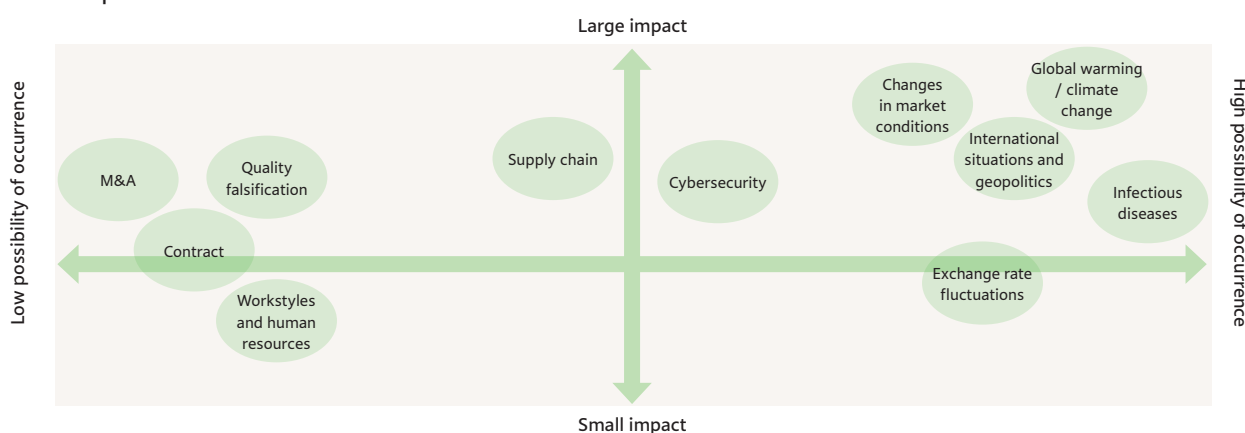
Main Risk Countermeasures

Risk Identification Process

Every three years, we conduct a Groupwide assessment of the risks surrounding the EBARA Group. The RMP takes on discussions regarding Groupwide risks, as necessary. Risk assessments, which span all Group companies, examine the possibility of identified risks materializing within the Group, their potential degree of impact and the residual risk following countermeasures. Then, we reevaluate risk response systems through

surveys and interviews with the relevant business and department managers, clarify the responsible departments, and implement measures. In the event of an urgent situation, we have taken measures to promptly allow for the creation of a task force headed by the President, Representative Executive Officer, so the entire Group can promptly report, communicate, and make decisions to address the situation.

Risk Map



Major Initiatives

We introduce some of the activities addressing important risks selected in the Groupwide risk assessment as follows.

● Strengthening BCM Activities

Collaboration with Group companies in each country has been strengthened after implementing response measures for the COVID-19 pandemic, and we have made progress in building a global BCM system. Previously, we mostly focused on preparation for earthquakes domestically. However, other natural disasters such as heavy rain, floods, and typhoons have caused increasingly severe damage in recent years, so we have been working to reduce such damage by setting up physical countermeasures such as sandbags and water bags, especially at our main bases and Group companies in Japan. We are also simultaneously working to raise awareness for disaster preparation and mitigation by distributing disaster preparation guides to every employee and putting disaster response posters up at bases.

We are taking measures to prepare for volcanic eruptions, including at Mt. Fuji. BCPs* are mainly developed for and by business segments, but going forward, we will further strengthen our global BCM system while also taking into account responses to geopolitical risks.

* Business Continuity Plan

● Strengthening Personal Information Protection

As global regulations for the protection of personal information are tightening, we have responded to both individual matters, strengthened the EBARA Group global protection system and revised the Group privacy policy. To accelerate global management with data, including the development of a human resources database, we will strengthen information security and personal information protections and minimize risks related to the global use of personal data.

● Introducing Global Insurance

We introduced global insurance in 2022 to further strengthen global risk management. Major Group companies take out insurance uniformly for property, liability, and logistics, and we transfer such risks after developing a Groupwide approach to natural disaster risks, contract risks, and more. We will continuously review the matters and eligibility in our global insurance and conduct efficient, effective risk management.

Compliance

Basic Approach

The EBARA Group strives to act as a good corporate citizen that earns the trust of stakeholders. For this reason, the EBARA Way and the EBARA Group Code of Conduct are shared among all employees to form a common identity and set of values. With this as the foundation, it is our basic policy to practice legal compliance along with faithful adherence to internal rules, social norms, and common sense and to act with good intentions and integrity. Our company policies, rules, and regulations relating to risk management, which are based on the principle of spreading compliance awareness, guide us in creating systems for detecting risks and preventing their realization and in establishing comfortable and open workplace environments.

REFERENCE EBARA Group Code of Conduct

<https://www.ebara.co.jp/en/sustainability/think/information/ebara-identity.html>

REFERENCE Compliance System

<https://www.ebara.co.jp/en/sustainability/governance/information/compliance.html>

Key Strategic Items and Progress

To ensure thorough compliance, the Company has established an external reporting hotline for overseas Group companies, has enhanced the EBARA Group Code of Conduct

training, has expanded the EBARA Group compliance liaison meetings both in Japan and overseas, and is strengthening the compliance liaison committee system.

Priority Strategies	Principal Measures	Progress
Establish frameworks and implement measures for ensuring compliance	Implement Anti-Corruption Program across the Group	Reviewed revised regulations, updated the latest information on each country's laws and regulations, and provided training to those who should be aware of corruption risks (management, sales departments, etc.)
	Establish overseas EBARA Group hotlines	<ul style="list-style-type: none"> Expanded application of whistleblowing hotlines to overseas Group companies lacking external consultation venues (Total: 22 companies (2 new)) China: 10 companies Vietnam: 1 company Indonesia: 2 companies Thailand: 2 companies Philippines: 1 company Brazil: 1 company Colombia: 1 company Singapore: 1 company Mexico: 1 company Turkey: 2 companies (new) Processed 2 reports
	Entrench compliance awareness throughout the Group	<ul style="list-style-type: none"> EBARA Group Compliance Liaison Meetings are held twice a year (domestic Group companies and Chinese Group companies) or once a year (Thai and Vietnamese Group companies) to strengthen information transmission and sharing among Group companies. Conducted training sessions for all employees on the EBARA Way (participation rates of 99.8% at domestic Group companies and 93.5% at overseas Group companies)
Implement ongoing initiatives for improving the capability of Group companies to independently manage and improve compliance and risk mitigation activities	Prevent and quickly detect and address improper activities through swift response to consultations	<ul style="list-style-type: none"> Processed 39 reports Provided training and education to divisions and in-house companies deemed high-risk due to an increasing number of consultations
	Enhance compliance liaison member system to provide familiar workplace consultation venues	<ul style="list-style-type: none"> Trained 106 compliance liaison members (50 at EBARA CORPORATION, 56 at domestic Group companies) Strengthened collaboration with liaison committee members 1. Collaboration in handling consultation cases received through the consultation hotline 2. Provided various types of support such as consultation services to promote the resolution of consultation cases mainly by liaison committee members
Foster comfortable workplace environments founded on respect for human rights and diversity	Promote respect for human rights and diversity in workplaces through activities of specialized divisions and compliance liaison members	<ul style="list-style-type: none"> Continued operating under the EBARA Group Human Rights Policy and EBARA Group Human Rights Committee and made improvements to activities Posted human rights-related educational content on Company intranet (regarding Human Rights Week, requests for human rights slogans, educational materials, etc.) Continued to participate in Global Compact Network Japan, the Industrial Federation for Human Rights, Tokyo, and other external organizations

Priority Strategies and Progress

Strengthening the Compliance Consultation System Across the Domestic and Overseas Group

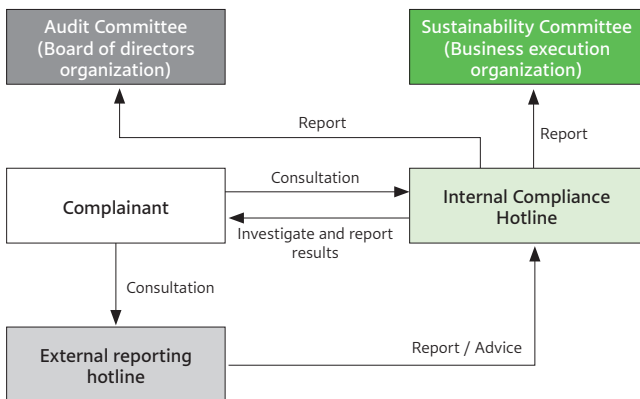
In Japan, compliance consultation hotlines have been installed at Group companies, and consultations are addressed by the site at which the consultation is received (the Company or Group company). The Company and Group companies with more than 300 employees have established a whistleblower reporting system in compliance with the revised Whistleblower Protection Act, and have provided education and awareness, including training by outside attorneys, to the Company's directors and Executive Officers. Other Group companies will also develop whistleblower reporting systems in compliance with the revised Whistleblower Protection Act, taking into consideration relevant circumstances.

At Group companies outside of Japan, we continue to reinforce overseas EBARA Group hotlines, which are designed to contribute to increasing transparency across Group companies; to bolster the internal whistleblowing hotlines of these companies; and to support healthy and autonomous operations.

Compliance Consultation Hotline Policies

1. Prevent improper activity from occurring
2. Quickly detect improper activity that may have occurred
3. Create comfortable workplace environments
4. Foster internal capabilities for resolving issues
5. Maintain the confidentiality of and protect those who consult

Domestic Compliance Consultation Flowchart



Consultations are accepted widely, from directors, employees and their families, temporary employees working in the Group, business partners, and others. After consultations are received, investigations are performed by internal compliance departments, and the appropriate response is taken based on these investigations. Matters pertaining to the operation of consultation hotlines are reported to the Sustainability Committee, which receives Director participation, on an annual basis to facilitate appropriate oversight.

Going forward, the Group will continue its efforts to track risk information as promptly as possible and to prevent the occurrence or spread of damages. Particularly, we will focus on internally correcting potential legal violations.

Domestic Compliance Reporting Hotline Status

32 investigations were completed during the fiscal year ended December 31, 2022. Of these, there were 5 consultations regarding workplace environment or other issues, 8 consultations regarding inappropriate behavior, 2 consultations regarding fraud and violations, 7 consultations regarding harassment claims, and 10 miscellaneous consultations.

Expansion of Overseas EBARA Group Hotlines

The number of companies with access to overseas EBARA Group hotlines increased to 22 in fiscal 2022. In the same year, consultations processed through overseas EBARA Group hotlines accounted for 2 out of 39 overall consultations, and 0 out of 38 in fiscal 2021. Going forward, we will continue preparations to expand the international hotline to all overseas EBARA Group companies.

Number of Overseas EBARA Group Hotlines

	2017 /3	2017 /12	2018/ 12	2019/ 12	2020/ 12	2021/ 12	2022/ 12
Total number of Group companies with hotline access	7	10	15	17	19	20	22

Globalization of the Compliance Liaison Meetings

Through collaboration between the Company and overseas Group companies, we hold compliance liaison meetings to ensure thorough compliance and establishment of a system to handle compliance issues as a Group. In fiscal 2022, we held compliance liaison meetings at 11 Group companies in China and 3 Group companies in Southeast Asia, and these meetings covered a broad range of topics including anti-corruption, protection of personal information, and security trade control. Participants included representatives from corporate departments and the in-house companies in charge of Group companies, and a wide range of compliance information was shared. In fiscal 2023, we have compliance liaison meetings planned with 10 subsidiaries in China, and 6 overseas Group companies outside of China.

Preventing Corruption

We operate the Anti-Corruption Program both domestically and overseas and are continuing to expand its scope. We will review the global anti-corruption program, referring to corruption risk indicators and other issues, in order to make updates that keep the activities fresh and relevant. At the same time, we will review our Code of Conduct and update it with the latest anti-corruption laws and regulations in each country.

REFERENCE EBARA Group Anti-Corruption

<https://www.ebara.com/en/sustainability/governance/information/anti-corruption.html>

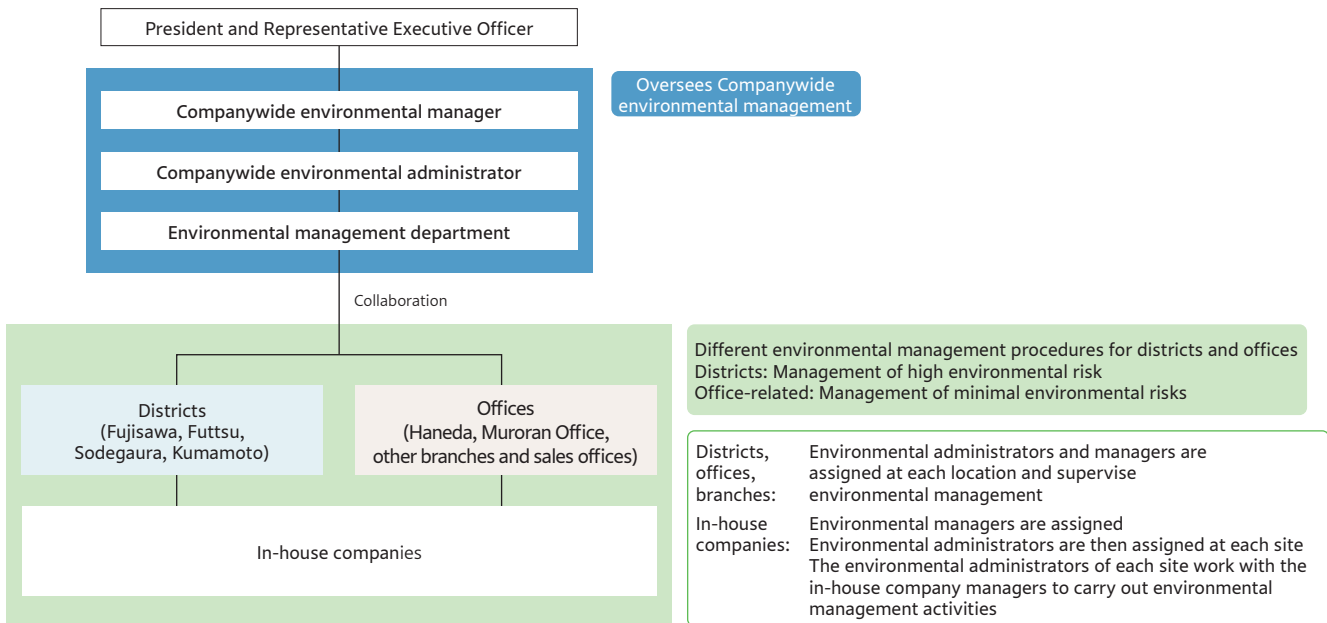
Environmental Management

Environmental Management System

In 2017, EBARA CORPORATION switched its environmental management system to a unified Companywide system. After the reorganization of the in-house companies and the varied efforts to achieve our environmental targets for 2030 at business bases such as plants, offices, and branches, we will shift to a system that focuses on on-site environmental management in 2023. Each business or branch office has an assigned on-site environmental manager, and each in-house

company is responsible for conducting environmental activities in cooperation with their environmental manager. We create an action plan for each site that determines specific activities based on its particular conditions and implements environmental management activities aimed at achieving our environmental goals for 2030, complying with laws and regulations, and preventing environmental accidents.

Environmental Management Organization Chart



2030 Environmental Targets

We have formulated the EBARA Group 2030 Environmental Targets to enable the Group to conduct manufacturing in a way that gives maximum consideration to reducing environmental impact, and these targets establish our vision for the environment for the year 2030.

2030 Environmental Targets

2030 Performance Targets	2022/12 Results	2022/12 Achievements	Future Initiatives
Reduce Scope 1 & 2 GHG emissions by 55%* from FY2018 levels * Changed from 26% in FY2022	Down 1.6% compared to FY2018	Energy-efficient operation of facilities, expanded procurement of low-CO ₂ electricity, introduction of solar power generation facilities	<ul style="list-style-type: none"> Timely upgrades of facilities with high energy consumption, such as industrial furnaces and transforming equipment Expanding electrification and low-carbon procurement of electricity Expanding installation of solar power generation equipment Utilization of carbon pricing
Continuously lower water consumption rate	2022: Improved from previous year with revenue per unit of production at 0.160 km ³	Water reuse in ultrapure water production, use of rainwater, identification of points of leakage and countermeasures based on water consumption monitoring results	<ul style="list-style-type: none"> Implementation of measures for industrial water recycling and against water leakage Promotion of water conservation by updating water usage equipment and revising water usage processes
Maintain a waste recycling rate of 95% or more domestically	Achieved 97.5% in Japan, exceeding the target	<ul style="list-style-type: none"> Promote visualization of the amount of reusable waste through thorough waste separation Investigate the status of waste plastic amounts Revise waste management indicators 	<ul style="list-style-type: none"> Improvement of the recycling rate by thoroughly separating waste and reviewing waste processing contractors Confirmation of the effectiveness of waste management indicators

Environmental Management Initiatives

Water Risks

We face the risk of operations being affected by water resource shortages stemming from climate change. Therefore, we must use water efficiently, and we must understand what water usage is appropriate for business activities. To understand water stress in areas where we operate, we used AQUEDUCT, a tool made available by the World Resources Institute, which provides global maps and information demonstrating water risks around the world. We

found that ten of our bases were located in high-risk areas, and the water intake was 214 km³, accounting for 20% of the Company's total water intake. Going forward, we will examine the local water supply and drainage management at bases located in such high-risk areas, seek to understand the risks associated with water intake and discharge systems, and then implement measures to reduce risks.

Acquisition of ISO 14001 Certification

As a part of our efforts to tackle the material issue identified in E-Vision 2030, comprehensive environmental management, we are working to obtain ISO 14001 certification for Group companies with manufacturing and maintenance plants. As of May 2023, 8 domestic and 25 overseas Group companies have received ISO 14001 certification. We plan to

acquire ISO 14001 certification at all Group companies with manufacturing and maintenance plants by 2024. In addition, for new companies joining the EBARA Group, we will confirm their current environmental management, and we will create and implement plans to obtain ISO 14001 certification for companies that do not currently possess it.

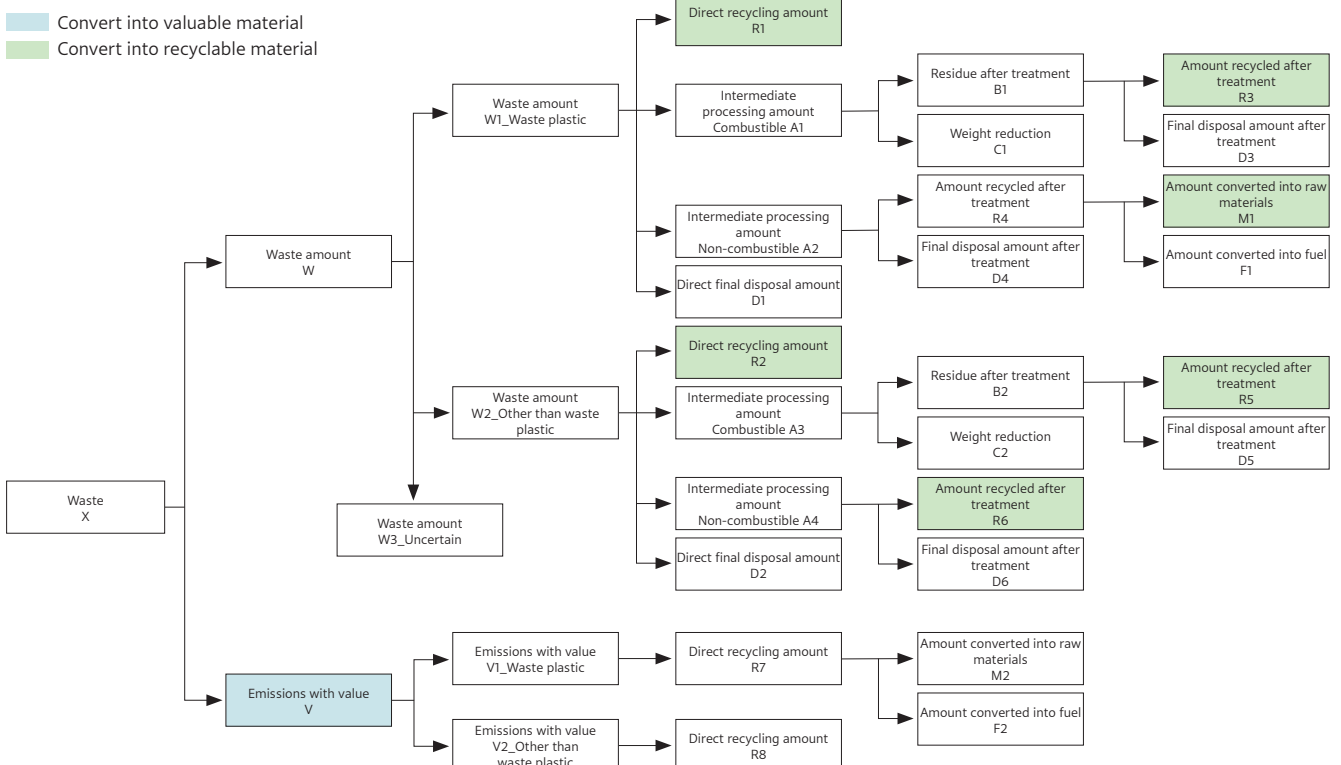
Complying with the Plastic Resource Circulation Act

In Japan, the Plastic Resource Circulation Act began being enforced in April 2022, and EBARA conducted a survey of its actual plastic waste accordingly. Our main types of waste plastic are those from packaging materials used in logistics, cushioning materials, resins used in product manufacturing, packing scraps, and other consumer goods and stationery used in our offices. The amount of waste plastic discharged by EBARA as a whole in fiscal 2021 was approximately 445

tons, classifying us as a business emitting a large volume of waste. To reduce emissions and increase recycling resources, we will organize the flow of waste, including waste plastic, and engage in the following activities.

- Shift from waste matter to waste with value
- Discharge waste that can be recycled at disposal contractors
- Confirm the quantities of each item in the flow of waste and establish management indicators

Flow of Waste



We will co-create value for society, which starts with our stakeholders

Targets of E-Vision 2030 and Strategies of E-Plan 2025

Targets of E-Vision 2030

Address E-Vision 2030 Material Issues: 1. Contribute to the creation of a sustainable society, 2. Elevate standards of living and support abundant lifestyles for all, and 4. Promote working environments that encourage challenge

Basic Policies of E-Plan 2025

5. Advance ESG-Focused Management

In addition to strongly supporting our target market-based structure while ensuring integrated Group management, we will implement advanced ESG management to realize a sustainable society, increase awareness and presence of the EBARA brand both inside and outside the Company. We will also create systems to strengthen foundational technologies and create new businesses to continuously improve our competitiveness and advance the sophistication and efficiency of management infrastructure, including that of manufacturing.

[Reference](#) Stakeholder Engagement Overview <https://www.ebara.co.jp/en/sustainability/think/information/stakeholders.html>

Collaborative Value Creation with Suppliers

Human Rights Due Diligence for Suppliers

In conducting human rights due diligence, we communicate about the activities conducted by suppliers—our important partners—the challenges they face and consider how the EBARA Group should address them. To this end, we conduct CSR procurement surveys for our major domestic and overseas business partners that include human rights questions. In 2022, we received responses from a total of 1,240 domestic and overseas business partners and were able to confirm that there were generally no issues. We conduct detailed interviews, including on-site visits, with suppliers that are considered to have a high potential for risk, and ask them to deepen their understanding of the EBARA Group’s procurement policies. We will continuously monitor risks hidden in the supply chain and promote appropriate procurement while reaffirming the importance of CSR procurement and human rights due diligence with our partners.

Dialogue with Shareholders and Other Investors

The EBARA Group recognizes the development of long-term trusting relationships with shareholders and other investors as one of its most important management tasks. The EBARA Group appropriately discloses corporate information necessary for shareholders and other investors to make investment decisions and strives to further strengthen its trusting relationships with these stakeholders on a continuous basis by engaging in IR activities for enhancing its corporate value through constructive dialogue.

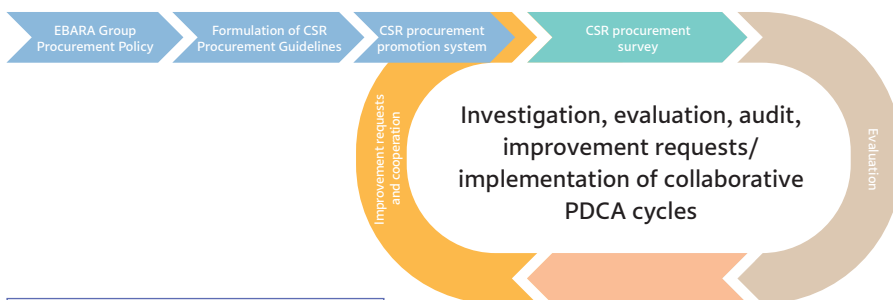
Status of IR and SR Activities

	2020	2021	2022
Individual IR interviews	223	255	269
Of which, ESG interviews	4	6	4
Conferences and interviews sponsored by securities companies	40	38	50
Management meetings	0	2	1
IR Day	0	1	1
ESG briefings	1	1	1
Briefings for individual investors sponsored by securities companies	0	2	4
Briefings for individual shareholders	0	0	1

[Reference](#) IR Basic Policy

<https://www.ebara.co.jp/en/ir/business/information/ir-basic-policy.html>

EBARA Group PDCA Cycle for CSR Procurement



[Reference](#) Supply Chain Management

<https://www.ebara.com/en/sustainability/social/information/supply-chain.html>

EBARA Group Human Rights Policy

EBARA Group Human Rights Policy

The EBARA Group respects human rights and the diversity of stakeholders as stipulated in the EBARA Group CSR Policy. We have declared our support for and are a signatory of the United Nations Global Compact, and we observe the principles of the International Bill of Human Rights, the International Labour Organization Declaration on Fundamental Principles and Rights at Work, and the UN Guiding Principles on Business and Human Rights.

Reference EBARA Group Human Rights Policy

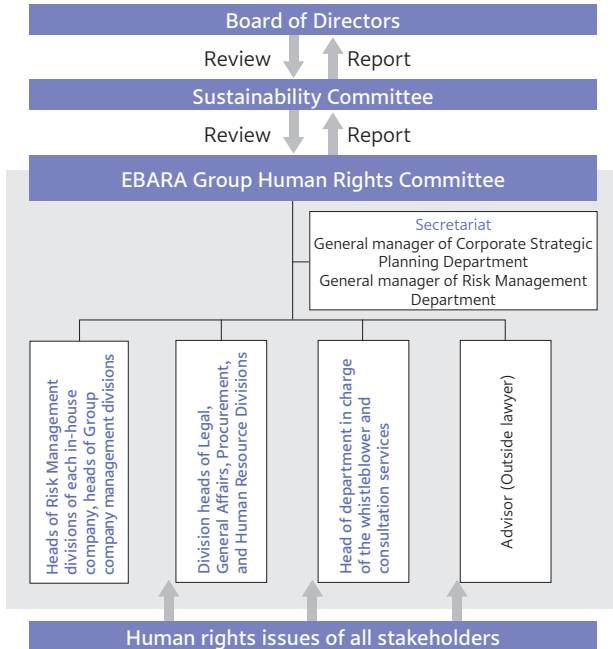
<https://www.ebara.co.jp/en/sustainability/social/information/respect.html>

Human Rights Management System

We have established the EBARA Group Human Rights Committee to continuously improve our human rights management system in accordance with our human rights policy. The committee operates with the recognition that respecting the human rights of stakeholders involved in our business activities is fundamental.

In 2022, the EBARA Group Human Rights Committee met in February and August. The EBARA Group Human Rights Committee reported its activities to the Board of Directors at the Sustainability Committee meeting held in December.

EBARA Group Human Rights Committee



Human Rights Grievance Mechanisms

At domestic Group companies, the compliance consultation hotlines accept and handle complaints, including those related to human rights. Overseas Group companies have also established hotlines to receive and respond to complaints, including human rights complaints. In accordance with the Whistleblower Protection Act revised in June 2022, the Internal Compliance Hotline responds to complaints and consultations regarding human rights in accordance with the Act.

Initiatives and Results from 2020 to 2022

<p>External Dialogues</p>	<p>The EBARA Group Human Rights Committee conducts dialogues with external human rights experts to expand the scope of awareness around human rights issues and improve the Group's human rights management.</p> <p>2022 Dialogue with experts who have knowledge around issues related to foreign technical trainees and foreign workers.</p> <p>2021 Dialogue with NPOs that support water supplies in developing countries.</p> <p>2020 Dialogue with institutional investors about their perspectives on human rights.</p>
<p>Improving Human Rights Due Diligence (DD)</p>	<p>The EBARA Group Human Rights Committee believes it is crucial to the healthy business operations of the Group that its employees and suppliers act with respect for human rights, and therefore, conduct human rights due diligence.</p> <p>Human rights due diligence with employees: Through the annual global engagement surveys conducted by the Human Resources Department targeting Group employees, we monitor approximately 60 organizations, with particular focus on the common human rights issues across the Group such as workplace fairness and equity, discrimination, and occupational safety and health. The EBARA Group Human Rights Committee instructs companies who have low engagement scores to formulate human rights action plans, and then such companies implement measures for improvement. The results of these activities are then evaluated based on the scores from the following year's engagement survey. Seven organizations with low survey scores in 2021 implemented action plans, and two organizations achieved higher scores in 2022. The five organizations that did not meet the criteria are continuing to implement improvement measures. We will continue to conduct human rights DD with employees.</p> <p>Human rights due diligence with suppliers: The Procurement Department conducted CSR procurement surveys among the Group's primary suppliers across the world to encourage them to understand and put EBARA's CSR Procurement Guidelines into practice, which stipulate respect for human rights. The survey includes questions regarding human rights, such as if suppliers are working to prevent child labor, forced labor, and discrimination, and if the work environment is appropriate, and we will promote sound supply chain management through monitoring responses.</p>

Future Challenges

The Human Rights Committee is currently examining the ideal form of a grievance mechanism for the EBARA Group. Although we believe that we are responding appropriately to inquiries through our website as well as human rights issues through our whistleblower service, we are considering ways to provide solutions from a more objective standpoint.

Dialogue with the Chairman of the Board of Directors and Stakeholders



The following is based on “Ebara’s Corporate Governance Evolving to a New Phase: Governance to Value,” a small meeting with institutional investors held online on April 25, 2023 (sponsored by Mizuho Securities Co., Ltd.), and includes questions from analysts and investors and answers from Hiroshi Oeda, Chairman of the Board.

01 Formulation of E-Plan 2025, the New Medium-term Management Plan

Q: How did the Board of Directors’ supervisory functions work during the formulation of the new medium-term management plan?

Oeda: Every month, the Board of Directors took the necessary time to deliberate the content of the medium-term management plan from a macro level down to the individual specifics. One matter was the introduction of the target market-based structure. During the discussions of how to restructure the business from a product-out perspective to a target-market based one, an Independent Director offered the opinion that sales skills that add value to products are extremely important. This is one example of the types of discussions we had when creating the new target market-based structure.

For creating a target market-based structure, we considered what organizational shape would be most optimal. After deliberating on the many options such as whether we should shift to a holding company system or keep the current in-house company system, we eventually determined that we would reorganize based on the current structure.

Another matter was that although each of the Company’s business units has a strong level of independence, lateral power is weak. The discussion brought up the opinion that we need to work horizontally across organizational boundaries, so we introduced the CxO system. We will take advantage of the CxO system to balance centrifugal force and centripetal force throughout the Group.

Q: How do you assess the validity of the net sales and profit targets of E-Plan 2025?

Oeda: We sufficiently deliberated over the net sales and profit targets. It was challenging to create a medium-term management plan due to the rapid growth of EBARA’s net sales and profits over the past two years. We needed to classify such unprecedented rapid changes to our earnings as factors that will continue into the future, temporary factors, factors stemming from improvements in EBARA’s capabilities, and factors from changes in the market environment. The net sales and profit targets for E-Plan 2025 shouldn’t be too low or too high. EBARA’s executives gave explanations, and we judged the targets’ appropriateness

from a macro perspective in consideration of potential future market trends.

We concluded that the executives created their figures by carefully considering future changes in the market environment and other factors. E-Plan 2025 places significant focus on strategically investing to strengthen EBARA’s profit foundation over the three years of the plan. Although there will be a short-term impact on earnings, we determined that we should make solid strategic investments now and agreed with the executives’ plan.

Q: What is your response to opinions that the ROE and ROIC targets are too conservative?

Oeda: ROE and ROIC were also deliberated on by the Board of Directors. At present, ROE and ROIC are at relatively high levels. Therefore, we thought it would be appropriate to set the targets for E-Plan 2025 to maintain the status quo, but with something extra. In general, we aim to improve on the current situation when formulating a plan, but because we have already increased ROE and ROIC over the past three years, we plan to maintain this growth and expand it further when the opportunity arises. The Board of Directors agreed with this thought process.

02 Governance to Value (G to V)

Q: What is your opinion on the role and responsibility of a director regarding appropriate risk-taking?

Oeda: The executive side is taking risks such as in expanding into new businesses. On the other hand, the Board of Directors is often expected to put on the brakes, but that’s not the whole picture. The Board of Directors appropriately discusses the strategies and policies that the executive intends to implement, with a certain degree of risk-taking allowed. In the current era, business won’t expand if you don’t take a certain number of risks. We need to both encourage the executive side as well as supervise it, and this is really expressed by the phrase, “support appropriate risk-taking.”

Q: What are the key parts that are difficult in increasing corporate value with governance at the center?

Oeda: Governance to Value is easy to talk about, but there are many difficulties to it. While it is the executive side that raises revenue, the role of the Board of Directors is to cooperate with the executive team to consider medium- to long-term measures to achieve this. We will also consider ESG matters such as sustainability, diversity, and human resource development together with the executive team. The Board of Directors and the three committees will fulfill their supervisory functions for implementing governance, including preventing scandals and other incidents. We believe that these activities will eventually contribute to profits, which will also lead to enhanced corporate value.

Q: Would you say the collaboration between the Board of Directors and the executive team is strong in terms of governance, such as in information sharing, connection with regional sites, and on-site compliance management?

Oeda: Yes. For example, when a problem is discussed within the Group, the executive side first investigates and then the Board of Directors receives a report of the results of the investigation. As a result of the Board of Directors discussions, we sometimes determine that an additional investigation is necessary, set up a subcommittee within the Board, and conduct an objective investigation with an Independent Director serving as the chairperson. During such investigations, the subcommittee might recommend measures to improve governance or prevent recurrence to the executive team, and may also confirm whether field reports are being properly received by the president. I believe that the Board of Directors is highly effective because of the prompt action it takes when necessary when a problem occurs.

Q: Sakon Uda, the former Chairman of the Board of Directors, contributed greatly to EBARA's reputation in the market as a company with advanced governance. Have there been any changes at EBARA since he retired?

Oeda: EBARA's governance has reached the level of advancement because our predecessors conducted governance reforms with a sense of urgency, and presently, we are continuing to steadily advance governance reforms with our current diverse Board members. The succession plan for directors is an important theme for the Nomination Committee, and I believe that it's going well. The newly appointed Board members have been actively speaking and contributing in their first year. EBARA has the knowledge that we have gained over the years, and I believe that we have a system in place that will allow us to continue to evolve.

Q: How does the Board of Directors view ESG evaluations?

Oeda: The Board of Directors recognizes that ESG is an extremely important issue, and is regularly discussed at meetings. There are many ways to promote and ensure every aspect of diversity, including gender equality, at the same time, and looking at the current state of EBARA, we see available ways to prioritize the promotion of women's activities. Although the ultimate goal is the same, the Board of Directors is currently discussing issues such as how to prioritize ESG matters and the optimal processes for doing so.

Meeting Conclusion

Reflecting on the Dialogue and the Future of the Board of Directors

The Company has been conducting annual effectiveness evaluations of the Board of Directors since 2015, and there were opinions such as "The Board should further deepen discussion on EBARA's medium- to long-term issues" in the interview portion of such evaluations. Accordingly, last year (fiscal 2022), we incorporated the long-term management vision and the medium-term management plan embodying the vision into the Board's agenda, and over the course of the year, held the relevant discussions at almost every meeting of the Board, and used this time to discuss various perspectives.

With the start of the new medium-term management plan, E-Plan 2025, I had a good opportunity to share the details of our Board discussions with investors. On the day of the dialogue, we received many questions and opinions from the participants regarding the role of the Board, management, effectiveness evaluations, and more, and we felt a high level of interest. It was reassuring to have such a positive reaction, as well as the opportunity to deepen understanding of the discussions happening at the Board of Directors meetings.

EBARA's Board of Directors will continue to move forward with the aim of achieving Governance to Value. In addition, as a member of the Board, I will work to support the steady implementation of the new medium-term management plan, E-Plan 2025.

I believe that the Board of Directors, in addition to executive officers and IR staff, should deepen direct dialogue with institutional investors, our stakeholders, on a variety of topics, and I would like to increase the number of opportunities for information sessions and other events.

Hiroshi Oeda

Independent Director
Chairman of the Board of Directors



Directors

(As of March 29, 2023)



Tsuyoshi Numagami ●
Member of
the Audit Committee

Junko Nishiyama ●
Member of
the Compensation
Committee

Akihiko Nagamine
Member of
the Audit
Committee

Hiroshi Oeda ●
Chairman of
the Board of
Directors,
Member of
the Nomination
Committee

Mie Fujimoto ●
Chairperson of
the Compensation
Committee

Toichi Maeda
Member of
the Nomination
Committee



Masao Asami
President and
Representative
Executive Officer
CEO & COO

Hajime Sawabe ●
Lead Independent
Director,
Chairperson of
the Nomination
Committee

Hisae Kitayama ●
Chairperson of
the Audit Committee

Teiji Koge ●
Member of
the Nomination
Committee

Takuya Shimamura ●
Member of
the Compensation
Committee

● Independent Director

Biographies of Directors

(As of March 29, 2023)

Toichi Maeda

Director,
Member of
the Nomination Committee

Number of shares held
34,018



Apr. 1981 Joined the Company
Apr. 2007 Executive Officer
Apr. 2010 Managing Executive Officer
Apr. 2011 Head of Business Unit, Custom Pump Business Unit,
Fluid Machinery & Systems Company
Jun. 2011 Director
Apr. 2012 President, Fluid Machinery & Systems Company
Apr. 2013 President and Representative Director
Jun. 2015 President and Representative Executive Officer
Mar. 2019 Director, Chairman of the Company (to present)
Member of the Nomination Committee (to present)

Masao Asami

Director,
President and Representative
Executive Officer, CEO & COO

Number of shares held
29,135



Apr. 1986 Joined the Company
Apr. 2010 Executive Officer
Apr. 2011 Division Executive, Sales and Marketing Division,
Precision Machinery Company
Apr. 2014 Managing Executive Officer
Jun. 2015 Managing Executive Officer
Apr. 2016 President, Precision Machinery Company
Mar. 2019 Director (to present)
President and Representative Executive Officer (to present)
Jan. 2023 CEO & COO (to present)

Hajime Sawabe

Independent Director,
Lead Independent Director,
Chairperson of
the Nomination Committee

Number of shares held
2,419



Apr. 1964 Joined Tokyo Denki Kagaku Kogyo K.K. (currently TDK Corporation)
Jun. 1996 Director, Executive Vice President of Recording Device Business,
TDK Corporation
Jun. 1998 President & Representative Director, TDK Corporation
Jun. 2006 Chairman & Representative Director, TDK Corporation
Mar. 2008 Outside Director, Asahi Glass Co., Ltd. (currently AGC Inc.)
Jun. 2008 Outside Director, TEIJIN LIMITED
Outside Director, Nomura Securities Co., Ltd.
Jun. 2009 Outside Director, Nomura Holdings, Inc.
Mar. 2011 Outside Audit & Supervisory Board Member, Nikkei Inc.
Jun. 2011 Director, Chairman of the Board & Directors, TDK Corporation
Oct. 2011 Councilor, Waseda University
Apr. 2012 Executive Advisor, Japan Management Association
Jun. 2012 Executive Advisor, TDK Corporation
Jul. 2014 Vice President, Board of Trustees, Waseda University
Jun. 2015 Outside Director, Japan Display Inc.
Director of EBARA CORPORATION (to present)
Member of the Compensation Committee of EBARA CORPORATION
Jul. 2018 President, Board of Trustees, Waseda University
Apr. 2019 Adviser of the Executive Board, Value Creation 21 (to present)
Mar. 2020 Chairperson of the Compensation Committee of
EBARA CORPORATION
Jun. 2021 Outside Director, Tokyo Broadcasting System Holdings, Inc. (to present)
Mar. 2022 Lead Independent Director (to Present)
Chairperson of the Nomination Committee of EBARA CORPORATION
(to present)

Hiroshi Oeda

Independent Director,
Chairman of
the Board of Directors,
Member of
the Nomination Committee

Number of shares held
2,419



Apr. 1980 Joined Nisshin Flour Milling Inc. (currently Nisshin Seifun Group Inc.)
Jun. 2009 Director, Nisshin Seifun Group Inc.
Apr. 2011 Director and President, Nisshin Seifun Group Inc.
Apr. 2015 Member of Management Council, Hitotsubashi University
Apr. 2017 Director and Executive Advisor, Nisshin Seifun Group Inc.
Jun. 2017 Corporate Special Advisor, Nisshin Seifun Group Inc. (to present)
President, Seifun Kaikan Inc.
Dec. 2017 Member, the Japanese National Commission for UNESCO
Mar. 2018 Director of EBARA CORPORATION (to present)
Member of the Nomination Committee of EBARA CORPORATION
Jun. 2018 Outside Director, SEKISUI CHEMICAL CO., LTD. (to present)
Mar. 2019 Chairperson of the Nomination Committee of EBARA CORPORATION
Jun. 2019 President, Hitotsubashi University Koenkai (to present)
Mar. 2020 Lead Independent Director of EBARA CORPORATION
Mar. 2022 Chairman of the Board of Directors of EBARA CORPORATION (to present)
Member of the Nomination Committee of EBARA CORPORATION
(to present)

Junko Nishiyama

Independent Director,
Member of
the Compensation Committee

Number of shares held
2,119



Apr. 1979 Joined Lion Fat & Oil Co., Ltd. (currently Lion Corporation)
Mar. 2006 Director, Finished Product Department, Purchasing Headquarters,
Lion Corporation
Mar. 2007 Director, Finished Product Purchasing, Production Coordinating
Department No. 2, Production Headquarters, Lion Corporation
Jan. 2009 Director, Packaging Engineering Research Laboratories,
Research & Development, Headquarters, Lion Corporation
Jan. 2014 Director, CSR Promotion Department, Lion Corporation
Mar. 2015 Audit & Supervisory Board Member, Lion Corporation
Mar. 2019 Advisor, Lion Corporation Director
Director of EBARA CORPORATION (to present)
Member of the Audit Committee of EBARA CORPORATION
Jun. 2019 Outside Director, JACCS CO., LTD. (to present)
Jun. 2020 Outside Auditor, TODA CORPORATION (to present)
Mar. 2021 Member of the Compensation Committee of EBARA CORPORATION
(to present)

Mie Fujimoto

Independent Director,
Chairperson of
the Compensation Committee

Number of shares held
1,819



- Apr. 1993 Registered as an attorney (to present)
Joined New Tokyo Sogoh Law Office
- Jun. 2009 Outside Corporate Auditor, Kuraray Co., Ltd.
- Apr. 2015 Joined TMI Associates (to present)
- Jun. 2015 Outside Audit & Supervisory Board Member, SEIKAGAKU CORPORATION (to present)
- Jun. 2016 Outside Audit & Supervisory Board Member, Tokyo Broadcasting System Holdings, Inc. (Outside Audit & Supervisory Board Member, Tokyo Broadcasting System Television, Inc.) (to present)
- Mar. 2019 Outside Director, Kuraray Co., Ltd
- Mar. 2020 Director of EBARA CORPORATION (to present)
Member of the Compensation Committee of EBARA CORPORATION
- Mar. 2022 Chairperson of the Compensation Committee of EBARA CORPORATION (to present)

Akihiko Nagamine

Director,
Member of
the Audit Committee

Number of shares held
14,952



- Apr. 1982 Joined EBARA DENSAN LTD.
- Jun. 2006 Director, EBARA DENSAN LTD.
- Jul. 2010 Joined the Company as General Manager, Investment and Affiliates Supervision Department, Finance & Corporate Accounting Division
- Apr. 2014 Division Executive, Finance & Accounting Division
- Apr. 2015 Executive Officer
- Jun. 2015 Executive Officer
Responsible for Finance & Accounting, Group Management, and Internal Control
- Mar. 2021 Director (to present)
Member of the Audit Committee (to present)

Teiji Koge

Independent Director
Member of
the Nomination Committee

Number of shares held
0



- Apr. 1976 Joined SEKISUI CHEMICAL CO., LTD
- Jun. 2005 Director, SEKISUI CHEMICAL CO., LTD
President of Nagoya Sekisui Heim Co., Ltd.
- Oct. 2005 Director, Head of President's Office of Housing Company, SEKISUI CHEMICAL CO., LTD.
- Apr. 2006 Director, Head of Planning & Control Department of Housing Company, SEKISUI CHEMICAL CO., LTD.
- Apr. 2007 Director, Head of Housing Division and Planning & Control Department of Housing Company, SEKISUI CHEMICAL CO., LTD.
- Jul. 2007 Director, Responsible for Sales Department, Head of Housing Division of Housing Company, SEKISUI CHEMICAL CO., LTD.
- Feb. 2008 Director, President of Housing Company, Responsible for Sales Department, Head of Housing Division, SEKISUI CHEMICAL CO., LTD.
- Apr. 2008 Director, Managing Executive Officer, President of Housing Company, SEKISUI CHEMICAL CO., LTD.
- Apr. 2009 Director, Senior Managing Executive Officer, President of Housing Company, SEKISUI CHEMICAL CO., LTD.
- Mar. 2014 Director, Senior Managing Executive Officer, and Head of CSR Department and Corporate Communications Department, SEKISUI CHEMICAL CO., LTD.
- Mar. 2015 President and Representative Director, and Chief Executive Officer, SEKISUI CHEMICAL CO., LTD.
- Mar. 2020 Chairman of the Board and Representative Directors, SEKISUI CHEMICAL CO., LTD.
- Jun. 2022 Director and Chairperson, SEKISUI CHEMICAL CO., LTD. (to present)
- Mar. 2023 Director of the Company (to present)
Member of the Nomination Committee of the Company (to present)

Hisae Kitayama

Independent Director,
Chairperson of
the Audit Committee

Number of shares held
1,319



- Oct. 1982 Joined Asahi Accounting Company (Currently KPMG AZSA LLC)
- Mar. 1986 Registered as Certified Public Accountant
- May 1999 Partner, Asahi Accounting Company (Currently KPMG AZSA LLC)
- Jul. 2013 Managing Executive Director, KPMG AZSA LLC
- Jun. 2019 Chairman, Kinki Chapter of Japanese Institute of Certified Public Accountants (to present)
- Jul. 2019 Deputy Chairman, Japanese Institute of Certified Public Accountants (to present)
Senior Executive Director, KPMG AZSA LLC
- Jun. 2020 Outside Director, Tsubakimoto Chain Co. (to present)
- Jul. 2020 Representative, Kitayama Public Accounting Office (to present)
- Mar. 2021 Director of EBARA CORPORATION (to present)
Member of the Audit Committee of EBARA CORPORATION (to present)
- Apr. 2021 Specially Appointed Professor, Graduate School of UNIVERSITY OF HYOGO (to present)
- Jun. 2022 Outside Audit & Supervisory Board Member, Daicel Corporation (to present)
- Mar. 2023 Chairperson of the Audit Committee of the Company (to present)

Takuya Shimamura

Independent Director,
Member of
the Compensation Committee

Number of shares held
599



- Apr. 1980 Joined Asahi Glass Co., Ltd. (currently AGC Inc.)
- Jan. 2009 Executive Officer and GM of Planning & Coordination Office, Chemicals Company, AGC Inc.
- Jan. 2010 Executive Officer and President of Chemicals Company, AGC Inc.
- Jan. 2013 Senior Executive Officer and President of Electronics Company, AGC Inc.
- Jan. 2015 President & CEO, AGC Inc.
- Mar. 2015 Representative Director and President & CEO, AGC Inc.
- Jan. 2021 Chairman & Representative Director, AGC Inc.
- Mar. 2021 Director and Chairman, AGC Inc. (to present)
- Mar. 2022 Director of EBARA CORPORATION (to present)
Member of the Compensation Committee of EBARA CORPORATION (to present)
- Jun. 2022 Outside Audit & Supervisory Board Member, JFE Holdings, Inc. (to present)

Tsuyoshi Numagami

Independent Director
Member of
the Audit Committee

Number of shares held
0



- Apr. 2000 Professor, Graduate School of Commerce and Management, HITOTSUBASHI UNIVERSITY
- Jan. 2011 Dean of Graduate School, Graduate School of Commerce and Management, HITOTSUBASHI UNIVERSITY
- Dec. 2014 Board Member and Executive Vice President, HITOTSUBASHI UNIVERSITY
- Apr. 2018 Professor, Graduate School of Business Administration, HITOTSUBASHI UNIVERSITY
- Jun. 2018 Outside Audit & Supervisory Board Member, JFE Holdings, Inc. (to present)
- Apr. 2021 Professor, Tokyo Tech Academy of Energy and Informatics, Tokyo Institute of Technology
- Oct. 2021 President of Academy of Management Development, Japan Productivity Center (to present)
- Jun. 2022 Outside Director, Tokyo Century Corporation (to present)
- Mar. 2023 Director of the Company (to present)
Member of the Audit Committee of the Company (to present)

Roles and Composition of the Board of Directors

EBARA has adopted the Company with a Nomination Committee, etc. structure to ensure clear separation of supervision and business execution, and we believe that the Board of Directors adequately serves as a monitoring board. Furthermore, we will realize continuous improvement of corporate value entrusted to us by our shareholders through the implementation of efficient, effective corporate governance.

The Board of Directors recognizes the following three points as its main roles and responsibilities and considers the perspectives of all stakeholders: support appropriate risk-taking both offensively and defensively to continuously improve corporate value; determine the major direction for items such as corporate strategy and ESG management from a medium- to long-term perspective; and provide highly effective supervision of business execution from an independent, objective standpoint.

REFERENCE The Group has established and explains its basic approach to corporate governance in the Corporate Governance Basic Policy.

<https://www.ebara.com/en/ir/governance/information/Basic-Policy-and-Framework.html>

To ensure the Board of Directors effectively fulfills its roles and responsibilities, the Company shall make up the Board with directors of sufficient knowledge and experience inside and outside the Company in areas related to business management. To this end, the Company first clearly defines in its basic policy the roles and qualifications required of directors by attribute and position. Then, the Company defines the following areas it considers important from the perspective of corporate management, and requires individual directors to collectively have sufficient knowledge and experience in these specific areas: “legal affairs and risk management,” “personnel and human resource development,” “finance, accounting, and capital policy,” “auditing,” “corporate management and management strategy,” “technology R&D and innovation,” “the environment,” “social,” and “internal control and governance.” The Nominating Committee selects candidates for the Board of Directors after confirming that they have met the Company’s qualification requirements, and have knowledge and experiences in several of the areas mentioned above. The composition of the Board of Directors elected for fiscal 2023, remains highly independent and diverse, with eight of the 11 directors being Independent Directors, three of whom are women.

REFERENCE Notice of the 158th Ordinary General Meeting of Shareholders, pages 4-20
Reasons for the selection of individual Directors can be found in the proposal for the election of Directors contained in the Notice of the 158th Ordinary General Meeting of Shareholders.

https://www.ebara.co.jp/en/ir/stock/shareholdersmeeting/_icsFiles/afieldfile/2023/03/13/E6361_158.pdf

Corporate Governance System at a Glance

(As of March 29, 2023)

Format	Company with Three Committees
Chairman of Board of Directors	Independent Director
Number of Directors	11
Of whom are Independent Directors	8
Number of Independent Directors*1	8
Term of Directors	1 year

*1. Independent Directors as designated under the Tokyo Stock Exchange (TSE) listing rules.

Composition of Three Committees

(As of March 29, 2023)

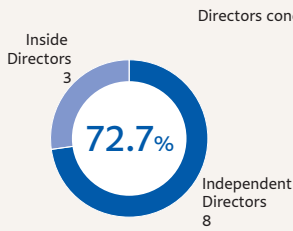
	Nomination Committee	Compensation Committee	Audit Committee
Number of members	4	3	3
Of whom are Independent Directors	3	3	2
Of whom are Inside Directors	1	0	1

Overview of the Board of Directors (As of March 29, 2023)

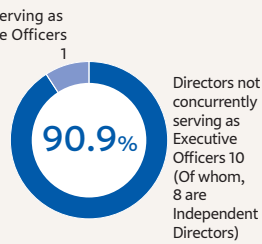
Name		Classification Committee positions	Length of service
Toichi Maeda	Director, Member of the Nomination Committee	Non-Executive Nomination Committee	11 years 9 months
Masao Asami	Director, President and Representative Executive Officer		4 years
Hajime Sawabe	Independent Director, Lead Independent Director, Chairperson of the Nomination Committee	Outside Independent Nomination Committee	7 years 9 months
Hiroshi Oeda	Independent Director, Chairman of the Board of Directors, Member of the Nomination Committee	Outside Independent Nomination Committee	5 years
Junko Nishiyama	Independent Director, Member of the Compensation Committee	Outside Independent Compensation Committee	4 years
Mie Fujimoto	Independent Director, Chairperson of the Compensation Committee	Outside Independent Compensation Committee	3 years
Hisae Kitayama	Independent Director, Chairperson of the Audit Committee	Outside Independent Audit Committee	2 years
Akihiko Nagamine	Director, Member of the Audit Committee	Non-Executive Audit Committee	2 years
Takuya Shimamura	Independent Director, Member of the Compensation Committee	Outside Independent Compensation Committee	1 year
NEW Teiji Kouge	Independent Director, Member of the Nomination Committee	Outside Independent Nomination Committee	—
NEW Tsuyoshi Numagami	Independent Director, Member of the Audit Committee	Outside Independent Audit Committee	—

Outside	Non-Executive Outside Director
Non-Executive	Non-Executive Inside Director
Independent	Independent Director with notification submitted to Tokyo Stock Exchange
Nomination Committee	Member of the Nomination Committee
Compensation Committee	Member of the Compensation Committee
Audit Committee	Member of the Audit Committee

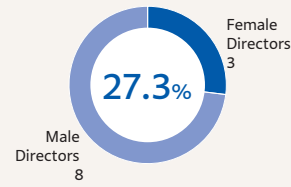
Ratio of Independent Directors



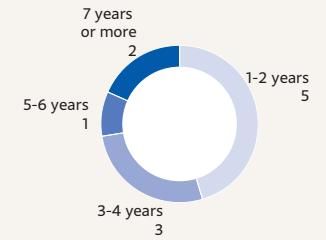
Ratio of Non-Executive Directors



Ratio of Female Directors



Ratio of Directors' Length of Service



Attendance at Board of Directors' and committee meetings in FY2022 (Meetings attended / Total meetings)				Areas in which Directors (Non-Executive Directors) are expected to contribute*2								
Board of Directors	Nomination Committee	Compensation Committee	Audit Committee	Legal affairs and risk management	Personnel and human resource development	Finance, accounting, and capital policy	Auditing	Corporate management and management strategy	Technology R&D and innovation	The environment	Social	Internal controls and corporate governance
14/14	22/22											
14/14				—	—	—	—	—	—	—	—	—
14/14	19/19*2	3/3										
14/14	22/22											
14/14		12/12										
14/14		12/12										
14/14			22/22									
14/14			22/22									
10/10*3		9/9*3										
March 2023 Assumed Office	March 2023 Assumed Office											
March 2023 Assumed Office			March 2023 Assumed Office									

*1. The above table does not represent all of the areas in which Directors possess expertise.

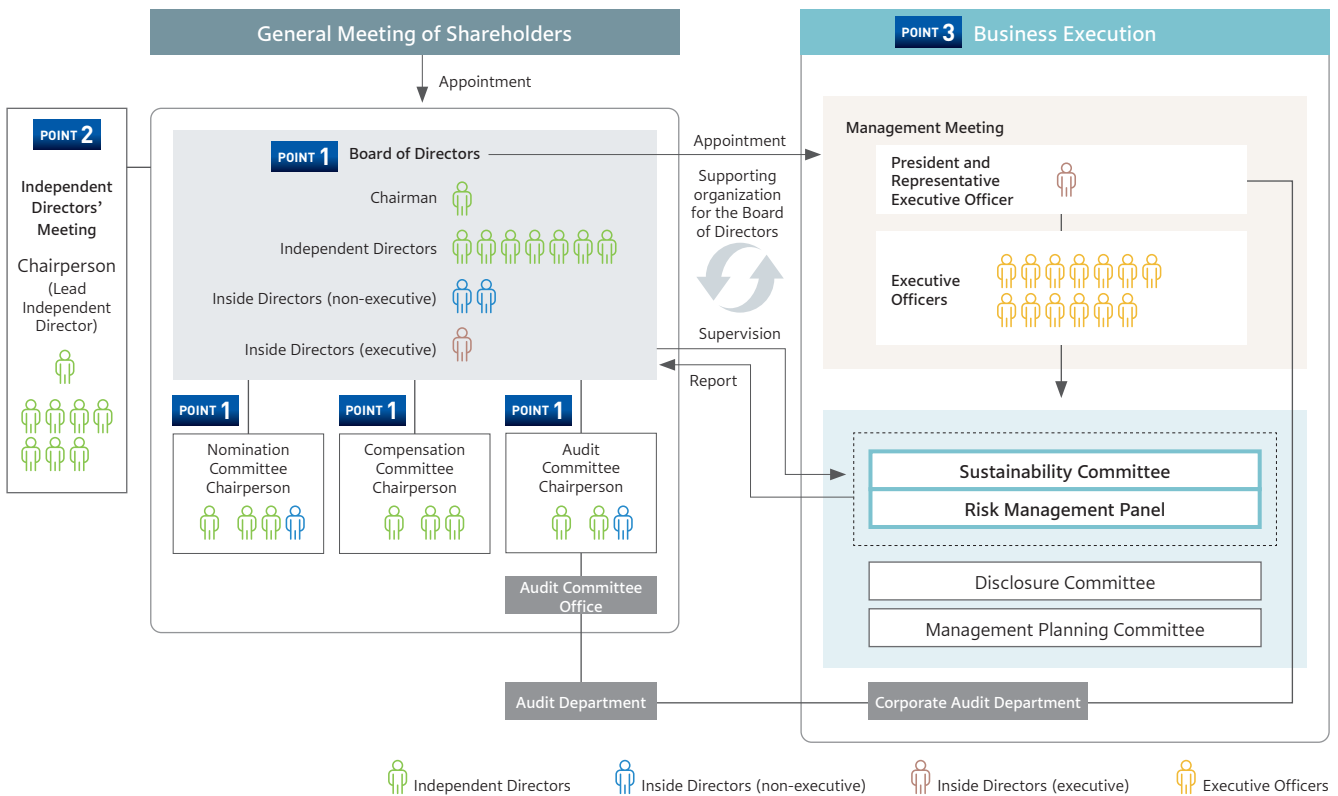
*2. Hajime Sawabe retired from the Compensation Committee at the Board of Directors meeting held on March 29, 2022, thus the above table shows his attendance at Nomination Committee meetings held prior to that date.

*3. Takuya Shimamura was newly elected and appointed as a Director at the 157th Ordinary General Meeting of Shareholders held on March 29, 2022, therefore his attendance at the Board of Directors meetings held after the date of the election is shown.

Corporate Governance

The EBARA Group has established the “EBARA Way,” composed of its Founding Spirit, Corporate Philosophy, and CSR Policy, as the EBARA Group’s identity and set of values to be shared across the Group. Under the “EBARA Way,” the enhancement of corporate value through sustainable business development and sharing the results with our various stakeholders, including shareholders, are EBARA’s most important management objectives. To achieve such objectives, we constantly seek the best possible corporate governance systems and strive toward further enhancement.

Corporate Governance Systems (As of March 29, 2023)

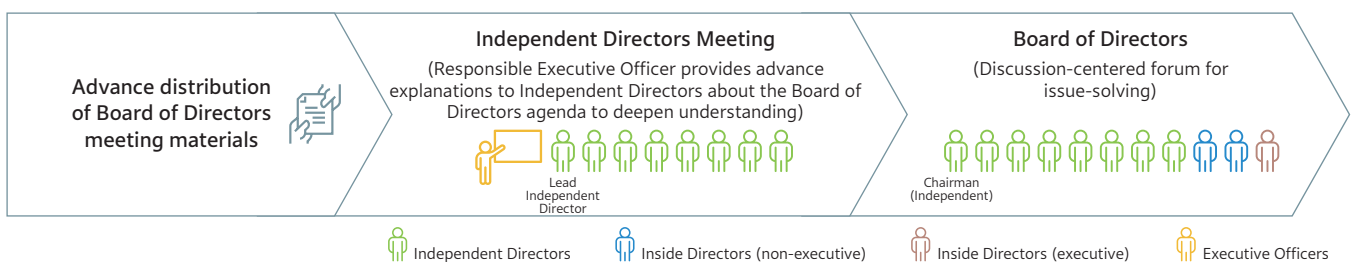


POINT 1 Pursuing Excellent Corporate Governance

In 2015, EBARA adopted the Company with a Nomination Committee, etc. structure. By minimizing the number of Directors who also serve as Executive Officers, we have established a system centered on Non-Executive Directors (Independent Directors and Directors who do not concurrently serve as Executive Officers), and aim to ensure clear separation of supervision and business execution. The Nomination, Compensation, and Audit Committees are all chaired by an Independent Director, and the majority of each committee is composed of Independent Directors.

POINT 2 Holding Independent Directors Meetings

As part of EBARA’s support system for Independent Directors, a few days before Board of Directors meetings, we hold a meeting attended exclusively by Independent Directors to provide explanations in advance of Board proposals and other business matters. These meetings aim to deepen understanding through free discussion among Independent Directors, thereby contributing to improving the quality of discussions at Board of Directors meetings.



POINT 3

Operational Execution System

Executive Officers are elected by resolution of the Board of Directors, and in accordance with the management policies and medium- to long-term management plans established by the Board, such as the E-Vision 2030 long-term vision and the E-Plan 2022 medium-term management plan. The Board of Directors decides and delegates the execution of business as well as the role of such execution. Currently, there are 14 male Executive Officers. However, the Company is examining the possibility of appointing a female Executive Officer in the future from the perspective of diversity.

Management Meeting

This meeting, with the participation of every Executive Officer, holds deliberations necessary for decision-making on important matters regarding management business execution for the President and Representative Executive Officer. In addition to exercising the scope of responsibilities delegated by the Board of Directors, Executive Officers actively express their opinions and knowledge as they deliberate from the perspective of Groupwide optimization. The Management Meeting is held every month.

Risk Management Panel

The Risk Management Panel (RMP) supervises the Group's risk management activities and provides deliberation, guidance, and support for improvements. The RMP is chaired by the President and Representative Executive Officer, and is composed of all Executive Officers. Non-Executive Inside Directors attend in a supervisory capacity for risk management and provide advice as necessary. The status of the RMP's deliberations are reported to the Board of Directors,

and the Board has established a system to accurately capture information and ensure appropriate supervision. The RMP is held regularly on a quarterly basis, as well as other times as necessary.

Disclosure Committee

This committee is a horizontal organization within the Company that provides fair, timely, and appropriate disclosure of Company information such as occurrence of incidents, decision-making, and financial information related to the entire Group.

Management Planning Committee

To formulate the medium-term management plan for each year, this committee deliberates and determines each organization's annual budget and action plan for management issues, as well as conducts follow-up. The President and Representative Executive Officer serves as chairperson, and is composed of all Executive Officers.

EBARA's Sustainability Promotion System

The Board of Directors will establish management policies based on a long-term view of the operating environment so that the Group can implement advanced ESG management; make sustainable contributions to solving social issues including the SDGs through its business; increase its corporate value by simultaneously improving its social, environmental, and economic value; and oversee the implementation of the relevant measures. To fulfill this supervisory function, the Sustainability Committee was established as an executive committee that deliberates on action policies, strategies, targets, and KPIs for activities that contribute to the sustainability of society, the environment, and the Group, and confirms and reviews the results. Directors participate in the Sustainability Committee voluntarily, in order to understand and supervise the status of sustainability initiatives being carried out by Executives, and provide accurate advice from an objective perspective. The deliberations of the Sustainability Committee are reported to the Board of Directors, where discussions are

held on the specifics and promotion of measures on the executive side, and the results are fed back to the Sustainability Committee. The annual agenda of the Board of Directors includes deliberations regarding sustainability, including ESG, and the Board regularly sets aside the necessary time to discuss these matters from a broad range of perspectives. In fiscal 2022, we introduced a system that connects ESG assessment indicators to officers' compensation as a mechanism to encourage the achievement of non-financial targets.

We held an ESG information session for institutional investors in fiscal 2022, and the Chairman of the Board of Directors explained the deliberations related to the environment and society at the Board of Directors meetings. Going forward, we will establish more opportunities for dialogue with stakeholders. As we work to promote understanding of the Company's activities that contribute to sustainability, we will also accelerate sustainability management.

Major Initiatives for the Board of Directors in Fiscal 2022

Fiscal 2022 was an important year for EBARA because it was the final year of the medium-term management plan, and also because we formulated the E-Plan 2025 medium-term management and deliberated on the transition to a target market-based organization. Over the course of about one year, the Board of Directors held discussions from a variety of perspectives, including summarizing and reflecting on the previous medium-term management plan, E-Plan 2022, and examining the long-term vision, E-Vision 2030, and secured the necessary time for such discussion at almost every meeting.

As implementing refined ESG management is one of the management strategies contained in E-Vision 2030, the Sustainability Committee has been taking the lead in

studying and implementing necessary measures and, from fiscal 2022, the Board of Directors has also decided to regularly discuss ESG and sustainability issues. Specifically, the Board of Directors discussed topics such as the Carbon Neutral Project, information disclosure in line with the TCFD recommendations, human resource development, and diversity and inclusion. Through dialogue at the Board of Directors, in addition to deepening understanding about EBARA's medium-term important sustainability issues, we were able to strengthen support for executive sustainability initiatives.

Major Items Discussed by the Board of Directors in Fiscal 2022

- Final year progress report and three-year summary of the medium-term management plan
- Formulation of the new medium-term management plan, E-Plan 2025, and review and consideration of long-term vision
- Consideration of transition to target market-based organization to realize the core themes of the new medium-term management plan
- Discussion of the 2023 business plans and those for each business as well as KPIs
- Medium- to long-term sustainability strategies (carbon neutrality, information disclosure based on the TCFD recommendations, human resource development, diversity and inclusion, etc.)
- Evaluation of the effectiveness of the Board of Directors and related follow up

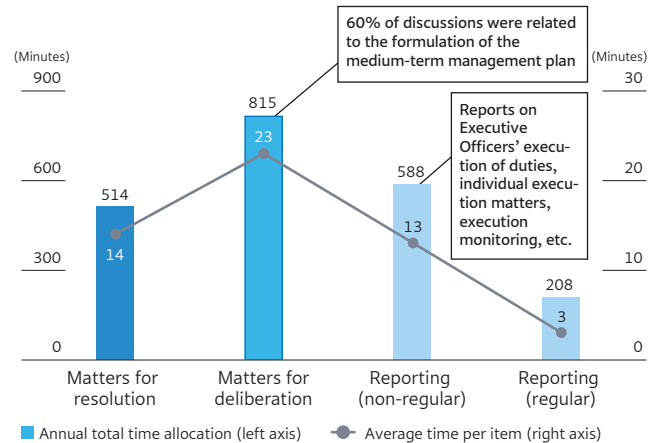
Progress of Deliberation for the Formulation of E-Plan 2025 and Transition to Target Market-based Organization

Board of Directors Meeting	Formulation of E-Plan 2025	Transition to Target Market-based Organization
March 2022	—	Considered organizational structure for each target market
May	Formulated outline of Companywide medium-term plan and established five priority areas	Examined optimal organizational structure for each business segment
June	Formulated drafts of medium-term plan outline for each business and corporate entity	Summarized issues and progress reports and discussed these for each business and corporate entity
July	Formulated E-Vision 2030 and reviewed E-Plan 2022; made detailed medium-term plan outlines for each business and corporate entity	Made progress reports and discussed at each business and corporate entity
August	Formulation of business policies and basic strategies based on the outline	Reviewed progress reports and discussed each business and corporate entity; changed business segments and resolved for related disclosure ⇒ August 12 TSE disclosure
September	Formulated corporate policies and basic strategies based on outlines; envisioned preferable structure for each target market	Formulated an overall organizational vision for each target market
October	Formulated business plans and segment profit and loss management systems, etc.	Growth strategies for individual businesses in organizations by target market
December	Examined and formulated business plans, etc.	Growth strategies for individual businesses in organizations by target market
January 2023	Reviewed E-Vision 2030 and discussed final draft of E-Plan 2025	—
February	Resolved to revise E-Vision 2030 and formulate E-Plan 2025 ⇒ February 14 TSE disclosure	—

Annual Total Time Allocation by Agenda Item for Fiscal 2022

- 192 proposals were made in fiscal 2022, an increase of 35 from the previous fiscal year. This increase was due to the higher number of proposals in relation to the formulation of the medium-term management plan, E-Plan 2025.
- Items for deliberation received the greatest annual total time allocation and averaged the highest time per item. Of these, 60% of discussions were related to the formulation of the medium-term management plan.
- Regularly reported matters were responsible for the highest number of discussions, but the annual total time allocation and average time per item were the shortest. Time was allocated with a focus on deliberation matters for medium- to long-term discussions.

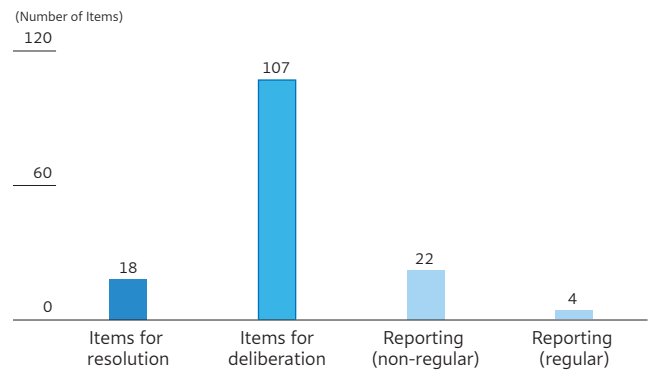
Time Allocation by Agenda Item



Number of Opinions, etc. from the Board of Directors to the Executive Side in Fiscal 2022

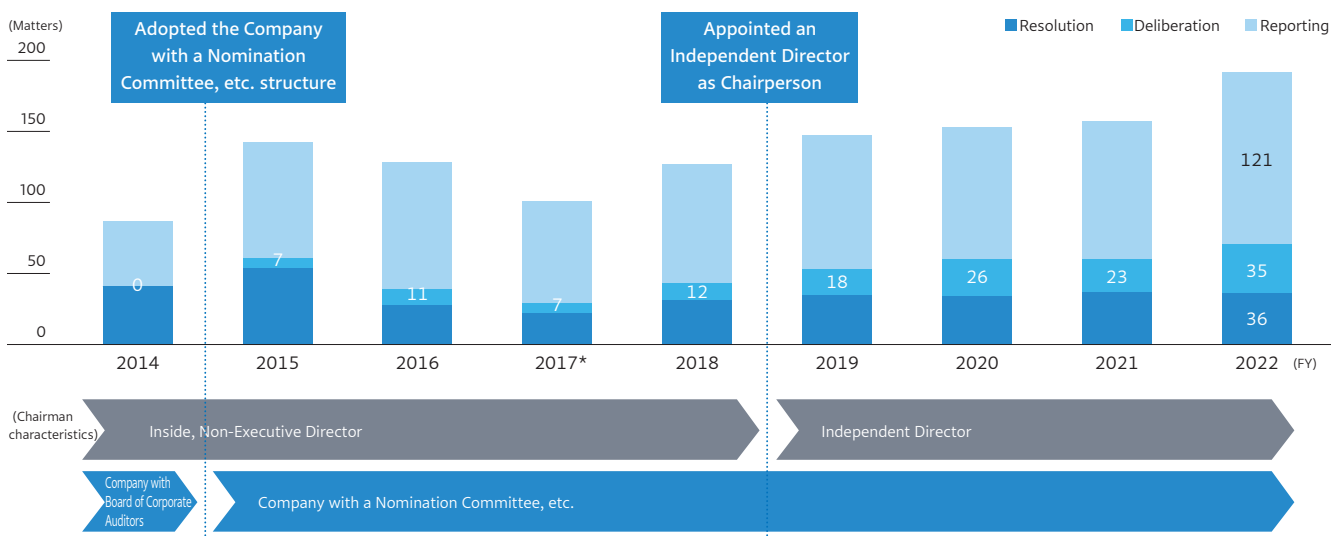
- The most opinions, etc. from the Board to the executive side were on items for deliberation, and active discussions were held on medium- to long-term issues, etc.

Number of Opinions, etc. from the Board of Directors to the Executive Side



Changes in the Number and Breakdown of Board of Directors Agenda Items

- After EBARA adopted the Company with a Nomination Committee, etc. structure in 2015, the proportion of resolution items decreased and the proportion of reporting items increased
- New items for deliberation were created for discussion in 2015, and discussions on medium- to long-term issues, etc. increased
- Independent Director to serve as Chairman of the Board of Directors in 2019, and the number of deliberation matters increased



* Irregular nine-month accounting period due to the change in settlement date

Initiatives for Strengthening Corporate Governance

Around the turn of the century, the Company reacknowledged the importance and necessity of corporate governance systems. Since then, we have been introducing improvements to our governance systems in phases to facilitate the Company’s sustainable growth and fulfill its social responsibilities. We will continue to improve our governance systems as necessary to achieve further improvements and move them toward the ideal state in which the Board of Directors can fully exercise its functions.

Evolution of EBARA’s Corporate Governance System

	Start of corporate governance initiatives April 2002–March 2007	Commencement of governance reforms April 2007–March 2015	Development of frameworks to improve effectiveness April 2015–December 2018	Pursuit of further transparency and impartiality January 2019–	Improving the Performance of the Board and contribution to Governance to Value January 2022
Governance					
Organizational format	Company with Board of Company Auditors	Company with Board of Company Auditors	06/15: Company with Three Committees		
Committees		08/08: Voluntary establishment of Nomination / Compensation Advisory Committee 02/09: Membership of: • Nomination Advisory Committee: 2 Inside, 2 Independent • Compensation Advisory Committee: 2 Inside, 2 Independent	06/15: Establishment of Nomination / Compensation / Audit Committee as statutory committees under the Board of Directors 06/17: Membership of: • Nomination Committee: 2 Independent, 1 Inside • Compensation Committee: 3 Independent • Audit Committee: 3 Independent, 2 Inside	03/21: Membership of: • Nomination Committee: 2 Independent, 1 Inside • Compensation Committee: 3 Independent • Audit Committee: 2 Independent, 1 Inside * Each committee is chaired by an independent director.	03/23: Membership of: • Nomination Committee: 3 Independent, 1 Inside • Compensation Committee: 3 Independent • Audit Committee: 2 Independent, 1 Inside
Chairman of the Board of Directors	President of the Company	06/13: Director, Chairman (Non-Executive Inside Director)		03/19: Independent Director	
Separation of supervision and business execution	05/02: Introduction of Executive Officer System 06/02: Reduction of the number of Directors stipulated in the Articles of Incorporation (35 → 20) 06/05: Reduction of the number of Directors stipulated in the Articles of Incorporation (20 → 12)		06/15: Revision of rules of the Board of Directors to delegate greater authority to the business executive team	03/19: Reduction of the number of Executive Inside Directors (3 → 1)	
Number of Members of the Board of Directors					
Directors	06/02: 20 → 06/05: 12 → 06/08: 12 → 06/11: 12 → 06/15: 14 → 06/17: 13 → 03/19: 11 → 03/20: 10				03/22: 10 → 03/23: 11
Independent Directors (of which, female)		06/08: 2 → 06/11: 4 → 06/15: 7 (2) → 06/17: 7 (1) → 03/20: 7 (2) → 03/21: 7 (3)			03/22: 7 (3) → 03/23: 8 (3)
Outside Audit & Supervisory Board members	06/01: 2 → 06/07: 3 →				
Directors’ and Executive Officers’ nomination	06/02: Shortening of term of directors from two years to one year	03/08: • Establishment of standards for evaluating independence of Independent Directors • Establishment of basic policies for Directors’ and Executive Officers’ nominations • Establishment of tenure limit for Directors and Executive Officers		10/19: Establishment of standards for average Board meeting attendance and number of concurrent positions at other companies held by Directors	
Directors’ and Executive Officers’ compensation		05/09: • Establishment of Basic Policy on Directors’ and Executive Officers’ Compensation • Abolition of officer retirement benefit system • Introduction of share-based payment stock options	03/18: • Abolition of stock option system • Introduction of restricted stock compensation plan and performance-linked stock compensation plan	04/22: Introduction of ESG indicators	04/22: Introduction of ESG indicators
Advisors			06/15: Abolition of the provision regarding advisors in Articles of Incorporation		
Evaluation of Board of Directors’ effectiveness			06/16: Start of evaluations of the effectiveness of the Board of Directors 06/17: Addition of individual interviews into procedures for evaluating the effectiveness of the Board of Directors		06/22: Evaluations led by chairperson
EBARA Corporate Governance Basic Policy			11/15: Establishment 11/18: Revision (addition of regulations regarding non-reappointment of President, etc.)	01/21: Revision (The majority of directors shall be Independent Directors, and the chairpersons of the three committees shall be Independent Directors.) 09/21: Clarification of the role and qualification requirements for directors by attribute and position	

Evaluation of the Effectiveness of the Board of Directors

Since the shift to the Company with a Nomination Committee, etc. structure in the fiscal year ended March 31, 2016, the Board of Directors has been conducting annual evaluations of its effectiveness (including that of the Nomination, Compensation, and Audit Committees) and disclosing the results. The purpose of these evaluations is to verify how the Board of Directors contributes to effective corporate governance as well as to identify issues and make improvements. The improvement status of issues identified in the previous year is verified through the annual evaluation. Based on this verification, the next issues are identified, and the PDCA cycle is implemented to ensure continuous governance reform.

Fiscal 2022 Evaluation of Effectiveness

The Chairman of the Board of Directors is an Independent Director. In fiscal 2022, he led discussions with external experts regarding our Directors' awareness of problems, current situation, and challenges, in order to establish evaluation methods and the direction for evaluations of effectiveness. Previously, the Board's effectiveness was thoroughly verified in a neutral, objective manner under the leadership of external experts. In light of progress made in establishing EBARA's governance foundation, starting in fiscal 2022, we have decided to shift to a different method. Evaluations will be led by the Chairman of the Board of Directors, who has a thorough understanding of the inner workings of the Board of Directors, with the aim of examining and discussing effectiveness at an even deeper level. Future evaluations will also include regular evaluations by external experts.

Analysis and Assessment Process

The Independent Director who serves as Chairman of the Board conducted individual interviews with all of the Directors to directly confirm the thoughts of each Director based on the results of questionnaire responses. And all of them were analyzed and shared with the Directors, and the effectiveness of the Board was discussed at the Board meetings held in December 2022 and January 2023. In addition, the Board conducted self-evaluation and peer evaluation of individual Directors based on the roles and qualification requirements that were clarified last year. Based on the results of the evaluation of effectiveness, every other Director evaluated the Chairman* and deliberated on whether to keep the same chair for the next fiscal year.

* In March 2019, we adopted a system in which an Independent Director serves as Chairman of the Board of Directors, and the chair is evaluated annually given the importance of this role on the Board.

Questionnaires and Individual Interviews

Questionnaires are used to identify overarching trends pertaining to important matters concerning the effectiveness of the Board of Directors and the committees, while more in-depth evaluations of particularly important matters are performed through individual interviews.

Major Questionnaire Items

- Roles and functions of the Board of Directors
- Size and composition of the Board of Directors
- Status of operation of the Board of Directors
- Composition and roles of the three committees
- Status of operation of the three committees
- Support systems for Independent Directors
- Relationships with investors and shareholders
- Self-evaluations

Main Content of Individual Interviews

- Evaluation of business and management (business structure reform, profitability improvement, and human capital management)
- Promotion of human resource development and diversity
- Status of the Independent Directors' Meeting
- Evaluations of the Board of Directors and committees (composition of Independent Directors and succession plans, sustainability discussions, agenda setting for the Board, presentations with materials on execution, information sharing with the Board by the three committees)
- Evaluation of the Chairman of the Board of Directors
- Dialogue with capital markets

Summary of the Results of Analysis and Evaluation

In consideration of the survey results, it was confirmed that the Board of Directors and its committees are conducting adequate discussions on important issues and are operating appropriately. The evaluation confirmed that the effectiveness of the Board of Directors is sufficiently ensured, and efforts to address the matters brought up as issues last year have progressed. The self-evaluation and peer evaluation of individual Directors were performed based on the roles and responsibilities of Directors clarified last year, and through the evaluations, it was confirmed that each Director appropriately fulfills their responsibilities and contributes to discussion in the Board. An overview of the evaluations was shared with the Nomination Committee. The Committee also referred to the results of the evaluations when selecting Directors.

Action to Be Taken

The Board of Directors identified the following items to be discussed on an ongoing basis at Board and committee meetings to further enhance the effectiveness of the Board of Directors, in addition to continuing reforms that have already been implemented.

- Strengthening the push for periodic verification, follow-up and speedy execution of action to address long-term issues contributing to the enhancement of corporate value (business portfolio, human capital, human resource development, promotion of diversity, important issues on sustainability, etc.)
- Confirm and verification of the state of the governance system enabling the resolution of such issues
- Confirm and verification of the scope of information sharing from committees to the Board
- Improvement of discussion on dialogue with capital markets as the Board

Training for Directors

In addition to deepening the understanding of the EBARA Group, we conduct training with the aim of comprehending the latest trends and enhancing Directors’ knowledge and insight. Newly appointed Independent Directors are given opportunities to acquire the knowledge and insight necessary to fulfill their duties, including regarding finance, legal affairs, and corporate governance, before or immediately after their appointment. We also provide every Independent Director with the opportunity to deepen their understanding of the EBARA Group’s business through visits to business

sites, among other options. To grasp the latest trends in the industry and fields related to the Company’s medium- to long-term challenges, we are striving to make opportunities available for appropriate training as needed, such as by arranging lectures with external experts.

Fiscal 2022 Site Visit and Training Results

- March 2022: Orientation for new Directors
- October 2022: On-site visits to major domestic bases
- December 2022: Opinion exchange meeting with external experts on diversity and inclusion (D&I)

Nomination Committee



Members	4 (3 Independent Directors 1 Non-Executive Inside Director)
Reason for appointment of chairperson	Mr. Sawabe possesses an abundance of experience pertaining to general corporate management, is well versed in corporate planning, and has a rich background of serving as an outside director at other listed companies. Mr. Sawabe has been appointed as chairperson of the Nomination Committee so that he can utilize his wide-ranging insight into various industries as he exercises leadership in the development of candidates and selection of management personnel.
Meetings in FY2022	22

Hajime Sawabe

Lead Independent Director, Chairperson of the Nomination Committee

Based on the six-year succession plan for the President and Representative Executive Officer that began in 2019, the Nomination Committee is collaborating with the executive team to systematically proceed with the cultivation of candidates and the selection of successors. During this process, we are determined to take an approach that goes beyond selecting the next president to building the next management team.

The E-Plan 2025 medium-term management plan launched this year calls for “Governance to Value (G to V),” and in addition to the Board of Directors, every committee will strive to play an important role in overseeing sustainability. To realize E-Vision 2030 and E-Plan 2025, the Nomination Committee will continue to understand changes in the business environment to continuously improve our value to society as well as our corporate value. We will strive to develop management personnel who will take on the challenge of achieving these goals to accomplish our mission with joy, rather than obligation.

Role of the Nomination Committee

In addition to formulating policies for appointment and dismissal of the President and Representative Executive Officer and succession plans, the main role of the Nomination Committee is deciding on proposals to be submitted to the General Meeting of Shareholders concerning the appointment or dismissal of Directors, the President and Representative Executive Officer, Executive Officers, Directors with special titles, the Chairman of the Board of Directors and the Non-Executive Inside Directors who assist the Chairman. In addition, the committee makes recommendations to the Board of Directors concerning the appointment and dismissal of Chairs and members of the Nomination, Compensation, and Audit committees.

Succession Plan for the President and Representative Executive Officer

The establishment and implementation of the succession plan for the President and Representative Executive Officer is one of the most important tasks for the Nomination Committee. The Company’s succession plan has two major characteristics. The first characteristic is that this plan is formulated by the Nomination Committee, of which the current President is not a member. The second characteristic is that, when selecting the next President, the Nomination Committee coordinates with the executive team to systematically cultivate candidates and select the successor over an extended period of time. The Nomination Committee is composed of four Non-Executive Directors, including three

Independent Directors and the Chairman of the Company. This membership ensures the objective selection of ideal candidates. The Company has a policy stating that excessively long terms should be avoided for members of senior management (the President and the Chairman of the Company) and that individuals in these positions should be changed periodically. The upper limit for the term of the President is six years. The current President, who was appointed in March 2019, was selected through a process of cultivating, evaluating, and narrowing down candidates that began three years prior.

Cultivation and Selection Process

The Nomination Committee has formulated a six-year succession plan for selecting the next President. Training on the cultivation and selection process for this plan commenced in 2019.

EBARA's succession plan begins with searching for candidates with the potential to fill the position of President in the future. A development program is then conducted to instill in candidates the basic skills expected of executives. This future manager development program includes discussions with managers from Japan and from overseas, coaching from external specialists on introspective thinking, and other provisions designed to cultivate the sense of commitment required of an executive while improving the viability of candidates.

During this process, the individuals that will be advanced to the next step are chosen. The next step of the plan is to have candidates address specific business issues via the management issue resolution program. Candidates who proceed to this stage are placed in positions that take them out of the area in which they have experience or have previously been responsible for through means such as transfer to another division. They are then expected to work to address actual management issues while experiencing various new aspects of business. The candidates to be submitted for final consideration are selected from among the individuals that

have excelled at this step. Candidates for final consideration receive coaching on the mindset and thought processes necessary of the President from a professional executive coach and are expected to apply what they learn accordingly. Candidates are evaluated during the coaching process, and the results of these evaluations are reported to the Nomination Committee.

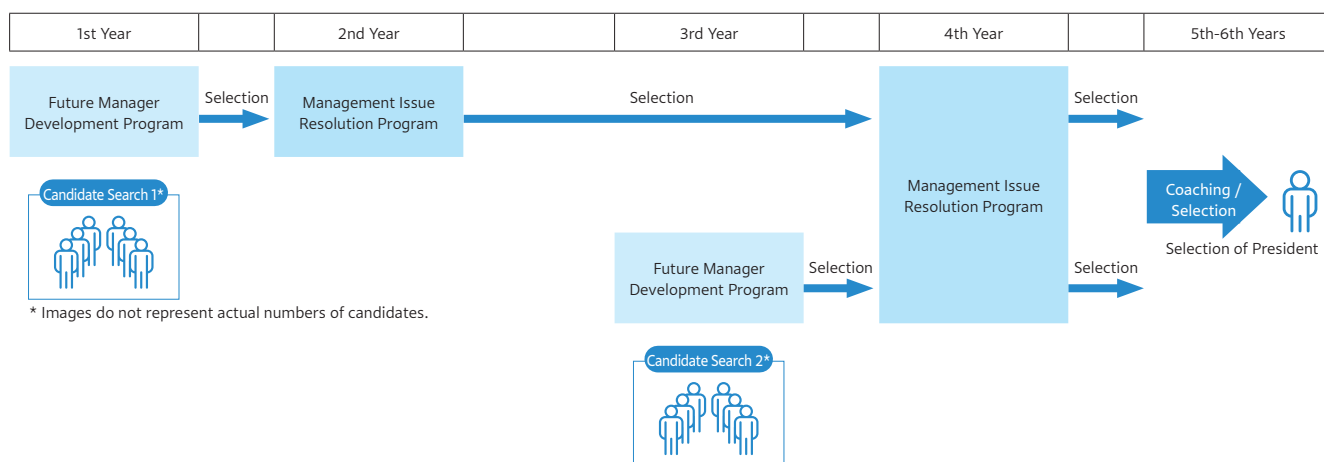
The qualities required in the President include perseverance and passion in addition to other qualities expected of executives. Additional requirements are also defined based on the management circumstances at a given time. The final decision of who will become the next President is made by the Nomination Committee based on the degree to which the required qualities are possessed as well as on qualities such as flexibility and growth potential as decided based on the extent to which the candidate grew before and after receiving coaching.

2022 was the fourth year of the six-year succession plan for the President, and in addition to conducting the second management issue resolution program, we held plenty of discussions about the training programs, including about formulating our vision for the ideal top executive of EBARA.

Revision of Corporate Governance Basic Policy and Clarification of Roles


In 2021, EBARA revised its Corporate Governance Basic Policy to clarify the roles and qualification requirements for Directors, including those by classification and position. This is an extremely important guideline for the future activities of the Board of Directors, committees, and individual Directors. The Nomination Committee will select candidates who meet the requirements and will contribute to improving the effectiveness of the Board of Directors. The recommendations the Nomination Committee makes to the Board of Directors will draw on the results of the evaluation of the Board as a whole, each committee, and the effectiveness of each Director, as well as the evaluation of the Chairman of the Board of Directors, with the aim of further improving the effectiveness of the Board of Directors as a whole.

Six-Year Cultivation and Selection Process



Compensation Committee



Members	3 (3 Independent Directors) 
Reasons for appointment of chairperson	As an attorney, she is well versed in corporate legal affairs with a focus on labor-related laws and regulations, and brings experience as an outside director at a listed company. As chairperson of the Compensation Committee, she will provide leadership in reviewing the compensation system and the level of compensation for the Company's Directors and Executive Officers based on her abundant experience, deep insight, and expertise.
Meetings in FY2022	12

Mie Fujimoto

Independent Director, Chairperson of the Compensation Committee

To strongly motivate the achievement of the management targets of E-Vision 2030 and E-Plan 2025, the Company has introduced short-term performance-linked stock compensation linked to the achievement levels of the medium-term management plan for its Executive Officer compensation. To further promote executive efforts towards sustainability issues, in 2022, the Compensation Committee has newly adopted two ESG evaluation indicators to be tied to short-term performance-linked compensation: CDP*¹ (climate change) for E (environment) and GES*² for S (society). Setting goals for these indicators every year will support steady progress.

*1. An ESG rating agency that evaluates climate change response strategies and efforts to reduce GHG emissions, etc.

*2. Since 2019, employees of domestic and overseas Group companies have been participating in the Global Engagement Survey to investigate the current state of engagement in their companies and workplaces to achieve their medium- to long-term visions.

Role of the Compensation Committee

The Compensation Committee decides on policies and amounts of compensation for individual Directors and Executive Officers, in addition to making recommendations to the Board of Directors concerning officer compensation systems at affiliates and other companies.

Review of Evaluative Indicators for Performance-linked Stock Compensation

The Compensation Committee considered evaluation indicators for performance-linked stock compensation during the E-Plan 2025 evaluation period, from January 2023 to December 2025. The committee held repeated discussions on the Company's approach to important indicators of E-Plan 2025, and because we intend to continue deepening ROIC management after E-Plan 2022, we have decided to use ROIC, an important indicator, as a performance indicator.

Review of Evaluative Indicators for Short-term Performance-linked Compensation

Based on the new policies of E-Plan 2025, the Company discussed revising the performance indicators for Executive Officer short-term performance-linked compensation, and decided to use ROIC and operating profit from fiscal 2023 (until fiscal 2022, ROIC, operating profit, and S&S net sales were used as indicators). We have chosen to continue using CDP (climate change) and EBARA's Global Engagement Survey as our ESG indicators. We will proceed to discuss specific evaluation indicators, including the revisions of such, as we work towards the next medium-term management plan.

Evaluation Indicators for Short-term Performance-linked Compensation

Evaluation Indicator		Evaluation Weight
Performance indicators	ROIC	45%
	Consolidated operating income	
MBO	Set based on KPI for each responsible business	45%
ESG indicators	E (environment): CDP (climate change)	10%
	S (society): Global Engagement Survey	

Total Amounts of Compensation for Directors and Executive Officers

Position	Total compensation (Millions of yen)	Total compensation by type (Millions of yen)									
		Basic compensation		Short-term performance-linked compensation		Restricted stock compensation		Performance linked stock compensation		Other	
		Recipients	Amount	Recipients	Amount	Recipients	Amount	Recipients	Amount	Recipients	Amount
Directors of the Board (excluding Independent Directors)	130	2	100	—	—	2	30	1	(0)	—	—
Independent Directors	130	8	105	—	—	8	25	—	—	—	—
Executive Officers	991	19	401	15	263	18	86	19	225	1	15
Total	1,252	29	607	15	263	28	141	20	224	1	15

- Notes: 1. Compensation shown is the amount of compensation paid to Directors and Executive Officers in office as of December 31, 2022, for the term of office of each Director and Executive Officer for the fiscal year ended December 31, 2022, and compensation paid to the Non-Executive Director who retired at the conclusion of the 157th Ordinary General Meeting of Shareholders held on March 29, 2022, and the four Executive Officers, who retired at the conclusion of the meeting of the Board of Directors held on the same day, according to their term of office, which began January 2022 and ended upon resignation.
2. Compensation paid to the President and Representative Executive Officer, who concurrently serves as a Director, is included in the Executive Officers compensation column.
3. The amount of compensation paid to Executive Officers includes ¥126 million (basic compensation ¥61 million, short-term performance-linked compensation ¥34 million, performance-linked stock compensation of ¥15 million, and other compensation of ¥15 million) in compensation paid by subsidiaries to Executive Officers that serve concurrently as officers at subsidiaries.
4. Executive Officers' short-term performance-linked compensation is determined based on Companywide or business performance, as well as individual goals, and the degree of achievement of these goals is evaluated and discussed by the Compensation Committee.
5. Short-term performance-linked compensation depicts the total amount of short-term performance linked compensation paid in March 2023 to Executive Officers in office as of December 31, 2022, for the fiscal year ended December 31, 2022.
6. Restricted stock compensation shown combines the amount of restricted stock compensation granted in the fiscal year ended December 31, 2021, and the amount of which was recorded as expenses during the fiscal year ended December 31, 2022.
7. Performance-linked stock compensation depicts the total amount of performance-linked stock compensation to be paid in May 2023 that is expected to be expensed in the current fiscal year. The calculation for the fiscal year under review is based on the most recent share price of the Company and the Group's ROIC for the year ended December 31, 2022, which was the final year of the E-Plan 2022 medium-term management plan, as well as the difference from the amount recorded in the previous fiscal year.
8. "Other" represents the ¥10 million to be paid by a subsidiary in 2023 to an officer retiring in the 157th term, including ¥10 million of performance-linked cash compensation and pension contributions of ¥5 million attributable to the relevant business year.

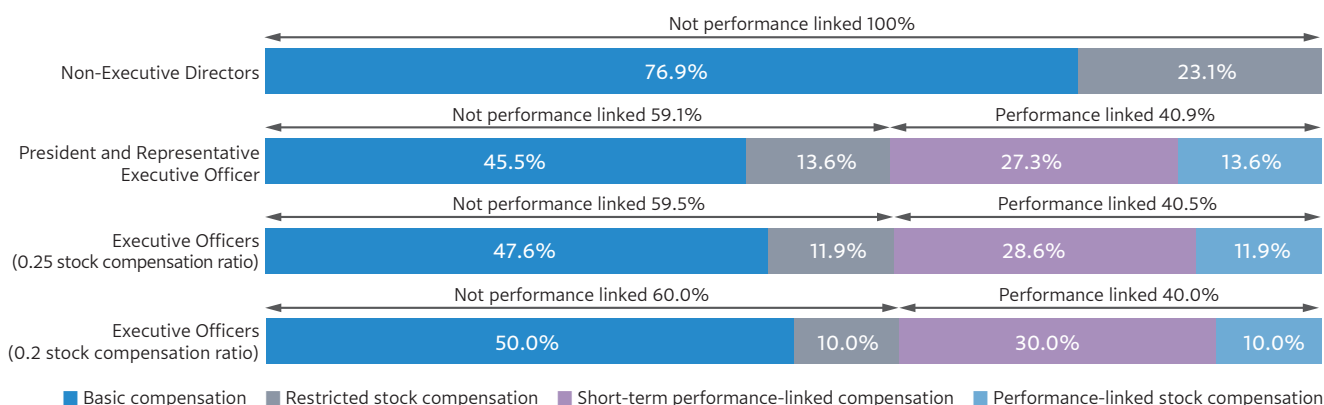
Amounts of Compensation for Directors and Executive Officers Receiving Compensation Exceeding ¥100 Million

Name	Company	Total compensation (Millions of yen)	Total compensation by type (Millions of yen)				
			Basic compensation	Short-term performance-linked compensation	Restricted stock compensation	Performance linked stock compensation	Other
President and Representative Executive Officer Masao Asami	EBARA CORPORATION	143	54	34	16	38	—

- Notes: 1. Short-term performance-linked compensation depicts the total amount of short-term performance-linked compensation paid in March 2023 for the fiscal year ended December 31, 2022.
2. Restricted stock compensation shown combines the amount of restricted stock compensation granted in the fiscal year ended December 31, 2021, and the amount of which was recorded as expenses during the fiscal year ended December 31, 2022.
3. Performance-linked stock compensation depicts the total amount of performance-linked stock compensation to be paid in May 2023 that is expected to be expensed in the current fiscal year. The calculation for the fiscal year under review is based on the most recent share price of the Company and the Group's ROIC for the year ended December 31, 2022, which was the final year of the E-Plan 2022 medium-term management plan, as well as the difference from the amount recorded in the previous fiscal year.

Composition of Compensation Paid to Directors and Executive Officers

(If 100% of the target for performance-linked compensation is achieved)



Corporate Governance

Audit Committee



Members	3 (2 Independent Directors) 1 Non-Executive Inside Director
Reasons for appointment of chairperson	She is a certified public accountant with abundant insight and expertise in corporate accounting and auditing, diverse audit experience at audit corporations, as well as experience serving as an outside director at a listed company. As chairperson of the Audit Committee, she reflects this experience to the management supervision of the Company and the Group, and demonstrates her leadership in the activities of the Audit Committee.
Meetings in FY2022	22

Hisae Kitayama

Independent Director, Chairperson of the Audit Committee

The Company has formulated the new medium-term management plan, E-Plan 2025, to realize E-Vision 2030, and we are actively promoting Governance to Value (G to V) by reforming our business execution and governance systems to create value from a customer-oriented perspective. The Audit Committee monitors and verifies the Company’s initiatives, including the progress of E-Plan 2025, strengthening Groupwide management, evolving ESG management, and aims to further strengthen the corporate governance system, and will contribute to the EBARA Group’s sustainable growth and increased corporate value over the medium to long term.

Role of the Audit Committee

The Audit Committee is responsible for conducting audits to assess whether or not Directors, Executive Officers, and employees of the Company and its subsidiaries are in compliance with legal obligations and internal regulations. In addition, the Audit Committee endeavors to monitor

Executive Officers and verify whether they execute their duties in a sound, fair, appropriate, and efficient manner in accordance with basic policies for management and medium- and long-term management plans established by the Board of Directors, such as the E-Vision 2030 long-term vision and the E-Plan 2025 medium-term management plan.

Status of Activities of the Audit Committee

Discussions with Members of Executive Management	Members of the Audit Committee hold regular and as-necessary meetings with the President and Representative Executive Officer, company managers, other Executive Officers, and general managers to exchange information and opinions on the progress of management plans, risk management, and other matters.
Attendance at Important Meetings	Members of the Audit Committee attend meetings of the Management Meeting, the Sustainability Committee, the Risk Management Panel, and other important meetings to improve the effectiveness and efficiency of audits and maintain an accurate and up-to-date understanding of relevant information. Advice is also provided to the executive team as necessary.
On-Site Audits	On-site audits (including witnessing internal audits by executive departments and audits by independent auditors) are performed at domestic and overseas offices, operating sites, and subsidiaries to confirm that internal control systems are functioning effectively at the Company and across the Group. For the fiscal year ended December 31, 2022, we focused on conducting on-site audits while applying remote audit methods that we used during the COVID-19 pandemic, such as web conferencing and joint audits with local external experts.
Major Areas Assessed by the Audit Committee in the Fiscal Year Ended December 31, 2022	<ul style="list-style-type: none"> • Audit of the execution of duties and legal compliance system of Executive Officers and others • Audits of the design and operation of the Group’s internal controls in relation to the Companies Act and the Financial Instruments and Exchange Act • Evaluation of the Independent Auditor, consideration of bidding for the Independent Auditor, and selection of Independent Auditor candidates • Establishment of operations related to applying International Financial Reporting Standards (IFRS) and confirmation of appropriateness of accounting treatment for other material accounting matters • Confirmation of the progress of the E-Plan 2022 medium-term management plan, confirmation of response to issues for formulation of the next medium-term management plan • Confirmation of Group company (including those overseas) management and supervision, including confirmation of the implementation of M&A due diligence and integration processes • Other matters requiring special attention include the development and operation of Group internal controls, such as compliance with the Corporate Governance Code and the development of a global information security system

Systems Supporting the Audit Committee

We are striving to create an audit system that focuses on monitoring to increase the independence of the Audit Committee from business execution, and ensure the effectiveness of Groupwide auditing. In concrete terms, the Audit Committee is chaired by an Independent Director, and the committee members consist of two outside members and one inside full-time member to ensure independence. To ensure effective auditing, the following organizations are under the control of the Audit Committee.

(1) The Audit Committee Office has been established under the control of the Audit Committee, and five full-time staff members are responsible for operating the Audit Committee, planning audit policies and plans, communicating and coordinating with the Independent Auditor, and assisting the Audit Committee members in conducting audits and observing on-site inspections.

(2) The Audit Department was established under the Audit Committee in order to strengthen on-site inspection organizations under the Audit Committee and to strengthen collaboration with the Internal Audit Division. The head of the Internal Audit Division and its members are concurrently serving in the Audit Department (10 members).

(3) To ensure closer cooperation between the Audit Committee and the auditors of Group companies, four full-time auditors of major subsidiaries and affiliates (Elliott Ebara Turbomachinery Corporation, Ebara Environmental Plant Co. Ltd., EBARA FIELD TECH. CORPORATION and Swing Corporation) are concurrently serving the Company's Audit Committee.

(4) Due to the importance of monitoring and supervising the internal control of the EBARA Group, comprising the Company and its subsidiaries, decisions on candidates for auditors of affiliated companies are made only after obtaining the consent of the Audit Committee.

Collaborative Audits by Different Auditing Bodies

Coordination with and Evaluation of the Independent Auditor

- Throughout the course of collaboration with the Independent Auditor, the Audit Committee confirms that the Independent Auditor maintains independence and conducts appropriate audits, and receives reports as needed from the Independent Auditor on the execution of duties

and the results. Furthermore, the Audit Committee conducts efficient audits by holding meetings with the Independent Auditor regularly and as needed for the mutual exchange of information and opinions.

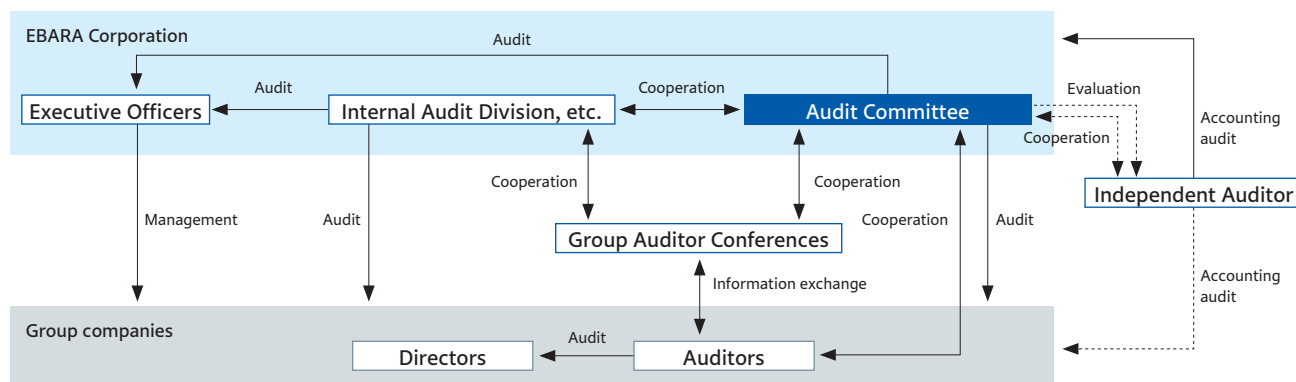
- If the Independent Auditor holds the office for ten consecutive years, regardless of their annual evaluation, the Audit Committee conducts a bidding process to select candidates for the next year's auditor. Bidding may also be held if the Independent Auditor is reappointed and holds office for a further five consecutive years, and the maximum period that the same Independent Auditor can serve consecutively is twenty years. As of fiscal 2022, fifteen years have passed since Ernst & Young ShinNihon LLC was appointed as our Independent Auditor, so we held a bid in accordance with this policy. Deloitte Touche Tohmatsu LLC was appointed as the Company's new independent auditor at the 158th Ordinary General Meeting of Shareholders held on March 29, 2023, based on the evaluation and deliberation results based on the bidding criteria set in advance by the Audit Committee.

Coordination with Internal Audit Division

The Audit Committee coordinates with the Internal Audit Division and divisions responsible for internal control, risk management, and compliance as well as with the auditors of Group companies.

- Information is exchanged on a regular and as-needed basis, including the exchange of opinions on the internal audit plan formulated by the Internal Audit Division, and advice is provided to the executive departments as necessary.
- Information is exchanged with the internal control, risk management and compliance division on a regular and as-needed basis, and advice is provided to the executive departments as necessary.
- Group Auditor Conferences are held twice a year and attended by the auditors of affiliated companies. Other attendees include Audit Committee members, the Internal Audit Division, as well as the heads of the internal control, risk management, compliance, and finance and accounting divisions who meet to share necessary information and receive business reports from the auditors of subsidiaries.

EBARA Group Auditing Organizational Diagram



Biographies of Executive Officers

* Indicates shikkou-yaku, a Japanese legal term which refers to executive officers who are appointed by the Board of Directors to execute company policy and strategy. The role and legal title of such executive officers are described in the Companies Act of Japan, and as such they bear fiduciary duties to the Company.

(As of March 29, 2023)



Masao Asami

President and Representative Executive Officer,
CEO & COO

Apr. 1986 Joined the Company
Apr. 2010 Executive Officer
Apr. 2011 Division Executive, Sales and Marketing Division,
Precision Machinery Company
Apr. 2014 Managing Executive Officer
Jun. 2015 Managing Executive Officer
Apr. 2016 President, Precision Machinery Company
Mar. 2019 Director (to present)
President and Representative Executive Officer (to present)
Jan. 2023 CEO & COO (to present)



Shu Nagata

Executive Officer,
President, Building Service & Industrial Company

Apr. 1990 Joined the Company
Oct. 2008 Managing Director of Ebara Pumps Europe S.p.A
Apr. 2017 General Manager, Global Sales and Marketing Department, Standard Pump Business
Division, Fluid Machinery & Systems Company
Mar. 2018 Executive Officer (to present)
Division Executive, Corporate Strategic Planning Division
Mar. 2019 Division Executive, Human Resources Division
Jan. 2020 Division Executive, Corporate Strategic Planning and Human Resources Division
Mar. 2022 President, Fluid Machinery & Systems Company
Responsible for Chillers Business, Fluid Machinery & Systems Company
Jan. 2023 President, Building Service & Industrial Company (to present)



Takanobu Miyaki

Executive Officer,
President, Energy Company, CEO, Elliott Company,
Chairman, EBARA GREAT PUMPS CO., LTD., Chairman & CEO, Elliott Group Holdings, Inc.

Apr. 1996 Joined the Company
Mar. 2020 Vice President, Elliott Group Holdings, Inc.
Vice President, Elliott Company
Mar. 2021 Director, Elliott Group Holdings, Inc.
Mar. 2022 Director and CEO, Elliott Group Holdings, Inc.
CEO, Elliott Company (to present)
Executive Officer (to present)
Responsible for Compressors and Turbines Business,
Fluid Machinery & Systems Company
Jan. 2023 President, Energy Company (to present)
Chairman, EBARA GREAT PUMPS CO., LTD. (to present)
Chairman and CEO, Elliott Group Holdings, Inc. (to present)



Teruyuki Ota

Executive Officer,
President, Infrastructure Company

Apr. 1971 Joined the Company
Apr. 2017 General Manager, Recruiting and HR Development Department, Human Resources,
Legal and General Affairs Division
Apr. 2021 General Manager, Infrastructure Sales Department, System Business Division, Fluid
Machinery Systems Company of the Company
Mar. 2022 Executive Officer (to present)
Division Executive, System Business Division, Fluid Machinery & Systems Company
Jan. 2023 President, Infrastructure Company (to present)



Hideki Yamada

Executive Officer,
President, Environmental Solutions Company, President and Representative Director of
Ebara Environmental Plant Co., Ltd. Director, Swing Corporation

Apr. 1985 Joined the Company
Apr. 2008 General Manager, Global Sourcing Department, Custom Pump Business Division,
Fluid Machinery & Systems Company
Apr. 2011 General Manager, Procurement Control Department, Custom Pump Business
Division, Fluid Machinery & Systems Company
Apr. 2013 Executive Officer
Apr. 2015 Deputy Division Executive, China and East Asia Department, Strategy and
Technology Management Division, Fluid Machinery & Systems Company
Chairman, EBARA GREAT PUMPS CO., LTD.
Apr. 2016 Division Executive, China and East Asia Department, Strategy and Technology
Management Division, Fluid Machinery & Systems Company
Jan. 2019 Division Executive, Industrial Pump Division, Fluid Machinery & Systems Company
Oct. 2019 Managing Executive Officer
Division Executive, Custom Pump Division, Fluid Machinery & Systems Company
Jan. 2020 Chairman, EBARA MACHINERY ZIBO CO., LTD.
Mar. 2020 Executive Officer (to present)
Jan. 2023 President, Environmental Solutions Company (to present)
President and Representative Director, Ebara Environmental Plant Co., Ltd.
(to present)
Director, Swing Corporation (to present)



Tetsuji Togawa

Executive Officer,
President, Precision Machinery Company

Apr. 1986 Joined the Company
Apr. 2013 New Business Development Department, Precision Machinery Company
Apr. 2014 Executive Officer
Mar. 2019 Senior Managing Executive Officer President, Precision Machinery Company
Mar. 2020 Executive Officer (to present)
Jan. 2023 President, Precision Machinery Company (to present)



Masao Hodai

Executive Officer,
Chief Operating Officer,
Precision Machinery Company

- Apr. 1988 Joined the Company
- Jan. 2008 Director and General Manager,
Ebara Precision Machinery Taiwan Incorporated
- Apr. 2016 Executive Officer
Division Executive, Sales and Marketing Division,
Precision Machinery Company
- Jan. 2020 Division Executive, Strategy and Administration
Division, Precision Machinery Company
- Jan. 2022 Division Executive, Global Business Strategy
Division, Precision Machinery Company
- Jan. 2023 Chief Operating Officer,
Precision Machinery Company (to present)
- Mar. 2023 Executive Officer (to present)



Isao Nambu

Executive Officer,
Division Executive, Equipment Division,
Precision Machinery Company

- Apr. 1997 Joined the Company
- Jan. 2020 Division Executive, Marketing Division
- Jan. 2022 Division Executive, Equipment Division,
Precision Machinery Company
- Mar. 2022 Executive Officer (to present)
- Jan. 2023 Division Executive, Equipment Division,
Precision Machinery Company (to present)



Seiichi Tsuyuki

Executive Officer,
Division Executive, Components Division,
Precision Machinery Company

- Apr. 1992 Joined the Company
- Jan. 2022 Division Executive, Components Division,
Precision Machinery Company
- Mar. 2022 Executive Officer (to present)
- Jan. 2023 Division Executive, Components Division,
Precision Machinery Company (to present)



Shugo Hosoda

Executive Officer,
Division Executive, Corporate Strategic Planning,
Finance and Accounting Division & CFO

- Oct. 1993 Joined the Company
- Apr. 2015 Division Executive, Governance Promotion
Department
- Apr. 2016 Deputy Vice President, Elliott Group Holdings, Inc.
Deputy Vice President, Elliott Company
- Jan. 2018 Vice President, Elliott Group Holdings, Inc.
Vice President, Elliott Company
- Jan. 2019 Director, Elliott Group Holdings, Inc.
- Mar. 2021 Executive Officer* (to present)
Division Executive, Finance & Accounting
Division
- Mar. 2022 Division Executive, Corporate Strategic
Planning, Finance & Accounting Division
- Jan. 2023 Division Executive, Corporate Strategic
Planning, Finance & Accounting Division & CFO
(to present)



Yoji Sato

Executive Officer,
Division Executive, Human Resources Division & CHRO

- Apr. 1987 Joined the Company
- Apr. 2011 Division Executive, Planning Division, Ebara
Environmental Plant Co., Ltd.
- Apr. 2012 General Manager, EBARA QINGDAO CO., LTD.
- April 2017 Division Executive, Sales Division, Ebara
Environmental Plant Co., Ltd.
- Jan. 2019 Director, Environmental Engineering Company
- Mar. 2022 Executive Officer (to present)
Division Executive, Human Resources Division
- Jan. 2023 Division Executive, Human Resources Division
& CHRO (to present)



Toru Nakayama

Executive Officer,
Division Executive, Legal, Internal Control,
Risk Management and General Affairs Division & CRO

- Apr. 1984 Joined the Ministry of International Trade and
Industry (currently Ministry of Economy, Trade
and Industry)
- Apr. 2012 Deputy Director General for Commerce and
Information Policy Bureau, METI
- Jul. 2013 Director-General, Trade Control Department,
Trade and Economic Cooperation Bureau
- Sep. 2014 Joined the Company
- Jan. 2018 Division Executive, Internal Control and Risk
Management Division
- Mar. 2018 Executive Officer* (to present)
Division Executive, Legal, Internal Control, Risk
Management and General Affairs Division
- Jan. 2023 Division Executive, Legal, Internal Control, Risk
Management and General Affairs Division &
CRO (to present)



Hiroyuki Kowase

Executive Officer,
Division Executive,
Information & Communication System Division & CIO

- Apr. 2014 Executive Officer and CIO General Manager, IT
Promotion Headquarters, LIXIL Corporation
- Dec. 2015 Senior Managing Executive Officer and CIO
General Manager, Information Systems
Headquarters, LIXIL Corporation
- Jul. 2018 Deputy Chief Global Information Technology
Officer, Department Director, ICT Strategy &
Platform Department, Shiseido Company,
Limited
- Dec. 2018 Joined the Company
- Apr. 2019 Division Executive, Information &
Communication System Division
- Mar. 2020 Executive Officer* (to present)
- Jan. 2023 Division Executive, Information &
Communication System Division & CIO
(to present)



Norihisa Miyoshi

Executive Officer,
Division Executive,
Technologies, R&D & Intellectual Property Division & CTO

- Apr. 1987 Joined the Company
- Apr. 2016 Division Executive, Basic Technology Division,
Ebara Environmental Plant Co., Ltd.
- Jan. 2019 Division Executive, Engineering Division, Ebara
Environmental Plant Co., Ltd.
- Jan. 2022 President and Representative Director of Ebara
Environmental Plant Co., Ltd.
- Jan. 2023 Division Executive, Technologies, R&D &
Intellectual Property Division
- Mar. 2023 Executive Officer (to present)
Division Executive, Technologies,
R&D & Intellectual Property Division & CTO
(to present)

10-Year Financial Summary

Note: Due to a change in the fiscal year end of EBARA CORPORATION and its consolidated subsidiaries, the fiscal year ended December 31, 2017 is an irregular nine-month period. In order to improve the international comparability of its financial information, the EBARA Group has adopted the International Financial Reporting Standards (IFRS) instead of Japanese GAAP from the fiscal year ended December 31, 2021.

	2014/3	2015/3	2016/3	2017/3
Financial Results:				
Orders	¥512,276	¥487,553	¥491,280	¥ 477,956
Net sales/Revenue	448,657	482,699	486,235	476,104
Operating income/Operating profit	32,194	34,567	38,011	29,995
Operating income to sales ratio/Operating profit to revenue ratio (%)	7.2	7.2	7.8	6.3
Ordinary income	18,973	23,580	17,254	20,587
Profit attributable to owners of parent	4.2	4.9	3.5	4.3
Capital expenditures	18,152	15,846	15,729	22,675
Depreciation and amortization	12,117	13,038	11,610	13,739
R&D expenses	6,465	6,754	7,632	8,758
Financial Position, Cash Flows*2:				
Total assets*2, *3	¥530,211	¥570,392	¥579,860	¥ 588,457
Total net assets/Total equity	215,048	247,553	250,444	277,509
Shareholders' equity/Equity attributable to owners of parent*4	208,037	239,058	241,016	271,356
Interest-bearing debt*2	119,672	121,500	120,126	96,531
Retained earnings*2	70,629	91,815	102,446	117,883
Cash flows from operating activities	26,615	11,296	21,528	33,816
Cash flows from investing activities	3,540	(15,894)	(14,344)	(18,563)
Cash flows from financing activities	(25,336)	(7,044)	(9,655)	(15,102)
Free cash flow	30,155	(4,597)	7,184	15,252
Cash and cash equivalents at end of period	102,341	95,604	91,185	90,683
Share Data*5				
Number of issued shares (1,000 shares)	465,187	465,644	466,044	101,736
Cash dividends (yen)	¥ 7.50	¥ 12.00	¥ 12.00	¥ 36.00
Dividend yield (%)	1.2	2.4	2.6	1.7
Total return ratio (%)*6	18.4	23.6	32.3	28.1
Share buybacks	81	—	—	4
Total return ratio (%)	18.8	23.6	32.3	28.4
Earnings per share (EPS)/Basic earnings per share (yen)*7	¥ 40.86	¥ 50.77	¥ 37.12	¥ 213.71
Book value per share (BPS)/Equity attributable to owners of parent per share (yen)*7	448.05	514.38	518.16	2,672.19
Financial Indicators:				
Return on invested capital (ROIC) (%)*8	5.8	6.9	4.8	5.6
Return on equity (ROE) (%)*9	9.6	10.5	7.2	8.0
Debt-to-equity ratio (times)	0.58	0.51	0.50	0.36
Equity ratio/Equity attributable to owners of the parent (%)	39.2	41.9	41.6	46.1
Overseas sales ratio/Overseas revenue ratio (%)	52.8	53.6	52.2	52.7
Number of employees (persons)	15,168	16,030	16,270	16,317
Days sales outstanding	149	158	162	158
Days inventory outstanding	57	60	66	74
Day accounts payable turnover	84	83	87	92
Days cash conversion cycle	122	135	141	140

*1. At the 152nd Ordinary General Meeting of Shareholders held on June 23, 2017, it was resolved to change the Company's settlement date from March 31 to December 31. As a result, 2017/12 represents an irregular nine-month period aggregating performance from April 1 to December 31, 2017, for EBARA CORPORATION and consolidated subsidiaries that previously had a settlement date of March 31, and from January 1 to December 31, 2017, for consolidated subsidiaries that previously had a settlement date of December 31.

*2. Effective January 1, 2019, the Company adopted "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan (ASBJ) Statement No. 28, revised on February 16, 2018). Accordingly, figures for the fiscal year ended December 31, 2018, have been restated to reflect the adoption of this standard.

*3. The provisional accounting treatment concerning business combinations implemented in the fiscal year ended March 31, 2016, was finalized in the fiscal year ended March 31, 2017, and the finalized details of the provisional accounting treatment have been reflected in total assets for the fiscal year ended March 31, 2016.

*4. Shareholders' equity: Total net assets - (Subscription rights to shares + Non-controlling interests)

*5. EBARA CORPORATION conducted a consolidation of common shares at a rate of one share for every five shares with an effective date of October 1, 2016.

When two names are listed, the left-hand side is the JGAAP term and the right-hand side is the IFRS term.

JGAAP

IFRS

Millions of yen						
2017/12*	2018/12	2019/12	2020/12	2020/12	2021/12	2022/12
¥ 413,569	¥ 575,576	¥ 552,225	¥ 511,921	¥ 511,221	¥ 771,483	¥ 815,218
381,993	509,175	522,424	523,727	522,478	603,213	680,870
18,115	32,482	35,298	37,879	37,566	61,372	70,572
4.7	6.4	6.8	7.2	7.2	10.2	10.4
9,531	18,262	23,349	24,473	24,236	43,616	50,488
2.5	3.6	4.5	4.7	4.6	7.2	7.4
12,386	19,364	34,369	32,295	35,047	22,758	27,597
11,923	15,266	15,132	15,963	19,872	21,435	24,067
7,218	10,698	11,530	12,514	12,507	13,575	15,264
¥ 612,919	¥ 591,592	¥ 595,239	¥ 621,578	¥ 644,711	¥ 719,736	¥ 828,049
284,788	286,778	291,827	304,470	296,877	321,655	369,725
277,955	279,640	283,651	296,232	289,564	312,310	359,966
114,592	79,137	80,986	76,143	98,350	112,046	119,333
121,321	135,715	141,675	156,486	136,629	171,720	184,995
44,157	34,610	26,720	64,234	68,848	72,858	37,070
(7,906)	(15,927)	(24,077)	(29,071)	(29,200)	(31,361)	(38,324)
11,296	(46,412)	(20,188)	(9,628)	(14,389)	(29,489)	(23,749)
36,250	18,682	2,643	35,163	39,647	41,497	(1,254)
139,102	110,556	93,351	120,544	120,544	136,488	116,137
101,783	101,957	95,129	95,391	95,391	95,513	92,086
¥ 45.00	¥ 60.00	¥ 60.00	¥ 90.00	¥ 90.00	¥ 163.00	¥ 193.00
1.0	2.4	1.8	2.7	2.7	2.5	4.1
48.0	33.3	24.8	35.0	35.4	35.2	35.2
—	4,999	14,999	—	—	19,999	—
48.0	60.5	88.8	35.0	35.0	80.5	35.2
¥ 93.84	¥ 179.94	¥ 241.79	¥ 256.85	¥ 254.36	¥ 463.44	¥ 548.61
2,735.94	2,795.72	2,981.91	3,106.10	3,036.19	3,395.50	3,910.07
2.5	4.9	6.5	6.6	6.4	10.7	11.2
3.5	6.6	8.3	8.4	8.6	14.5	15.0
0.41	0.28	0.29	0.26	0.34	0.36	0.33
45.3	47.3	47.7	47.7	44.9	43.4	43.5
60.1	55.0	55.3	55.0	54.8	59.0	62.7
16,219	16,556	17,080	17,480		18,372	19,095
126	131	134	138	139	132	135
78	87	84	71	71	73	97
86	90	84	90	90	90	93
118	128	134	119	120	115	139

*6. When the annual dividend of ¥36 for the fiscal year ended March 31, 2017 (including an interim dividend of ¥6), is converted after the consolidation of shares, it is equivalent to ¥60 per share, consisting of an interim dividend of ¥30 and a year-end dividend of ¥30. Accordingly, the total return ratio is calculated based on an annual dividend of ¥60 per share.

*7. EPS is based on the average number of shares outstanding (excluding treasury stock) during the fiscal year. BPS is calculated using the number of shares outstanding (excluding treasury stock) as of the end of the fiscal year.

*8. ROIC: IFRS: Profit attributable to owners of parent / [Interest-bearing debt (Average between beginning and end of period) + Equity attributable to owners of parent (Average between beginning and end of period)]

JGAAP: Profit attributable to owners of parent / [Interest-bearing debt (Average between beginning and end of period) + Shareholders' equity (Average between beginning and end of period)]

*9. ROE: IFRS: Profit attributable to owners of parent / Shareholders' equity (Average between beginning and end of period)

JGAAP: Profit attributable to owners of parent / Equity attributable to owners of parent (Average between beginning and end of period)

Consolidated Financial Statements

Condensed Consolidated Statement of Financial Position (IFRS)

	Millions of yen	
	2021/12	2022/12
Assets		
Current assets		
Cash and cash equivalents	136,488	116,137
Trade and other receivables	130,121	151,665
Contract assets	86,887	100,420
Inventories	121,389	181,337
Income taxes receivable	605	1,137
Other financial assets	3,267	3,540
Other current assets	21,173	26,456
Total current assets	499,934	580,694
Non-current assets		
Property, plant and equipment	161,392	165,715
Goodwill and intangible assets	23,204	43,333
Investments accounted for using the equity method	7,153	7,153
Deferred tax assets	12,665	13,720
Other financial assets	6,241	6,783
Other non-current assets	9,144	10,648
Total non-current assets	219,801	247,354
Total assets	719,736	828,049

	Millions of yen	
	2021/12	2022/12
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	162,558	195,391
Contract liabilities	49,771	63,168
Bonds, borrowings and lease liabilities	56,578	46,772
Income taxes payable	6,337	6,140
Provisions	14,769	12,760
Other financial liabilities	98	432
Other current liabilities	37,243	44,411
Total current liabilities	327,357	369,078
Non-current liabilities		
Bonds, borrowings and lease liabilities	55,467	72,560
Retirement benefit liability	8,413	8,380
Provisions	2,488	2,647
Deferred tax liabilities	402	2,435
Other financial liabilities	123	144
Other non-current liabilities	3,829	3,076
Total non-current liabilities	70,723	89,245
Total liabilities	398,080	458,323
Equity		
Share capital	79,643	79,804
Capital surplus	76,566	76,806
Retained earnings	171,720	184,995
Treasury shares	(20,189)	(294)
Other components of equity	4,569	18,655
Total equity attributable to owners of parent	312,310	359,966
Non-controlling interests	9,345	9,758
Total equity	321,655	369,725
Total liabilities and equity	719,736	828,049

Consolidated Financial Statements

Condensed Consolidated Statement of Income (IFRS)

	Millions of yen	
	2021/12	2022/12
Revenue	603,213	680,870
Cost of sales	424,571	469,694
Gross profit	178,641	211,175
Selling, general and administrative expenses	120,553	137,784
Other income	4,131	1,107
Other expenses	847	3,925
Operating profit	61,372	70,572
Finance income	416	957
Finance costs	2,687	2,762
Share of profit (loss) of investments accounted for using the equity method	1,200	714
Profit before tax	60,302	69,481
Income tax expense	13,873	16,775
Profit	46,428	52,705
Profit attributable to		
Owners of parent	43,616	50,488
Non-controlling interests	2,812	2,217
Earnings per share		
Basic earnings per share	463.44	548.61
Basic earnings per share, diluted	462.09	547.34

Condensed Consolidated Statement of Comprehensive Income (IFRS)

	Millions of yen	
	2021/12	2022/12
Profit	46,428	52,705
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	2,758	1,512
Net change in fair value of financial assets designated as measured at fair value through other comprehensive income	47	(44)
Share of other comprehensive income of investments accounted for using the equity method	86	(9)
Total of items that will not be reclassified to profit or loss	2,893	1,458
Items that may be reclassified to profit or loss		
Cash flow hedges	94	(59)
Exchange differences on translation of foreign operations	6,602	14,497
Total of items that may be reclassified to profit or loss	6,697	14,437
Total other comprehensive income, net of tax	9,591	15,896
Total comprehensive income	56,020	68,602
Comprehensive income attributable to		
Owners of parent	52,529	66,019
Non-controlling interests	3,490	2,582

Condensed Consolidated Statement of Cash Flows (IFRS)

	Millions of yen	
	2021/12	2022/12
Cash flows from operating activities		
Profit before tax	60,302	69,481
Depreciation and amortization	21,435	24,068
Impairment loss	198	1,848
Interest and dividend income	(387)	(613)
Interest expenses	1,298	2,326
Foreign exchange loss (gain)	5,148	1,919
Share of loss (profit) of investments accounted for using the equity method	(1,200)	(714)
Loss (gain) on sales of fixed assets	(2,991)	(92)
Decrease (increase) in trade and other receivables	(862)	(17,189)
Decrease (increase) in contract assets	(5,968)	(10,470)
Decrease (increase) in inventories	(14,224)	(54,411)
Increase (decrease) in trade and other payables	17,757	27,159
Increase (decrease) in contract liabilities	6,691	11,402
Increase (decrease) in provisions	15	(2,049)
Increase / decrease in retirement benefit assets and liabilities	(425)	539
Other	(2,121)	2,895
Subtotal	84,665	56,098
Interest income received	363	592
Dividend income received	1,122	713
Interest expenses paid	(1,369)	(1,965)
Income taxes paid	(11,923)	(18,370)
Net cash provided by operating activities	72,858	37,070
Cash flows from investing activities		
Payments into time deposits	(4,092)	(4,934)
Proceeds from withdrawal of time deposits	3,958	5,165
Purchase of investment securities	(20)	(325)
Proceeds from sales and redemption of investment securities	3,085	194
Purchase of property, plant and equipment, and intangible assets	(25,755)	(24,347)
Proceeds from sale of property, plant and equipment	1,575	557
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(10,375)	(14,675)
Other	263	41
Net cash used in investing activities	(31,361)	(38,324)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	8,752	(12,654)
Proceeds from long-term borrowings	5,191	11,138
Repayments of long-term borrowings	(6,362)	(6,513)
Repayments of lease liabilities	(5,058)	(5,321)
Redemption of bonds	—	20,000
Proceeds from issuance of common shares	0	0
Proceeds from issuance of bonds	—	(10,000)
Purchase of treasury shares	(20,099)	(8)
Dividends paid	(10,455)	(18,216)
Dividends paid to non-controlling interests	(1,458)	(2,167)
Proceeds from acquisition of subsidiary interests from non-controlling interests	—	(7)
Other	0	1
Net cash used in financing activities	(29,489)	(23,749)
Effect of exchange rate changes on cash and cash equivalents	3,936	4,742
Adjustment for hyperinflation	—	(89)
Net increase (decrease) in cash and cash equivalents	15,944	(20,351)
Cash and cash equivalents at beginning of period	120,544	136,488
Cash and cash equivalents at end of period	136,488	116,137

Five-Year ESG Data

[REFERENCE ESG Data https://www.ebara.co.jp/en/sustainability/data/information/esg.html](https://www.ebara.co.jp/en/sustainability/data/information/esg.html)

Environment

	Data Coverage ^{2,3,4}	2018/12	2019/12	2020/12	2021/12	2022/12
Electricity consumption (MWh)	EBARA Group	168,642	169,383	177,692	178,434	182,043
Proportion of renewable energy used (%)	EBARA Group	—	—	1.6	1.8	2.8
GHG emissions (Scope 1, 2) (thousand tons)* ¹	EBARA Group	160	174	165	167	157
Water consumption (km ³)	EBARA Group	992	1,053	1,153	1,088	1,085
Total waste (t)	EBARA Group	19,854	18,901	17,975	17,608	18,351
Material recycling rate (%)	EBARA CORPORATION and domestic Group	96.7	97.9	97.5	97.1	97.5
Landfill disposal rate (%)	EBARA Group	2.8	1.7	1.9	2.6	2.1
NOx emissions (t)	EBARA Group	16	9	18	16	18
SOx emissions (t)	EBARA Group	0.5	0.3	0.7	0.6	0.5

Society

Number of employees	EBARA Group	16,556	17,080	17,480	18,372	19,095
Overseas employees	Overseas consolidated subsidiaries	8,678	9,148	9,404	10,332	10,769
Proportion of overseas employees (%)	Overseas consolidated subsidiaries	52	54	54	56	56
Proportion of female employees (%)	EBARA Group	16.4	16.5	16.3	15.6	16.2
Proportion of women in managerial positions (%)	EBARA Group	4.7	5.4	8.8	9.5	9.5
Proportion of non-Japanese employees (%)	EBARA CORPORATION	2.7	2.7	2.1	2.5	2.7
Proportion of employees with special needs (%)	EBARA CORPORATION and applicable Group companies	2.45	2.27	2.58	2.56	2.37
Proportion of locally hired staff in key positions outside of Japan (%)		—	19	20	22	23
Proportion of locally hired female staff in key positions outside of Japan (%)	Overseas consolidated subsidiaries	—	—	5	5	7
New hires (including new graduate & mid-career)	EBARA CORPORATION	198	218	189	239	373
Proportion of female new graduate hires (%)	EBARA CORPORATION	17.5	14.4	25.6	18.0	16.5
Proportion of non-Japanese new graduate hires (%)	EBARA CORPORATION	12.3	11.7	15.4	4.5	17.5
Proportion of female mid-career hires (%)	EBARA CORPORATION	13.1	10.3	13.9	14.1	13.8
Proportion of non-Japanese mid-career hires (%)	EBARA CORPORATION	1.1	0.9	6.9	6.3	5.1
Average years of service	EBARA CORPORATION, average for men and women	17.3	17.7	16.8	17.0	16.0
Global Engagement Survey Score (%)	EBARA Group	—	75	78	79	79
Paid holiday usage rate (%)	EBARA CORPORATION	72.60	81.35	70.70	75.85	80.95
Childcare leave acquisition rate for men (%)	EBARA CORPORATION	3.66	10.30	11.25	13.00	19.83
Proportion of employees that participated in a HRD program (%)	EBARA CORPORATION	80.5	72.1	70.5	64.8	60.6
Average cost per participant (\$)	EBARA CORPORATION	497.95	415.18	221.42	363.17	228.86
Average time spent in training per employee (days)	EBARA CORPORATION	1.5	1.6	0.9	1.1	0.8
Total recordable incident rate (TRIR) (%)	EBARA CORPORATION and domestic consolidated companies	3.69	3.53	3.13	3.09	2.62

Governance

Directors	EBARA CORPORATION	13	11	10	10	10
Proportion of Independent Directors (%)	EBARA CORPORATION	54	63	70	70	70
Proportion of female Directors (%)	EBARA CORPORATION	7	9	20	30	30
Proportion of Independent Directors on the Nomination Committee (%)	EBARA CORPORATION	66.7	66.7	66.7	66.7	66.7
Proportion of Independent Directors on the Compensation Committee (%)	EBARA CORPORATION	100	100	100	100	100
Proportion of Independent Directors on the Audit Committee (%)	EBARA CORPORATION	60.0	60.0	75.0	66.7	66.7
Number of compliance consultations to hotlines (reports of suspected ethical/legal wrongdoing, possible human rights violations, etc.)	EBARA CORPORATION and domestic Group	42	49	44	38	39
Number of compliance consultations to EBARA Group Hotlines (accepts reports of suspected ethical/legal wrongdoing, possible human rights violations, etc.)	Overseas Group	—	0	1	0	2

*1. GHG emissions: Values calculated in line with GHG protocols

*2. EBARA Group: Total figures for EBARA Corporation, domestic Group, and overseas Group.

*3. Domestic Group: Major domestic consolidated subsidiaries (approx. 97% of all domestic employees, excluding affiliates not accounted for by the equity method). Does not include data for EBARA Corporation.

*4. Overseas Group: Major overseas consolidated subsidiaries (approx. 99% of all overseas employees, excluding affiliates not accounted for by the equity method). Some data may have a higher or lower coverage ratio due to exclusion of some companies for incomplete data entry.

External Evaluations

External Recognition Based on ESG Factors

EBARA has been selected for multiple ESG indices in Japan and overseas by various ESG rating agencies.



Morningstar Japan ex-REIT
Gender Diversity Tilt Index (GenDi J)



2023 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

2023 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX

Note: The inclusion of EBARA CORPORATION in any MSCI index, and the use of MSCI logos, trademarks, service marks, or index names herein do not constitute a sponsorship, endorsement, or promotion of EBARA CORPORATION by MSCI or any of its affiliates. The MSCI indices are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.



Selected for the iSTOXX MUTB Japan Platinum Career 150 Index



Certified as 4.5 stars in the 6th Nikkei Smart Work Management Survey



Certified as 4.5 Stars in the Fourth Nikkei SDGs Management Survey

Recognition and Awards



METI Minister's Award for Corporate Governance of the Year 2022 from the Japan Association of Corporate Directors

Awarded second place in the 2022 JCGIndex Survey from the Japan Corporate Governance Research Institute

President Asami awarded the Outstanding Leadership Award in Corporate Communications from the 38th Corporate Communications Awards (2022)



DX Certifications



Awarded Rank 3 in the "Eruboshi" certification mark program



Certified as a 2023 Certified Health & Productivity Management Outstanding Organization (White 500) in the large enterprise category



Certified as a "Sports Yell Company 2023" by the Japan Sports Agency



Selected as a DX Focused Enterprise 2022

Endorsements



GX League

Supports the United Nations Global Compact



TCFD

In support of



Participates in the Semiconductor Climate Consortium (SCC)

WOMEN'S EMPOWERMENT PRINCIPLES
Established by UN Women and the UN Global Compact Office

IR Activities



Received the 2022 Best IR Award for the first time from the Japan Investor Relations Association



Received the Commendation Award of the 2022 Internet IR Award of Daiwa IR



Selected for the All Markets Ranking in the 2022 All Japanese Listed Companies' Website Ranking by Nikko Investor Relations

Selected for the 2022 Awards for Excellence in Corporate Disclosure by the Securities Analysts Association of Japan



Awarded the Silver Prize, Ranked 2nd in industry in the Gomez IR Site Ranking 2022

Corporate Profile / Stock Information

(As of December 31, 2022)

Corporate Profile

Company Name: EBARA CORPORATION
 Foundation: November 1912
 Head Office: 11-1, Haneda Asahi-cho, Ota-ku,
 Tokyo 144-8510, Japan
 Phone: + 81-3-3743-6111
 URL: <https://www.ebara.co.jp/en/>
 Paid-in Capital: ¥79,804 million
 Number of Employees
 (Consolidated): 19,095

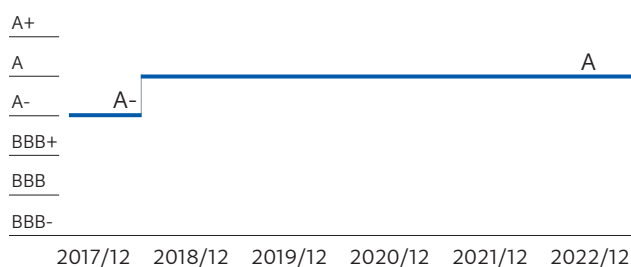
Stock Information

Stock Information
 Securities Code: 6361 (Japan)
 Number of
 Shares Issued: 92,086,015 (Common shares)
 Number of
 Shareholders: 27,585
 Stock Listing: Tokyo Stock Exchange Prime
 Number of Shares
 Trading Unit: 100
 Transfer Agent
 and Registrar: Sumitomo Mitsui Trust Bank,
 Limited,
 1-4-1, Marunouchi, Chiyoda-ku,
 Tokyo 100-8233, Japan
 Accounting Auditor: Ernst & Young ShinNihon LLC
 Major Indices: Nikkei Stock Average (Nikkei 225),
 JPX-Nikkei400

Credit Rating

R&I Issuer Rating: A (as of December 2022)

Changes in Credit Rating

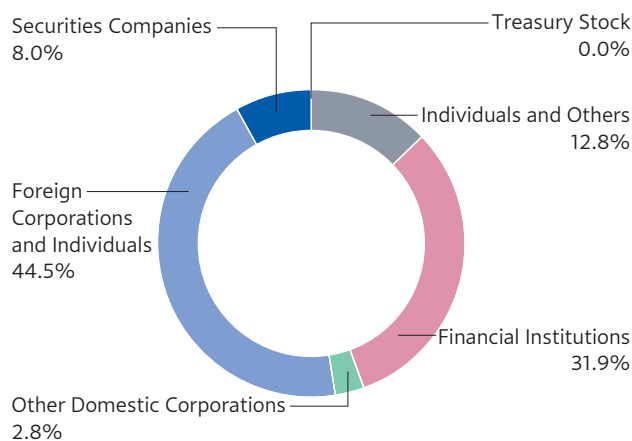


Major Shareholders

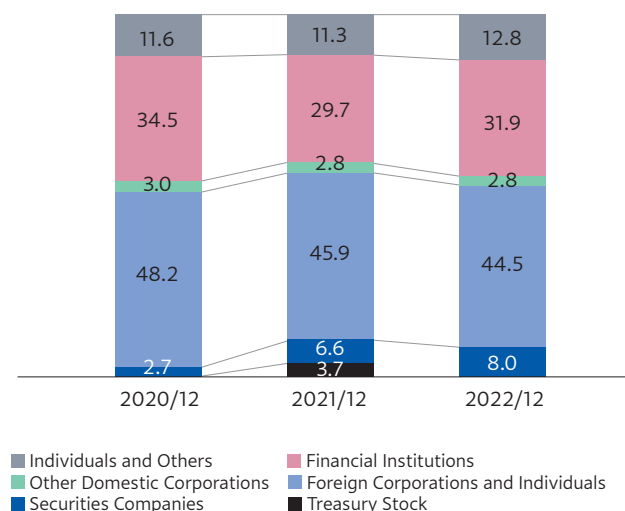
Shareholders' name	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	17.8
ICHIGO TRUST PTE. LTD.	10.7
Custody Bank of Japan, Ltd. (Trust Account)	6.4
SMBC Nikko Securities Inc.	2.9
BNYM AS AGT/CLTS 10 PERCENT	2.7
BBH (LUX) FOR FIDELITY FUNDS – SUSTAINABLE WATER AND WASTE POOL	2.3
JAPAN SECURITIES FINANCE CO., LTD.	1.7
Natixis Corporate & Investment Banking	1.4
JPMorgan Chase & Co.	1.3
STATE STREET BANK AND TRUST COMPANY 505234	1.2

Note: Treasury stock has been eliminated from the total number of shares issued in calculating the shareholding ratio.

Composition of Shareholders



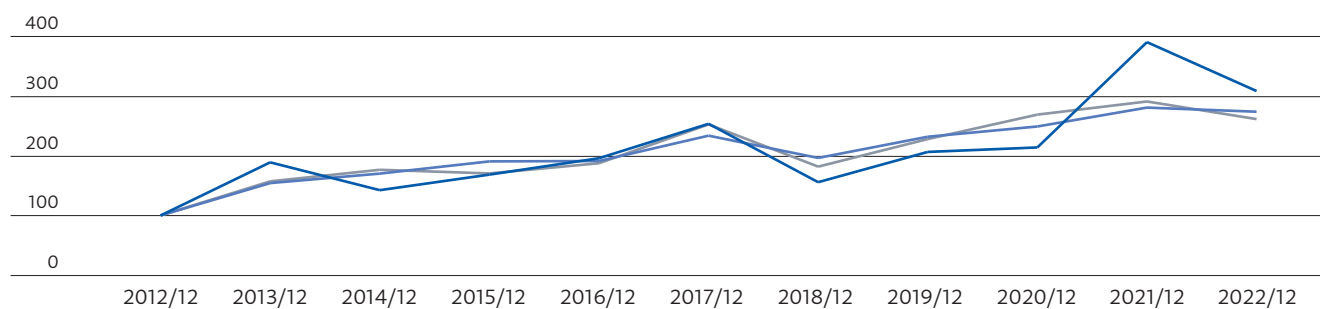
Changes in Shareholder Distribution (Holding Ratio)



10-Year Total Shareholder Return Data

Stock / Index	1 year		3 years		5 years		10 years	
	Cumulative total	Annual	Cumulative total	Annual	Cumulative total	Annual	Cumulative total	Annual
EBARA CORPORATION	-23.1%	-23.1%	+55.4%	+15.8%	+23.1%	+4.2%	+208.9%	+11.9%
TOPIX	-2.5%	-2.5%	+18.1%	+5.7%	+17.2%	+3.2%	+174.2%	+10.6%
TOPIX (Machinery)	-10.2%	-10.2%	+14.7%	+4.7%	+3.5%	+0.7%	+161.8%	+10.1%

10-Year Total Shareholder Return Data

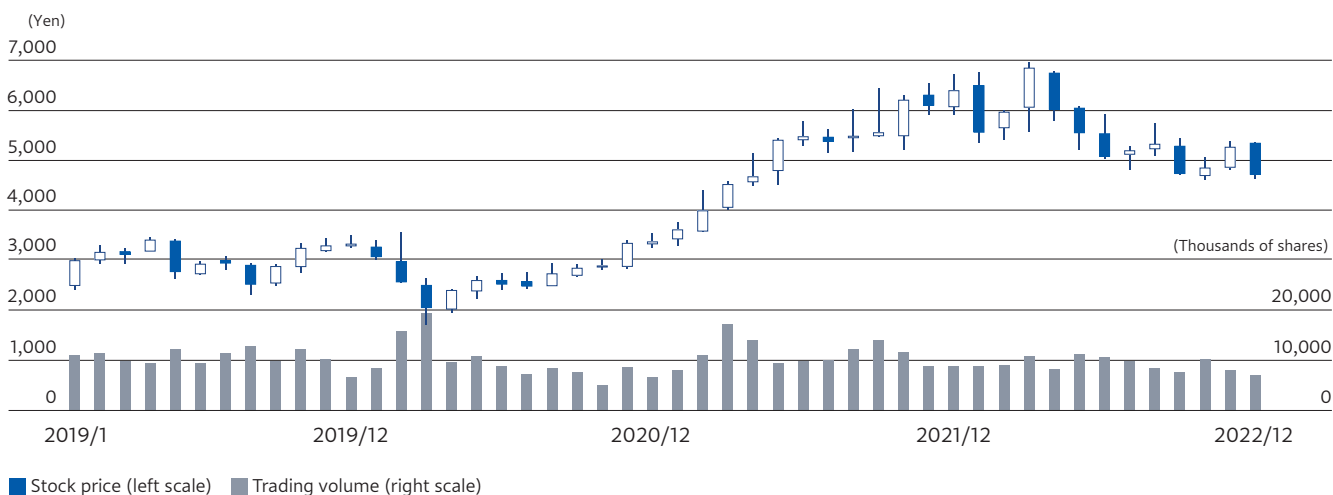


— EBARA CORPORATION* — TOPIX dividend included — TOPIX (Machinery) dividend included

Note: The above graph displays total shareholder return reflecting dividends and stock price gains for investments commenced on December 30, 2012, over the period ending with December 30, 2022. For investment performance accounting for dividends and stock price gains from EBARA CORPORATION, investment amount on December 30, 2012, is indexed to 100. For indexes displayed for comparison (TOPIX dividends and TOPIX (Machinery)), projected dividend data is used and the same indexing method is employed.

* Figures have been restated to reflect a consolidation of common shares at a rate of one share for every five shares conducted with an effective date of October 1, 2016.

Stock Price and Trading Volume



■ Stock price (left scale) ■ Trading volume (right scale)

	2019/12	2020/12	2021/12	2022/12
Stock price at end of fiscal year	3,325	3,370	6,390	4,720
High	3,500	3,570	6,710	6,950
Low	2,321	1,715	3,295	4,615
Trading volume (millions of shares)	127	117	136	110

Stock-Related Data

	2019/12 JGAAP	2020/12 IFRS	2021/12 IFRS	2022/12 IFRS
Price-earnings ratio (times)	13.75	13.75	13.79	8.60
Price-to-book ratio (times)	1.12	1.11	1.88	1.21
Number of issued shares (thousands of shares)	95,129	95,391	95,513	92,086
Market capitalization at end of fiscal year (millions of yen)	316,306	321,469	610,332	434,646

Looking ahead,
going beyond expectations
Ahead  *Beyond*



EBARA CORPORATION

Head Office

11-1, Haneda Asahi-cho, Ota-ku, Tokyo 144-8510, Japan

URL: <https://www.ebara.co.jp/en/>