

Translation

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## Consolidated Financial Results for the Three Months Ended March 31, 2024 (Under Japanese GAAP)

May 8, 2024

Company name: EBARA JITSUGYO CO.,LTD.  
 Listing: Tokyo Stock Exchange  
 Securities code: 6328 URL: <https://www.ejk.co.jp/>  
 Representative: President and COO Takashi Ishii  
 Senior Managing Executive Officer, Shuji Ohno  
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 Scheduled date to file Quarterly Securities Report: May 10, 2024  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results briefing: No

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the three months ended March 31, 2024 (from January 1, 2024 to March 31, 2024)

#### (1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended March 31, 2024	13,762	2.8	2,846	14.8	2,899	16.3	2,005	16.4
Three months ended March 31, 2023	13,390	13.9	2,478	6.2	2,492	5.0	1,723	(0.6)

Note: Comprehensive income For the three months ended March 31, 2024: ¥2,840 million [31.8%]

For the three months ended March 31, 2023: ¥2,154 million [133.8%]

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended March 31, 2024	168.04		–	
Three months ended March 31, 2023	143.62		–	

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of March 31, 2024	47,316	23,364	49.4
As of December 31, 2023	41,917	21,028	50.2

Reference: Equity As of March 31, 2024: ¥23,364 million

As of December 31, 2023: ¥21,028 million

### 2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended December 31, 2023	–	42.50	–	42.50	85.00
Year ending December 31, 2024	–				
Year ending December 31, 2024 (Forecast)		47.50	–	47.50	95.00

Note: Revisions to the forecast of cash dividends most recently announced: No

### 3. Forecast of consolidated financial results for the year ending December 31, 2024 (from January 1, 2024 to December 31, 2024)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	38,000	4.7	4,050	0.6	4,200	0.9	3,150	0.3	263.86

Note: Revisions to the forecast of consolidated financial results most recently announced: No

#### 4. Notes

- (1) Changes in significant subsidiaries during the period  
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
- |  |    |
|--|----|
| Changes in accounting policies due to revisions to accounting standards and other regulations: | No |
| Changes in accounting policies due to other reasons:   | No |
| Changes in accounting estimates:   | No |
| Restatement:   | No |

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2024	12,930,000 shares	As of December 31, 2023	12,930,000 shares
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Number of treasury shares at the end of the period

As of March 31, 2024	991,044 shares	As of December 31, 2023	995,144 shares
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Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended March 31, 2024	11,936,496 shares	Three months ended March 31, 2023	11,999,567 shares
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Note: Ebara Jitsugyo Co., Ltd. (the “Company”) has introduced a Trust-type Employee Stock Ownership Plan (ESOP) on May 12, 2021. The Company’s stock held by the Trust is included in treasury shares that are deducted in the calculation of “Number of treasury shares at the end of the period” and “Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)”.

\* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

\* Proper use of earnings forecasts, and other special matters

The forecast of the Company Group is based on currently available information and some reasonable assumptions. Due to various factors, actual results may differ from those discussed in this document. For information on the forecast of financial results, please see “1. Qualitative Information on 1Q FY2024 (January 1, 2024 to March 31, 2024) (3) Forecasts of Consolidated Business Results and Others” on page 3 of the Accompanying document.

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## 1. Qualitative Information on 1Q FY2024 (January 1, 2024 to March 31, 2024)

### (1) Business Results

During the first quarter of the fiscal year 2024 (January 1, 2024 to March 31, 2024), the Japanese economy saw a moderate recovery with improvements in capital investments and the employment/income environments on the back of solid corporate performance. Meanwhile, there were downward risks including the rising inflations, cheaper yen, change to the government's monetary policy, and slowdown in overseas economies. As a result, the economic outlook remained unclear.

The environmental equipment and machinery industry where Ebara Jitsugyo Co., Ltd. (the "Company") operates experienced the lingering impact of supply shortages in materials and equipment and the rising materials prices. However, the Company enjoyed stable demand in the public sector in relation to the renewal and maintenance of water infrastructure facilities and disaster prevention and mitigation such as rainwater drainage facilities. In addition, capital investments in the private sector were solid.

In this business environment, the Company Group aimed to improve its corporate value focusing on three core areas of *disaster prevention and mitigation*, *storage batteries*, and the *fisheries business*, under the following basic policy:

- Create new businesses / accelerate new product development;
- Expand business domains; and
- Establish a stable revenue base.

As a result, in the first quarter of the fiscal year 2024, the Company recorded ¥10,065 million in orders received (up 42.5% year on year), ¥13,762 million in net sales (up 2.8% year on year), ¥2,846 million in operating profit (up 14.8% year on year), ¥2,899 million in ordinary profit (up 16.3% year on year), and ¥2,005 million in profit attributable to owners of parent (up 16.4% year on year).

The following shows segment-specific information.

#### Manufacturing

In the Manufacturing segment that manufactured and sold environment-related products, the Company posted ¥1,996 million in orders received for the whole segment, up 10.5% year on year, reflecting the increased demand for deodorizing facilities and materials and land-based aquaculture facilities, despite stagnant demand for ozone monitors used in semiconductor manufacturing equipment and a fall in demand for infectious disease control equipment. Net sales fell 15.9% to ¥2,160 million due to a decline in infectious disease control equipment sales, although net sales of deodorizing facilities and materials and land-based aquaculture facilities were solid. Segment profit shrank 25.6% year on year to ¥531 million because of the smaller net sales.

#### Engineering

In the Engineering segment that designed and constructed waterworks and sewerage facilities, the Company posted ¥5,150 million in orders received, up 84.3% year on year, thanks to stable demand related to the renewal and organization of water infrastructure facilities and disaster prevention and mitigation such as rainwater draining facilities. Net sales rose 10.5% year on year to ¥7,724 million due to the posting of a high level of an orders backlog at the beginning of the period as sales, despite the slightly lingering impacts of factors such as work delays caused by supply shortages of materials and equipment. Segment profit rose 34.2% year on year to ¥1,954 million on the back of an increase in net sales.

#### Trading

In the Trading segment that mainly sold pumps, freezers, and air-conditioning equipment as a trading company, private-sector capital investments were solid, although uncertainties remained such as the ongoing long delivery times. The segment's orders received rose 18.5% year on year to ¥2,917 million on the back of the increased demand resulting from capital investments mainly in semiconductor related factories. Net sales also increased 1.2% year on year to ¥3,877 million as the orders backlog was steadily posted as sales. Segment profit grew 15.3% year on year to ¥691 million on the back of an increase in net sales.

The orders received by each segment during the quarter under review were as follows.

Segment	Orders received (millions of yen)	Comparison with 1Q FY2023 (%)	Orders backlog (millions of yen)	Comparison with 1Q FY2023 (%)
Manufacturing	1,996	110.5	3,948	105.3
Engineering	5,150	184.3	18,975	133.7
Trading	2,917	118.5	4,799	96.3
Total	10,065	142.5	27,723	120.9

## (2) Financial Position

The Group's total assets at the end of the quarter under review (March 31, 2024) was ¥47,316 million, an increase of ¥5,398 million from the end of the previous fiscal year (December 31, 2023). This was mainly due to a ¥4,088 million increase in notes and accounts receivable-trade and contract assets as the Company Group's net sales tend to concentrate in March each year when the fiscal year of local governments closes. It also reflected a ¥1,204 million increase in investment securities due to the rising market value of the Company's shareholding.

Total liabilities at the end of the quarter under review was ¥23,952 million, an increase of ¥3,062 million from the end of the previous fiscal year. This mainly reflected a ¥3,357 million increase in notes and accounts payable-trade and a ¥1,254 million drop in contract liabilities for the same reason as in total assets, the posting of ¥377 million in the provision for bonuses, and an increase of ¥330 million in deferred tax liabilities in relation to the fair market valuation of investment securities.

Total net assets at the end of the quarter under review were ¥23,364 million, an increase of ¥2,335 million from the end of the previous fiscal year. This was largely attributable to an increase of ¥2,005 million due to the posting of profit attributable to owners of parent, an increase of ¥835 million in valuation difference on available-for-sale securities due to the rising market value of the Company's shareholding, although there was a drop of ¥508 million resulting from the use of retained earnings for dividend payment.

## (3) Forecasts of Consolidated Business Results and Others

There is no change to our forecasts of the consolidated business results for the fiscal year ending December 31, 2024 which we announced in the Summary of Consolidated Financial Results for the Fiscal Year Ended December 31, 2023 dated February 9, 2024.

## 2. Quarterly Consolidated Financial Statements and Main Notes

### (1) Consolidated Balance Sheet

(Millions of yen)

	As of December 31, 2023	As of March 31, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	14,497	14,826
Notes and accounts receivable - trade, and contract assets	14,273	18,361
Merchandise and finished goods	1,285	1,110
Work in process	371	364
Costs on construction contracts in progress	130	50
Raw materials and supplies	536	575
Other	270	238
Allowance for doubtful accounts	(1)	(1)
Total current assets	31,364	35,525
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,801	3,809
Accumulated depreciation	(2,130)	(2,156)
Buildings and structures, net	1,671	1,652
Machinery, equipment and vehicles	215	215
Accumulated depreciation	(175)	(178)
Machinery, equipment and vehicles, net	40	37
Tools, furniture and fixtures	767	777
Accumulated depreciation	(648)	(661)
Tools, furniture and fixtures, net	119	115
Land	1,356	1,356
Construction in progress	3	15
Other	34	34
Accumulated depreciation	(4)	(5)
Other, net	29	28
Total property, plant and equipment	3,220	3,206
Intangible assets	95	88
Investments and other assets		
Investment securities	5,889	7,093
Insurance funds	429	441
Investment property, net	646	641
Deferred tax assets	58	126
Other	318	297
Allowance for doubtful accounts	(104)	(104)
Total investments and other assets	7,237	8,496
Total non-current assets	10,553	11,790
Total assets	41,917	47,316

(Millions of yen)

	As of December 31, 2023	As of March 31, 2024
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	12,588	15,946
Short-term borrowings	1,010	1,010
Current portion of long-term borrowings	80	80
Income taxes payable	838	1,043
Accrued consumption taxes	275	480
Contract liabilities	3,132	1,878
Provision for bonuses	–	377
Provision for loss on construction contracts	25	6
Other	1,049	954
Total current liabilities	19,000	21,776
Non-current liabilities		
Deferred tax liabilities	1,247	1,577
Provision for retirement benefits for directors (and other officers)	158	158
Retirement benefit liability	260	240
Other	222	198
Total non-current liabilities	1,889	2,175
Total liabilities	20,889	23,952
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,001	1,001
Capital surplus	844	844
Retained earnings	17,814	19,305
Treasury shares	(1,943)	(1,933)
Total shareholders' equity	17,717	19,218
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,294	4,129
Remeasurements of defined benefit plans	17	15
Total accumulated other comprehensive income	3,311	4,145
Total net assets	21,028	23,364
Total liabilities and net assets	41,917	47,316

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

(Millions of yen)

	Three months ended March 31, 2023	Three months ended March 31, 2024
Net sales	13,390	13,762
Cost of sales	9,201	9,112
Gross profit	4,188	4,649
Selling, general and administrative expenses	1,710	1,803
Operating profit	2,478	2,846
Non-operating income		
Interest income	0	0
Dividend income	24	29
Rental income from investment property	24	25
Other	2	14
Total non-operating income	51	69
Non-operating expenses		
Interest expenses	1	1
Rental expenses on real estate	9	11
Commission expenses	24	-
Other	2	2
Total non-operating expenses	38	16
Ordinary profit	2,492	2,899
Profit before income taxes	2,492	2,899
Income taxes - current	903	999
Income taxes - deferred	(134)	(106)
Total income taxes	768	893
Profit	1,723	2,005
Profit attributable to owners of parent	1,723	2,005



## Consolidated Statements of Comprehensive Income (cumulative)

(Millions of yen)

	Three months ended March 31, 2023	Three months ended March 31, 2024
Profit	1,723	2,005
Other comprehensive income		
Valuation difference on available-for-sale securities	428	835
Remeasurements of defined benefit plans, net of tax	2	(1)
Total other comprehensive income	431	834
Comprehensive income	2,154	2,840
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,154	2,840
Comprehensive income attributable to non-controlling interests	—	—

(3) Notes to Quarterly Consolidated Financial Statements

(Note on going concern assumption)

Not applicable.

(Note on significant change in shareholders' equity)

Not applicable.

(Additional information)

Trust-type Employee Stock Ownership Plan (ESOP)

In its Board of Directors meeting held on April 20, 2021, the Company resolved to dispose of its treasury stock (hereinafter, the "Treasury Stock Disposal") through private placement following the introduction of a Trust-type Employee Stock Ownership Plan (ESOP) (hereinafter, the "Plan").

The Plan is available to the Company Group employees (hereinafter, the "Eligible Employees") who are the members of the Ebara Jitsugyo Employee Stock Ownership Association (hereinafter, the "Association"). The Company has established the Employee Stock Ownership Association Trust (a trust that is created for the benefits of beneficiaries who are not the trustor) (hereinafter, the "Trust") with the Eligible Employees who satisfy certain requirements as its beneficiaries.

The Trust used the funds raised through bank borrowings to acquire at once the number of Company shares that the Association was expected to acquire over a period of approximately five years after signing a trust agreement. The Company provides a guarantee to the said borrowings obtained by the Trust.

Under the Plan, the Association will purchase Company shares from the Trust. If the Trust accumulates an amount equivalent to sales gains through the acquisition of Company shares by the Association, the said amount will be distributed to the Eligible Employees who are beneficiaries of the Trust at the expiry of the Trust. On the other hand, if the Trust is unable to fully repay its borrowings due to a fall in the Company's share price, the Company will repay the remaining debts to the lending banks. In this case, the Eligible Employees will not be held liable for the repayment of the debts. The Company transferred 60,606 shares of its treasury stock (121,212 shares after the share split) to the Trust as of May 12, 2021.

For the accounting treatment of the Treasury Stock Disposal, the Company and the Trust are deemed as one entity. As such, the Company shares held by the Trust and assets and liabilities of the Trust are posted as part of the Company's consolidated quarterly balance sheet. As of the end of the quarter under review (March 31, 2024), the number of Company shares (of treasury stock) held by the Trust was 26,000 at the book value of ¥64 million.

(Segment data)

I First Quarter of Fiscal Year 2023 (January 1, 2023 to March 31, 2023)

1. Net sales and profit/loss of each reporting segment and breakdown of revenue

(In millions of yen)

	Reporting segments			Total	Adjustment (Note) 1	Amount on consolidated quarterly statements of income (Note) 2
	Manufacturing	Engineering	Trading			
Net sales						
Public sector	1,360	6,683	660	8,705	-	8,705
Private sector	1,208	307	3,169	4,685	-	4,685
Revenue from customer contracts	2,568	6,991	3,830	13,390	-	13,390
Other revenue	-	-	-	-	-	-
Net sales to external customers	2,568	6,991	3,830	13,390	-	13,390
Internal net sales or transfers between segments	-	-	-	-	-	-
Total	2,568	6,991	3,830	13,390	-	13,390
Segment profit	714	1,456	599	2,771	(292)	2,478

(Notes)

1. The adjustment to segment profit mainly represents general and administrative expenses that do not belong to the reporting segments.
  2. Segment profits are adjusted for operating profit posted on the quarterly consolidated statements of income.
2. Impairment loss or goodwill on non-current assets of the reporting segments  
Not applicable.

II First Quarter of Fiscal Year 2024 (January 1, 2024 to March 31, 2024)

1. Net sales and profit/loss of each reporting segment and breakdown of revenue

(In millions of yen)

	Reporting segments			Total	Adjustment (Note) 1	Amount on consolidated quarterly statements of income (Note) 2
	Manufacturing	Engineering	Trading			
Net sales						
Public sector	1,263	7,522	991	9,776	-	9,776
Private sector	897	201	2,886	3,985	-	3,985
Revenue from customer contracts	2,160	7,724	3,877	13,762	-	13,762
Other revenue	-	-	-	-	-	-
Net sales to external customers	2,160	7,724	3,877	13,762	-	13,762
Internal net sales or transfers between segments	-	-	-	-	-	-
Total	2,160	7,724	3,877	13,762	-	13,762
Segment profit	531	1,954	691	3,177	(331)	2,846

(Notes)

1. The adjustment to segment profit mainly represents general and administrative expenses that do not belong to the reporting segments.
  2. Segment profits are adjusted for operating profit posted on the quarterly consolidated statements of income.
2. Impairment loss or goodwill on non-current assets of the reporting segments  
Not applicable.