

(Translation)

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

## **Materials for the 159th Ordinary General Meeting of Shareholders**

**Items among the Electronic Provision Items that are excluded pursuant to laws and regulations and the Company's Articles of Incorporation from paper-based materials delivered in response to a request for delivery of such materials**

159th Period (From January 1, 2023 to December 31, 2023)

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### **EBARA CORPORATION**

In accordance with the provisions of laws and regulations and Article 15, paragraph 2 of the Company's Articles of Incorporation, the above items are excluded from the materials in paper-based format delivered to shareholders who have made a request for delivery of such materials.

## Consolidated Statement of Changes in Equity

From January 1, 2023  
to December 31, 2023

(Millions of yen)

	Equity attributable to owners of parent					
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	
					Exchange differences on translation of foreign operations	Net change in financial assets measured at fair value through other comprehensive income
<b>As of January 1, 2023</b>	79,804	76,806	184,995	(294)	18,314	362
Changes during the period						
Comprehensive income						
Profit	–	–	60,283	–	–	–
Other comprehensive income	–	–	–	–	9,929	198
<b>Total comprehensive income</b>	–	–	<b>60,283</b>	–	<b>9,929</b>	<b>198</b>
Transactions with owners						
Dividends	–	–	(18,943)	–	–	–
Purchase of treasury shares	–	–	–	(11)	–	–
Share-based payment transactions	685	(212)	–	–	–	–
Transfer from other components of equity to retained earnings	–	–	(2,067)	–	–	32
<b>Total transactions with owners</b>	<b>685</b>	<b>(212)</b>	<b>(21,010)</b>	<b>(11)</b>	–	<b>32</b>
<b>As of December 31, 2023</b>	<b>80,489</b>	<b>76,593</b>	<b>224,267</b>	<b>(306)</b>	<b>28,243</b>	<b>592</b>

(Millions of yen)

	Equity attributable to owners of parent				Non-controlling interests	Total
	Other components of equity			Total equity attributable to owners of parent		
	Cash flow hedges	Remeasurements of defined benefit plans	Total			
<b>As of January 1, 2023</b>	(21)	–	18,655	359,966	9,758	369,725
Changes during the period						
Comprehensive income						
Profit	–	–	–	60,283	3,516	63,799
Other comprehensive income	15	(2,035)	8,107	8,107	297	8,405
<b>Total comprehensive income</b>	<b>15</b>	<b>(2,035)</b>	<b>8,107</b>	<b>68,391</b>	<b>3,814</b>	<b>72,205</b>
Transactions with owners						
Dividends	–	–	–	(18,943)	(1,875)	(20,819)
Purchase of treasury shares	–	–	–	(11)	–	(11)
Share-based payment transactions	–	–	–	472	–	472
Transfer from other components of equity to retained earnings	–	2,035	2,067	–	–	–
<b>Total transactions with owners</b>	<b>–</b>	<b>2,035</b>	<b>2,067</b>	<b>(18,482)</b>	<b>(1,875)</b>	<b>(20,358)</b>
<b>As of December 31, 2023</b>	<b>(5)</b>	<b>–</b>	<b>28,830</b>	<b>409,875</b>	<b>11,697</b>	<b>421,572</b>

## Notes to the Consolidated Financial Statements

### Significant Accounting Principles

1. Standards for the preparation of the consolidated financial statements  
The consolidated financial statements of the Company and its subsidiaries (the “Group”) have been prepared based on International Financial Reporting Standards (IFRS) pursuant to Article 120, Paragraph 1 of the Regulations on Corporate Accounting of Japan. In accordance with the latter clause of the said paragraph, some of the disclosure items required by IFRS have been omitted from these consolidated financial statements.
2. Scope of consolidation
  - (1) Number of consolidated subsidiaries and names of significant consolidated subsidiaries

Number of consolidated subsidiaries	113
Names of significant consolidated subsidiaries	Elliott Ebara Turbomachinery Corporation EBARA REFRIGERATION EQUIPMENT & SYSTEMS CO., LTD. EBARA DENSAN LTD. EBARA FAN & BLOWER CO., LTD. Ebara Environmental Plant Co., Ltd. EBARA FIELD TECH. CORPORATION EBARA HG Holdings Inc. EBARA BOMBAS AMÉRICA DO SUL LTDA. Ebara Machinery (China) Co., Ltd. EBARA MACHINERY ZIBO CO., LTD. EBARA GREAT PUMPS CO., LTD. Ebara Engineering Singapore Pte. Ltd. Vansan Makina Sanayi ve Ticaret A.Ş. Ebara Pumps Europe S.p.A. Elliot Company Elliott Ebara Singapore Pte. Ltd. EBARA REFRIGERATION EQUIPMENT & SYSTEMS (CHINA) CO., LTD. EBARA QINGDAO CO., LTD. Ebara Technologies Incorporated SHANGHAI EBARA PRECISION MACHINERY CO., LTD. Ebara Precision Machinery Korea Incorporated Ebara Precision Machinery Taiwan Incorporated Ebara Precision Machinery Europe GmbH EBARA (CHINA) CO., LTD.
  - (2) Change in scope of consolidation  
Newly established EBARA (CHINA) CO., LTD. and two other companies have been included in the scope of consolidation.  
In addition, EBARA AGENCY CO., LTD. and another company, previously consolidated subsidiaries, have been excluded from the scope of consolidation as the liquidation procedures for these companies were completed.
  - (3) Names of significant non-consolidated subsidiaries  
None
3. Equity method
  - (1) Number and name of non-consolidated subsidiaries and affiliates accounted for by equity method

Number of non-consolidated subsidiaries accounted for by equity method	
None	
Number of affiliates accounted for by equity method	1
Swing Corporation	
  - (2) Names of major non-consolidated subsidiaries and affiliates not accounted for by equity method

Non-consolidated subsidiaries not accounted for by equity method	
None	
Non-consolidated affiliates not accounted for by equity method	

Ebara Philippines Landholdings, Inc.

Reason for not applying the equity method

The non-consolidated affiliate is not accounted for by equity method owing to insignificance in volume of profit or loss and retained earnings.

(3) Fiscal year-end of affiliates accounted for by equity method

As the fiscal year-end of the equity method affiliate is on March 31, the consolidated financial statements are prepared using its non-consolidated financial statements based on a provisional settlement of accounts implemented on the consolidated fiscal year-end.

4. Fiscal year-end of consolidated subsidiaries

Among the consolidated subsidiaries, the fiscal year-end of EBARA MACHINERY INDIA PRIVATE LIMITED and 22 other companies is March 31.

The consolidated financial statements are prepared using their non-consolidated financial statements based on a provisional settlement of accounts implemented on the consolidated fiscal year-end.

5. Significant accounting policies

(1) Foreign currency translation

1) Foreign currency transactions

Foreign currency transactions are translated into each functional currency of the Group companies using exchange rates as of the transaction date. Monetary assets and monetary liabilities denominated in foreign currency are translated into functional currency at exchange rates as of the reporting date. Non-monetary assets and non-monetary liabilities measured at fair value in foreign currency are translated into functional currency at exchange rates as of the fair value measurement date. Non-monetary items measured at cost denominated in foreign currency are translated at exchange rates as of the transaction date. The amount of exchange differences on foreign currency translation are normally recognized in profit or loss and presented as finance costs. If a gain or loss on a non-monetary item is recognized in other comprehensive income, any foreign exchange component of that gain or loss is also recognized in other comprehensive income.

2) Financial statements of foreign operations

Assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisitions, are translated into the presentation currency at exchange rates as of the end of the reporting period. Revenue and costs of foreign operations are translated at the average rate for the reporting period, except for when exchange rates fluctuate significantly. Exchange differences on translation of foreign currency are recognized in other comprehensive income and accumulated in translation adjustments except for the component allocated to non-controlling interests. When all or part of foreign operations are disposed of and control, significant influence or joint control is lost, the cumulative amount of foreign currency translation adjustments related to such foreign operations are reclassified to profit or loss as part of a gain or loss on disposal. When the Group partly disposes of equity in a subsidiary but retains control, part of the cumulative amount is redistributed to non-controlling interests as appropriate. When the Group only partly disposes of an affiliate or a joint venture while retaining control, part of the cumulative amount is reclassified to profit or loss as appropriate. Revenue and costs of subsidiaries in hyperinflationary economies are translated into the presentation currency at exchange rates as of the closing dates by applying the hyperinflation accounting. Details of the hyperinflation accounting are as described in “(16) Hyperinflation adjustment.”

(2) Financial instruments

1) Non-derivative financial assets

The Group initially recognizes trade receivables on the date when they arise. The Group initially recognizes other financial assets on the transaction date when the Group becomes a party to the contractual provisions of these financial instruments.

The Group derecognizes a financial asset if the contractual rights to the cash flows from the financial asset expire, or when the Group transfers the contractual rights to receive the cash flows of the financial asset by transferring substantially all the risks and rewards of ownership of the financial asset. In transactions in which the Group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, and does not retain control of the financial asset, the Group derecognizes the asset.

The classification of financial assets and the measurement models are outlined as follows:

i) Financial assets measured at amortized cost

Financial assets which satisfy both of the following conditions are classified as financial assets measured at amortized cost:

- The objective of the entity's business model is to hold the financial asset to collect the contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

At initial recognition, financial assets measured at amortized cost are measured at their fair value plus transaction costs that are directly attributable to the acquisition. After initial recognition, impairment losses are deducted from the gross carrying amount to which the effective interest method is applied.

ii) Financial assets measured at fair value through profit or loss

Financial assets except for those measured at amortized cost are classified as financial assets measured at fair value.

Of financial assets measured at fair value, financial assets except for those classified as financial assets measured at fair value through other comprehensive income are classified as financial assets measured at fair value through profit or loss.

At initial recognition, the financial assets measured at fair value through profit or loss are measured at their fair value with the transaction costs that are directly attributable to the acquisition being recognized in profit or loss as incurred. After initial recognition, the financial assets are measured at fair value with any subsequent changes recognized in profit or loss.

iii) Financial instruments measured at fair value through other comprehensive income

Of debt instruments measured at fair value, those which satisfy both of the following conditions are classified as financial assets measured at fair value through other comprehensive income.

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

At initial recognition, financial assets measured at fair value through other comprehensive income are measured at their fair value plus transaction costs that are directly attributable to the acquisition. Interest, foreign exchange gain or loss and impairment losses are recognized in profit or loss, and other changes in fair value are recognized in other comprehensive income.

At initial recognition, entities are permitted to make an irrevocable election to present in other comprehensive income any subsequent changes in the fair value of an investment in an equity instrument that is not held for trading. Accordingly, the Group makes such a designation on an instrument-by-instrument basis and classifies it as an equity instrument measured at fair value through other comprehensive income.

At initial recognition, equity instruments measured at fair value through other comprehensive income are measured at their fair value plus transaction costs that are directly attributable to the acquisition. After the initial recognition, the equity instruments are measured at fair value with any subsequent changes recognized in other comprehensive income. If amounts measured and recognized through other comprehensive income are derecognized (or its fair value declines significantly), the accumulated amount is reclassified to retained earnings instead of profit or loss. Dividends received are recognized in profit or loss unless they clearly indicate the recovery of costs of investments.

2) Impairment of financial assets

The Group recognizes a provision for bad debts corresponding to expected credit losses on financial assets measured at amortized cost. The Group determines at the end of the reporting period whether or not credit risk has increased significantly since initial recognition. If the credit risk of a financial instrument has increased significantly since initial recognition, a provision for bad debts for such financial assets is measured at the amount equal to lifetime expected credit losses. For all other financial instruments, expected credit losses are measured at an amount equal to the 12-month

expected credit losses. Notwithstanding the above, the Group always measures the amount of provision for bad debts equal to lifetime expected credit losses for trade receivables, contract assets and lease receivables that do not contain a significant financing component.

The Group judges whether or not there is any significant increase in credit risk based on changes in the risk of a default. A default is defined as a situation where all or part of a financial asset is not reasonably expected to be collected because a debtor has a significant issue with the payment of contractual cash flows. To determine whether the risk of a default has changed or not, the Group mainly takes into account credit ratings by outside credit rating agencies and past-due information. If the Group determines the credit risk of a financial instrument is low at the end of the reporting period, the risk is deemed not to have significantly increased since the initial recognition. The Group determines that credit risk has increased significantly if the payment is in principle more than 30 days overdue. To determine changes in credit risk, the Group takes into account reasonable and supportable information available without undue cost or effort. The Group determines that there is no significant increase in credit risk if the presumption is rebuttable based on the said information.

The Group determines that the receivables are credit impaired if the debtor's financial position deteriorates considerably, and if the debtor commences legal liquidation proceedings primarily due to bankruptcy. For any debt found to be uncollectible in the future, the Group directly reduces the carrying amount of the financial asset, and also reduces the corresponding amount in the provision for bad debts. The provision for bad debts for financial assets is recognized in profit or loss. When an event occurs that reduces the provision for bad debts, its reversal is recognized in profit or loss.

The Group measures expected credit losses of a financial instrument in a way that reflects:

- i) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes,
- ii) time value of money, and
- iii) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecast of future economic conditions.

### 3) Non-derivative financial liabilities

The Group initially recognizes financial liabilities on the date when they arise, and categorizes them as either financial liabilities measured at amortized cost or financial liabilities measured at fair value through profit or loss. The categorization is determined at initial recognition. Financial liabilities are derecognized when financial debts are extinguished; in other words, when debts specified in the contracts are discharged, canceled or expired.

The classification of financial liabilities and the measurement models are outlined as follows:

#### i) Financial liabilities measured at amortized cost

At initial recognition, financial liabilities measured at amortized cost are measured at fair value minus transaction costs that are directly attributable to the issuance of the liabilities. After initial recognition, they are measured at amortized costs based on the effective interest method.

#### ii) Financial liabilities measured at fair value through profit or loss

At initial recognition, financial liabilities measured at fair value through profit or loss are measured at fair value. After initial recognition, they are measured at fair value and subsequent changes in fair value are recognized in profit or loss.

### 4) Derivatives and hedge accounting

The Group utilizes derivative transactions such as forward exchange contracts and interest rate swaps to hedge risks of fluctuation in foreign exchange and interest rates.

The Group formally designates and documents risk management objective and strategy regarding hedging relationships and hedge transactions at their inception. The document identifies the hedging instruments, items or transactions to be hedged, nature of risks to be hedged, and the methods to evaluate effectiveness of hedging instruments to offset the exposure of hedged items to changes in fair value or cash flows attributable to the risks being hedged. While the Group deems these hedging transactions are extremely effective to offset changes in fair values or cash flows attributable to the risks being hedged, assessment will be continued to determine whether they were in effect extremely effective throughout the accounting period they were designated as hedge instruments.

Derivatives are initially recognized at fair value. After initial recognition, they are measured at fair value with any subsequent changes being accounted for as follows:

i) Fair value hedges

Changes in fair value of derivatives as a hedging instrument are recognized in profit or loss. Changes in fair value of a hedged item attributable to the risk being hedged are recognized in profit or loss by adjusting the carrying amount of the hedged item.

ii) Cash flow hedges

The portion of changes in fair value of derivatives as a hedging instrument that is determined to be an effective hedge is recognized in other comprehensive income.

The amount recognized in other comprehensive income is transferred from other components of equity to profit or loss in the reporting period when the transaction being hedged affects profit or loss. However, if a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the amount recognized in other comprehensive income is accounted for as an adjustment to the initial carrying amount of the non-financial asset or non-financial liability.

If a hedging instrument expires or is sold, terminated or exercised, and the instrument no longer meets the qualifying criteria for hedge accounting even after adjusting the hedge ratio, the Group discontinues hedge accounting prospectively. If a forecast transaction is no longer expected, the amount recognized as other comprehensive income is immediately reclassified from other components of equity to profit or loss.

iii) Derivatives not designated as a hedge

Changes in fair value of such derivatives are recognized in profit or loss.

5) Offsetting financial assets and financial liabilities

A financial asset and a financial liability are presented on a net basis after offsetting only when the Group has a legally enforceable right to set off the recognized amounts, and intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(3) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, demand deposits and short-term investments that are readily convertible to certain amounts of cash with a maturity of three months or less from the date of acquisition, and are subject to an insignificant risk of changes in value.

(4) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories includes all costs of purchase, manufacturing and processing costs, and other costs incurred in bringing the inventories to their present location and condition and allocated based mainly on the weighted average method (or the moving average method for Precision Machinery). Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(5) Property, plant and equipment (excluding right-of-use assets):

1) Recognition and measurement

The Group adopts the cost model for the measurement of property, plant and equipment after recognition. It is presented at cost less any accumulated depreciation and accumulated impairment losses.

The cost of property, plant and equipment comprises any costs directly related to the acquisition, estimated costs for dismantling and removing the asset and restoring the site on which it is located, and borrowing costs attributable to a qualifying asset.

Of the expenditures incurred after the acquisition of property, plant and equipment, those for ordinary repairs and maintenance are expensed as incurred, whereas those for major replacements and improvements are capitalized only when the expenditure is expected to bring future economic benefits to the Group.



2) Depreciation

Property, plant and equipment excluding land and construction in progress are depreciated from the time when they are available for use on a straight-line basis over their respective estimated useful lives. The estimated useful lives of major property, plant and equipment are as follows:

Buildings and structures:	2 to 60 years
Machinery, equipment and vehicles:	2 to 38 years

The depreciation method, estimated useful lives and residual values are reviewed at the end of each reporting period, and revised as necessary.

(6) Goodwill and intangible assets

1) Goodwill

The Group accounts for business combinations using the acquisition method.

If the total amount of fair value of consideration paid, the amount of non-controlling interests of the acquiree, and, in case of a step acquisition, the acquisition-date fair value of equity held by the Company in the acquiree pre-acquisition exceeds the net value of identifiable assets and liabilities assumed at the acquisition date, the excess is recognized as goodwill. On the other hand, if the total amount of consideration is lower than the net value of identifiable assets and liabilities, the difference is recognized as a gain in profit or loss.

Goodwill is not amortized but tested for impairment at the same time every year and whenever there is any indication that it may be impaired. While impairment losses on goodwill are recognized in profit or loss, they are not reversed.

After initial recognition, goodwill is presented at cost less any accumulated impairment losses.

2) Intangible assets (excluding right-of-use assets):

Intangible assets acquired separately are measured at cost. The costs of intangible assets acquired through business combinations are measured at fair value on the date of the business combination.

The Group adopts the cost model for the measurement of intangible assets after recognition. It is presented at cost less any accumulated amortization and accumulated impairment losses.

Intangible assets with a finite useful life are amortized on a straight-line basis over their respective estimated useful lives. The estimated useful lives of major intangible assets are as follows:

Software for internal use	5 years
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Intangible assets with an indefinite useful life and those not yet available for use are not amortized, but are tested for impairment at the same time every year and whenever there is an indication of impairment.

The depreciation method and useful lives are reviewed at the end of each reporting period, and revised as necessary.

(7) Leases

(Lessee)

The Group recognizes right-of-use assets and lease obligations at the commencement date of the lease. The Group assesses whether the contract is, or contains, a lease based on the substance of the contract even if it does not have a legal form of a lease. The lease term is determined as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease (if the Group is reasonably certain to exercise that option) and periods covered by an option to terminate the lease (if the Group is reasonably certain not to exercise that option).

Right-of-use assets are initially measured at cost. The cost of the right-of-use asset comprises the amount of the initial measurement of the lease obligation adjusted for any lease payments made at or before the commencement date, less any lease incentives received, with the addition of any initial direct costs incurred by the lessee and an estimate of costs to be incurred by the lessee in dismantling and removing

the underlying asset, restoring the underlying asset or the site on which it is located.

After initial measurement, the right-of-use asset is depreciated on a straight-line basis from the commencement date to the earlier of the end of the useful life of the underlying asset or the end of the lease term. The estimated useful life of the right-of-use asset is determined in the same way as for property, plant and equipment held by the Company.

Lease obligations are initially measured at the present value of the lease payments that are not paid at the commencement date discounted at the interest rate implicit in the lease. If the interest rate implicit in the lease cannot be readily determined, the Company and the Group as lessee use their incremental borrowing rate. Generally, the Company and the Group use the incremental borrowing rate as a discount rate.

Lease obligations are remeasured if there is a change in future lease payments resulting from a change in an index or a rate, if there is a change in the amounts expected to be payable under a residual value guarantee, if there is a change in the assessment on whether to exercise an option to purchase the underlying asset, to extend or terminate the lease, or if there is a change in the lease term, such as a revision to the non-cancellable period. In these remeasurements of lease obligations, corresponding adjustments are made to the carrying amount of right-of-use assets, or recognized in profit or loss if the carrying amount of right-of-use assets is reduced to zero.

Right-of-use assets and lease obligations are presented in the consolidated statement of financial position under "Property, plant and equipment" and under "Bonds, borrowings and lease obligations," respectively.

Short-term leases and leases of low-value assets

The Group has elected not to recognize right-of-use assets or lease obligations for short-term leases with a lease term of 12 months or less and leases of low-value assets. The Group expenses lease payments for these leases on a straight-line basis over the lease term.

(Lessor)

For operating lease transactions, the Group recognizes underlying assets in the consolidated statement of financial position, and recognizes lease payments received as profit in the consolidated statement of profit or loss on a straight-line basis over the lease term.

#### (8) Impairment of non-financial assets

The Group assesses whether there is any indication of impairment on non-financial assets such as property, plant and equipment and intangible assets.

If there is an indication of impairment, the Group measures the recoverable amount of each individual asset or cash-generating unit. Further, the Group does not amortize goodwill, intangible assets with indefinite useful lives, or intangible assets not yet available for use, but instead performs an impairment test at the same time every fiscal year and whenever there is an indication of impairment.

In performing the impairment test, the Group aggregates the assets to the smallest group of assets that generates cash inflows from continuing use that are largely independent of those from other assets or groups of assets. As the Group's corporate assets do not generate independent cash inflows, if there is an indication that a corporate asset may be impaired, the recoverable amount is estimated for the cash-generating unit that includes the corporate asset.

The recoverable amount is determined at the higher of its value in use and its fair value less costs of disposal. The value in use is determined at the present value of the estimated future cash flows discounted at the pre-tax discount rate that reflects the time value of money and the risks specific to the asset.

If the carrying amount of an individual asset or a cash-generating unit exceeds the recoverable amount, an impairment loss is recognized in profit or loss, and the carrying amount of the asset is reduced to the recoverable amount. An impairment loss recognized for a cash-generating unit is first allocated to reduce the carrying amount of goodwill included in the cash-generating unit, and then the carrying amount of other assets in the cash-generating unit is reduced proportionately.

An impairment loss for goodwill is not reversed. An impairment loss for non-financial assets other than goodwill is reversed if there is an indication that the impairment loss may no longer exist or may have

been reduced and the recoverable amount exceeds the carrying amount after write-down. In reversing the impairment loss, the difference between the recoverable amount and the carrying amount is recognized in profit or loss within a range that does not exceed the carrying amount had no impairment losses been recognized for the asset in prior periods.

(9) Employee benefits

1) Post-employment benefits  
(Defined benefit plans)

The Group calculates defined benefit obligations by estimating the amount of future benefits which employees earned as consideration for services provided in the prior and current fiscal years, and then discounting the estimated amount to the present value. The discount rate is determined by reference to market yields at the end of the fiscal year on high quality corporate bonds with more or less the same maturity as the Group's defined benefit obligations.

Retirement benefit asset or retirement benefit liability is recognized at the present value of defined benefit obligations less the fair value of plan assets (including adjustment of the plan asset ceiling). Service cost and net interest on net defined benefit liability (asset) are recognized in profit or loss.

An increase or a decrease arising from remeasurements of defined benefit plans is recognized at a lump sum in other comprehensive income for the period it was incurred and immediately transferred to retained earnings. Past service cost is fully recognized in profit or loss as incurred.

(Defined contribution plans)

The Group expenses the amount of contributions payable to defined contribution plans when the employees provide relevant services.

2) Short-term employee benefits

The Group expenses short-term employee benefits at the time when the employees provide relevant services, without discounting them.

The Group recognizes bonuses and paid leave costs as a liability at an estimated amount payable under these plans if it has legal or constructive obligations and the amount can be reliably estimated.

3) Other long-term employee benefits

Net obligation to the Group's long-term employee benefit is the amount of future benefits which the employees earned as consideration for services provided in prior and current fiscal years. The amount is discounted to the present value. The difference arising from remeasurements is recognized in profit or loss in the period incurred.

(10) Share-based payment transactions

The Company adopts the following share-based payment plan as an incentive to its Directors, Executive Officers and employees.

(Stock option plan)

Stock options are calculated based on the fair value as of their dates of grant. They are expensed over the vesting period reflecting the final number of stock options expected to be vested, and the same amount is recognized as an increase in equity. The fair value of a stock option is computed using the Black-Scholes model.

(Restricted stock compensation and performance-linked stock compensation scheme)

The Company has introduced share-based compensation schemes that are equity-settled and cash-settled with the aim of raising the motivation for contributing to the sustainable growth of corporate value and sharing value with the shareholders.

For equity-settled share-based compensation, the consideration for services received is measured by reference to the fair value of shares of the Company to be granted. The amount of consideration for services determined is recognized as an expense in profit or loss with the corresponding amount recognized as an increase in equity.

For cash-settled share-based compensation, the fair value of payment is recognized as a liability, and the change in fair value of the liability is recognized in profit or loss over the period up to the vesting of an

unconditional right to receive payments.

(11) Provisions

A provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

The amount of a provision is determined by discounting the estimated future cash flows to the present value at the pre-tax rate that reflects the time value of money and the risks specific to the liability. Any increase in the provision reflecting the effect of the passage of time is recognized as finance costs.

(12) Revenue

For contracts with customers, the Group recognizes revenue based on the following five-step approach.

Step 1: Identify the contract(s) with the customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies performance obligations

The Group is engaged in manufacturing, sales, construction, maintenance, and other activities in its Building Service & Industrial, Energy, Infrastructure, Environmental Solutions, and Precision Machinery segments.

1) Building Service & Industrial, Energy, and Infrastructure segments

The Building Service & Industrial segment is engaged in manufacturing, sales, construction and maintenance services related primarily to standard pumps (surface pumps, submersible pumps, and booster pumps), heating and cooling equipment, and blowers.

The Energy segment is engaged in manufacturing, sales, construction and maintenance services related primarily to custom pumps (boiler feed pumps), compressors, turbines and other products.

The Infrastructure segment is engaged in manufacturing, sales, construction and maintenance services related primarily to custom pumps (agricultural pumps, drainage pumps, water and sewage pumps), tunnel fans and other products.

For the manufacture and sale of products in the Building Service & Industrial, Energy, and Infrastructure segments, based on a comprehensive assessment of indicators of the transfer of control, such as legal title of the product, physical possession of the product, transfer of significant risks and rewards of ownership of the product to a customer, and the right to receive payment from a customer, the Group determines that control of the products is transferred to the customer and the performance obligation is satisfied primarily at the time of delivery or inspection of the products.

For construction and maintenance contracts in the Building Service & Industrial, Energy, and Infrastructure segments, the Group recognizes revenue primarily if one of the following criteria is met and as performance obligation is satisfied over time, because control of the product or service is transferred over time.

- (i) The customer simultaneously receives and consumes the benefits provided by the Group's performance at the same time as the Group performs;
- (ii) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (iii) the Group's performance does not create an asset with an alternative use to the Group, and the Group has an enforceable right to payment for performance completed to date.

If the result of the performance obligation can be reasonably measured, revenue is recognized over the construction period based on the progress rate for fulfillment of the performance obligation estimated as of the end of the reporting period. The progress rate is calculated based on the ratio of the actual cost to the estimated total cost (input method). If the outcome of the performance obligation cannot be reasonably measured, but the Group expects to recover the cost of satisfying the performance obligation, the Group faithfully depicts its performance by recognizing sales only to the extent of the cost incurred.

2) Environmental Solutions segment

The Environmental Solutions segment is engaged in manufacturing, sales, construction, and maintenance services related to municipal waste incineration plants and industrial waste incineration plants.

For the manufacture and sale of products in the Environmental Solutions segment, based on a comprehensive assessment of indicators of the transfer of control, such as legal title of the product, physical possession of the product, transfer of significant risks and rewards of ownership of the product to a customer, and the right to receive payment from a customer, the Group determines that control of the products is transferred to the customer and the performance obligation is satisfied primarily at the time of delivery or inspection of the products.

For construction and maintenance contracts in the Environmental Solutions segment, the Group transfers control of a product or service over time and, therefore, satisfies a performance obligation over a certain period of time and recognizes revenue over time, if one of the following criteria is met.

- (i) The customer simultaneously receives and consumes the benefits provided by the Group's performance at the same time as the Group performs;
- (ii) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (iii) the Group's performance does not create an asset with an alternative use to the Group, and the Group has an enforceable right to payment for performance completed to date.

If the result of the performance obligation can be reasonably measured, revenue is recognized over the construction period based on the progress rate for fulfillment of the performance obligation estimated as of the end of the reporting period. The progress rate is calculated based on the ratio of the actual cost to the estimated total cost (input method). If the outcome of the performance obligation cannot be reasonably measured, but the Group expects to recover the cost of satisfying the performance obligation, the Group faithfully depicts its performance by recognizing sales only to the extent of the cost incurred.

3) Precision Machinery segment

The Precision Machinery segment is engaged in manufacturing, sales, and maintenance services related primarily to vacuum pumps, CMP systems, coating systems, and exhaust abatement systems.

For the manufacture and sales of products in the Precision Machinery segment, based on a comprehensive assessment of indicators of the transfer of control, such as legal title of the product, physical possession of the product, transfer of significant risks and rewards of ownership of the product to a customer, and the right to receive payment from a customer, the Group determines that control of the products is transferred to the customer and the performance obligation is satisfied primarily at the time of delivery or inspection of the products.

Revenue is measured at the amount of consideration promised in the contract with a customer, by deducting discounts, late fees, and other charges. For variable consideration, including variable discounts, the amount of consideration is estimated using all reasonably available information, and revenue is recognized only to the extent that it is highly probable that a significant reversal will not occur. Furthermore, the Group does not adjust the interest rate component of the consideration because it expects that, at the inception of the contract, the period between the time when the goods or services are transferred to the customer and the time when the customer pays the consideration is one year or less, applying practical expedients under IFRS 15 "Revenue from Contracts with Customers."

If multiple performance obligations are identified in the contract, the transaction amount is allocated to each performance obligation, mainly at a ratio of observable standalone selling price.

(13) Income taxes

Income tax expense is shown as the aggregate amount of current tax and deferred tax.

Current tax is measured at the amount expected to be paid to, or recovered from the taxation authorities, using the tax rates that have been enacted or substantively enacted by the end of the reporting period. These are recognized under the profit or loss of the fiscal year under review, excluding items associated with a business combination and those recognized directly under equity or other comprehensive income.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are measured based on a temporary difference which is the difference between the carrying amount of assets and liabilities, and the tax base of assets and liabilities, and based on losses carried forward. Deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which the deductible temporary differences, tax loss carried forward and tax credit carried forward, can be utilized.

Deferred tax assets and liabilities are not recognized for temporary differences arising from the initial recognition of an asset/liability other than in a business combination which, at the time of the transaction, does not affect either the accounting or taxable income and does not give rise to equal taxable and deductible temporary differences. Further, deferred tax liabilities are not recognized for taxable temporary differences arising from the initial recognition of goodwill.

Taxable temporary differences related to investments in subsidiaries and affiliates are recognized as deferred tax liabilities. However, deferred tax liabilities are not recognized if the Group can control the timing of the reversal of temporary differences and it is probable that the differences will not reverse in the foreseeable future. Deferred tax assets are also recognized for deductible temporary differences associated with investments in subsidiaries and affiliates, but only to the extent that the Group is able to control the timing of the reversal of the differences, and it is probable that the reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority.

The Company and some of its consolidated subsidiaries have applied the group tax sharing system.

From the current fiscal year, the Group has applied the “International Tax Reform–Pillar Two Model Rules (Amendments to IAS 12)” published in May 2023. The amendments provide for an exception which temporarily allows an entity to not recognize and not disclose information about deferred tax assets and liabilities arising under the taxation system related to the pillar two model rules published by the Organisation for Economic Co-operation and Development (OECD). The Group has applied this exception, and as such does not recognize or disclose information about deferred tax assets and liabilities related to income taxes based on the OECD two pillar model rules.

(14) Borrowing costs

For an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, borrowing costs directly attributable to acquisition, construction or production of such asset are capitalized as part of the cost of that asset. All other borrowing costs are recognized as an expense in the period in which they are incurred.

(15) Earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to common shareholders of the parent, by the weighted average number of common shares outstanding during the period, adjusted for treasury shares during the period. Diluted earnings per share is calculated after adjusting for the effect of dilutive potential shares.

(16) Hyperinflation adjustment

For subsidiaries in hyperinflationary economies, non-monetary items stated at cost such as goodwill and intangible assets are restated using a conversion factor based on their date of acquisition. Monetary and non-monetary items stated at current cost are not restated because they are considered to be expressed in terms of the measuring unit as of the end of the reporting period.

The effects of restatement of non-monetary items and translation at spot exchange rates are presented as exchange differences on translation of foreign operations through other comprehensive income. The effects of inflation on the net monetary position are presented as finance income or finance costs.

## Notes to Accounting Estimates

### 1. Revenue recognition

Revenue is recognized mainly for construction and maintenance contracts in the businesses of various pumps, compressors and turbines, and heating and cooling equipment of the Building Service & Industrial, Energy, and Infrastructure segments as well as in the Environmental Solutions segment, as control of goods or services is transferred over time and therefore performance obligation is satisfied over time. The input method is used to measure progress towards complete satisfaction of a performance obligation, if the outcome of a performance obligation can be reliably determined and measured at the ratio of costs incurred relative to total estimated costs.

Preconditions in estimates and measurement are reviewed as necessary, and the initial estimate may be amended as a result of incurring additional cost, changes in contract amounts, or for other reasons, and may significantly impact the amount recognized in the consolidated financial statements.

As of December 31, 2023, the carrying amount of contract assets was ¥99,901 million.

### 2. Recoverability of deferred tax assets

Recoverability of deferred tax assets are regularly examined and deferred tax assets are recorded reflecting future estimated taxable income and feasible tax planning, to the extent that it is probable that taxable income will be available against which deductible temporary differences, tax losses carried forward and tax credit carried forward can be utilized. The timing of incurring future taxable income and its amount for assuming estimates are measured based on the business plan approved by the management, but such assumptions may fluctuate due to factors such as the business results at that time. Therefore recoverability will be reviewed to adjust deferred tax assets in the event of any factors that affect these estimates, and may significantly impact the amount of deferred tax assets recognized in the consolidated financial statements.

As of December 31, 2023, the carrying amount of deferred tax assets was ¥17,656 million.

### 3. Accounting procedure and evaluation of provisions

The Group records provisions such as those for warranties on completed construction and for loss on construction contracts. These provisions are recognized if the Group has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

Assumptions used to measure such provisions may be affected by changes in uncertain economic conditions in the future, and may significantly impact the amount of provisions recognized in the consolidated financial statements over the future.

As of December 31, 2023, the carrying amount of provisions was ¥14,721 million.

### 4. Defined benefit liability

The Group calculates defined benefit obligations by estimating the amount of future benefits which employees earned as consideration for services provided in the prior and current fiscal years, and then discounting the amount to the present value. The discount rate is a significant actuarial assumption determined by reference to market yields at the end of the fiscal year on high quality corporate bonds with more or less the same maturity as the Group's defined benefit liability.

Other actuarial assumptions include estimated rates of retirement, mortality and salary increase. Such actuarial assumptions may be affected mainly by changes in the future economic environment or social trends, and any reviews of the assumptions may significantly impact the value of defined benefit liability recognized in the consolidated financial statements.

As of December 31, 2023, the carrying amounts of retirement benefit assets and liabilities were ¥5,346 million and ¥7,967 million, respectively.

### 5. Impairment of non-financial assets

The Group assesses non-financial assets such as property, plant and equipment as well as goodwill and intangible assets for indication of impairment. If there is an indication of impairment, the Group measures the recoverable amount of each individual asset or cash-generating unit. Further, goodwill or intangible assets with indefinite useful lives and those not yet available for use are tested for impairment at the same time every fiscal year and whenever there is an indication of impairment. The Group uses certain assumptions on factors such as future cash flows, discount rates and growth rates for calculating recoverable amounts in impairment testing.

Although these assumptions are determined by the management's best estimate and judgment, it may be affected by factors such as changes in uncertain economic conditions in the future and changes in the business plan, and any reviews to the plans may significantly impact the consolidated financial statements.



As of December 31, 2023, the carrying amounts of property, plant and equipment as well as goodwill and intangible assets were ¥175,882 million and ¥50,381 million, respectively.

Regarding COVID-19, efforts to balance infection prevention measures and economic activities envisaging life with COVID-19 continue, and demand for social and industrial infrastructure is recovering.

The Group made accounting estimates assuming that COVID-19 will have only limited impact on the Group's business and that in the following fiscal year, the business environment will remain steady as well.

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

## Notes to the Consolidated Statement of Financial Position

1. Pledged assets and related liabilities	
(1) Pledged assets	
Buildings and structures	¥1,264 million
Others	¥1,156 million
Total	<u>¥2,421 million</u>
(2) Liabilities related to the collateral	
None	
2. Accumulated depreciation of property, plant and equipment	¥284,383 million
3. Commitments and contingent liabilities	
(1) Loans guaranteed to employees	¥ 9 million
(2) Loans guaranteed to non-consolidated subsidiaries and affiliates	
None	
(3) Loans guaranteed to The Ebara Hatakeyama Memorial Foundation (a public interest incorporated foundation)	¥1,544 million
4. Bad debt expense directly deducted from balances of assets	
(1) Trade receivables and other receivables	¥3,071 million
(2) Other financial assets	¥4,025 million

### 5. Contingent liabilities

(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 (received on July 25, 2019). On July 17, 2020, the amount of the compensation claim for damages was amended to ¥4,582 million and late charges for such compensation (received on July 20, 2020), and on August 10, 2021, the compensation claim for damages was amended to ¥4,692 million and late charges for such compensation (received on August 25, 2021). On May 31, 2023, the Gifu District Court ordered EEP to pay ¥748 million and the late charges for such compensation at a rate of 5% per annum for the period from October 23, 2015 to the settlement of such compensation and handed down a decision to dismiss Gifu City’s other claims. On June 12, 2023, EEP appealed to the Nagoya High Court against the part of the rulings that upheld Gifu City’s claims as well as the part of the rulings that did not accept EEP’s arguments. 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.

## Notes to the Consolidated Statement of Changes in Equity

### 1. Type and number of shares outstanding

Type of shares	Number of shares at the beginning of the fiscal year	Increase	Decrease	Number of shares at the end of the fiscal year
Common shares	92,086,015	263,067	—	92,349,082

Note: The increase of 263,067 shares outstanding consists of an increase of 50,200 shares due to the exercise of share acquisition rights, an increase of 35,667 shares due to the issuance of new shares as restricted share-based payment transactions, and an increase of 177,200 shares due to the issuance of new shares as performance-linked stock compensation.

### 2. Dividends

#### (1) Payment of dividends

Date of resolution	Type of shares	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
March 29, 2023 at the Ordinary General Meeting of Shareholders	Common shares	9,942	108	December 31, 2022	March 30, 2023
August 14, 2023 at the Board of Directors meeting	Common shares	9,000	97.5	June 30, 2023	September 13, 2023

#### (2) Dividends with record dates falling in the fiscal year under review but whose effective dates falls in the following fiscal year

The Company plans to propose dividends on common shares as follows at the Ordinary General Meeting of Shareholders to be held on March 27, 2024:

Date of resolution	Type of shares	Total dividends (Millions of yen)	Dividend resource	Dividends per share (Yen)	Record date	Effective date
March 27, 2024 at the Ordinary General Meeting of Shareholders	Common shares	12,140	Retained earnings	131.5	December 31, 2023	March 28, 2024

### 3. Type and number of shares underlying share acquisition rights (excluding those prior to arrival of exercise period)

Share acquisition rights	Common shares	139,100 shares
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## Notes to Financial Instruments

### 1. Status of financial instruments

The Group is exposed to financial risks (credit risk, liquidity risk, and market risk) that may arise in the course of its business activities. In order to avoid or mitigate such financial risks, we manage risks in accordance with certain policies. In addition, the Group's policy is to use derivatives to avoid risk, and not to for speculative purposes.

#### (1) Management of credit risk

The Group's trade receivables are exposed to customer credit risk. In order to mitigate such risk, the Company and its consolidated subsidiaries follow their internal regulations, regularly monitor the conditions of principal counterparties and manage the collection status and balances by entity to early identify and mitigate collectability concerns due to a decline in their financial condition. The Group secures collateral for transactions with some of the counterparties. The Group manages credit risk so that it is not excessively concentrated on a specific counterparty.

#### (2) Management of liquidity risk

The Group manages liquidity risk, which is the risk of default in fulfilling obligations under financial liabilities by cash or other financial assets, by having the Company's finance division prepare and update cash flow plans based on reports from each department as well as maintaining an adequate scale of liquidity on hand in accordance with the status of its business. In addition, to cover financial risk, we secure alternative liquidity mainly by executing commitment line contracts. To improve funding efficiency in the Group, funds are concentrated to the Company under a cash management system (CMS).

#### (3) Management of market risk

##### 1) Foreign exchange risk

The Company operates business globally, and the resulting trade receivables and payables denominated in foreign currencies are exposed to foreign exchange risk. The Group hedges the exposure to risk mainly of the net position of foreign currency-denominated receivables and payables by using derivatives such as foreign currency forward contracts.

The Group manages exposure to risks including those of its consolidated subsidiaries based on internal Financial Instruments Management Regulations.

##### 2) Interest-rate risk

The Group's interest-bearing debts that have floating interest rates are exposed to interest-rate risk. To mitigate the interest-rate risk, the Group balances the fixed and floating interest rates of borrowings appropriately and uses derivatives such as interest-rate swaps as necessary.

##### 3) Stock price fluctuation risk

Equity financial instruments held by the Group are principally stocks in business partners and are exposed to market price fluctuation risk. For equity financial instruments, the Group regularly confirms the market prices and the financial condition of the issuers (counterparties). In addition, for bonds other than those held to maturity, the Group constantly reviews the rationale of holding them based on the relationship with the counterparty.

### 2. Fair value of financial instruments

The carrying amount and fair value of financial instruments as of December 31, 2023, the Group's closing date in the fiscal year under review, are as follows:

	Carrying amount	Fair value
(1) Cash and cash equivalents	148,059	148,059
(2) Trade and other receivables	163,363	163,302
(3) Other financial assets	10,372	9,967
(4) Trade and other payables	172,368	172,368
(5) Bonds and borrowings	124,760	122,528
(6) Other financial liabilities	1,253	1,252

### 3. Fair value information by level within the fair value hierarchy of financial instruments

Financial instruments measured at fair value are classified into one of the following three levels of fair values

determined based on the observability of inputs to valuation techniques used in the measurement.

- Level 1 Fair values measured at quoted prices in active markets for identical assets and liabilities
- Level 2 Fair values measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 Fair values measured using inputs not based on observable market data for the asset or liability.

Financial assets and liabilities measured at fair value in the consolidated statement of financial position  
(Millions of yen)

	Fair value			
	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Financial assets measured at fair value through other comprehensive income				
Other financial assets (shares)	128	–	2,653	2,781
Financial assets measured at fair value through profit or loss				
Other financial assets (membership rights)	–	231	–	231
Other financial assets (investment in investment limited partnerships)	–	–	488	488
Derivative assets	–	126	–	126
<b>Total</b>	<b>128</b>	<b>358</b>	<b>3,142</b>	<b>3,628</b>
<b>Financial liabilities</b>				
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	–	141	–	141
Contingent considerations	–	–	525	525
<b>Total</b>	<b>–</b>	<b>141</b>	<b>525</b>	<b>666</b>

Note: Methods of measuring the fair value of financial instruments

- (1) Financial instruments measured at amortized cost  
Methods for measuring major financial instruments measured at amortized cost are as follows:
  - 1) Cash and cash equivalents  
Because these items are settled within short periods, their carrying amounts approximate their fair values.
  - 2) Trade receivables  
Trade receivables are categorized into certain periods and discounted per item taking into account the period to maturity and credit risk.
  - 3) Other receivables, and trade and other payables  
Because these items are settled within short periods, their carrying amounts approximate their fair values.
  - 4) Other financial assets and other financial liabilities  
The fair values of non-current items are calculated by estimating their future cash flows and discounting them to their present value using a discount rate that takes into account credit risk. Because current items are settled within short periods, their carrying amounts approximate their fair values.
  - 5) Bonds and borrowings  
The fair values of bonds and long-term borrowings with a contract term of over one year are calculated based on the present value which is the sum of principal amount discounted at an assumed interest rate for a similar new borrowing.

For the fair value hierarchy of financial instruments measured at amortized cost, bonds and borrowings are classified as Level 2 and other financial assets and other financial liabilities are classified primarily as Level 3. The fair values relating to the financial instruments classified as Level 3 are measured in accordance with relevant internal rules. In measuring fair values, valuation techniques and inputs are adopted that most appropriately reflect the nature, characteristics, and risks of the financial instruments being measured.

(2) Financial instruments measured at fair value

The methods for measuring major financial instruments measured at fair value are as follows:

1) Shares

Shares are included in other financial assets and are classified as equity instruments measured at fair value through other comprehensive income. As for shares, those classified as Level 1 of the fair value hierarchy are quoted prices of listed shares in active markets. Those classified as Level 2 are unlisted shares and are evaluated using observable market data. Those classified as Level 3 are unlisted shares measured mainly using the valuation model based on net assets (a method to measure corporate value based on the net assets of the issuer adjusted as necessary depending on market value evaluation) or using fair values based on recently obtained appraisal reports by external appraisers (use valuation techniques including the comparable transaction multiple method).

2) Membership rights

Membership rights are included in other financial assets and are classified as financial assets measured at fair value through profit or loss. Their fair value is mainly based on quoted market prices.

3) Investment limited partnerships

Investment in investment limited partnerships is included in other financial assets and is calculated based on the amount equivalent to equity held in the partnership assets.

4) Derivative assets and derivative liabilities

Derivative assets and derivative liabilities are included in other financial assets and other financial liabilities, respectively, and are classified as financial assets and financial liabilities measured at fair value through profit or loss. Derivatives are mainly transactions related to foreign exchange contracts and interest rate swaps, and their fair values are calculated based on observable market data presented by counterparty financial institutions.

5) Contingent considerations

Contingent considerations are included in other financial liabilities and are classified as financial liabilities measured at fair value through profit or loss. The fair value is calculated by estimating the amount of considerations to be paid, taking into account future operating results and other relevant factors.

### Notes to Per Share Data

1. Equity attributable to owners of parent per share	¥4,439.60
2. Basic earnings per share	¥653.64

### Notes on Revenue Recognition

Details of revenue recognition are as described in “Significant Accounting Principles, 5. Significant accounting policies, (12) Revenue.”

#### 1. Disaggregation of revenue

The Group has five reportable segments: Building Service & Industrial, Energy, Infrastructure, Environmental Solutions, and Precision Machinery. The relation between the revenue disaggregated by business and revenue from each reportable segment is as follows. The amount of revenue recognized from other sources was not material.

Reportable segments Business	(Millions of yen) Fiscal year ended December 31, 2023
Building Service & Industrial	222,181
Energy	167,229
Infrastructure	50,178
Environmental Solutions	71,540
Precision Machinery	246,998
Others	1,199
Total	759,328

Note: Above amounts are exclusive of intra-group transactions.

#### 2. Contract balance

The balance of receivables from contracts with customers, contract assets, contract liabilities, and refund liabilities is as follows:

	(Millions of yen) As of December 31, 2023
Receivables from contracts with customers	160,280
Contract assets	99,901
Contract liabilities	92,918
Refund liabilities	55

Consideration for receivables from contracts with customers is mostly received within one year after fulfilling performance obligations in accordance with payment conditions set forth separately. Receivables from contracts with customers are recognized in “Trade and other receivables” on the consolidated statement of financial position.

Contract assets consist primarily of the rights to consideration to be received in exchange for the fulfilled portion of contract obligations, which is measured based on the progress of such obligations at the end of the reporting period for construction contracts, excluding receivables. Contract assets will be transferred to receivables once the Group’s rights to consideration become unconditional in which only the passage of time is required before payment of the consideration is due.

An impairment loss recognized on receivables from contracts with customers and contract assets during the fiscal year ended December 31, 2023 was ¥177 million.

Contract liabilities are recognized primarily for the portion for which consideration has been received from the

customer but the performance obligation has not been satisfied. Contract liabilities increase when the Company receives consideration from customers before the transfer of goods or services to customers, and decrease when performance obligations have been fulfilled.

Of the revenue recognized during the fiscal year ended December 31, 2023, the amount included in the beginning balance of contract liabilities was ¥52,925 million.

The amount of variable consideration is measured against discounts, late charges, etc. to the extent that it is highly probable that no significant reversals of the accumulated amount of recognized revenue will occur, using all the information that is reasonably available to estimate the amount of consideration.

The amount of revenue recognized from performance obligations satisfied in prior periods was immaterial.

### 3. Transaction prices allocated to remaining performance obligations

Transaction prices allocated to unsatisfied performance obligations are as follows. There are no material amounts of consideration arising from contracts with customers that are not included in the transaction price.

(Millions of yen)	
Reportable segments	As of December 31, 2023
Building Service & Industrial	60,693
Energy	210,159
Infrastructure	67,409
Environmental Solutions	346,965
Precision Machinery	205,462
Others	33
Total	890,723

These transactions mainly fall under long-term comprehensive contracts for custom pumps as well as compressors and turbines in the Building Service & Industrial, Energy, and Infrastructure segments, as well as such contracts in the Environmental Solutions segment, and most of them are related to construction contracts that satisfy performance obligations over a long period of time exceeding one year. Unsatisfied performance obligations in each reportable segment are largely expected to be completed and recognized as revenue within the following periods from the end of each fiscal year.

Building Service & Industrial, Energy, and Infrastructure: within 3 years

Environmental Solutions: within 20 years

Precision Machinery: within 1 year

### 4. Assets recognized from costs to obtain or fulfill contracts with customers

Of the incremental costs incurred to obtain contract with customers and the costs to fulfill contracts that are related directly to the contracts, the Group recognizes the portion that it believes is collectible as assets, and records such portion as other assets in the consolidated statement of financial position. The incremental costs incurred to obtain contracts refer to the costs that the Group has incurred to obtain contracts with customers but would not have incurred if the contract had not been obtained.

The incremental costs incurred to obtain contracts that are capitalized at the Group are primarily sales commissions paid to distributors to acquire sale contracts. The costs incurred to fulfill contracts are primarily bid preparation expenses and expenses required for development and research activities prior to public announcement. If the amortization period of the asset to be recognized is one year or less, the incremental cost of obtaining contracts is expensed as incurred, using the practical expedient.

(Millions of yen)	
As of December 31, 2023	
Assets recognized from costs to obtain contracts	132
Assets recognized from costs to fulfill contracts	-
Total	132



These assets are amortized based on the pattern of transfer to customers of goods and services related to applicable construction contracts. The amount of amortization attributable to assets recognized from the contract costs during the fiscal year ended December 31, 2023 was ¥165 million.

**Notes on Significant Subsequent Events**

None

### Non-consolidated Statement of Changes in Net Assets

From January 1, 2023  
to December 31, 2023

(Millions of yen)

	Shareholders' equity					
	Share capital	Capital surplus		Retained earnings		
		Legal capital surplus	Total capital surplus	Other retained earnings Reserve for purchase of specified shares	Retained earnings brought forward	Total retained earnings
<b>Balance at beginning of period</b>	79,804	83,732	83,732	75	137,611	137,686
<b>Changes during period</b>						
Issuance of new shares	685	685	685			
Dividends of surplus					(18,943)	(18,943)
Profit					44,771	44,771
Purchase of treasury shares						
<b>Total changes during period</b>	685	685	685	-	25,828	25,828
<b>Balance at end of period</b>	80,489	84,417	84,417	75	163,440	163,515

(Millions of yen)

	Shareholders' equity		Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity		
<b>Balance at beginning of period</b>	(136)	301,086	459	301,546
<b>Changes during period</b>				
Issuance of new shares		1,370	(122)	1,247
Dividends of surplus		(18,943)		(18,943)
Profit		44,771		44,771
Purchase of treasury shares	(11)	(11)		(11)
<b>Total changes during period</b>	(11)	27,186	(122)	27,064
<b>Balance at end of period</b>	(148)	328,273	336	328,610

## Notes to the Non-consolidated Financial Statements

### Significant Accounting Principles

1. Valuation standards and valuation methods of assets
  - (1) Valuation standards and valuation methods of securities
    - Securities
      - Held-to-maturity securities
        - Amortized cost method (Straight line method)
      - Shares of subsidiaries and associates
        - Gross average cost method
      - Other securities
        - Items other than shares, etc. without a market price
          - Fair value method (Unrealized gains or losses, net of tax, are credited or debited to net assets as shown in the balance sheet. Cost of securities sold is determined using the gross average cost method.)
        - Shares, etc. without a market price
          - Gross average cost method
    - (2) Valuation standards and valuation methods of derivatives
      - Derivatives
        - Fair value method
    - (3) Valuation standards and valuation methods of inventories
      - Inventories
        - Merchandise and finished goods as well as raw materials and supplies
          - Gross average cost method, except for in the Precision Machinery segment, which employs the moving average method. (Book value is written down in line with decline in profitability.)
        - Work in process
          - Specific identification cost method. (Book value is written down in line with decline in profitability.)
  2. Depreciation method of non-current assets
    - (1) Property, plant and equipment (except leased assets)
      - The straight-line method is used.
      - Minor assets acquired at prices ranging from ¥100,000 to less than ¥200,000 are amortized in a lump sum equally over a three-year period as specified in the Japanese Corporation Tax Act.
    - (2) Intangible assets (except leased assets)
      - Intangible assets are amortized on a straight-line basis, according to the criteria specified in the Japanese Corporation Tax Act.
      - Software used in the Company is amortized on a straight-line basis for the estimated useful life of five years.
    - (3) Leased assets
      - Leased assets under finance lease transactions that do not transfer ownership of the asset to the lessee are depreciated on a straight-line basis over the lease term with a residual value of zero.
  3. Standards for allowances and provisions
    - (1) Allowance for doubtful accounts
      - Allowance for doubtful accounts is provided based on past experience for normal receivables and on a separate estimate of the collectability of receivables from individual companies in financial difficulty.
    - (2) Provision for bonuses
      - A provision for bonuses is recorded based on the expected amount to be paid.
    - (3) Provision for bonuses for directors (and other officers)
      - A provision for bonuses for directors (and other officers) is recorded in an amount deemed to be incurred

at the fiscal year-end.

(4) Provision for retirement benefits

To cover retirement benefits for employees, the Company provides an amount deemed to be incurred at the fiscal year-end based on an estimate of retirement benefit obligations and plan assets at the fiscal year-end.

Past service cost is amortized using the straight-line method over a certain number of years within the average remaining service period of employees at the time of accrual.

Actuarial differences are recorded in an amount at the fiscal year-end of accrual prorated using the declining-balance method over a certain number of years within the average remaining service period of employees, and amortized starting from the following fiscal year.

However, if the amount of plan assets to be recognized at the fiscal year-end exceeds the amount of retirement benefit obligations less actuarial differences, it is recorded in investments and other assets, as prepaid pension costs.

(5) Provision for warranties for completed construction

To cover liability for non-conformity (defect warranty) on completed construction, the Company provides an estimated amount of guarantee expenses obtained by multiplying the amount of completed construction contracts by a reasonably computed rate of incidence.

(6) Provision for product warranties

To cover liability for non-conformity (defect warranty) on sales contracts, the Company provides an estimated amount of guarantee expenses obtained by multiplying the amount of product sales by a reasonably computed rate of incidence.

(7) Provision for loss on construction contracts

To cover possible losses on contracted construction projects, the Company provides an estimated amount of losses for uncompleted projects deemed to have a high possibility of incurring losses which can be reasonably estimated at the fiscal year-end.

4. Recognition standard of revenue and expenses

The Company has adopted the “Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan (ASBJ) Statement No. 29) and the “Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30), and recognizes revenue at the amount expected to be received in exchange for its goods or services when control of the promised goods or services is transferred to a customer.

Details are as described in “Significant Accounting Principles, 5. Significant accounting policies, (12) Revenue.”

5. Significant accounting principles

Hedging transactions

1) Hedging transactions

Gains or losses and evaluation differences related to hedging transactions accounted for at fair value are deferred as assets or liabilities until recognized. Evaluation gains and losses on foreign exchange contracts and currency options that qualify are allocated to settlement periods throughout the period of the contract of underlying monetary claims and liabilities denominated in foreign currencies. Interest rate swaps that qualify are treated as special exceptions.

2) Hedging instruments and hedged items

Hedging instruments	Foreign exchange forward contracts, foreign currency swap contracts and interest rate swap agreements
Hedged items	Monetary claims and liabilities denominated in foreign currencies

3) Hedging policy

The Company hedges currency exchange rate risk and interest rate risk based on an internal risk management policy.

4) Assessing hedge effectiveness

Interest rate risk	Hedge effectiveness is assessed by comparing cumulative changes
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in cash flows of hedging instruments and hedged items over the duration of the hedge transaction up to the time of assessment, except for interest rate swaps that qualify as special exceptions, for which assessment is omitted.

Currency exchange rate risk

As long as one hedging instrument and one hedged item correspond, the hedge is considered effective.

**Notes to Changes in Presentation**

(Balance sheet)

In the previous fiscal year, “Contract liabilities” was included in “Other” under “Current liabilities.” Due to increased materiality in amount, it is presented separately from the fiscal year under review.

(Note to tax effect accounting)

In the previous fiscal year, “Accounts receivable-other” was included in “Other” under “Deferred tax assets.” Due to increased materiality in amount, it is presented separately from the fiscal year under review.

## Notes to Accounting Estimates

### 1. Revenue recognition

Contract assets ¥22,995 million

Details on accounting estimates are as described in “Notes to the Consolidated Financial Statements – Notes to Accounting Estimates – Revenue recognition.”

### 2. Recoverability of deferred tax assets

Details on accounting estimates are as described in “Notes to the Consolidated Financial Statements – Notes to Accounting Estimates – Recoverability of deferred tax assets.”

The book value of deferred tax assets at the end of the fiscal year under review is described in “Notes to the Non-consolidated Financial Statements – Notes to Income Taxes.”

### 3. Measurement of prepaid pension costs

Prepaid pension costs ¥4,779 million

Details on accounting estimates are as described in “Notes to the Consolidated Financial Statements – Notes to Accounting Estimates – Defined benefit liability.”

### 4. Allowances and provisions

Provision for warranties for completed construction ¥1,153 million

Provision for product warranties ¥3,050 million

Provision for loss on construction contracts ¥1,393 million

Details on accounting estimates are described in “Notes to the Consolidated Financial Statements – Notes to Accounting Estimates – Accounting procedure and evaluation of provisions.”

### 5. Impairment losses for non-current assets

Property, plant and equipment ¥89,423 million

Intangible assets ¥22,859 million

In assessing the recoverability of impairment of non-current assets, assets are grouped on the basis of segments, and for asset groups whose profitability has declined significantly, the book value of non-current assets is reduced to the recoverable amount, and the decrease is recorded as an impairment loss. As the recoverable value of non-current assets is calculated based on assumptions such as future cash flows, discount rates, and net selling price, if revenue is not generated as initially expected, or if changes are made to assumptions on future cash flows, or for other reasons, non-current assets may be written down, and significantly impact the non-consolidated financial statements.

### 6. Evaluation of shares of subsidiaries and associates and investments in capital of subsidiaries and associates

Shares of subsidiaries and associates ¥110,065 million

Investments in capital of subsidiaries and associates ¥26,101 million

In the event that substantive value of the shares of subsidiaries and associates without market value and investments in capital of subsidiaries and associates declined by about 50% or more compared to the acquisition price, the Company records a loss on valuation, unless the entity’s business plan provides sufficient evidence of recoverability. Some shares of subsidiaries and associates are evaluated by adding the excess earning power at the time of acquisition of the entity to the substantive value. Although business plans are determined by the management’s best estimate and judgment, it may be affected by factors such as changes in uncertain economic conditions in the future and changes in the business plan, and any reviews to the plans may significantly impact the non-consolidated financial statements.

The impact of COVID-19 is as described in “Notes to the Consolidated Financial Statements – Notes to Accounting Estimates.”

**Notes to the Non-consolidated Balance Sheet**

1. Accumulated depreciation of property, plant and assets	¥127,183 million
2. Commitments and contingent liabilities	
(1) Loans guaranteed to employees for housing	¥9 million
(2) Loans guaranteed to subsidiaries and associates	¥21,902 million
Consolidated subsidiaries	
ELLIOTT COMPANY	¥21,296 million
Ebara Thermal Systems (Thailand) Co., Ltd.	¥515 million
Ebara Pumps Mexico, S.A.de C.V.	¥87 million
Ebara Pumps Middle East FZE	¥2 million
Total	<u>¥21,902 million</u>
(3) Loans guaranteed to The Ebara Hatakeyama Memorial Foundation (a public interest incorporated foundation)	¥1,544 million
3. Monetary claim and liabilities to subsidiaries and associates	
Short-term monetary claim to subsidiaries and associates	¥84,892 million
Long-term monetary claim to subsidiaries and associates	¥1,434 million
Short-term monetary liabilities to subsidiaries and associates	¥42,385 million

**Notes to the Non-consolidated Statement of Income**

Amount of transactions with subsidiaries and associates	
Amount of operating transactions	
Amount of net sales	¥110,247 million
Amount of purchases	¥24,600 million
Amount of non-operating transactions	¥28,199 million

## Notes to the Non-consolidated Statement of Changes in Net Assets

### Treasury shares

(Shares)

Type of shares	Number of shares at the beginning of the fiscal year	Increase	Decrease	Number of shares at the end of the fiscal year
Common shares	24,422	2,109	–	26,531

Note: The increase of 2,109 common shares is due to an increase of 1,830 shares from the purchase of odd-lot shares and an increase of 279 shares from the acquisition without compensation under the restricted stock compensation scheme.

## Notes to Income Taxes

### 1. Significant components of deferred tax assets and deferred tax liabilities

#### Deferred tax assets:

Provision for bonuses	¥1,404 million
Loss recognized on a percentage-of completion basis	¥511 million
Provision for retirement benefits	¥1,173 million
Loss on valuation of investment securities	¥61 million
Loss on valuation of shares of subsidiaries and associates	¥2,667 million
Loss on valuation of inventories	¥3,018 million
Loss on retirement of non-current assets	¥831 million
Depreciation	¥768 million
Provision for warranties for completed construction	¥1,749 million
Excess allowance for doubtful accounts	¥590 million
Accounts receivable-other	¥1,351 million
Accounts payable-other	¥704 million
Others	¥2,382 million
Subtotal	¥17,215 million
Valuation allowance	¥(7,447) million
Total deferred tax assets	¥9,767 million

#### Deferred tax liabilities:

Others	¥684 million
Total deferred tax liabilities	¥684 million

Net deferred tax assets ¥9,082 million

### 2. Accounting of corporation tax and local corporation tax or treatment related to tax effect accounting of these taxes

The Company has applied the group tax sharing system from the current fiscal year.

The Company also has accounted for corporation tax and local corporation tax, or has accounted for and disclosed tax effect accounting of these taxes in accordance with “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (PITF No. 42, August 12, 2021).



## Notes to Related Parties

### 1. Transactions with subsidiaries and associates

Attribute	Name	Investment ratio	Nature of relationship	Details of the transaction	Amount of the transaction (Millions of yen)	Accounting item	Year-end balance (Millions of yen)
Subsidiary	EBARA FIELD TECH. CORPORATION	Ownership Directly 100%	- The entity provides sale and after-sales service for the Company's component devices and semiconductor manufacturing equipment - The Company lends buildings and plants - The Company borrows money from the entity - Two interlocking directors	Sales	27,507	Accounts receivable-trade	4,299
						Electronically recorded monetary claims - operating	18,343
						Contract assets	3
Subsidiary	Elliot Ebara Turbomachinery Corporation	Ownership Indirectly 100%	- The Company sells pumps - The Company purchases its compressors and turbines - The Company lends buildings and plants - The Company borrows money from the entity - One interlocking director	Borrowing of money (Note 3)	(3,470)	Short-term borrowings	9,465
				Interest expenses	16		
Subsidiary	ELLIOTT COMPANY	Ownership Indirectly 100%	- The Company purchases its compressors and turbines - The Company guarantees its bank loan - The Company lends money - Two interlocking directors	Lending of money (Note 3)	383	Short-term loans receivable	7,044
				Interest income	397		
				Bank loan guarantee (Note 4)	21,296		
Subsidiary	SHANGHAI EBARA PRECISION MACHINERY CO., LTD.	Ownership Directly 100%	- The entity provides sale and after-sales service for the Company's component devices and semiconductor manufacturing equipment - One interlocking directors	Sales	11,387	Accounts receivable-trade	6,309
Subsidiary	EBARA (CHINA) CO., LTD.	Ownership Directly 100%	- The entity serves as the Company's Chinese regional headquarters. - Five interlocking director	Investment in capital (Note 5)	17,676	—	—

Terms and conditions of transactions and policies for determining them

Notes:

1. Terms and conditions of transactions such as prices are determined upon negotiation after the Company presents its preferred price taking into account prevailing market prices.
2. Interest rates for lending and borrowing money are determined by reference to market rates.
3. Money is lent and borrowed under the cash management system (CMS), and the amount of the transaction shows changes from the balance at the beginning of the fiscal year under review.
4. The Company provides guarantees of bank loans of related parties and receives guarantee fees.

5. Investment in capital is the acquisition of interests due to investment of shares of subsidiaries held by the Company associated with the establishment of the new subsidiary.

## 2. Transactions with officers and major individual shareholders

(Millions of yen)

Attribute	Name	Investment ratio	Nature of relationship	Details of the transaction	Amount of the transaction	Accounting item	Year-end balance
Officer	Toichi Maeda	(Held) Directly 0.0%	Director, Chairman of the Company	In-kind contribution of monetary remuneration claims (Note 2)	26	–	–
Officer	Masao Asami	(Held) Directly 0.0%	President, Representative Executive Officer, CEO & COO of the Company	In-kind contribution of monetary remuneration claims (Note 2)	125	–	–
Officer	Akihiko Nagamine	(Held) Directly 0.0%	Director of the Company	In-kind contribution of monetary remuneration claims (Note 2)	18	–	–
Officer	Tetsuji Togawa	(Held) Directly 0.0%	Executive Officer of the Company	In-kind contribution of monetary remuneration claims (Note 2)	59	–	–
Officer	Atsuo Ohi	(Held) Directly 0.0%	Executive Officer of the Company (Note 1)	In-kind contribution of monetary remuneration claims (Note 2)	26	–	–
Officer	Yoshiaki Okiyama	(Held) Directly 0.0%	Executive Officer of the Company (Note 1)	In-kind contribution of monetary remuneration claims (Note 2)	36	–	–
Officer	Hideki Yamada	(Held) Directly 0.0%	Executive Officer of the Company	In-kind contribution of monetary remuneration claims (Note 2)	41	–	–
Officer	Hiroshi Sobukawa	(Held) Directly 0.0%	Executive Officer of the Company (Note 1)	In-kind contribution of monetary remuneration claims (Note 2)	27	–	–
Officer	Shu Nagata	(Held) Directly 0.0%	Executive Officer of the Company	In-kind contribution of monetary remuneration claims (Note 2)	46	–	–

Attribute	Name	Investment ratio	Nature of relationship	Details of the transaction	Amount of the transaction	Accounting item	Year-end balance
Officer	Toru Nakayama	(Held) Directly 0.0%	Executive Officer of the Company	In-kind contribution of monetary remuneration claims (Note 2)	31	—	—
Officer	Shugo Hosoda	(Held) Directly 0.0%	Executive Officer of the Company	In-kind contribution of monetary remuneration claims (Note 2)	24	—	—
Officer	Hiroyuki Kowase	(Held) Directly 0.0%	Executive Officer of the Company	In-kind contribution of monetary remuneration claims (Note 2)	31	—	—
Officer	Isao Nambu	(Held) Directly 0.0%	Executive Officer of the Company	In-kind contribution of monetary remuneration claims (Note 2)	15	—	—
Officer	Seiichi Tsuyuki	(Held) Directly 0.0%	Executive Officer of the Company	In-kind contribution of monetary remuneration claims (Note 2)	14	—	—
Officer	Teruyuki Ota	(Held) Directly 0.0%	Executive Officer of the Company	In-kind contribution of monetary remuneration claims (Note 2)	12	—	—
Officer	Yoji Sato	(Held) Directly 0.0%	Executive Officer of the Company	In-kind contribution of monetary remuneration claims (Note 2)	12	—	—
Officer	Masao Houdai	(Held) Directly 0.0%	Executive Officer of the Company	In-kind contribution of monetary remuneration claims (Note 2)	18	—	—
Officer	Norihisa Miyoshi	(Held) Directly 0.0%	Executive Officer of the Company	In-kind contribution of monetary remuneration claims (Note 2)	20	—	—

Notes:

1. As the officer retired as Executive Officer of the Company at the conclusion of the meeting of the Board of Directors held on March 29, 2023 and is no longer classified as a related party, the amount of the transactions made with the officer from January 1, 2023 to the date of retirement is stated.
2. The in-kind contribution of monetary remuneration claims was made under the restricted share-based compensation system and the performance-linked stock compensation system.

**Notes to Per Share Data**

- |                         |           |
|-------------------------|-----------|
| 1. Net assets per share | ¥3,555.72 |
| 2. Net income per share | ¥485.45   |

**Notes on Revenue Recognition**

Please see “Significant Accounting Principles, 4. Recognition standard for revenue and expenses” for further details.

**Notes on Significant Subsequent Events**

None