



Ebara Corporation

Q1 Financial Results Briefing for the Fiscal Year Ending December 2023

May 15, 2023

Event Summary

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[Number of Speakers]	2
	Shugo Hosoda Executive Officer, Division Executive of Corporate Strategic Planning, Finance and Accounting Division & CFO
	Akihiro Osaki Division Executive of Corporate Strategic Planning Division



Results Presentation for Three Months Ended March 31, 2023

EBARA (6361)

May 15, 2023

Looking ahead,
going beyond expectations
Ahead > Beyond

EBARA CORPORATION

Osaki: Thank you for waiting. Thank you very much for taking time out of your busy schedules to join us today for the financial results briefing of Ebara Corporation for Q1 of the fiscal year ending December 2023.

Now, it is time for us to start the meeting.

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■ Abbreviations : FY: fiscal year (FY23: fiscal year ending December 31, 2023)/1Q: 1Q figures/1-2Q, 1-3Q, 1-4Q: cumulative total from 1Q to each quarter
■ Figures in this document are based on IFRS

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At 3:00 PM today, we disclosed the documents related to the financial results on the TSE platform as well as on our website. We hope that you will join us while looking at the documents.

I would like to introduce our attendees.

This is Shugo Hosoda, Executive Officer, Division Executive of Corporate Strategic Planning, Finance and Accounting Division and CFO.

Hosoda: I'm Hosoda. Thank you.

Osaki: I, Osaki, from the Corporate Strategic Planning Division, will act as moderator. Thank you.

As for today's schedule, Hosoda will provide an overview of our financial results, and then we will take questions from the participants. The meeting is scheduled to end at 5:00 PM.

You can also view the content of today's meeting on demand via Zoom. Details will be emailed to you after the meeting.

Now, Hosoda will begin the explanation.

Hosoda: Let's begin. I am Hosoda, the Executive Officer. Thank you very much for joining us.

FY23 1Q Results			FY23 Forecast			
		YoY*		YoY*	Change Vs.P.Plan*	
Orders	¥197.9 B.	¥20.9 B. +11.8% ↗	Orders	¥740.0 B.	¥-75.2 B. -9.2% ↘	¥-48.0 B. -6.1% ↘
Revenue	¥184.0 B.	¥31.2 B. +20.5% ↗	Revenue	¥747.0 B.	¥66.1 B. +9.7% ↗	¥-6.0 B. -0.8% →
Operating Profit	¥15.2 B.	¥1.0 B. +7.7% ↗	Operating Profit	¥71.0 B.	¥0.4 B. +0.6% →	- -
OP Ratio	8.3%	-1.0pts	OP Ratio	9.5%	-0.9pts	+0.1pts

* ↗ +5% change or more ↘ -5% change or more → less than ± 5% change

Topics	
FY23 1Q Results	<ul style="list-style-type: none"> Record high orders, revenues, and operating profit in 1Q. Strong orders in Energy and Environment offset the decline in Precision Machinery. Operating profit ratio declined slightly due to deteriorating profitability and increased fixed costs, despite the significant contribution to profit from increased revenues.
FY23 Forecast	<ul style="list-style-type: none"> Building Service & Industrial and Energy: Revised upward the first-half and full-year forecasts for this segment, taking into account the progress of 1Q results. Precision Machinery: Revised downward the first half and full year forecasts, taking into account the market slowdown and the outlook for performance. As a result of the above, overall orders decreased compared to the initial forecast, but revenue decreased slightly and operating profit remained unchanged.
Other	<ul style="list-style-type: none"> From this fiscal year, started disclosing business results in new segments based on the face-to-face market (former Fluid machinery & systems was subdivided into three segments).

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First, I would like to explain some key points in the current financial results on the slides that are now displayed.

The consolidated results for Q1 show that orders, revenue, and operating profit all slightly exceeded those of Q1 of the previous year, which were record highs for Q1 of a fiscal year, and have reached new record highs.

Orders received by the precision machinery company decreased YoY, but orders received by the energy and environmental solutions companies increased YoY due to the receipt of several large orders in Q1.

Revenue increased in all four company segments, except the environmental solutions company, resulting in YoY increases in both revenue and operating profit.

On the other hand, the operating profit margin, in terms of operating profit as a percentage of revenue, has declined slightly YoY due to deteriorating overall profitability and an increase in fixed costs, particularly personnel expenses.

In light of this, we have made slight changes to our full-year forecasts.

The building service & industrial company segment and the energy company segment, where we have been working to improve profitability, are progressing better than expected at the beginning of the period, and we have revised our H1 and full-year forecasts upward to reflect this.

On the other hand, although our assumption of a medium- to long-term expansion trend in the semiconductor-related market remains unchanged, the probability that the market recovery will be delayed from our initial assumption has increased during the current adjustment phase. We have therefore decided to revise downward our forecasts for our precision machinery company as well.

As for the full-year forecast for the entire company, orders and revenue have been revised downward, partly due to the impact of the precision machinery company, but the upward revision of operating profit in the building service & industrial and energy companies has contributed to the full-year forecast, which calls for operating profit to remain at the JPY71 billion target level as assumed at the beginning of the fiscal year.

As for others, since we have shifted to an organization based on face-to-face markets this fiscal year, we are disclosing results in five segments, dividing the former FMS company into three segments as a new segment disclosure.

These are the key points in these financial statements.



1. FY23 1Q Summary of Results

2. FY23 1Q Results by Segment

3. FY23 Forecast

4. Appendix

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I will now begin a detailed explanation of the financial results.

Consolidated

(in billion yen) Announced date(m/d/y)	FY22 1Q a	FY23 1Q b	Change b-a	Change % (b-a)/a
Orders	177.0	197.9	+20.9	+11.8%
Revenue	152.8	184.0	+31.2	+20.5%
Operating Profit	14.1	15.2	+1.0	+7.7%
OP Ratio	9.3%	8.3%	-1.0pts	
Profit Attributable to Owners of Parent	10.2	8.0	-2.1	-21.0%
Exchange Rate				
Vs. USD (JPY)	116.23	132.31	+16.08	
Vs. EUR (JPY)	130.42	141.92	+11.50	
Vs. CNY (JPY)	18.31	19.33	+1.02	

Please see page five. These are the consolidated results for Q1.

Orders received increased JPY20.9 billion from the same period last year to JPY197.9 billion, revenue increased JPY31.2 billion YoY to JPY184 billion, and operating profit increased slightly by JPY1 billion YoY to JPY15.2 billion.

Profit attributable to owners of parent was JPY8.0 billion, a decrease of JPY2.1 billion YoY. This decrease in quarterly profit was mainly due to a deterioration in foreign exchange gains and losses and an increase in tax-related expenses.

With respect to the average exchange rate during the period from January to March, the yen depreciated slightly against each major currency YoY, contributing JPY1.2 billion to operating profit from foreign exchange YoY.

Segment

(in billion yen)		FY22 1Q		FY23 1Q		Change	
Announced date(m/d/y)		a	b	b-a	(b-a)/a		
Total	Orders	177.0	197.9	+20.9	+11.8%		
	Revenue	152.8	184.0	+31.2	+20.5%		
	Operating Profit	14.1	15.2	+1.0	+7.7%		
	OP Ratio	9.3%	8.3%	-1.0pts			
Building Service & Industrial	Orders	47.3	52.2	+4.9	+10.5%		
	Revenue	41.1	53.0	+11.9	+29.0%		
	Operating Profit	2.0	3.9	+1.9	+96.2%		
	OP Ratio	4.9%	7.5%	+2.6pts			
Energy	Orders	29.1	62.3	+33.1	+113.7%		
	Revenue	28.8	35.9	+7.1	+24.8%		
	Operating Profit	1.5	1.1	-0.4	-30.3%		
	OP Ratio	5.5%	3.1%	-2.4pts			
Infrastructure	Orders	14.6	15.6	+0.9	+6.8%		
	Revenue	17.6	20.3	+2.6	+15.1%		
	Operating Profit	4.4	4.8	+0.3	+8.4%		
	OP Ratio	25.2%	23.7%	-1.5pts			
Environmental Solutions	Orders	16.3	33.3	+16.9	+103.6%		
	Revenue	21.6	17.8	-3.7	-17.2%		
	Operating Profit	1.9	1.8	-0.1	-7.0%		
	OP Ratio	9.1%	10.2%	+1.1pts			
Precision Machinery	Orders	68.9	34.0	-34.9	-50.7%		
	Revenue	43.1	56.4	+13.3	+30.8%		
	Operating Profit	4.7	3.4	-1.2	-26.6%		
	OP Ratio	11.0%	6.2%	-4.8pts			
Others, Adjustment	Orders	0.4	0.2	-0.2	-45.7%		
	Revenue	0.3	0.3	-0.0	-20.6%		
	Operating Profit	-0.6	0.0	+0.6	-		
	OP Ratio	-164.4%	1.9%	+166.3pts			

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Moving on to page six. This is a summary of financial results by segment.

Beginning this fiscal year, the segment previously disclosed as FMS will be divided into three segments, building & industrial, energy, and infrastructure, for a total of five segments.

First of all, orders received by the precision machinery company declined significantly YoY due to the impact of reduced capital investment and postponement of investment plans on the part of our customers as a result of the drop in demand for semiconductors in the precision machinery company.

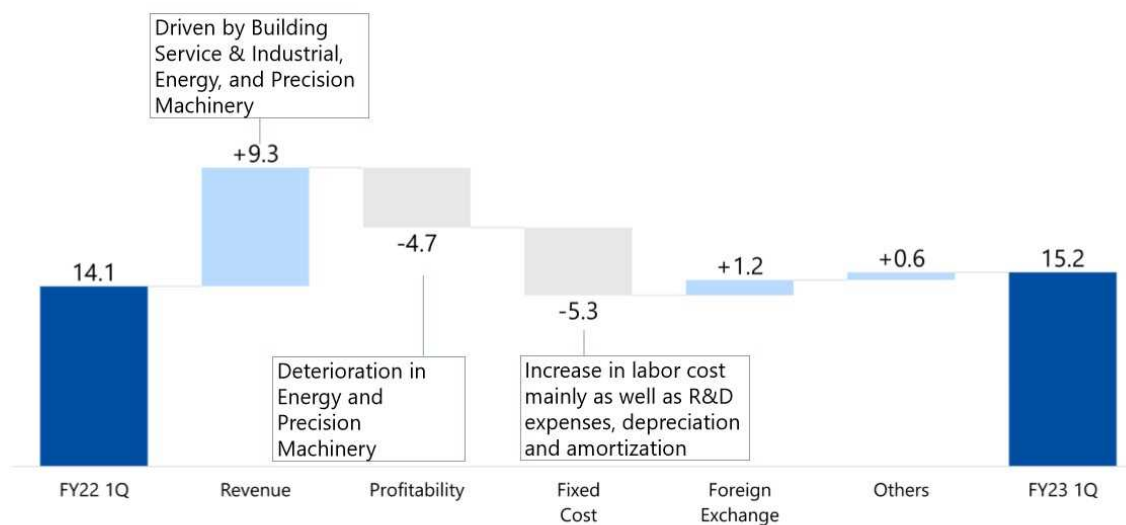
On the other hand, orders received by the energy and environmental solutions companies increased by JPY20.9 billion YoY due to the receipt of several large orders and a slight increase in orders received in the construction, industrial, and infrastructure sectors.

Revenue increased by JPY31.2 billion YoY, driven by growth in the building service & industrial company, reflecting a recovery in demand in Japan and China YoY, the energy company, where the North American market was relatively strong, and the precision machinery company, which had a large backlog of orders at the beginning of the period and has made progress in filling those orders.

Operating profit increased JPY1 billion YoY. On the next page, we will explain the factors behind increases and decreases compared to the previous year's operating profit.

Breakdown of Changes in Operating Profit

OP increase due to higher revenue as well as contribution of yen's depreciation



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The waterfall chart on this page provides a factor analysis of operating profit for the same period of the previous year and for Q1.

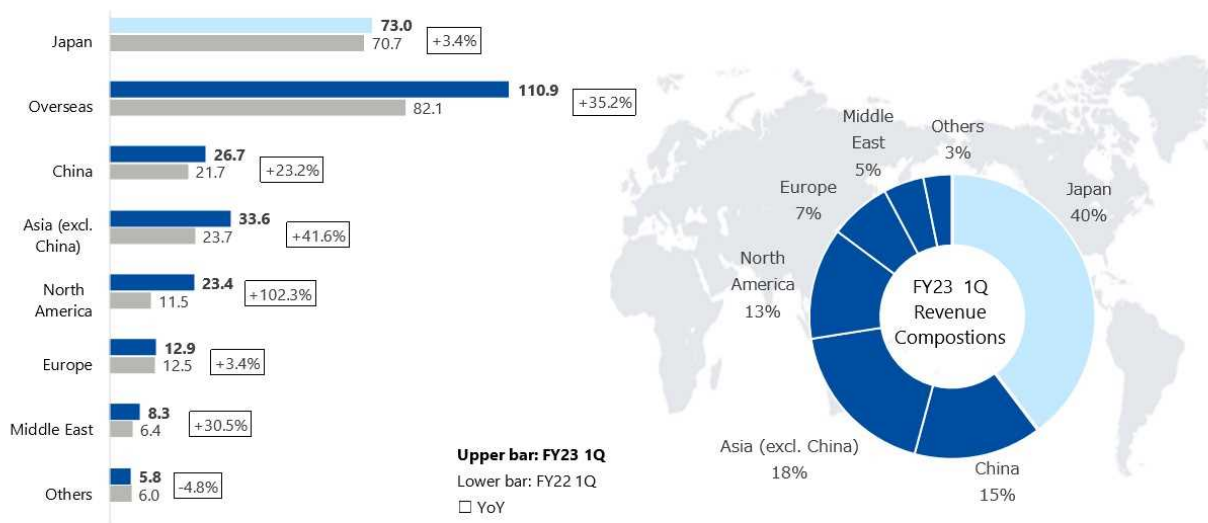
Operating profit increased JPY1 billion YoY.

Basically, the revenue factor, due to increased revenue, contributed JPY9.3 billion, while profitability deteriorated due to the deteriorated mix, etc. In particular, the deteriorated mix in the energy company and the precision machinery company contributed JPY4.7 billion to profitability.

At the same time, fixed costs increased by JPY5.3 billion due to an increase in fixed costs for bonuses linked to business performance, etc., which were higher than in the previous year due to the good performance of the previous year, an increase in R&D expenses, etc., and an increase in depreciation expenses due to increased investment in growth and systems to strengthen the foundation, etc.

As a result, the fixed cost and profitability offset the increase in revenue in Q1, but in the end, the increase in profit was about JPY1 billion due to the foreign exchange rate.

1. FY23 1Q Summary of Results
Revenue by Region



*"Revenue by Region" indicates revenue on the basis of the geographical location where the goods are sold.

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Page eight shows the revenue composition by region.

In the current fiscal year, revenue to the Japanese domestic market increased slightly YoY, while overseas revenue, in particular, grew in all regions.

In China, business activities were very stagnant during Q1 of last year due to the lockdown because of the zero-COVID-19 policy, etc. However, compared to this period, revenue are increasing this year due to the lifting of the zero-COVID-19 policy in China and the improving market conditions.

In Asia, excluding China, revenue grew mainly in the precision machinery company.

In North America, as I mentioned earlier, revenue of products and service and support in the energy company have been strong, and in the building service & industrial company, the increase in revenue of Hayward Gordon, which was acquired last year, has contributed to the YoY increase in revenue.

4. Appendix

Revenue by Region



Former Segment (~FY22)

(in billion yen)	FY22				FY23
	1Q	1-2Q	1-3Q	1-4Q	1Q
FMS Business	87.6	179.2	270.2	383.3	109.4
Japan	38.5	67.4	93.2	132.2	44.7
Asia (excl. Japan)	22.1	51.3	81.1	113.1	26.2
North America	6.4	13.1	23.4	34.3	17.4
Europe	8.1	19.0	30.2	40.1	7.4
Middle East	6.2	13.8	21.1	34.3	7.7
Others	6.0	14.2	21.0	29.1	5.8
EP Business	21.6	36.4	52.2	73.7	17.8
Japan	21.1	34.3	49.9	70.1	17.8
Asia (excl. Japan)	0.4	2.0	2.3	3.5	0.0
PM Business	43.1	96.0	156.4	222.2	56.4
Japan	10.5	21.3	34.3	49.9	10.2
Asia (excl. Japan)	22.8	54.8	90.5	130.7	34.0
North America	5.1	11.1	18.0	23.3	6.0
Europe	4.3	8.2	12.8	16.7	5.4
Others	0.2	0.4	0.6	1.5	0.6

*FY23 1Q FMS figures are for reference as the former segment

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New Segment

(in billion yen)	FY23
	1Q
Building Service & Industrial	53.0
Japan	23.6
Asia (excl. Japan)	13.5
North America	3.6
Europe	5.9
Middle East	2.0
Others	4.2
Energy	35.9
Japan	1.8
Asia (excl. Japan)	11.7
North America	13.7
Europe	1.5
Middle East	5.5
Others	1.4
Infrastructure	20.3
Japan	19.1
Asia (excl. Japan)	0.9
Others	0.0

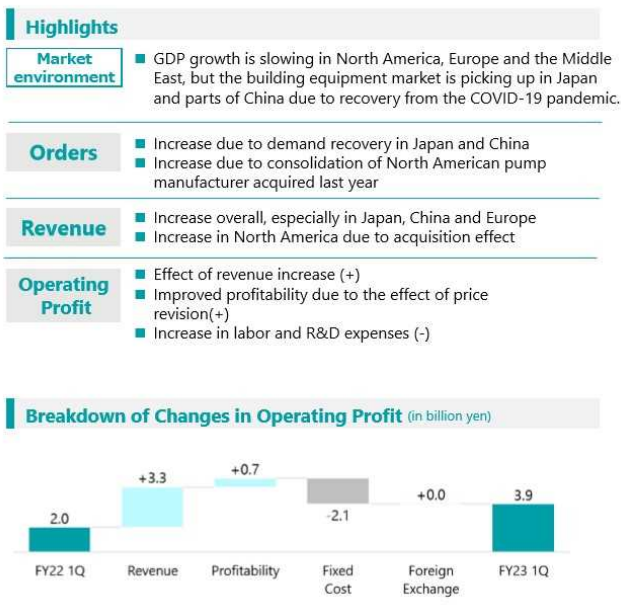
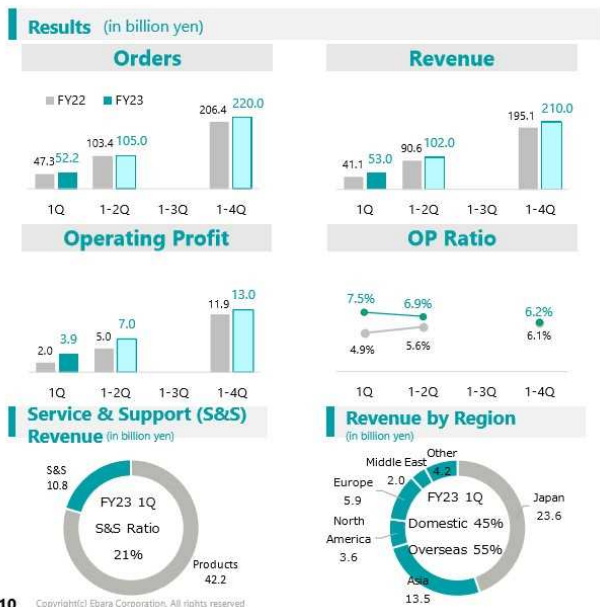
Please also refer to page 24 for details by region for each segment.



1. FY23 1Q Summary of Results
2. FY23 1Q Results by Segment
3. FY23 Forecast
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We will now move on to the details of the performance by segment. The following is an explanation of each of the five segments.



Page 10 is for the building service & industrial company.

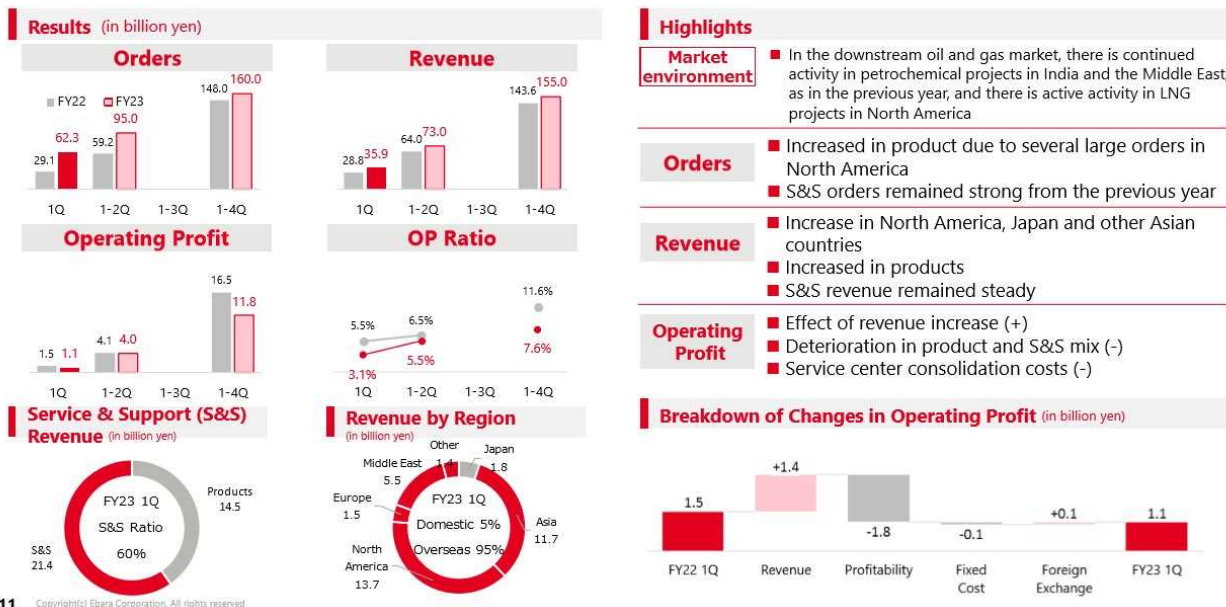
Orders received were JPY52.2 billion, up JPY4.9 billion YoY, revenue were JPY53 billion, up JPY11.9 billion, and operating profit was JPY3.9 billion, up JPY1.9 billion, resulting in relatively strong results in terms of revenue and profit.

In the building equipment market, while there was an economic slowdown in North America and Europe due to high prices and rising interest rates, there were signs of recovery in Japan and parts of China.

Last year, we were unable to ship due to a shortage of parts and materials and delays in receiving parts due to construction delays on the customers’ side, but these problems have been relatively resolved. As a result, orders and revenue have been increasing in Japan.

Meanwhile, revenue are also growing in China, where the zero-COVID-19 policy has been lifted. Revenue in Europe and other overseas regions have also been strong as a result of the backlog of orders accumulated last year. The consolidation of Hayward Gordon, North America, and Canada is also contributing to our performance.

Although fixed costs such as personnel and R&D expenses have increased, operating profit has increased due to the effects of product price revisions, in addition to increased revenue, which has led to an increase in operating profit.



The next page is the energy company.

Orders received increased by JPY33.1 billion YoY to JPY62.3 billion, revenue increased by JPY7.1 billion to JPY35.9 billion, and operating profit decreased by JPY400 million to JPY1.1 billion.

In the oil and gas market, petrochemical projects in India, the Middle East, and other regions have been moving, or rather, performing relatively well, since last year. In the meantime, LNG projects in North America, which had been slowing down their investment decisions until last year, have begun to show relatively strong activity this quarter.

In Q1 of this fiscal year, we received several orders for large-scale LNG projects in North America, which led to a significant increase in orders received compared to the same period last year. In terms of orders for service and support, I mentioned that demand for service and support was extremely strong last year amid the special post-COVID-19 demand environment, and this fiscal year, orders up to Q1 have continued to be strong.

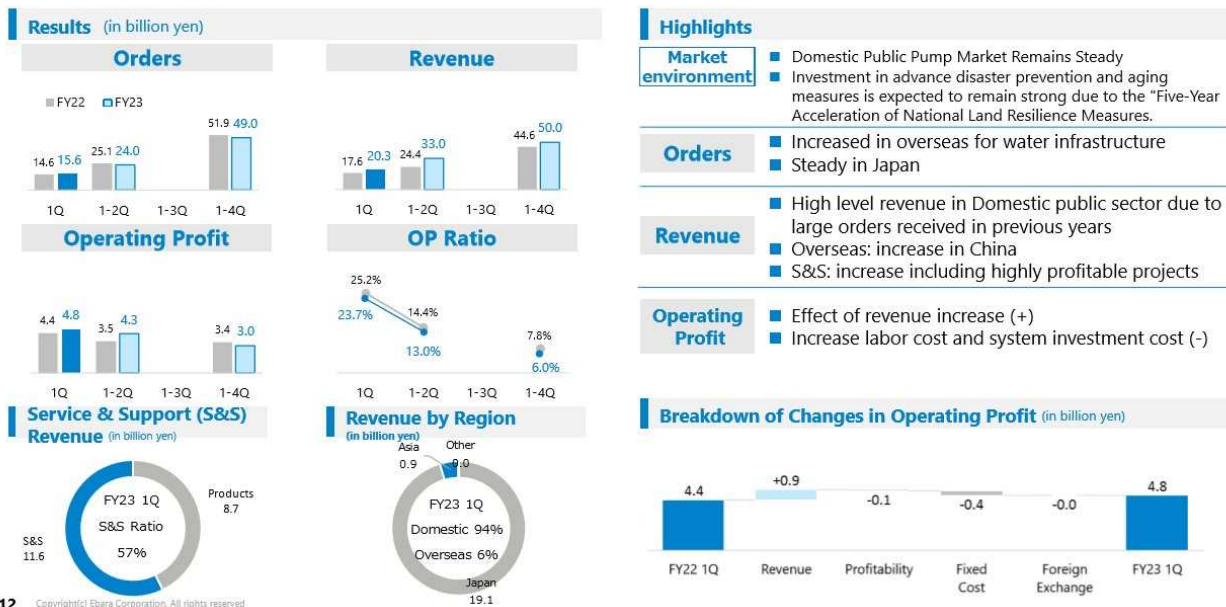
Meanwhile, revenue, as well as orders, are up from last year for products, and service and support is also strong. Revenue increased in North America, Japan, and the rest of Asia.

Since both revenue and profit are increasing, operating profit is decreasing, but for operating profit, although there is an increase due to the effect of increased revenue, the product and S&S mix, in short, the mix deteriorated due to a slight increase in product revenue over S&S.

In addition, the cost of consolidation and elimination of service bases, which was originally included in the plan at the beginning of this fiscal year as part of the structural reform, was supposed to be incurred in Q2 or later, but since the consolidation and elimination proceeded smoothly, it was incurred in Q1 ahead of schedule, resulting in a decrease in profit compared to last year.

As a result of these factors, Q1 of the energy company saw an increase in revenues and a decrease in profits.

Infrastructure



Next is the infrastructure company.

Orders received increased JPY900 million YoY to JPY15.6 billion, revenue increased JPY2.6 billion to JPY20.3 billion, and operating profit increased JPY300 million to JPY4.8 billion, with both revenue and profit up here.

This segment mainly consists of domestic public works projects, and we recognize that the business environment is firm, as investments are expected to be made in response to the Ministry of Land, Infrastructure, Transport and Tourism's policy of disaster prevention measures through land resilience and measures to address aging social infrastructure.

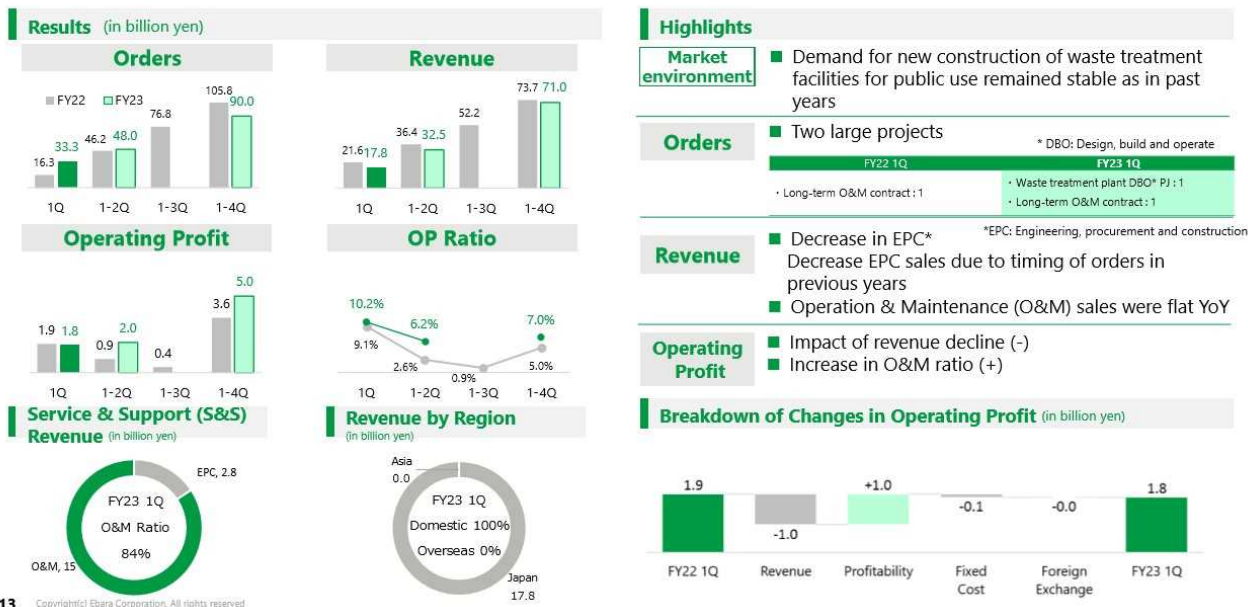
Orders received remained firm overall as a result of capturing demand for pump facility renewal and repair work in Japan, as well as an increase in orders received for other overseas water infrastructure applications.

Revenue remained at a relatively high level for the domestic public sector, thanks to contributions from large-scale projects for which orders were received in previous years. Overseas, revenue have been increasing mainly in China, and operating profit has increased compared to last year, despite an increase in fixed costs.

In Q1, since the main customers for this business are domestic public sector projects, the operating profit margin is relatively high due to the seasonality of projects being completed in March.

That is the status of the infrastructure company.

2. FY23 1Q Results by Segment Environmental Solutions



Continuing on, we have the environmental solutions company.

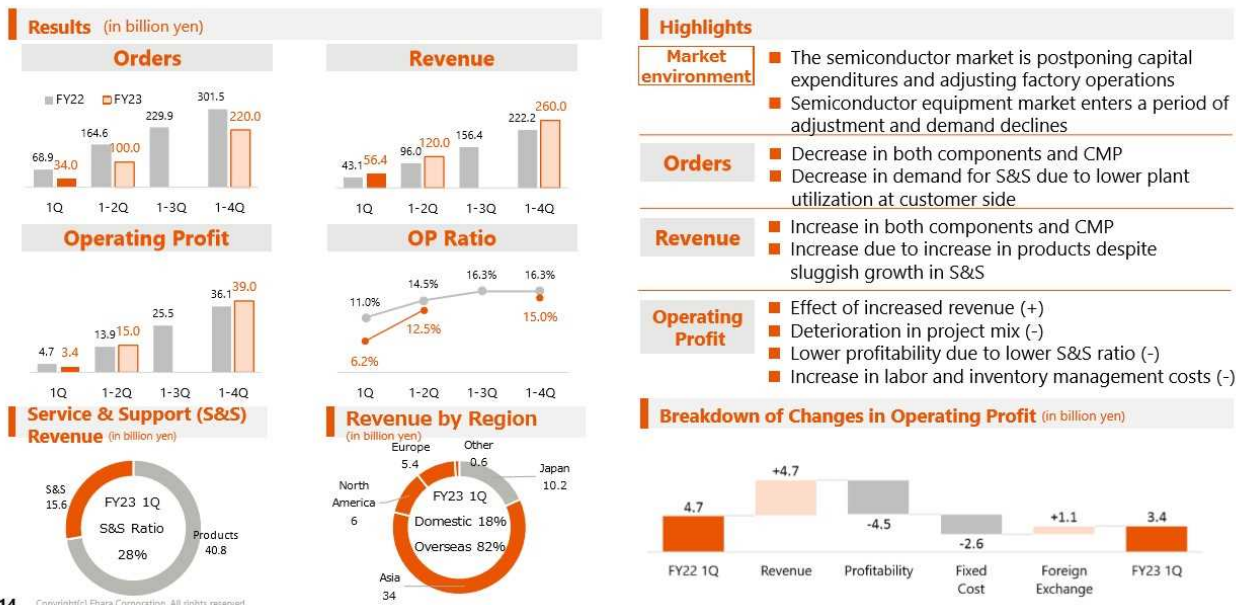
Orders received increased JPY16.9 billion YoY to JPY33.3 billion, revenue decreased JPY3.7 billion to JPY17.8 billion, and operating profit decreased JPY100 million to JPY1.8 billion, resulting in a decrease in revenue and a slight decrease in profit.

We have received one large order each for a design-build-operate (DBO) project for a waste treatment facility and a long-term comprehensive project for a private-sector contractor. The contribution of these projects has led to an increase in orders of JPY16.9 billion from the same period last year.

Specifically, there were many orders for EPC projects last year, but there were few orders for EPC projects in FY2020, three years ago, and if there are few orders for EPC projects in the next three years, revenue will peak about three years later. Against this background, EPC revenue decreased in the current fiscal year, resulting in a decrease in revenue compared to the previous fiscal year.

On the other hand, since operation & maintenance recorded stable revenue, improved profitability in operation & maintenance compensated for the decline in EPC revenue, resulting in a slight decrease in operating profit compared to last year.

The above is the status of the environmental solutions company.



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The last is the precision machinery company.

This represents a significant decrease in orders received by JPY34.9 billion from the previous year to JPY34 billion. Revenue increased by JPY13.3 billion to JPY56.4 billion. Operating profit decreased by JPY1.2 billion to JPY3.4 billion, with both revenue and profit decreasing.

Demand in the semiconductor production equipment market, particularly from memory customers, has been declining due to the postponement of capital investment and lower factory utilization rates, and as a result, orders received have declined significantly from our initial forecast.

As for revenue, there was a decrease in service and support revenue due to the partial suspension of operations and adjustments at our customers' plants, while there were production disruptions last year, such as shortages of materials and difficulties in procuring parts. As a result, revenue have increased compared to the previous year.

Operating profit benefited from increased revenues, but profitability declined due to a deteriorating product mix and a lower service and support ratio in the mix of products and service and support.

As for fixed costs, personnel costs increased due to the continued recruiting of new carriers, and inventory management costs, including warehousing costs, increased due in part to a slight increase in inventory last year, which pushed down operating profit.

That's it for the precision machinery company.

1. FY23 1Q Summary of Results
2. FY23 1Q Results by Segment
- 3. FY23 Forecast**
4. Appendix

Now that we have explained the details of each of the five segments, we will now move on to the explanation of the earnings forecast for the current fiscal year based on the landing of Q1 mentioned above.

3. FY23 Forecast

Consolidated

(in billion yen) Announced date(m/d/y)	1-4Q							1-2Q						
	FY22 Results	FY23 P.Plan*	FY23 Plan	YoY Change		Change from previous plan		FY22 Results	FY23 P.Plan*	FY23 Plan	YoY Change		Change from previous plan	
	a	Feb/14/23 b	May/15/23 c	Change c-b	Change % (c-b)/a	Change c-b	Change % (c-b)/b	d	e	f	Change f-d	Change % (f-d)/d	Change f-e	Change % (f-e)/e
Orders	815.2	788.0	740.0	-75.2	-9.2%	-48.0	-6.1%	399.4	405.5	372.5	-26.9	-6.7%	-33.0	-8.1%
Revenue	680.8	753.0	747.0	+66.1	+9.7%	-6.0	-0.8%	312.4	383.5	361.0	+48.5	+15.5%	-22.5	-5.9%
Operating Profit	70.5	71.0	71.0	+0.4	+0.6%	-	-	27.1	37.2	31.9	+4.7	+17.4%	-5.3	-14.2%
OP Ratio	10.4%	9.4%	9.5%	-0.9pts	-	+0.1pts	-	8.7%	9.7%	8.8%	+0.1pts	-	-0.9pts	-
Profit Attributable to Owners of Parent	50.4	52.3	52.3	+1.8	+3.6%	-	-	18.0	25.4	19.2	+1.1	+6.3%	-6.2	-24.4%
ROIC*	11.6%	10.4%	10.4%	-1.2pts	-	-	-							
ROE	15.0%	13.9%	13.9%	-1.1pts	-	-	-							
Annual Dividend per share	193	195	195	+2	-	-	-							
Exchange Rate														
Vs. USD (JPY)	131.37	130.00	130.00	-1.37	-	-	-	122.89	130.00	130.00	+7.11	-	-	-
Vs. EUR (JPY)	137.97	137.00	137.00	-0.97	-	-	-	134.22	137.00	137.00	+2.78	-	-	-
Vs. CNY (JPY)	19.50	19.50	19.50	-	-	-	-	18.97	19.50	19.50	+0.53	-	-	-

*ROIC: As of FY23, the numerator in the ROIC calculation formula has been changed from "income attributable to owners of the parent" to "NOPLAT (Net Operating Profit Less Adjusted Taxes)" as follows.
 FY22 11.2% in former ROIC calculation
 Formula)NOPLAT (Net Operating Profit Less Adjusted Taxes)/(interest-bearing debt (average between beginning and end of period)+equity attributable to owners of the parent (average between beginning and end of period))

Please see page 16.

In terms of the business environment for the current fiscal year, the slowdown in the semiconductor-related market is becoming clearer due to the drop in demand for semiconductor products. In the same market, the timing of recovery in factory operations and capital investment on the part of our customers is also taking slightly longer than we assumed at the beginning of the period.

In this market, we are looking at the medium- to long-term market outlook, the market is expected to expand more rapidly than ever in the next phase of expansion as the market expands toward 2030, and we are in a position to expand our market share in this expected expanding market through our positioning and close relationship with our customers.

However, in terms of the timing of recovery from the current adjustment phase, we have changed our view that it will take slightly longer than we initially assumed. Due to this relationship, we have reflected this in our forecast for the current fiscal year.

On the other hand, in the building service & industrial business and energy business other than the precision machinery business, a recovery in demand was seen, and the financial results were relatively stronger than expected at the beginning of the period.

For the above net of the downward revision in precision machinery and the upward revision in the building service & industrial and energy companies, the overall assumption for the full-year performance is a full-year landing point of JPY740 billion, JPY48 billion lower than at the beginning of the period, because of the large downward revision in orders received in precision machinery.

Operating profit will be slightly lower in the precision machinery company, but the upward revision in the energy company and building service & industrial company will be included in the operating profit forecast. We expect that the full-year forecast will remain unchanged.

The operating margin is expected to be 9.5%.

Other management indicators such as ROIC, ROE, and dividends remain unchanged at this time.

Based on the above situation for the full year, the plan for H1 is shown on the right side of the slide and has been revised accordingly.

Similarly, the precision machinery company has been revised downward, while the building service & industrial and energy companies have been revised upward, and the overall downward revision is the net of those two companies.

3. FY23 Forecast Segment



(in billion yen) Announced date(m/d/y)		1-4Q							1-2Q						
		FY22 実績	FY23 P.Plan*	FY23 Plan	YoY Change		Change from previous plan		FY22 実績	FY23 P.Plan*	FY23 Plan	YoY Change		Change from previous plan	
		a	b	c	Change c-a	Change % (c-a)/a	Change c-b	Change % (c-b)/b	d	e	f	Change f-d	Change % (f-d)/d	Change f-e	Change % (f-e)/e
Total	Orders	815.2	788.0	740.0	-75.2	-9.2%	-48.0	-6.1%	399.4	405.5	372.5	-26.9	-6.7%	-33.0	-8.1%
	Revenue	680.8	753.0	747.0	+66.1	+9.7%	-6.0	-0.8%	312.4	383.5	361.0	+48.5	+15.5%	-22.5	-5.9%
	Operating Profit	70.5	71.0	71.0	+0.4	+0.6%	-	-	27.1	37.2	31.9	+4.7	+17.4%	-5.3	-14.2%
	OP Ratio	10.4%	9.4%	9.5%	-0.9pts	-	+0.1pts	-	8.7%	9.7%	8.8%	+0.1pts	-	-0.9pts	-
Building Service & Industrial	Orders	206.4	220.0	220.0	+13.5	+6.5%	-	-	103.4	105.0	105.0	+1.5	+1.5%	-	-
	Revenue	195.1	206.0	210.0	+14.8	+7.6%	+4.0	+1.9%	90.6	97.0	102.0	+11.3	+12.5%	+5.0	+5.2%
	Operating Profit	11.9	11.8	13.0	+1.0	+8.7%	+1.2	+10.2%	5.0	5.5	7.0	+1.9	+38.5%	+1.5	+27.3%
	OP Ratio	6.1%	5.7%	6.2%	+0.1pts	-	+0.5pts	-	5.6%	5.7%	6.9%	+1.3pts	-	+1.2pts	-
Energy	Orders	148.0	150.0	160.0	+11.9	+8.1%	+10.0	+6.7%	59.2	83.0	95.0	+35.7	+60.5%	+12.0	+14.5%
	Revenue	143.6	155.0	155.0	+11.3	+7.9%	-	-	64.0	73.0	73.0	+8.9	+13.9%	-	-
	Operating Profit	16.5	11.5	11.8	-4.7	-28.9%	+0.3	+2.6%	4.1	3.3	4.0	-0.1	-3.9%	+0.7	+21.2%
	OP Ratio	11.6%	7.4%	7.6%	-4.0pts	-	+0.2pts	-	6.5%	4.5%	5.5%	-1.0pts	-	+1.0pts	-
Infrastructure	Orders	51.9	49.0	49.0	-2.9	-5.7%	-	-	25.1	24.0	24.0	-1.1	-4.7%	-	-
	Revenue	44.6	50.0	50.0	+5.3	+12.0%	-	-	24.4	33.0	33.0	+8.5	+34.8%	-	-
	Operating Profit	3.4	3.0	3.0	-0.4	-13.8%	-	-	3.5	4.3	4.3	+0.7	+22.0%	-	-
	OP Ratio	7.8%	6.0%	6.0%	-1.8pts	-	-	-	14.4%	13.0%	13.0%	-1.4pts	-	-	-
Environmental Solutions	Orders	105.8	90.0	90.0	-15.8	-14.9%	-	-	46.2	48.0	48.0	+1.7	+3.8%	-	-
	Revenue	73.7	71.0	71.0	-2.7	-3.7%	-	-	36.4	32.5	32.5	-3.9	-10.9%	-	-
	Operating Profit	3.6	5.0	5.0	+1.3	+36.3%	-	-	0.9	2.0	2.0	+1.0	+110.4%	-	-
	OP Ratio	5.0%	7.0%	7.0%	+2.0pts	-	-	-	2.6%	6.2%	6.2%	+3.6pts	-	-	-
Precision Machinery	Orders	301.5	278.0	220.0	-81.5	-27.0%	-58.0	-20.9%	164.6	145.0	100.0	-64.6	-39.3%	-45.0	-31.0%
	Revenue	222.2	270.0	260.0	+37.7	+17.0%	-10.0	-3.7%	96.0	147.5	120.0	+23.9	+25.0%	-27.5	-18.6%
	Operating Profit	36.1	40.5	39.0	+2.8	+7.8%	-1.5	-3.7%	13.9	22.5	15.0	+1.0	+7.7%	-7.5	-33.3%
	OP Ratio	16.3%	15.0%	15.0%	-1.3pts	-	-	-	14.5%	15.3%	12.5%	-2.0pts	-	-2.8pts	-
Others, Adjustment	Orders	1.3	1.0	1.0	-0.3	-27.0%	-	-	0.7	0.5	0.5	-0.2	-32.0%	-	-
	Revenue	1.4	1.0	1.0	-0.4	-32.4%	-	-	0.6	0.5	0.5	-0.1	-28.5%	-	-
	Operating Profit	-1.3	-0.8	-0.8	+0.5	-	-	-	-0.4	-0.4	-0.4	+0.0	-	-	-
	OP Ratio	-89.2%	-80.0%	-80.0%	+9.2pts	-	-	-	-61.9%	-80.0%	-80.0%	-18.1pts	-	-	-

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Page 17 shows the revised forecasts for each segment.

We have made upward revisions for H1 and the full year for two segments, the building service & industrial and energy companies.

In the building service & industrial company, we upwardly revised our full-year revenue and operating profit forecasts by JPY4 billion and JPY1.2 billion, respectively, because of the steady performance overseas and improved profitability in Japan due to the effect of price revisions.

In the energy company, we have revised operating profit slightly upward by JPY300 million for the full year, based on an expected JPY10 billion increase in orders, which are progressing well, and a contribution from the strong performance of service and support.

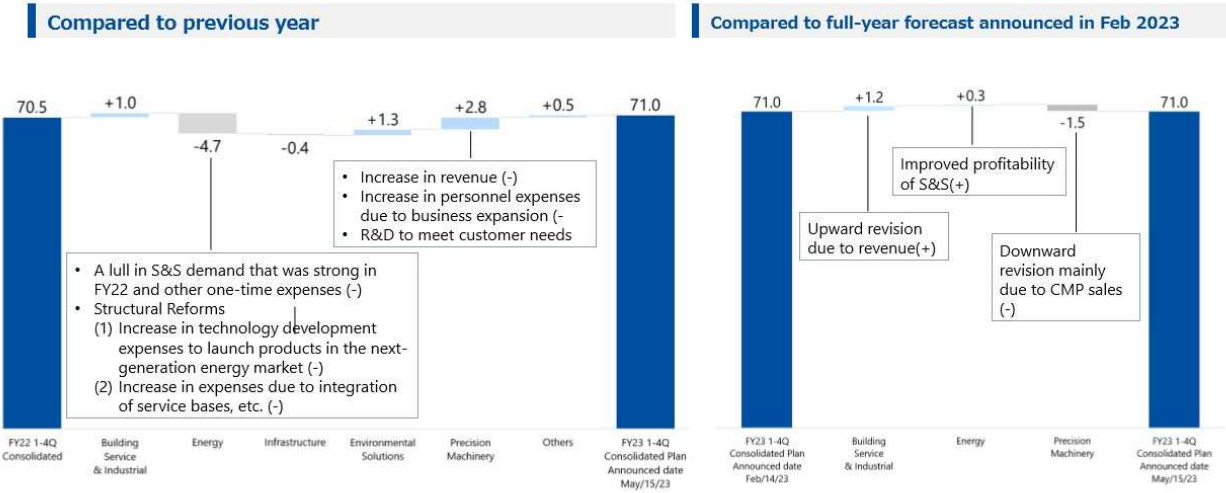
In the precision machinery company, orders, revenue, and operating profit have all been revised downward due to the slowdown in the market for both CMPs and components.

The downward revision is smaller in H2 than in H1. H1 is larger, but this is based on the assumption that the H1 projects will be pushed back to H2 and that the market will recover somewhat toward the end of 2023, which will improve earnings in H2 compared to H1.

That is our situation.

Breakdown of Changes in Operating Profit

Consolidated operating profit forecast remains unchanged at 71.0 billion yen due to upward revision for Building Service & Industrial and Energy and the downward revision of the Precision Machinery



A waterfall chart of operating profit and an analysis of changes is on the next page.

The forecast for an operating profit of JPY71 billion for 2023 is a summary of the factors for profit increase or decrease from the previous year's JPY70.5 billion, as well as the factors for profit revision from the initial plan.

The left side of the graph shows the comparison with the previous year's results. The energy and precision machinery companies are the main factors for profit fluctuation, but there are no major changes from the assumptions made at the beginning of the period.

The right-hand side shows the change from the initial plan to the current plan, which assumes that the downward revision in the precision machinery company will be recovered by increased profits in the building service & industrial and energy companies and that the full-year forecast will remain unchanged at JPY71 billion.

This is an explanation of the Q1 financial results and the changes in our business outlook.

We would like to take your questions. Thank you.

1. FY23 1Q Summary of Results
2. FY23 1Q Results by Segment
3. FY23 Forecast
- 4. Appendix**

4. Appendix Orders

Former Segment (~FY22)

(in billion yen) Announced date(m/d/y)	FY22			
	1Q	1-2Q	1-3Q	1-4Q
Total	177.0	399.4	594.5	815.2
FMS Business	91.1	187.8	286.6	406.4
Pumps	57.8	115.6	172.6	227.4
CT	19.3	41.2	65.2	111.0
Chillers	10.5	24.6	38.2	48.5
Others	3.4	6.2	10.4	19.3
EP Business	16.3	46.2	76.8	105.8
PM Business	68.9	164.6	229.9	301.5
Components	31.2	63.1	92.0	116.2
CMP Systems	35.7	97.7	133.0	179.2
Others	2.0	3.7	4.8	6.0
Others	0.4	0.7	1.0	1.3

New Segment

	FY22				FY23				
	1Q	1-2Q	1-3Q	1-4Q	1Q	1-2Q Plan Feb/14/23	1-2Q Plan May/15/23	1-4Q Plan Feb/14/23	1-4Q Plan May/15/23
Total	177.0	399.4	594.5	815.2	197.9	405.5	372.5	788.0	740.0
Building Service & Industrial	47.3	103.4	206.4	206.4	52.2	105.0	105.0	220.0	220.0
Energy	29.1	59.2	148.0	148.0	62.3	83.0	95.0	150.0	160.0
Infrastructure	14.6	25.1	51.9	51.9	15.6	24.0	24.0	49.0	49.0
Environmental Solutions	16.3	46.2	76.8	105.8	33.3	48.0	48.0	90.0	90.0
Precision Machinery	68.9	164.6	229.9	301.5	34.0	145.0	100.0	278.0	220.0
Components	31.2	63.1	92.0	116.2	24.1	50.0	46.5	100.0	93.0
CMP Systems	35.7	97.7	133.0	179.2	9.0	90.0	50.0	170.0	120.0
Others	2.0	3.7	4.8	6.0	0.7	5.0	3.5	8.0	7.0
Others	0.4	0.7	1.0	1.3	0.2	0.5	0.5	1.0	1.0

4. Appendix Revenue



Former Segment (~FY22)

(in billion yen) Announced date(m/d/y)	FY22			
	1Q	1-2Q	1-3Q	1-4Q
Total	152.8	312.4	480.0	680.8
FMS Business	87.6	179.2	270.2	383.3
Pumps	51.6	97.4	147.2	209.0
CT	22.4	50.6	77.0	111.7
Chillers	10.1	24.7	36.5	48.6
Others	3.4	6.3	9.3	13.9
EP Business	21.6	36.4	52.2	73.7
PM Business	43.1	96.0	156.4	222.2
Components	21.9	45.8	73.1	101.4
CMP Systems	19.5	47.0	79.0	115.7
Others	1.6	3.0	4.2	5.0
Others	0.3	0.6	1.0	1.4

New Segment

	FY22				FY23				
	1Q	1-2Q	1-3Q	1-4Q	1Q	1-2Q Plan Feb/14/23	1-2Q Plan May/15/23	1-4Q Plan Feb/14/23	1-4Q Plan May/15/23
Total	152.8	312.4	480.0	680.8	184.0	383.5	361.0	753.0	747.0
Building Service & Industrial	41.1	90.6	0.0	195.1	53.0	97.0	102.0	206.0	210.0
Energy	28.8	64.0	0.0	143.6	35.9	73.0	73.0	155.0	155.0
Infrastructure	17.6	24.4	0.0	44.6	20.3	33.0	33.0	50.0	50.0
Environmental Solutions	21.6	36.4	52.2	73.7	17.8	32.5	32.5	71.0	71.0
Precision Machinery	43.1	96.0	156.4	222.2	56.4	147.5	120.0	270.0	260.0
Components	21.9	45.8	73.1	101.4	23.8	55.0	49.5	105.0	105.0
CMP Systems	19.5	47.0	79.0	115.7	31.7	90.0	69.0	160.0	151.0
Others	1.6	3.0	4.2	5.0	0.8	2.5	1.5	5.0	4.0
Others	0.3	0.6	1.0	1.4	0.3	0.5	0.5	1.0	1.0

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4. Appendix Operating Profit



Former Segment (~FY22)

(in billion yen) Announced date(m/d/y)	FY22			
	1Q	1-2Q	1-3Q	1-4Q
Total	14.1	27.1	42.6	70.5
FMS Business	7.9	12.7	17.6	32.0
Pumps	6.5	8.4	11.8	16.0
CT	0.4	2.1	5.0	13.2
Chillers	0.2	1.1	1.0	1.6
Others	0.6	0.9	-0.2	1.0
EP Business	1.9	0.9	0.4	3.6
PM Business	4.7	13.9	25.5	36.1
Others, Adjustment	-0.6	-0.4	-1.0	-1.3

New Segment

	FY22				FY23				
	1Q	1-2Q	1-3Q	1-4Q	1Q	1-2Q Plan Feb/14/23	1-2Q Plan May/15/23	1-4Q Plan Feb/14/23	1-4Q Plan May/15/23
Total	14.1	27.1	42.6	70.5	15.2	37.2	31.9	71.0	71.0
Building Service & Industrial	2.0	5.0		11.9	3.9	5.5	7.0	11.8	13.0
Energy	1.5	4.1		16.5	1.1	3.3	4.0	11.5	11.8
Infrastructure	4.4	3.5		3.4	4.8	4.3	4.3	3.0	3.0
Environmental Solutions	1.9	0.9	0.4	3.6	1.8	2.0	2.0	5.0	5.0
Precision Machinery	4.7	13.9	25.5	36.1	3.4	22.5	15.0	40.5	39.0
Others, Adjustment	-0.6	-0.4	-1.0	-1.3	0.0	-0.4	-0.4	-0.8	-0.8

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4. Appendix
Backlog of Orders



Former Segment (~FY22)

(in billion yen) Announced date(m/d/y)	FY22			
	1Q	1-2Q	1-3Q	1-4Q
Total	689.5	774.9	813.2	818.1
FMS Business	238.7	258.1	274.4	269.7
Pumps	112.7	128.0	140.2	130.1
CT	103.1	107.4	108.9	112.0
Chillers	14.9	14.8	16.2	14.2
Others	7.8	7.7	9.0	13.2
EP Business	279.8	296.0	310.4	317.4
PM Business	170.6	220.5	228.1	230.8
Others	0.2	0.2	0.1	0.0

New Segment

	FY22				FY23				
	1Q	1-2Q	1-3Q	1-4Q	1Q	1-2Q Plan Feb/14/23	1-2Q Plan May/15/23	1-4Q Plan Feb/14/23	1-4Q Plan May/15/23
Total	689.5	774.9	813.2	818.1	827.2	840.1	829.5	853.1	811.0
Building Service & Industrial	53.6			63.9	61.7	71.9	66.9	77.9	73.9
Energy	136.6			147.5	173.6	157.5	169.5	142.5	152.5
Infrastructure	48.3			58.3	51.3	49.3	49.3	57.3	57.3
Environmental Solutions	279.8	296.0	310.4	317.4	332.9	332.9	332.9	336.4	336.4
Precision Machinery	170.6	220.5	228.1	230.8	207.5	228.3	210.8	238.8	190.8
Others	0.2	0.2	0.1	0.0	0.0	0.0	0.0	0.0	0.0

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4. Appendix
Service & Support (S&S) Revenue



Former Segment (~FY22)

(in billion yen)		FY22				FY23
		1Q	1-2Q	1-3Q	1-4Q	1Q
FMS Business	S&S Revenue	33.7	64.0	91.8	136.4	43.9
	S&S Ratio	39%	36%	34%	36%	40%
Pumps	S&S Revenue	15.8	25.2	33.9	48.2	
	S&S Ratio	31%	26%	23%	23%	
C&T	S&S Revenue	13.7	30.6	46.6	70.5	
	S&S Ratio	62%	61%	61%	63%	
Chillers	S&S Revenue	3.5	7.1	9.8	15.4	
	S&S Ratio	35%	29%	27%	32%	
EP Business	O&M Revenue	15.4	24.7	35.5	52.9	15.0
	O&M Ratio	71%	68%	68%	72%	84%
PM Business	S&S Revenue	17.0	34.9	55.6	75.2	15.6
	S&S Ratio	39%	36%	36%	34%	28%

*FY23 1Q FMS figures are for reference as the former segment

New Segment

(in billion yen)		FY23
		1Q
Building Service & Industrial	S&S Revenue	10.8
	S&S Ratio	21%
Energy	S&S Revenue	21.4
	S&S Ratio	60%
Infrastructure	S&S Revenue	11.6
	S&S Ratio	57%

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4. Appendix

Balance Sheet



(in billion yen)	FY22 1Q a	FY22 4Q b	FY23 1Q c	Change c-a	Change c-b
Total Assets	735.5	828.0	858.2	+122.7	+30.1
Current Assets	510.3	580.6	605.3	+95.0	+24.6
Cash and cash equivalents	118.9	116.1	145.7	+26.7	+29.5
Trade receivables	235.1	253.0	251.0	+15.8	-2.0
Inventories	134.0	181.3	187.7	+53.6	+6.3
Other Current Assets	22.0	30.2	20.9	-1.1	-9.2
Non-current Assets	225.1	247.3	252.8	+27.6	+5.5
Total Liabilities	408.5	458.3	488.3	+79.7	+30.0
Trade payables	152.1	174.6	157.9	+5.8	-16.7
Interest-bearing Debt	106.8	119.3	156.6	+49.8	+37.3
Other Liabilities	149.6	164.3	173.7	+24.1	+9.4
Total Equity	326.9	369.7	369.8	+42.9	+0.1
Total equity attributable to owners of parent	318.0	359.9	360.5	+42.5	+0.5
Other Equity	8.8	9.7	9.2	+0.4	-0.4
Equity Ratio	43.2%	43.5%	42.0%	-1.2pts	-1.5pts
Debt-to-Equity Ratio	0.34	0.33	0.43	+0.09	+0.10

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4. Appendix

Cash Flows



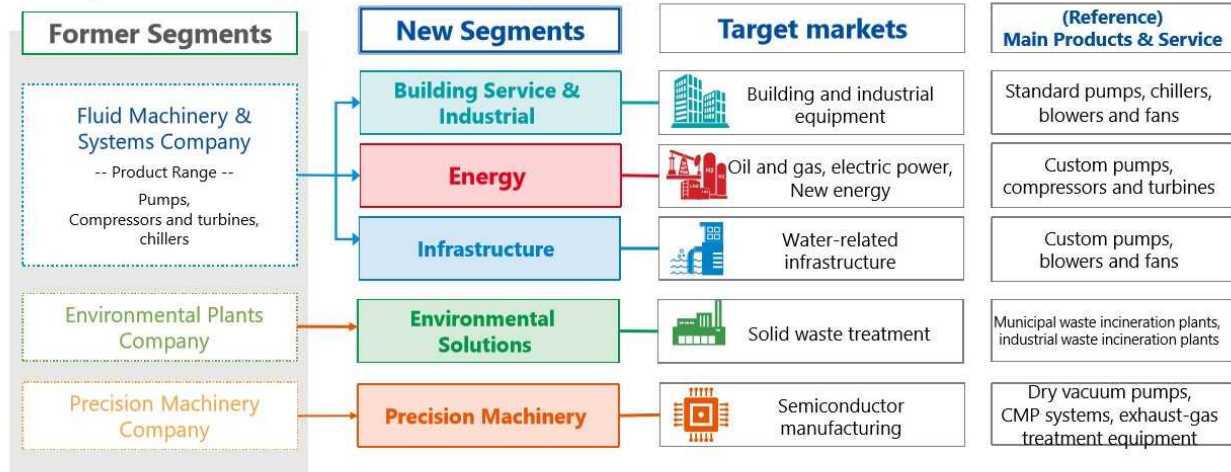
(in billion yen)	1Q			1-4Q				
	FY22 a	FY23 b	Change b-a	FY22 c	FY23 Plan Feb/14/23 d	FY23 Plan May/15/23 e	YoY Change e-c	YoY Change e-d
CF from operating activities	6.7	12.2	5.4	37.0	50.0	50.0	+12.9	-
CF from investing activities	-6.5	-8.3	-1.8	-38.3	-57.0	-57.0	-18.6	-
FCF	0.2	3.8	3.6	-1.2	-7.0	-7.0	-5.7	-
CF from financing activities	-21.0	25.1	46.1	-23.7	20.0	20.0	+43.7	-

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Change in Business Segments



- Effective January 1, 2023, business segments is changed from a conventional product-based segments to a target market-based segments



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