



Medium-term Management Plan: E-Plan 2025

EBARA (6361)

Looking ahead,
going beyond expectations

Ahead  *Beyond*

February 14, 2023

EBARA CORPORATION

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1. Review of the previous Medium-term Management Plan: E-Plan 2022

Summary: Review of E-Plan 2022

Achieved KPI (ROIC, Operating Profit Ratio) targets for the three-year plan in the second year

Objective

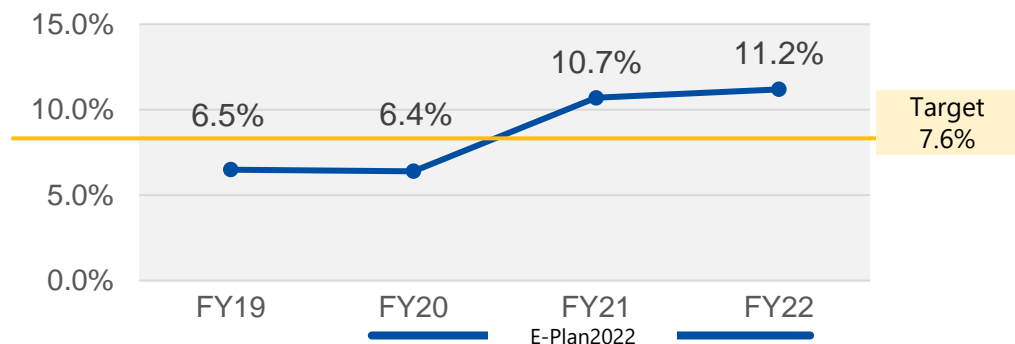
Reinforce the foundations
for further growth

Four Basic Policies

- | | | |
|----|--|--|
| 1. | Strive for growth | Incubate and develop new businesses and further expand existing businesses into global markets |
| 2. | Improve the profitability of existing businesses | Upgrade business structure to strengthen revenue base and increase S&S(Service & Support) operating profit in all businesses |
| 3. | Refine management and business infrastructure | Accelerate management decisions through proactive DX initiatives, etc., and sophisticate ROIC management |
| 4. | Enhance ESG-focused management | Address changing environmental (issues) and social issues, and strengthen corporate governance |

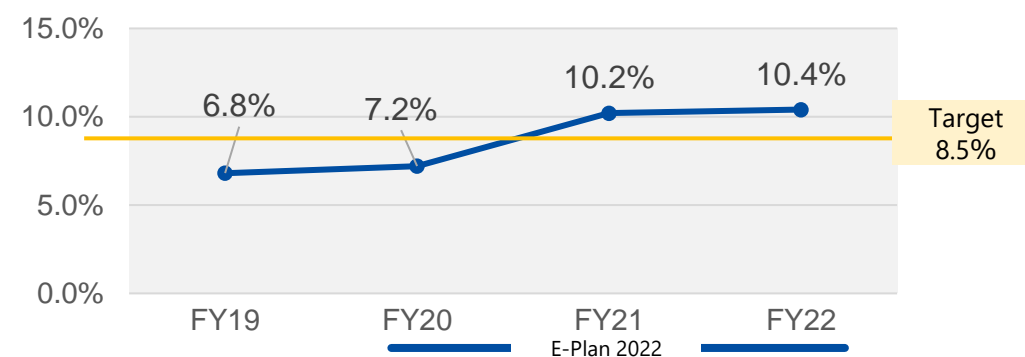
ROIC* (Return on Invested Capital)

Target for FY22 **7.6% or more** → FY22 **11.2%**



Operating Profit on Revenue Ratio

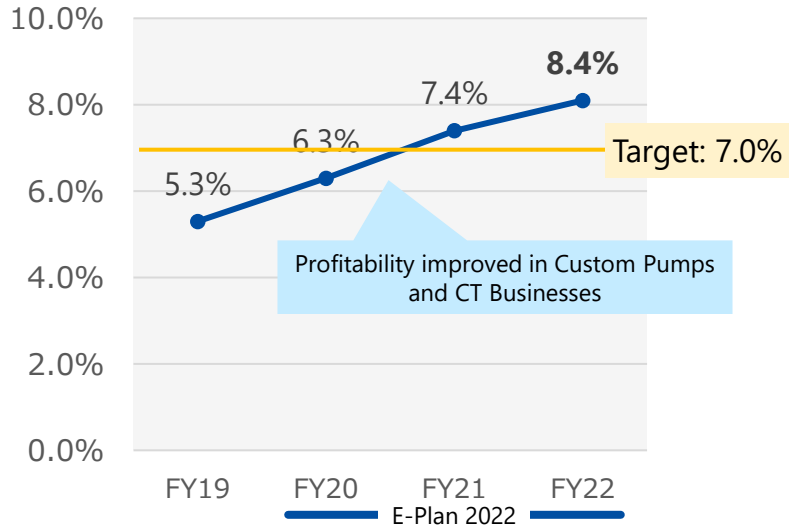
Target for FY22 **8.5% or more** → FY22 **10.4%**



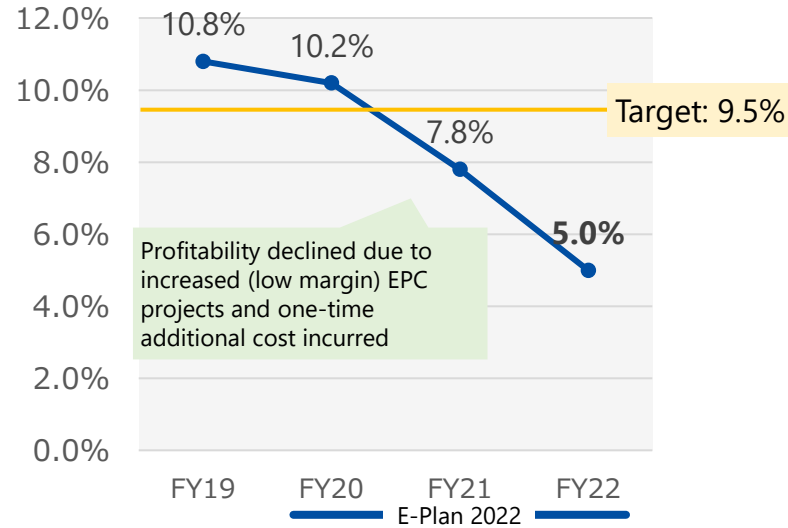
Summary: Review of E-Plan 2022: Operating Profit Ratio by Business Segment



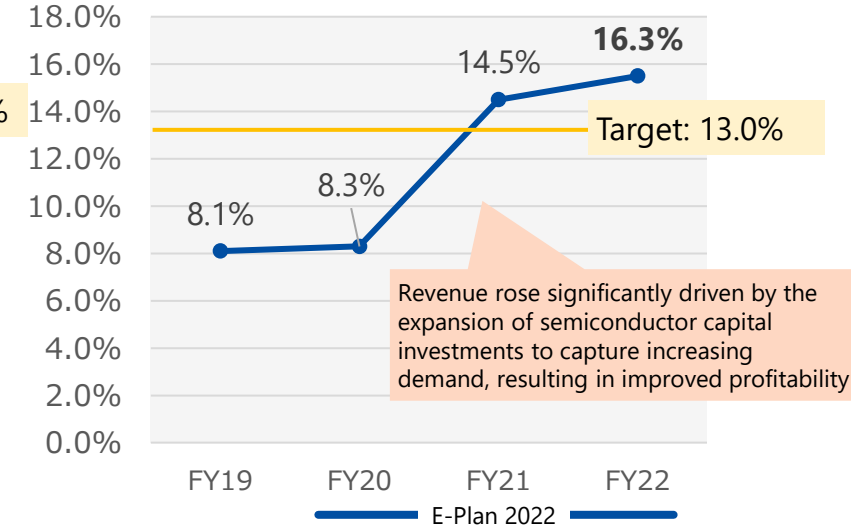
Fluid Machinery & System



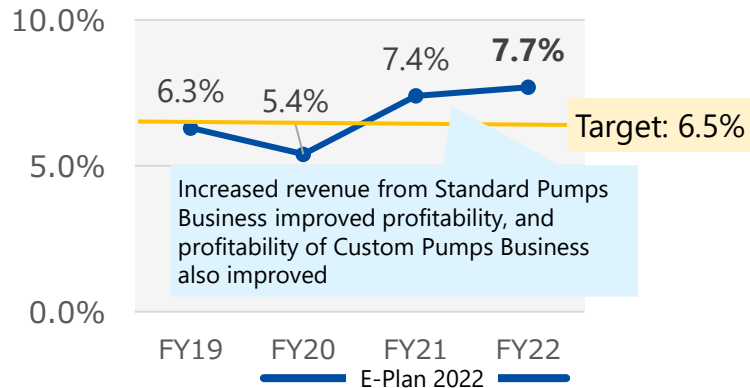
Environmental Plants



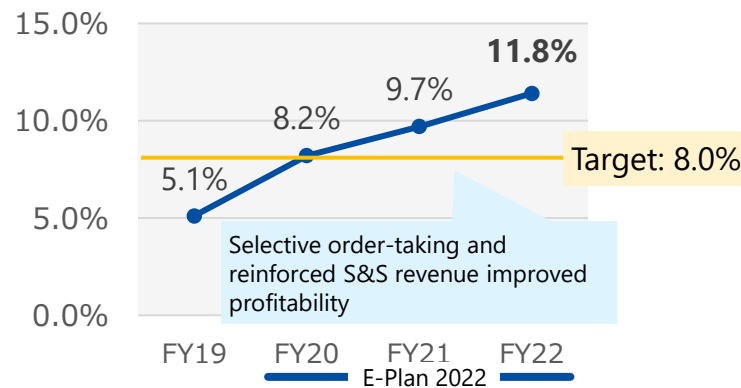
Precision Machinery



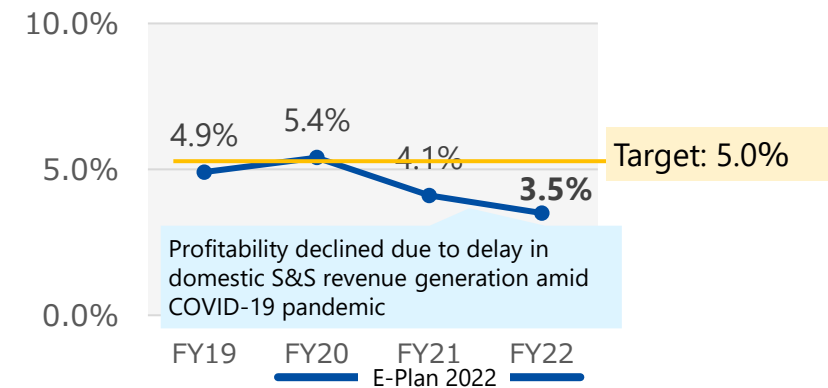
FMS-Pumps



FMS-CT



FMS-Chillers



Summary: E-Plan 2022 - Other Management Indicators



Investments

■ CAPEX

FY22 plan over
3-year period

100 billion yen

FY22 results over
3-year period

85.4 billion yen

■ M&A

Vansan (Turkey): 10.7 billion yen

Hayward Gordon (North America): 14.9 billion yen

Cumulative
investments
111.0 billion yen

■ R&D

FY22 plan over
3-year period

40.0 billion yen

FY22 results over 3-
year period

41.3 billion yen

Shareholder Returns

Consolidated
dividend payout ratio

Maintained **35%** and above

Share repurchase
over 3-year period

20 billion yen invested

Capital efficiency

ROE plan

11.2%

FY22 results

15.0%

Financial health

Financial health

0.4~0.6x

FY22 results

0.33x

Summary: E-Plan 2022: Basic Policy and Evaluation



Basic Policy

Strive for growth

- Develop and create new businesses and further expand existing businesses into global markets

Improve the profitability of existing businesses

- Transform business structure to strengthen revenue base and increase S&S revenue in all businesses

Refine management and business infrastructure

- Accelerate management and deepen ROIC management with proactive initiatives for Digital Transformation (DX)

Enhance ESG-focused management

- Address changing environmental issues, connect with society, and strengthen governance

Evaluation



- Revenue from growth businesses (Overseas Standard Pumps and PM Businesses) expanded
- Explored new businesses from a market-in perspective and advanced toward commercialization in four areas (hydrogen, ecosystem, marine, and biomass)

Evaluation



- 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



- 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



- E: Released information based on TCFD recommendations, launched Carbon Neutral(CN) project and announced CN targets for 2050. Need to improve on the existing policy for releasing environmental data
- 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's and officers' compensation

Strive for growth

Drive growth on a global scale

- Implement measures delayed amid the COVID-19 pandemic and supply chain disruptions
- Increase revenue at global bases
- Create synergy with M&A bases

Develop markets and domains from a market-in perspective

- 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

Improve the profitability of existing businesses

Ceaselessly improve profitability of existing businesses

- Expand S&S revenue
- Optimize S&S structure
- Strengthen SCM to cope with supply chain disruptions and geopolitical risks

Refine management and business infrastructure

Strengthen business foundation and innovate business models driven by DX

- Materialize the investment in DX promotion, expand globally, and develop human resources
- Accelerate pilot roll out of EPR
- Further streamline production bases

Further sophisticate ROIC-focused management

Upgrade and refine management

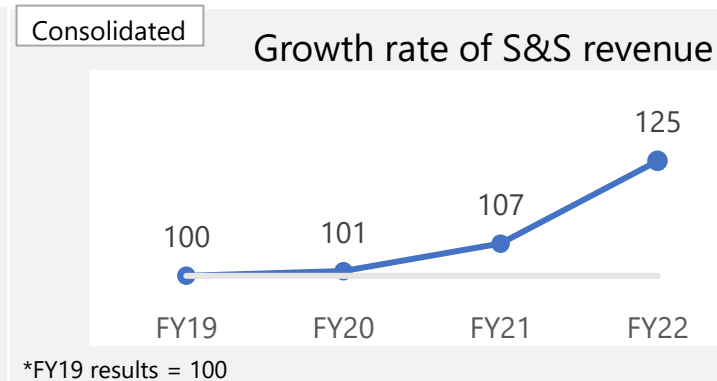
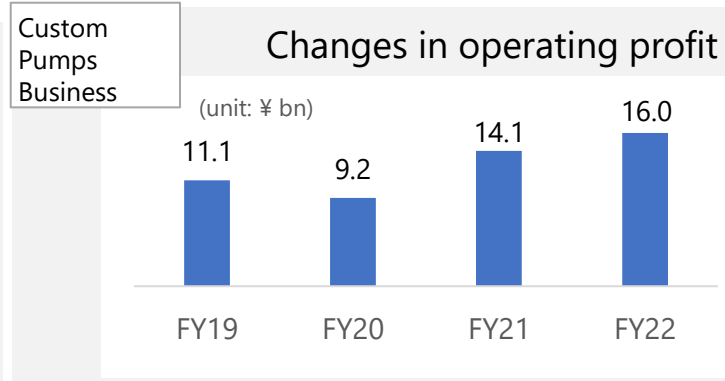
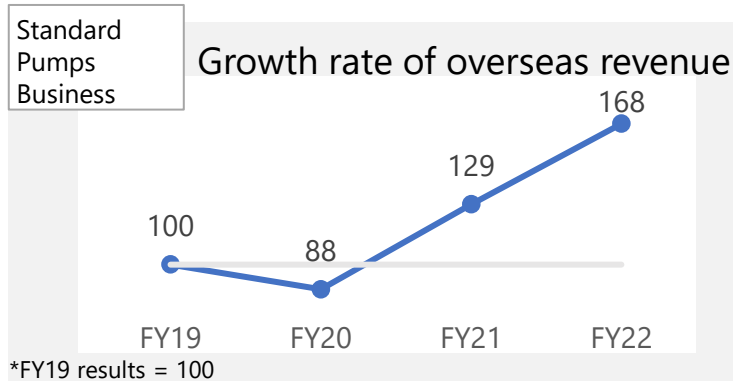
Enhance ESG-focused management

Consistently implement/strengthen ESG-focused management

- 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

Appendix: Review of E-Plan 2022 (Achievements)

Reference Indicators

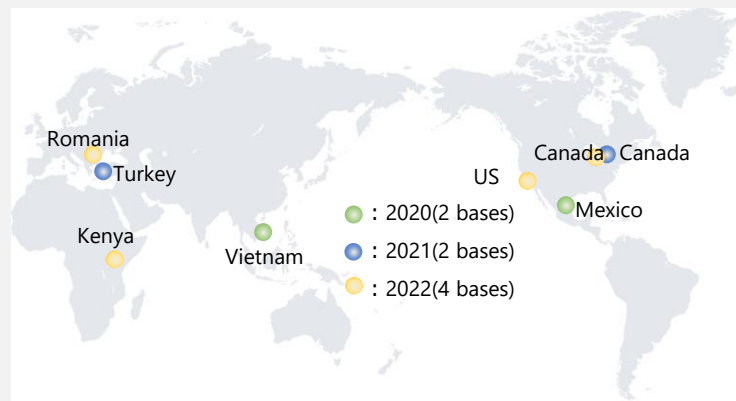


CAPEX and R&D

Standard Pumps Business

Established new overseas bases

- ◆ 8 bases established, 2 in preparation (FY20-22)



Compressors and Turbines Business

Constructed a test facility for cryogenic pumps and series products (Cryodynamics)



Precision Machinery Business

Dry vacuum pumps Full-scale operation of automated plant



Precision Machinery Business

Expanded CMP assembly lines

- ◆ Two additional lines added at Kumamoto Plant, bringing the total to four lines

Main products newly launched

Standard Pumps Business

- ◆ 3E/3ES



3E/3ES indicates our model number.

Precision Machinery Business

- ◆ CMP F-REX300XA



F-REX300XA indicates our model number.

Chillers and Precision Machinery Businesses

- ◆ Precision chillers



Precision Machinery Business

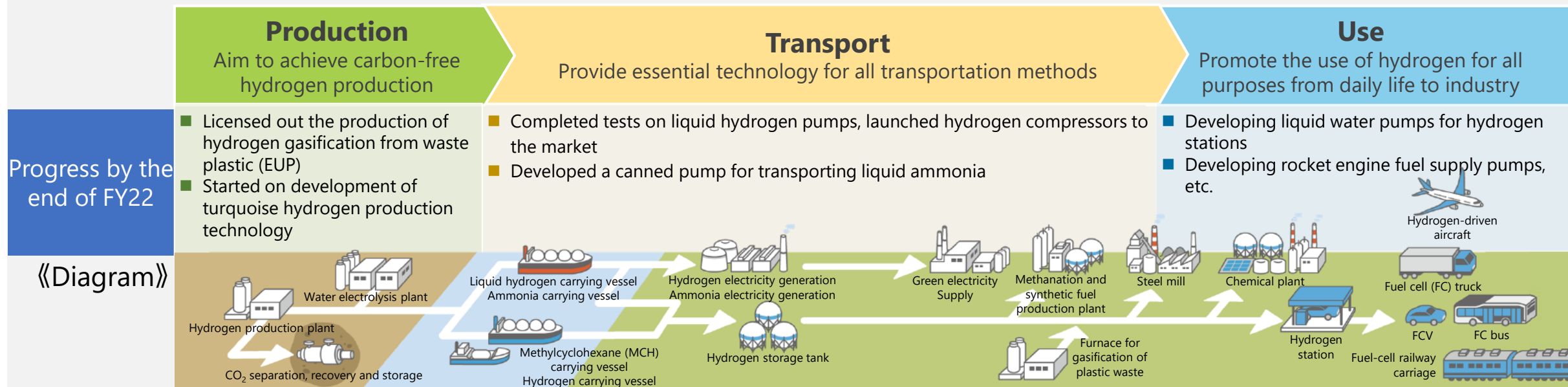
- ◆ Exhaust system for EUV lithography equipment



Appendix: Review of E-Plan 2022 (Achievements)

■ New business (Hydrogen)

Launched corporate projects in August 2021



■ New businesses (others)

Marine

Land-based aquaculture

- ◆ Test sale of Malabar Grouper
- ◆ Pufferfish aquaculture test site in operation



Bio

Structural protein materials

- ◆ Collaboration with Spiber for a decarbonized society
- ◆ In-house experimental lab opened at Shonan iPark

Cell cultured meat, regenerative medicine

- ◆ Performance testing, prototype production in progress

Ecosystem

Water supply business to African markets

- ◆ Sell drinkable water via Waterkiosk®



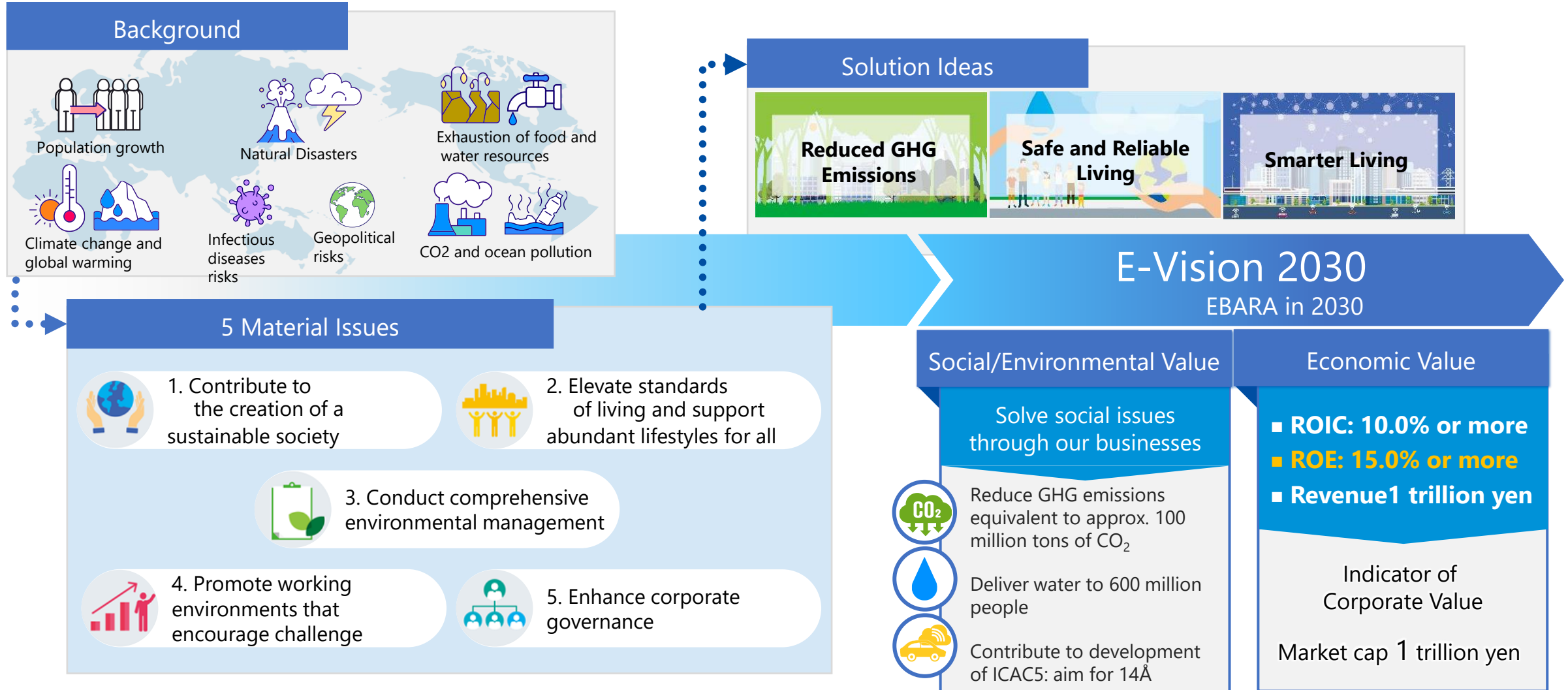
2. Objective of the new Medium-term Management Plan: E-Plan 2025

Long-term Vision of E-Vision 2030 - EBARA in 2030



Long-term vision of E-Vision 2030 :

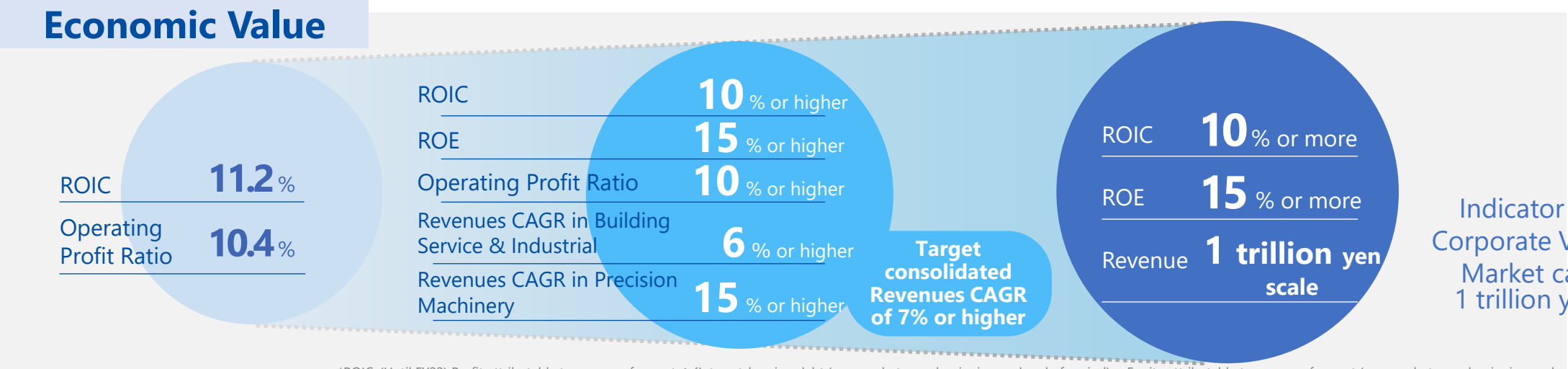
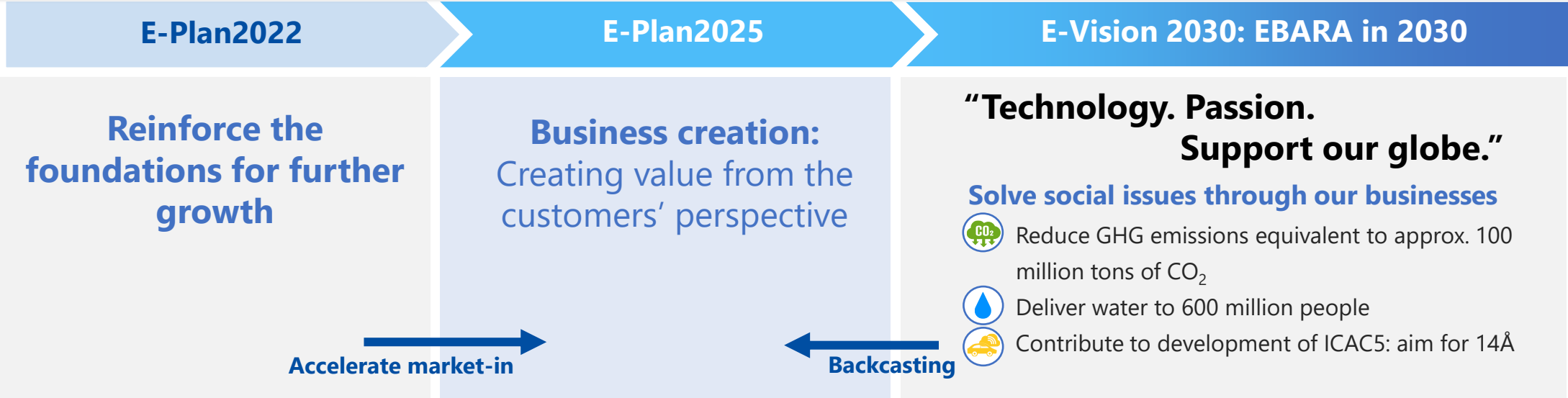
Solve social issues through businesses with a market-in perspective toward the world in 2030



Positioning of E-Plan 2025



Achieve top-line growth primarily in Building Service & Industrial and Precision Machinery Businesses, while maintaining the high level of efficiency and profitability achieved in E-Plan 2022



*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)}

Accomplished certain positive results in "reinforcing the foundations for further growth", the objective of the previous Medium-term Management Plan "E-Plan 2022". Will build on this result to further strengthen competitiveness in each business.



Transformation

Foster and instill a corporate culture of "creating new value from the customer's perspective"



Execution

Proactively invest in growth and infrastructure businesses



Target

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

Business Strategy

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



Efficiency and Profitability

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



Overall Optimization

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



Objective of E-Plan 2025 –

“Creating value from the customer's perspective leads to Business creation ”

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 generate businesses.

Business creation: Creating value from the customers' perspective

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

Entrepreneurship



Cultivate an organizational culture which encourages the creation of new value from the customer's perspective, with the founding spirit “Netsu to Makoto” (Passion and Dedication) in mind

Transformation



Transform the entire corporation into one with an organizational structure and system capable of listening sincerely and responding quickly to customers' requests and challenges

Business creation



Achieve both sustainability and profit generation by focusing on the values which can provide economic benefits to customers and turning ideas into viable businesses

3. E-Plan 2025 - Management Objectives

E-Plan 2025: Financial Targets



	Indicators	FY22 results	FY25 targets
Efficiency	ROIC*	11.2%	10% or more
	ROE	15.0%	15% or more
Profitability	Operating Profit Ratio	10.4%	10% or more
Growth Potential	Building Service & Industrial Revenue CAGR (FY22-25)	195.1 billion yen	6% or more
	Precision Machinery Revenue CAGR (FY22-25)	212.2 billion yen	15% or more
Financial discipline to underpin target figures			
Soundness	Debt-to-equity ratio	0.33	0.3~0.5

*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)}

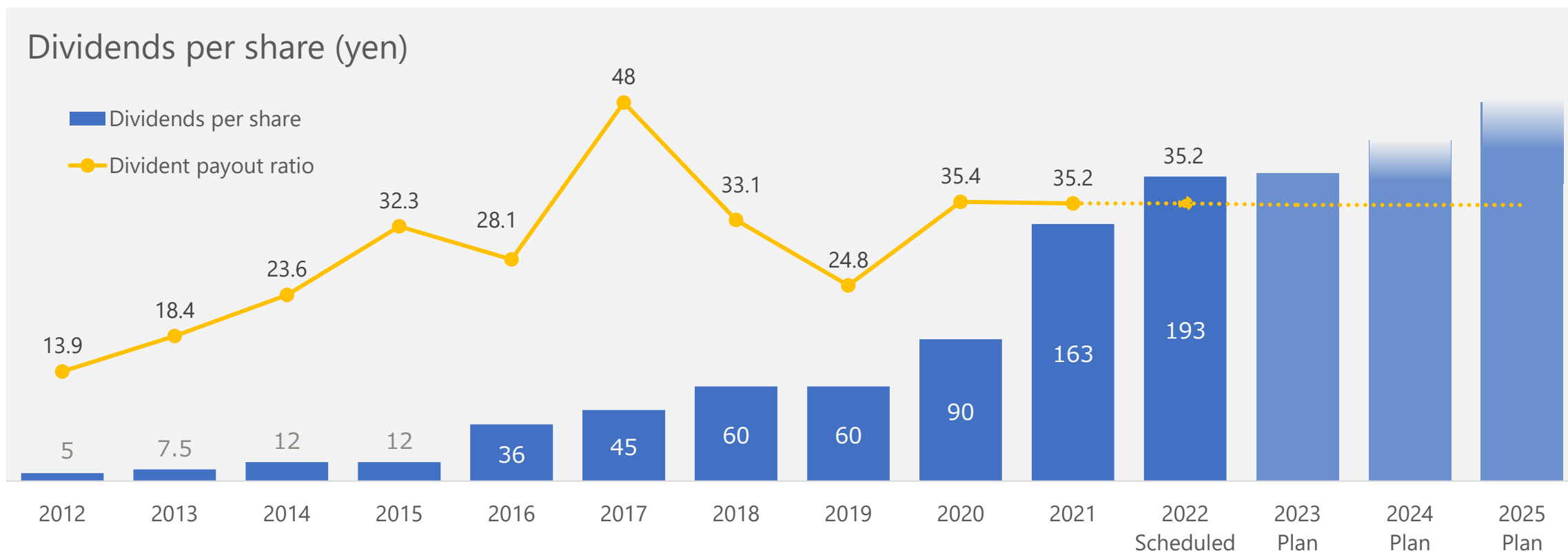
E-Plan 2025: Shareholder returns

- **Dividend policy**

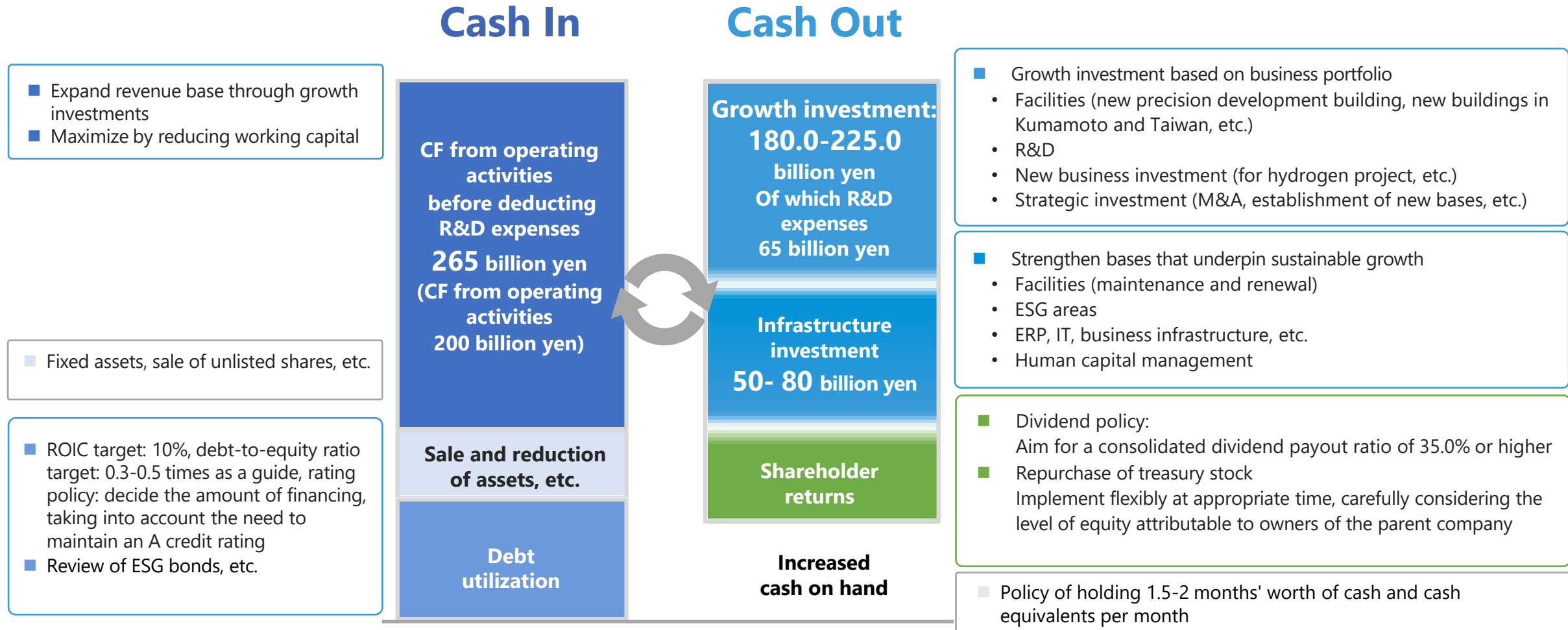
Link to the Company's business performance each fiscal year targeting a consolidated dividend payout ratio of at least 35.0%

- **Repurchase of treasury stock**

Implement flexibly at appropriate times, carefully considering the level of equity attributable to owners of the parent company, other investment targets, cash and cash equivalents on hand, stock price trends, business performance trends, and other factors



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



4. E-Plan 2025 - Basic Policy

Business Strategy

1 Target markets & customer-orientation

- Create an organization and structure designed to strengthen customer responsiveness

2 New Value Creation

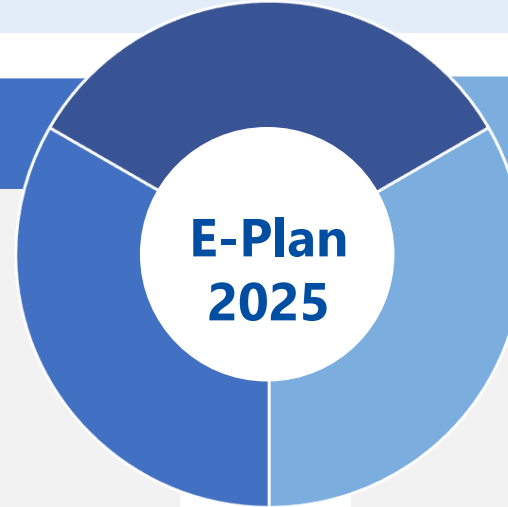
- Develop combined solutions
- Promote internal and external collaboration and joint development

3 Global Expansion

- Strengthen the ability to provide value and infrastructure to overseas markets and customers
- Establish a global management system

4 Advanced and efficient management infrastructure

- Introduce CxO system for overall optimization
- Establish global digital infrastructure such as ERP
- Sophisticate ROIC management
- Strengthen human resources and promote diversity, utilize data strategy



5 Advances in ESG-focused Management

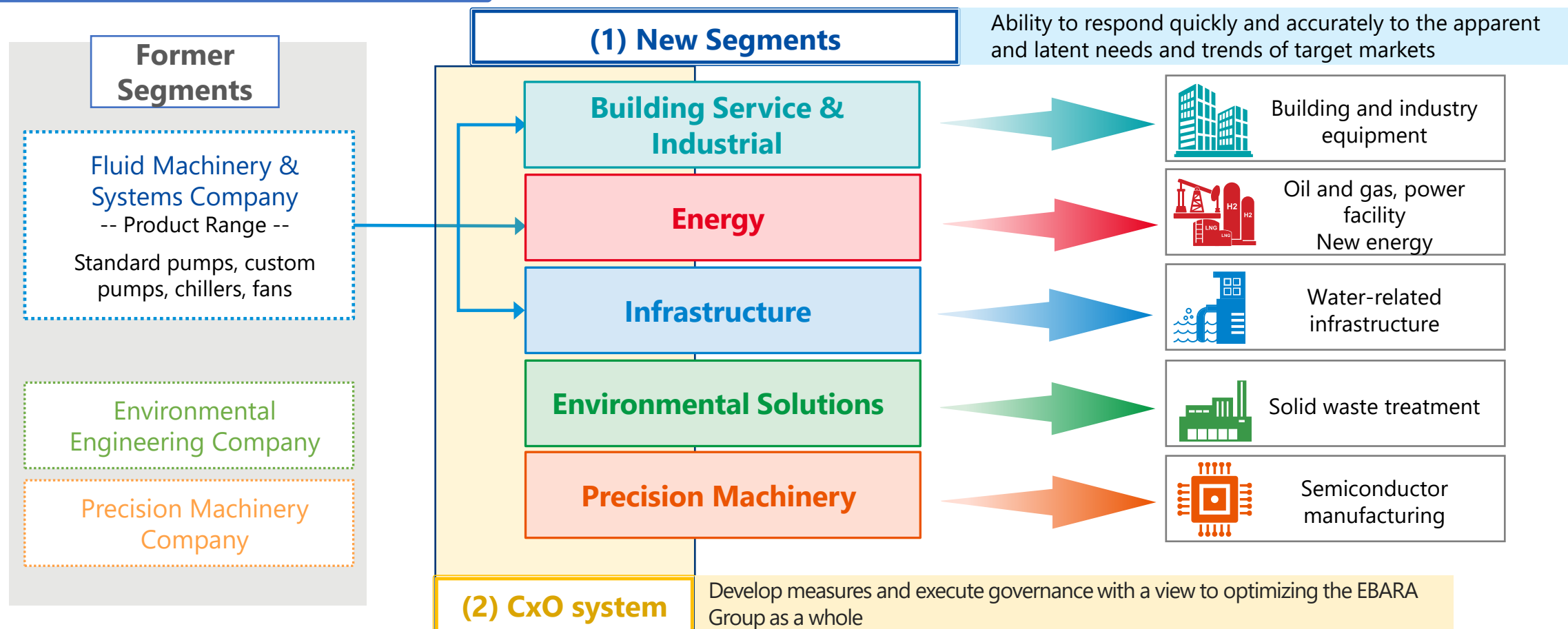
- E: Carbon neutrality
- S: Contribution to society and the environment through products and services, promotion of diversity, and respect for human rights
- G: More advanced corporate governance

E-Plan 2025: Basic Policy 1 (target markets & customer-orientation)

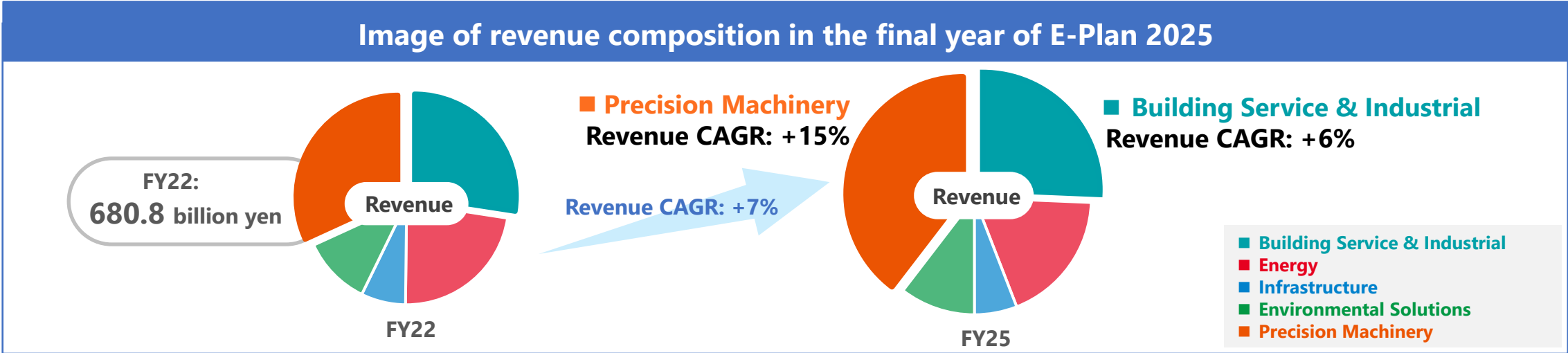
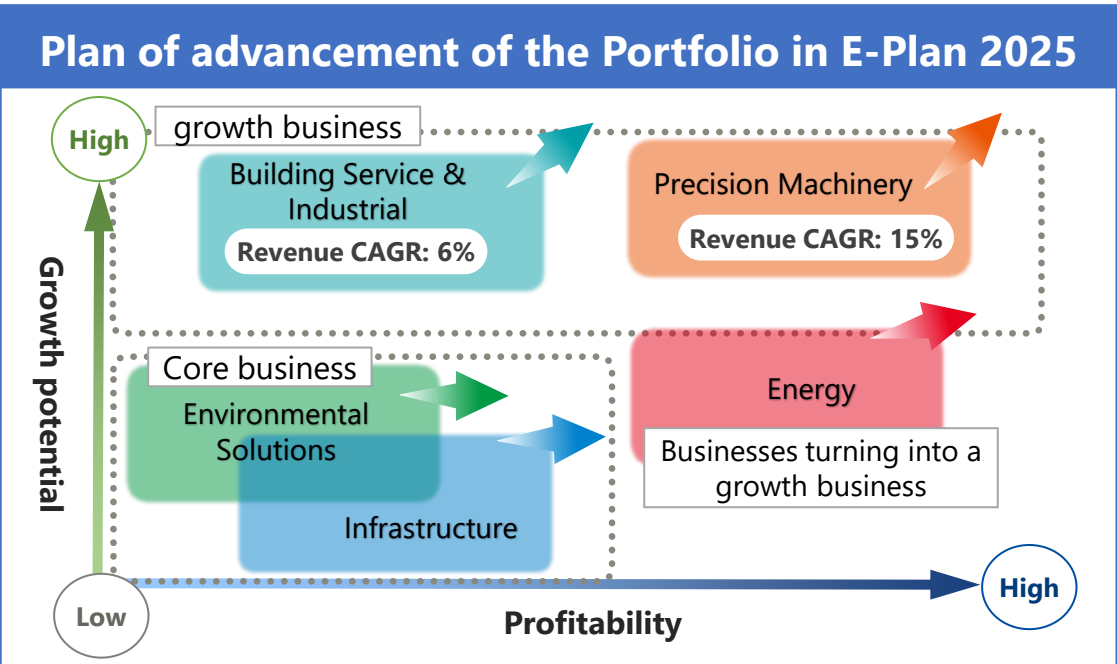
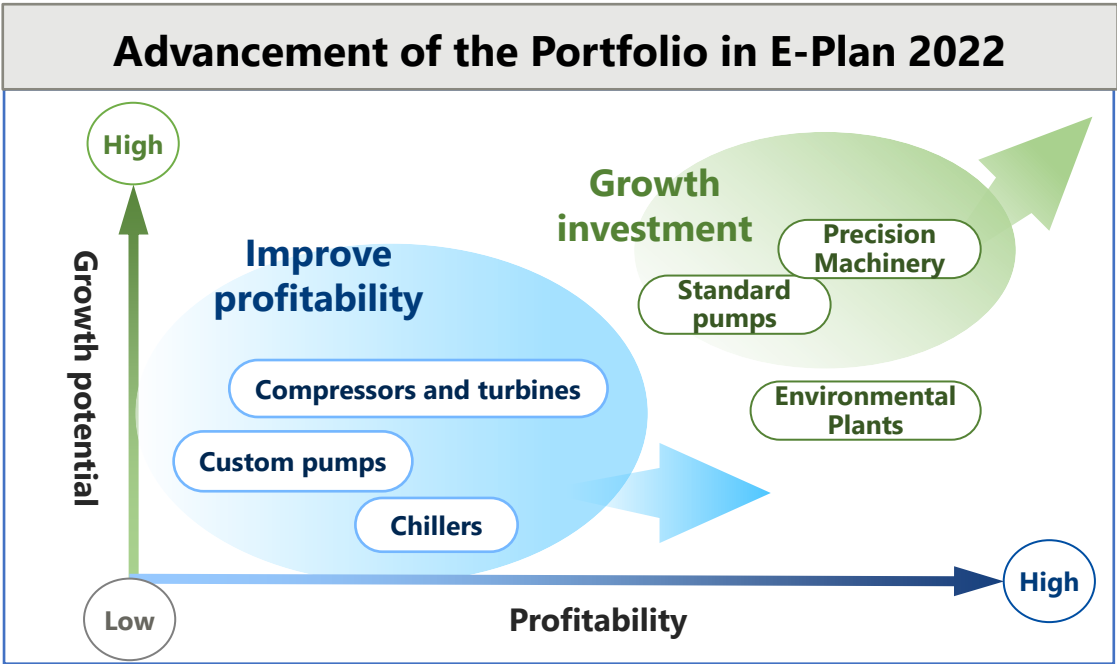
Strategy and Action Policy

Create an organization and structure to strengthen customer responsiveness

As a mechanism to accelerate value creation, substantially reorganize the organization on a large scale by (1) transforming into new segments by target market and (2) establishing a new cross-segment function


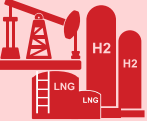


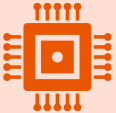


E-Plan 2025: Basic Policy 1 (target markets & customer-orientation)



E-Plan 2025: Basic Policy 1 (target markets & customer-orientation)



Segment	Positioning	Direction of value creation by target market	FY25 Target Operating Profit Ratio
 Building Service & Industrial	Growth business	Provide comprehensive solutions with broad product coverage	7% or higher Revenue CAGR: 6% or higher
 Energy	Business turning into a growth business	Provide solutions that respond to changes in customers and society based on the mega-trends of decarbonization and next-generation energy	12% or higher
 Infrastructure	Core business (Secure stable revenue)	While supporting social infrastructures, maintain a high market share mainly by strengthening product development capabilities in Japan and, explore growth markets in overseas markets,	6% or higher
 Environmental Solutions	Core business (Secure stable revenue)	Provide technologies and services that respond to the shift away from carbon and the resource cycling	7% or higher
 Precision Machinery	Growth business	Build manufacturing processes that support miniaturization and sophistication of semiconductors, becoming a solution provider in the sub-fab area	17% or higher Revenue CAGR: 15% or higher

E-Plan2025: business environment by segment



segment	Primary target markets	Trends by market and region		EBARA's market prospects (3-year period)
Building Service & Industrial	Building and industry equipment	<ul style="list-style-type: none"> • Increase in housing complexes and buildings due to population concentration in cities • Increased demand for irrigation and drainage systems due to climate change, tighter environmental regulations • Growth of cutting-edge industries 	 Overseas  Japan	Projected CAGR growth of 3.8%
Energy	Oil and gas Power facility New energy	<ul style="list-style-type: none"> • Demand for fossil fuels will decrease due to decarbonization to achieve carbon neutrality, while demand for LNG will increase in the short and medium-term (by 2030). • Increase in petrochemical demand along with population increase in developing countries. • Expansion of new and renewable energy markets such as CCUS, hydrogen, geothermal, and ammonia. • S&S services are expected to emerge due to personnel shortages and aging and outdated equipment at customers and plants. 	 Global	LNG: projected CAGR growth of 5.9% Ethylene: projected CAGR growth of 4.5%
Infrastructure	Water-related infrastructure Ventilation	<ul style="list-style-type: none"> • Stable outlook due to the national land resiliency plan and other factors • The global market for centrifugal pumps related to water and infrastructure to grow at a high rate in the Asian-Pacific region (including Japan and China) 	 Japan  Overseas	Remain stable Projected global CAGR growth of 4.9%
Environmental Solutions	Solid waste treatment	<ul style="list-style-type: none"> • Market transition from a linear economy represented by mass production, mass consumption, and mass disposal to a circular economy (from disposal to resource circulation) and carbon neutral. <ul style="list-style-type: none"> ■ Number of waste incineration facilities constructed and core improvement works to remain stable ■ Market size of maintenance and management to grow due to accelerated outsourcing from the public to the private sector 	 Japan	Remain stable
Precision Machinery	Semiconductor manufacturing	<ul style="list-style-type: none"> • To have an expanding trend by 2025, though subject to a temporary adjustment, while growing trend for semiconductor demand remains unchanged over the medium- to long-term based on the widespread adoption of ICAC5*. 	 Global	Projected CAGR growth of 2.2%

*Stands for IoT, Cloud, AI, Car(Automated Driving), 5G

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



Strategy and Action Policy
Provide solutions for customers' problems

Focus on the real challenges of customers by having organization by target market and provide solutions that also identify potential customer needs

(Conventional)
Product-out approach

Solution provider with market-in approach

- Vertically segmented product sales and service provision
- Lack of information on post-delivery status of products

Understanding of customer needs

Visualize value and challenges by connecting directly with customers

Develop unique solutions by multiplying the breadth and depth of technology and services

Provide combined solutions

Partnering by providing combined solutions, including products and operations

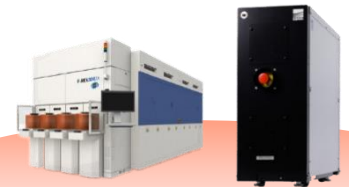
Competitive advantage in target markets



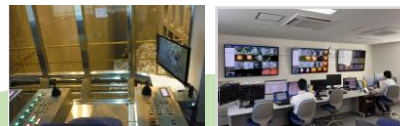
Building Service & Industrial
Proposal capability in a broad range of products



Energy
Value-added services for stable operation and energy saving for different devices through functional integration, and S&S integration



Precision Machinery
Support for miniaturization and cutting-edge technology
Adaptability in the CMP and sub-fabrication areas



Environmental Solutions
50-year facility life support through a combination of operation management + life extension



Infrastructure
Industry No. 1 technology and engineering capabilities in a stable market

Reduced environmental impact
Monitoring
Energy-saving
Stable operation of equipment
Decarbonization

Customers' problem and demands



Sale of a single product, sell-out

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

Strategy and Action Policy

Spur internal and external collaboration and joint development

Steadily implement initiatives for new businesses while visualizing the Group's technologies and talents and forming business alliances with other companies.

Talents mapping

Technology mapping



Our People and Technology

Cooperation within and outside the company

Other companies' products, technologies, solutions



Customer-driven marketing

Social challenges

- Energy transitions
- Increasing demand for commercial rockets
- Recycle plastic waste as a resource

Hydrogen

Creating new value (Main initiatives)

■ 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



Marine

- Increased demand for marine resources
- Seawater pollution
- Biodiversity

■ Land-based aquaculture

Integrated management from fish sales upstream to downstream (fish Sales) in the aquaculture business



Biomass

- Development of biotechnology

■ Structural protein materials

- Regenerative medicine
- Cultured cell meat

Ecosystem

- Water shortage problem

■ Water supply for Africa

New business



Strategy and Action Policy

- Strengthen ability to provide value to overseas markets and customers and strengthen our business foundation
- Establish a global business operation structure

Enhances functions to support the global expansion for business units

Sophisticate business operations

- Introduce a regional department system (Building Equipment and Industry), 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

- Rationalize and strengthen S&S bases by integrating CT and custom pumps
- Develop new service menus integrating pumps, chillers, fans, etc.

Strengthen production processes and development capabilities

- 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

- 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

- Utilize technology and talent globally through the visualization of our technologies, core competencies, and technical personnel (technology mapping)

E-Plan 2025: Basic Policy 4

(Upgrade and streamline the management Infrastructure)



Strategy and Action Policy

Upgrade and streamline the management infrastructure to optimize business operations

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

Establish global infrastructure foundations

- Implement corporate-wide ERP system by 2025
- Integrate global IT infrastructure and expand common systems
- Standardize operations globally

Digital strategy to drive business model innovation

- 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

- 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"

- Establish a global key position (GKP) and improve global mobility
- Optimize personnel allocation based on the global talent database
- Further promote diversity and inclusion

Risk management

- Centralize and streamline group-wide risk management functions
- Conduct comprehensive environmental management (i.e., ISO14001 certification for all group companies with manufacturing and maintenance plants)

5. "E-Plan 2025" Strategies by Business Segment

E-Plan 2025: Basic Policy by Business Segment and Key Initiatives

(Building Service & Industrial)



Business Targets

Operating profit ratio: 7% or higher,
Revenue CAGR: 6% or higher

Basic Policy

- Aim for further business growth through providing new solutions combining pumps, chillers, and services from the customers' perspective in the Building Equipment and Industry market
- Upgrade and streamline tasks and business management through DX

Basic Strategies

Strengthen solution businesses

- Shift from product sales to product-service system through providing solutions to customers
 - Create and develop new business models
- Direction:
- Leverage the company's unique position as a provider of products ranging from chillers and fans to pumps
 - Provide solutions for energy and personnel conservation needs using new technology such as low environmental impact technology and cloud monitoring
 - Shift to maintenance that "cares before breaking" using IoT data
 - Implement inverter built-in motors that realize optimal operation of pumps and fans
- Strengthen points of contact with customers
 - Connect with customers via by utilizing IoT and cloud and realize safe, secure, and convenient experiences

Market Prospects

- Increase in housing complexes and buildings due to population concentration in cities
- Increased demand for irrigation and drainage systems due to climate change, tighter environmental regulations
- Growth of cutting-edge industries

Overseas  Projected CAGR growth of 3.8%

Japan 

Capture (overseas) growth markets

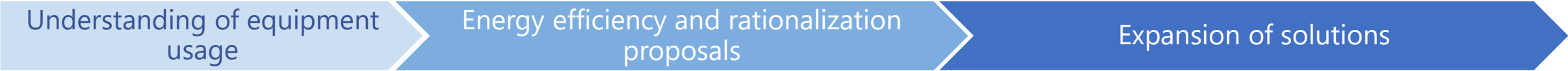
- Globally roll out acquired products (Vansan, Hayward Gordon)
- Pioneer new markets by introducing in high added-value products such as ultra-small non-leakage pumps and precise chillers.
- Enter industrial utility markets in developed countries (food, semiconductor markets)
- Expand sales channels and promote irrigation products in Africa
- Establish new bases: Africa, South America, Asia, Nordic region

Rebuild global business infrastructure

- Expand production bases that support increase of revenue overseas
- Review of global procurement and production distribution considering geopolitical risks

E-Plan 2025: Basic Policy by Business Segment and Key Initiatives

(Building Service & Industrial)



- Provide high-quality water, air, and environmental solutions for ZEB* and other decarbonization needs, using energy-saving and low-environmental-impact products as a starting point
- Contribute to labor and energy savings against workforce shortages by realizing DX for maintenance and management of facilities
- Provide new customer value with lower LCC, including service, maintenance, and other running costs, as focused on initial costs

*ZEB: Net Zero Energy Building

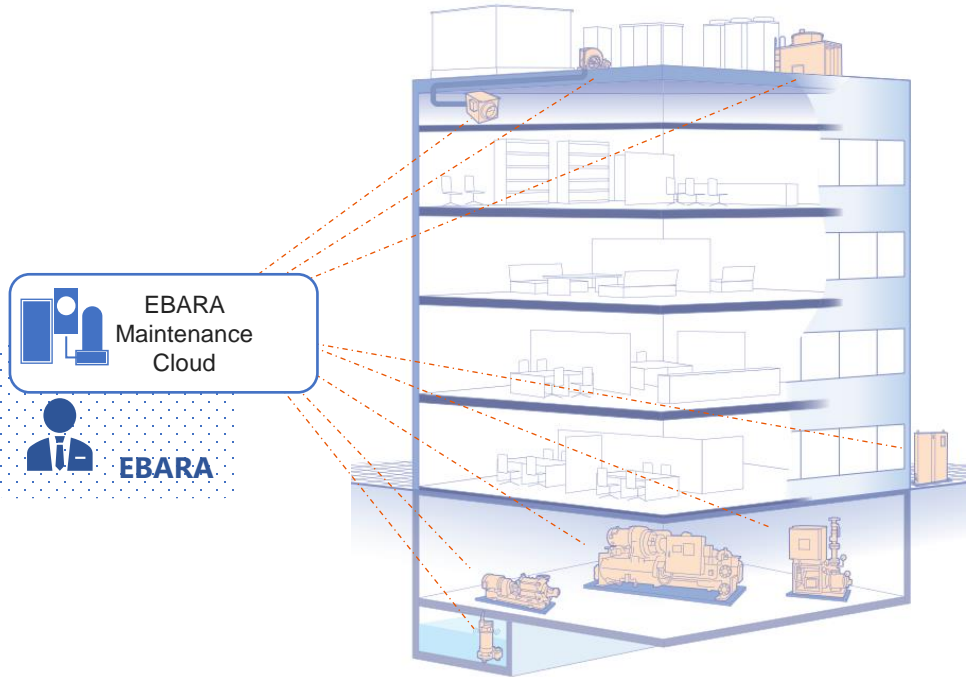
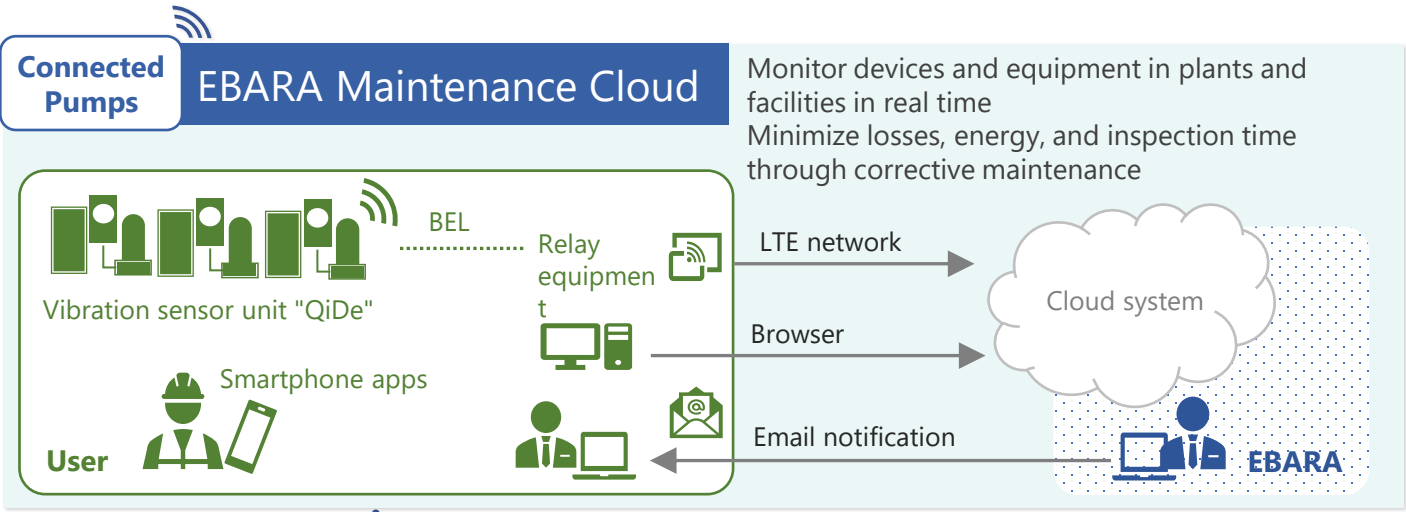
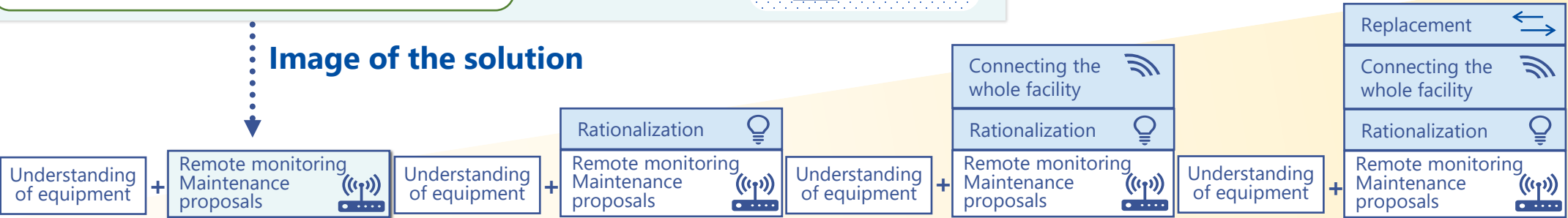


Image of the solution



E-Plan 2025: Basic Policy by Business Segment and Key Initiatives (Energy)



Business Target

**Operating profit ratio:
12% or higher**


Basic Policy

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

Basic Strategies

Market Prospects

- Demand for fossil fuels will decrease due to decarbonization to achieve carbon neutrality, while demand for LNG will increase in the short and medium-term (by 2030).
- Increase in petrochemical demand along with population increase in developing countries.
- Expansion of new and renewable energy markets such as CCUS, hydrogen, geothermal, and ammonia.
- S&S services are expected to emerge due to personnel shortages and aging and outdated equipment at customers and plants.

global 

LNG: projected CAGR
growth of 5.9%
Ethylene: projected CAGR
growth of 4.5%

New apparatus

- Improve profitability: Continue strategic orders (based on product life cycle)
- Completed the preparation of go-to-market strategy for new solutions
 - Investment in human resources
 - Research and development of new technologies and manufacturing techniques
 - Materialize solution proposal combining pumps and compressors

S&S (Global Services)

- Reform Structural reform of service bases
 - Close unprofitable bases, expand flagship bases, open new bases, optimize personnel deployment
- Leverage service resources for compressor turbines and custom pumps
- Develop and launch new S&S business

Global Manufacturing

- Optimize engineering
 - Optimize and unify for the energy segment and the entire Group's overall optimization
- Expand applicable models for automatic design
- Restructure production system
 - Optimize the scale of production and test facilities for each product
 - Optimize production sites (Japan, U.S.A., India)
 - Structural reform of U.S.A. site
- Reduce procurement costs
 - Expand procurement from low cost countries (LCC)

E-Plan 2025: Basic Policy by Business Segment and Key Initiatives

(Energy)



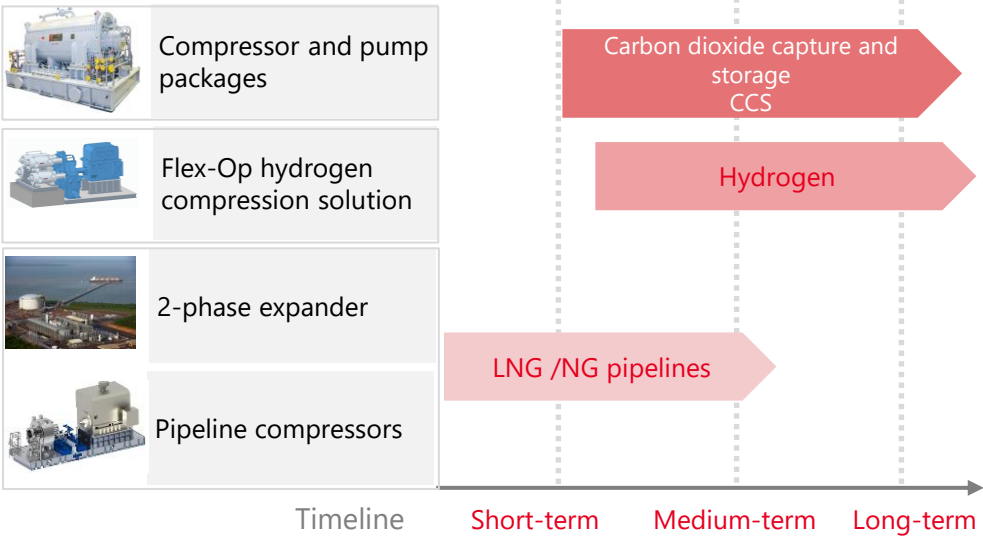
Initiatives to bring new solutions to the market

- Utilize our advanced technological experience to fully prepare new solutions for the marketplace

3-year initiatives

Launch developed products	◆ System for CCS - Compressor and pump packages
Accelerate development of products to be launched on the market	◆ Hydrogen, compressors for industrial gas ◆ Pumps for ammonia market
Develop products for future markets	◆ Develop products for high-depth geothermal power generation ◆ Develop products for solar thermal power generation

- Timeline of new energy and renewable energy markets



Global Networking as an Energy Company

- The energy company's network is now robust and global, as a result of combining global business and service network of compressors and turbines responding to customer needs and expectations, with the sales, production, and service network of custom pumps.
- Develop and market new S&S businesses while optimizing the service resources of compressors and turbines and of custom pumps

5 manufacturing bases / 19 service centers / 10 sales and service locations



E-Plan 2025: Basic Policy by Business Segment and Key Initiatives (infrastructure)



Business target

**Operating profit ratio:
6% or higher**

Market Prospects

- Japan: Projected to remain stable mainly due to building national resilience
- Overseas: Expected to grow at a high rate in the Asia-Pacific region (including Japan and China) in global water and infrastructure centrifugal pump markets

Japan	→	Remain stable
Overseas	→	Projected global CAGR growth of 4.9%

Basic Policy

- 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

Expand market share in the domestic pump market

- Strengthen product development and engineering capabilities
 - Address megatrends such as the carbon neutrality of public utilities
- Promote proposals to extend the service lives of large machinery facilities
 - Propose value-added technologies tailored to customer needs and expand the scope of S&S contracting
- Minimize opportunity losses
 - Increase the number of qualified engineers and use of agents

Deepen overseas pump market and secure profit

- Strengthen competitiveness
 - Apply engineering technologies that are highly regarded in Japan to overseas bases
- Ensure profitability
 - Continue to win strategic orders by front-loading and ensure profitability

Improve productivity in Japan and overseas

- Develop products that meet market needs
- Strengthen procurement capabilities
- Deepen collaboration among production bases
 - Coordinate design and other functions at three plants in Japan, Southeast Asia, and China
- Improve production technology using DX and AI

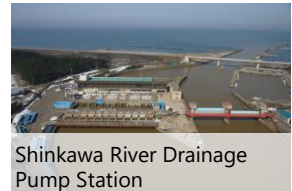
E-Plan 2025: Basic Policy by Business Segment and Key Initiatives (Infrastructure)

Domestic business: Maintain a solid share of public demand and revenues

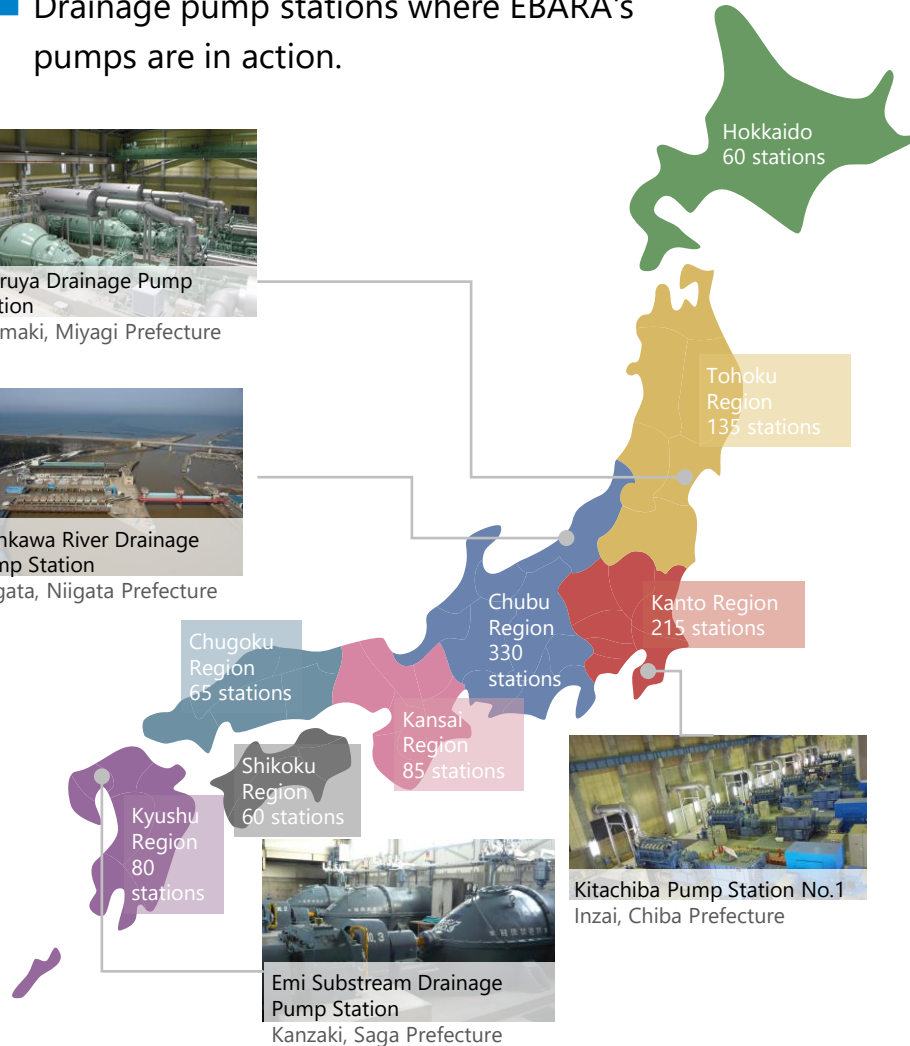
- Drainage pump stations where EBARA's pumps are in action.



Tsuruya Drainage Pump Station
Ishimaki, Miyagi Prefecture



Shinkawa River Drainage Pump Station
Niigata, Niigata Prefecture



Kitachiba Pump Station No.1
Inzai, Chiba Prefecture



Emi Substream Drainage Pump Station
Kanzaki, Saga Prefecture

- EBARA's pumps are in operation at more than 1,000 drainage pump stations nationwide
- Domestic infrastructure is entering an era of major renewal, and demand for reconstruction and maintenance will continue to increase.
- Aggressively pursue business opportunities based on our abundant construction track record and technological development to maintain a high market share and secure stable revenues

Technical capabilities of infrastructure company's domestic business

- Strengths: Excellent technical proposal capabilities, extensive construction track record
- Highly acclaimed by government agencies:

Winner of the 1st METI Minister's Award for Infrastructure Maintenance*,

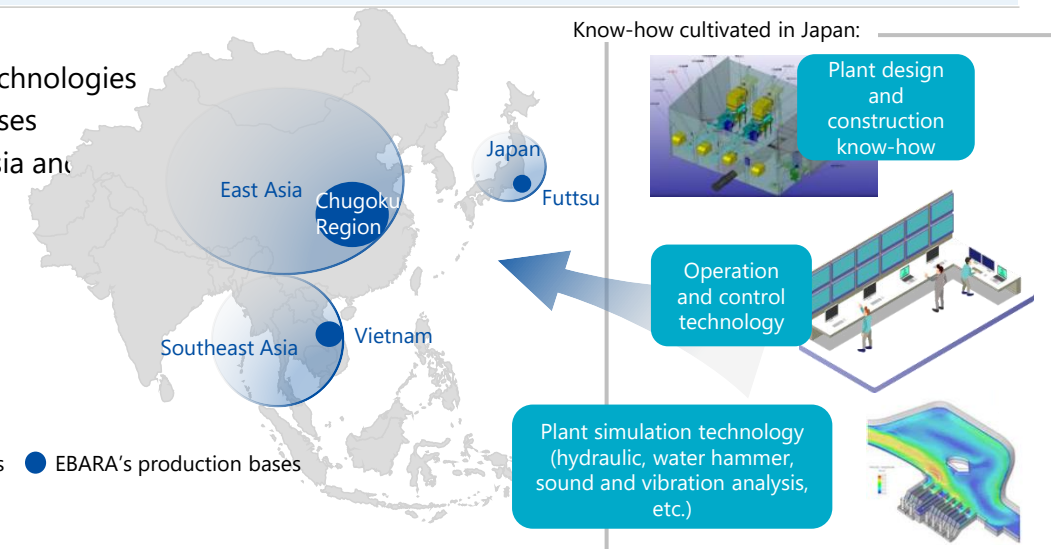
The 6th MAFF Award for Excellence, etc.

*A system established in 2008 to recognize outstanding efforts and technological development for infrastructure maintenance

Overseas business:

Approaches to target markets and overseas infrastructure markets

- Strengthen competitiveness by establishing engineering technologies honed in Japan at overseas bases
- Target markets include East Asia and Southeast Asia



E-Plan 2025: Basic Policy by Business Segment and Key Initiatives (Environmental Solutions)



Business Target

**Operating profit ratio:
7% or higher**

Basic Policy

Market Prospects

Market transition from a linear economy represented by mass production, mass consumption, and mass disposal to a circular economy (from disposal to resource circulation) and carbon neutral.

Japan → stable

- Number of waste incineration facilities constructed and core improvement works to remain stable
- Market size of maintenance and management to grow due to accelerated outsourcing from the public to the private sector

- 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

Improve pricing competitiveness of new DBOs and prevent additional cost incurred by EPC

- EPC (DB) *DBO: Long-term operation and management of EPC and plants
 - Reduce costs for construction, equipment purchases, design management, etc.
 - Standardize design and revise policies to downsize the facility
 - Utilize the results of design process improvements, such as application of automatic design
 - Prevent additional costs during civil engineering and plant construction through improved planning accuracy
- O&M (O)
 - Optimize maintenance menus for long-term O&M projects and reduce costs through competitive quotations

Further strengthen the revenue base for O&M projects

- Expand O&M peripheral operations
- Maximize facility operation period

Strengthen initiatives as a decarbonization and resource circulation solutions provider with LCA as core axis

- Chemical recycling
 - Improve the precision of technology and establish a scheme for practical application of chemical recycling
- AI/ICT
 - Upgrade operation, maintenance, etc. through development of robots
- Develop and provide new technologies and services

Promote of Regional Strategies

- Cooperate with Chinese bases
 - Expand equipment sales and engineering business into Southeast Asian markets etc.

E-Plan 2025: Basic Policy by Business Segment and Key Initiatives

(Environmental Solutions)



Strengthen initiatives as a decarbonization and resource circulation solutions provider with LCA as core axis

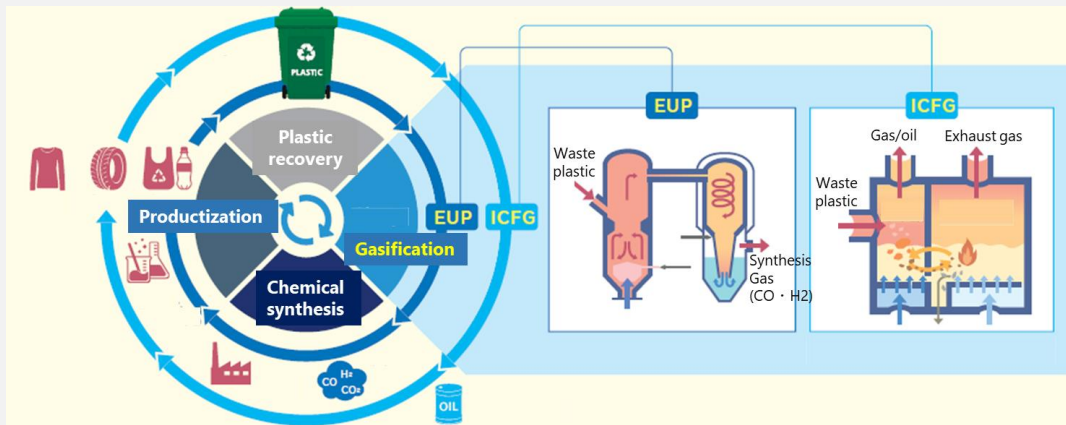
EBARA's two chemical recycling technologies

- ICFG® Inner Circulation Type Fluid Bed Gasification Furnace*
 - Capture carbon resources from waste through pyrolysis treatment*
 - Dramatically reduce CO₂ emissions from waste treatment and contribute to building a carbon-neutral society

Toward commercialization in 2030:

- Accumulate data and knowledge to advance to the next step through series of basic tests
- Accelerate development activities toward commercialization

- EUP® Two-Stage Pressurized Gasification System*
 - Gasification chemical recycling technology of plastic waste
 - Continue proactive sales activities for gasification treatment facilities in Japan and overseas



Further strengthen the revenue base for O&M projects

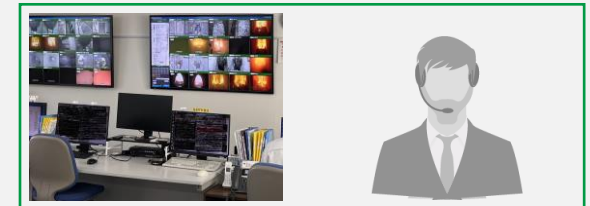
- Acquired ISMS certification (ISO/IEC27001) for remote monitoring in waste incineration facilities
 - Operate services under an appropriate information security management system for the operating data of a large number of waste incineration facilities handled by remote monitoring services.
 - Acquired ISO/IEC27001:2013 certification, an international standard for information security management systems (ISMS), at Fujisawa Field Support Center* in September 2022.

Fujisawa Field Support Center:



Inside the center

Remote Support Center



Data and Image

Support



Central operation room

Waste incineration facility



- * Remote monitoring service in Fujisawa Field Support Center
 - Opened in June 2016 for stabilized and advanced waste incineration facility operations
 - 24-hour real-time facility operation support and data analysis by dedicated operators

*1 ICFG is a registered trademark of EEP in Japan

*2 EUP is a registered trademark of UBE and EEP in Japan

E-Plan 2025: Basic Policy by Business Segment and Key Initiatives

(Precision Machinery)



Business Target

Operating profit ratio: 17% or higher,
Revenue CAGR: 15% or higher

Basic Policy

- Provide unique value not only by providing products and services, but also by solving customers' process and utility issues
- 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 Strategy

Strengthen product and solution development capabilities

Components

- Concept: Value-added solutions for the entire sub-fab area at semiconductor plants
 - Contribute to decarbonization of customer's semiconductor manufacturing
 - New value using AI and DX
 - Deploy to industries other than semiconductor
- Product development: Dry vacuum pumps, gas abatement systems, semiconductor production device chillers, next-generation EUV lithography exhaust systems, etc.
- Solution development: data monitoring, failure prediction, etc.

CMP and other equipment

- Construct a market-in solution development system
- Reinforce R&D establishments
- Further value creation by utilizing data science

Market Prospects

- To have an expanding trend by 2025, though subject to a temporary adjustment, while growing trend for semiconductor demand remains unchanged over the medium- to long-term based on the widespread adoption of ICAC5*. *General term for IoT, Cloud, AI, Car(Automated Driving), 5G

Global trend 
 Projected CAGR growth of 2.2%

Increase in production capacity

Components

*OH : overhaul

- Dry vacuum pumps: Improve operating rates of plant automation, increase global OH* capacity
- Exhaust systems for EUV lithography equipment: Capital investments for future demand increase

CMP and other equipment

- Construction of new building in Kumamoto

Reconstruct global business infrastructure to accommodate expansion of business scale

- Strengthen S&S: Move on from local support and enhance customer support capabilities with global teamwork
- Bolster supply chain
 - Multiply suppliers and establish overseas procurement bases
 - Reestablish inventory strategy
- Reestablish global organizational system to meet demand increase

E-Plan 2025: Basic Policy by Business Segment and Key Initiatives

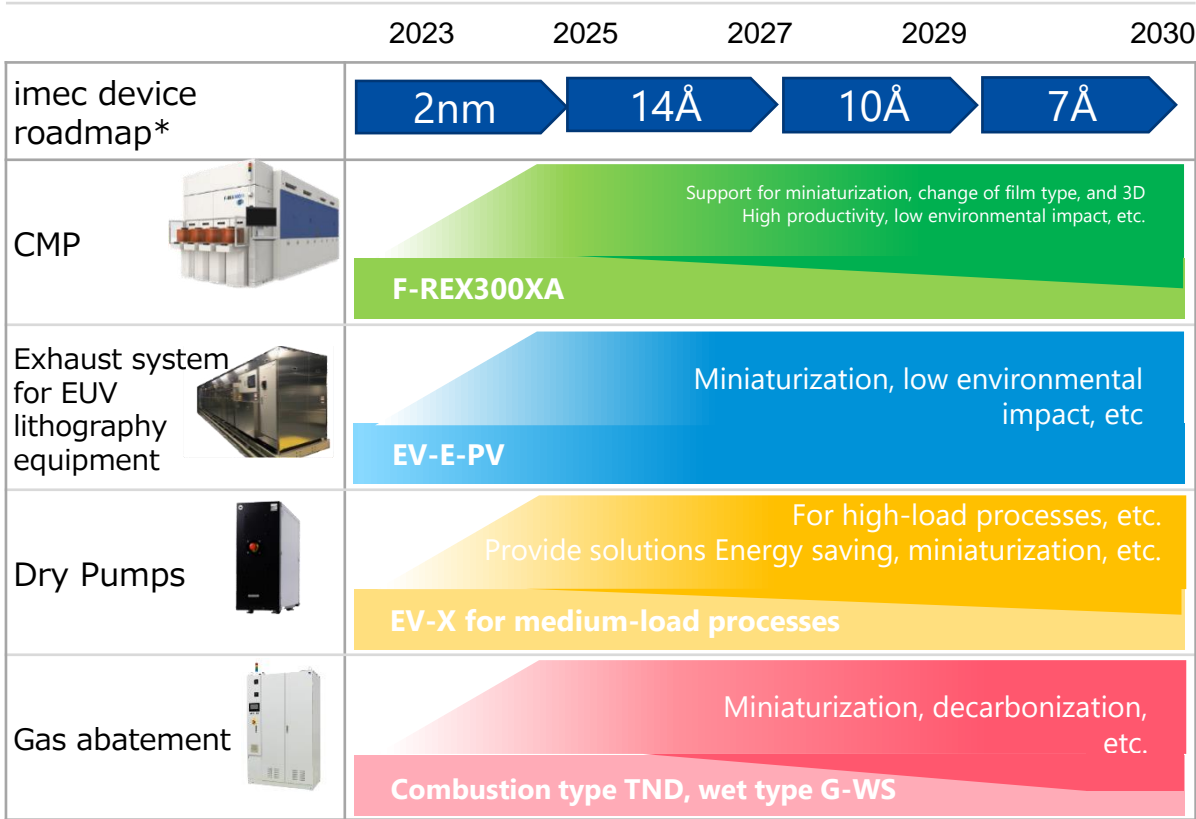
(Precision Machinery)



Efforts for semiconductor evolution and our sustainable growth

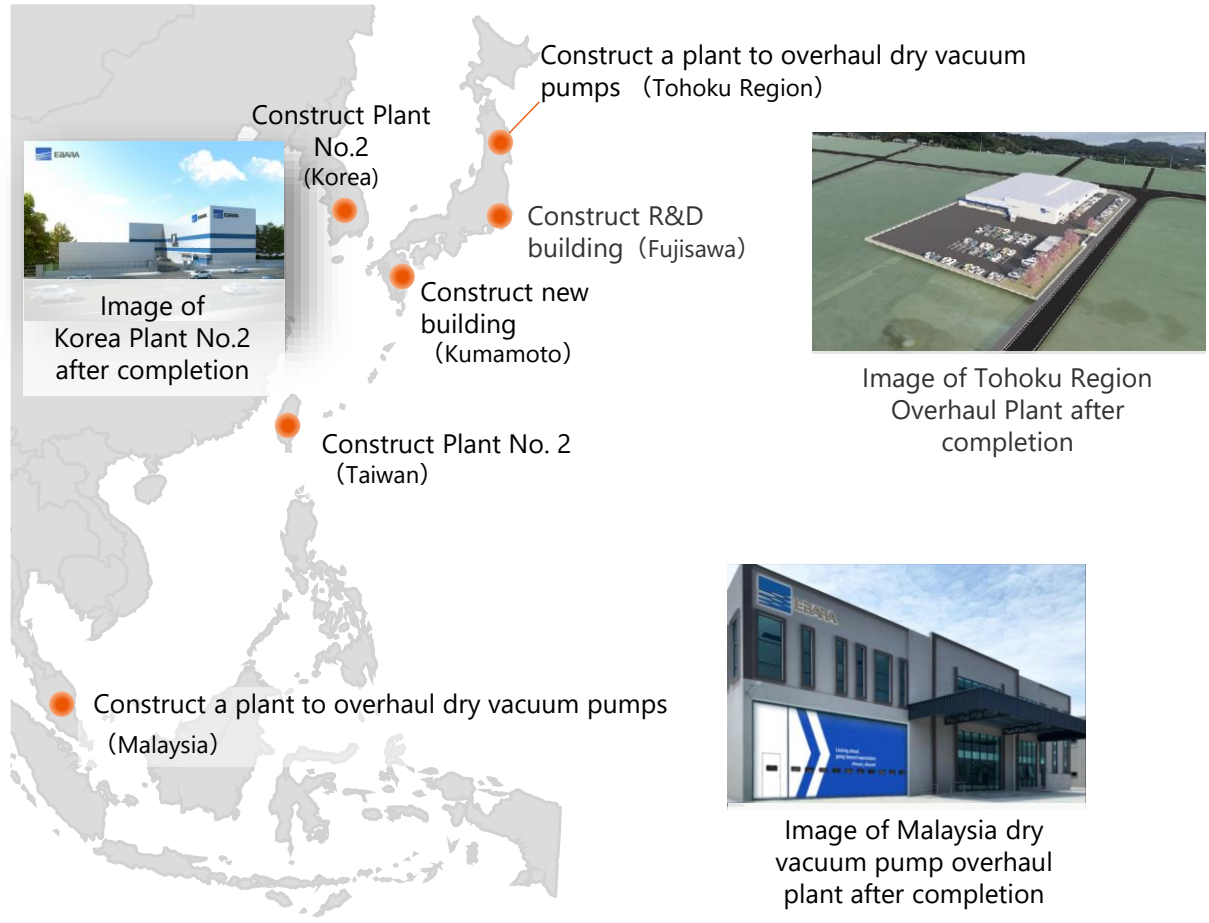
Capital investments to support long-term business growth

- Continue to provide products, new features, and solutions that meet the needs of our customers and the world, such as semiconductor evolution roadmaps and decarbonization, by continuing to solve our customers' process and utility challenges.



*imec, Belgium's independent nanotech semiconductor research institute, has published a logic device roadmap to 14Å and beyond. (Excerpt from imec Future Summit 2022)
We assume a 7Å generation for development and a 14Å generation for commercial use by 2030.

- Expand production capacity to securely capture future demand growth
- Construct R&D buildings for developing new equipment and elemental technologies to meet future customer needs
- Construct dry vacuum pump overhaul plants globally to ensure S&S demand



6. “E-Plan2025” ESG Strategy - Sustainability Management

E-Plan 2025: Evolution of ESG-focused Management



Basic policy and management strategy under E-Plan 2025

Implement advanced ESG-focused management for a sustainable society



E : Environment



S : Social



G : Governance

Strategy and Action Policy

Carbon Neutrality

- Reduce environmental impact through business activities (SCOPE 1 and 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.

Contribute to society and environment through our products and services, promote diversity, and respect human rights

- Strengthen human capital management
- Promote diversity
- Promote human rights due diligence in the supply chain

Further enhance corporate governance

- (Roles and activities of the Board of Directors)
- Support the EBARA Group's growth to solve medium- to long-term issues
 - Supervise executives for sustainability
 - Promote Dialogue between the Board of Directors and stakeholder
 - Continue efforts to improve efficacy

E-Plan 2025: Evolution of ESG-focused Management

Non-financial indicators



E : Environment

Item	Targets
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



G : Governance

Item
Sophisticate the performance of the Board of Directors and contributions to G to V*

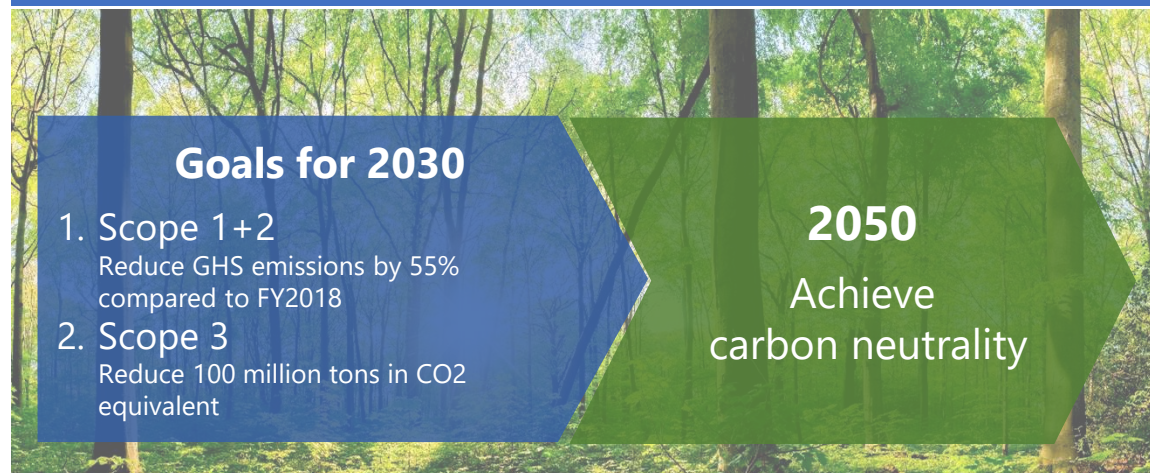
*G to V : Governance to Value



S : Social

Item	Targets
Further promote a culture of competition and pioneering spirit, and strive to create an environment where diverse employees can comfortably work and perform well • Engagement Survey Score	FY2025: 83 or higher FY2030: 86 or higher
Aim for global mobility improvement • Percentage of non-Japanese employees in Global Key Position(consolidated)	FY2025: 30% FY2030: 50%
Resolve gender pay gap (1) Percentage of female employees in GKP (consolidated) (2) Percentage of female employees in key positions (non-consolidated)	(1) FY2025: 8% or higher FY2030: 10% or higher (2) FY2025: 8% or higher
Cultivate a company culture where employees can work and raise children at the same time regardless of gender • Percentage of male employees taking parental leave (non-consolidated)	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 (non-consolidated + 4 group affiliates)	FY2025: 2.6% or higher
Implement necessary measures based on the results of human rights due diligence for suppliers	

Roadmap to achieve zero GHG emissions by 2050



Scope 1+2 (in-house emissions)

1. Expand the shift to green power
2. Promote energy savings and production innovations in internal business activities
3. De-fossilization of fossil fuels (for electrification)
4. Utilize carbon pricing
 - Introduce an internal carbon pricing system (ICP)
 - Utilize certificates and credits

Scope 3 (value chain)

1. Reduce emissions: Increase energy and resource efficiency of products, promote circular economy businesses by providing energy-saving and low-GHG services and support, cooperate with suppliers and customers, etc.
2. Removal, recovery, etc.: supply GHG decomposition products, expand CCS/CCUS, etc.
3. Introduce renewable energy: hydrogen, geothermal, solar thermal, etc.
4. Carbon recycling and emission control: hydrogen, chemical recycling, etc.
5. Absorption: forest conservation credits, etc.

Expand the shift to green power

Planning Period/ Operation Methods, etc.

2023-2025

- Currently planning to install solar power generation equipment in an existing building on EBARA's property.
- Encourage to conclude offsite power purchase agreements (PPAs)

2026-2030

- Expand purchases of electricity generated from renewable energy sources and consider introduction of solar storage batteries

Solar power generation equipment in Fujisawa Plant

A solar power generation system installed in 2014 is currently supplying power to a separate office building.

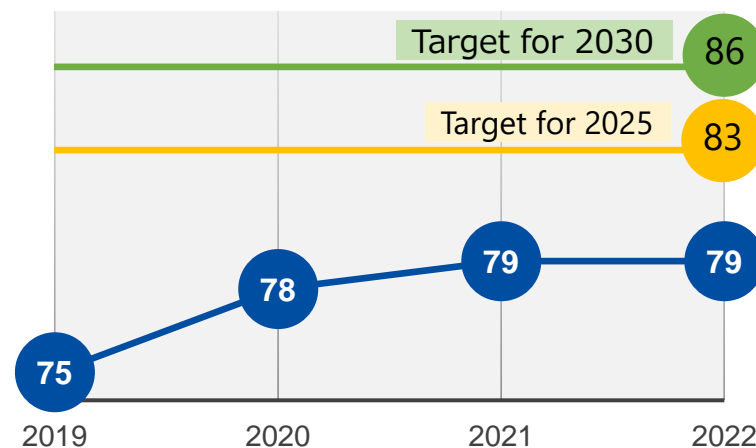
A mega solar power plant (1.6MW) is under construction on the roof of the new plant, which began operation in 2021.



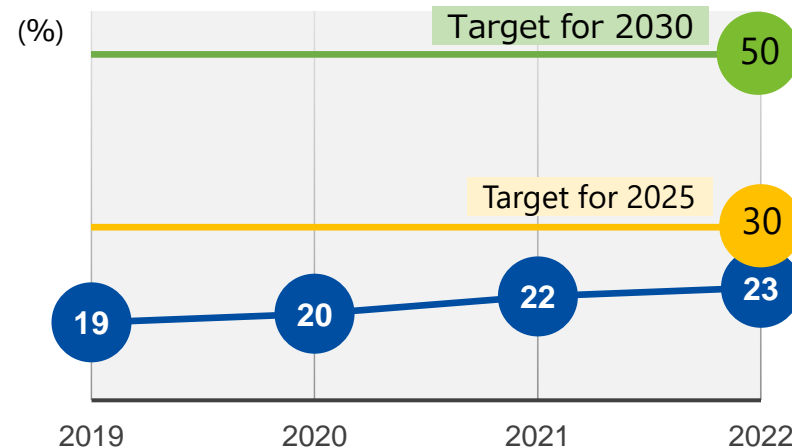
Strengthen human capital management



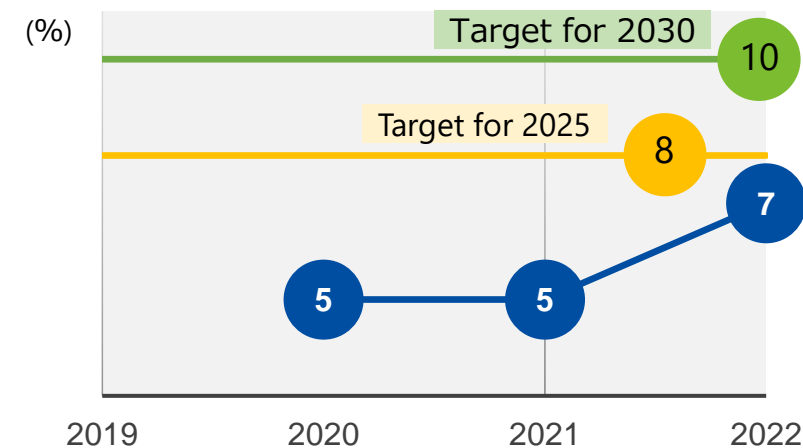
Global Engagement Survey



Percentage of non-Japanese employees in GKP*(consolidated)



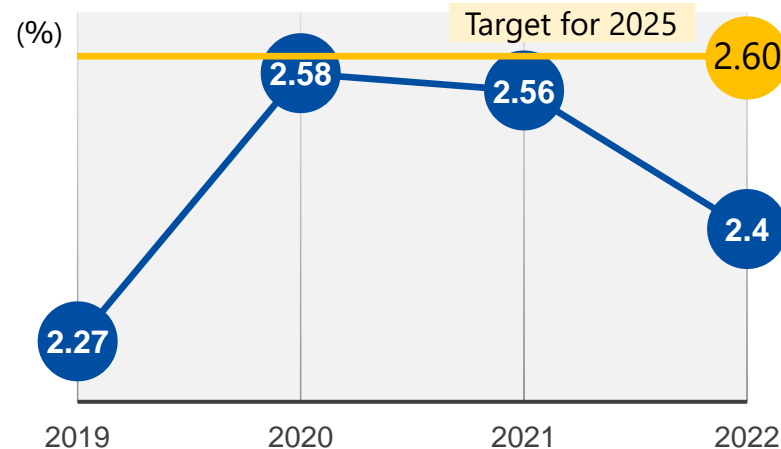
Percentage of female employees in GKP* (consolidated)



Women in Management Ratio (non-consolidated)

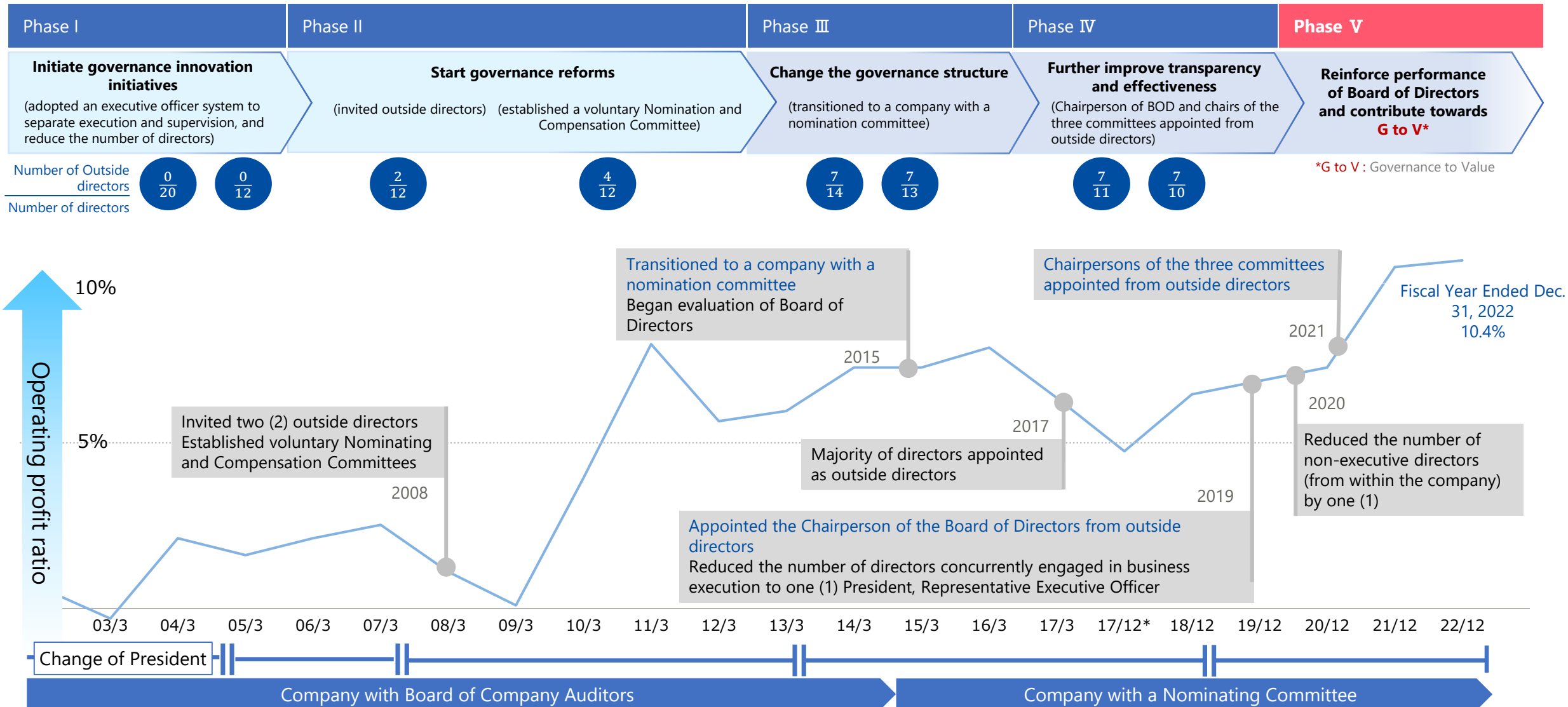


Support for Persons with Special Needs (non-consolidated + 4 group affiliates in Japan)



*Global Key Position

Changes in corporate governance and evolution to a new phase



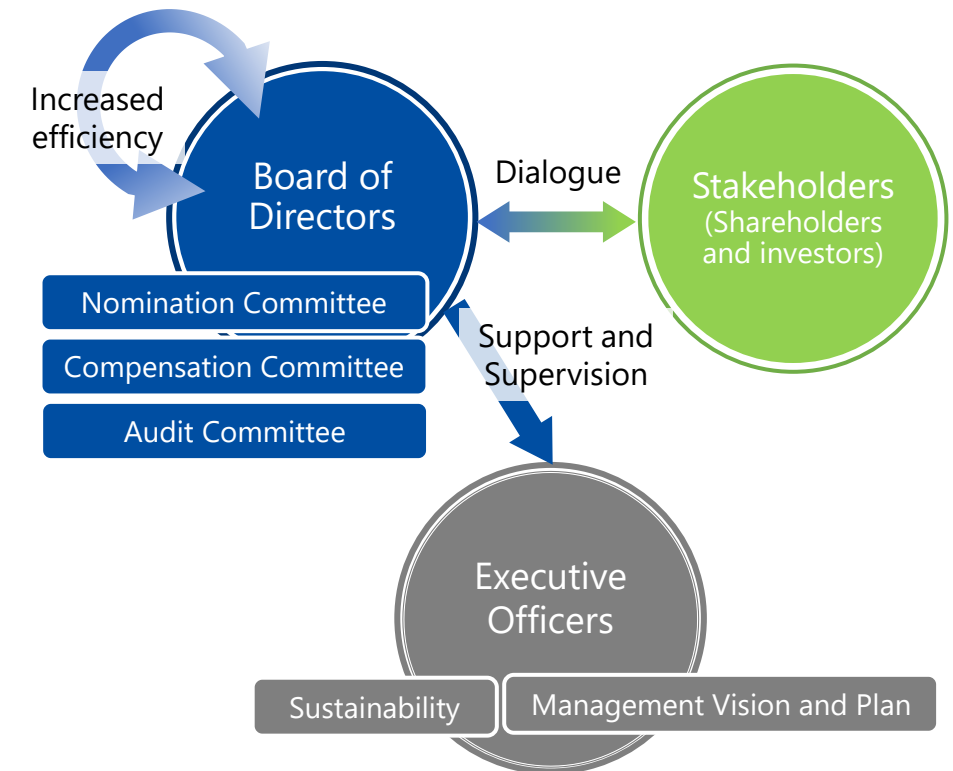
*9-month fiscal year due to change of fiscal year end

Further enhance corporate governance

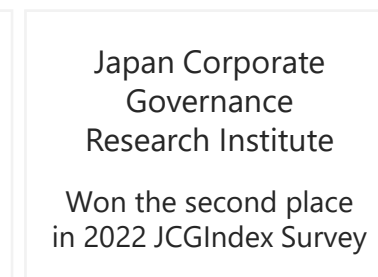
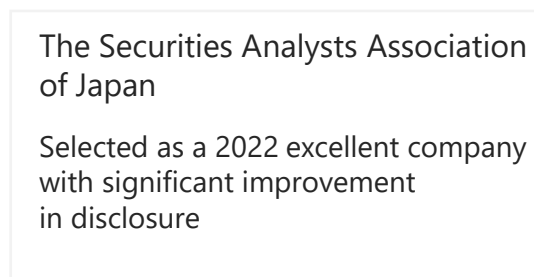
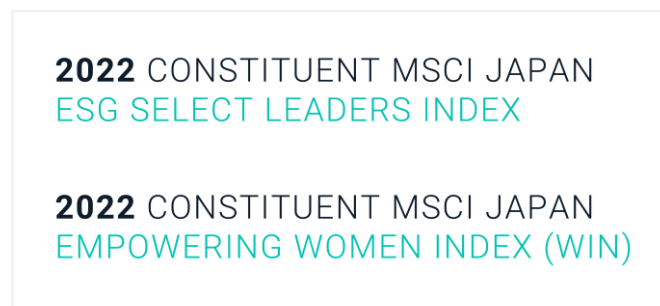
G to V

Governance to Value

1	Support the Group's growth to solve its medium- and long-term issues at the Board of Directors to realize E-Vision 2030 and E-Plan 2025 <ul style="list-style-type: none">❑ Discuss the medium- to long-term issues (business portfolio, human capital, talent development, promotion of diversity, key issues for sustainability, etc.)❑ Oversee the transition to an organization by target market and the reorganization of the governance structure by executive officers
2	Supervise sustainability issues at meetings of the Board of Directors and the Committees <ul style="list-style-type: none">❑ Nomination Committee (leadership development, etc.)❑ Compensation Committee (to reflect evaluation indicators in the director and executive officer compensation)❑ Audit Committee (to oversee risk management, etc.)
3	Promote dialogue between the Board of Directors and stakeholder <ul style="list-style-type: none">❑ Promote dialogue that contributes to addressing sustainability issues and enhancing corporate value❑ Supervise and assess the dialogue and its results by the Board of Directors
4	Continue efforts to increase effectiveness of the Board of Directors <ul style="list-style-type: none">❑ Conduct self-assessment of Board of Directors' effectiveness❑ Conduct individual interviews with all directors by the Chairperson❑ Self-assessment by individual directors and peer assessment



Appendix: External Evaluations



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Appendix: Endorsement and Consortium



In support of

**WOMEN'S
EMPOWERMENT
PRINCIPLES**

Established by UN Women and the
UN Global Compact Office



United Nations
Global Compact



<https://www.ebara.co.jp/en/ir/business/information/sri.html>



**Technology. Passion.
Support our globe.**

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