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.

CONTENTS

EBARA Group Business Ethics Framework

Elements of the "EBARA Way": Founding Spirit of Passion and Dedication

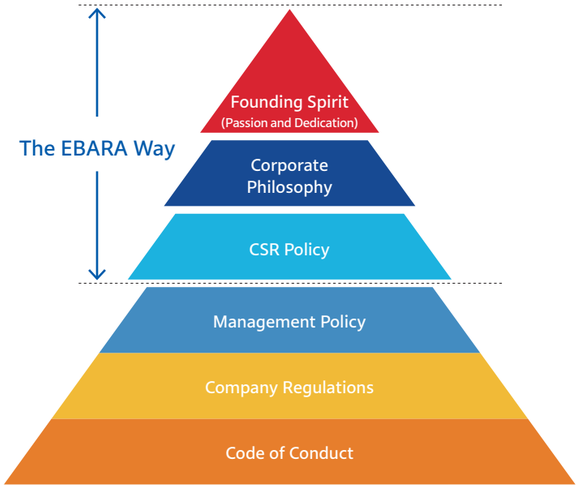
Both employees and the Company shall strive for growth with passion and dedication to bring forth originality and ingenuity, rather than simply fulfilling the task at hand. When working with passion and dedication, there is nothing that cannot be communicated to others.

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

WEB Corporate Website https://www.ebara.co.jp/en/

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

VALUE CREATION STRUCTURE

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.

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.

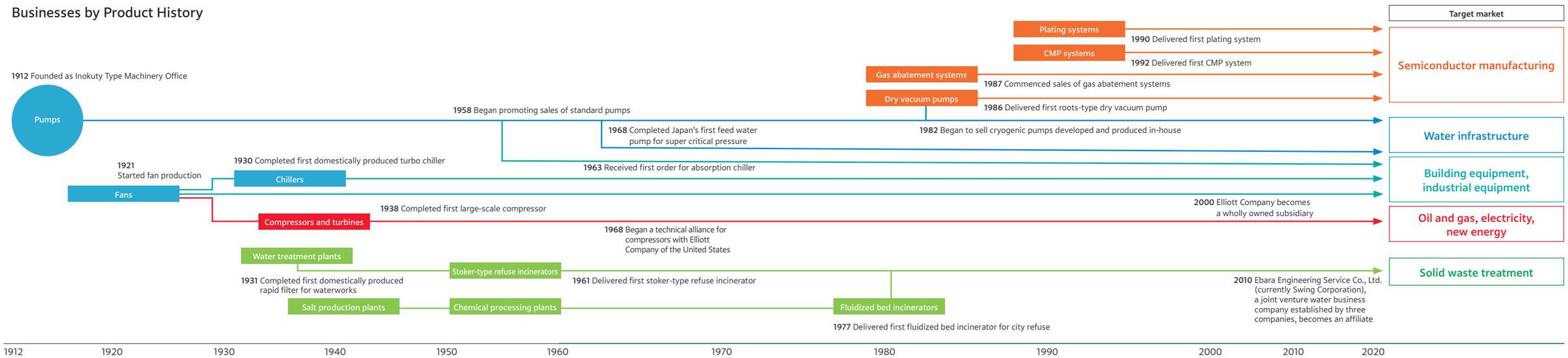
2010–
Centennial Anniversary and Pursuit of Future Growth

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.

Businesses by Product History



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.

EBARA’s Vision

“Technology. Passion. Support Our Globe.”

Background

- Population growth
- Natural disasters
- Food crisis
- Water resource depletion
- Climate change
- Global warming
- Marine pollution
- Infectious disease risks
- Geopolitical risks

INPUT

Medium- to long-term strategies for realizing vision

5 Material Issues (Materiality)
1. Contribute to the creation of a sustainable society
2. Elevate standards of living and support abundant lifestyles for all
3. Conduct comprehensive environmental management
4. Promote working environments that encourage challenge
5. Enhance corporate governance

Management Strategies
Long-term vision, medium-term management plan

Business Activities
Business Process
Capitals
Corporate Governance

Driving Force behind the Group’s Creation of Value
Technological Capabilities
Passion and Dedication
Reliability

Increase Corporate Value
Sustainable growth
Sustainable contributions to society

Increase Social and Environmental Value

Increase Economic Value

Outcomes
Realize abundant lifestyles for all
Support a sustainable society
Support industry

Outputs
Products
Services

Outcomes leading to increased corporate value

OUTCOME

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 km³

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):	
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 km³
Total waste discharge:	18,351 tons
Material recycling rate:	97.5%

VALUE CREATION STRUCTURE

Social Value Created by EBARA

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

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 CO_2 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

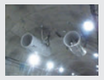
Essential equipment for transporting water in agricultural irrigation facilities, these pumps also help provide a stable supply of water for agriculture.

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 CO_2 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.