

**CONSOLIDATED FINANCIAL RESULTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020**  
**[Japanese GAAP]**

February 12, 2021

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 Stock exchange listings: Tokyo  
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Scheduled date of General Meeting of Shareholders: March 26, 2021  
 Scheduled date for dividend payment: March 29, 2021  
 Scheduled date of submission of annual securities report: March 29, 2021

Preparing supplementary material on financial results: Yes  
 Holding financial results presentation meeting: Yes (for institutional investors and analysts)  
 (Monetary amounts are rounded down to the nearest million yen)

**1. Consolidated Results for the Fiscal Year Ended December 31, 2020**

**(1) Consolidated Financial Results**

(% represents percentage change from a comparable previous fiscal year)

Millions of yen

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent	
	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change
Fiscal Year Ended December 31, 2020	523,727	0.2%	37,879	7.3%	36,859	3.6%	24,473	4.8%
Fiscal Year Ended December 31, 2019	522,424	2.6%	35,298	8.7%	35,571	13.7%	23,349	27.9%

Note: Comprehensive Income: Fiscal year ended December 31, 2020; 24,113 million yen (3.7%)  
 Fiscal year ended December 31, 2019; 25,043 million yen 100.5%

	Net Income per Share (Yen)	Net Income per Share, Diluted (Yen)	Return on Equity (%)	Ordinary Income on Total Assets Ratio (%)	Operating Income on Sales Ratio (%)
Fiscal Year Ended December 31, 2020	256.85	255.82	8.4	6.1	7.2
Fiscal Year Ended December 31, 2019	241.79	240.57	8.3	6.0	6.8

Note1: Equity in Earnings of Affiliates: Fiscal year ended December 31, 2020; 879 million yen  
 Fiscal year ended December 31, 2019; 749 million yen

Note2 Ebara Corporation “the Company” has adopted “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 30, 2018) and “Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30, March 30, 2018) from the beginning of the fiscal year ended December 31, 2020.

**(2) Consolidated Financial Position**

Millions of yen

	Total Assets	Net Assets	Equity Ratio (%)	Net Assets per Share (Yen)
As of December 31, 2020	621,578	304,470	47.7	3,106.10
As of December 31, 2019	595,239	291,827	47.7	2,981.91

Note1: Shareholders' Equity (Net assets excluding subscription rights to shares and non-controlling interests):

As of December 31, 2020; 296,232 million yen

As of December 31, 2019; 283,651 million yen

Note2 The Company has adopted "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 30, 2018) and "Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30, March 30, 2018) from the beginning of the fiscal year ended December 31, 2020.

**(3) Consolidated Cash Flows**

Millions of yen

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Year
Fiscal Year Ended December 31, 2020	64,234	(29,071)	(9,628)	120,544
Fiscal Year Ended December 31, 2019	26,720	(24,077)	(20,188)	93,351

**2. Dividends**

	Dividends per Share (Yen)					Total Dividend Payment (Millions of Yen)	Payout Ratio (Consolidated) (%)	Dividend to Net Assets (Consolidated) (%)
	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	Year-End	Annual			
Fiscal Year Ended December 31, 2019	—	30.00	—	30.00	60.00	5,730	24.8	2.1
Fiscal Year Ended December 31, 2020	—	30.00	—	60.00	90.00	8,582	35.0	3.0
Fiscal Year Ending December 31, 2021 (Forecast)	—	50.00	—	50.00	100.00		34.1	

**3. Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2021**

(% on six months represents percentage change from a comparable previous period)

(% on fiscal year represents percentage change from the previous fiscal year)

Millions of yen

	Revenue		Operating Income		Profit Before Tax		Profit Attributable to Owners of Parent		Basic Earnings per Share (Yen)
Six Months Ending June 30, 2021	266,000	—%	15,000	—%	15,000	—%	9,500	—%	99.61
Fiscal Year Ending December 31, 2021	559,000	—%	43,000	—%	42,000	—%	28,000	—%	293.59

Note: The Group has decided to voluntarily apply the International Financial Reporting Standards (IFRS) from the three months ending March 31, 2021 for its consolidated financial statements. The forecast above is based on IFRS and therefore the change ratio from the actual results of the fiscal year ended December 31, 2020 under the Japanese accounting standards to the forecast is not shown here.

#### 4. Other Information

- (1) Changes in significant subsidiaries during the fiscal year under review (Changes in specified subsidiaries involving changes in scope of consolidation): None

Included: – (–)

Excluded: – (–)

- (2) Changes in accounting policies, Changes in accounting estimates, and Restatement of prior financial statements after error corrections

(i) Changes due to revisions of accounting standards, etc.: None

(ii) Changes other than (i) above: Yes

(iii) Changes in accounting estimates: None

(iv) Restatement of prior financial statements after error corrections: None

- (3) Number of shares outstanding (Common shares)

(i) Number of common shares (Including treasury shares)	As of December 31, 2020	95,391,453	As of December 31, 2019	95,129,853
(ii) Number of treasury shares	As of December 31, 2020	20,422	As of December 31, 2019	5,784
(iii) Average number of common shares	Fiscal Year Ended December 31, 2020	95,284,291	Fiscal Year Ended December 31, 2019	96,566,820

(Reference Information)

### 1. Non-Consolidated Results for the Fiscal Year Ended December 31, 2020

#### (1) Financial Results

(% represents percentage change from a comparable previous fiscal year)

Millions of yen

	Net Sales		Operating Income		Ordinary Income		Net Income	
Fiscal Year Ended December 31, 2020	230,975	4.9%	2,777	36.4%	24,785	43.1%	23,254	45.5%
Fiscal Year Ended December 31, 2019	220,266	(6.8)%	2,037	(73.6)%	17,317	(11.7)%	15,978	9.9%

	Net Income per Share (Yen)	Net Income per Share, Diluted (Yen)
Fiscal Year Ended December 31, 2020	244.06	243.08
Fiscal Year Ended December 31, 2019	165.46	164.62

Note : The Company has adopted “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 30, 2018) and “Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30, March 30, 2018) from the beginning of the fiscal year ended December 31, 2020.

#### (2) Financial Position

Millions of yen

	Total Assets	Net Assets	Equity Ratio (%)	Net Assets per Share (Yen)
As of December 31, 2020	454,853	271,459	59.5	2,838.32
As of December 31, 2019	436,087	254,822	58.2	2,666.94

Note: Shareholders' Equity (Net assets excluding subscription rights to shares):

As of December 31, 2020; 270,693 million yen

As of December 31, 2019; 253,690 million yen

Note : The Company has adopted “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 30, 2018) and “Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30, March 30, 2018) from the beginning of the fiscal year ended December 31, 2020.

**This financial result is exempt from auditing by certified public accountants or accounting firms.**

**Explanation of the Appropriate Use of Performance Forecasts and Other Related Matters**

1. The forecasts of performance and other forward-looking statements contained in this report are based on information that was available to the Company as of the time of the issuance of this report and on certain assumptions about uncertainties that may have an impact on the Group's performance. Actual performance may differ substantially from these forecasts owing to a wide range of factors. For further information on the assumptions made in the preparation of the forecasts of performance, please refer to the section entitled "1. Overview of Management Performance and Others (4) Forecast of Performance" on page 12. Readers are cautioned not to place undue reliance on these forward-looking statements which are valid only as of the date thereof.
2. This report has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated report and the Japanese original, the original shall prevail. Also, the Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

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# 1. Overview of Management Performance and Others

## (1) Overview of Management Performance

	Millions of yen			
	Fiscal Year Ended December 31, 2019	Fiscal Year Ended December 31, 2020	Change	Change Ratio (%)
Orders Received	552,225	511,921	(40,304)	(7.3)
Net Sales	522,424	523,727	1,302	0.2
Operating Income	35,298	37,879	2,580	7.3
Operating Income on Sales Ratio (%)	6.8	7.2	—	—
Ordinary Income	35,571	36,859	1,287	3.6
Profit Attributable to Owners of Parent	23,349	24,473	1,124	4.8
Net Income per Share (Yen)	241.79	256.85	15.05	6.2

During the fiscal year ended December 31, 2020, the outlook for the global economy remained uncertain due to an economic slowdown caused by the global outbreak of COVID-19. In the Japanese economy, capital investment remained weak and severe. On the other hand, public investment remained firm and there were investments in recovery and reconstruction measures in response to large-scale natural disasters.

The oil and gas markets, which are the Group's main markets, continued to be affected by COVID-19 and a decline in crude oil prices, and there were signs of delays or postponements in projects. In the construction equipment market, construction works continued to be suspended or delayed in some countries and regions. On the other hand, in the semiconductor market, despite impacts of the US-China trade friction, demand for semiconductors was firm and capital investment continued to recover.

Under these circumstances, orders received for the fiscal year ended December 31, 2020 greatly exceeded the previous year in the Precision Machinery (“PM”) Company due to increased demand for semiconductors. The Fluid Machinery & Systems (“FMS”) Company was affected by the impact of COVID-19. There was improvement in some regions after spring, however, due to continued postponements of new investments and mobility restrictions in foreign countries, orders received dropped compared to the previous year. In the Environmental Plants (“EP”) Company, there were cut-offs and orders received decreased as a whole compared to the previous year when there were multiple orders received for large scale investments in the public sector.

Sales remain at the same level as the previous year as a whole resulting from growth in the PM Company and decrease of the FMS Company's sales in the construction equipment market.

Operating income increased compared to the previous year due to improved profitability in products and fixed costs control in the FMS Company in addition to sales increases in the PM Company.

In the fiscal year ended December 31, 2020, consolidated orders received amounted to ¥511,921 million (a decrease of 7.3% year-on-year), net sales amounted to ¥523,727 million (an increase of 0.2% year-on-year), operating income amounted to ¥37,879 million (an increase of 7.3% year-on-year), ordinary income amounted to ¥36,859 million (an increase of 3.6% year-on-year), and profit attributable to owners of parent amounted to ¥24,473 million (an increase of 4.8% year-on-year).

The Company has adopted “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 30, 2018) and “Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30, March 30, 2018) from the beginning of the fiscal year ended December 31, 2020. For further details, please

refer to “3. Consolidated Financial Statements and Significant Notes (5) Notes to Consolidated Financial Statements (Changes in Accounting Policies)”.

Operating Results by Business Segment




Millions of yen



Segment	Orders Received			Net Sales			Segment Income		
	Fiscal Year Ended December 31, 2019	Fiscal Year Ended December 31, 2020	Change Ratio (%)	Fiscal Year Ended December 31, 2019	Fiscal Year Ended December 31, 2020	Change Ratio (%)	Fiscal Year Ended December 31, 2019	Fiscal Year Ended December 31, 2020	Change Ratio (%)
Fluid Machinery & Systems	331,607	300,987	(9.2)	323,139	313,581	(3.0)	17,274	19,789	14.6
Environmental Plants	91,479	62,035	(32.2)	69,505	67,536	(2.8)	7,486	7,146	(4.5)
Precision Machinery	127,611	147,411	15.5	128,255	141,119	10.0	10,371	11,448	10.4
Segment Total	550,698	510,433	(7.3)	520,900	522,238	0.3	35,131	38,385	9.3
Others	1,527	1,487	(2.6)	1,524	1,489	(2.4)	145	(459)	—
Adjustment	—	—	—	—	—	—	21	(46)	—
Total	552,225	511,921	(7.3)	522,424	523,727	0.2	35,298	37,879	7.3

As stated above, the accounting method for revenue recognition has been changed from the beginning of the fiscal year ended December 31, 2020, and thus the measuring method for profit or loss in the business segment has been changed in the same way. For further details, please refer to “3. Consolidated Financial Statements and Significant Notes (5) Notes to Consolidated Financial Statements (Segment Information)”.






## Outline of Business Environment and Situation by Business Segment

Segment	Business Environment	Business Situation and the Trend of Orders Received (Note1)
Fluid Machinery & Systems	<p>(In the overseas market)</p> <ul style="list-style-type: none"> <li>• In the oil and gas markets, although demand is firm in China, projects have been delayed or postponed across the board in other regions due to the impact of COVID-19 and decline in the crude oil prices. As the inquiries from customers are also sluggish, and a large number of vendors bid on a small number of projects, price competition is intensifying.</li> <li>• Water infrastructure market is recovering with projects in China and Southeast Asia. On the other hand, in North America, although demand for renovation of deteriorated facilities is on the rise, the impact of COVID-19 continues, and the launch of each project has been delayed as the function of public institutions, who are the clients, is weak.</li> <li>• In the electric power market, although the coal market was lackluster due to the regulation on CO2 emissions, demand in the gas market was firm.</li> </ul> <p>(In the domestic market (Japan) )</p> <ul style="list-style-type: none"> <li>• The construction equipment market is shrinking due to a decline in the number of new construction starts.</li> <li>• Investment in renovation and maintenance for social infrastructure exceeded that of the previous year.</li> </ul>	<p>(In the overseas market)</p> <ul style="list-style-type: none"> <li>• Oil and gas related orders received was smaller than the previous year.</li> <li>• The volume of orders received for the water infrastructure was smaller than the previous year.</li> <li>• The volume of orders received for electric power was smaller than the previous year.</li> </ul> <p>(In the domestic market (Japan) )</p> <ul style="list-style-type: none"> <li>• The volume of orders received for building construction-related equipment was smaller than the previous year due to the suspension of construction works and delays in construction starts caused by the impact of COVID-19.</li> <li>• The volume of orders received for the public sector exceeded that of the previous year due to successful measures for increasing orders received for comprehensive evaluation projects and after-sales service.</li> </ul> 
	<p>Compressors &amp; Turbines</p> <ul style="list-style-type: none"> <li>• In the new product market as a whole, petrochemicals are still being firm in China. In North America, shale gas-related projects are delayed and stagnant as a whole, although some LNG projects have moved. Investment is also being delayed in India and Russia.</li> <li>• The service market as a whole has been sluggish as mobility restrictions for preventing the spread of COVID-19 continue to affect dispatch instructors.</li> <li>• In the LNG market (cryogenic pump), although there are movements in some projects, investment decisions are slowing down due to the continuing impact of the decline in crude oil prices.</li> </ul>	<ul style="list-style-type: none"> <li>• The volume of orders received for new products was smaller than the previous year due in part to the postponement of projects and restrained investment.</li> <li>• The volume of orders received for field service was smaller than the previous year.</li> </ul> 
	<p>Chillers</p> <ul style="list-style-type: none"> <li>• In Japan, facility renovation plans such as accommodations and large-scale shopping malls that were affected by lifestyle changes and regular maintenance projects for existing products have been postponed or frozen.</li> <li>• In China, market recovery has been delayed in some industries such as thermal power generation.</li> </ul>	<ul style="list-style-type: none"> <li>• In Japan, the volume of orders received was smaller than the previous year.</li> <li>• In China, the volume of orders received was smaller than the previous year.</li> </ul> 

Segment	Business Environment	Business Situation and the Trend of Orders Received (Note1)
Environmental Plants (Note2)	<ul style="list-style-type: none"> <li>• New construction demand of waste incineration facilities for the public sector was smaller than the previous year due to delays in ordering schedules.</li> <li>• The volume of O&amp;M orders placed for existing facilities ran at about the same level as in a typical year.</li> <li>• Construction demand of power generation facilities with woody biomass fuel for private companies and industrial waste incineration facilities for plastic waste continued.</li> </ul>	<ul style="list-style-type: none"> <li>• Although 1 DBO project of waste incineration facilities for the public sector, 1 construction project of industrial waste incineration facilities for a private company and 1 core improvement project have been ordered, the volume of orders received was smaller than the previous year when 3 large-scale DBO projects for the public sector, 2 core improvement projects and 2 projects for the private sector have been ordered.</li> </ul> <p>(Overview of major orders received)</p> <ul style="list-style-type: none"> <li>• DBO project of waste incineration facilities for the public sector (1 order) </li> <li>• Long-term comprehensive agreement for the public sector (long-term comprehensive part for a DBO project that had been made a successful bid by the end of the previous year) (1 order)</li> <li>• Core improvement project of waste incineration facilities for the public sector (1 order)</li> <li>• Construction project of industrial waste incineration facilities for the private company (1 order)</li> </ul>
Precision Machinery	<ul style="list-style-type: none"> <li>• The semiconductor and the semiconductor manufacturing equipment markets have been recovering due to solid demand for semiconductors through the establishment of working from home and increased demand for staying at home even though they are partly affected by the stagnation of economic activities due to COVID-19.</li> <li>• Capital investment by foundries and memory companies has continued to recover, and the Chinese market is increasing its presence even though it is affected by the US-China trade friction.</li> </ul>	<ul style="list-style-type: none"> <li>• In addition to foundries, capital investment by memory companies is recovering, and the volume of orders received exceeded that of the previous year.</li> <li>• The service and support business is being favorable as customers are operating at a high level and some customers continued to take measures of the safety stock inventory to reduce the risk of shutdown due to the spread of COVID-19. </li> </ul>

Note1: Arrows indicate a year-on-year increase/decrease in orders received:

 in the case of +5% or greater increase      in the case of -5% or greater decrease      in the case of movement within the -5% and +5% range

Note2: O&M . . . . . The operation and maintenance for plants  
 DBO (Design, Build and Operate) . . . . . The limited contract for operation and maintenance after construction, in addition to the engineering, procurement, and construction for plants

## **(2) Overview of Financial Position**

### **i. Assets**

Total assets as of December 31, 2020 were ¥621,578 million, ¥26,338 million higher than as of December 31, 2019. Principal changes in asset items included a decrease of ¥22,433 million in work in process, an increase of ¥27,981 million in cash and deposits and an increase of ¥11,538 million in construction in progress. The increases in construction in progress were mainly due to growth investments such as the addition of domestic factories in the PM Company.

Assets by business segment are ¥315,858 million in the FMS Company (an increase of ¥2,826 million year-on-year), ¥53,319 million in the EP Company (an increase of ¥901 million year-on-year), ¥150,574 million in the PM Company (an increase of ¥8,665 million year-on-year) and ¥24,136 million in Others (a decrease of ¥3,120 million year-on-year).

### **ii. Liabilities**

Total liabilities as of December 31, 2020 were ¥317,108 million, ¥13,696 million higher than as of December 31, 2019. Principal changes in liability items included a decrease of ¥22,909 million in short-term loans payable, an increase of ¥22,895 million in advances received and an increase of ¥10,000 million in bonds payable.

### **iii. Net Assets**

Net assets as of December 31, 2020 amounted to ¥304,470 million, ¥12,642 million higher than as of December 31, 2019. Principal changes in net asset items included an increase of ¥14,810 million in retained earnings and a decrease of ¥3,389 million in translation adjustments. Changes in retained earnings consist of the following: profit attributable to owners of parent of ¥24,473 million, an increase of ¥525 million due to change of scope of consolidation, a decrease of ¥4,473 million in the beginning balance due to adopting Accounting Standard for Revenue Recognition, and cash dividends paid of ¥5,713 million. Shareholders' equity (Net assets excluding subscription rights to shares and non-controlling interests) amounted to ¥296,232 million, and equity ratio was 47.7%.

### (3) Overview of Cash Flows

Net cash provided by operating activities amounted to a net inflow of ¥64,234 million for the fiscal year ended December 31, 2020, an increase of ¥37,513 million in net inflow compared to the previous year. This is primarily due to robust performance in operating income.

Net cash used in investing activities amounted to a net outflow of ¥29,071 million for the fiscal year ended December 31, 2020, an increase of ¥4,993 million in net outflow compared to the previous year. This is primarily due to purchase of fixed assets of ¥31,172 million.

Free cash flow, the sum of cash flows from operating and investing activities, amounted to a net inflow of ¥35,163 million for the fiscal year ended December 31, 2020, an increase of ¥32,520 million in net inflow compared to the previous year.

Net cash used in financing activities amounted to a net outflow of ¥9,628 million for the fiscal year ended December 31, 2020, a decrease of ¥10,560 million in net outflow compared to the previous year. This is primarily due to net decrease in short-term and long-term loans payable of ¥11,856 million, proceeds from issuance of bonds payable of ¥10,000 million and cash dividends paid of ¥5,713 million.

As a result, cash and cash equivalents as of December 31, 2020 amounted to ¥120,544 million, ¥27,192 million higher than as of December 31, 2019.

Recent trends in cash flow indicators are as follows:

	Fiscal Year Ended March 31, 2017	Fiscal Year Ended December 31, 2017 (Note 4)	Fiscal Year Ended December 31, 2018	Fiscal Year Ended December 31, 2019	Fiscal Year Ended December 31, 2020
Equity Ratio (%)	46.1	45.3	47.3	47.7	47.7
Equity Ratio at Market Value (%)	62.7	71.2	41.8	53.1	51.7
Years to Repay Debt (Year)	2.9	2.6	2.3	3.0	1.2
Interest Coverage Ratio (Times)	28.1	37.3	22.6	18.7	57.2

\*Equity Ratio: Shareholders' equity (Net assets excluding subscription rights to shares and non-controlling interests) / Total assets

\*Equity Ratio at Market Value: Stock market capitalization / Total assets

\*Years to Repay Debt: Interest-bearing debt / Operating cash flow

\*Interest Coverage Ratio: Operating cash flow / Interest expenses paid

Notes:

1. All indicators in the table above were computed with consolidated financial data.
2. Stock market capitalization was computed by multiplying the closing stock price at the end of the period by the number of shares outstanding at the end of the period (minus treasury shares).
3. Operating cash flow is "Net cash provided by operating activities" displayed in the Consolidated Statements of Cash Flows. Interest expenses are the amounts displayed in the item "Interest expenses paid" in the Consolidated Statements of Cash Flows.
4. Due to the change of the fiscal year-end, the fiscal year ended December 31, 2017 refers to the nine months from April 1, 2017 to December 31, 2017. Therefore, years to repay debt and interest coverage ratio are calculated based on operating cash flow and interest expenses paid for the nine-month period.
5. Adoption of "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) has been adopted from the beginning of the fiscal year ended December 31, 2019. Equity ratio and equity ratio at Market Value for the fiscal year ended December 31, 2018 are calculated following retroactive application of this accounting standard.

#### (4) Forecast of Performance

In the global economy, there are risk factors such as US-China trade friction and unstable state of affairs in the Middle East, and business conditions are expected to remain tough. However, our business environment is expected to be firm due to long-term demand for the expansion of finished products.

Amid these conditions, the Group has set the objective of reaching orders received of ¥628,000 million, ¥559,000 million in revenue, ¥43,000 million in operating income, ¥42,000 million in profit before tax and ¥28,000 million in profit attributable to owners of parent in the fiscal year ending December 31, 2021.

Assumptions regarding foreign currency exchange rates are as follows: US\$1= ¥105 and EUR1= ¥120.

Actual performance may differ from these forecasts owing to factors such as changing market environment.

Furthermore, the Group has decided to voluntarily apply IFRS from the three months ending March 31, 2021 for its consolidated financial statements. Therefore, the forecasts of the fiscal year ending December 31, 2021 and six months ending June 30, 2021 are based on IFRS.

##### Forecast for the Fiscal Year Ending December 31, 2021

	Billions of yen	
	Six Months Ending June 30, 2021	Fiscal Year Ending December 31, 2021
Orders Received	293.0	628.0
Revenue	266.0	559.0
Operating Income	15.0	43.0
Profit Before Tax	15.0	42.0
Profit Attributable to Owners of Parent	9.5	28.0

##### Forecast of Financial Results for the Fiscal Year Ending December 31, 2021 by Business Segment Six Months Ending June 30, 2021

	Billions of yen		
Segment	Orders Received	Revenue	Operating Income
Fluid Machinery & Systems	149.0	152.0	8.0
Environmental Plants	52.0	33.0	3.0
Precision Machinery	91.0	80.0	4.5
Others	1.0	1.0	(0.5)
Total	293.0	266.0	15.0

##### Fiscal Year Ending December 31, 2021

	Millions of yen		
Segment	Orders Received	Revenue	Operating Income
Fluid Machinery & Systems	314.0	314.0	20.0
Environmental Plants	141.0	73.0	7.0
Precision Machinery	171.0	170.0	16.5
Others	2.0	2.0	(0.5)
Total	628.0	559.0	43.0

(Reference) The table below shows changes comparing IFRS estimated results of the fiscal year ended December 31, 2020 (before audit) with the IFRS forecast of the fiscal year ending December 31, 2021.

Consolidated

Billions of yen

	Fiscal Year Ended December 31, 2020			Fiscal Year Ending December 31, 2021	
	J-GAAP	IFRS (Estimate)	Change	IFRS	Change (Reference)
Orders Received	511.9	511.2	(0.6)	628.0	116.7
Net Sales	523.7	522.8	(0.8)	559.0	36.1
Operating Income	37.8	37.1	(0.7)	43.0	5.8
Income Before Income Taxes	36.0	35.5	(0.5)	42.0	6.4
Profit Attributable to Owners of Parent	24.4	24.2	(0.1)	28.0	3.7

Forecast by Business Segment

Billions of yen

Segment	Orders Received				
	Fiscal Year Ended December 31, 2020			Fiscal Year Ending December 31, 2021	
	J-GAAP	IFRS (Estimate)	Change	IFRS	Change (Reference)
Fluid Machinery & Systems	300.9	301.1	0.1	314.0	12.8
Environmental Plants	62.0	61.9	(0.1)	141.0	79.0
Precision Machinery	147.4	146.6	(0.7)	171.0	24.3
Others	1.4	1.4	–	2.0	0.5
Total	511.9	511.2	(0.6)	628.0	116.7

Billions of yen

Segment	Net Sales				
	Fiscal Year Ended December 31, 2020			Fiscal Year Ending December 31, 2021	
	J-GAAP	IFRS (Estimate)	Change	IFRS	Change (Reference)
Fluid Machinery & Systems	313.5	313.5	0.0	314.0	0.4
Environmental Plants	67.5	67.4	(0.1)	73.0	5.5
Precision Machinery	141.1	140.3	(0.7)	170.0	29.6
Others	1.4	1.4	–	2.0	0.5
Total	523.7	522.8	(0.8)	559.0	36.1

Billions of yen

Segment	Segment Income				
	Fiscal Year Ended December 31, 2020			Fiscal Year Ending December 31, 2021	
	J-GAAP	IFRS (Estimate)	Change	IFRS	Change (Reference)
Fluid Machinery & Systems	19.7	19.3	(0.4)	20.0	0.6
Environmental Plants	7.1	6.9	(0.2)	7.0	0.0
Precision Machinery	11.4	11.6	0.1	16.5	4.8
Others & Adjustment	(0.5)	(0.7)	(0.2)	(0.5)	0.2

Total	37.8	37.1	(0.7)	43.0	5.8
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## Forecast of Business Environment by Business Segment

Segment		Business Environment
Fluid Machinery & Systems	Pumps	<p>(In the overseas market)</p> <ul style="list-style-type: none"> <li>The oil and gas market is expected to remain firm in China. In regions other than China, with the exception of some projects, a lot of new investment decisions have been withheld in both the new product and service markets for petrochemical and petroleum refining plants due to the economic slowdown caused by COVID-19, particularly the impact of the decline in crude oil prices. However, from 2021 onward, each project is expected to be resumed from plants for chemical manufacturing applications. On the other hand, petroleum refining plants for fuel use may be discontinued. In the medium-to long-term, demand for LNG, which has a relatively low environmental impact, is expected to be steady. Thus conversion from crude oil to LNG is expected to proceed further.</li> <li>In the water infrastructure market, delays in projects are expected to continue for a certain period of time in the North America which is centered on demand for renovation of deteriorated facilities due to the impact of COVID-19. On the other hand, in China and Southeast Asia, it is expected to remain steady as projects are mainly for new infrastructure.</li> <li>In the electric power market, the large-scale coal-fired thermal power market is expected to shrink as momentum for reducing CO2 emissions is growing.</li> <li>In the new product and service fields, projects could be postponed or frozen due to the unstable state of affairs in the Middle East.</li> </ul> <p>(In domestic market (Japan))</p> <ul style="list-style-type: none"> <li>In the construction equipment market, large-scale development projects in the Tokyo metropolitan area aiming to open by the Tokyo Olympic and Paralympic Games will be paused, and new projects will be changed. However, the spread of COVID-19 is likely to lead to a delay in construction works. Although small and medium-scale projects are recovering partly for apartments, demand for offices is decreasing, and the recovery pace is expected to moderate.</li> <li>Demand for the public sector is expected to remain firm due to the promotion of ex-ante disaster prevention measures and measures to combat the deterioration of social infrastructures against natural disasters.</li> <li>The drastic reduction of domestic coal-fired thermal power generation capacity is under consideration, and the development of renewable energy and the resumption of nuclear power are expected to be necessary as alternative energy for the reduction. As a result, after-sales services in the field of existing thermal power generation are expected to shrink, while the development of ammonia co-firing, hydrogen co-firing, and 100% hydrogen firing is accelerating, and demand for pumps is expected to be generated in related fields.</li> </ul>
	Compressors & Turbines	<ul style="list-style-type: none"> <li>Although crude oil prices are on a recovery trend, investment declines and investment decisions are expected to be delayed in both the new product and service markets for petrochemical and petroleum refining plants due to the impact of the delayed recovery caused by COVID-19. On the other hand, in the new product market, China is expected to remain firm, and in India, projects are expected to appear. In the service market, progress is also expected to be seen in projects in the future.</li> <li>The LNG market is expected to be delayed as a whole, although some projects are moving.</li> </ul>
	Chillers	<ul style="list-style-type: none"> <li>In the domestic market, the markets for accommodations and large-scale shopping malls are expected to remain shrinking and sluggish through drastic changes in lifestyles,</li> <li>Although the Chinese market in general is on a recovery track, price competition is expected to intensify in markets with slow recovery such as thermal power generation.</li> </ul>
Environmental Plants	<ul style="list-style-type: none"> <li>New construction demand of waste incineration facilities for the public sector is expected to run at about the same level as in a typical year.</li> <li>Construction demand of power generation facilities with woody biomass fuel for private companies and industrial waste incineration facilities for plastic waste is expected to continue.</li> <li>O&amp;M demand for existing facilities is expected to run at about the same level as in a typical year.</li> <li>Depending on the spread of COVID-19, delays in ordering and construction progress may occur.</li> </ul>	
Precision Machinery	<ul style="list-style-type: none"> <li>The semiconductor and the semiconductor manufacturing equipment markets are expected to shift to a growth trend as recovery from the adjustment period in 2019 progresses. In the short term, attention should be paid to US-China trade friction and the re-spread of COVID-19. However, in the medium-to long-term, the prospects for growth are not expected to change, centering on the demand for ICAC5 (IoT, Cloud, AI, Car (autonomous driving of vehicles) and 5G).</li> </ul>	



**(5) Basic Policy for Shareholder Return for the Fiscal Years Ended December 31, 2020 and Ending December 31, 2021**

The Company regards returning a portion of its income to its shareholders as one of its most important management policies. Regarding shareholder return, the Company's policy is linking dividends to performance and aimed for a consolidated payout ratio of 35.0% or more and ensuring a consolidated dividend on equity ratio (DOE) of 2.0% or more. We will also flexibly consider acquisition of treasury shares.

For the fiscal year ended December 31, 2020, the Company is scheduled to pay its annual cash dividend of ¥90.00 per share (including an interim cash dividend of ¥30.00 per share).

We plan to pay an annual dividend of ¥100.00 per share (including an interim dividend of ¥50.00) in the next fiscal year.

## **2. Basic Approach to Selection of Accounting Standards**

The Group has decided to voluntarily apply IFRS from the three months ending March 31, 2021 for its consolidated financial statements in consideration of the need for international comparability of consolidated financial statements.

### 3. Consolidated Financial Statements and Significant Notes

#### (1) Consolidated Balance Sheets

	Millions of yen	
	As of December 31, 2019	As of December 31, 2020
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and deposits	94,014	121,996
Notes and accounts receivable-trade	182,944	187,289
Electronically recorded monetary claims	9,218	11,374
Securities	1,097	1,035
Merchandise and finished goods	18,386	20,333
Work in process	70,082	47,648
Raw materials and supplies	32,633	34,621
Others	15,659	16,727
Allowance for doubtful accounts	(2,107)	(2,387)
Total current assets	421,929	438,637
<b>Fixed Assets</b>		
<b>Tangible fixed assets</b>		
Buildings and structures, net	56,022	56,342
Machinery and equipment, net	27,960	28,501
Land	19,607	19,581
Construction in progress	13,665	25,204
Others, net	7,642	6,573
Total tangible assets	124,898	136,202
<b>Intangible assets</b>		
Goodwill	774	369
Software	6,496	9,485
Others	3,072	3,003
Total intangible assets	10,343	12,858
<b>Investments and other assets</b>		
Investment securities	19,666	12,766
Long-term loans receivable	144	127
Defined benefit asset	5,017	5,181
Deferred tax assets	9,475	10,631
Others	9,205	10,339
Allowance for doubtful accounts	(5,442)	(5,166)
Total investments and other assets	38,067	33,879
Total fixed assets	173,309	182,940
Total Assets	595,239	621,578

Millions of yen

	As of December 31, 2019	As of December 31, 2020
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Notes and accounts payable-trade	60,580	60,508
Electronically recorded obligations	59,847	69,230
Short-term loans payable	50,965	28,056
Income taxes payable	3,233	4,672
Advances received	17,160	40,056
Bonus payment reserve	6,629	7,685
Directors' bonus payment reserve	348	454
Provision for losses on construction completion guarantees	3,369	3,793
Provision for product warranties	3,658	4,089
Provision for construction losses	12,901	6,096
Others	41,386	33,541
Total current liabilities	260,082	258,185
<b>Long-term Liabilities</b>		
Bonds payable	10,000	20,000
Long-term loans payable	18,340	26,666
Deferred tax liabilities	504	24
Reserve for directors' retirement benefits	107	121
Defined benefit liability	9,362	7,704
Asset retirement obligations	2,401	2,264
Others	2,612	2,141
Total long-term liabilities	43,328	58,922
<b>Total Liabilities</b>	303,411	317,108
<b>NET ASSETS</b>		
<b>Shareholders' Equity</b>		
Common shares	79,155	79,451
Capital surplus	74,848	75,144
Retained earnings	141,675	156,486
Treasury shares	(174)	(178)
Total shareholders' equity	295,504	310,903
<b>Accumulated Other Comprehensive Income</b>		
Net unrealized gains (losses) on investment securities	233	202
Deferred gains (losses) on hedges	(24)	(54)
Translation adjustments	(2,891)	(6,280)
Remeasurements of defined benefit plans	(9,168)	(8,538)
Total accumulated other comprehensive income	(11,852)	(14,671)
Subscription Rights to Shares	1,132	765
Non-Controlling Interests	7,043	7,472
<b>Total Net Assets</b>	291,827	304,470
<b>Total Liabilities and Net Assets</b>	595,239	621,578

**(2) Consolidated Statements of Income and Comprehensive Income**  
**Consolidated Statements of Income**

Millions of yen

	Fiscal Year Ended December 31, 2019	Fiscal Year Ended December 31, 2020
Net Sales	522,424	523,727
Cost of Sales	385,736	379,087
Gross Profit	136,688	144,639
Sales commission	3,817	3,280
Packing and transportation	6,971	7,549
Sales promotion	1,307	1,591
Provision of allowance for doubtful accounts	(227)	249
Personnel expenses	43,664	47,295
Bonus payment reserve expenses	2,369	2,930
Directors' bonus payment reserve expenses	345	447
Retirement benefit expenses	2,007	1,741
Provision for directors' retirement benefits	34	31
Traveling and transportation expenses	3,848	1,876
Taxes and dues	3,031	3,036
Depreciation and amortization	3,967	4,269
Amortization of goodwill	325	279
Research and development expenses	11,530	12,514
Others	18,396	19,666
Selling, General and Administrative Expenses	101,389	106,760
Operating Income	35,298	37,879
Non-operating Income		
Interest income	335	341
Dividends income	261	40
Share of profit of entities accounted for using equity method	749	879
Others	1,447	893
Total non-operating income	2,794	2,155
Non-operating Expenses		
Interest expenses	1,444	1,162
Foreign exchange losses	657	1,190
Others	419	823
Total non-operating expenses	2,521	3,175
Ordinary Income	35,571	36,859

	Millions of yen	
	Fiscal Year Ended December 31, 2019	Fiscal Year Ended December 31, 2020
<b>Extraordinary Income</b>		
Gain on sales of fixed assets	374	44
Gain on sales of investment securities	713	76
Total extraordinary income	1,087	121
<b>Extraordinary Loss</b>		
Loss on sales of fixed assets	11	27
Loss on retirement of fixed assets	203	434
Impairment loss	1,112	244
Loss on sales of investment securities	143	227
Loss on valuation of investments in capital	0	-
Others	2	0
Total extraordinary loss	1,473	934
<b>Income Before Income Taxes</b>	35,184	36,045
Income Taxes-current	7,268	9,325
Income Taxes-deferred	2,777	533
<b>Total Income Taxes</b>	10,045	9,859
<b>Profit</b>	25,139	26,186
Profit Attributable to Non-Controlling Interests	1,789	1,713
Profit Attributable to Owners of Parent	23,349	24,473

## Consolidated Statements of Comprehensive Income

	Millions of yen	
	Fiscal Year Ended December 31, 2019	Fiscal Year Ended December 31, 2020
Profit	25,139	26,186
Other Comprehensive Income:		
Net unrealized gains (losses) on investment securities	(194)	(48)
Deferred gains (losses) on hedges	32	(30)
Translation adjustment	(1,758)	(2,644)
Remeasurements of defined benefit plans, net of tax	1,764	530
Share of other comprehensive income of entities accounted for using equity method	60	120
Total other comprehensive income	(95)	(2,073)
Comprehensive Income	25,043	24,113
Comprehensive income attributable to:		
Owners of parent	23,299	22,373
Non-controlling interests	1,744	1,740

### (3) Consolidated Statements of Changes in Net Assets

Fiscal Year Ended December 31, 2019

Millions of yen

	Shareholders' equity				
	Common shares	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at January 1, 2019	79,066	80,296	135,715	(5,439)	289,639
Cumulative effects of changes in accounting policies			424		424
Restated balance	79,066	80,296	136,140	(5,439)	290,063
Changes of items during period					
Issuance of new shares	88	88			176
Cash dividends			(5,877)		(5,877)
Profit attributable to owners of parent			23,349		23,349
Change of scope of consolidation			947		947
Purchase of treasury shares				(15,004)	(15,004)
Disposal of treasury shares		(0)		0	0
Cancellation of treasury shares		(5,536)	(14,733)	20,269	—
Cumulative effects of Changes in US GAAP related to US Tax Reform Act			1,848		1,848
Net changes of items other than shareholders' equity					
Total changes during the period	88	(5,448)	5,535	5,264	5,440
Balance at December 31, 2019	79,155	74,848	141,675	(174)	295,504

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Net unrealized gains (losses) on investment securities	Deferred gains (losses) on hedges	Translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at January 1, 2019	381	(57)	(1,226)	(9,096)	(9,999)	1,152	5,985	286,778
Cumulative effects of changes in accounting policies								424
Restated balance	381	(57)	(1,226)	(9,096)	(9,999)	1,152	5,985	287,202
Changes of items during period								
Issuance of new shares								176
Cash dividends								(5,877)
Profit attributable to owners of parent								23,349
Change of scope of consolidation								947
Purchase of treasury shares								(15,004)
Disposal of treasury shares								0
Cancellation of treasury shares								—
Cumulative effects of Changes in US GAAP related to US Tax Reform Act								1,848
Net changes of items other than shareholders' equity	(148)	32	(1,665)	(71)	(1,852)	(20)	1,057	(815)
Total changes during the period	(148)	32	(1,665)	(71)	(1,852)	(20)	1,057	4,625
Balance at December 31, 2019	233	(24)	(2,891)	(9,168)	(11,852)	1,132	7,043	291,827



Fiscal Year Ended December 31, 2020

Millions of yen

	Shareholders' equity				
	Common shares	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at January 1, 2020	79,155	74,848	141,675	(174)	295,504
Cumulative effects of changes in accounting policies			(4,473)		(4,473)
Restated balance	79,155	74,848	137,201	(174)	291,030
Changes of items during period					
Issuance of new shares	296	296			592
Cash dividends			(5,713)		(5,713)
Profit attributable to owners of parent			24,473		24,473
Change of scope of consolidation			525		525
Purchase of treasury shares				(3)	(3)
Disposal of treasury shares					—
Cancellation of treasury shares					—
Cumulative effects of Changes in US GAAP related to US Tax Reform Act					—
Net changes of items other than shareholders' equity					
Total changes during the period	296	296	19,284	(3)	19,873
Balance at December 31, 2020	79,451	75,144	156,486	(178)	310,903

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Net unrealized gains (losses) on investment securities	Deferred gains (losses) on hedges	Translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at January 1, 2020	233	(24)	(2,891)	(9,168)	(11,852)	1,132	7,043	291,827
Cumulative effects of changes in accounting policies								(4,473)
Restated balance	233	(24)	(2,891)	(9,168)	(11,852)	1,132	7,043	287,353
Changes of items during period								
Issuance of new shares								592
Cash dividends								(5,713)
Profit attributable to owners of parent								24,473
Change of scope of consolidation								525
Purchase of treasury shares								(3)
Disposal of treasury shares								—
Cancellation of treasury shares								—
Cumulative effects of Changes in US GAAP related to US Tax Reform Act								—
Net changes of items other than shareholders' equity	(30)	(30)	(3,389)	630	(2,819)	(366)	428	(2,757)
Total changes during the period	(30)	(30)	(3,389)	630	(2,819)	(366)	428	17,116
Balance at December 31, 2020	202	(54)	(6,280)	(8,538)	(14,671)	765	7,472	304,470

#### (4) Consolidated Statements of Cash Flows

Millions of yen

	Fiscal Year Ended December 31, 2019	Fiscal Year Ended December 31, 2020
Cash Flows from Operating Activities:		
Income before income taxes	35,184	36,045
Depreciation and amortization	15,132	15,963
Impairment loss	1,112	244
Loss (gain) on sales of securities and investment securities	(569)	150
Increase (decrease) in provision	(3,110)	1,649
Increase (decrease) in net defined benefit liability	(1,009)	(1,671)
Loss (gain) on sales of fixed assets	(362)	(16)
Interest and dividends income	(596)	(382)
Interest expenses	1,444	1,162
Decrease (increase) in notes and accounts receivable-trade	(8,457)	(4,467)
Decrease (increase) in inventories	1,192	9,024
Increase (decrease) in notes and accounts payable-trade	(4,963)	2,596
Increase /decrease in other assets / liabilities	373	12,546
Other loss (gain)	(258)	(831)
Sub-total	35,111	72,014
Interest and dividends received	588	680
Interest expenses paid	(1,429)	(1,126)
Income taxes paid	(7,550)	(7,334)
Net cash provided by operating activities	26,720	64,234
Cash Flows from Investing Activities:		
Purchase of fixed assets	(28,040)	(31,172)
Proceeds from sales of fixed assets	540	93
Purchase of securities and investment securities	(3,678)	(693)
Proceeds from sales and redemption of securities and investment securities	7,115	2,471
Payments into time deposits	(2,055)	(3,501)
Proceeds from withdrawal of time deposits	2,041	3,713
Payments of loans receivable	(101)	(32)
Collection of loans receivable	29	54
Others	71	(3)
Net cash used in investing activities	(24,077)	(29,071)

Millions of yen

	Fiscal Year Ended December 31, 2019	Fiscal Year Ended December 31, 2020
Cash Flows from Financing Activities:		
Net increase (decrease) in short-term loans payable	1,874	(10,202)
Proceeds from long-term loans payable	2,585	2,772
Repayment of long-term loans payable	(2,108)	(4,426)
Proceeds from issuance of bonds	—	10,000
Proceeds from issuance of common shares	0	0
Proceeds from disposal of treasury shares	0	—
Purchase of treasury shares	(15,004)	(3)
Cash dividends paid	(5,877)	(5,713)
Cash dividends paid to non-controlling interests	(687)	(1,276)
Others	(970)	(777)
Net cash used in financing activities	(20,188)	(9,628)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(346)	(246)
Increase (Decrease) in Cash and Cash Equivalents	(17,891)	25,287
Cash and Cash Equivalents at Beginning of Period	110,556	93,351
Increase (Decrease) in Cash and Cash Equivalents Resulting from Change of Scope of Consolidation	686	1,904
Cash and Cash Equivalents at End of Period	93,351	120,544

## **(5) Notes to Consolidated Financial Statements**

(Note for the Assumption of Going Concern)

None

(Changes in Accounting Policies)

(Adoption of the Accounting Standard for Revenue Recognition)

As the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 30, 2018 (hereinafter “Revenue Recognition Standards” )) and “Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30, March 30, 2018) became applicable from the beginning of the fiscal year starting on and after April 1, 2018, the Company has decided to adopt the Revenue Recognition Standards from the beginning of the fiscal year ended December 31, 2020, and recognize revenue at the amount expected to be received in exchange for its goods or services when the dominance of the promised goods or services is transferred to a customer.

The main changes due to the adoption of the Revenue Recognition Standards are as follows.

### **I. Performance Obligation to Be Satisfied Over a Period of Time**

Previously, the percentage-of-completion method was applied to construction contracts for which results are deemed certain in terms of the progress portion, and the completed-contract method was applied to other construction contracts. However, except for small amounts and very short-term construction contracts, the method has been changed and revenues are recognized over a period of time by measuring the progress of performance obligations toward satisfaction.

The method of estimating the progress rate for fulfillment of performance obligations is based on the ratio of the actual cost to the estimated total cost (input method) if the result of performance obligations can be reasonably measured. If the result of performance obligations cannot be reasonably measured, revenue is recognized only within the range of actual costs incurred. For small amounts and very short-term construction contracts, revenue is recognized when the performance obligations are fully satisfied.

### **II. Performance Obligation to Be Satisfied at a Point in Time**

Previously, in the PM Business, revenue of semiconductor manufacturing equipment was recognized when installation at the customer was completed. However, it is now decided that revenue should be recognized when performance verification after installation at the customer is completed.

With regard to the adoption of the Revenue Recognition Standards, in accordance with the transitional treatment stipulated in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition, the cumulative effect of retroactively adopting the new accounting policy prior to the beginning of the fiscal year ended December 31, 2020 has been added to or deducted from retained earnings from the beginning of the fiscal year ended December 31, 2020, and the new accounting policy has been adopted from the beginning balance of the three months ended March 31, 2020.

However, the method stipulated in paragraph 86 of the Accounting Standard for Revenue Recognition has been adopted, and the new accounting policy has not been adopted retrospectively to contracts for which the amounts of nearly all revenue had been recognized prior to the beginning of the fiscal year ended December 31, 2020 in accordance with the previous treatment.

In addition, the Company has adopted the method stipulated in the proviso (1) to paragraph 86 of the Accounting Standard for Revenue Recognition. Based on the contract conditions after applying all changes in contracts made prior to the beginning of the fiscal year ended December 31, 2020, the following processes 1 to 3 were carried out and the cumulative effect has been added to or deducted from the beginning balance of retained earnings for the three months ended March 31, 2020.

1. Classification of satisfied and unsatisfied performance obligations
2. Determination of transaction prices
3. Allocation of transaction prices to satisfied and unsatisfied performance obligations

As a result, for the fiscal year ended December 31, 2020, sales increased by ¥4,805 million, cost of sales increased by ¥2,895 million, SG&A decreased by ¥516 million, operating income, ordinary income and income before income taxes increased by ¥2,425 million respectively. The beginning balance of retained earnings decreased by ¥4,473 million. Net assets per share decreased by ¥29.31, net income per share increased by ¥17.62 and diluted net income per share increased by ¥17.55.

(Changes in Presentation)

(Consolidated Balance Sheets)

In the previous fiscal year, “Advances received” was included in “Others” under current liabilities. Due to increased materiality, it is to be presented separately from the fiscal year ended December 31, 2020. We have restated the previous fiscal year's consolidated financial statements to reflect this change in presentation.

As a result, the ¥58,547 million which was presented as “Others” in current liabilities in the consolidated balance sheets of the previous fiscal year is now restated as “Advances received” of ¥17,160 million and “Others” of ¥41,386 million.

(Segment Information)

1. Overview of Reportable Segments

The reportable segments are constituent units of the Group for which separate financial information is available. The Board of Directors periodically examines these segments for the purpose of deciding the allocation of management resources and evaluating operating performance.

The Group is conducting its business operations through three in-house companies: the Fluid Machinery & Systems Company, the Environmental Engineering Company and the Precision Machinery Company. Therefore, the Group is composed of product and service segments based along the lines of the in-house companies, and its three reportable segments are Fluid Machinery & Systems, Environmental Plants, and Precision Machinery.

The Group's operations in three business segments are as follows:

Segment	Principal Products	Contents
Fluid Machinery & Systems	Pumps, compressors, turbines, freezer chillers, blowers, fans and others	Manufacture, sales, O&M services and others
Environmental Plants	Municipal waste processing plants, industrial waste incineration plants, water treatments plants and others	Engineering, construction, O&M services and others
Precision Machinery	Dry vacuum pumps, CMP equipment, plating equipment, exhaust-gas treatment equipment and others	Manufacture, sales and maintenance and others

2. Calculation Method Used for Sales, Income, Assets and Other Items for Each Reportable Segment

The accounting method used for reportable business segments is the same as the method based on the accounting principles used to prepare the consolidated financial statements. Income from reportable segments are figures based on operating income. Intersegment sales and transfers are recorded at the same prices used in transactions with customers.

### 3. Information about Sales, Income (Loss), Assets and Other Items for Each Reportable Segment

Fiscal Year Ended December 31, 2019

Millions of yen

	Reportable Segments				Others (Note 1)	Total	Adjustments (Notes 2, 3)	Consolidated (Note 4)
	Fluid Machinery & Systems	Environmental Plants	Precision Machinery	Total				
Sales								
Customers	323,139	69,505	128,255	520,900	1,524	522,424	—	522,424
Intersegment and Transfers	693	7	0	701	2,646	3,347	(3,347)	—
Total	323,832	69,513	128,255	521,601	4,170	525,772	(3,347)	522,424
Segment Income	17,274	7,486	10,371	35,131	145	35,277	21	35,298
Segment Assets	313,032	52,418	141,909	507,359	27,257	534,616	60,622	595,239
Other Items								
Depreciation and Amortization	8,375	555	4,571	13,502	1,641	15,144	(11)	15,132
Amortization of Goodwill	325	—	—	325	—	325	—	325
Investment for Entities Applied Equity Method	—	6,975	—	6,975	—	6,975	—	6,975
Increase in Tangible and Intangible Assets	10,906	989	21,837	33,734	639	34,373	(4)	34,369

Notes: 1. The "Others" item in the table above is the business segment for operations that are not included among reportable segments. It contains business support services and other activities.

2. The "Adjustments" item is as follows:

(1) Segment income shows eliminations among intersegment sales and transfers.

(2) The total value of the adjustment of segment assets for the Company was total assets of the Group amounted to ¥63,422 million, and intersegment eliminations amounted to ¥(2,799) million. The main total assets of the Group are cash and deposits, a part of investment securities, deferred tax assets and others.

3. The adjustments of "Depreciation and Amortization" and "Increase in Tangible and Intangible Assets" under "Other Items" are due to the elimination of intersegment transactions.

4. Segment income has been adjusted with operating income in the consolidated financial statements.

Fiscal Year Ended December 31, 2020

Millions of yen

	Reportable Segments				Others (Note 1)	Total	Adjustments (Notes 2, 3)	Consolidated (Note 4)
	Fluid Machinery & Systems	Environmental Plants	Precision Machinery	Total				
Sales								
Customers	313,581	67,536	141,119	522,238	1,489	523,727	–	523,727
Intersegment and Transfers	762	10	3	775	2,595	3,371	(3,371)	–
Total	314,343	67,547	141,122	523,014	4,084	527,098	(3,371)	523,727
Segment Income (Loss)	19,789	7,146	11,448	38,385	(459)	37,925	(46)	37,879
Segment Assets	315,858	53,319	150,574	519,753	24,136	543,889	77,688	621,578
Other Items								
Depreciation and Amortization	8,225	606	5,527	14,358	1,623	15,981	(18)	15,963
Amortization of Goodwill	279	–	–	279	–	279	–	279
Investment for Entities Applied Equity Method	–	7,695	–	7,695	–	7,695	–	7,695
Increase in Tangible and Intangible Assets	12,567	880	16,470	29,918	2,438	32,357	(62)	32,295

Notes:1. The “Others” item in the table above is the business segment for operations that are not included among reportable segments. It contains business support services and other activities.

2. The “Adjustments” item is as follows:

(1) Segment income (loss) shows eliminations among intersegment sales and transfers.

(2) The total value of the adjustment of segment assets for the Company was total assets of the Group amounted to ¥80,209 million, and intersegment eliminations amounted to ¥(2,520) million. The main total assets of the Group are cash and deposits, a part of investment securities, deferred tax assets and others.

3. The adjustments of "Depreciation and Amortization" and "Increase in Tangible and Intangible Assets" under "Other Items" are due to the elimination of intersegment transactions.

4. Segment income (loss) has been adjusted with operating income in the consolidated financial statements.

#### 4. Changes of Reportable Segment

As stated in “(Changes in Accounting Policies)”, the accounting method for revenue recognition has been changed from the beginning of the fiscal year ended December 31, 2020, and thus the measuring method for profit or loss in the business segment has been changed in the same way.

Due to this change, compared to the previous method, for the fiscal year ended December 31, 2020, in the FMS Business, sales increased by ¥1,555 million and segment income increased by ¥688 million. In the EP Business, sales decreased by ¥3 million and segment income increased by ¥254 million. In the PM Business, sales increased by ¥3,252 million and segment income increased by ¥1,483 million.



(Per Share Data of Common shares)

	Fiscal Year Ended December 31, 2019	Fiscal Year Ended December 31, 2020
Net assets per share (Yen)	2,981.91	3,106.10
Net income per share (Yen)	241.79	256.85
Diluted net income per share (Yen)	240.57	255.82

1. Basic Information for Computation of Net Assets per Share

	As of December 31, 2019	As of December 31, 2020
Total net assets (Millions of yen)	291,827	304,470
Amount excluded from total net assets (Millions of yen)	8,175	8,237
(Subscription rights to shares (Millions of yen))	(1,132)	(765)
(Non-controlling interests (Millions of yen))	(7,043)	(7,472)
Net assets attributable to common shares at the end of the period (Millions of yen)	283,651	296,232
Number of common shares outstanding at the end of the period calculated under "Net assets per share"	95,124,069	95,371,031

2. Basic Information for Computation of Net Income per Share and Diluted Net Income per Share

	Fiscal Year Ended December 31, 2019	Fiscal Year Ended December 31, 2020
Net income per share		
Profit attributable to owners of parent (Millions of yen)	23,349	24,473
Amount not allocated to ordinary shareholders (Millions of yen)	—	—
Profit attributable to owners of parent attributable to common shares (Millions of yen)	23,349	24,473
Average shares of common shares (Number)	96,566,820	95,284,291
Diluted net income per share		
Adjustment of profit attributable to owners of parent (Millions of yen)	—	—
Increase in common shares (Number)	492,676	382,805
(Subscription rights to shares (Number))	(492,676)	(382,805)
Potential shares excluded from computation of diluted net income per share which don't have a dilutive effect	—	—

(Additional Information)

(Spread of COVID-19)

The spread of COVID-19 continues worldwide. It is still a major threat, and the situation remains unpredictable. On the other hand, the trend toward the coexistence of infectious prevention and economic activities, called “with Corona”, is becoming more active, and demand for social and industrial infrastructures is recovering.

The impact of COVID-19 to the Group's business is limited. Regarding the next fiscal year, our accounting estimates are based on the assumption that the business environment maintains its stability.

However, if the impact of the spread of COVID-19 diverges from this assumption, the Group's financial position and financial results may be affected.

(Business Combination through Acquisition)

The Company has resolved at the meeting of the Board of Directors held on December 14, 2020 to make a stock purchase agreement with the current shareholders to acquire all outstanding shares of Çiğli Su Teknolojileri A.Ş., the parent company of Vansan Makina Sanayi ve Ticaret A.Ş., a Turkish pump manufacturer, and Vansan Makina Montaj ve Pazarlama A.Ş. . The Company has executed it on December 21, 2020.

#### 1. Overview of the Business Combination

##### (1) Name and Business of Acquired Companies

Names of Acquired Companies

Çiğli Su Teknolojileri A.Ş.

Vansan Makina Sanayi ve Ticaret A.Ş.

Vansan Makina Montaj ve Pazarlama A.Ş.

Business Description

Manufacture and sale of deep well motor pumps and vertical-type pumps

##### (2) Primary Reason for the Business Combination

To enhance the Company's global supply chain by strengthening access to markets in Europe, Central Asia, the Middle East and Africa in order to further expand its Standard Pumps Business.

##### (3) Date of the Business Combination

March 2021 (scheduled)

##### (4) Legal Form of the Business Combination

Cash acquisition of shares

##### (5) Company Name after the Business Combination

There are no changes.

##### (6) Percentage of Voting Rights after the Acquisition

100%

##### (7) Primary Basis for Determining the Acquiring Company

The Company (Ebara Corporation) acquires the shares in exchange for cash.

2. Details of Acquisition Costs and Type of Consideration  
Consideration (Cash): 105 million U.S. dollars (approximate)  
Acquisition Costs: 105 million U.S. dollars (approximate)

## 4. Others

### (1) Litigation and Others

(Progress of Dispute Regarding Fire Accident at Bulky Waste Treatment Facility at the Gifu City Eastern Clean Center)

On October 23, 2015, a fire broke out at the bulky waste treatment facility at the Gifu City Eastern Clean Center, which is located in the Akutami section of Gifu City in Gifu Prefecture, when Ebara Environmental Plant Co., Ltd. (“EEP”), the Company’s consolidated subsidiary, was making repairs on the facility. EEP is responsible for the operation and management of a waste incinerating facility that is located adjacent to the bulky waste treatment facility where the fire occurred.

Regarding this incident, while the Company had been discussing with Gifu City the compensation for related damages, a lawsuit against EEP was filed by Gifu City at the Gifu District Court on January 31, 2019 claiming compensation for damages of ¥4,362 million and late charges for such compensation. Afterwards, Gifu City amended its amount of the compensation claim for damages to ¥4,474 million and late charges for such compensation on July 22, 2019, and EEP received the amended petition pertaining to this lawsuit on July 25, 2019. Furthermore, Gifu City amended its amount of the compensation claim for damages to ¥4,582 million and late charges for such compensation on July 17, 2020, and EEP received the amended petition pertaining to this lawsuit on July 20, 2020. At this time, it is not possible to make a reasonable estimate of the effect of this incident on the Group’s consolidated financial results.

## (2) Segment Information

The accounting method for revenue recognition has been changed from the beginning of the fiscal year ended December 31, 2020, and thus the measuring method for profit or loss in the business segment has been changed in the same way. For further details, please refer to “3. Consolidated Financial Statements and Significant Notes (5) Notes to Consolidated Financial Statements (Segment Information)”.

### Business Segment

FMS = Fluid Machinery & Systems, EP = Environmental Plants, PM = Precision Machinery

### (i) Actual Results and Forecast of Orders Received, Sales, Operating Income and Backlog of Orders Received by Business Segment

	Billions of yen					
	Fiscal Year Ended December 31, 2019	Fiscal Year Ended December 31, 2020			Fiscal Year Ended December 31, 2020	
	J-GAAP	J-GAAP		IFRS		
	Actual	Actual	Change	Change Ratio (%)	Estimate	Change
Orders Received						
Pumps	176.3	167.3	(8.9)	(5.1)	166.0	(1.2)
Compressors & Turbines	102.0	85.2	(16.7)	(16.4)	87.1	1.8
Chillers	38.1	33.5	(4.5)	(11.9)	33.1	(0.4)
Others	15.1	14.8	(0.3)	(2.3)	14.7	0.0
Total of FMS	331.6	300.9	(30.6)	(9.2)	301.1	0.1
EP	91.4	62.0	(29.4)	(32.2)	61.9	(0.1)
PM	127.6	147.4	19.7	15.5	146.6	(0.7)
Others	1.5	1.4	(0.0)	(2.6)	1.4	—