

(Translation)

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To whom it may concern,

Company	EBARA CORPORATION
Representative	Masao Asami, President and Representative Executive Officer, CEO&COO (Securities code: 6361, TSE Prime Market)
Contact	Shugo Hosoda, Executive Officer, Division Executive, Corporate Strategic Planning, Finance and Accounting Division & CFO (Tel: +81-3-3743-6111)

Notice regarding the Formulation of EBARA's Medium-term Management Plan "E-Plan 2025"

EBARA CORPORATION ("the Group") announces its Medium-term Management Plan "E-Plan 2025" for three years starting from FY2023 as outlined as follows:

- 1. Summarizing the previous Medium-term Management Plan: E-Plan 2022**

In E-Plan 2022, the Group positioned the time frame (FY2020 - FY2022) as "the stage to reinforce the foundations for further growth toward the achievement of the E-Vision 2030" and implemented a variety of measures under the four basic policies: (1) strive for growth, (2) improve profitability of existing businesses, (3) refine management and business infrastructure, and (4) enhance ESG-focused management. As a result, the Group has achieved goals in key indicators, including return on invested capital (ROIC) and operating profit ratio that we have defined as the most important management indicators and achieved one year ahead of the schedule. We summarize that the plan has made good progress overall.
- 2. Long-term vision of E-Vision 2030 (Adding an important indicator)**

In February 2020, the Group has formulated E-Vision 2030 which describes its vision after ten years (2030) as the path towards that goal. The first three years have now passed, and in reviewing E-Vision 2030, the Group recognizes its general directions (e.g., value creation story, materiality issues) remain unchanged and do not require any drastic changes at this point. However, from the perspective of improving the efficiency of shareholders' equity through the ROIC management initiatives that we have been promoting, we have decided to aim for a ROE of 15% or higher.
- 3. Formulation of the new Medium-term Management Plan: E-Plan 2025**
 - (1) Positioning and directions of E-Plan 2025**

Based on the achievements of E-Plan 2022, the Group will move on to the next stage to further strengthen its competitiveness in each business area. In E-Plan 2025, under the theme of "creating value from the customer's perspective," the Group has positioned the three-year term as a period for steadily approaching EBARA's Vision for 2030 set forth in E-Vision 2030 as well as ensuring the realization of the vision by 2030 and thus determined the following directions.

 - Strengthen the market-in initiatives, move away from product-out approach, and install a corporate culture of "creating new value from the customer's perspective."
 - Maximize business performance through reorganization into a five-company system by target market.
 - Aggressively invest capital for business growth and infrastructure to further ensure the realization of the vision for 2030.
 - For efficiency and profitability indicators (ROIC and operating profit ratio), maintain the target level or more which was realized in 2022 and set in E-Vision 2030 (e.g., ROIC of 10%).
 - Add ROE of 15% or higher, set in E-Vision 2030, as a new key indicator as part of our commitment to achieving "1 trillion yen in market cap by 2030," while further sophisticating

- ROIC-focused management.
- vi. Introduce CxO system to totally optimize the Group and enhance the Group governance.

With the implementation of the above (i) through (vi), the goal of E-Plan 2025 is to reach a position where the Group can more certainly foresee the path to realize the EBARA's Vision for 2030. For the business growth, the Group has set a CAGR of 7% for revenue during the period of E-Plan 2025, which will be achieved mainly in the following two businesses of growth areas: Building Service & Industrial and Precision Machinery.

(2) Theme of E-Plan 2025 and key areas

In E-Plan 2025, organization by target market will develop new businesses by creating value from the customer's point of view.

Theme of E-Plan 2025:

Business creation: Creating value from the customers' perspective

The Group strives for sustainable “entrepreneurship” and the creation of value, while fostering an organizational culture that supports a mindset of taking on challenges and transforming the entire company into a structure that truly addresses customer needs and issues, as well as creating a series of flows that generate business.

In addition, the Group has determined the five key areas to support the realization of the theme as described as follows:

Five key areas:

- 1. Target markets & customer-orientation**
- 2. New value creation**
- 3. Global expansion**
- 4. Advanced and efficient management infrastructure**
- 5. Advances in ESG-focused management**

(3) Financial and non-financial indicators and targets

The Group has set the following goals for FY2025, the final year of E-Plan 2025.

Financial Targets

Category	Item	FY2022 Results (for reference only)	FY2025 Target
Profitability	Operating profit ratio	10.4%	10% or higher
	Operating profit ratio by business segment		
	Building Service & Industrial	6.1%	7% or higher
	Energy	11.6%	12% or higher
	Infrastructure	7.8%	6% or higher
	Environmental Solutions	5.0%	7% or higher
Efficiency	Precision Machinery	16.3%	17% or higher
	ROIC*	11.2%	10% or higher
Growth	ROE	15.0%	15% or higher
	Building Service & Industrial Revenue CAGR from FY2022 to FY2025	195.1 billion yen (revenue)	6% or higher
	Precision Machinery Revenue CAGR from FY2022 to FY2025	222.2 billion yen (revenue)	15% or higher
Financial health	Debt-to-equity ratio	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) 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)}

Non-Financial Indicators

Category	Item	Target
E: Environment	CDP score (climate change)	Maintain B or above
	SCOPE 1, 2: GHG emissions	Reduce by 32% compared to FY2018
	SCOPE 3	Establish a practical measurement method to reduce 100 million tons by 2030
S: Social	Transform into a culture of competition and challenge, and strive to create an environment where diverse employees can comfortably work and perform well - Improve Engagement Survey Score (consolidated)	FY2025: 83 or higher FY2030: 86 or higher
	Aim for global mobility improvement - Percentage of non-Japanese employees (consolidated) in Global Key Position (GKP)	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 good performance of employees with special needs - Percentage of employees with special needs (non-consolidated + four group affiliates)	FY2025: 2.6% or higher
	Implement necessary measures based on the results of human rights due diligence for suppliers	Implement necessary measures based on the results of human rights due diligence for suppliers
	G: Governance	Deepen the performance of the Board of Directors and contributions to G to V: Governance to Value

Estimated cash allocation over the E-Plan 2025 period (3-year cumulative total)

Item	Description	FY2023-2025 3-year cumulative total
Growth investment	Growth investment based on business portfolio (facilities for increased production, R&D, new business, M&A, etc.)	180.0 to 225.0 billion yen (including R&D expenses of 65 billion yen)

Infrastructure investment	Strengthen bases that underpin sustainable growth, etc. (maintenance and renewal equipment, human capital, IT such as ERP, business infrastructure, ESG investments)	50 to 80 billion yen
Shareholder returns	Dividend policy: Consolidated Dividend Payout Ratio of 35.0% or higher Repurchase of treasury stock: Implement flexibly at appropriate times, carefully considering the level of equity attributable to owners of parent, other investment targets, cash and deposits on hand, stock price trends, business performance trends, and other factors	

(4) Positioning and basic policies by business segment

1. **Building Service & Industrial**

Positioned as a “growth business,” aim for growth while ensuring profitability

The segment will break away from the cost-competition situation by matching the customer needs from the customer's real voices with the functions of the Group's products and services, assembling solutions, and appealing to customers.

2. **Energy**

Shift to a new "growth business" to respond to changes in customers and society

Based on the megatrend of decarbonization, the segment will grasp the changing needs of customers correctly and make a change with the customers. It will provide solutions that can leverage the Group's strengths through the integration of compressors & turbines and custom pumps.

3. **Infrastructure**

Positioned as a core business that secures stable revenue, seek efficiency while supporting social infrastructure

Within Japan, the segment will strengthen its product development capabilities in collaboration with manufacturing plants and ensure robust public sector demand without opportunity loss, thereby maintaining a high market share and securing profits. For overseas, it will focus on Southeast Asia and China in particular, provide pump facilities and peripheral technologies instead of undertaking EPC (engineering, procurement, and construction) work entirely, and create new value through engineering technologies.

4. **Environmental Solutions**

Positioned as a core business that secures stable revenue, seek efficiency while supporting social infrastructure

The segment will strengthen efforts to solidify the foundation of the core business and develop as well as provide the technologies and services demanded by existing and potential customers, while properly grasping changes in the market as a waste resource recycling solution provider based on life cycle assessment.

5. **Precision Machinery**

Positioned as a “growth business,” aim for growth while ensuring profitability

The segment will provide value to customers through total optimization of global by introducing an account system and deliver value through the resolution of requests and issues in customer's processes and utilities.

(5) Corporate basic policy

The Group will strongly support the organization by target market while ensuring integrated group management. Further, the Group will proceed with upgrading and streamlining the management infrastructure, as it implements advanced ESG-focused management for a sustainable society, improves the recognition of the EBARA brand and its penetration internally and externally, strengthens fundamental technological capabilities to enhance the continued competitiveness, and creates a framework capable of developing new businesses.

(6) Corporate governance

The Board of Directors will continue to supervise and encourage the executive officers to speed up their efforts and reforms to realize E-Vision 2030 and E-Plan 2025, while strengthening and improving corporate governance to further enhance its effectiveness. That makes the Board of Directors contribute to the continued growth and value of the Group.