

# “EJ2027” Medium-term Management Plan (2025 – 2027)

February 10, 2025

EBARA JITSUGYO CO., LTD.

心地よい環境を、未来へつなぐ。



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## ■ “EJ2027” Medium-term Management Plan

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# Corporate Philosophy System

## Formulation of Purpose / New “Ebatens” Brand

In 2025, we will celebrate the 80th anniversary of our founding. For this milestone year, we took a new look at the purpose of our business in relation to the environment and society, and on October 1, 2024, we formulated our purpose and refreshed our brand in order to achieve further growth.

### - Purpose (meaning of existence) -

心地よい環境を、未来へつなぐ。

: Creating a comfortable environment for the future.



Ebara Jitsugyo has consistently provided and will continue to provide solutions that support human health, enable comfortable, convenient, and safe living, and promote harmony with nature. This idea is summed up in the phrase “a comfortable environment.” It expresses the distinctive nature of Ebara Jitsugyo by combining the notions of “comfort,” which is a value that matters greatly to us, and the “environment,” which has long been a focus of our activities.



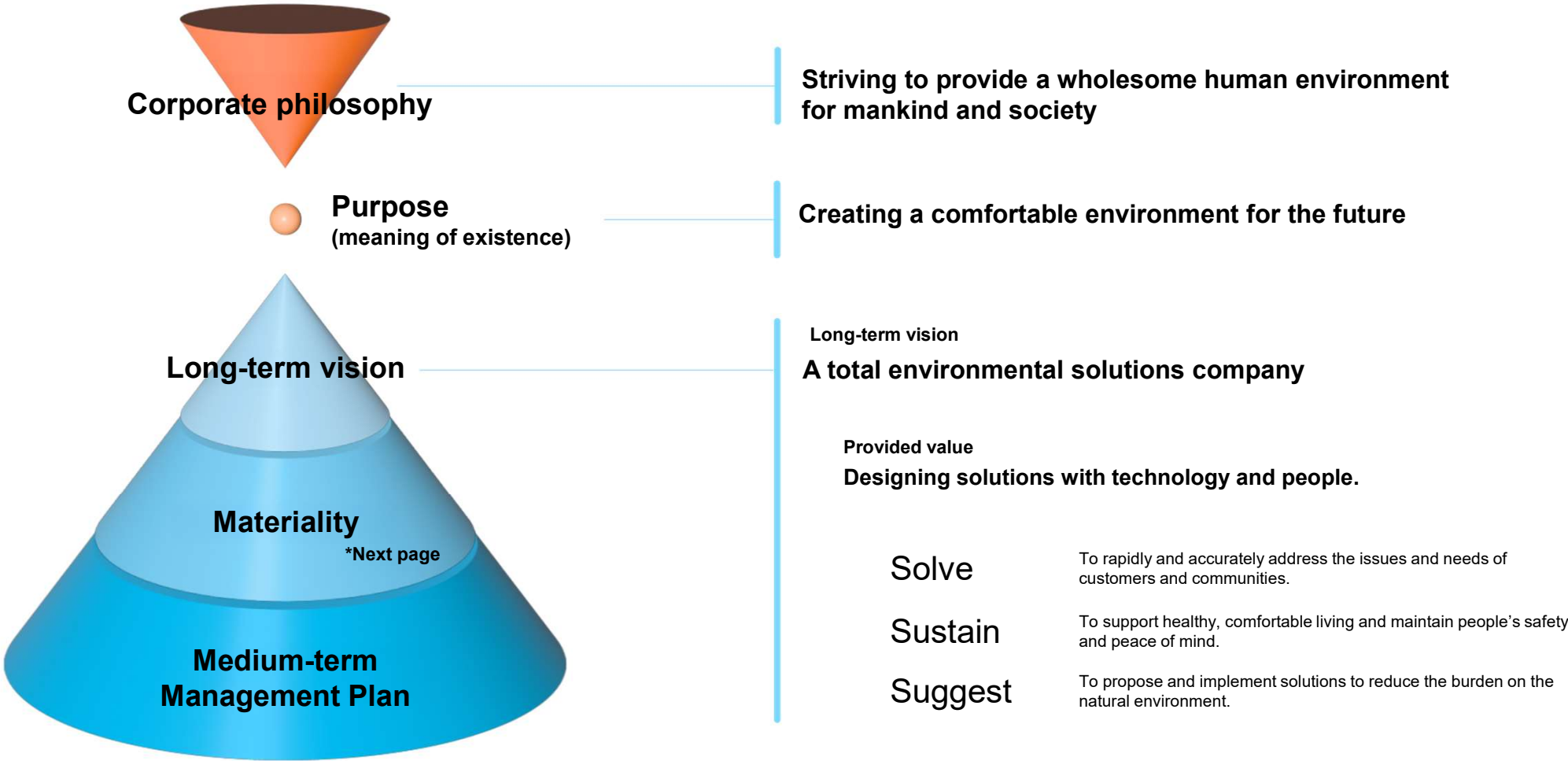
In light of natural disasters caused by climate change, earthquake risks, energy issues, aging facilities, etc., it is vitally important to maintain “a comfortable environment” and pass it on to the people of tomorrow, without necessarily keeping things as they are now. That’s why we pursue our business, and these words reflect that mindset. As a company with a long history that plays a role in social infrastructure, we chose the word “future” to emphasize the scale of our business in terms of both time and reach.

### - Brand name/logo -



**Brand name: Ebatens**  
EBARAJITSUGYO Total Environmental Solutions

# Corporate Philosophy System and Positioning of the Medium-term Management Plan



# Materiality (Material Issues)

We have identified the four Materiality (material issues) below and aim to achieve sustainable growth as a company while solving challenges facing society.

## Realizing a sustainable global environment through innovation



Decarbonization

Coexistence with nature

Water/resource circulation

Reduction of environmental load of our business

**Response to environmental issues** such as the transition to a decarbonized society and maintenance of biodiversity **is an important factor for all economic entities.** With the knowledge we gained through our years of operations in the environmental field, our group will create a variety of innovation to **promote maintenance and improvement of the global environment through business.**

## Building infrastructure for water and air for the future



Water infrastructure

Resilience

Clean air

Our group's business, which handles water and air, **has played an important role** especially in the **maintenance of social infrastructure** in the waterworks and sewage, disaster prevention, and medical fields. In Japanese society, which is already beginning to change due to population decline and climate change, expectations for this role is increasing significantly. Our group will respond to changes in society and **contribute to building infrastructure for the future.**

## Providing trusted solutions



Quality

Safety

Supply chain

**The solutions** our group **provides to our customers are made possible by the cooperation of our employees, business partners, and other stakeholders.** Factors such as quality, safety of the workers in the field, transaction fairness, and stability of procurement routes are particularly important for business continuity. Our group will **build relationship of trust** with our stakeholders, including our customers, to **pursue sustainable solutions.**

## Creating organizations that turn change into growth



Human resource development

Working environment

Corporate culture

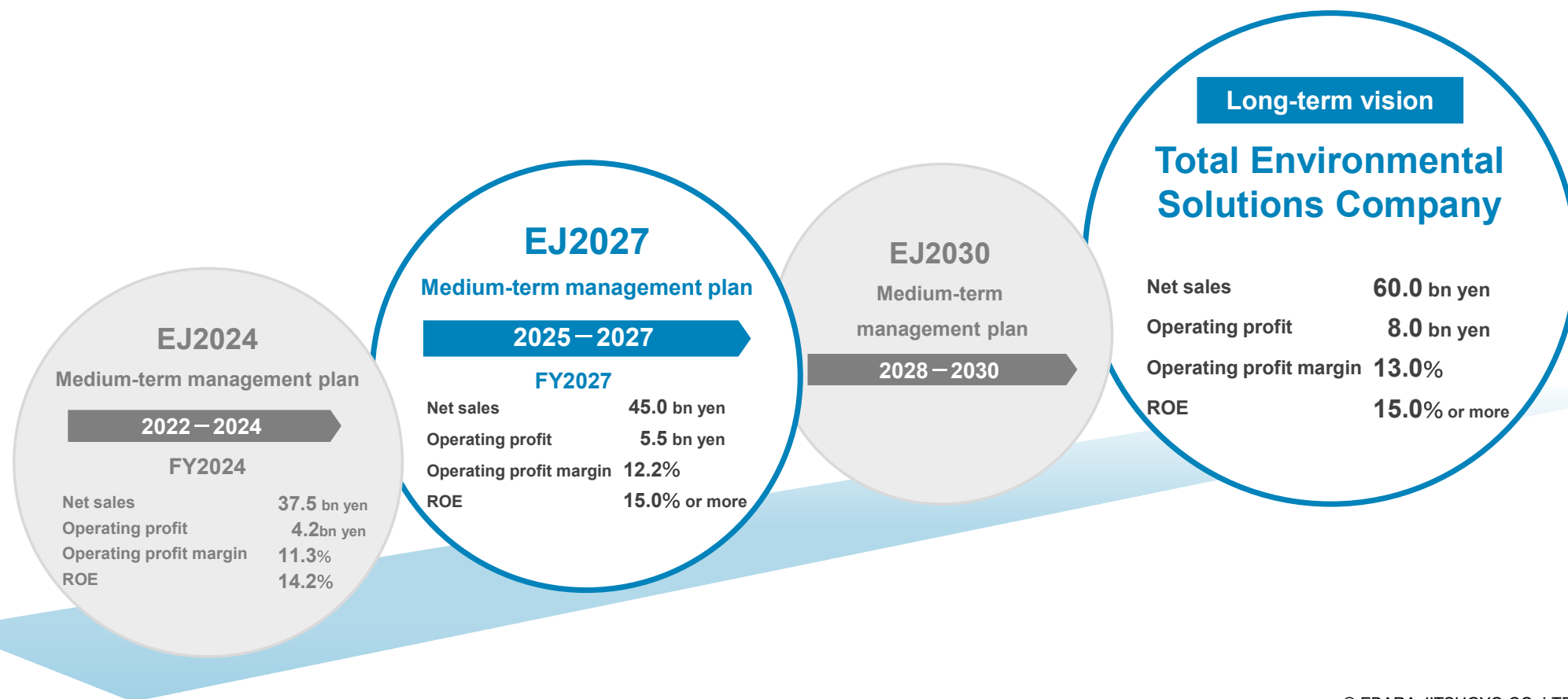
Governance

To continue to develop business in recent rapidly changing social conditions, **it is important that organizations be ready to adapt to change and transform business models.** Through measures such as increasing the abilities and skills of employees, ensuring diversity, fostering corporate culture, and enhancing the governance system, **we aspire to evolve into an innovative company that grows with change.**

## Long-term Vision

As our long-term vision, we have formulated what our company aims to achieve, which is to evolve into “Total Environmental Solutions Company” that enables people’s health, harmony with nature, and comfortable, convenient, and safe living.

Our financial targets are net sales of 60.0 bn yen and operating profit of 8.0 bn yen by FY2030.



# Review of the “EJ2024” Previous Medium-term Management Plan



## Review of the “EJ2024” Previous Medium-term Management Plan / Results and Financials

Company-wide	FY2021 Results (before start of EJ2024)	FY2024 Plan (EJ2024)	FY2024 Results (EJ2024)	Status
Net Sales	32,485 mn yen	38,000 mn yen	37,503 mn yen	Not achieved
Gross Profit	10,489 mn yen	11,400 mn yen	11,727 mn yen	Achieved
SG&A Expenses	6,507 mn yen	7,000 mn yen	7,475 mn yen	—
Operating Profit	3,982 mn yen	4,400 mn yen	4,251 mn yen	Not achieved
Operating Profit Margin	12.3 %	11.6 %	11.3 %	Not achieved
ROE	17.6 %	13.0 %	14.2 %	Achieved

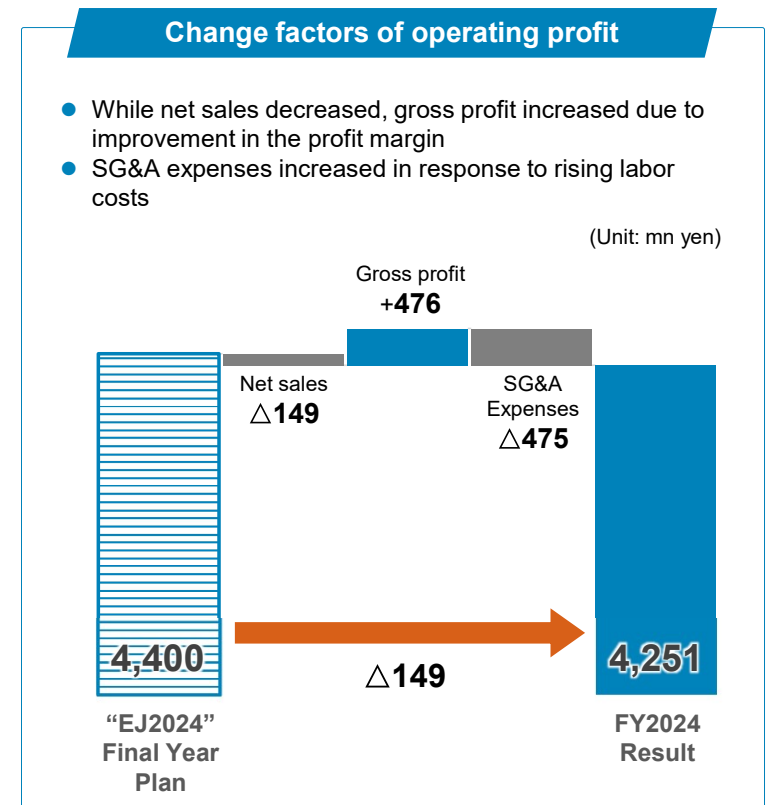
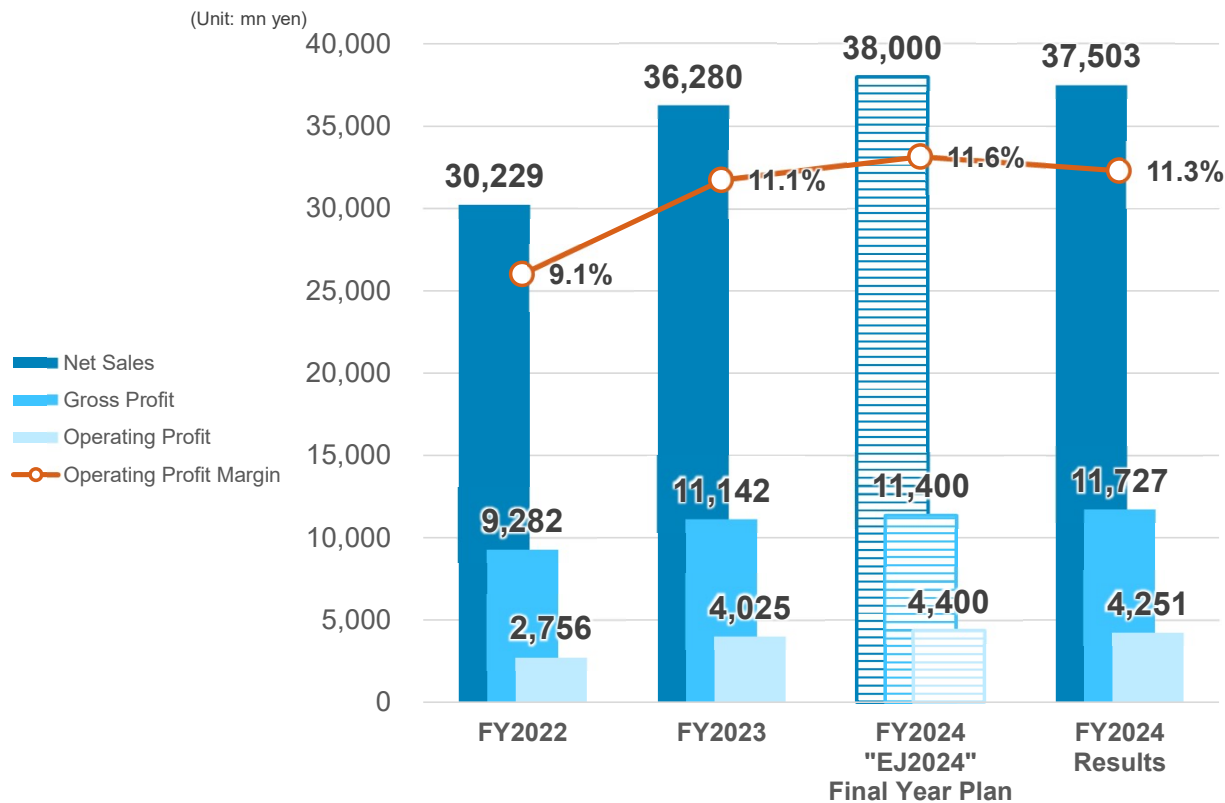
- While net sales fell slightly short of achieving the target, gross profit achieved the plan
- Operating profit did not achieve the target because SG&A expenses increased considerably due to increases in labor costs, etc.

### (Market condition during EJ2024 period)

- Disaster prevention and mitigation-related demand grew more than expected
- Private-sector capital investment recovered after slumping due to the pandemic
- Infectious diseases control demand decreased more than expected following the pandemic

## Review of the “EJ2024” Previous Medium-term Management Plan / Net Sales and Operating Profit

In FY2024, the final year of the plan, SG&A expenses increased considerably due to rising labor costs, etc. in light of factors such as price trends, and operating profit was 4.25 bn yen.



## Review of the “EJ2024” Previous Medium-term Management Plan / Results by Segment

The achievement status by segment was as follows.

### ■ Manufacturing

- Neither net sales nor gross profit achieved the target
- Entry into new product markets was slower than planned (disaster prevention and mitigation, measuring)
- Infectious diseases control demand decreased more than expected following the pandemic
- Establishment of sales channels in the storage battery business was behind schedule

(Unit: mn yen)	FY2021 Results	FY2024 “EJ2024”	FY2024 Results	
<b>Net Sales</b>	8,563	9,500	7,111	<b>Not achieved</b>
<b>Gross Profit</b>	3,803	3,900	2,871	<b>Not achieved</b>
<b>Gross Profit Margin (%)</b>	44.4	41.1	40.4	—

### ■ Engineering

- Net sales and gross profit both achieved the target
- Disaster prevention and mitigation-related demand surpassed expectations
- Renewal demand for water infrastructure facilities increased as expected

(Unit: mn yen)	FY2021 Results	FY2024 “EJ2024”	FY2024 Results	
<b>Net Sales</b>	14,683	17,300	18,872	<b>Achieved</b>
<b>Gross Profit</b>	4,403	5,200	5,682	<b>Achieved</b>
<b>Gross Profit Margin (%)</b>	30.0	30.1	30.1	—

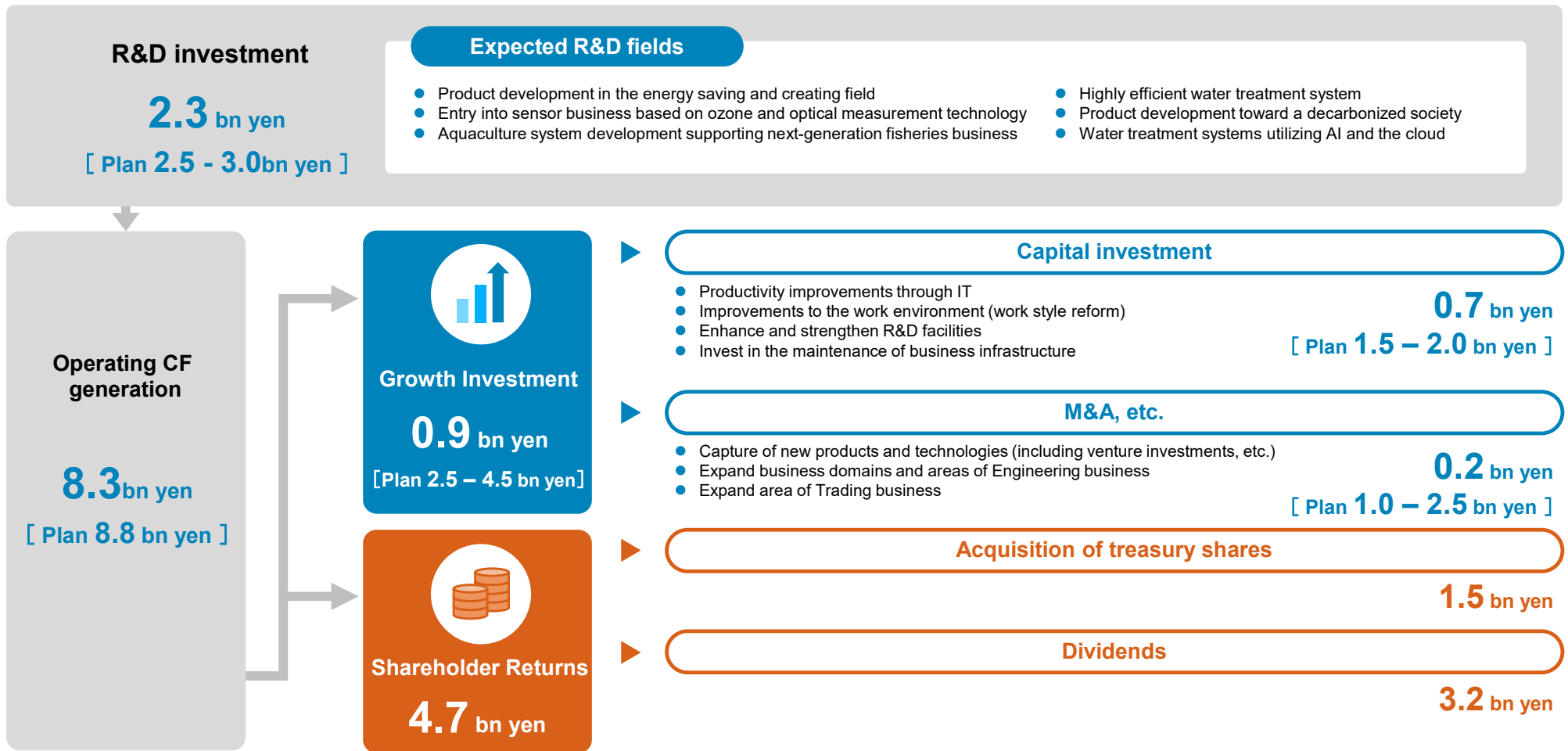
### ■ Trading

- Net sales and gross profit both achieved the target
- Private-sector capital investment recovered after slumping due to the pandemic
- Profitability improved due to the development of transactions aimed at end users

(Unit: mn yen)	FY2021 Results	FY2024 “EJ2024”	FY2024 Results	
<b>Net Sales</b>	9,238	11,200	11,520	<b>Achieved</b>
<b>Gross Profit</b>	2,281	2,300	3,173	<b>Achieved</b>
<b>Gross Profit Margin (%)</b>	24.7	20.5	27.5	—

# Review of the “EJ2024” Previous Medium-term Management Plan / Results of Investment and Shareholder Returns

Investment activities and results for shareholder returns during the plan period are as follows.



## Review of the “EJ2024” Previous Medium-term Management Plan / Materiality KPIs

At the time the present Medium-term Management Plan was announced, the results related to materiality KPIs were as follows.  
(FY2023 figures are indicated for items for which the FY2024 actual results have not yet been collected.)

### ■ Realizing a sustainable global environment through innovation

KPI	Target		Results		Status
	Year	Value	Year	Value	
Net sales in Manufacturing	—	—	2024	7.1 bn yen	—
R&D investment amount	—	—	2024	0.79 bn yen	—
Scope 1+2 emissions reduction*	2030	45.0%	2023	7.1%	Ongoing

\* Reduction rate with 2022 emissions as a baseline

### ■ Providing trusted solutions

KPI	Target		Results		Status
	Year	Value	Year	Value	
No. of critical problems	2024	0	2024	0	Achieved
No. of deaths and serious lost-time accidents(4+ days)	2024	0	2024	0	Achieved
Legal-related education/training activities, including at partner companies	2024	Implemented	2024	Implemented (23 times)	Achieved

### ■ Building infrastructure for water and air for the future

KPI	Target		Results		Status
	Year	Value	Year	Value	
Net sales in Engineering	—	—	2024年	18.8 bn yen	—
Total no. of construction managing engineers and professional engineers	—	—	2023年	Construction managing engineers: 365 Professional engineers: 13	—
Infrastructure-related R&D projects	—	—	2024年	5 projects	—

### ■ Creating organizations that turn change into growth

KPI	Target		Results		Status
	Year	Value	Year	Value	
Percentage of women in management positions	2024	5.0%	2024	5.9%	Achieved
Paternity leave usage rate	2024	100.0%	2024	110.0%	Achieved
Paid leave usage rate	2027	80.0%	2024	70.0%	Ongoing
Positive response rate in engagement surveys	—	—	2024	68.4%	—
Overall evaluation of health management level	2027	50.0	2023	46.7	Ongoing

## Issues Related to the “EJ2027” Medium-term Management Plan

The presumed issues related to the “EJ2027” Medium-term Management Plan are summarized below.

### EJ2024 Outcomes and Reflections

- Among our focus areas, net sales grew in disaster prevention and mitigation, as well as in fisheries. On the other hand, in the storage battery field, there are issues remaining in terms of establishing sales channels.
- In Engineering business, a group of companies in which we are participating won its first comprehensive level 3.5 Water PPP contract.
- While the introduction of new products and expansion into new markets yielded some results, we recognize that stronger promotion is required.
- We renewed our corporate philosophy system and developed a new brand. Various KPIs improved due to the implementation of thorough measures related to human capital.

### External Environment

- Social issues due to population decline becoming apparent
- Spread of public-private partnerships in the water infrastructure market (water PPP)
- Climate change and associated environmental changes (more severe wind and flood damage, environmental changes in oceans)
- Progress in the transition toward a decarbonized society
- Increased investment in the environmental/sustainability field
- Addressing labor shortages and improving the treatment of employees

### Issues Related to “EJ2027” the Next Medium-term Management Plan

#### ① Growth and adapting to change in existing businesses

- Continuously introducing management resources in focus areas
- Maintaining the earning power of stable revenue businesses
- Aligning businesses with market changes

#### ② A “total” approach to environmental issues

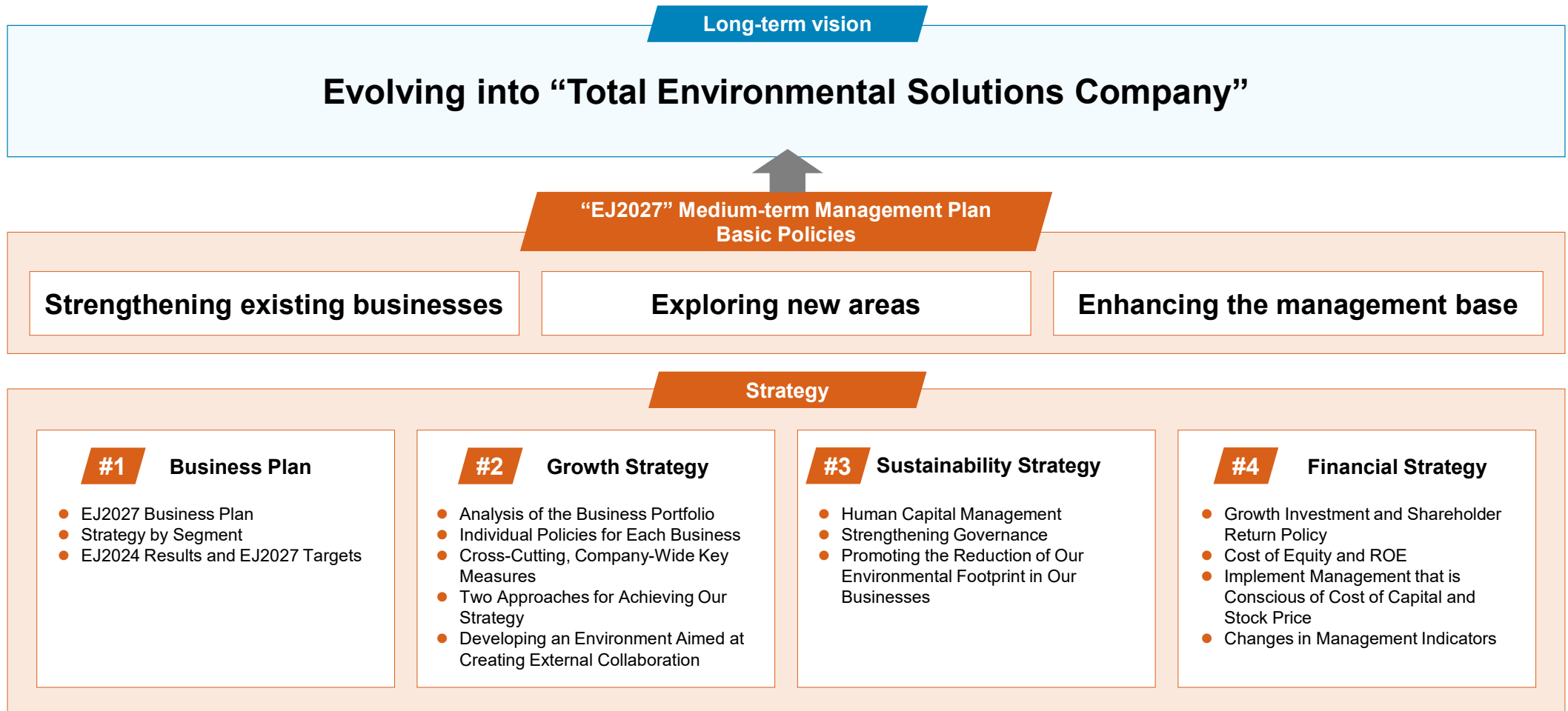
- Accelerating the development and time to market new products and solutions
- Creating new sub-segments in Manufacturing business

#### ③ Acquiring a management base that enables growth

- Strengthening sustainability by decreasing our environmental footprint
- Formation of human capital as a prerequisite for growth
- Continuously improving governance

# “EJ2027” Medium-term Management Plan Basic Policies

## Basic Policies



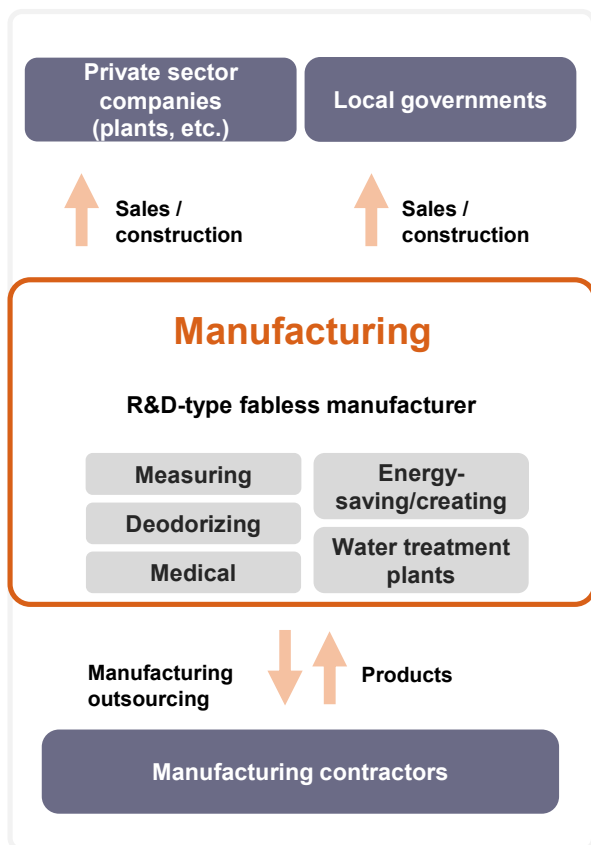


# "EJ2027" Medium-term Management Plan Business Plan

## EJ2027 Business Plan

Company-wide	FY2024 Results	FY2025 Forecast	FY2027 Plan	CAGR (Compound Annual Growth Rate)
<b>Net Sales</b>	37,503 mn yen	40,000 mn yen	45,000 mn yen	6.3 %
<b>Gross Profit</b>	11,727 mn yen	12,400 mn yen	14,000 mn yen	6.1 %
<b>Gross Profit Margin</b>	31.3 %	31.0 %	31.1 %	—
<b>SG&amp;A Expenses</b>	7,475 mn yen	7,900 mn yen	8,500 mn yen	4.4 %
<b>Operating Profit</b>	4,251 mn yen	4,500 mn yen	5,500 mn yen	9.0 %
<b>Operating Profit Margin</b>	11.3 %	11.2 %	12.2 %	—

### Business model

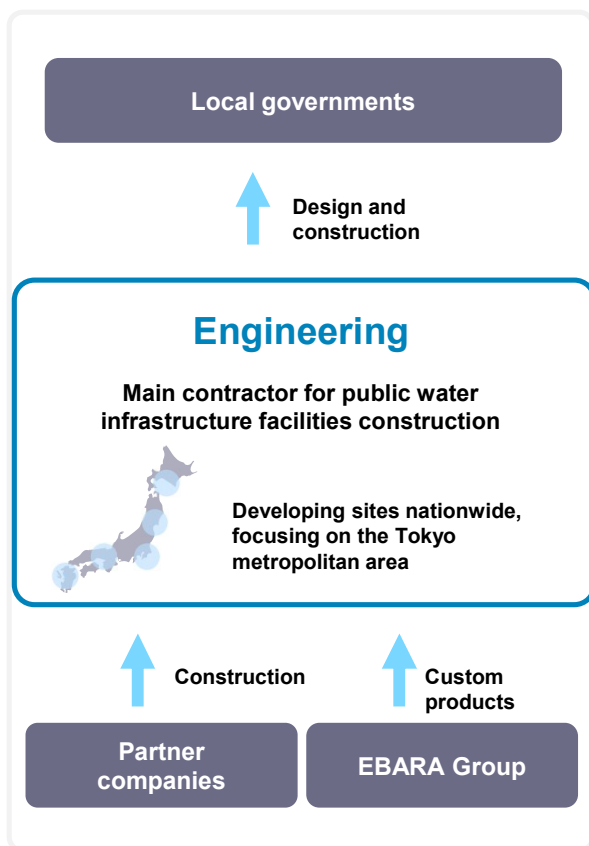


### Strategy

- ◆ **Market expansion for developed products**
  - Product development and market expansion related to semiconductor manufacturing equipment in the measuring field
  - Sales expansion of air-conditioning solutions revolving around desiccant technology
  - Strengthening sales expansion for manhole pump startup support systems in the event of a power failure
- ◆ **Strengthening sales in market growth fields**
  - Focusing on three fields in which medium- to long-term growth is expected (disaster prevention and mitigation, storage batteries, fisheries)
  - Expanding environmentally friendly products, such as switching ozone monitors to LEDs (mercury-free)

Net Sales (Unit: mn yen)	FY2022 Results	FY2023 Results	FY2024 Results	FY2027 Plan
Measuring	1,350	1,792	1,693	1,800
Energy- saving/creating	637	1,503	1,005	2,000
Deodorizing	1,252	1,403	1,350	1,500
Water treatment plants	2,060	2,251	2,676	3,200
Medical	989	705	385	500
<b>Manufacturing Total</b>	<b>6,288</b>	<b>7,654</b>	<b>7,111</b>	<b>9,000</b>
<b>Gross Profit</b>	<b>2,580</b>	<b>3,260</b>	<b>2,871</b>	<b>3,700</b>
<b>Gross Profit Margin (%)</b>	<b>41.0</b>	<b>42.6</b>	<b>40.4</b>	<b>41.1</b>

### ■ Business model



### ■ Strategy

#### ◆ Further reinforcing systems with the aim of expanding orders

- Optimizing the allocation of personnel and increasing staffing
- Encouraging employees to acquire qualifications
- Organizational adaptation to public-private partnerships

#### ◆ Establishing stable orders in newly entered areas

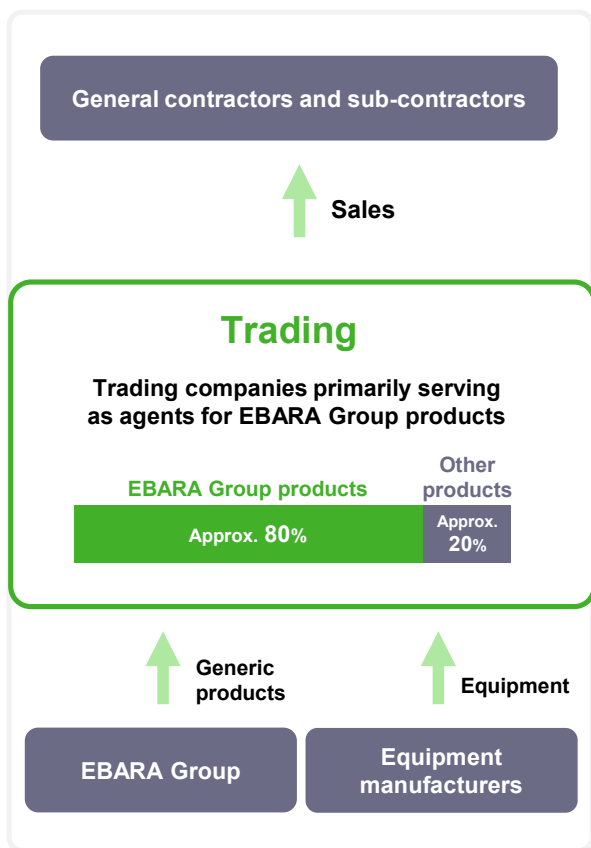
- Establishing business in the Hokkaido, Niigata, and Kyushu regions
- M&A and alliances with businesses in the same industry or adjacent areas

#### ◆ Strengthening equipment/facilities and the product lineup

- Adding equipment/facilities with product advantages to the lineup
- Strengthening OEM products/goods sales aimed at the public market

(Unit: mn yen)	FY2022 Results	FY2023 Results	FY2024 Results	FY2027 Plan
Net Sales	14,408	17,671	18,872	23,000
Gross Profit	4,234	5,201	5,682	6,900
Gross Profit Margin (%)	29.4	29.4	30.1	30.0

### ■ Business model



### ■ Strategy

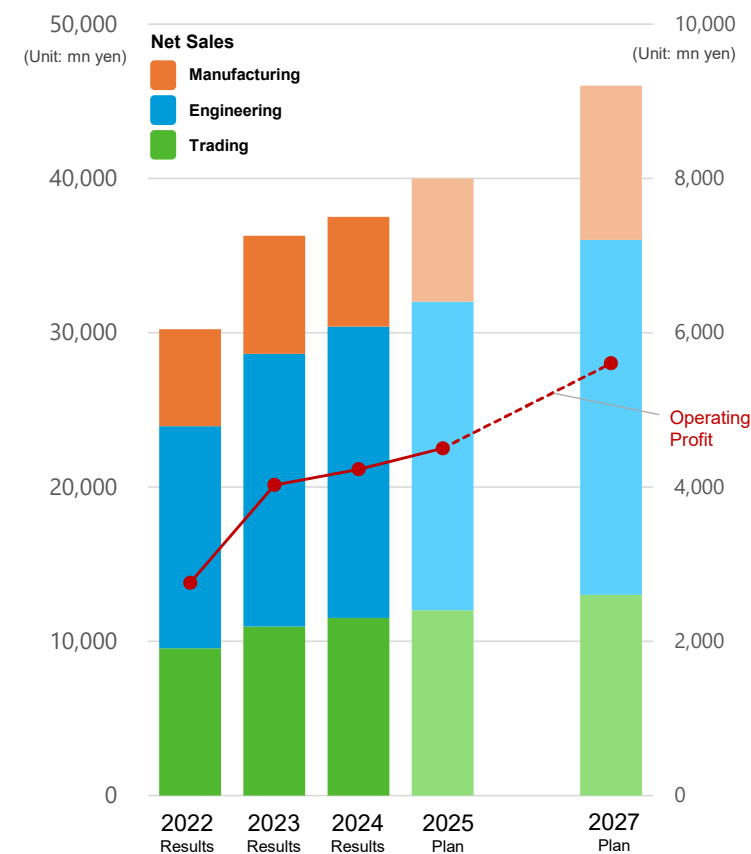
- ◆ **Developing the end user-related market**
  - Strengthening sales by increasing equipment/facilities merchandise for plants and production sites
- ◆ **Establishing stable orders in newly entered areas**
  - Establishing business in the Chugoku/Shikoku regions
- ◆ **Strengthening the lineup of product groups handled**
  - Expanding handled products and strengthening sales in non-core fields such as compressors and filtration equipment

	FY2022	FY2023	FY2024	FY2027
(Unit: mn yen)	Results	Results	Results	Plan
Net Sales	9,532	10,954	11,520	13,000
Gross Profit	2,467	2,680	3,173	3,400
Gross Profit Margin (%)	25.9	24.5	27.5	26.2

## EJ2024 Results and EJ2027 Targets

The results by segment during the EJ2024 period and changes in the plan for the first and last years of EJ2027 are shown below.

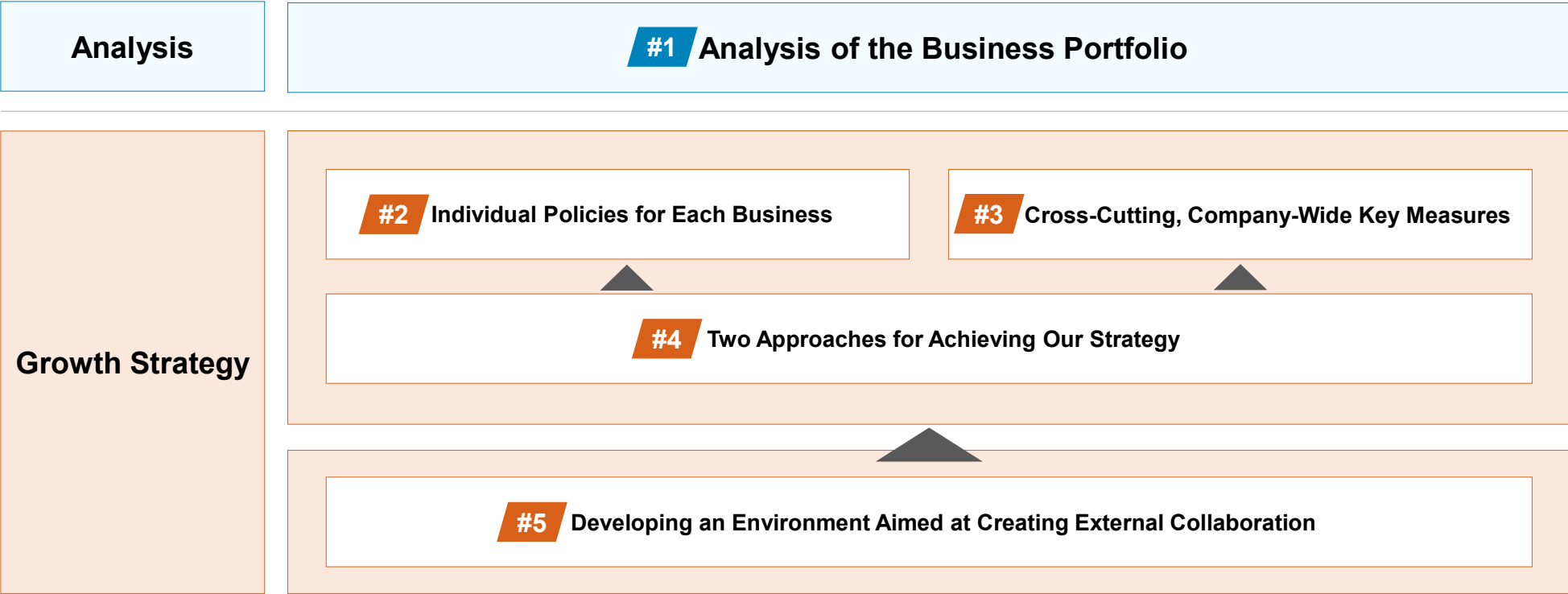
(Unit: mn yen)	EJ2024			EJ2027			
	(Results)			First year		Last year	
	FY2022	FY2023	FY2024	FY2025		FY2027	
	Results	Results	Results	Plan	YoY	Plan	Compared to FY2024
<b>Manufacturing</b>	6,288	7,654	7,111	8,000	+12.5%	9,000	+26.6%
<b>Engineering</b>	14,408	17,671	18,872	20,000	+6.0%	23,000	+21.9%
<b>Trading</b>	9,532	10,954	11,520	12,000	+4.2%	13,000	+12.8%
<b>Net Sales</b>	<b>30,229</b>	<b>36,280</b>	<b>37,503</b>	<b>40,000</b>	<b>+6.7%</b>	<b>45,000</b>	<b>+20.0%</b>
<b>Manufacturing</b>	2,580	3,260	2,871	3,200	+11.5%	3,700	+28.9%
<b>Engineering</b>	4,234	5,201	5,682	6,000	+5.6%	6,900	+21.4%
<b>Trading</b>	2,467	2,680	3,173	3,200	+0.8%	3,400	+7.2%
<b>Gross Profit</b>	<b>9,282</b>	<b>11,142</b>	<b>11,727</b>	<b>12,400</b>	<b>+5.7%</b>	<b>14,000</b>	<b>+19.4%</b>
SG&A Expenses	6,525	7,117	7,475	7,900	+5.7%	8,500	+13.7%
<b>Operating Profit</b>	<b>2,756</b>	<b>4,025</b>	<b>4,251</b>	<b>4,500</b>	<b>+5.8%</b>	<b>5,500</b>	<b>+29.4%</b>



# ”EJ2027” Medium-term Management Plan Growth Strategy

# Growth Strategy Concept

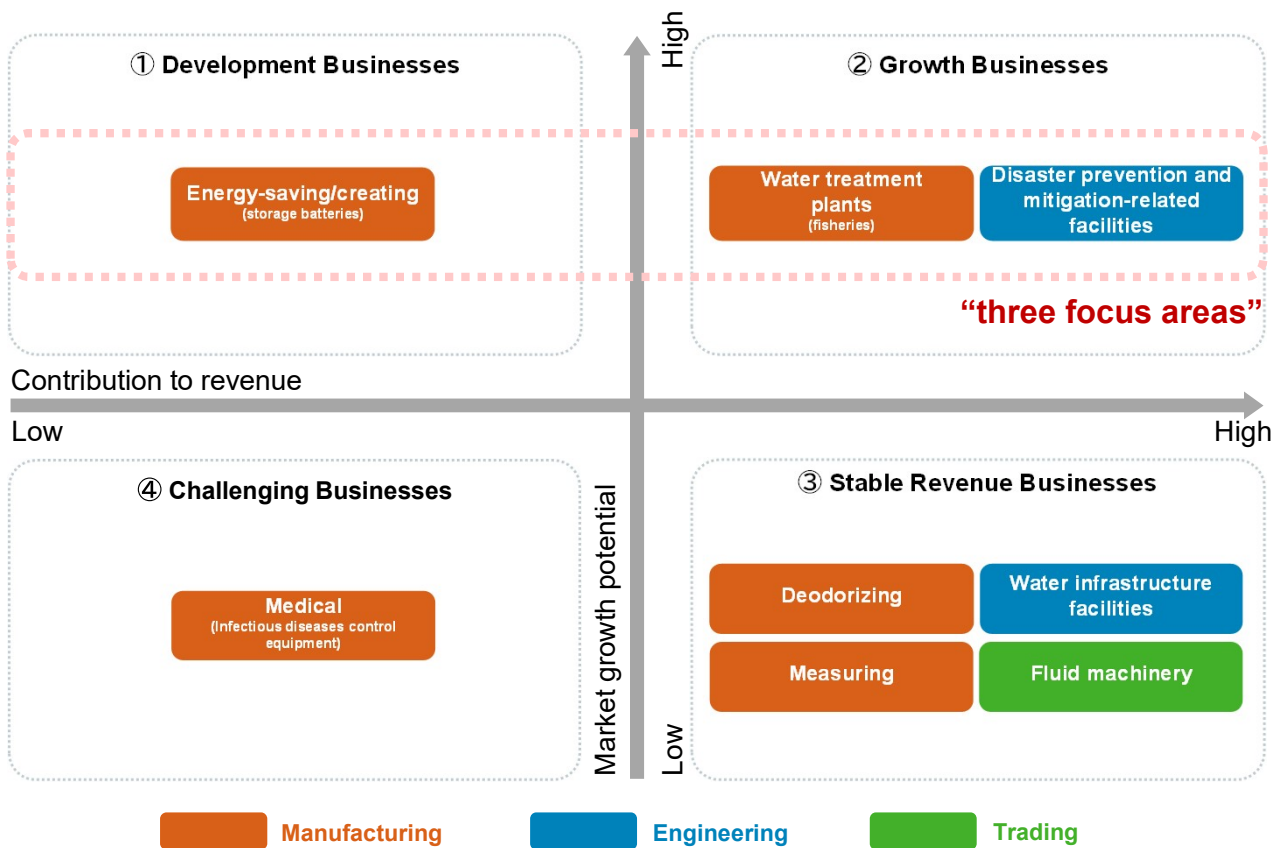
We analyzed our existing business portfolio and formulated a growth strategy aimed at achieving our long-term vision. Along with developing individual policies for each business and cross-cutting, company-wide key measures, we have defined approaches for implementing them and measures for developing an environment aimed at creating collaboration with external partners to ensure that these strategies function.





# Analysis of the Business Portfolio

Engineering and Trading businesses have increased revenue in a stable, long-term manner in mature markets. Manufacturing business has reinvested this revenue to develop and provide environment-related products and solutions.



## Manufacturing

### ➔ Developing, manufacturing, and selling environmental solutions

Manufacturing business develops environment-related products and solutions and conducts manufacturing and sales based on a fables approach. Since it is based on a niche-top strategy, the business is relatively stable in its various fields, but opening up new areas is essential for expanding the business.

## Engineering

### ➔ Public water infrastructure facilities engineering

Engineering business, which is involved in the most fundamental social infrastructure (sewerage and waterworks, rainwater drainage), is a stable, long-term business. It is necessary to adapt to structural changes based on megatrends such as climate change and population decline.

## Trading

### ➔ Sales of fluid machinery to the private sector

Trading business has been a key segment of our company since it was founded, and at present, it has established a stable business model that has continued to this day. By accurately identifying private-sector capital investment demand and supplying the facilities and equipment required by the times, it will continue to support our revenue base going forward.

## Individual Policies for Each Business / Development Businesses and Growth Businesses

We have defined storage batteries, fisheries, and disaster prevention and mitigation, which are categorized as development businesses and growth businesses, as our “three focus areas,” and in EJ2027, we will continuously pursue development and investment.

### ① Development Businesses

#### Energy saving/creating (storage batteries)

There is no doubt that as we move toward realizing a decarbonized society, the role played by storage batteries will become more and more important.

In 2020, we entered the storage battery market, and we have strengthened our lineup, which centers on domestic and commercial storage batteries. However, establishing sales channels remains a challenge.

Along with strengthening the sales system, we will strive to establish a stable business model by pursuing synergy with other businesses.



▲ Storage battery business – key products

### ② Growth Businesses

#### Water treatment plant (fisheries)

We have been involved in land-based aquaculture facilities, which produce fisheries products on land, since the 1990s. In recent years, in light of factors such as the depletion of natural fisheries resources and changes in the ocean environment, there has been growing attention focused on recirculating aquaculture systems (RAS), which are a new production approach for fisheries products.

We are engaged in ongoing R&D, etc. in order to contribute to the business development of RAS.



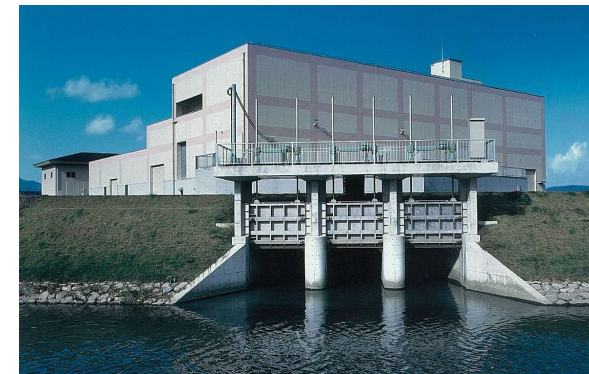
▲ Land-based aquaculture facility/  
Oita Prefecture Seed Production Center (Kunisaki)

#### National resilience (disaster prevention and mitigation)

In Engineering business, which engages in the development of public water infrastructure facilities, demand for facilities related to national resilience (disaster prevention and mitigation) has been growing in recent years.

In urban areas, in particular, the development of rainwater storage facilities and drainage canals to actively prevent the flooding of rivers has been progressing, and we are involved in the development aspect of this disaster prevention infrastructure.

Through staffing increases and the flexible allocation of human resources, we will strengthen our response capabilities as an organization.



▲ Rainwater drainage station equipment facility/  
Shimokawahara Rainwater Pumping Station

## Individual Policies for Each Business / Stable Revenue Businesses and Challenging Businesses

We aim to maximize revenue from a medium- to long-term perspective by expanding our business and improving our efficiency in stable revenue businesses. In the medical field, which is a challenging business, we aim to shift to a more appropriate system and size.

### ③ Stable Revenue Businesses

#### Deodorizing

We provide deodorizers, such as Voef humus deodorizers, and deodorizing system engineering services, which are used in industrial fields such as sewage stations and food plants.

We promote the value of our products with a focus on their excellent environmental performance; for example, Voef's lifecycle CO2 emissions are low compared to activated charcoal, etc.



▲ "Voef" humus deodorizer

#### Measuring

We supply various types of measuring equipment used in industrial fields.

Ozone monitors, which measure the concentration of ozone in air or water, are used in advanced treatment processes at water purification facilities, as well as in some semiconductor manufacturing equipment.



▲ Ozone monitor

Along with further improving profitability, we aim to develop this business further through technological enhancement and application.

#### Water infrastructure facilities

Engineering business provides design, construction, and maintenance services for sewerage, waterworks, and rainwater drainage facilities—infrastructure that is indispensable to society.

Adapting to changes in the market environment due to megatrends such as the promotion of public-private partnerships has become an issue in the medium to long term.



#### Fluid machinery

Trading business supplies fluid machinery, such as general-purpose pumps, compressors, coolers, and boilers, primarily for general contractors and sub-contractors.

We will enhance the lineup of products we handle by accurately identifying the private-sector capital investment and development investment market conditions.



▲ Water-supply pump

### ④ Challenging Businesses

#### Medical (infectious diseases control equipment)

We manufacture and sell facilities and equipment used at medical sites and other locations based on a fables approach.

Due to the increased demand following the spread of COVID-19, net sales of infectious diseases control equipment, such as simple negative pressure equipment, temporarily increased significantly. However, as of the end of FY2024, that demand has diminished.

Going forward, we will flexibly transition the business to a more sustainable system and size.



▲ Infectious diseases control equipment

## Cross-Cutting, Company-Wide Key Measures

Our cross-cutting, company-wide key measures are as shown below. Along with exploring new markets/customers, adapting to the market condition, and developing new solutions for existing customers, we are working to create new businesses expected to produce discontinuous growth.

### New markets/customers and changes in the market condition

- **Tapping into unexplored areas (regions/customers)**

The public water infrastructure facilities market, for which local governments are the main customers, is highly regional, and there are still many untapped regions and customers.

We will continue working to improve our market share and presence by targeting these areas.

- **Adapting to market changes/public-private partnerships**

Public-private partnership initiatives are being promoted in the public water infrastructure facilities field. This is part of a shift to a business model that differs from the conventional approach, and adapting to this change is extremely important for our Engineering business.

During the EJ2024 period, we formed a project team within the company to tackle this issue, and it has produced results. For example, in September 2024, a group of companies that includes our company won a water PPP level 3.5 project. In EJ2027, we will further deepen our public-private partnership project-related expertise and develop a system that enables us to flexibly adapt to market changes.

### New solutions

- **Expanding the market with new products, etc.**

We will add to and expand the solutions we are able to supply by identifying market and customer demands, developing new products, etc. and expanding our market.

The manhole pump startup support system for power failures that we brought to market during the EJ2024 period is a product that was developed based on an analysis of problems during manhole pump power failures and emergency recovery, and we aim to promote its spread in EJ2027.

We will also pursue the development and introduction of new solutions aimed at achieving our long-term vision during EJ2027.



▲ Manhole pump start-up support system for power failures

### New business fields

- **Developing new business in the environmental field**

We started out as a trading business engaged in selling fluid machinery, then expanded into Engineering business and Manufacturing business in response to the demands of the market at the time.

Our growth theory was to provide solutions in response to new environmental issues during that period, which has become the meaning of our existence. Building on the energy-saving/creating field (storage batteries), which we entered in 2020, we will continue to actively pursue an approach that creates new development businesses.



▲ Kazusa site (energy-saving/creating)

## Two Approaches for Achieving Our Strategy

We will use both the individual policies and key measures as means for achieving “self-sustaining growth” as an organization and discontinuous growth based on the “use of financial capital.”

### Self-sustaining growth

#### ● R&D and organizational strengthening

We are continuously developing new environment-related products and solutions. In EJ2027, we will continue analyzing various environmental issues, including decarbonization and climate change, and actively develop new products and update our solutions based on market and community demand.

We also expect to strengthen recruitment based on our human capital management policy, optimize our allocation of human resources, and maximize human capital based on education and training. At the same time, we aim to become a “company of choice” in terms of both trading and employment by upgrading and refreshing our systems, facilities, and internal and external communications activities.

#### Key research topics in EJ2027

- Functional improvement and shift to energy-saving for public water infrastructure facilities
- Development of new systems contributing to disaster prevention and mitigation
- Development of new products that apply optical measuring technology
- Continuous improvement of air-conditioning solutions equipment
- Development of decarbonization solutions (storage batteries, bio-methanation)
- Realization of sustainable land-based aquaculture

### Use of financial capital

#### ● Use of alliances and M&A

To achieve our long-term vision of becoming a “total environmental solutions company,” we believe that we need to increase the scope and diversity of the environmental solutions in which our business is involved.

Going forward, it may be expected that many external new technologies and expertise will be used in the environmental field, where further market growth is anticipated. Furthermore, to maximize revenues in stable revenue businesses over the medium to long term, it is essential that we improve our market share and presence.

With all these perspectives in mind, we believe that measures leveraging our financial capital, such as M&As and partnerships that involve contributing funds, will play a prominent role.

#### Approach to alliances and M&As

- Expansion of new markets and customers in existing business segments
- Externalization of R&D related to new solutions
- Expanding into new business fields



**Discontinuous growth based on the effective use of cash flow**

## Developing an Environment Aimed at Creating External Collaboration

Collaboration in various forms will be important for our individual policies, key measures, and two approaches for achieving our strategies. During the EJ2027 period, to increase collaboration, we will develop **measures to provide motivation and opportunities for our organization and individual employees to engage with external stakeholders.**

### Relationship between various measures and collaboration

#### ■ New markets/customers and changes in the market condition

- ➡ Public-private partnerships (Water PPP) involve a consortium of companies with differing roles = basic form of collaboration.

#### ■ New solutions

- ➡ We often launch solutions after conducting joint R&D at the trial stage in our R&D process, and collaboration also plays an important role in subsequent market development.

#### ■ New business fields

- ➡ When expanding into new business fields, we believe that collaborating with other companies in a complementary manner to obtain the resources required by the market is an effective approach.

#### ■ Leveraging financial capital

- ➡ Establishing capital ties is of vital importance for collaboration, and developing an environment aimed at creating collaboration establishes the preconditions for discontinuous growth.

### Environment development measures

We will allocate management resources (human, material, and financial) to create motivation and opportunities for our organization and individual employees to engage with external stakeholders.

During the EJ2027 period, we will devote effort to developing a system that will make this initiative sustainable.

- Strengthening functions for creating joint research
- Open innovation and internal training related to intellectual property and capital
- Personal interaction with external stakeholders
- Establishing venues for carrying out joint research (sites, facilities)
- Investing in startups by contributing to VC funds

# ”EJ2027” Medium-term Management Plan Sustainability Strategy

# Human Capital Management

We aim to maximize human capital by pursuing a workforce composition that supports achieving our management strategy and increasing employee engagement.



## KPIs / medium-term targets

Total no. of construction managing engineers and professional engineers

2027 **400 people**

Percentage of women in management positions

2030 **10.0%**

Average no. of paternity leave days taken

2027 **20.0 days**

Paid leave usage rate

2027 **80.0%**

Positive response rate in engagement surveys

2027 **70.0%**

Overall evaluation of health management level

2027 **50.0**



## Strengthening Governance

We will promote the further strengthening of governance by continuously engaging in or developing the measures implemented in EJ2024.

### Governance measures implemented during the EJ2024 period

#### ■ Reforms to directors and the Board of Directors

- Revising the composition of the Board of Directors based on a skills matrix
- Revising the independence standards for outside directors
- Appointing two female directors among the nine directors
- Appointing an outside director as the chair of the Board of Directors
- Formulating and implementing a succession plan
- Revising performance-based compensation criteria
- Evaluating the effectiveness of the Board of Directors based on the advice of external organizations

#### ■ Dialogs with stakeholders

- Creating opportunities for dialogs with shareholders and investors and strengthening their implementation
- Enhancing the disclosure of information related to business and sustainability

#### ■ Strengthening compliance

- Establishing external contact points for whistle-blowing
- Strengthening business-related risk control

#### ■ Reducing cross-shareholdings

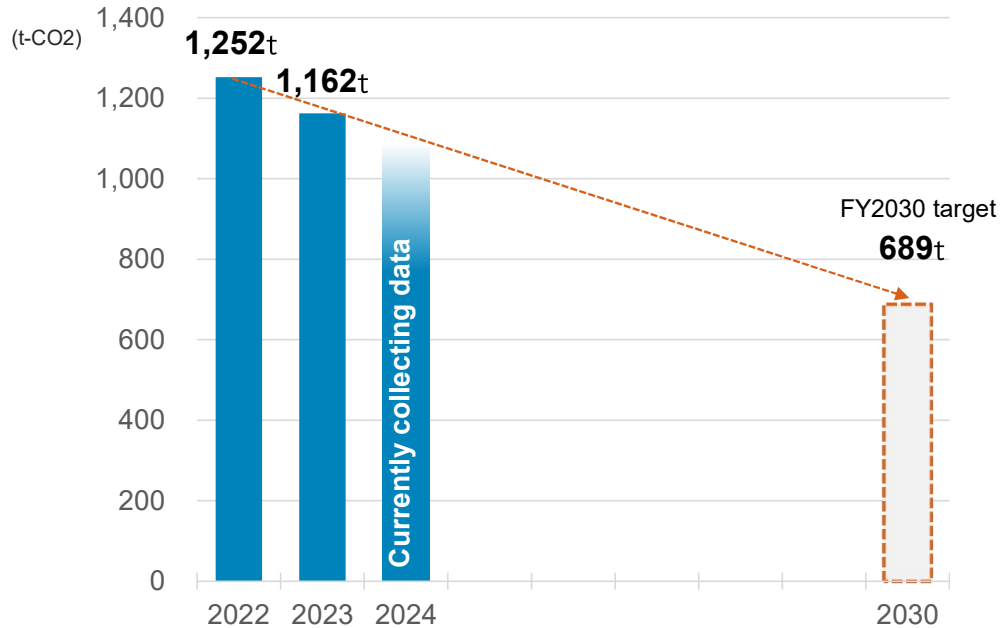
- Reduction through the sale of cross-shareholdings we own

# Promoting the Reduction of Our Environmental Footprint in Our Businesses

We will continue to promote initiatives aimed at achieving the interim targets for greenhouse gas reduction we have set for 2030.

## Targets and Results

With FY2022 as the baseline, we are targeting a 45% reduction in greenhouse gas emissions (Scopes 1+2) by 2030. We are making steady progress, having achieved an emissions level of 1,162 t-CO<sub>2</sub> in FY2023.



## Measures

In EJ2027, we will continue with the previously introduced measures shown below.

### Scope 1 : Direct emissions (fuel combustion)

Greenhouse gas emitted directly by our company is derived entirely from the use of gasoline to operate vehicles, especially sales vehicles. We are gradually reducing these emissions through measures such as switching sales vehicles to hybrid cars.

### Scope 2 : Indirect emissions (consumption of electricity, etc.)

Greenhouse gas emitted indirectly by our company is due to the use of electricity at our sites. We are reducing fossil fuel-derived electricity consumption by establishing our own solar power-based generation equipment, procuring 100% renewable energy, etc.

## KPIs Based on Materiality (Material Issues)

We have set new target values in EJ2027 for KPIs that were not set, were expired, or achieved ahead of schedule in EJ2024.

### ■ Realizing a sustainable global environment through innovation

KPI	Target		Results		Status
	Year	Value	Year	Value	
Net sales in Manufacturing	2024	7.1 bn yen	2027	9.0 bn yen	<b>New</b>
R&D investment amount	2024	0.79 bn yen	2027	1.0 bn yen	<b>New</b>
Scope 1+2 emissions reduction*	2023	7.1%	2030	45.0%	<b>Ongoing</b>

\* Reduction rate with 2022 emissions as a baseline

### ■ Providing trusted solutions

KPI	Results		Target		Status
	Year	Value	Year	Value	
No. of critical problems	2024	0	2027	0	<b>Updated</b>
No. of deaths and serious lost-time accidents(4+ days)	2024	0	2027	0	<b>Updated</b>
Legal-related education/training activities, including at partner companies	2024	<b>Implemented</b>	2027	<b>Implemented</b>	<b>Updated</b>

### ■ Building infrastructure for water and air for the future

KPI	Target		Results		Status
	Year	Value	Year	Value	
Net sales in Engineering	2024	18.8 bn yen	2027	23.0 bn yen	<b>New</b>
Total no. of construction managing engineers and professional engineers	2023	Construction managing engineers: 365 Professional engineers: 13	2027	total 400 people	<b>New</b>
Infrastructure-related R&D projects*	2024	5 projects	2027	7 projects	<b>New</b>

\* Counts the number of R&D projects still underway in the applicable year.

### ■ Creating organizations that turn change into growth

KPI	Results		Target		Status
	Year	Value	Year	Value	
Percentage of women in management positions	2024	5.9%	2030	10.0%	<b>Updated</b>
Paternity leave usage rate	2024	110.0%	—	—	<b>Completed</b>
Average no. of paternity leave days taken	2024	13 days	2027	20 days	<b>New</b>
Paid leave usage rate	2024	70.0%	2027	80.0%	<b>Ongoing</b>
Positive response rate in engagement surveys	2024	68.4%	2027	70.0%	<b>New</b>
Overall evaluation of health management level	2023	46.7	2027	50.0	<b>Ongoing</b>

# ”EJ2027” Medium-term Management Plan Financial Strategy

## Growth Investment and Shareholder Return Policy

Operating cash flow (before deducting R&D expenses) in the 2025-2027 period is expected to be 14.0 bn yen. While balancing fiscal health, capital efficiency, and returning profits to shareholders, we will pursue active investment that contributes to business growth with the aim of becoming a total environmental solutions company.

Operating cash flow (+ R&D investment)    Approx. **14.0** bn yen

### R&D investment

#### R&D related to **new products and solutions**

- Functional improvement and shift to energy-saving for public water infrastructure facilities
- Development of new systems contributing to disaster prevention and mitigation
- Development of new products that apply optical measuring technology
- Continuous improvement of air-conditioning solutions equipment
- Development of decarbonization solutions (storage batteries, bio-methanation)
- Realization of sustainable land-based aquaculture etc.

**2.5** bn yen – **3.5** bn yen

### Capital investment and growth strategy investment

#### Developing sites, improving operational efficiency, and adapting to **decarbonization and climate change**

- Developing and renovating sites
- Introducing energy-saving/creating facilities
- Introducing IT systems that contribute to improving operational efficiency

#### Formation of synergy associated with capital ties

- Alliances aimed at discontinuous growth
- Alliances and M&A with businesses in the same industry or adjacent industries
- Investing in startups through limited partnership contributions to VC funds

**3.0** bn yen – **6.0** bn yen

### Shareholder return

#### Stable dividends

- Maintain stable and continuous profit distribution with a target payout ratio of 35%

Approx. **4.0** bn yen  
(including commemorative dividends)

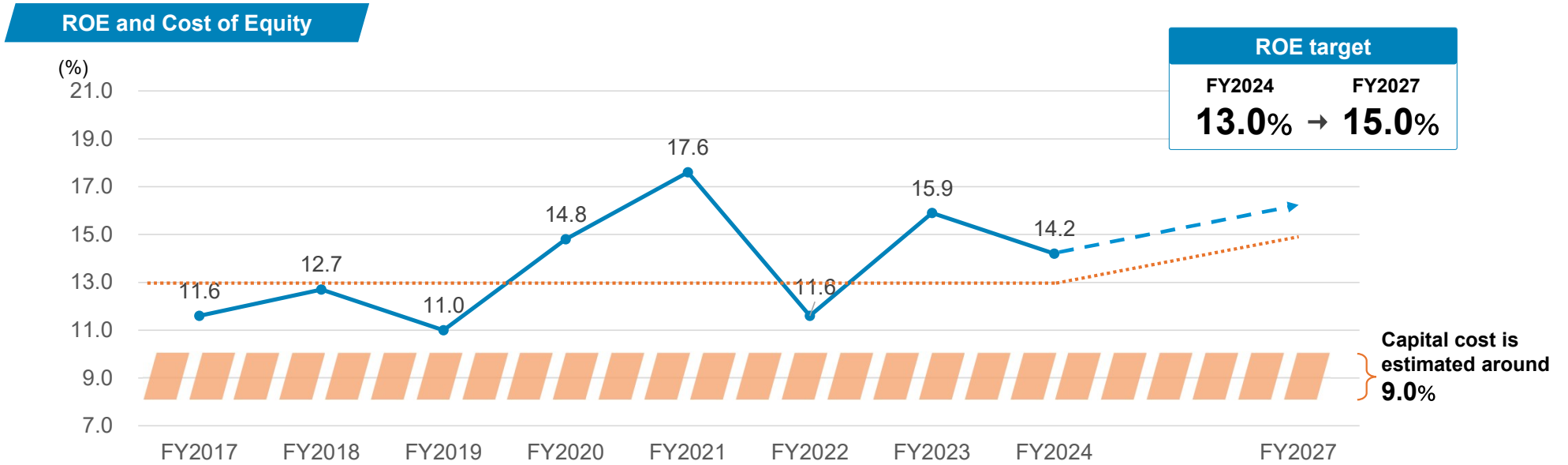
#### Agile acquisition of treasury shares

- Agile acquisition of treasury shares, including responding to the reduction of cross-holding shares, etc.

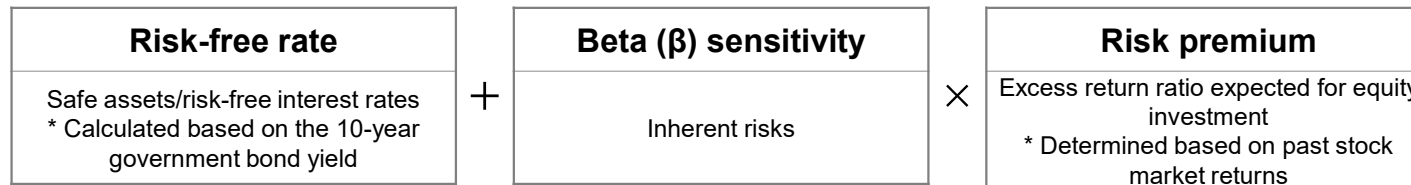
(based on the circumstances)

# Cost of Equity and ROE

We are maintaining ROE at a level that continuously exceeds capital costs. In 2027, we are aiming for an ROE of 15.0% or more.



### \*Cost of equity calculation method



In addition to the reference for CAPM, conducted interviews with institutional investors to ascertain the level of the Company's cost of equity and as a result, estimated the required cost of equity at around 8%

## Implement Management that is Conscious of Cost of Capital and Stock Price

### Analysis on current conditions

- The stock price has been continuously rising, reflecting our business performance, shareholder returns, and IR activities, and the market capitalization has increased **about 3.7 times in seven years to reach 50.0 bn yen.**
- **The cost of equity is estimated at around 9%** based on CAPM, interviews with institutional investors, etc.
- **ROE** stood at 11.6% in FY2022, 15.9% in FY2023, and 14.2% in FY2024, **remaining above the cost of equity.**
- **PER** is about 7.5 to 14.8 times. Although it has been on an upward trend, **it is moving slightly below the industry standard.**
- **PBR has remained above 1.0 times.** It was 1.7 in FY2023, rising to stand at 2.0 in FY2024.

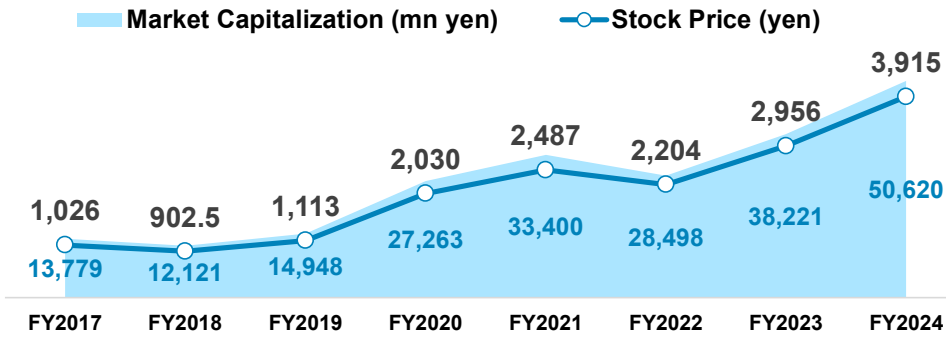
### Targets / Initiatives

**Aiming for an ROE of 15.0% or more while pursuing active growth investment and returning profits to shareholders.**

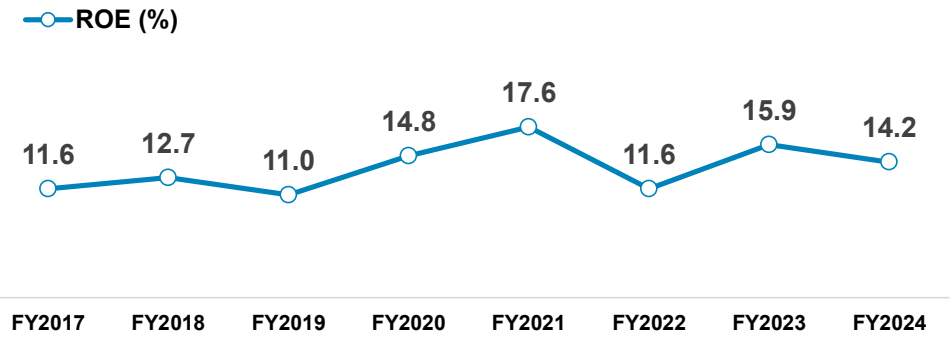
- **Growth investing** : We will promote **active investment contributing to business growth with the aim of becoming “Total Environmental Solutions Company,”** while also seeking to balance financial health, capital efficiency, and profit returns.
- **Shareholder returns** : We will continue to make stable dividend payments at a **payout ratio of about 35%** and obtain treasury shares flexibly.
- **Profitability improvement** : We will aim for an **operating profit margin of 13%** or higher in our long-term vision, while improving the business portfolio to focus more on profitable businesses such as Manufacturing.
- **Dialogue with shareholders/investors** : Our management will actively engage in dialogue, so they can make decisions that will contribute to enhancing corporate value.

# Management Indicators

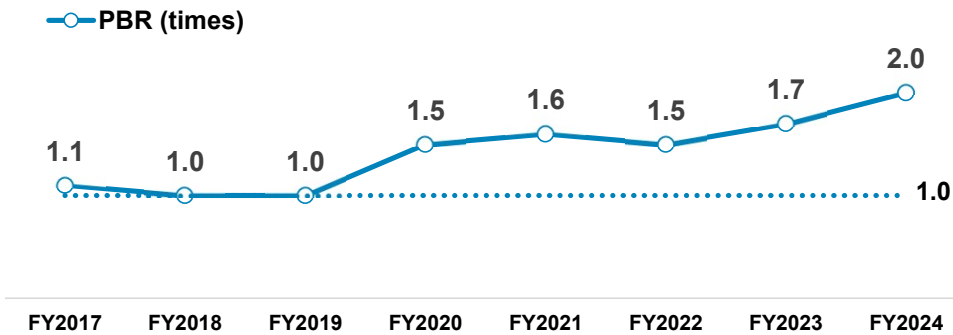
## Stock Price/Market Capitalization



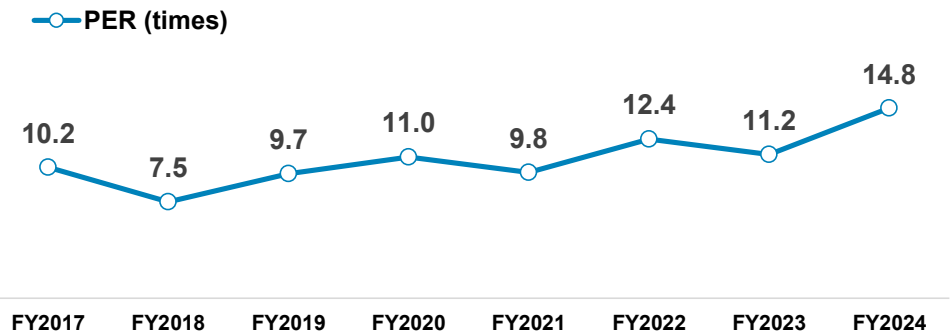
## ROE



## PBR



## PER





October 1, 2024. EBARA JITSUGYO CO.,LTD. has launched the corporate brand "Ebatens" aiming for further evolution.

心地よい環境を、未来へつなぐ。



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