EBARA CORPORATION

Notice of the 156th Ordinary General Meeting of Shareholders

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(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.

Securities Code: 6361
March 5, 2021

To Those Shareholders with Voting Rights

Masao Asami
Director
President, Representative Executive Officer
EBARA CORPORATION
11-1, Haneda Asahi-cho, Ota-ku, Tokyo
Japan

Notice of the 156th Ordinary General Meeting of Shareholders

We hereby inform you of the 156th Ordinary General Meeting of Shareholders of EBARA CORPORATION (the "Company") to be held as follows:

If you are unable to attend the meeting, please study the attached Reference Document for the General Meeting of Shareholders, and you are requested to exercise your voting rights by postal mail or via the electromagnetic method (the Internet, etc.) by 5:15 p.m. on Thursday, March 25, 2021.

1. Date and Time: 10 a.m., Friday, March 26, 2021
(Reception of attendees will begin at 9 a.m.)

2. Location: Event Hall, B2F, Belle Salle Nihonbashi
Tokyo Nihonbashi Tower, 2-7-1, Nihonbashi, Chuo-ku, Tokyo, Japan

3. Purpose of the Meeting:

Matters to be reported:

1. The Business Report and the Consolidated Financial Statements for the 156th Fiscal Year (from January 1, 2020, to December 31, 2020) and the Report of the Results of the Audits of the Consolidated Financial Statements by the Independent Auditors and the Audit Committee
2. The Non-consolidated Financial Statements for the 156th Fiscal Year (from January 1, 2020, to December 31, 2020)

Matters to be resolved:

Proposal 1: Appropriation of Surplus
Proposal 2: Election of Ten (10) Directors

4. Decisions Regarding the Convocation of the Ordinary General Meeting of Shareholders

If any shareholder has exercised his/her voting rights both by mailing the Voting Rights Exercise Form and via electromagnetic method (the Internet), only the exercise of voting rights via the electromagnetic method (the Internet) shall be deemed effective.

If any shareholder has exercised his/her voting rights several times via the electromagnetic method (the Internet), only the final execution shall be deemed as his/her effective exercise of voting rights.

Notes:

For the purpose of quickly providing information, the content of this notice was published on the Company's website before it was sent.

Disclosure via the Internet

1. The following information is not included in the documents attached to this notice because it is shown on the Company's website on the Internet in accordance with laws and regulations and Article 15 of the Company's Articles of Incorporation.
   (1) Consolidated Statement of Changes in Net Assets in the Consolidated Financial Statements
   (2) Notes to the Consolidated Financial Statements
   (3) Non-consolidated Statement of Changes in Net Assets in the Non-consolidated Financial Statements
   (4) Notes to the Non-consolidated Financial Statements
   The Audit Committee and the Independent Auditors have audited the documents subject to audit, including the above information shown on the Company's website.
2. In case any circumstances require us to revise the Reference Document for the General Meeting of Shareholders, the Business Report, or the Non-consolidated Financial Statements and Consolidated Financial Statements, the revised matter(s) will be immediately presented on the Company's website.

EBARA CORPORATION's website
https://www.ebara.co.jp/en/about/ir/stock/shareholdersmeeting/index.html

Reference Document for the General Meeting of Shareholders

Proposals and references

Proposal 1: Appropriation of Surplus

The Company regards returning a portion of its income to its shareholders as one of its most important management policies and has set a policy of linking dividends to performance and is aiming for a consolidated total payout ratio of 35% or more and set a minimum of 2.0% for consolidated dividend on equity (DOE).

Based on this policy, we would like to pay a year-end dividend of ¥90 per share, which is an increase of ¥30 from the 155th period.

As a result, including the interim dividend of ¥30 per share, the annual dividend will be ¥90 per share.

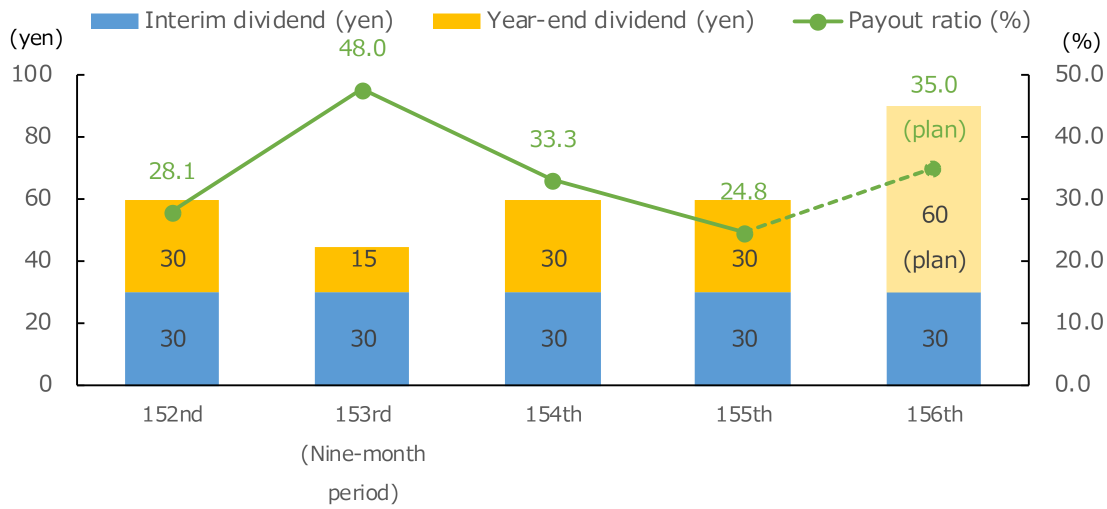
Matters concerning the year-end dividend

1. Type of dividend property
   Cash

2. The matters regarding the assignment of the dividend property to shareholders and the total amount of dividend
   ¥60.00 per share of common stock of the Company Total amount: ¥5,722,261,860

3. Effective date of dividends of surplus
   March 29, 2021

[Reference] Shareholder Returns
(Dividend per share, Payout Ratio)



	152nd	153rd (Nine-month period)	154th	155th	156th
Annual dividend (yen)	60	45	60	60	90(plan)
Payout ratio (%)	28.1	48.0	33.3	24.8	35.0(plan)

Proposal 2: Election of Ten (10) Directors

The term of office of all ten (10) current Directors will expire at the conclusion of this 156th Ordinary General Meeting of Shareholders. Therefore, we ask you to elect ten (10) Directors.

If the nominees for Directors are appointed as stated in this proposal, the number of female Directors will increase by one (1) to three (3) in total, and we believe that this will enable supervisory functions with greater diversity.

In addition, the Company is currently reviewing its audit structure to increase the independence of the Audit Committee from business execution and to secure effective auditing for the overall Group. Specifically, the number of Audit Committee members will be reduced from four (4) to three (3) in total, with the Chairperson being an Independent Director to strengthen the on-site inspection organizations under the supervision of the Audit Committee and to promote collaboration with the internal audit departments and corporate auditors of subsidiary companies. As a result, the chairpersons of the three committees, namely Nomination, Compensation, and Audit Committees, will all be Independent Directors.

The nominees for Director are determined by the Nomination Committee. It has been confirmed that all nominees meet the standards in accordance with the "Role of the Board of Directors and Standards for Election of Directors" and "Role and Standards for Independence of Outside Directors" (pages 20 and 21) established by the Company. The nominees for Directors are as follows:

Nominee No.	Name (Age)	Current position and primary area of responsibility in the Company	Attendance at Board of Directors meetings	Nominees for Director		
				Attribute		
1	Toichi Maeda (Age: 65)	Chairman of the Company Member of the Nomination Committee	100% (15/15)	Re-election	Non-executive	
2	Masao Asami (Age: 60)	Director President and Representative Executive Officer	100% (15/15)	Re-election	Executive	
3	Sakon Uda (Age: 65)	Director Chairman of the Board of Directors Member of the Nomination Committee	100% (15/15)	Re-election	Outside	Independent
4	Hajime Sawabe (Age: 79)	Director Chairperson of the Compensation Committee	93% (14/15)	Re-election	Outside	Independent
5	Hiroshi Oeda (Age: 64)	Director Chief Outside Director Chairperson of the Nomination Committee	100% (15/15)	Re-election	Outside	Independent
6	Masahiro Hashimoto (Age: 72)	Director Member of the Compensation Committee Member of the Audit Committee	100% (15/15)	Re-election	Outside	Independent
7	Junko Nishiyama (Age: 64)	Director Member of the Audit Committee	100% (15/15)	Re-election	Outside	Independent
8	Mie Fujimoto (Age: 53)	Director Member of the Compensation Committee	100% (10/10)	Re-election	Outside	Independent
9	Hisae Kitayama (Age: 63)	(New Nominee for Director)	−% (−/−)	New election	Outside	Independent
10	Akihiko Nagamine (Age: 62)	Executive Officer (New Nominee for Director)	−% (−/−)	New election	Non-executive	

Notes:

1. Ages are as of the time of this Ordinary General Meeting of Shareholders.
2. As both Masao Asami and Junko Nishiyama were newly elected at the 154th Ordinary General Meeting of Shareholders held on March 28, 2019, and their attendance to meetings of the Board of Directors held since the same date is provided above.

Re-election:	Nominee for re-election as Director
New election:	New Nominee for Director
Outside:	Nominee for Outside Director
Executive:	Nominee for Executive Internal Director
Non-executive:	Nominee for Non-executive Internal Director
Independent:	Independent Director notified to the securities exchange

<<Composition of the Board of Directors>>

To ensure the Board of Directors effectively fulfills its roles and responsibilities, the Company shall make up the Board of personnel with sufficient knowledge and experience inside and outside the Company in areas related to business management. Knowledge and experience expected to be important to the Company from the perspective of company management are defined as the areas of “legal affairs and risk management,” “personnel and human resource development,” “finance, accounting, and capital policy,” “auditing,” “management of individual businesses (in the Company),” “corporate management and management strategy,” “research and development,” “the environment,” “social” and “internal control and governance.” In addition to having appropriate knowledge in all of these areas, the Company has appointed nominees for Director by specifying areas in which the Company particularly expects them to perform. In particular, the Audit Committee shall include several people with appropriate knowledge of finance and accounting. Note that these areas shall be revised as appropriate based on the external environment and the condition of the Company. See Articles 9, 11, 12, 13 and 17 of the EBARA Corporate Governance Basic Policy for details. See the Company’s website at the following address for information on the Basic Policy.

https://www.ebara.co.jp/en/about/ir/Governance/governance/index.html

Nominee No.	Name (Age)	Committees and Positions to be Appointed*	Areas in which the nominees for Director (Outside and Non-executive) are particularly expected to perform*								
			Legal affairs and risk management	Personnel and human resource development	Finance, accounting and capital policy	Auditing	Corporate management and management strategy	Research and development	Environment	Social	Internal control and governance
1	Toichi Maeda (Age: 65)	Chairman of the Company Nomination Committee					✽	✽	✽	✽	✽
2	Masao Asami (Age: 60)	President and Representative Executive Officer	–	–	–	–	–	–	–	–	–
3	Sakon Uda (Age: 65)	Chairman of the Board of Directors Nomination Committee		✽			✽			✽	✽
4	Hajime Sawabe (Age: 79)	Chaiperson of the Compensation Committee		✽	✽		✽			✽	✽
5	Hiroshi Oeda (Age: 64)	Chief Independent Director Chairperson of the Nomination Committee		✽	✽		✽			✽	✽
6	Masahiro Hashimoto (Age: 72)	Chairperson of the Audit Committee			✽	✽	✽			✽	✽
7	Junko Nishiyama (Age: 64)	Compensation Committee				✽		✽	✽	✽	✽
8	Mie Fujimoto (Age: 53)	Compensation Committee	✽	✽		✽				✽	✽
9	Hisae Kitayama (Age: 63)	Audit Committee	✽		✽	✽				✽	✽
10	Akihiko Nagamine (Age: 62)	Audit Committee	✽		✽	✽				✽	✽

* The above table does not represent all of the knowledge of the nominees.

* Committees and Positions to be Appointed

Nomination Committee:	Nominee for Member of the Nomination Committee
Compensation Committee:	Nominee for Member of the Nomination Committee
Audit Committee:	Nominee for Member of the Nomination Committee
Chief Independent Director:	Nominee for Chief Independent Director

Nominee No. 1	Toichi Maeda Date of birth: December 24, 1955 (Age: 65)	Attendance rate (FY ended December 31, 2020)			Re-election Non-executive Chairman Nomination Committee
		Board of Directors	100%	(15/15)	
		Nomination Committee*	100%	(13/13)	

■ Message to shareholders

FY2020 was a year of difficult business conditions due to the global spread of COVID-19 from the beginning of the year. However, the EBARA Group's Board of Directors has been conducting risk analysis and discussing short- and medium-term responses since the early stages of the infection, and the business execution team was able to implement appropriate measures. We will further evolve the effectiveness of corporate governance, which has real value against risks that exceed expectations and strive to enhance the corporate value of the EBARA Group.

■ Brief personal history, and assignments and responsibilities in the Company

April 1981	Joined the Company
April 2007	Executive Officer of the Company
April 2010	Managing Executive Officer of the Company
April 2011	Head of Business Unit, Custom Pump Business Unit, Fluid Machinery & Systems Company of the Company
June 2011	Director of the Company
April 2012	President, Fluid Machinery & Systems Company of the Company
April 2013	President and Representative Director of the Company
June 2015	President, Representative Executive Officer of the Company
March 2019	Chairman & Director of the Company (to present) Member of the Nomination Committee of the Company (to present)

Number of the Company's shares held	26,500 shares
Number of years served as Director	9 years and 9 months * At the conclusion of this general meeting

■ Important concurrent positions

None

Concurrent positions as officer in listed companies including the Company (planned)

Executive	0
Non-executive	1

* In the event the proposal is approved.

■ Reasons for selecting the nominee for Director

The nominee demonstrated strong leadership during his tenure as President with the aim of enhancing corporate value. Upon transition to a company with three committees, he was essential to the creation of the new business execution structure, and endeavored to promote dynamic management through rapid decision-making and the strengthening of competitiveness. Furthermore, he has been promoting reforms with the aim of further strengthening the governance system since appointment as Chairman of the Company.

The Nomination Committee selected the nominee to continue to serve as a Director because it was determined that he can utilize his management experience in the Company and abundant knowledge and experience related to business, and contribute particularly in the areas of "corporate management and management strategy," "research and development" and "the environment," and found that he would be able to fairly supervise management as Director and Chairman of the Company.

Nominee No. 2	Masao Asami Date of birth: April 7, 1960 (Age: 60)	Attendance rate (FY ended December 31, 2019) Board of Directors 100% (15/15)	Re-election Executive President and Representative Executive Officer

■ Message to shareholders

In the midst of the worldwide impact of COVID-19, I felt again strongly that EBARA is a company that supports society and industry, and we were able to get through the year with the hard work of our employees and the support of everyone who helped us. This year, looking ahead to the year 2100, we will continue to contribute to the creation of a sustainable society, support the creation of abundant lifestyles for all, as set forth in E-Vision 2030, and strive to meet the expectations of our shareholders by working as one to achieve the targets of E-Plan 2022.

■ Brief personal history, and assignments and responsibilities in the Company

April 1986	Joined the Company
April 2010	Executive Officer of the Company
April 2011	Division Executive, Sales and Marketing Division, Precision Machinery Company of the Company
April 2014	Managing Executive Officer of the Company
June 2015	Managing Executive Officer of the Company (Change in Japanese only; English unchanged)
April 2016	President, Precision Machinery Company of the Company
March 2019	Director of the Company (to present)
	President, Representative Executive Officer of the Company (to present)

Number of the Company's shares held	23,200 shares
Number of years served as Director	2 year * At the conclusion of this general meeting

■ Important concurrent positions

None

Concurrent positions as officer in listed companies including the Company (planned)

Executive	1
Non-executive	0

* In the event the proposal is approved.

■ Reasons for selecting the nominee for Director

The nominee lead the global expansion of the Precision Machinery Business as the head of the Segment. After being appointed as President of the Company, he demonstrated excellent leadership in preparation of E-Vision 2030, the long-term vision, and E-Plan 2022, the medium-term management plan. In pursuit of the vision and plan's achievement, he is actively involved in the development of new technologies and new businesses, as well as measures to reinvigorate the Company's corporate culture.

The Nomination Committee selected him to continue to serve as a Director because of his demonstrated leadership as a Director concurrently executing business as Representative Executive Officer and President toward the achievement of E-Vision 2030, the long-term vision, and E-Plan 2022, the medium-term management plan. As well as his ability to play an appropriate role for deliberation of matters to be resolved and matters to be reported in meetings of the Board of Directors in the aspects of both supervision and execution.

Nominee No. 3	Sakon Uda Date of birth: May 22, 1955 (Age: 65)	Attendance rate (FY ended December 31, 2020)			Re-election Independent Director Chairman of the Board of Directors Nomination Committee
		Board of Directors	100%	(15/15)	
		Nomination Committee	100%	(13/13)	
		Independent Directors' Meeting	100%	(13/13)	

■ Message to shareholders

As the Independent Chairman of the Board of Directors, I will continue to make every effort to enhance the effectiveness of the Board of Directors. I will strive to ensure the Board sets the right agenda and engages in effective discussion to resolve issues even in the midst of unexpected changes and uncertainties, such as the COVID-19 situation. In addition, the Board will act to support the execution of business operations so they can make appropriate and speedy decisions and meet the expectations of our shareholders.

■ Brief personal history, and assignments and responsibilities in the Company

April 1981	Joined Nippon Kokan K.K. (currently JFE Holdings, Inc.) (Retired in July 1989)
August 1989	Joined McKinsey & Company (Retired in February 2006)
February 2006	Executive Officer, Japan Post Holdings Co., Ltd.
October 2007	Senior Managing Executive Officer, Japan Post Holdings Co., Ltd. (Retired in June 2008) First Executive Officer, Japan Post Service Co., Ltd. (currently Japan Post Co., Ltd.) (Retired in June 2010)
May 2010	Professor, Kenichi Ohmae Graduate School of Business (to present)
July 2010	Executive Officer, Chief Operating Officer, The Tokyo Star Bank, Limited (Retired in June 2011)
June 2011	Director of the Company (to present)
September 2012	Counselor, Nuclear Damage Liability Facilitation Fund (currently Nuclear Damage Compensation and Decommissioning Facilitation Corporation) (Retired in May 2017)
April 2014	Dean, Faculty of Business Administration, Professor, Business Breakthrough University (to present)
June 2014	Director, Business Breakthrough, Inc. (to present)
June 2015	Director, Public Utility Fund Japan-North America Medical Exchange Foundation Chairperson of the Nomination Committee of the Company
July 2015	Chief Independent Director of the Company
April 2016	Vice President, Business Breakthrough University (to present)
September 2016	Advisor, Tokyo Metropolitan Government (Retired in March 2018) Special advisor, the Tokyo Metropolitan Government Political Reform Headquarters (Retired in March 2018)
June 2017	Member of the Compensation Committee of the Company
July 2017	Executive Director, Public Utility Fund Japan-North America Medical Exchange Foundation (to present)
March 2019	Chairperson of the Board of Directors of the Company (to present) Member of the Nomination Committee of the Company (to present)

Number of the Company's shares held	1,100 shares
Number of years served as Director	9 years and 9 months * At the conclusion of this general meeting

■ Important concurrent positions

Professor, Kenichi Ohmae Graduate School of Business
Vice President, Dean, Faculty of Business Administration, Professor, Business Breakthrough University
Director, Business Breakthrough, Inc.*
Executive Director, Public Utility Fund Japan-North America Medical Exchange Foundation
(* indicates listed companies at which the candidate serves as an officer.)

Concurrent positions as officer in listed companies including the Company (planned)

Executive	0
Non-executive	2

* In the event the proposal is approved.

■ Reasons for selecting the nominee for Independent Director

The nominee has been involved with numerous companies as an expert in management strategy, etc., and as a member of top management and provides advice on management strategy and improvement of operations, etc. He has actively spoken from the perspective of general management in important meetings including the Board of Directors, while leading the Board of Directors as Chairperson. Furthermore, he has contributed to activities of the Nomination Committee, such as the selection of nominees for Director, succession planning of President, and nurturing of candidates as a member of the Nomination Committee.

The Nomination Committee selected him to continue to serve as an Independent Director to reflect his broad knowledge and high level of perception in the supervision of management, particularly in the areas of “personnel and human resource development” and “corporate management and management strategy,” and because he is expected to continue to lead the Board of Directors as Chairperson in order to further increase the effectiveness of the Board of Directors.

■ Special interests in the Company, and the Company’s subsidiaries, affiliates and major business partners

There are no special interests between Sakon Uda and the Group. With regard to the standards of independence, the nominee meets the Company’s standards of independence.

Nominee No. 4	Hajime Sawabe Date of birth: January 9, 1942 (Age: 79)	Attendance rate (FY ended December 31, 2020)			Re-election Independent Director Compensation Committee
		Board of Directors	93%	(14/15)	
		Compensation Committee	100%	(7/7)	
		Independent Directors' Meeting	100%	(13/13)	

■ Message to shareholders

In order to ensure the sustainable development of EBARA's social value and corporate value, I will monitor the fairness and efficiency of execution and make every effort to utilize my own knowledge from a medium- to long-term perspective.

■ Brief personal history, and assignments and responsibilities in the Company

April 1964	Joined Tokyo Denki Kagaku Kogyo K.K. (currently TDK Corporation)
June 1996	Director, Executive Vice President of Recording Device Business, TDK Corporation
June 1998	President & Representative Director, TDK Corporation
June 2006	Chairman & Representative Director, TDK Corporation
March 2008	Outside Director, Asahi Glass Co., Ltd. (currently AGC. Inc.) (Retired in March 2014)
June 2008	Outside Director, TEIJIN LIMITED (Retired in June 2016) Outside Director, Nomura Securities Co., Ltd. (Retired in June 2011)
June 2009	Outside Director, Nomura Holdings, Inc. (Retired in June 2011)
March 2011	Outside Audit & Supervisory Board Member, Nikkei Inc. (Retired in March 2019)
June 2011	Director, Chairman of the Board & Directors, TDK Corporation
October 2011	Councilor, Waseda University
April 2012	Executive Adviser, Japan Management Association (Retired in March 2018)
June 2012	Executive Advisor, TDK Corporation (Retired in March 2019)
July 2014	Vice President, Board of Trustees, Waseda University
June 2015	Outside Director, Japan Display Inc. (Retired in June 2017) Independent Director of the Company (to present) Member of the Compensation Committee of the Company (to present)
July 2018	President, Board of Trustees, Waseda University (to present)
April 2019	Adviser to the Executive Board, Value Creation 21 (to present)
March 2020	Chairperson of Compensation Committee of the Company (to present)

Number of the Company's shares held	1,100 shares
Number of years served as Director	5 years and 9 months * At the conclusion of this general meeting

■ Important concurrent positions

President, Board of Trustees, Waseda University
Adviser to the Executive Board, Value Creation 21

Concurrent positions as officer in listed companies including the Company (planned)

Executive	0
Non-executive	1

* In the event the proposal is approved.

■ Reasons for selecting the nominee for Independent Director

The nominee has been involved in the management of a listed company involved in the electronic components industry, for many years, and has extensive experience in general corporate management. In addition, he has an abundance of experience as an outside officer at listed companies in various industries. He actively speaks in important meetings such as the Board of Directors, and also as the Chairperson of the Compensation Committee, he has lead the Committee activities, including the consideration of the Company's compensation system for Directors and Executive Officers and discussions related to decisions on the compensation standards.

The Nomination Committee selected him to continue to serve as an Independent Director to reflect his abundant experience and high level of perception in the supervision of management, particularly in the areas of "personnel and human resource development," "finance, accounting, and capital policy" and "corporate management and management strategy," with the expectation for him to continue to demonstrate leadership as the Chairperson of the Compensation Committee.

■ Special interests in the Company, and the Company's subsidiaries, affiliates and major business partners

There are no special interests between Hajime Sawabe and the Group. With regard to the standards of independence, the annual transactions between the Group and TDK Corporation, where the nominee was involved in the execution of business in the past, are as follows, and the nominee meets the Company's standards of independence.

Subject of transaction, etc.	Recipient of consideration for transaction	Provider of consideration for transaction	Ratio in transaction value	Subject of comparison	Remarks
Precision parts, etc.	TDK Corporation	The Group	Less than 0.1% (Less than 200 million yen)	Consolidated net sales of TDK Corporation for the nine months ended December 31, 2020	The nominee retired from his office as Executive Advisor of TDK Corporation in March 2019.
The Group's products and after-sale service, etc.	The Group	TDK Corporation	Less than 0.1% (Less than 20 million yen)	Consolidated net sales of the Company for the year ended December 31, 2020	The nominee retired from his office as Executive Advisor of TDK Corporation in March 2019.

Nominee No. 5	Hiroshi Oeda Date of birth: March 12, 1957 (Age: 64)	Attendance rate (FY ended December 31, 2020)			Re-election Independent Director Lead Independent Director Nomination Committee
		Board of Directors	100%	(15/15)	
		Nomination Committee	100%	(13/13)	
		Independent Directors' Meeting	100%	(13/13)	

■ Message to shareholders

Utilizing the knowledge and experience of management I have accumulated in a food manufacturing company to date, I will engage in the improvement of corporate value and strengthening of corporate governance and actively contribute to further growth and development of EBARA CORPORATION in the areas of personnel and human resource development as a member of the Nomination Committee.

■ Brief personal history, and assignments and responsibilities in the Company

April 1980	Joined Nisshin Flour Milling Inc. (currently Nisshin Seifun Group Inc.)
June 2009	Director, Nisshin Seifun Group Inc.
April 2011	Director and President, Nisshin Seifun Group Inc.
April 2015	Member of Management Council, Hitotsubashi University (to present)
April 2017	Director and Executive Adviser, Nisshin Seifun Group Inc.
June 2017	Corporate Special Adviser, Nisshin Seifun Group Inc. (to present) President, Seifun Kaikan Inc. (to present)
December 2017	Member, The Japanese National Commission for UNESCO
March 2018	Director of the Company (to present) Member of the Nomination Committee of the Company
June 2018	Outside Director, SEKISUI CHEMICAL CO., LTD. (to present)
March 2019	Chairperson of the Nomination Committee of the Company (to present)
June 2019	President, Hitotsubashi University Koenkai (to present)
March 2020	Lead Independent Director of EBARA (to present)
December 2020	Vice-Chairperson, Japanese National Commission for UNESCO

Number of the Company's shares held	1,100 shares
Number of years served as Director	3 years * At the conclusion of this general meeting

■ Important concurrent positions

Corporate Special Adviser, Nisshin Seifun Group Inc.
President, Seifun Kaikan Inc.
Outside Director, SEKISUI CHEMICAL CO., LTD.*
President, Hitotsubashi University Koenkai
Vice-Chairperson, Japanese National Commission for UNESCO
(* indicates listed companies at which the candidate serves as an officer.)

Concurrent positions as officer in listed companies including the Company (planned)

Executive	0
Non-executive	2

* In the event the proposal is approved.

■ Reasons for selecting the nominee for Independent Director

The nominee has been involved in the management of a listed company representative of the flour-milling and food industry, and has a track record of improving business performance as a management executive in a manufacturing company. He has abundant experience in general corporate management, in addition to being well-versed in global business. Furthermore, he has exhibited leadership in discussions at Independent Directors' meetings as the Chief Independent Director, in addition to contributing to activities of the Nomination Committee as the Chairperson, such as the succession planning of President, selection of nominees for management executives and nurturing of such candidates.

The Nomination Committee selected him to continue to serve as an Independent Director to reflect his abundant experience and high level of perception in the supervision of management, particularly in the areas of "personnel and human resource development," "finance, accounting, and capital policy" and "corporate management and management strategy," and to continue demonstrating leadership as the Chairperson of the Nomination Committee.

■ Special interests in the Company, and the Company's subsidiaries, affiliates and major business partners

There are no special interests between Shozo Yamazaki and the Group. With regard to the standards of independence, the nominee meets the Company's standards of independence.

<table>
<tr><td rowspan="6">Nominee No.
6</td><td rowspan="6">Masahiro Hashimoto
Date of birth: August 28, 1948 (Age: 72)</td><td colspan="3">Attendance rate
(FY ended December 31, 2020)</td><td rowspan="6">Re-election
Independent Director
Compensation Committee
Audit Committee</td></tr>
<tr><td>Board of Directors</td><td>100%</td><td>(15/15)</td></tr>
<tr><td>Compensation Committee*</td><td>100%</td><td>(7/7)</td></tr>
<tr><td>Audit Committee</td><td>100%</td><td>(17/17)</td></tr>
<tr><td>Outside Directors' Meeting</td><td>100%</td><td>(13/13)</td></tr>
</table>

■ Message to shareholders

In 2020, COVID-19 had a significant impact on the Group as it spread worldwide. It is in these severe conditions that are predicted to continue throughout 2021, that the Group has entered the second year of its medium-term management plan, E-Plan 2022. As an Independent Director, I will do my utmost to contribute to the enhancement of the corporate, social, and environmental value of the Company, while giving due consideration to the medium- to long-term impact and risks posed by the spread of infection.

■ Brief personal history, and assignments and responsibilities in the Company

April 1972	Joined The Daiwa Bank, Limited (currently Resona Bank, Limited)
November 1998	President, Bank Daiwa Perdania (Indonesia)
July 1999	General Manager of International Division, The Daiwa Bank, Ltd. (Retired in June 2001)
June 2001	Managing Director and General Manager of Financial Department, Dainippon Screen Mfg. Co., Ltd. (currently SCREEN Holdings Co., Ltd.)
June 2004	Senior Managing Director, Dainippon Screen Mfg. Co., Ltd.
June 2005	Representative Director, President and Chief Operating Officer, Dainippon Screen Mfg. Co., Ltd.
April 2014	Vice Chairman, Dainippon Screen Mfg. Co., Ltd.
June 2015	Senior Advisor (part-time), Dainippon Screen Mfg. Co., Ltd. (Retired in March 2016)
April 2016	Industrial Promotion Advisor, Kumamoto Prefecture (to present)
March 2018	Director of the Company (to present) Member of the Audit Committee of the Company (to present)
April 2019	Member of the Compensation Committee of the Company (to present)

Number of the Company's shares held	1,100 shares
Number of years served as Director	3 years * At the conclusion of this general meeting

■ Important concurrent positions

Industrial Promotion Advisor, Kumamoto Prefecture

Concurrent positions as officer in listed companies including the Company (planned)

Executive	0
Non-executive	1

* In the event the proposal is approved.

■ Reasons for selecting the nominee for Independent Director

The nominee has excellent knowledge of the international finance sector and abundant knowledge concerning finance, in addition to a high level of knowledge on general management due to involvement in the top management of a listed company representative of the semiconductor manufacturing equipment industry, for many years. Furthermore, he has conducted a wide range of audits of the businesses of the Company and the Group as a member of the Audit Committee. Also, as a member of the Compensation Committee, he has made contributions to the consideration of the compensation system for Directors and Executive Officers and participated in discussions related to decisions on the compensation standards.

The Nomination Committee selected him to continue to serve as an Independent Director to reflect his broad knowledge and high level of perception in the supervision of management, particularly in the areas of "finance, accounting, and capital policy," "auditing" and "corporate management and management strategy," and to demonstrate strong leadership as the new Chairperson of the Audit Committee.

■ Special interests in the Company, and the Company's subsidiaries, affiliates and major business partners

There are no special interests between Masahiro Hashimoto and the Group. With regard to the standards of independence, the nominee meets the Company's standards of independence.

Nominee No. 7	Junko Nishiyama Date of birth: January 10, 1957 (Age: 64)	Attendance rate (FY ended December 31, 2020)			Re-election Independent Director Compensation Committee
		Board of Directors	100%	(15/15)	
		Audit Committee	100%	(17/17)	
		Independent Directors' Meeting	100%	(13/13)	

■ Message to shareholders

The business environment surrounding EBARA is constantly changing due to the situation of COVID-19. Throughout this, the Group continues to strive to solve social issues with the aspiration of contributing to society in the areas of water, air, and the environment. At the same time, we have continued to strengthen the corporate governance system. As an Independent Director, I am determined to contribute to the enhancement of corporate value and further growth and development by supporting the executive side by implementing both defensive and offensive governance practices.

■ Brief personal history, and assignments and responsibilities in the Company

April 1979	Joined Lion Fat & Oil Co., Ltd. (currently Lion Corporation)
March 2006	Director, Finished Product Department, Purchasing Headquarters, Lion Corporation
March 2007	Director, Finished Product Purchasing, Production Coordinating Department No.2, Production Headquarters, Lion Corporation
January 2009	Director, Packaging Engineering Research Laboratories, Research & Development, Headquarters, Lion Corporation
January 2014	Director, CSR Promotion Department, Lion Corporation
March 2015	Standing Corporate Auditor, Lion Corporation
March 2019	Advisor, Lion Corporation (Retiring March 2021 (planned)) Director of the Company (to present) Member of the Audit Committee of the Company (to present)
June 2019	Outside Director, JACCS CO., LTD. (to present)
June 2020	Outside Auditor, TODA CORPORATION (to present)

Number of the Company's shares held	800 shares
Number of years served as Director	2 years * At the conclusion of this general meeting

■ Important concurrent positions

Advisor, Lion Corporation (Plan to retire in March 2021)
Outside Director, JACCS CO., LTD.*
Outside Auditor, TODA CORPORATION*
(* indicates listed companies at which the candidate serves as an officer.)

Concurrent positions as officer in listed companies including the Company (planned)

Executive	0
Non-executive	3

* In the event the proposal is approved.

■ Reasons for selecting the nominee for Independent Director

The nominee has been involved in research and development, promotion of environmental initiatives, and the like at a listed company representative of the healthcare industry, in addition to auditing of the entire company's business as a standing corporate auditor, and has abundant experience in general corporate management. Furthermore, she has conducted auditing activities on the Company and Group businesses broadly from an independent position as a member of the Audit Committee, in addition to actively speaking in important meetings including the Board of Directors.

The Nomination Committee selected the nominee to continue to serve as an Independent Director to reflect her abundant experience and high level of perception in the supervision of management, particularly in the areas of "auditing," "research and development" and "the environment," and to demonstrate her expertise as a member of the Compensation Committee.

■ Special interests in the Company, and the Company's subsidiaries, affiliates and major business partners

There are no special interests between Junko Nishiyama and the Group. With regard to the standards of independence, the nominee meets the Company's standards of independence.

Nominee No. 8	Mie Fujimoto Date of birth: August 17, 1967 (Age: 53)	Attendance rate (FY ended December 31, 2020)			Re-election Independent Director Compensation Committee
		Board of Directors*	100%	(10/10)	
		Compensation Committee*	100%	(5/5)	
		Independent Directors' Meeting*	100%	(10/10)	

■ Message to shareholders

Last year, the first year of E-Vision 2030 and E-Plan 2022, the Board of Directors discussed the medium-to-long-term impact of the pandemic on the Group's business and the best way to adapt to the changing business environment, in addition to reviewing the overall progress of plans and measures. In the age of "With/After Corona", where the future is uncertain, I feel that a multifaceted perspective is increasingly important. I will make use of my experiences as a lawyer and outside director to listed companies and make every effort as an Independent Director and member of the Compensation Committee to contribute to the Company's steady progress toward realizing the goals of its long-term vision.

■ Brief personal history, and assignments and responsibilities in the Company

April 1993	Registered as an attorney at law (to present) Joined New Tokyo Sogoh Law Office
June 2009	Outside Corporate Auditor, Kuraray Co., Ltd.
April 2015	Joined TMI Associates (to present)
June 2015	Outside Audit & Supervisory Board Member, SEIKAGAKU CORPORATION (to present)
June 2016	Outside Audit & Supervisory Board Member, Tokyo Broadcasting System Holdings, Inc. (Audit & Supervisory Board Member, Tokyo Broadcasting System Television, Inc.) (to present)
March 2019	Outside Director, Kuraray Co., Ltd. (Retired in March 2020)
March 2020	Director of the Company (to present) Member of the Compensation Committee (to present)

Number of the Company's shares held	500 shares
Number of years served as Director	1 year * At the conclusion of this general meeting

■ Important concurrent positions

Attorney at law
Partner, TMI Associates
Outside Audit & Supervisory Board Member, SEIKAGAKU CORPORATION *
Outside Audit & Supervisory Board Member, Tokyo Broadcasting System Holdings, Inc. *
(Audit & Supervisory Board Member, Tokyo Broadcasting System Television, Inc.)
(* indicates listed companies at which the candidate serves as an officer)

Concurrent positions as officer in listed companies including the Company (planned)

Executive	0
Non-executive	3

* In the event the proposal is approved.

■ Reasons for selecting the nominee for Independent Director

The nominee is an attorney at law well versed in corporate legal affairs centered on labor-related regulations. She utilizes her abundant experience and high level of expertise as an outside officer at listed companies in important meetings such as the Board of Directors. In addition, as a member of the Compensation Committee, she has contributed to deliberation on topics, including the consideration of the compensation system for Directors and Executive Officers and decisions on the compensation standards.

The Nomination Committee selected the nominee to continue to serve as an Independent Director to reflect her abundant experience and high level of expertise in the supervision of management, particularly in the areas of "legal affairs and risk management," "personnel and human resource development" and "auditing," in addition to her duties as a member of the Compensation Committee. Although she has not been directly involved in corporate management, we have determined that she will be able to fulfill her duties as an Independent Director for the aforementioned reasons.

■ Special interests in the Company, and the Company's subsidiaries, affiliates and major business partners

There are no special interests between Mie Fujimoto and the Group. With regard to the standards of independence, the nominee meets the Company's standards of independence.

* Mie Fujimoto was newly elected and appointed as Director and member of the Compensation Committee at the 155th Ordinary General Meeting of Shareholders held on March 27, 2020, and the meeting of the Board of Directors held on the same day, and her attendance to meeting at the Board of Directors and committee, etc. held since that date is provided above.

Nominee No. 9	Hisae Kitayama Date of birth: August 30, 1957 (Age: 63)	Attendance rate (FY ended December 31, 2020)			New election Independent Director Compensation Committee
		Board of Directors	-%	(-/-)	

■ Message to shareholders

My name is Hisae Kitayama, and I have been nominated as a candidate for Independent Director at the Company. I will do my utmost to contribute to the further enhancement of the Company's corporate value and sustainable growth over the medium to long-term by utilizing my knowledge and experience in accounting and auditing as a certified public accountant, offering fresh and flexible insights as a woman, and implementing both defensive and offensive governance practices.

■ Brief personal history, and assignments and responsibilities in the Company

October 1982	Joined Asahi Accounting Company (Currently KPMG AZSA LLC)
March 1986	Registered as Certified Public Accountant
May 1999	Partner, Asahi Accounting Company (Currently KPMG AZSA LLC)
July 2013	Managing Executive Director, KPMG AZSA LLC
June 2019	Chairman, Kinki Chapter of Japanese Institute of Certified Public Accountants (to present)
July 2019	Deputy Chairman, Japanese Institute of Certified Public Accountants (to present) Senior Executive Director, KPMG AZSA LLC (Retired June 2020)
June 2020	Outside Director, Tsubakimoto Chain Co. (to present)
July 2020	Representative, Kitayama Public Accounting Office (to present)

Number of the Company's shares held	0 shares
Number of years served as Director	- years * At the conclusion of this general meeting

■ Important concurrent positions

Certified Public Accountant
Chairman, Kinki Chapter of Japanese Institute of Certified Public Accountants
Deputy Chairman, Japanese Institute of Certified Public Accountants
Outside Director, Tsubakimoto Chain Co.*
Representative, Kitayama Public Accounting Office
(* indicates listed companies at which the candidate serves as an officer)

Concurrent positions as officer in listed companies including the Company (planned)

Executive	0
Non-executive	2

* In the event the proposal is approved.

■ Reasons for selecting the nominee for Independent Director

The nominee is a certified public accountant with a wide variety of audit experience at audit corporations and has strong knowledge and a wealth of experience in corporate accounting and audit areas. She has cultivated her knowledge through her service at important positions such as Deputy Chairperson of The Japanese Institute of Certified Public Accountants and Chairman of its Kinki Chapter, and participates in activities to promote female accountants and diversity.

The Nomination Committee selected her to newly serve as an Independent Director to reflect her abundant experiences and high level of expertise in the supervision of management, particularly in the areas of "legal affairs and risk management," "finance, accounting and capital policy," and "auditing," as well as in her duties as a member of the Audit Committee. Although she has not been directly involved in corporate management, we have determined that she will be able to fulfill her duties as an Independent Director for the aforementioned reasons.

■ Special interests in the Company, and the Company's subsidiaries, affiliates and major business partners

There are no special interests between Hisae Kitayama and the Group. With regard to the standards of independence, the annual transactions between the Group and KPMG AZSA LLC, where the nominee was involved in the execution of business in the past, are as follows, and the nominee meets the Company's standards of independence.

Subject of transaction, etc.	Recipient of consideration for transaction	Provider of consideration for transaction	Ratio in transaction value	Subject of comparison	Remarks
Advisory Services	KPMG AZSA LLC	The Group	Less than 0.2% (Less than 200 million yen)	Consolidated net sales of KPMG AZSA LLC for the fiscal year ended ended June, 2020	The nominee retired from their position at KPMG AZSLA LLC in June 2020.

Nominee No. 10	Akihiko Nagamine Date of birth: May 5, 1958 (Age: 62)	Attendance rate (FY ended December 31, 2020) Board of Directors -% (-/-)	New election Non-executive Audit Committee

■ Message to shareholders

I am Akihiko Nagamine, a candidate for the position of Director. The COVID-19 pandemic has brought about a major turning point in the way people and companies behave. Drawing on my experience as an Executive Officer in charge of finance and accounting, I am determined to encourage the executive team to seize this change as an opportunity and, as a public company providing social infrastructure, to boldly take on challenges and grow the business under appropriate risk management, thereby enhancing social, environmental, and economic value. I am committed to acting in the best interests of and fulfilling my responsibility to the shareholders.

■ Brief personal history, and assignments and responsibilities in the Company

April 1982	Joined EBARA DENSAN LTD.
June 2006	Director, EBARA DENSAN LTD.
July 2010	Joined the Company, General Manager, Investment and Affiliates Supervision Department, Finance & Corporate Accounting Division
April 2014	Division Executive, Finance & Accounting Division (to present)
April 2015	Executive Officer (*shikkou-yakuin)*
June 2015	Executive Officer *(shikkou-yaku)* (to present) Responsible for Finance & Accounting, Group Management, and Internal Control

Number of the Company's shares held	11,391 shares
Number of years served as Director	- years * At the conclusion of this general meeting

■ Important concurrent positions

None

Concurrent positions as officer in listed companies including the Company (planned)

Executive	0
Non-executive	1

* In the event the proposal is approved.

■ Reasons for selecting the nominee for Director

The nominee has abundant experience in the finance and accounting division of the Company, and, as the head of the division, has promoted advancement and streamlining of the Group's accounting and financing systems, and demonstrated strong leadership in strengthening the Company's financial base.

The Nomination Committee selected the nominee to newly serve as a Director because it was determined that he is capable of carrying out the responsibilities of a full-time member of the Audit Committee and supervising the management of the Company in a fair and objective manner as a Non-executive Director by leveraging his expertise and experience in business execution, particularly in the areas of "finance, accounting, and capital policy."

Notes:

1. No nominee has any special interest in the Company.

2. Notable matters relating to the nominees for Outside Directors are as follows:
   (1) The Company has notified the Tokyo Stock Exchange of the designation of Sakon Uda, Hajime Sawabe, Hiroshi Oeda, Masahiro Hashimoto, Junko Nishiyama, and Mie Fujimoto as Independent Directors as stipulated by the exchange. In the event that the re-election of the six nominees above is approved at the General Meeting of Shareholders, they will continue in their positions as Independent Directors. In the event that the election of Hisae Kitayama is approved, she will newly become an Independent Director.
   (2) During the service of Sakon Uda, Hajime Sawabe, Hiroshi Oeda, Masahiro Hashimoto, Junko Nishiyama and Mie Fujimoto since they were last appointed, there were no violations of law at the Company.
   (3) During the past five (5) years, when Sakon Uda, Hajime Sawabe, Hiroshi Oeda, Masahiro Hashimoto, Junko Nishiyama, Hisae Kitayama were in the post of Director at other companies, there were no violations of law, etc., at those companies.
   (4) Kuraray Co., Ltd., where Mie Fujimoto served as an Outside Corporate Auditor until March 2019 and was appointed as an Outside Director that month, received cease and desist orders, etc. from the Japan Fair Trade Commission in (i) March 2017 and (ii) November 2019 for (i) an act in violation of the Antimonopoly Act in relation to a tender for certain vinylon products ordered by the Acquisition, Technology & Logistics Agency and (ii) an act in violation of the Antimonopoly Act in relation to the manufacture and sale of specified activated carbon used in water purification facilities, etc. She was not aware of the facts in advance but had brought attention to the importance of legal compliance on a routine basis. After the facts were revealed, she took steps such as confirming the details of the company's efforts in the Board of Directors, etc., and making proposals to prevent recurrence.
   (5) Independence as candidate for Independent Director
      1) No nominee for Independent Director has ever been in an executive position or a position to execute duties for the Company or any subsidiary of the Company.
      2) No nominee for Independent Director is in a position to execute duties for a business entity in a special relationship with the Company. Furthermore, there has been no such relevant relationship during the past ten (10) years.
      3) No nominee for Independent Director is going to receive a large amount of money or other assets except for remuneration as Director from the Company or any business entity in a special relationship with the Company. Furthermore, there has been no such arrangement in the past two (2) years.
      4) No nominee for Independent Director is a spouse, a relative within the third degree, or such a closely related person of a business executor of the Company or any business entity in a special relationship with the Company.
      5) No nominee for Independent Director was a business executor of a company with which the Company has merged for the past two (2) years.

3. In relation to "a company with a material business relationship with the EBARA Group" in the "Independence Standards of Independent Director of EBARA," those for which both the following amounts and percentages for each fiscal year are less than 5 million yen and less than 0.1% have been omitted from the descriptions of these business relationships for the relevant fiscal year. (Minor Standards)
   (1) The transaction amount pertaining to the provision of products or services by the EBARA Group to a business partner, and the percentage of the transaction amount in relation to consolidated net sales of the EBARA Group
   (2) The transaction amount pertaining to the provision of products or services by a business partner to the EBARA Group, and the percentage of the transaction amount in relation to consolidated net sales of the business partner

4. An overview of the agreements to limit liability for damages is provided below.
   (1) The Company has entered into agreements with Sakon Uda, Hajime Sawabe, Hiroshi Oeda, Masahiro Hashimoto, Junko Nishiyama, and Mie Fujimoto to limit their liability for damages as outlined under Article 423, paragraph 1 of the Companies Act in accordance with Article 427, paragraph 1 of the Companies Act. The limit of liability for damages under the agreement is the minimum liability amount stipulated under Article 425, paragraph 1 of the Companies Act. However, this limit will be applicable only when the performance of duties giving rise to such responsibilities is recognized to have been carried out in good faith and with no gross negligence. In the event that the re-election of the six

nominees above is approved at the General Meeting of Shareholders, similar agreements will be continued.

(2) If the election of Hisae Kitayama is approved, the Company plans to enter into agreements with her to limit their liability for damages as outlined under Article 423, paragraph 1 of the Companies Act in accordance with Article 427, paragraph 1 of the Companies Act. The limit of liability for damages under the agreement is the minimum liability amount stipulated under Article 425, paragraph 1 of the Companies Act. However, this limit will be applicable only when the performance of duties giving rise to such responsibilities is recognized to have been carried out in good faith and with no gross negligence.

5. In the event the proposal is approved, the Nomination, Compensation and Audit Committees will be made up of the following members.

Nomination Committee: Sakon Uda, Hiroshi Oeda (Chairperson), Toichi Maeda
Compensation Committee: Hajime Sawabe (Chairperson), Junko Nishiyama, Mie Fujimoto
Audit Committee: Masahiro Hashimoto (Chairperson), Hisae Kitayama, Akihiko Nagamine

Role of the Board of Directors and Standards for Election of Directors

The Board of Directors must make its best effort to realize the mission it has been given by shareholders to "continuously improve corporate value" while giving the greatest consideration possible within reasonable bounds to the positions of all stakeholders. In addition to the perspective of establishing an internal control environment for preventing downside risks of scandals etc. (defensive posture), the Board needs to exhibit leadership from the perspective of establishing an environment enabling management to boldly face challenges to prevent upside risks in which business opportunities are missed (offensive posture).

To be able to exhibit both defensive and offensive leadership, the Board of Directors must enable the best conclusion to be reached while avoiding closed discussion through the exchange of diverse opinions. To achieve this, the Board must be made up of personnel with sufficient knowledge and experience inside and outside the Company concerning important matters from the perspective of business management. Directors need to have sufficient expert knowledge in their respective fields, in addition to common sense (logical thinking), enabling them to make decisions based on the opinions of members with expert knowledge and information from within and outside the Company.

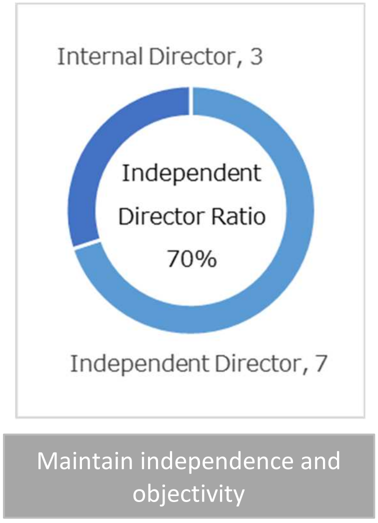
In addition, the Board of Directors must realize a clear division of roles between supervision and execution in order to enable effective supervision of the management team responsible for business execution, and to enable the Board of Directors to objectively evaluate and express opinions on the progress and results of business execution from a standpoint independent of business execution. In order to achieve this, a company with Nomination, Compensation, and Audit Committees, which can delegate the authority and responsibility for business execution to the executive officers, is adopted as an organizational design, minimizing the number of Executive Officers and effectively utilizing Non-executive Directors (Independent Directors* and Directors from within the company who do not concurrently serve as executive officers). To ensure the independence and objectivity of the Nomination, Compensation, and Audit Committees, which form the cornerstone of corporate governance, they shall be composed solely of Non-executive Directors, and the majority of the members of each committee shall be Independent Directors, and the chairperson of each committee shall also be an Independent Director in principle.

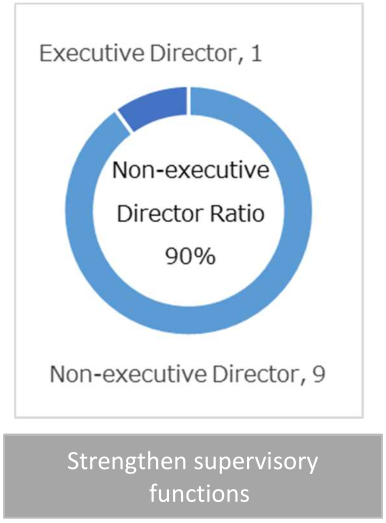
From this perspective, the Board of Directors shall be composed of at least a majority of Independent Directors.

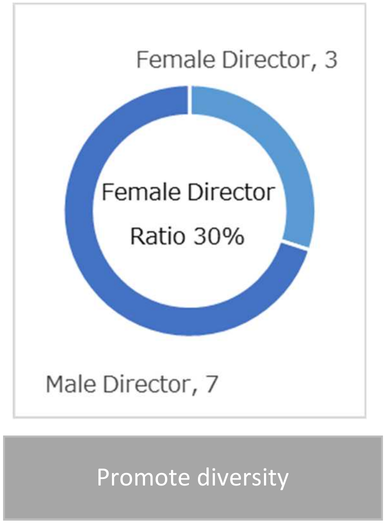
* Independent Directors: Independent Directors that satisfy the Company's independence standards and for which notification as independent officers has been submitted to the Tokyo Stock Exchange. All of the Company's Independent Directors are registered as independent directors.

Composition of the Board of Directors

The Board of Directors will have the following composition after this proposal is approved for election based on the above "Standards for Election of Directors."







Role and Standards for Independence of Independent Directors

One of the principal roles of Independent Directors is to express opinions based on the decision of whether it is appropriate to entrust management to current Executive Officers from the perspective of the common interests of shareholders by examining and assessing the results of the Company’s management and the performance of Executive Officers as needed in light of the management strategies and management plans determined by the Board of Directors.

All nominees for Independent Director are chosen from personnel with a high level of independence and adequate specialized knowledge in areas expected to be important in company management to enable them to participate in discussion on the essence of management from a position that is completely independent of the execution of business.

In addition, the Company has established its own independence standards based on the independence standards specified by the Tokyo Stock Exchange.

[Independence Standards of Independent Director of EBARA]
Independent persons with no material interests in the Company are to be appointed as Independent Directors. “Independent persons with no material interests” refer to persons to whom none of the following items applies.

1) An internal employee or former internal employee of the Company or its subsidiaries who do not meet the requirements for Outside Directors stipulated in Article 2, item 15, of the Companies Act.

2) A person who has been a director (excluding outside director), statutory auditor (excluding outside audit & supervisory board member), executive officer, or employee executing the business of a company with a material business relationship with the Company and its consolidated subsidiaries (hereinafter referred to as the “EBARA Group” or “the Group” in this part) in the past five years. “A company with a material business relationship with the EBARA Group” refers to any of the following

   i. A company to which sales were made accounting for 2% or more of consolidated net sales of the EBARA Group in any of the fiscal years in the past three years.

   ii. A company that made sales to the EBARA Group accounting for 2% or more of its consolidated net sales in any of the fiscal years in the past three years of procurement by the EBARA Group.

   iii. The two financial institutions with the highest average balance of borrowings by the EBARA Group at the end of the fiscal year over the past three years.

3) A person who is a major shareholder of the Company or the representative of the interests thereof.

   Specifically, a shareholder of the Company holding 10% or more of the total shares issued, or a director, an executive, an executive officer, a manager or other employee of a company representing the interests thereof within the two years preceding the appointment of Director nominees.

4) A person providing professional services to the EBARA Group.

   “Professional services” refer to the following categories according to the services provided.

   i) Certified public accountant

      A person who has been directly engaged in the financial auditing of the EBARA Group in the past five years.

   ii) Attorney, tax accountant, patent attorney, judicial scrivener, or management consultant

      A person who has provided services to the EBARA Group in the past three years and has received annual compensation of ¥10 million (including tax) or more.

5) A person who has received or belongs to a for-profit group that has received donations, financing, or guarantee of debt from the EBARA Group.

6) A person within two degrees of relationship with a relative who falls under item 1 or item 2, or a person of another degree of relationship who resides with the relative.

7) A person who currently serves as a director, a statutory auditor or an executive officer of a company that has accepted a director or a statutory auditor from the EBARA Group.

Attached Documents to the Notice of the 156th Ordinary General Meeting of Shareholders

Business Report for the 156th Period

(From January 1, 2020 to December 31, 2020)

EBARA CORPORATION

1. Condition of the Corporate Group

(1) Business Developments and Results

1) Overall Review of Operations

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

The oil and gas markets, which are the Group's main markets, continued to be affected by COVID-19 and a decline in crude oil prices, and there were signs of delays or postponements in projects. In the construction equipment market, construction works continued to be suspended or delayed in some countries and regions. On the other hand, in the semiconductor market, despite impacts of the US-China trade friction, demand for semiconductors was firm, and capital investment continued to recover.3

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

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

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

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

Financial Highlights

Net Sales	**Operating Income**	**Ordinary Income**	**Profit attributable to Owners of Parent**
¥523,727 million	¥37,879 million	¥36,859 million	¥24,473 million
Up 0.2% from the same period of the previous FY	Up 7.3% from the same period of the previous FY	Up 3.6% from the same period of the previous FY	Up 4.8% from the same period of the previous FY

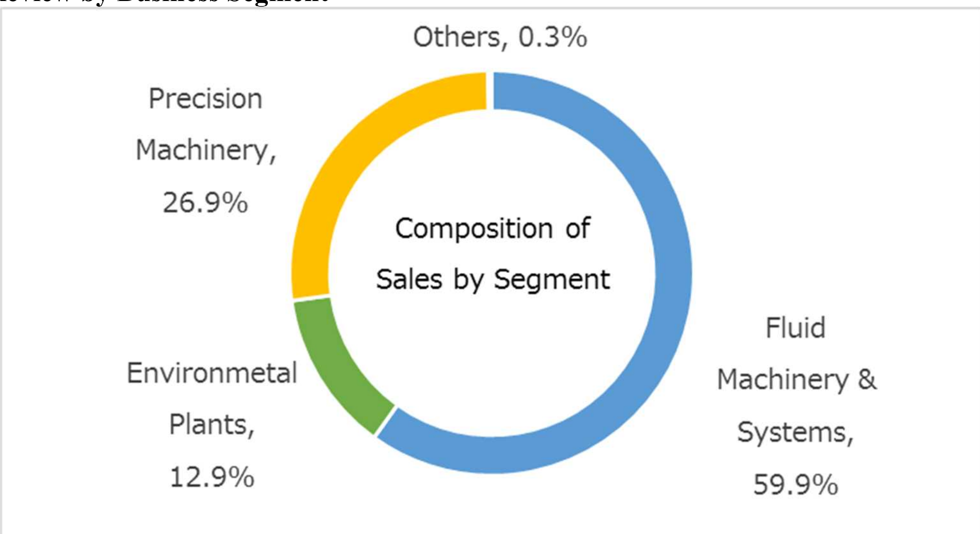
2) Financial Results

Fiscal Year (FY) / Item	153rd Period (FY ended December 31, 2017)	154th Period (FY ended December 31, 2018)	155th Period (FY ended December 31, 2019)	156th Period (FY ended December 31, 2020) (FY under review)
Orders Received (Millions of yen)	413,569	575,576	552,225	511,921
Net Sales (Millions of yen)	381,993	509,175	522,424	523,727
Operating Income (Millions of yen)	18,115	32,482	35,298	37,879
Ordinary Income (Millions of yen)	16,529	31,281	35,571	36,859
Profit Attributable to Owners of Parent (Millions of yen)	9,531	18,262	23,349	24,473
Net Income per Share (Yen)	93.84	179.94	241.79	256.85
Total Assets (Millions of yen)	612,919	591,582	595.239	621,578
Net Assets (Millions of yen)	284,788	286,778	291.827	304,470
ROIC (%)	2.5	4.9	6.5	6.6
ROE (%)	3.5	6.6	8.3	8.4

Notes:

1. Due to the change of the fiscal year-end, the 153rd period was the nine months from April 1, 2017 to December 31, 2017.
2. Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) has been adopted from the beginning of the 155th period. Relevant figures for the 154th period are presented following retroactive application of this accounting standard.

3) Review by Business Segment

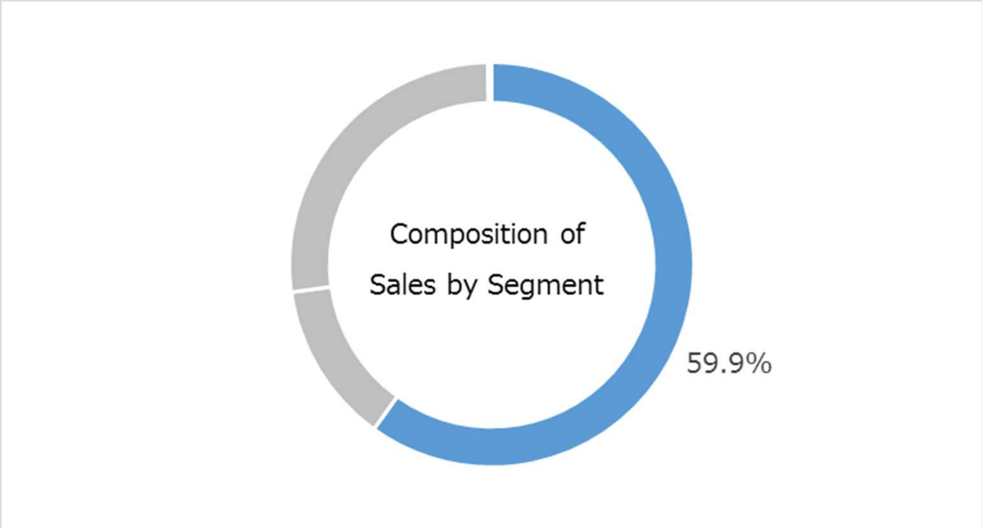


Sales by Segment

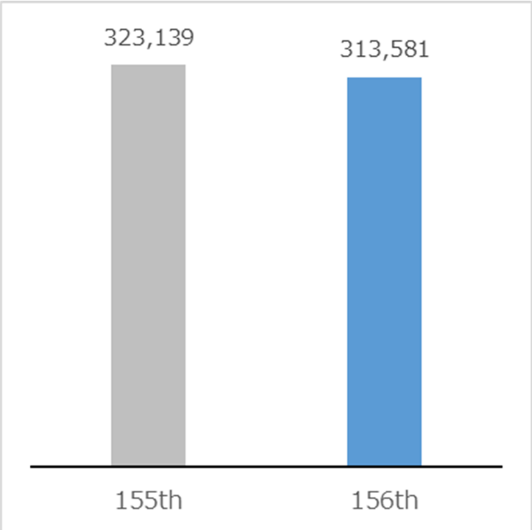
	155th Period	156th Period (FY under review)	Year-on-year change
Fluid Machinery & Systems	¥323,139 million	¥313,581 million	Down 3.0%
Environmental Plants	¥695,050 million	¥67,536 million	Down 2.8%
Precision Machinery	¥128,255 million	¥141,119 million	Up 10.0%

Fluid Machinery & Systems

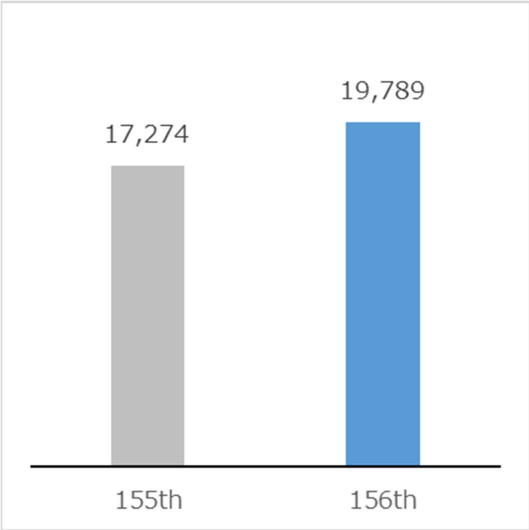
Main Items
Pumps, compressors, turbines, refrigerators, cooling towers and blowers



■Net Sales (Millions of yen)



■Segment Income (Millions of yen)



Pumps

In the oil and gas market, projects have been delayed or postponed across the board in regions other than China due to the impact of COVID-19 and decline in the crude oil prices. As the inquiries from customers are also sluggish, and a large number of vendors bid on a small number of projects, price competition is intensifying. As a result, oil and gas related orders received were smaller than the previous year. Water infrastructure market is recovering in China and Southeast Asia. However, the launch of projects in North America have been delayed due to the impact of COVID-19, and orders received were smaller than the previous year. In Japan, the construction equipment market is shrinking, and orders received for building construction-related equipment were smaller than the previous year due to the suspension of construction works and delays in construction starts caused by COVID-19. On the other hand, investment in renovation and maintenance for social infrastructure exceeded that of the previous year, resulting in orders received exceeding those of the previous year.

Compressors & Turbines

In the new product market as a whole, petrochemicals are firm in China. In North America, shale gas-related projects are delayed and stagnant as a whole, although some LNG projects have progressed. Investment is also being delayed in India and Russia. As a result, orders received for new products were smaller than the previous year. The service market as a whole has been sluggish as mobility restrictions for preventing the spread of COVID-19 continue to affect dispatch instructors, and orders received for field service were smaller than the previous year. In the LNG market (cryogenic pump), although there has been progress in some projects, investment decisions are slowing down due to the continuing impact of the decline in crude oil prices.

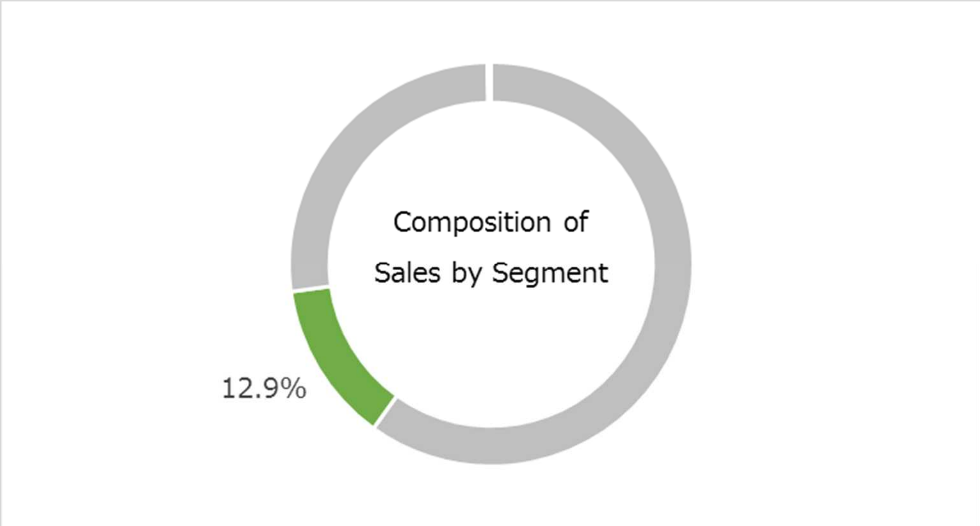
Chillers

In Japan, facility renovation plans such as accommodations and large-scale shopping malls that were affected by lifestyle changes and regular maintenance projects for existing products have been postponed or put on hold. As a result, orders received were smaller than the previous year. In China, market recovery has been delayed in some industries such as thermal power generation, resulting in orders received being smaller than the previous year.

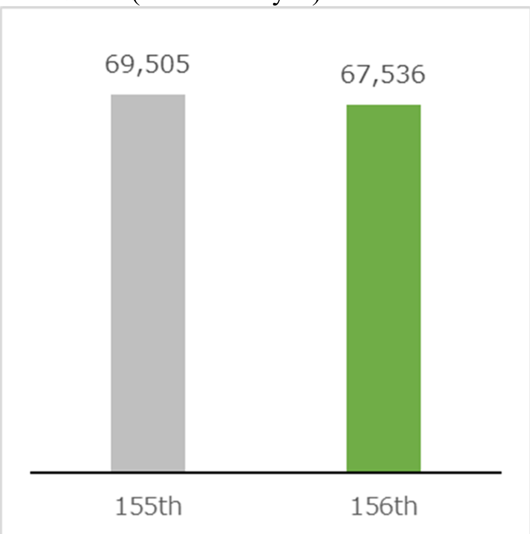
Sales in the FMS Company for the fiscal year ended December 31, 2020, amounted to ¥313,581 million (a decrease of 3.0% from the previous fiscal year). The segment income amounted to ¥19,789 million (an increase of 14.6% from the previous fiscal year).

Environmental Plants

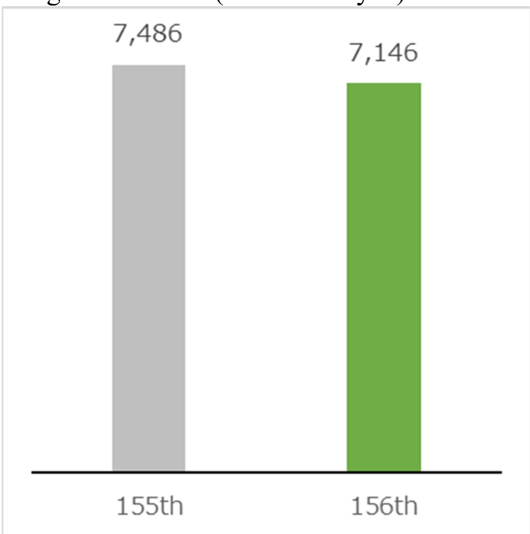
Main Items
Municipal waste processing plants, industrial waste incineration plants and water treatment plants



■Net Sales (Millions of yen)



■Segment Income (Millions of yen)



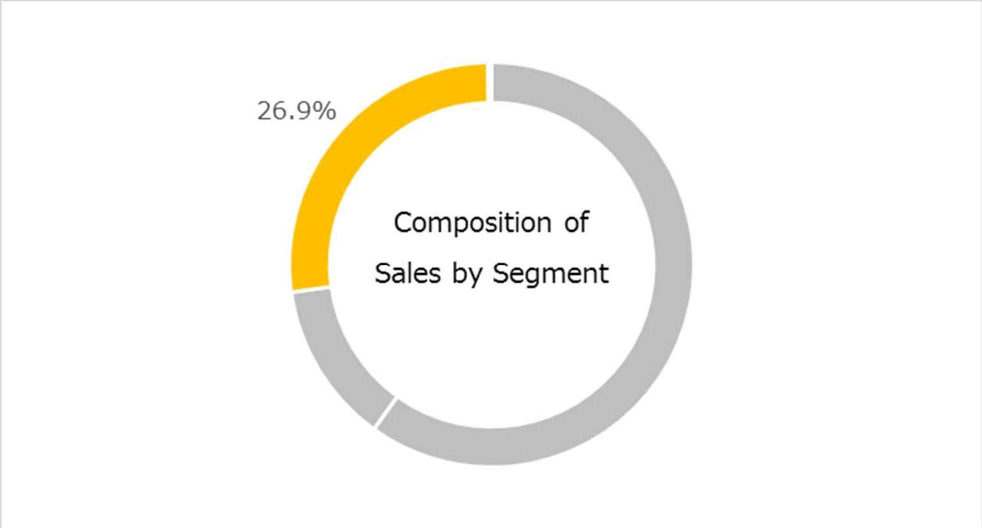
Environmental Plants

Although new construction demand of waste incineration plants for the public sector was smaller than the previous year due to delays in ordering schedules, the amount of orders for operating and maintenance (O&M) placed for existing plants ran at about the same level as in a typical year. Furthermore, construction demand of power generation plants with woody biomass fuel for private companies and industrial waste incineration plants for plastic waste continued. Amid such market conditions, the Company received orders for multiple projects. However, orders received decreased compared to the previous fiscal year as the level of orders received in the previous fiscal year was high.

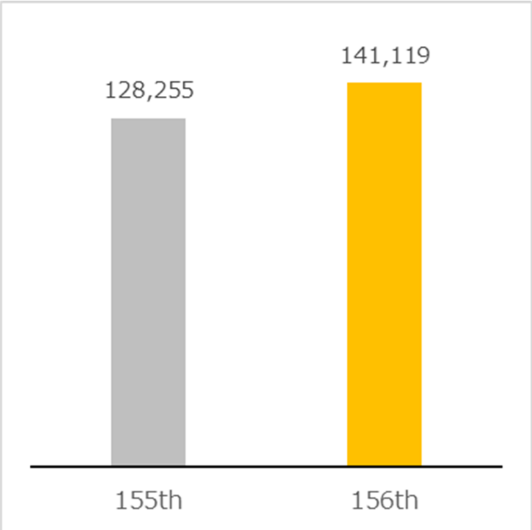
Sales in the EP Company for the fiscal year ended December 31, 2020, amounted to ¥67,536 million (a decrease of 2.87% from the previous fiscal year). The segment income amounted to ¥7,146 million (a decrease of 4.5% from the previous fiscal year).

Precision Machinery

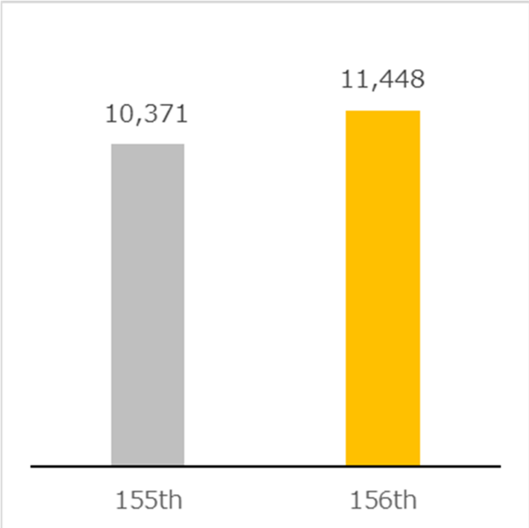
Main Items
Vacuum pumps, CMP systems, wafer plating system and gas abatement systems



■Net Sales (Millions of yen)



■Segment Income (Millions of yen)



Precision Machinery

The semiconductor and the semiconductor manufacturing equipment markets have been recovering due to solid demand for semiconductors through the establishment of working from home and increased demand for staying at home even though they are partly affected by the stagnation of economic activities due to COVID-19. Capital investment by foundries and memory companies has continued to recover, and orders received increased compared to the previous fiscal year. The service and support business is being favorable as customers are operating with high levels of activity, and some customers continued to take measures of the safety stock inventory to reduce the risk of shutdown due to the spread of COVID-19.

Sales in the PM Company for the fiscal year ended December 31, 2020, amounted to ¥141,119 million (an increase of 10.0% from the previous fiscal year). The segment income amounted to ¥11,448 million (an increase of 10.4% from the previous fiscal year).

(2) Capital Expenditures

Regarding investments, during the fiscal year, the Group implemented capital investments amounting to ¥32,295 million. These were primarily for the expansion of production capacity and the installation of equipment to enhance productivity. Note that the investment amount includes tangible fixed assets and intangible assets.

Principal capital investments by business segment were as follows. Please note that these investment figures include inter-segment transactions.

Business Segment	Capital Expenditures (Millions of yen)	Breakdown of Capital Expenditures
Fluid Machinery & Systems	12,567	Investments were made primarily for the maintenance and enhancement of production capability and the improvement of productivity.
Environmental Plants	880	Investments were made principally for information equipment and the development of technology aimed at upgrading products.
Precision Machinery	16,470	Investments were made principally for the enhancement of production capacity.

(3) Fund-Raising and Capital Resources

During the fiscal year ended December 31, 2020, the Group raised funds through straight bonds issuance of ¥10,000 million, long-term loans payable amounting to ¥2,772 million, and short-term loans payable totaling ¥42,456 million.

Meanwhile, the Group repaid long-term loans payable amounting to ¥4,426 million and short-term loans payable totaling ¥52,658 million.

(4) Issues Being Addressed

The Group announced our long-term vision, E-Vision 2030, which established a vision and path for ten years from fiscal year (FY) 2020, simultaneously with our new medium-term management plan, E-Plan 2022, for the period from FY2020 to FY2022.

[1] New business

Aim to identify global needs from a market-in approach and match internal and external technologies/know-how with market needs to create viable new businesses.

[2] Existing businesses

Enhance S&S business by improving synergy among business segments, and execute aggressive business segment-specific strategies.

a) Enhance S&S

Improve synergy among business segments to facilitate the provision of optimal services to each market, country, region, and customer.

b) Execute aggressive business segment-specific strategies

Divide business segments into two groups: “Growth investment” and “Improve profitability,” and set strategies in accordance with their status.

c) Strengthen development capabilities to create competitive advantages

Continue to develop products and services with competitive advantages and sell them at a price that maximizes profit.

d) Expand global procurement system

- Reduce production and fixed costs by lowering procurement costs
- Conduct optimal region-based procurement

[3] Regional strategy

Maximize revenue through initiatives tailored to regional markets mainly in China, India and Africa.

a) Global

Allocate investment and resources to regions of anticipated growth

b) Japan

- Improve operational efficiency in all businesses
- Contribute to building resilient social infrastructure

[4] Strengthen capitals

Evolve and strengthen the six capitals (human, manufacturing, financial, intellectual, social & relationship, natural) required for business growth to better invest in adaptions to the changing business environment and global business expansion.

a) Strengthen ROIC/Portfolio Management

- Conduct capital allocation based on corporate portfolio assessments
- Improve capital efficiency for each business

b) Manufacturing/Technology/Information Strategy

Transform products, services, and business models through the promotion of DX

c) Human Resource Strategy

- Improve internal talent pipelines on a global scale and facilitate greater mobility of human resources
- Promote diversity through increasing mid-career hires

[5] Refine ESG-focused management

In the interest of our sustainable growth, we will take aim at environmental issues, foster bonds with society, and enhance corporate governance.

a) Environmental

- Reduce greenhouse gas emissions by providing highly energy efficient products
- Minimize the environmental impacts of business operations

b) Social

- Create social value through the provision of safe and reliable products
- Contribute to the advancement of local communities and respect human rights throughout our business operations
- We will make a clear distinction between the social value of our products/services and our philanthropy activities and continue to support various cultural facilities, etc.

c) Governance

- Improve the feedback-loop between the outcome goals and execution status of our management policy, and implement a more effective system
- Enhance group governance and risk management in line with the globalization of our operations

(Reference)

1. **Long-term Vision: E-Vision 2030 (10-Year Vision)**
   We aim to further our contributions toward the SDGs through the pursuit of solutions to our identified material issues to contribute to the creation of a sustainable society while simultaneously increasing the (1) social/environmental value and (2) economic value we generate. We believe this will earn us greater corporate value and recognition as an excellent global company. We have set market capitalization of 1 trillion yen by 2030 as an indicator of our corporate value.

Representative examples of outcome goals

(1) Social/Environmental Value

- Reduce GHG emissions by the equivalent of about 100 million tons of CO_2
- Deliver water to 600 million people
- Contribute to smarter living by challenging the 14Å (angstrom, 1/10 billionth) generation, state-of-the-art semiconductor devices.

(2) Economic Value

- ROIC over 10.0%
- Roughly 1 trillion yen in sales

2. **Medium-term Management Plan: E-Plan 2022**

(1) Basic Policies

[1] Strive for growth
Create and cultivate new businesses and expand existing businesses further into the global market.

[2] Improve profitability of existing businesses
Transform business structures to strengthen revenue base and increase S&S sales in all businesses.

[3] Refine management and business infrastructure
Proactively implement digital transformation (DX) technologies to facilitate swifter management and further emphasize ROIC management.

[4] Enhance ESG-focused management
Address evolving environmental issues, foster bonds with society, and enhance governance practices.

(2) Management Strategies

Please refer to the previously described section (4) Issues Being Addressed

(3) Numerical Targets

At a meeting of the Board of Directors held on February 12, 2021, the Company resolved to voluntarily adopt the International Financial Reporting Standards (IFRS) in place of the existing Japanese Generally Accepted Accounting Principles (JGAAP) for the consolidated financial statements of the EBARA Group. In doing so, the Company aims to increase the international comparability of financial information.

The impact of IFRS transition on the Medium-term Management Plan, E-Plan 2022 (released in February 2020) is shown in the following table.

Impact on “Operating Income to Sales Ratio” (companywide and by business) is minor and the targets remain the same.

Key Performance Indicators (KPI)	156th (FY20) (old) JGAAP	E-Plan 2022 Targets (old) JGAAP	E-Plan 2022 Targets (new) IFRS
ROIC	6.6%	8.0% or more	7.6% or more
Operating Income to Sales Ratio	7.2%	8.5% or more	8.5% or more

Target Achievement Indicators	156th (FY20) (old) JGAAP	E-Plan 2022 Targets (old) JGAAP	E-Plan 2022 Targets (new) IFRS
ROE	8.4%	11.0% or more	11.2% or more
Debt-to-Equity Ratio	0.26 times	0.3-0.5 times	0.4-0.6 times
(Operating Income Ratio by Business)			
Fluid Machinery & Systems Business	6.3%	7.0% or more	7.0% or more
Pumps Business	5.8%	6.5% or more	6.5% or more
Compressors and Turbines	7.8%	8.0% or more	8.0% or more

Business			
Chillers Business	5.8%	5.0% or more	5.0% or more
Environmental Plants Business	10.6%	9.5% or more	9.5% or more
Precision Machinery Business	8.1%	13.0% or more	13.0% or more

Growth Investment	156th (FY20)	E-Plan 2022 Targets (3-year Total)
Capital Investment	32.2 million yen	About 100.0 billion yen
R&D	12.5 million yen	About 40.0 billion yen

Shareholder Returns	156th (FY20)	E-Plan 2022 Targets
Consolidated Dividend Payout Ratio	35.0%	35% or more

(5) Important Matters Related to the Parent Company and Subsidiaries

1) Matters Related to the Parent Company

None

2) Principal Subsidiaries

Company Name	Location of Head Office	Capital	EBARA Ownership Percentage (%)	Main Lines of Business
Elliott Ebara Turbomachinery Corporation	Sodegaura, Chiba	¥450 million	100.0*	Manufacture, sale, after-sales service of compressors, turbines and blowers
EBARA REFRIGERATION EQUIPMENT & SYSTEMS CO., LTD.	Ota-ku, Tokyo	¥450 million	100.0	Manufacture, sale, installation of refrigerators and cooling towers and after-sales service
EBARA DENSAN LTD.	Ota-ku, Tokyo	¥450 million	100.0	Manufacture and sale of electrical machinery and fixtures, and construction work for electrical machinery and instrumentation
EBARA FAN & BLOWER CO., LTD.	Suzuka, Mie	¥445 million	100.0	Manufacture, sale and after-sales service of industrial fans
Ebara Environmental Plant Co., Ltd.	Ota-ku, Tokyo	¥5,812 million	100.0	Design, construction work, operation and maintenance of waste processing systems
EBARA FIELD TECH.CORPORATION	Fujisawa, Kanagawa	¥475 million	100.0	Sale of dry vacuum pumps, sale, test operation and after-sales service of CMP equipment
EBARA AGENCY CO., LTD.	Ota-ku, Tokyo	¥80 million	100.0	Business support services, internal agency service for insurance, travel agency services
EBARA BOMBAS AMÉRICA DO SUL LTDA.	Brazil	R$99,106 thousand	100.0*	Manufacture and sale of submersible motors and pumps for deep wells, and land pump products
Ebara Machinery (China) Co., Ltd.	China	US$61,938 thousand	100.0	Manufacture, sale and after-sales service of standard pumps
EBARA MACHINERY ZIBO CO., LTD.	China	US$41,000 thousand	100.0*	Manufacture and sale of large-scale pumps and high-pressure pumps
EBARA GREAT PUMPS CO., LTD.	China	US$11,000 thousand	51.0	Manufacture and sale of process pumps and high-pressure pumps
EBARA ENGINEERING SINGAPORE PTE. LTD.	Singapore	S$6,625 thousand	100.0	Sale and after-sales service for custom pumps and standard pumps; sale and after-sales service for dry vacuum pumps and CMP equipment
EBARA PUMPS EUROPE S.p.A.	Italy	€22,400 thousand	100.0	Manufacture and sale of stainless pumps and metallic mold pumps
ELLIOTT COMPANY	U.S.A.	US$1 thousand	100.0*	Manufacture, sale and after-sales service of air and gas turbo-compressors and steam turbines Manufacture and sale of cryogenic submersible pumps
ELLIOTT EBARA SINGAPORE PTE. LTD.	Singapore	S$340 thousand	100.0*	After-sales service of compressors and turbines
EBARA REFRIGERATION EQUIPMENT & SYSTEMS (CHINA) CO., LTD.	China	¥1,888 million	100.0*	Manufacture and sale of refrigerators and cooling towers
EBARA QINGDAO CO., LTD.	China	¥3,150 million	100.0*	Manufacturing and sale of boilers and heat exchangers
EBARA TECHNOLOGIES INCORPORATED	U.S.A.	US$44,560 thousand	100.0*	Sale and after-sales service for dry vacuum pumps and CMP equipment
Shanghai Ebara Precision Machinery Co., Ltd.	China	¥495 million	100.0	Sale and after-sales service for dry vacuum pumps and CMP equipment
EBARA PRECISION MACHINERY KOREA INCORPORATED	Korea	KRW5,410 million	100.0	Sale and after-sales service for dry vacuum pumps and CMP equipment
Ebara Precision Machinery Taiwan Incorporated	Taiwan	TWD330,000 thousand	100.0	Sale and after-sales service for dry vacuum pumps and CMP equipment
Ebara Precision Machinery Europe GmbH	Germany	€11,145 thousand	100.0	Sale and after-sales service for dry vacuum pumps and CMP equipment

Note:
An asterisk (*) indicates a figure that includes indirect ownership.

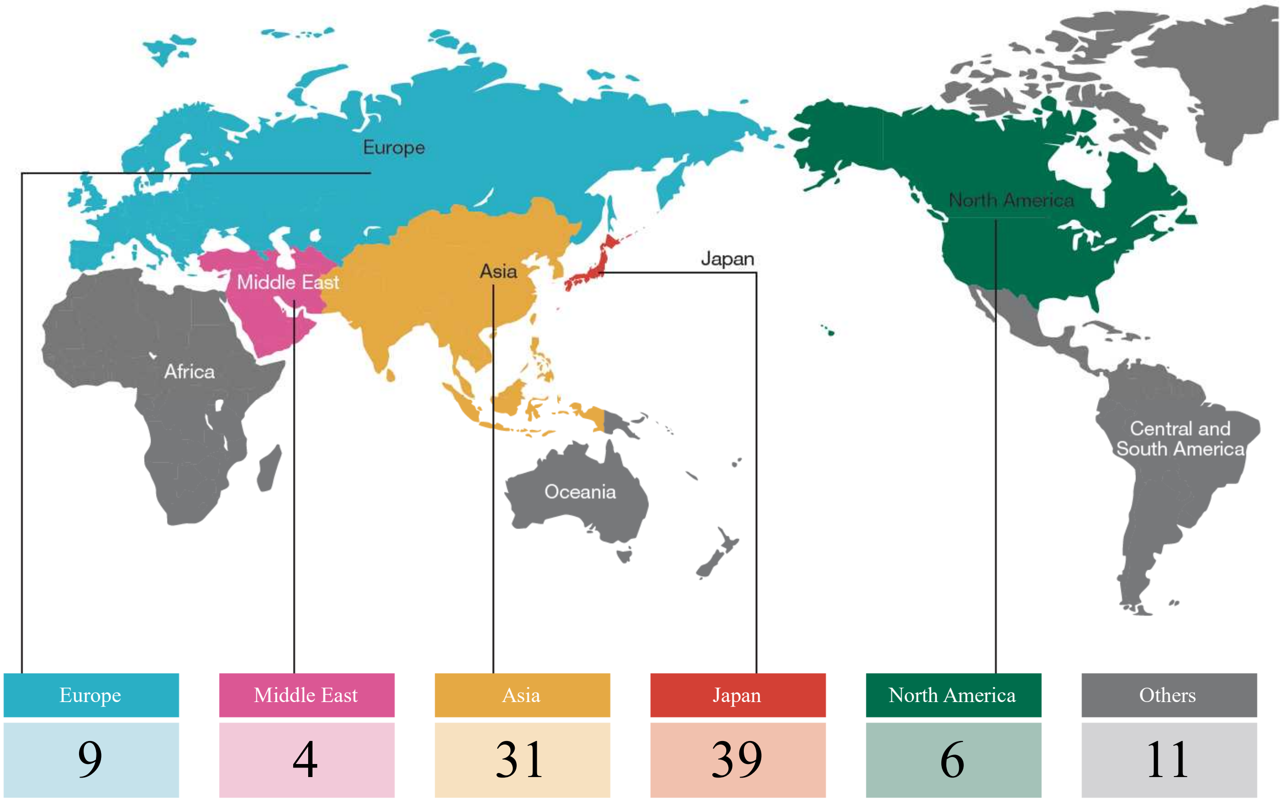
3) Specific Wholly-owned Subsidiaries

None

4) Principal Affiliated Companies

Company Name	Location of Head Office	Capital	EBARA Ownership Percentage (%)	Main Lines of Business
Swing Corporation	Minato-ku, Tokyo	¥5,500 million	33.3	Design, installation, operation and maintenance of water treatment facilities and environmental and sanitary facilities

(Reference) Number of Affiliates (As of December 31, 2020)



(6) Main Lines of Business (As of December 31, 2019)

Business	Main Items
Fluid Machinery & Systems	Pumps, compressors, turbines, refrigerators, cooling towers and blowers
Environmental Plants	Municipal waste processing plants, industrial waste incineration plants and water treatment plants
Precision Machinery	Vacuum pumps, CMP systems, wafer plating system and gas abatement systems

(7) Principal Business Offices and Factories (As of December 31, 2020)

1) EBARA CORPORATION

Name	Location	Name	Location
Head Office	Ota-ku, Tokyo	Nakasode Office	Sodegaura, Chiba
Hokkaido Branch	Shiroishi-ku, Sapporo	Futtsu District	Futtsu, Chiba
Muroran Office	Muroran, Hokkaido	Fujisawa District	Fujisawa, Kanagawa
Tohoku Branch	Miyagino-ku, Sendai	Chubu Branch	Nishi-ku, Nagoya
Hokuriku Branch	Chuo-ku, Niigata	Suzuka District	Suzuka, Mie
Haneda Office	Ota-ku, Tokyo	Osaka Branch	Kita-ku, Osaka
Tokyo Branch	Ota-ku, Tokyo	Chugoku Branch	Nishi-ku, Hiroshima
Kitakanto Branch	Kita-ku, Saitama	Kyushu Branch	Hakata-ku, Fukuoka
Sodegaura District	Sodegaura, Chiba	Kumamoto District	Tamana-gun, Kumamoto

2) Principal Subsidiaries

See "(5) Important Matters Related to the Parent Company and Subsidiaries 2) Principal Subsidiaries" above.

3) Principal Affiliated Companies

See "(5) Important Matters Related to the Parent Company and Subsidiaries 4) Principal Affiliated Companies" above.

(8) Employees by Business Segment (As of December 31, 2020)

Business Segment	Number of Employees	Change from the end of Previous Fiscal Year
Fluid Machinery & Systems	11,316	+90
Environmental Plants	2,673	+58
Precision Machinery	2,547	+97
Corporate Departments, etc.	944	+155
Total	17,480	+400

Note:
The number of employees shown is the number of workers.

(9) Principal Lenders (As of December 31, 2020)

Principal Lenders to the Group	Outstanding Loans (Millions of yen)
Mizuho Bank, Ltd.	18,978
MUFG Bank, Ltd.	11,201
Development Bank of Japan Inc.	4,500
The Shoko Chukin Bank, Ltd.	3,500
Banca Nazionale del Lavoro S.p.A.	2,031
Sumitomo Mitsui Banking Corporation	1,328

Note:
Apart from the above, a syndicated loan (total ¥10,000 million) exists.

(10) Other Important Matters Related to the Condition of the Corporate Group

On October 23, 2015, a fire broke out at the bulky waste treatment facility at the Gifu City Eastern CleanCenter, 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. Afterward, Gifu City amended its amount of the compensation claim for damages to ¥4,474 million and late charges for such compensation on July 22, 2019, and EEP received the amended petition pertaining to this lawsuit on July 25, 2019. Furthermore, Gifu City amended its amount of the compensation claim for damages to ¥4,582 million and late charges for such compensation on July 17, 2020, and EEP received the amended petition pertaining to this lawsuit on July 20, 2020.

2. Shares of the Company (As of December 31, 2020)

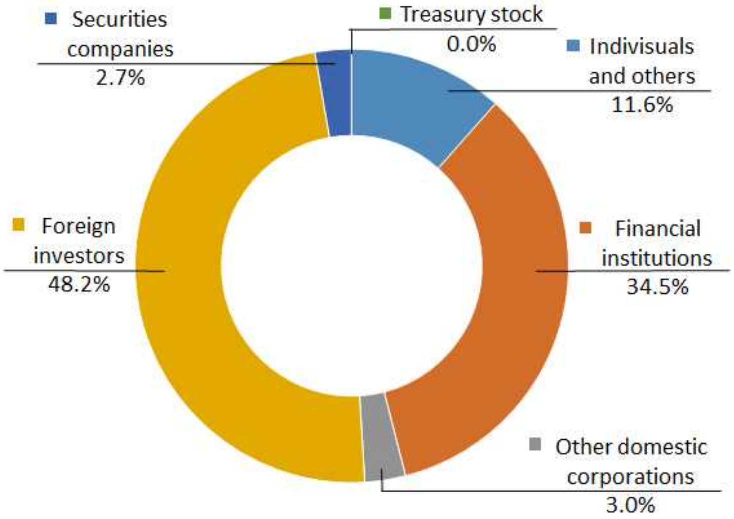
(1) Matters Related to Shares Issued by the Company

1) **Number of shares authorized** 200,000,000 shares

2) **Total number of shares issued** 95,391,453 shares
(Change from the previous year: +261,600 shares)
(Including 20,422 shares of treasury stock)

3) **Paid-in capital** ¥79,451,473,523
(Change from the previous year: +¥296,241,100)

4) **Number of shareholders** 21,132 (Change from the previous year: +581)



5) **Principal shareholders**

Name of Shareholders	Number of Shares Held (thousand shares)	Percentage against Total Shares Issued (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	11,387	11.9
Ichigo Trust Pte. Ltd.	9,552	10.0
Custody Bank of Japan, Ltd.(Trust Account)	7,304	7.7
THE BANK OF NEW YORK MELLON 140042	3,932	4.1
NOTHERN TRUST CO.(AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	2,314	2.4
BNYM AS AGT/CLTS 10 PERCENT	2,122	2.2
Custody Bank of Japan, Ltd.(Trust Account 7)	2,110	2.2
STATE STREET BANK AND TRUST COMPANY 505103	1,482	1.6
JP MORGAN CHASE BANK 385781	1,388	1.5
NORTHERN TRUST CO.(AVFC) RE U.S. TAX EXEMPTED PENSION FUNDS	1,335	1.4

Notes:
Treasury shares are eliminated from total number of shares issued in calculating the percentage.

6) **Important notes on other shareholdings**

A. Issuance of restricted shares

In the meeting of the Compensation Committee held on March 8, 2018, a resolution was passed to introduce a restricted share-based compensation system and a performance-linked share-based compensation system as compensation systems aimed at providing medium- to long-term incentives and sharing of shareholder value to the Company's Directors, Executive Officers, and some employees and Directors and some employees of the Company's subsidiaries. In response to this, the Company resolved in the meeting of the Board of Directors held on April 13, 2020, to issue new shares as restricted share-based compensation and issued 88,500 common shares on May 12, 2020.

Based on this, the capital and legal capital surplus increased by ¥97,261,500 each.Numbers of allotted restricted shares to Directors and Excutive of the Company is as follows.

Type of Corporate Officers	Number of allotted people	Number of allotted shares
Directors (excluding Independent Directors)	2	16,000 shares
Independent Directors	7	3,500 shares
Executives Officers	13	36,100 shares

B. Issuance of performance-linked stock

In this performance-linked share-based compensation system, the evaluation period for performance-linked share-based compensation is the same as the period of the Company's medium-term management plan. A number of common shares of the Company equivalent to a variable standard compensation amount, which is calculated based on the position of the eligible officer or employee and adjusted in accordance with the level of achievement, in the final year of the medium-term management plan, in a performance indicator specified in advance by the Compensation Committee, are issued or disposed of. Eligible officers and employees must have been employed by the Company for the two fiscal years of FY2018 and FY2019 (from January 2018 to December 2019) that are included in the period of the E-Plan 2019 medium-term management plan, and which constitute the evaluation period. For this reason, eligible officers and employees who resigned or retired during the evaluation period will also be allotted a number of shares in proportion to their performance during their service at the Company. The number of performance-linked shares allotted to Directors and Executive Officers of the Company is as follows.

Type of Corporate Officers	Number of allocated people	Number of allocated shares
Directors (excluding Independent Directors)	2	1,600 shares
Executives Officers	12	10,100 shares

7) Important notes on other shareholdings
Issuance of new shares through exercise of subscription rights to shares
The total number of issued shares increased by 147,500 shares and capital and legal capital surplus increased by ¥170,845,200 each as a result of the exercise of subscription rights to shares during the fiscal year under review.

(2) Matters Related to Shares Owned by the Company

1) Policy on Cross-shareholdings
In principle, the Company does not own cross-shareholdings. However, the Company may hold shares of other companies as cross-shareholdings only when the Company determines partnerships with investees through such shareholdings will contribute to the enhancement of the Group's corporate value.

Furthermore, the Board of Directors periodically reviews the rationality of holding these cross-shareholdings and has a policy of dissolving shareholdings that are no longer rational by disposal or other means.

[Confirming rationality of shareholdings]
A. The partnerships with the investee are important, and it is necessary to maintain those relationships.
B. The returns and risks associated with the shareholding match the capital cost.

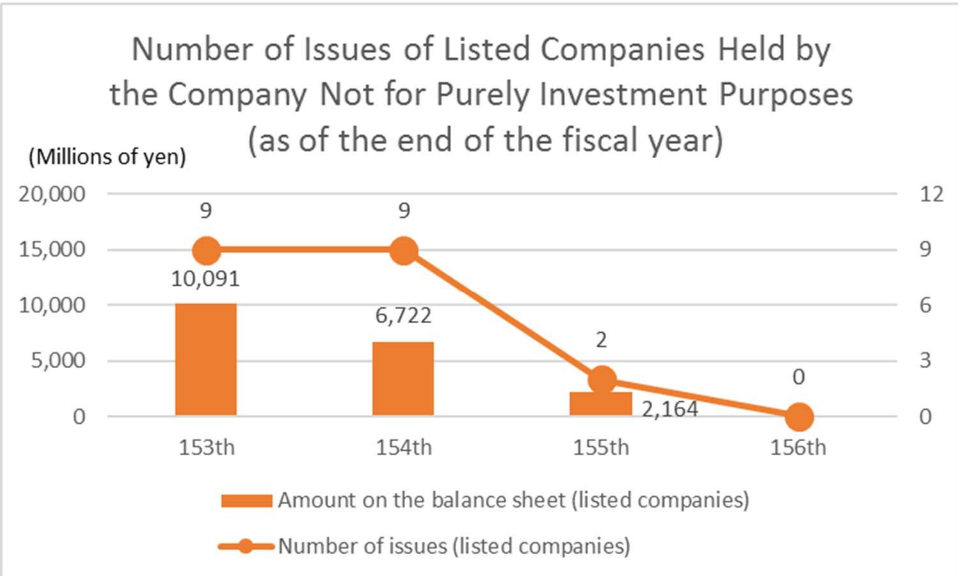
In the 156th period, the Company sold all share of issues of listed companies which the Company had held at the beginning of the period.

2) Standard for the Exercise of Voting Rights in Cross-shareholdings
The Company exercises its voting rights in cross-shareholdings, subject to consideration of the pros and cons of individual proposals to determine whether they contribute to the medium- to long-term enhancement of the corporate value of the Group and investees. In such a case, the Company consults with investees as necessary with emphasis on the following matters:

A. Amendments to the Articles of Incorporation
B. Election of Directors, etc.
C. Takeover Defense Measures
D. Appropriation of Surplus

3) Number of Issues and Total Amount on the Non-consolidated Balance Sheet of Shares Held by the Company Not for Purely Investment Purposes

Fiscal Year (FY) / Item	153rd Period (FY ended December 31, 2017)	154th Period (FY ended December 31, 2018)	155th Period (FY ended December 31, 2019)	156th Period (FY ended December 31, 2020) (FY under review)
Number of issues	50 issues	46 issues	41 issues	39 issues
Number of issues of listed companies	9 issues	9 issues	2 issues	0 issue
Amount on the balance sheet (Millions of yen)	13,973	10,551	7,082	4,918
[Breakdown] Amount of listed companies (Millions of yen)	10,091	6,722	2,164	-



3. Subscription Rights to Shares, etc. of the Company

(1) Subscription rights to shares issued in compensation for the execution of duties and held by the Company’s Corporate Officers who were in office at the end of the fiscal year (As of December 31, 2020)

Name (Date of issuance)	Conditional upon the achievement of results	Subscription rights to shares held by Corporate Officers			Class and number of shares purchasable with rights	Amount to be paid upon exercise of rights	Period during which rights may be exercised
		Directors (excluding Independent Directors)	Independent Directors	Executive Officers			
1st Subscription Rights to Shares (November 5, 2009)	Yes	0 (0 person)	—	51 (3 persons)	Common stock of the Company 10,200 shares	¥1.00 per share	July 1, 2011 to November 5, 2024
2nd Subscription Rights to Shares (September 28, 2010)	Yes	0 (0 persons)	—	3 (1 person)	Common stock of the Company 600 shares	¥1.00 per share	July 1, 2011 to November 5, 2024
3rd Subscription Rights to Shares (September 27, 2011)	Yes	60 (1 person)	—	171 (5 persons)	Common stock of the Company 46,200 shares	¥1.00 per share	July 1, 2014 to June 30, 2026
4th Subscription Rights to Shares (October 1, 2012)	Yes	25 (1 person)	—	18 (1 person)	Common stock of the Company 3,600 shares	¥1.00 per share	July 1, 2014 to June 30, 2026
5th Subscription Rights to Shares (October 1, 2013)	Yes	25 (1 person)	—	13 (2 persons)	Common stock of the Company 7,600 shares	¥1.00 per share	July 1, 2014 to June 30, 2026
6th Subscription Rights to Shares (October 1, 2014)	Yes	96 (1 person)	—	180 (6 persons)	Common stock of the Company 55,200 shares	¥1.00 per share	July 1, 2017 to June 30, 2029
7th Subscription Rights to Shares (October 1, 2015)	Yes	6 (1 person)	—	28 (3 persons)	Common stock of the Company 7,600 shares	¥1.00 per share	July 1, 2017 to June 30, 2029
	No	0 (0 person)	4 (2 persons)	—			October 1, 2018 to June 30, 2029
8th Subscription Rights to Shares (October 1, 2016)	Yes	0 (0 persons)	—	8 (2 persons)	Common stock of the Company 2,400 shares	¥1.00 per share	July 1, 2017 to June 30, 2029
	No	0 (0 persons)	4 (2 persons)	—			October 1, 2019 to June 30, 2029

<table>
<tr><th rowspan="2">Name
(Date of issuance)</th><th rowspan="2">Conditional upon the achievement of results</th><th colspan="3">Subscription rights to shares held by Corporate Officers</th><th rowspan="2">Class and number of shares purchasable with rights</th><th rowspan="2">Amount to be paid upon exercise of rights</th><th rowspan="2">Period during which rights may be exercised</th></tr>
<tr><th>Directors (excluding Independent Directors)</th><th>Independent Directors</th><th>Executive Officers</th></tr>
<tr><td rowspan="2">9th Subscription Rights to Shares (October 1, 2017)</td><td>Yes</td><td>48
(1 person)</td><td>—</td><td>98
(7 persons)</td><td rowspan="2">Common stock of the Company 15,000 shares</td><td rowspan="2">¥1.00 per share</td><td>April 1, 2020 to March 31, 2032</td></tr>
<tr><td>No</td><td>0
(0 persons)</td><td>4
(2 persons)</td><td>—</td><td>October 1, 2020 to March 31, 2032</td></tr>
</table>

Notes:

1. Subscription rights to shares held by Directors and Executive Officers include those issued while they served as Senior Officers. Furthermore, the portion held by Executive Officers concurrently serving as Directors is listed in the section on Executive Officers. The numbers of rights for the 1st to 8th Subscription Rights to Shares have been finalized according to actual performance.
2. On October 1, 2016, the Company implemented a consolidation of shares at a ratio of one share for every five common shares. In association with this, the class and number of shares purchasable with the 1st to 8th Subscription Rights to Shares have been 200 shares per subscription right, and the class and number of shares purchasable with the 9th Subscription Rights to Shares is 100 shares per subscription right.
3. Holders of the subscription rights to shares can exercise the rights during the period in which they serve as Directors, Executive Officers, and/or Officers of the Company or subsidiaries of the Company, or within five years after their retirement.

(2) Subscription rights to shares issued to the Company's employees and the Corporate Officers and employees of the Company's subsidiaries in compensation for the execution of their duties during the fiscal year

None

(3) Other matters related to subscription rights to shares, etc.

None

4. Corporate Officers

(1) The Company's Corporate Governance

1) Basic views on corporate governance

The Company has established the "EBARA Way," composed of its "Founding Spirit," "Corporate Philosophy," and "EBARA Group CSR Policy" as the EBARA Group's identity and set of values to be shared across the Group. Under the EBARA Way, the Company upholds the enhancement of corporate value and shareholder return through sustainable business development as its most important management objectives. To achieve such objectives, the Company pursues the best possible corporate governance structure and strives for its further enhancement at all times.

The Company has established the "EBARA Corporate Governance Basic Policy" and is committed to enhancing corporate governance based on the following basic views:

a. The Company respects shareholders' rights and fosters an environment for shareholders to effectively exercise their rights while ensuring equality among shareholders.

b. The Company strives to appropriately cooperate with various stakeholders, including customers, business partners, employees, and local communities. The Company also strives to develop a corporate culture and climate in which such stakeholders' rights and viewpoints are respected, and business is effectively executed.

c. The Company strives to ensure management transparency through adequate disclosure of its corporate information.

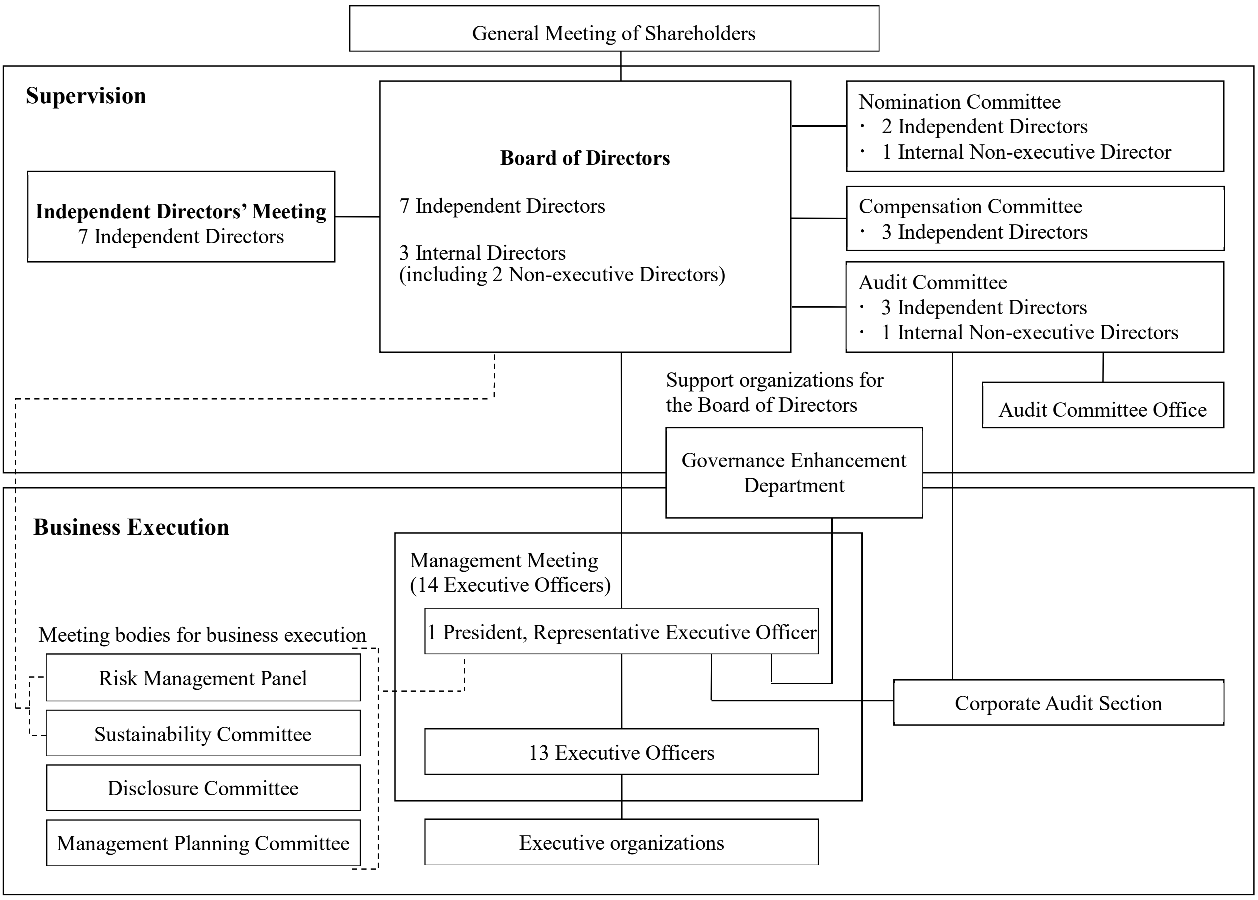
d. The Company has developed a governance system comprising mainly Non-executive Directors, including Independent Directors who play important roles. The Company has adopted the organizational form of a "Company with Three Committees," with the Nomination Committee, the Compensation Committee, and the Audit Committee as statutory committees under the Board of Directors, with a view to achieving clear separation between supervision and execution in management.

e. The Company engages in constructive dialogue with shareholders and investors on the basis of a separately formulated "IR Basic Policy," with a view to contributing to sustainable growth and the medium- to long-term enhancement of corporate value.

* Independent Directors: Independent Directors that satisfy the Company's independence standards and for which notification as independent officers has been submitted to the Tokyo Stock Exchange. All of the Company's Independent Directors are registered as independent directors.

2) Roles and composition of each organ

The corporate governance framework as of December 31, 2020, is shown below.



a. Supervision

(a) Board of Directors

The Board of Directors recognizes three tasks as its principal roles and responsibilities: 1) indicating the general direction of the Company such as corporate strategies, etc.; 2) developing an environment that can support adequate risk-taking in business execution, and; 3) carrying out highly effective supervision of business execution from an independent and objective standpoint.

Furthermore, the Board of Directors exercises its leadership in developing an environment in which the management can take bold action to prevent the loss of upside opportunities (offensive posture), in addition to the perspective of developing an environment that incorporates controls for preventing downside risks (defensive posture), including the risk of scandals. The Board of Directors is made up of at least one third Independent Directors and a majority of Directors who are Non-executive Directors to clearly separate supervision and execution of business. Furthermore, a Non-executive Director is appointed as chairman of the Board of Directors, separate from the President and Representative Officer.

As of December 31, 2020, the Board of Directors comprises 10 Directors, nine of whom are Non-executive Directors (seven of whom, including two women, are Independent Directors). The Chairman of the Board of Directors is Sakon Uda, an Independent Director. 15 meetings were held in the fiscal year under review.

(b) Nomination Committee

The Nomination Committee is mainly responsible for deciding on the proposals submitted to the General Meeting of Shareholders concerning the election and dismissal of Directors, recommendations to the Board of Directors concerning the election and dismissal of Executive Officers, and recommendations to the Board of Directors concerning the appointment and dismissal of Directors and Executive Officers with corporate titles, in addition to the formulation of succession plans for the President and Representative Executive Officer. The Nomination Committee is made up of Non-executive Directors, and a majority of the committee is made up of Independent Directors.

As of December 31, 2020, the Nomination Committee comprises three Non-executive Directors, two of whom are Independent Directors. Chairperson of the Nomination Committee is Hiroyuki Oeda, an Independent Director. 13 meetings were held in the fiscal year under review.

(c) Compensation Committee
The Compensation Committee is mainly responsible for deciding on the policy on individual compensation, etc., for Directors and Executive Officers along with the individual compensation, etc., for Directors and Executive Officers, in addition to making recommendations to the Board of Directors concerning the officers' compensation system including that for affiliates. The Compensation Committee is made up of Non-executive Directors, and a majority of the committee is made up of Independent Directors.

As of December 31, 2020, the Compensation Committee comprises three Non-executive Directors, all of whom are Independent Directors. Chairperson of the Compensation Committee is Hajime Sawabe, an Independent Director. 7 meetings were held in the fiscal year under review.

(d) Audit Committee
The Audit Committee is responsible for conducting audits to assess whether or not Directors, Executive Officers, and employees of the Company and its subsidiaries are in compliance with legal obligations and internal regulations. In addition, the committee endeavors to monitor Executive Officers and verify whether they execute their duties in a sound, fair, appropriate and efficient manner in accordance with the basic policies for management and the medium- and long-term management plans, which are formulated by the Board of Directors. The Audit Committee is made up of Non-executive Directors, and a majority of the committee is made up of Independent Directors.

As of December 31, 2020, the Audit Committee comprises five Non-executive Directors, three of whom are Independent Directors. Chairperson of the Audit Committee is Tetsuji Fujimoto, Full-time Internal Non-Executive Director, in order to understand the internal information rapidly and precisely, reflect the change of business environment to the audit activity quickly and practice the effective audit, 17 meetings were held in the fiscal year under review.

(e) Independent Directors' Meeting
The Independent Directors' Meeting, comprising only Independent Directors, has been established as a venue for Independent Directors to freely discuss matters required for obtaining sufficient information to fulfill their responsibilities and sharing awareness of issues. The Chief Independent Director, who is elected by vote of the members, serves as Chairperson of the meeting.

As of December 31, 2020, Chief Independent Director is Hiroshi Oeda. 13 meetings were held in the fiscal year under review.

b. Execution of Business

(a) Management Meeting
The Management Meeting made up of all Executive Officers is in place as a business execution meeting structure for deliberation necessary for facilitating decision making by the President, Representative Executive Officer about important matters concerning the execution of business in management. Executive Officers actively express opinions and discuss not only the scope of duties delegated by the Board of Directors but also all matters for deliberation in the Management Meeting from the perspective of optimization for the Group as a whole based on their own experience and knowledge. The Management Meeting is held every month. 12 meetings were held in the fiscal year under review.

(b) Management Planning Committee
In order to specifically implement the Medium-term Management Plan each year, a Management Planning Committee chaired by the President, Representative Executive Officer and made up of all Executive Officers has been established as a business execution meeting structure for deliberating, determining, and following up on the budgets and management issue action plans of each organization every year. After phased deliberation for each business unit, the Management Planning Committee determines the budgets and management issue action plans to clarify the responsibility of divisions and promote management efficiency. The Management Planning Committee reviews the progress of the annual consolidated management plans on a quarterly basis. 4 meetings were held in the fiscal year under review.

(c) Risk Management Panel
The Risk Management Panel (hereinafter referred to as "RMP") is in place as a body responsible for coordinating risk management activities while carrying out deliberation, guidance for improvement,

and support. The RMP is chaired by the President, Representative Executive Officer, and made up of all Executive Officers. Furthermore, Non-executive Directors sit on the panel for exhibiting supervisory functions in risk management and providing advice and the like as necessary. The RMP reports its deliberations to the Board of Directors, and the Board of Directors establishes a system enabling it to exhibit supervisory functions by accurately grasping information. In addition to quarterly meetings, RMP meetings are held as required. 9 meetings were held in the fiscal year under review.

(d) Sustainability Committee
The Sustainability Committee has been established to discuss policies of businesses and supporting activities, and decide on key performance indicators (KPIs) and targets, as well as verify outcomes, so that the EBARA Group may contribute to building a sustainable society and environment through business activities and continue to raise its corporate value.

The Sustainability Committee is chaired by the President and Representative Executive Officer, and all Executive Officers serve as members. Outside experts, including those in charge of the Compliance Consultation Counter and other experts in sustainability management, attend as advisors. Furthermore, Non-executive Directors are encouraged to attend meetings of the committee to exhibit supervisory functions contributing to the objectives of the Sustainability Committee, and Non-executive Directors provide advice and the like as necessary. The Sustainability Committee reports its deliberations to the Board of Directors, and the Board of Directors establishes a system enabling it to exhibit supervisory functions by accurately grasping information. The Sustainability Committee periodically holds meetings once every quarter, and 5 meetings were held in the fiscal year under review.

(e) Disclosure Committee
The Disclosure Committee has been established as a companywide organization to provide fair, timely, and appropriate disclosure of corporate information such as the occurrence of incidents, decisions, and financial information pertaining to the EBARA Group as a whole. The Disclosure Committee collects without omission corporate information subject to determining whether or not to be disclosed and discusses whether to disclose the information, disclosed contents thereof and the timing of the disclosure, and reports to the President and Representative Executive Officer.

Furthermore, it carries out disclosure procedures after completion of internal authorization procedures. 11 meetings were held in the fiscal year under review.

3) Process of Electing and Dismissing President and Representative Executive Officer, and Successor Plan

The Company positions the establishment and implementation of criteria and policies on the election and dismissal of the President and Representative Executive Officer, who plays a central role in management as one of the most important strategic decisions for the Company.

[Process of Electing and Dismissing President and Representative Executive Officer]
The election of the President and Representative Executive Officer is determined by the Board of Directors after the Nomination Committee presents final candidates to the Board of Directors based on the election criteria and policies for the President Representative Executive Officer established by the Nomination Committee. The Nomination Committee checks the adequacy of the current President and Representative Executive Officer concerning the necessary qualifications of the President and Representative Executive Officer specified in the successor plan periodically and as needed, and makes recommendations to the Board of Directors on the successor of the President and Representative Executive Officer based on the successor plan when the President and Representative Executive Officer is retiring. Furthermore, the Board of Directors has established an independent and objective process for discussing the pros and cons of dismissing the President and Representative Executive Officer in the event it is found that the President and Representative Executive Officer is not adequately functioning based on an appropriate evaluation of factors such as the Company’s performance. Specifically, if single-year consolidated results do not satisfy the criteria established by the Nomination Committee for three consecutive fiscal years when the Nomination Committee periodically checks the adequacy of the current President and Representative Executive Officer, the Nomination Committee proposes to the Board of Directors it would not recommend the reappointment of the current President and Representative Executive Officer, and the Board of Directors discusses the pros and cons of dismissal.

[Successor Plan for the President and Representative Executive Officer]
In order to appoint the next President and Representative Executive Officer for engaging in the realization of the Company’s management strategy and putting the vision of growth on track, mainly the Nomination

Committee establishes a succession plan for the President and Representative Executive Officer, establishes programs for the continued and deliberate development of candidates with the aptitude to serve in management, and works to ensure there is a system enabling the recommendation of appropriate personnel at any time. The Nomination Committee identifies the abilities, qualities (potential), experience, knowledge, and skills required of the President as the Ebara style of an "ideal manager" based on the succession plan, establishes the specific methods and criteria for determining these, selects candidates from a broad age group, develops them and actively checks the status of development.

4) Policy on training for Directors

As part of the establishment of an environment for ensuring that the Board of Directors functions effectively, the Company offers opportunities for newly elected Directors to obtain knowledge of, and insight into, the subjects necessary to perform their responsibilities as Directors, including finance, legal affairs, and corporate governance prior to or immediately after their election. In an effort to promote understanding of the Group, the Company offers opportunities as appropriate for newly elected Independent Outside Directors to gain knowledge of and insight into important matters such as the Group's management strategies, financial position, and management issues, through a briefing by Executive Officers, etc., in charge of respective areas, and inspection tours, etc., at the Group's business sites. Furthermore, the Company strives to provide Directors with opportunities for adequate training after their election as appropriate, including lectures by external experts.

5) Initiatives to enhance the effectiveness of the Board of Directors

A. Purpose of Board Evaluation

The Company pursues the best possible corporate governance structure and strives for its further enhancement at all times. As the Company transitioned to a company with three committees (Nomination, Compensation, and Audit) in FY2015, the Board of Directors conducts an annual evaluation of its own effectiveness to review how the Board of Directors contributes to the effective functioning of corporate governance, to identify issues, and to seek improvements. An overview of the results is then disclosed. In annual assessment, an examination of the state of improvement of matters recognized as issues in the previous fiscal year is carried out, and the next issues are identified based on the results in a continuous PDCA cycle for governance reform.

B. Major initiatives of Governance Enhancement based on the asssement of the effectiveness of the Board of Directors

1) Enhancement of agenda and discussion in the Board	
Strengthening of discussion of medium- to long-term issues	Based on the awareness that weight on discussion of medium-to long-term issues should be further increased, the Board has included the long-term management vision and the medium-term management plan for realizing this into a year-round agenda item, and now spends time discussing the strategies, organizational structures and personnel strategies of each business based on these by incorporating them into agenda items from the outset
Improvement of quality and deepening of discussion	Meetings of Independent Directors were held a few days before board meetings, and upon receiving explanation of the major points on issues presented to the Board by the executive officers in charge, Independent Directors have a deeper understanding and freely discussed these issues. Based on the discussion here, the Board shared the awareness that the quality of discussion in the Board would increase by each of the Independent Directors speaking based on their own perspective and responsibility with an understanding of the issues. The significance of meetings of Independent Directors was also confirmed in the board evaluation.
2) Enhancement of size and composition of the Board of Directors	
Number and Composition of Independent Directors	With regard to the number and composition of Independent Directors, diversity of background and experience is important, and the importance of the free exchange of diverse opinions was confirmed considering unpredictable social environment of the future. The validity of the system in which Independent Directors account for seven of the ten current Directors was also confirmed in the board evaluation.

Internal Directors concurrently involved in the execution of business	The awareness that the current system in which the number of Directors concurrently involved in the execution of business has been reduced to have one Representative Executive Officer promotes the separation of oversight and management execution and has further clarified the responsibility of management team and the role of the Board was shared in the board evaluation.
Appointment of Chairman of the Board of Directors	A system in which an Independent Director serves as the Chairman of the Board has been adopted since 2019 to ensure greater fairness and transparency, and enable the realization of agenda setting from the perspective of shareholders. For this reason, a decision was made to include evaluation of the Chairman in the board evaluation process to check the effectiveness of the system and verify this in the Board every year.
3) Enhancement of evaluation of effectiveness of committees	
Evaluation of effectiveness of committees	The respective functions and roles to be fulfilled by the Nomination, Compensation and Audit Committees were shared, and self-evaluation of whether they have adequate independence and capability to achieve their goals progressed.
Support system for the Audit Committee	The Audit Committee recognized that it is necessary to strengthen the system for supporting Audit Committee in the evaluation of effectiveness, and the systems and allocation of personnel for this were expanded.

C. Effectiveness of the Board of Directors (FY2020)

In the evaluation of effectiveness of the Board of Directors for FY2020, new questions were added from the perspective of responding to changes in social conditions and the issues surrounding the company, as well as the self-evaluation questions concerning the Audit Committee being expanded and strengthened. In addition to the annual benchmarking analysis*, in FY2020 new benchmarking was adopted, based on materials disclosed by four overseas companies that are ranked highly for their disclosure of self-evaluation and activities of the Board of Directors and which has been used as a reference for implementing operational measures to further enhance the Company's assessment of effectiveness.

*Annual benchmarking analysis: every year the Company performs a comparison against corporate governance standards and guidelines in Japan and overseas, with the aim of reviewing its own corporate governance structure.

(a) Evaluation process

The results of questionnaire responses, the results of individual interviews conducted by external experts and the results of the benchmarking analysis were shared with all Directors, and intensive discussion was carried out in the meeting of the Board of Directors. In addition, assessment of the Chairman of the Board of Directors was carried out by all Directors excluding the Chairman based on the results of the assessment of effectiveness, and deliberation of whether or not the Chairman of the Board of Directors should continue to hold the position the following year was carried out.

(b) Overview of the results

After repeated discussion of the results of the survey, it was confirmed that important matters were debated sufficiently by the Board of Directors and committees, that the Board of Directors was functioning appropriately, and that initiatives to address the issues raised the previous year were showing progress, leading to the assessment that the Board of Directors had achieved adequate effectiveness.

(c) Future action

The Board of Directors confirmed that the Company will continue with existing reforms, and also further increase the board effectiveness by continuously discussing the following matters in board meetings, etc.

- Going forward, the Company will select important medium- to long-term issues and create sufficient opportunities to discuss them, while continuing to provide support to enable executives to accelerate the execution of business based on sound judgment. The Company will also continue to periodically verify, evaluate and follow up on the results.
- With regard to composition and maintaining diversity of the Board of Directors, based on discussion in the Nomination Committee, the Board of Directors will share the issues concerning the composition of the human resource portfolio and the succession plan for Independent Directors from a medium- to long-term perspective.
- Support for the executives will be provided by discussing basic approaches enabling more strategic and effective implementation of dialog with capital markets and dialog with the media, keeping capital markets in mind.
- Based on benchmarking analysis, a review will be conducted on explicit documentation of guidelines, etc., that have already been implemented in the Company but have not necessarily been explicitly documented.

See the Company's website at the following address for the entire text of the "Evaluation of the Effectiveness of the Board of Directors (FY2020)."

https://www.ebara.co.jp/about/ir/library/corporategovernance/index.html

(2) Names and other information on Directors and Executive Officers (As of December 31, 2020)

1) Directors

Name	Position	Assignment and important concurrent positions
Toichi Maeda	Chairman, Board of Directors	Member of the Nomination Committee
Asami Masao	Director President, Representative Executive Officer	-
Sakon Uda	Director	Chairman of the Board of Directors Member of the Nomination Committee Professor, Kenichi Ohmae Graduate School of Business Vice President, Dean, Faculty of Business Administration, Professor, Business Breakthrough University Director, Business Breakthrough, Inc. Executive Director, Public Utility Fund Japan-North America Medical Exchange Foundation
Hajime Sawabe	Director	Member of the Compensation Committee President, Board of Trustee, Waseda University Adviser to the Executive Board, Value Creation 21
Shozo Yamazaki	Director	Member of the Audit Committee Certified Public Accountant Advisor, The Japanese Institute of Certified Public Accountants Outside Audit & Supervisory Board Member, Tohoku University Venture Partners Co., Ltd. Outside Audit & Supervisory Board Member, Regional Economy Vitalization Corporation of Japan Outside Director, Sumitomo Mitsui Financial Group, Inc.
Hiroshi Oeda	Director	Chief Outside Director Chairperson of the Nomination Committee Corporate Special Adviser, Nisshin Seifun Group Inc. President, Seifun Kaikan Inc. Outside Director, SEKISUI CHEMICAL CO., LTD. President, Hitotsubashi University Koenkai Member, The Japanese National Commission for UNESCO
Masahiro Hashimoto	Director	Member of the Compensation Committee Member of the Audit Committee Industrial promotion advisor, Kumamoto Prefecture
Junko Nishiyama	Director	Member of the Audit Committee Advisor, Lion Corporation Outside Director, JACCS CO., LTD Outside Corporate Auditor, Toda Corporation
Mie Fujimoto	Director	Member of the Compensation Committee Attorney at law Partner, TMI Associates Outside Audit & Supervisory Board Member, SEIKAGAKU CORPORATION Outside Audit & Supervisory Board Member, Tokyo Broadcasting System Holdings, Inc. (Audit & Supervisory Board Member, Tokyo Broadcasting System Television, Inc.)
Tetsuji Fujimoto	Director	Chairperson of the Audit Committee (Full-Time Member)

Notes:

1. Seven Directors, Sakon Uda, Hajime Sawabe, Shozo Yamazaki, Hiroshi Oeda, Masahiro Hashimoto, Junko Nishiyama and Mie Fujimoto are Independent Directors as stipulated in Article 2, item 15 of the Companies Act.
2. Seven Directors, Sakon Uda, Hajime Sawabe, Shozo Yamazaki, Hiroshi Oeda, Masahiro Hashimoto, Junko Nishiyama and Mie Fujimoto satisfy the qualifications for Independent Directors stipulated by the Tokyo Stock Exchange. The Company has filed notification to the Tokyo Stock Exchange for appointing those seven members as its Independent Directors.
3. Tetsuji Fujimoto, Member of the Audit Committee, has held the position of Division Executive of Finance & Corporate Accounting Division of the Company, and Shozo Yamazaki is a certified public accountant. Masahiro Hashimoto has experience servicing as General Manager of Financial Department, Dainippon Screen Mfg. Co., Ltd. (currently SCREEN Holdings Co., Ltd.) and Junko Nishiyama has experience servicing audit of

International Financial Reporting Standards (IFRS) applied consolidated financial statements as a Full-time auditor at Lion Corporation, and they all have respectable knowledge in finance and accounting.

4. One Director, Mie Fujimoto were newly elected at the 155th Ordinary General Meeting of Shareholders held on March 27, 2020, and assumed their position thereafter.
5. Two Directors, Shiro Kuniya and Shusuke Tsumura completed their term of office at the end of the 155th Ordinary General Meeting of Shareholders held on March 27, 2020, and retired from their position.
6. The Company has no special relationship with the organizations at which the Outside Directors hold important concurrent positions.
7. The Company has stipulated in its Articles of Incorporation that it may enter into agreements with Directors (excluding Executive Directors) to limit their liability for damages as outlined under Article 423, paragraph 1 of the Companies Act in accordance with Article 427, paragraph 1 of the Companies Act, and has entered into agreements limiting liability with all Independent Directors. The limit of liability for damages under the agreement is the minimum liability amount stipulated under Article 425, paragraph 1 of the Companies Act. However, this limit will be applicable only when the performance of duties giving rise to such responsibilities is recognized to have been carried out in good faith and with no gross negligence.
8. In order to improve the effectiveness of the activities of the Audit Committee, the Company has elected Non-executive Directors Tetsuji Fujimoto from within the Company as a full-time member of the Audit Committee due to the need for continuously and effectively gathering information from executive management by Directors familiar with the Company’s internal controls, receiving reports from the Internal Audit Division, understanding information from audits of subsidiaries, and attending various meetings.

2) Executive Officers

Name	Position	Assignment and important concurrent positions
Masao Asami	President, Representative Executive Officer	
Nobuharu Noji	Executive Officer	President, Fluid Machinery & Systems Company Responsible for Chillers Business, Fluid Machinery & Systems Company
Yoshiaki Okiyama	Executive Officer	Division Executive, Standard Pump Business Division, Fluid Machinery & Systems Company Chairman, Ebara Machinery (China) Co., Ltd.
Hideki Yamada	Executive Officer	Division Executive, Custom Pump Division, Fluid Machinery & Systems Company Chairman, EBARA MACHINERY ZIBO CO., LTD.
Akihiro Kida	Executive Officer	Division Executive, System Business Division, Fluid Machinery & Systems Company
Michael T. Lordi	Executive Officer	Responsible for Compressors and Turbines Business, Fluid Machinery & Systems Company Director CEO, Elliott Group Holdings, Inc. CEO, Elliott Company
Atsuo Ohi	Executive Officer	President, Environmental Engineering Company Chairman and Representative Director, EBARA Environmental Plant Co., Ltd.
Tetsuji Togawa	Executive Officer	President, Precision Machinery Company
Seiji Katsuoka	Executive Officer	Division Executive, CMP Division, Precision Machinery Company
Shu Nagata	Executive Officer	Division Executive, Corporate Strategic Planning and Human Resources Division
Toru Nakayama	Executive Officer	Division Executive, Legal, Internal Control, Risk Management and General Affairs Division
Akihiko Nagamine	Executive Officer	Division Executive, Finance & Accounting Division
Hiroyuki Kowase	Executive Officer	Division Executive, Information & Communication System Division
Hiroshi Sobukawa	Executive Officer	Responsible for Technologies, R&D & Intellectual Property Division Executive, Advanced Technology Division, Precision Machinery Company

Note

1. Asami Masao, President, Representative Executive Officer, concurrently serves as a Director.
2. Michael T. Lordi and Hiroyuki Kowase, Executive Officers were newly elected at the meeting of the Board of Directors held on March 27, 2020, and assumed their positions thereafter.
3. Norio Kimura and Toshihiko Miyashita, Executive Officers completed their terms of office at the end of the meeting of the Board of Directors held on March 27, 2020, and retired from their positions.

(3) Amount of Compensation Paid to Directors and Executive Officers

1) Amount of compensation paid to Directors and Executive Officers

Position	Total Amount of Compensation, etc. (Millions of yen)	Total Amount of Compensation, etc. by items (Millions of yen)											
		Base Pay		Short term Performance-linked compensation		Stock Options		Restricted share-based compensation		Performance-linked share-based compensation		Others	
		Number Of Persons	Amount	Number of Persons	Amount	Number of Persons	Amount	Number of Persons	Amount	Number of Persons	Amount	Number of Persons	Amount
Directors (excluding Independent Directors)	154	3	98	2	24	3	(1)	3	39	3	(5)		
Independent Directors	109	8	102			4	0	8	7				
Executive Officers	841	16	398	14	301	8	(5)	15	77	16	35	1	32
Total	1,105	27	598	16	326	15	(6)	26	124	19	29	1	32

Notes:

1. The above shows the compensation paid to Directors and Executive Officers as of December 31, 2020 according to their term of office for the fiscal year under review, and the compensation paid to two Non-executive Directors out of four Directors who retired at the conclusion of the 155th Ordinary General Meeting of Shareholders held on March 28, 2020 and two Executive Officers who retired at the conclusion of the meeting of the Board of Directors held on the same day, from January 2020 to the time of their retirement.
2. Compensation paid to Executive Officers concurrently serving as Directors is shown in the column for Executive Officers.
3. Amount of compensation paid to Executive Officers includes ¥164 million (Base Pay: ¥76 million, Short term Performance-linked compensation: ¥53 million and Others: ¥33 million) as compensation that subsidiaries paid to Executive Officers who served concurrently as the Corporate Officers of the subsidiaries.
4. Short-term performance-linked compensation for Non-executive Directors (excluding Independent Directors) is linked to the level of achievement of company-wide targets. Short-term performance-linked compensation for Executive Officers is linked to company-wide or business-level performance, in addition to which individual targets are set, the level of achievement against these targets is evaluated, and an amount for the individual is determined after deliberation by the Compensation Committee.
5. Short-term performance-linked compensation shown is the total amount of short-term performance-linked compensation to be paid (scheduled for March 2021), in relation to Directors and Executive Officers (excluding Independent Directors) serving in those roles as of December 31, 2020, for the fiscal year under review.
6. The stock option system was abolished in the fiscal year ended December 31, 2017, and a restricted share-based compensation system and a performance-linked share-based compensation system were introduced from the fiscal year ended December 31, 2018.
7. No new stock options were granted in the fiscal year under review, but the amount of those granted in the previous fiscal year to be recorded as an expense in the fiscal year under review is shown.
8. Restricted share-based compensation shown is the restricted share-based compensation paid in the current fiscal year and the amount of restricted share-based compensation paid in the previous fiscal year to be recorded as an expense in the fiscal year under review.
9. Performance-linked share-based compensation shown consists of performance-linked share-based compensation paid in May 2020, after performance has been finalized for the fiscal year under review, and the portion of the performance-linked share-based compensation scheduled to be paid in May 2023, recorded as an expense in the fiscal year under review.
10. “Other” shows the total of ¥27 million, consisting of the portion of performance-linked share-based compensation scheduled to be paid by a subsidiary to Michael Lordi in 2023 that was recorded as an expense in the fiscal year under review, and pension contributions of ¥4 million paid in the fiscal year under review.

2) Amount by category of compensation of officers who received a total amount of ¥100 million or more in compensation, etc.

Name	Total Amount of Compensation, etc. (Millions of yen)	Company	Total Amount of Compensation, etc. by items (Millions of yen)					
			Base Pay	Short term Performance-linked compensation	Stock Options	Restricted share-based compensation	Performance-linked share-based compensation	Other
Masao Asami President, Representative Executive Officer	118	EBARA Corporation	54	39	(0)	16	9	
Michael T. Lordi Executive officer	21	EBARA Corporation		19			2	
	106	Elliott Group Holdings, Inc.	39	31			3	32

Notes:
1. Short-term performance-linked compensation shown is the total amount of short-term performance-linked compensation to be paid (scheduled for March 2021), in relation to Directors and Executive Officers (excluding Independent Directors) serving in those roles as of December 31, 2020, for the fiscal year under review.
2. No new stock options were granted in the fiscal year under review, but the amount of those granted in the previous fiscal year to be recorded as an expense in the fiscal year under review is shown.
3. Restricted share-based compensation shown is the restricted share-based compensation paid in the current fiscal year and the amount of restricted share-based compensation paid in the previous fiscal year to be recorded as an expense in the fiscal year under review.
4. "Other" shows the total of ¥27 million, consisting of the portion of performance-linked share-based compensation scheduled to be paid by a subsidiary to Michael Lordi in 2023 that was recorded as an expense in the fiscal year under review, and pension contributions of ¥4 million paid in the fiscal year under review.

3) Policies regarding Determination of Compensation for Corporate Officers

The amount of Compensation Paid to Directors and Executive Officers is determined in the Compensation Committee.

A. Compensation for Directors

(a) Purpose and Basic Policy on the Compensation System

The compensation levels and compensation system reflect the roles of each Director in the Board of Directors and each Committee to ensure that Directors promote and supervise the execution of business by Executive Officers in conformance with the Company's management philosophy and management strategy for the purpose of sustained growth of the Company and increasing corporate value in the medium to long term.

(b) Compensation system

The compensation of Directors is made up of base pay and share-based compensation (restricted share-based compensation and performance-linked share-based compensation), enabling the continued enhancement of corporate value and better sharing of value with shareholders. Furthermore, the Chairman of the Board of Directors, the Chief Outside Director, and the Chairpersons of the Committees are paid allowances based on the degree of their roles and responsibilities, the number of hours spent performing such duties, and the like.

a. Independent Directors

The Independent Directors who comprise the majority of Directors are paid base pay and restricted share-based compensation not linked to performance because they are expected to fulfill their roles in a position that is completely independent of the execution of business.

b. Non-executive Directors (excluding Independent Directors)

Non-executive Directors are appointed from among the officers and employees of the Company, who are capable of actively collecting information on the internal status of the Company based on their experience and knowledge. They are expected to engage in the monitoring of business execution essential for the Board of Directors to fulfill its supervisory function, while appropriately supervising the execution of important matters based on their own insights, and thereby providing advice as part of such supervision to ensure lawful and efficient business execution to the extent that they do not take part in executive decision-making.

In light of the impact of the quality of supervision of business execution based on these roles and responsibilities on the yearly business results, their compensation comprises basic compensation, short-term performance-linked compensation, restricted stock compensation, and performance-linked stock compensation.

As for the companywide index of the short-term performance-linked compensation, the ROIC and consolidated operating income, which are consistent with the management goal of profitability improvement, will be adopted. Also, as for the index of the performance-linked stock compensation, the ROIC of the Company for the year ended December 31, 2022, the last Fiscal Year of the medium-term management plan E-Plan 2022, will be adopted.

c. Executive Directors

The Company pays compensation as Executive Officers to Executive Directors concurrently serving as Executive Officers, and does not pay them compensation as Directors.

(c) Combination of compensation

The combination of Directors' compensation is as follows.

[Ratio of Compensation of Directors (If 100% of the target for performance-linked compensation is achieved)]

	Monetary compensation		Share-based compensation (long-term incentives)	
	Base Pay	Short term Performance-linked compensation	Restricted share-based compensation	Performance-linked share-based compensation
Independent Directors	1.0	0.0	0.1	0.0
Non-executive Directors (excluding Independent Directors)	1.0	0.25	0.44	0.06

Notes:

1. Short-term Performance-linked compensation of Non-executive Directors (excluding Independent Directors) is paid within a range of 0 to 200% based on the level of achievement of performance targets.
2. Performance-linked share-based compensation of Non-executive Directors (excluding Independent Directors) is paid within a range of 0 to 200% based on the level of achievement of performance targets.

B. Compensation for Executive Officers

(a) Purpose and Basic Policy on the Compensation System

The compensation system for Executive Officers is linked to short-term and medium- to long-term performance to encourage the execution of business in line with the management philosophy and management strategies and to provide strong motivation for the achievement of management targets.

This system also provides an appropriate level of compensation when targets are met for the purpose of sustained growth of the Company and medium- to long-term enhancement of corporate value.

(b) Compensation system

The compensation for Executive Officers comprises basic compensation according to the role of President and Representative Executive Officer or each Executive Officer, a short-term performance-linked compensation, restricted stock compensation, and performance-linked stock compensation, and is determined by the Compensation Committee. As the Executive Officers are expected to play key roles in the achievement of numerical targets in their business execution, the compensation system is designed that the portion of the short-term performance-linked compensation may be larger than the portion of the basic compensation if performance targets are achieved.

With respect to Mr. Michael Lordi's compensation, it will comprise his basic compensation, short-term performance-linked compensation, long-term incentive, and pension contribution.

As for the companywide index of the short-term performance-linked compensation, the ROIC and consolidated operating income, which are consistent with the management goal of profitability improvement, will be adopted for Executive Officers except for President and Representative Executive Officer. In addition to the Group-wide business results, individual targets are set, and the achievement rate against the target will be evaluated, and the pay rate will be determined through discussion at the Compensation Committee.

Also, as for the index of the performance-linked stock compensation, the ROIC of the Company for the year ended December 31, 2022, the last Fiscal Year of the medium-term management plan E-Plan 2022, will be adopted.

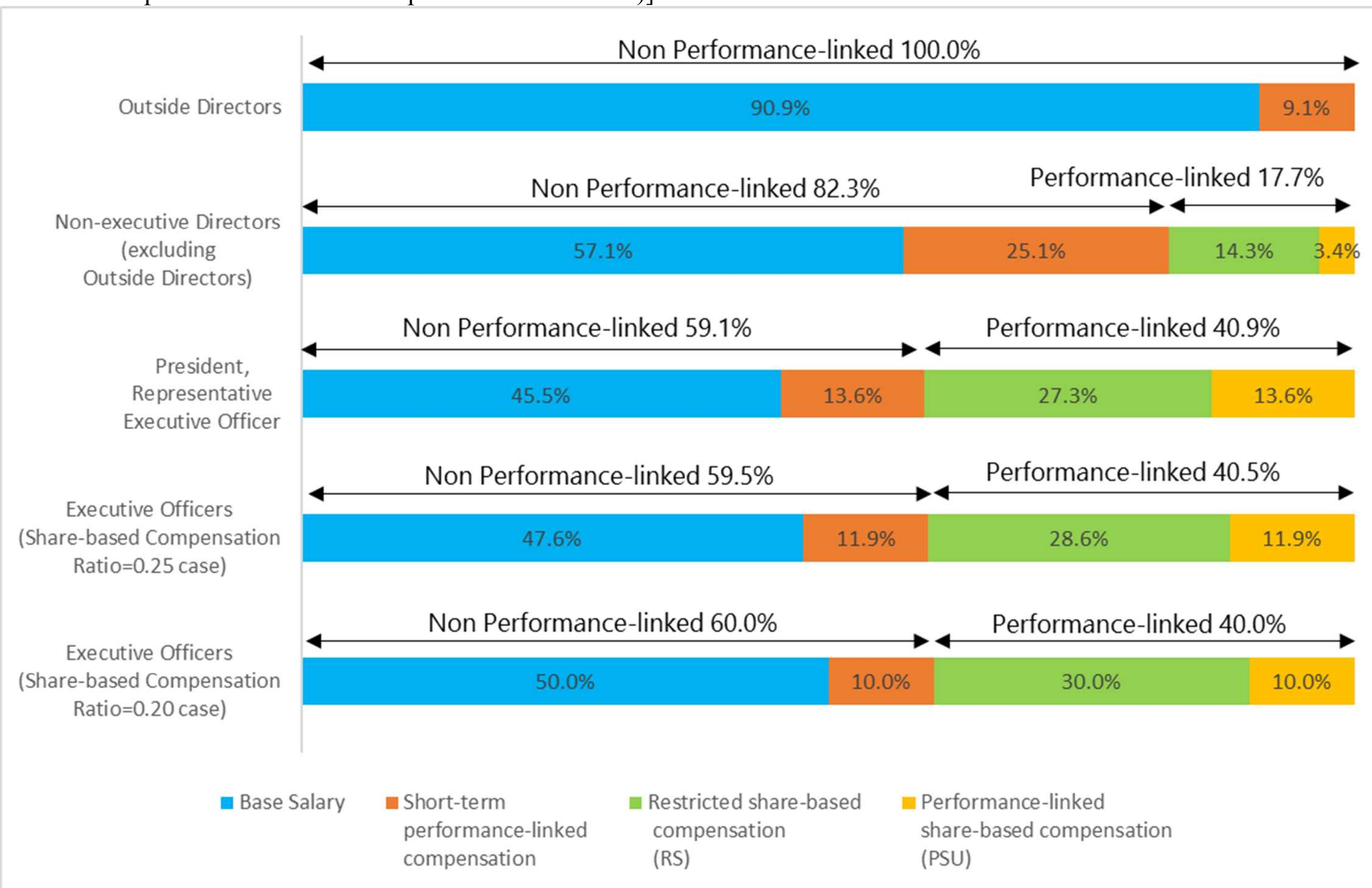
(c) Combination of compensation
The combination of Executive Officers' compensation is as follows.

[Ratio of Compensation of Executive Officers (If 100% of the target for performance-linked compensation is achieved)]

	Monetary compensation		Share-based compensation (long-term incentives)	
	Base Pay	Short-term Performance-linked compensation	Restricted share-based compensation	Performance-linked share-based compensation
President, Representative Executive Officer	1.0	0.6	0.3	0.3
Executive Officers	1.0	0.6	0.2-0.25	0.2-0.25

Notes:
1. Short-term Performance-linked compensation is paid within the range of 0 to 200% based on the level of achievement of companywide performance targets and the individual performance targets of each Executive Officer.
2. Performance-linked compensation is paid within a range of 0 to 200% based on the level of achievement of performance targets.
3. Among Executive Officers, Mr. Michael Lordi's compensation consists of Base Pay: 1, Short-term Performance-linked compensation: 0.6, Restricted share-based compensation: 0.5 and Pension contribution: 0.1.

[Composition of Compensation Paid to Directors and Executive Officers (If 100% of the target for performance-linked compensation is achieved)]



(d) Compensation Levels

The basic compensation is aimed at a level that is comparable with competing companies assumed to have similar businesses and human resources (hereinafter referred to as “peers”). The compensation levels of domestic peers shall be regularly checked and, at the same time, compensation levels according to the roles of each Executive Officer shall be adjusted and determined with attention also given to employees’ compensation levels (such as disparity with officers, deviation from publicly accepted levels, etc.).

By implementing these measures, the level of total compensation (the sum of the basic compensation, short-term performance-linked compensation, restricted stock compensation, and performance-linked stock compensation) for Executive Officers of the Company shall be designed to be higher than the level of domestic Peers if the targets of strategies and business performance have been successfully achieved and be lower than the compensation level of officers of domestic Peers if such performance targets fail to be achieved.

With respect to Mr. Michael Lordi’s compensation, the compensation level has been set with consideration of competitors’ businesses and human resources.

4) Procedures for the determination of compensation

A. Purpose and role of Compensation Committee

The amount of compensation paid to Directors and Executive Officers is determined by the Compensation Committee of the Company. The purpose of the Compensation Committee is to take a strategic approach to supervising the compensation system for Directors and Executive Officers. Specifically, it is responsible for considering and determining compensation systems that are aligned with management policies. In addition to compensation for the Directors and Executive Officers of the Company, it deliberates compensation structures for the officers of Group companies, and reports its opinions to the Board of Directors. In addition to holding regular meetings to carry out these activities, the Compensation Committee may meet on an ad hoc basis, as required.

B. Composition and standards for selection for Compensation Committee

All three members of the Compensation Committee of the Company are Non-executive Directors (all of whom are Independent Directors), which puts greater emphasis on transparency and the importance of an objective viewpoint.

The current members of the Compensation Committee were selected from among the Independent Directors, and are a specialist in management strategy, an executive with experience in the area of management compensation, and an expert in corporate law, respectively.

C. Communicating information to committee members / relationship with management

In addition to receiving explanations of the regulations (Basic Policy on Compensation for Corporate Officers) prescribed by the Compensation Committee, newly appointed committee members are introduced to the background and history of the Company’s performance and compensation systems.

A full-time Committee secretariat has been established, which provides appropriate support for the operation of the Committee by providing information on such matters as laws and regulations, rules, and standards.

The results of Compensation Committee deliberations are reported to the Board of Directors by the Committee Chairperson.

D. Utilization of external experts

In cases where it is deemed necessary for the activities of the Committee, the Committee may collectively request the opinion of an expert such as a compensation consultant. When such consultants are selected, attention is taken and checks are made in order to ensure independence.

5) Payment Items

A. Short-term performance-linked compensation

The mechanism of the short-term performance-linked compensation focuses on incentives for achieving the medium-term management plan, directly determining compensations according to the performance of the Company and to the degree achievement of targets by individuals. However, in cases such as profit attributable to owners of parent being extremely low or no dividends being paid, the Compensation Committee shall decide on measures such as reducing the short-term performance-linked compensation.

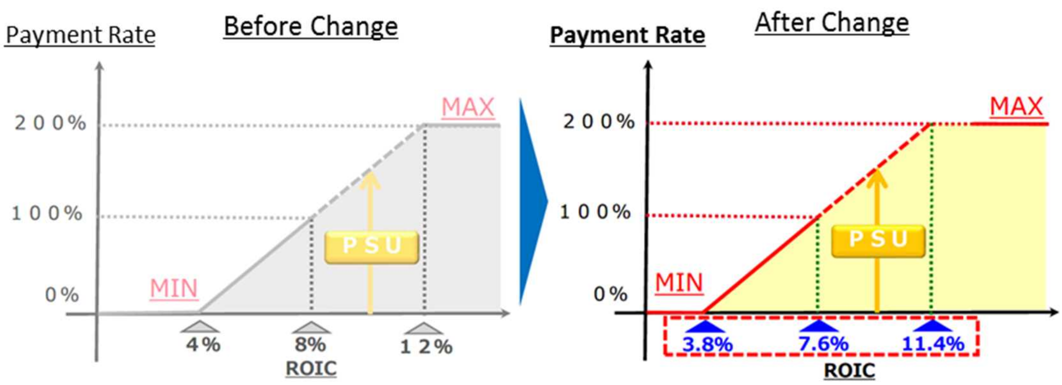
B. Long-term incentives (Share-based compensation)
Long-term incentives are share-based compensation linked to the Company's share price from the perspective of preventing shortsighted management behavior and ensuring interests match with those of shareholders.

(a) Restricted share-based compensation
As a principle, certain numbers of restricted shares will be given to Corporate Officers and subsidiaries corresponding to their roles per year. Because the objectives are to promote shareholding by Corporate Officers, and increase value sharing with shareholders, the transfer restricted period is from the share giving date to the day of retirement; thus the transfer restriction will be released when he/she retires from the position of Corporate Officers

(b) Performance-linked share-based compensation (PSU)
The Company has set return on invested capital (ROIC) as its performance indicator for Performance-linked Stock Compensation. Under the performance-linked share-based compensation (PSU) plan, the Company delivers its common shares to Corporate Officers in accordance with the extent to which consolidated ROIC targets have been achieved in the final fiscal year of the medium-term management plan. In addition, the Company will make a monetary payment to the Corporate Officers, of an amount corresponding to 40% of the above allotted shares.

*Paid within a range of 0 to 200% based on the level of achievement of ROIC targets.
ROIC achievement 4% or less - 8% - 12% or more: payment rate 0% - 100% - 200%
Following the transition to International Financial Reporting Standards in FY2021, the above-mentioned ROIC achievement levels were adjusted to 3.8% or less - 7.6% - 11.4% or more.
In addition, with regard to the sale of shares granted through share-based compensation, the Company aligns the interests of recipients of such compensation with those of shareholders by establishing guidelines that encourage a certain level of the shares of the Company to be held.

[Payment rate according to level of achievement of ROIC]



(4) Matters Related to Independent Directors

1) Important other positions held concurrently and their relationship with the Company

As stated in the table, "(2) Names and other information on Directors and Executive Officers."

2) Specific relationships with major business partners and others

None

3) Principal activities during the fiscal year under review

Name	Attendance					Status of statements
	Board of Directors	Nomination Committee	Compensation Committee	Audit Committee	Independent Directors' Meeting	
Sakon Uda	100% (15/15)	100% (13/13)	—	—	100% (13/13)	He attended the Board of Directors meetings and other such important meetings and expressed his opinions from the viewpoint of general management based on his extensive knowledge and high-level insight as a professional specializing in management strategy, etc. and corporate management.
Hajime Sawabe	93% (14/15)	—	100% (7/7)	—	100% (13/13)	He attended the Board of Directors meetings and other such important meetings and expressed his opinions from the viewpoint of general management based on his ample experience and a wide range of knowledge of corporate management at a listed company.
Shozo Yamazaki	100% (15/15)	—	—	100% (17/17)	100% (13/13)	He attended the Board of Directors meetings and other such important meetings and expressed his opinions from the viewpoint of general management based on his extensive knowledge and high-level insight as a certified public accountant.
Hiroshi Oeda	100% (15/15)	100% (13/13)	—	—	100% (13/13)	He attended the Board of Directors meetings and other such important meetings and expressed his opinions from the viewpoint of general management based on his ample experience and a wide range of knowledge of corporate management at a listed company.

Name	Attendance					Status of statements
	Board of Directors	Nomination Committee	Compensation Committee	Audit Committee	Independent Directors' Meeting	
Masahiro Hashimoto	100% (15/15)	—	100% (7/7)	100% (17/17)	100% (13/13)	He attended the Board of Directors meetings and other such important meetings and expressed his opinions from the viewpoint of general management based on his ample experience and a wide range of knowledge of corporate management at a listed company.
Junko Nishiyama	100% (15/15)	—	—	100% (17/17)	100% (13/13)	She attended the Board of Directors meetings and other such important meetings and expressed her opinions from the viewpoint of general management based on her ample experience and wide range of knowledge of corporate management at a listed company.
Mie Fujimoto	100% (10/10)	—	100% (5/5)	—	100% (10/10)	She attended the Board of Directors meetings and other such important meetings and expressed her opinions from the viewpoint of general management based on her extensive knowledge and high-level insight as an attorney.

Note:

1. Mie Fujimoto was newly elected and appointed as Director and member of each committee at the 155th Ordinary General Meeting of Shareholders held on March 27, 2020, and the meeting of the Board of Directors held on the same day, and their attendance to meetings of the Board of Directors and each committee, etc., held since that date is provided above.

4) Amount of compensation received as Corporate Officer of a subsidiary of the Company during the fiscal year under review

None

5. Independent Auditors

(1) Name of Independent Auditors

Ernst & Young ShinNihon LLC

(2) Outline of Contracts Limiting Responsibility

None

(3) Amount of Compensation Paid to the Independent Auditors

1)	Compensation to be paid by the Company to the Independent Auditors	¥181 million
2)	Other monetary and other payments to be paid by the Company and its subsidiaries	¥218 million

Notes:

1. In the agreement between the Company and the Independent Auditor, the amount of compensation is determined as a lump-sum payment without breakdown for the audit etc., in accordance with the Companies Act and the Financial Instruments and Exchange Act. Accordingly, etc., the amount shown in 1) above represents the total amount of compensation.
2. Elliott Company and 14 other companies, among the Company's principal overseas subsidiaries, are subject to audits by those other than the Company's Independent Auditors (certified public accountants overseas or those who have any qualification equivalent to the qualification that audit firms have).

(4) Reason for the Audit Committee Consenting to the Compensation Paid to the Independent Auditors

As a result of considering the Independent Auditors' audit team arrangement, audit plan, state of implementation of auditing, establishment of an audit firm quality control system, the estimation of audit compensation, and other matters, the Company's Audit Committee determined that the compensation to be paid to the Independent Auditors was at a reasonable level, and provided the consent under Article 399, paragraph 1 of the Companies Act.

(5) Description of Other Services Provided by the Independent Auditors

The Company entrusts the Independent Auditors with advisory work pertaining to matters such as comfort letter making regarding corporate bonds issuance that are services other than those under Article 2, paragraph 1 of the Certified Public Accountants Act (non-audit services), and pays for the service.

(6) Policy Regarding Dismissal or Nonrenewal of the Contract with the Independent Auditors

1) Dismissal policy

When it is recognized that the provisions of Article 340, paragraph 1 of the Companies Act are applicable, the Audit Committee will dismiss the Independent Auditors by unanimous approval.

2) Nonrenewal policy

If based on the results of the assessment whether or not to renew the appointment of the Independent Auditors conducted each fiscal year, it is determined that an audit is clearly inadequate in light of the qualifications, independence, and overall capabilities of the Independent Auditors, a proposal for the nonrenewal of the appointment of the Independent Auditors will be submitted to the General Meeting of Shareholders by the Audit Committee.

As a restriction on renewal, if the Independent Auditors serve for ten years in succession, the Audit Committee conducts a tender offer to select the next Independent Auditors regardless of the assessment of the Independent Auditors (hereinafter referred to as "Renewed Outside Independent Auditors"). The Renewed Independent Auditors are not prohibited from participating in the tender, but if the Renewed Independent Auditors serve for a further five years in succession, another tender offer will be made.

However, the same Independent Auditors may only serve for a period of twenty years in succession. Also, thirteen years will have elapsed since Ernst & Young ShinNihon LLC was appointed as the Company's Independent Auditors in the 156th fiscal year under review.

3) Procedures for the reappointment of Independent Auditors

As a result of evaluation of the reappointment of the Accounting Auditor based on the "(ii) Nonrenewal policy," the Audit Committee decided to reappoint Ernst & Young ShinNihon LLC as the Independent Auditors for the 156th period under review.

6. The Company's Systems and Policies

(1) System for Ensuring Appropriate Operations and the State of Operation of the System

An overview of the content resolved by the Company in the Board of Directors as a system for ensuring appropriate operations (basic policy) and the state of operation of the system is provided below.

Every year, Executive Officers perform self-evaluations on the establishment and operation of internal controls, and the areas that should be improved are reflected in the next year's plan based on the results, and we will continue to make improvements in the future.

Basic Policies for Internal Control	Overview of Operation
1. System to Ensure that the Execution of Duties by Executive Officers and Employees of the Company and Directors, Audit & Supervisory Board Members and Employees of Subsidiaries Complies with Laws and Regulations and the Articles of Incorporation	
Develop, maintain and operate systems to realize the EBARA Group CSR Policy and the EBARA Group Code of Conduct.	(1) The Company has established a division for promoting compliance, which supports the creation of systems for raising awareness of compliance and preventing misconduct and the establishment of a friendly and open work environment in the Company and its subsidiaries. (2) Disciplinary provisions on violations of the "EBARA Group Code of Conduct" and internal rules are stipulated in the service rules and employment regulations, etc., of the Company and its subsidiaries. (3) The CSR Committee chaired by the President and Representative Executive Officer, renamed the Sustainability Committee, deliberates on policies, strategies, targets, KPIs, progress, and results for activities concerning social and environmental factors and the Group's sustainability. The committee also monitors the status of compliance at the Company and its subsidiaries and gives instructions for correction and improvement as appropriate. Five meetings of the committee (including under the former name CSR Committee) were held in the fiscal year under review. (4) The Compliance Consultation Counter that can be used by the Company and domestic subsidiaries and the "Regulations for the Operation of the Compliance Consultation Counter" has been established to promptly address any reports or inquiries on violations of the "EBARA Group Business Ethics Framework," internal regulations and laws, etc. in the Ebara Group. Furthermore, whistleblowing contacts via external law firms (Overseas EBARA Group hotlines) are established for a total of nineteen subsidiaries in eight countries overseas. (5) The EBARA Group Compliance Network periodically holds meetings in accordance with the "Regulations for the Operation of the EBARA Group Compliance Network" to share compliance information between the Company and its subsidiaries. Overseas, Compliance Network meetings are periodically held for Chinese subsidiaries. (6) The Internal Audit Division is in place, carrying out internal audits and the monitoring of business operations of the Company and its subsidiaries in accordance with the "Internal Audit Rules." A system for auditing and monitoring has been established by subsidiaries, and the state of implementation is checked by the Company's Internal Audit Division.
2. Systems for Storage and Management of Information concerning the Execution of Duties by Executive Officers	
Develop, maintain and operate a system for appropriately storing and managing information concerning the execution of duties by Executive Officers in accordance with laws, regulations, and internal rules.	(1) Information concerning the execution of duties by Executive Officers is appropriately stored and managed in accordance with "Information Security Basic Rules" and related regulations. (2) The "Five Principles of EBARA Group on the Handling of Important Information" stipulating measures for the prevention of information leaks and countermeasures to take in the event of a leak have been established in the "Information Security Basic Rules" of the Company and its subsidiaries.

Basic Policies for Internal Control	Overview of Operation
3. Systems for Reporting to the Company on Matters concerning the Execution of Duties by Directors of its Subsidiaries	
Develop, maintain and operate appropriate rules for reporting to the Company on matters concerning the execution of duties by Directors of its subsidiaries.	(1) Matters established throughout the EBARA Group and matters that the Company requires a review in advance or report to the Company after the fact are stipulated in the “Group Administration Basic Rules” and related regulations, and material matters pertaining to the execution of duties by Directors of subsidiaries are reported to the Company. (2) The “Crisis Management Rules” have been established in subsidiaries as a system for reporting to the Company in the event a crisis occurs or an event that may lead to a crisis occurs in subsidiaries, which are required to provide reports.
4. Regulations and Other Systems Related to Management of the Risk of Losses at the Company and Its Subsidiaries	
Establish policies on risk management in the Company and its subsidiaries as well as rules pertaining to their operation. Also develop, maintain and operate systems for implementing risk management.	(1) Authority responsibilities, and procedures are set out in the “Authority Rules,” etc., of the Company and its subsidiaries, whereby risk management is conducted. (2) Departments responsible for promoting risk management activities are in place, while policies and systems for risk management at the Company and its subsidiaries are set out under the “Risk Management Regulations,” whereby risk management activities are carried out. (3) The Risk Management Panel (hereinafter referred to as “RMP”) for the overall Group is in place as a body responsible for coordinating risk management activities while carrying out deliberation, guidance for improvement, and support. The RMP is chaired by the President, Representative Executive Officer, and made up of all Executive Officers. In addition to quarterly meetings, meetings are held as required. A total of nine meetings were held in the fiscal year under review.
5. Systems to Ensure the Efficient Execution of Duties by Executive Officers of the Company and by Directors of Its Subsidiaries	
(1) The administrative authority of Executive Officers of the Company and Directors of its subsidiaries in the execution of operations is clarified. (2) Develop, maintain and operate systems to enable efficient execution of duties by the Company’s Executive Officers and Directors of its subsidiaries through the formulation of basic management policies and the monitoring of their progress.	(1) The Board of Directors of the Company entrusts the authority and responsibility for the execution of business to Executive Officers and ensures the efficient execution of duties by Executive Officers by supervising the execution of duties by Executive Officers. (2) The administrative authority of Executive Officers of the Company and Directors of its subsidiaries is set out in the “Regulations on the Division of Duties” of the Company and its subsidiaries. (3) The Board of Directors of the Company formulates basic management policies, and those policies are reflected in the annual management plans of the Company and its subsidiaries. (4) Executive Officers of the Company review the progress of annual management plans and measures for their achievement on a quarterly basis in the Management Planning Committee. (5) The Management Meeting made up of all Executive Officers is in place as a meeting structure for deliberation necessary for facilitating prompt decision making by the President and Representative Executive Officer. The Management Meeting is held once every month.
6. Systems for Shutting Out Anti-social Elements	
The Company establishes, maintains, and operates systems for preventing the Company and its subsidiaries from engaging in any activities that may provide profits to anti-social forces in whatever name.	The Anti-social Forces Countermeasure Headquarters has been established to oversee countermeasures against anti-social forces in the Company and its subsidiaries, a manual has been established for cases in which there has been contact from anti-social forces, and a system has been developed for handling cases as an entire company in coordination with legal counsel and external expert organizations in the event there has been contact. Furthermore, investigations of business partners, internal education, and the like are conducted based on the “Guidelines on Shutting Out Anti-social Elements,” in addition to periodically holding liaison meetings attended by personnel responsible for preventing undue claims in the Company and domestic subsidiaries. One meeting was held in the fiscal year under review.

Basic Policies for Internal Control	Overview of Operation
7. Systems to Ensure the Appropriate Operations of the EBARA Group, Comprising the Company and Its Subsidiaries	
Establish a policy on the operation of the EBARA Group comprising the Company and its subsidiaries, and develop, maintain and operate systems for ensuring appropriate operations of the Group.	(1) An internal control system is in place according to the scale and characteristics of the business of the Company and its subsidiaries. The Executive Officers of the Company are responsible for the establishment of internal control systems in subsidiaries. (2) The Company performs evaluations on the state of maintenance and operation of internal controls in the Company and its subsidiaries, and corrections are made when problems are found.
8. Systems for Assigning Employees to Assist the Audit Committee in the Execution of Its Duties	
Establish the Audit Committee Office as a department that assists the Audit Committee in the execution of its duties.	(1) The Audit Committee Office has been established as a department that assists the Audit Committee in the execution of its duties. (2) Persons who assist the Audit Committee's execution of its duties (hereinafter "assistants to the Audit Committee") are appointed from among the employees of the Company and belong to the Audit Committee Office. At present, five members belong to the Audit Committee Office.
9. Matters Related to the Independence from Executive Officers of the Employees Who Assist the Audit Committee's Execution of Its Duties, and Matters Related to Ensuring the Effectiveness of the Instructions by the Audit Committee to Such Employees	
(1) Appoint employees who assist the Audit Committee's execution of its duties (hereinafter "assistants to the Audit Committee") from among the employees of the Company, subject to the consent of the Audit Committee. (2) Assistants to the Audit Committee shall not concurrently engage in business operations concerning the execution of duties by Executive Officers of the Company, thereby ensuring the independence of assistants to the Audit Committee from Executive Officers. (3) Assistants to the Audit Committee shall act only under the instruction of the Audit Committee, thereby ensuring the effectiveness of instructions of the Audit Committee. (4) Notwithstanding the preceding two paragraphs, assistants to the Audit Committee may engage in other business operations, subject to the prior approval of the Audit Committee. (5) Personnel transfer, appraisal, and the like of the employees assisting the Audit Committee shall be determined upon obtaining the consent of the Audit Committee.	(1) The appointment of assistants to the Audit Committee is determined with the consent of the Audit Committee. (2) Assistants to the Audit Committee are not concurrently engaged in business operations concerning the execution of duties by Executive Officers of the Company. Assistants to the Audit Committee act under the instruction of the Audit Committee, thereby ensuring the effectiveness of instructions of the Audit Committee. (3) Assistants to the Audit Committee serve as Audit & Supervisory Board Members of Group companies with the prior approval of the Audit Committee. (4) Personnel transfer, appraisal, and the like of assistants to the Audit Committee are determined with the consent of the Audit Committee.

<table>
<tr><th>Basic Policies for Internal Control</th><th>Overview of Operation</th></tr>
<tr><td colspan="2">10. Systems for Reporting to the Audit Committee of the Company by Executive Officers and Employees, etc., of the Company and by Directors, Audit & Supervisory Board Members and Employees, etc., of Its Subsidiaries, and Other Reporting to the Audit Committee of the Company</td></tr>
<tr><td>(1) Develop, maintain and operate a system whereby the Audit Committee members are able to attend important meetings of departments engaging in business execution, and to receive reports from Executive Officers and employees, etc.
(2) Develop, maintain and operate a system whereby Directors, Audit & Supervisory Board Members and employees, etc., of subsidiaries in addition to persons receiving reports therefrom report to the Audit Committee.
(3) Any person having made a report under the two preceding paragraphs shall not be subject to disadvantageous treatment because of such reporting.</td><td>(1) Audit Committee members view important documents and receive reports on the execution of duties from Executive Officers and employees, etc., by attending important meetings of departments engaging in business execution such as the Management Meeting, the Sustainability Committee, and the RMP.
(2) Executive Officers promptly report to the Audit Committee pursuant to the “Executive Officer Rules” in the event they discover a fraudulent act in the course of executing their duties, and such act is not redressed immediately.
(3) In the course of audits by the Audit Committee, the Company and its subsidiaries provide information on the handling of management tasks and the legality and appropriateness of their business operations upon the request of the Audit Committee.
(4) The Compliance Consultation Counter that can be used by the Company and domestic subsidiaries and the “Regulations for the Operation of the Compliance Consultation Counter” has been established to promptly address any reports or inquiries on violations of the framework of corporate ethics, internal regulations, and laws, etc. in the EBARA Group. Furthermore, in the fiscal year under review, whistleblowing contacts via external law firms (Overseas EBARA Group hotlines) have been established for a total of nineteen subsidiaries in eight overseas countries. Reports on the state of implementation of these are made to the Audit Committee as appropriate.
(5) The Audit Committee established the Audit Committee helpline, allowing reports to be received on the violation of laws and regulations in the Company and its subsidiaries, in addition to other issues concerning corporate ethics, and a system is in place for employees, etc. of the Company and its subsidiaries to report to the Audit Committee if the Company’s Directors, Executive Officers, or Directors of its subsidiaries commit fraud, violate laws, regulations or the Articles of Incorporation, conduct improper accounting practices, have corporate ethics issues or are otherwise found to be grossly inappropriate for management of the Company.
(6) The Company thoroughly ensures a system whereby any person having reported to the Audit Committee is not subject to disadvantageous treatment because of such reporting.</td></tr>
<tr><td colspan="2">11. Other Systems for Ensuring the Effectiveness of Audits by the Audit Committee</td></tr>
<tr><td>(1) Ensure the effectiveness of audits by establishing an appropriate exchange of opinions and collaboration between the Audit Committee and the departments responsible for internal controls as well as the Internal Audit Division.
(2) Establish policies on the treatment of expenses or liabilities incurred in the execution of duties of the Audit Committee in order to ensure the effective execution of audits by the Audit Committee.</td><td>(1) The President, Representative Executive Officer regularly exchanges information and opinions with the Audit Committee.
(2) Departments responsible for internal controls, risk management, and compliance, and the Internal Audit Division regularly exchange information and opinions with the Audit Committee and also exchange information on important matters as needed in an effort to promote collaboration.
(3) Policies are in place on the treatment of expenses or liabilities incurred in the execution of duties of the Audit Committee in order to ensure the effective execution of audits by the Audit Committee.</td></tr>
</table>

Basic Policies for Internal Control	Overview of Operation
12. Systems for Ensuring the Credibility of Financial Reports	
The Company shall develop and operate an Internal Control system to ensure credibility of financial reporting, in accordance with the "Standards of Assessment and Audit on Internal Control over Financial Reporting," as well as the "Practice Standards of Assessment and Audit on Internal Control over Financial Reporting."	(1) To ensure the credibility of consolidated financial reports, the "Standards for the Enforcement of Internal Controls over Financial Reporting" have been established for the purpose of maintaining and operating internal controls based on the Financial Instruments and Exchange Act, and their effectiveness is assessed every fiscal year. (2) The scope of the assessment is established every fiscal year in consideration of the impact on the financial reporting, significance in terms of management, and the like, for the purpose of an independent assessment team performing an assessment and promoting improvements to internal controls.

(2) Policy on the Determination of the Distribution of Surplus

The Company regards returning a portion of its income to its shareholders as one of its most important management policies and has set a policy of linking dividends to performance and is aiming for a consolidated total payout ratio of 35% or more and set a minimum of 2.0% for consolidated dividend on equity (DOE). In addition, the Company will flexibly implement share repurchases.

Dividends

Item \ Fiscal Year (FY)	153rd Period (FY ended December 31, 2017)	154th Period (FY ended December 31, 2018)	155th Period (FY ended December 31, 2019)	**156th Period (FY ended December 31, 2020) (FY under review)**
Annual dividend per share (yen)	45.0	60.0	60.0	**90.0 (planned)**
Annual dividends (Millions of yen)	4,571	6,052	5,730	**8,582 (planned)**
Consolidated total payout ratio (%)	48.0	33.3	24.8	**35.0 (planned)**
Purchase of treasury stock (Millions of yen)	-	4,999	14,999	**-**

Note:
"Annual dividend per share" and "Annual dividends" for the 156th period are amounts assuming the approval of Proposal 1 "Appropriation of Surplus" by the 156th Ordinary General Meeting of Shareholders.

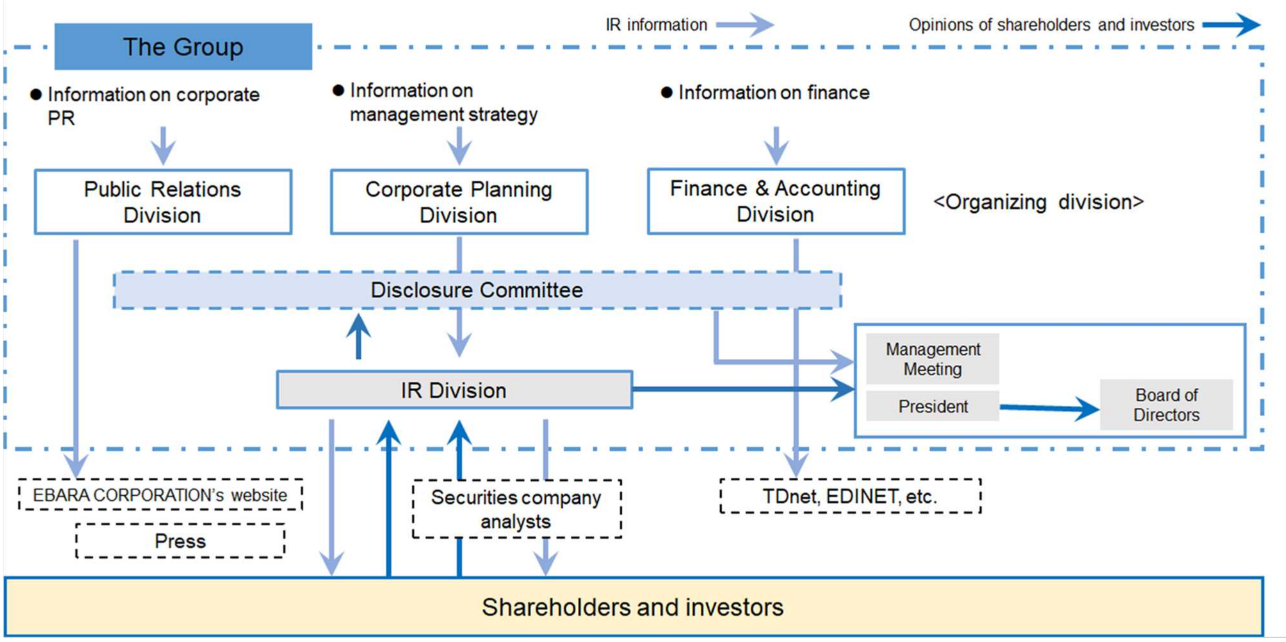
(3) Dialogue with Shareholders and Investors

The Group positions building long-term relationships of trust with shareholders and investors as one of the most important matters in management. In addition to appropriately providing corporate information required for investment decisions, an effort is made to continually foster relationships of trust by conducting IR activities that contribute to the enhancement of corporate value through constructive dialogue.

To enable the Board of Directors to appropriately oversee dialogue with shareholders and investors as an important matter related to management, the responsible departments report to the Board of Directors on IR activities each quarter, and the Board of Directors provides advice, etc., as needed.

The President and Representative Executive Officer heads the Group's IR structure, and IR is basically implemented by the Executive Officer in charge of IR and the division in charge of IR. Furthermore, opportunities for Directors (including Independent Directors), Executive Officers, and other management executives to directly dialogue with shareholders and investors are provided as needed.

[Flow of communication with shareholders and investors]



* TDnet: The timely disclosure information viewing system operated by the Tokyo Stock Exchange.
EDINET: The electronic disclosure system on disclosure documents such as annual securities reports based on the Financial Instruments and Exchange Act

[State of implementation of IR and SR activities]

Details of Activities	Actual status in 156th Period
Individual meetings	223 times
Conferences held by securities companies	40 times
Financial results briefings	4 times
ESG meetings	1 time

(4) Sustainability

Guided by the core of the “EBARA Way,” the Founding Spirit of “*Netsu to Makoto*” (Passion and Dedication), the EBARA Group has continued to contribute to the resolution of social issues with the strengths of its technological capabilities and reliability throughout its over 100-year history. The Group will further build on these strengths while advancing business activities based on our desired vision for EBARA. This is how the Group will continue to support the globe into the future and ensure growth over the next century.

In February of 2020, the Group unveiled E-Vision 2030, a new long-term management policy that illustrates its vision for the Group a decade from now, and the value creation story that will serve as the roadmap toward realizing this vision. Under the slogan of E-Vision 2030, “Technology. Passion. Support our Globe,” E-Vision 2030 identifies five material issues to be addressed leading up to 2030. By responding to these material issues, the Group aims to create outcomes that result in improvements to the social, environmental, and economic value it provides.

Five Material Issues (Materiality)

1.Contribute to the creation of a sustainable society	We will utilize our technologies to passionately support the creation of a sustainable, environmentally-friendly world with ample food and water, and safe and reliable social infrastructure
2.Elevate standards of living and support abundant lifestyles for all	We will utilize our technologies to passionately support economic development that enables the world to end poverty and realize ever-evolving and abundant lifestyles
3.Conduct comprehensive environmental management	We will promote the reduction of CO_2 emissions from our business operations and maximize our use of renewable energy to move toward a carbon-neutral world
4.Promote working environments that encourage challenge	We will promote a corporate group culture of competition and challenge, and provide diverse employees with meaningful work and comfortable working environments
5.Enhance corporate governance	We will lay out a vision for and pursue growth through offensive and defensive governance that supports high-level management capabilities

Targeted Outcomes

Reduced GHG Emissions

Reduce GHG emissions through business activities.

- Reduce amount of energy used in production
- Develop more energy-efficient products
- Improve the power generation efficiency of municipal solid waste treatment plants

Safe and Reliable Living

Support development of resilient infrastructure that helps resolve environmental issues associated with urbanization and deliver water all over the world.

Smarter Living

Contribute to the development of high-spec semiconductors necessary to answer the increasing demand for ICAC5 technologies (IoT, cloud, AI, automated driving, and 5G communications technologies) through the provision of cutting-edge semiconductor manufacturing equipment.

1) Environmental Initiatives

In July 2019, the EBARA Group Environmental Policy was revised to be applicable to the entire Group and further emphasize the importance of improving environmental performance. In accordance with this policy, we are implementing measures to minimize the environmental impacts of business activities at domestic and overseas operating sites, increase the environmental performance of our products, and reduce emissions of GHGs.

A) E-Vision 2030 Targets

I. Contribute to the reduction of GHG emissions equaling approx. 100 million tons of CO_2 through use of EBARA Group products (corresponding to projected sales of products for FY2030)

II. Reduce GHG emissions from EBARA Group business activities 26% (compared with FY2018 Scope 1 and 2 emissions)

B) Climate Change Response Measures

As one facet of its climate change response measures, EBARA announced its endorsement of the recommendation of the Task Force on Climate-related Financial Disclosures (TCFD) in May 2019. We have since joined Japan's TCFD Consortium with the aim of sharing information with various industries.

In formulating E-Vision 2030, EBARA performed a macroeconomic analysis in relation to climate change. We will continue to examine the circumstances pertaining to climate change by referencing the framework recommended by the TCFD to develop a more detailed understanding of the risks and opportunities that climate change may create for the EBARA Group.

2) Social Initiatives

The EBARA Group CSR Policy defines our commitment to foster trust with our valued stakeholders by conducting our business with a strong sense of ethics. This policy delineates a dedication to creating and delivering social value by co-creating value with stakeholders for society, industry, and everyday life and supplying safe, reliable, and convenient products and services through our business activities. We also recognize the importance of contributions to community development, respect for human rights, and other ties with society in our business activities.

A) Respecting Human Rights

The EBARA Group exercises respect for the human rights and diversity of stakeholders as stipulated in the EBARA Group CSR Policy. We have declared our support for and become a signatory of the United Nations Global Compact, and we observe the principles of the International Bill of Human Rights, the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and the UN Guiding Principles on Business and Human Rights.

The EBARA Group Human Rights Policy, announced in December 2019, puts forth three core policies along with response policies for enacting these core policies. In addition, the EBARA Group Human Rights Committee has been established to encourage action based on the policy, and we are implementing ongoing improvements to human rights management frameworks and particularly human rights due diligence and remediation practices.

Please find the full EBARA Group Human Rights Policy on our website.
https://www.ebara.co.jp/en/about/csr/social/human_rights/1209153_3116.html

B. Human Resource Management Strategy

We will promote a corporate group culture of competition and challenge and provide diverse employees with meaningful work and comfortable working environments. We will realize this by selecting human resources capable of competing on the global stage, hiring non-Japanese and mid-career employees. At the same time, we will foster workplace environments that are comfortable and accommodating for all to allow diverse employees to exercise their talents to the fullest. We are also examining new ways of developing our workplaces along with new work styles with an eye to society after the COVID-19 pandemic.

[Main initiatives]

(a) Selection of highly specialized human resources to implement business strategies (e.g., Mr. Michael Lodai, Executive Officer Responsible for Compressors and Turbines Business, and Mr. Hiroyuki Kowase, Executive Officer, Division Executive, Information & Communication System Division)

(b) Introduced a talent management system to visualize a variety of employee information and realize human resource development and strategic placement of the right people in the right positions.

(c) Conducted the second global engagement survey for all Group company employees

(d) Implemented Succession Management Plan

(e) Implemented a referral recruitment program, in which employees can recommend candidates for open positions from their existing networks

(f) Implemented a fresh graduate recruitment period for October in order to increase diverse hires, such as international students from overseas, foreign students attending overseas universities, and Japanese students who have studied abroad.

C. Promotion of diversity

The Group's Diversity Declaration is a guideline for diversity promotion activities.

[Diversity Declaration]
"We create a corporate culture where every individual can utilize their talents and grow to their full potential.
We respect different values and create a dynamic corporate culture that facilitates change while promoting business development and contributing to society.
We aim to create working environments that celebrate diversity and lead to the evolution and innovation of our business processes."

In order to stimulate competitiveness and accelerate sustainability, we encourage the full participation of all employees regardless of gender, nationality, or other characteristics and create a corporate culture where each and every employee can utilize their individual attributes and fulfill their potential.

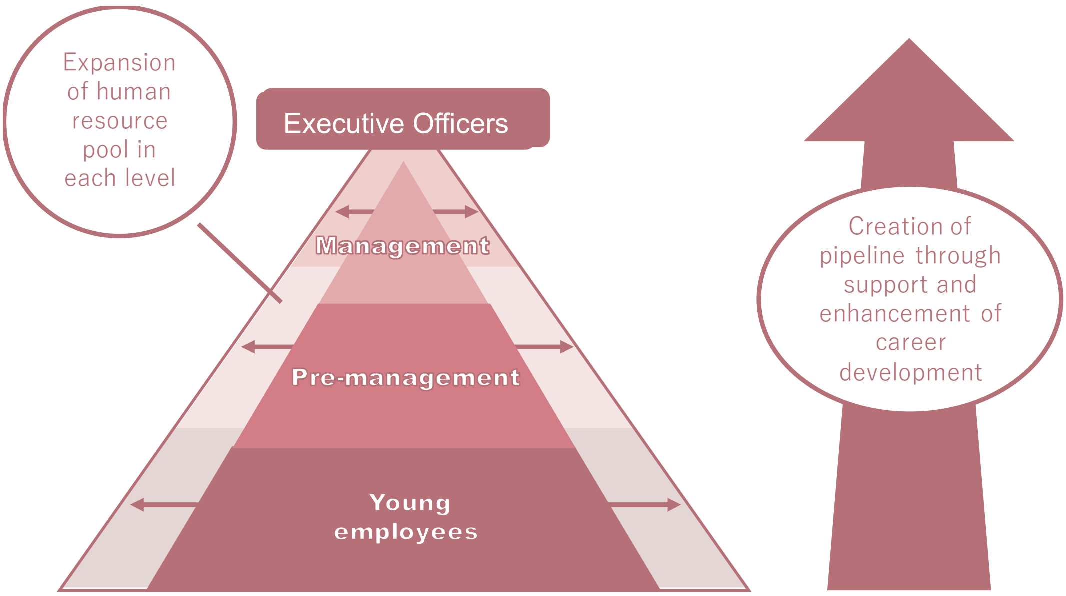
(a) Promotion of Women's Participation

The aim is to become a company in which female employees are able to achieve growth through work and develop their skills to their full potential. The Company also provides support to ensure they are proud of working to that end and are able to develop their careers.

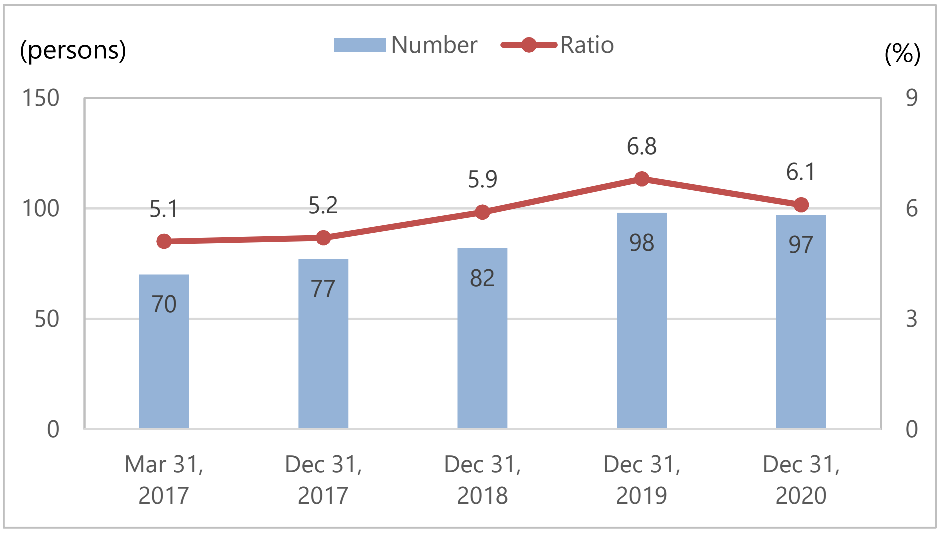
[Specific Initiatives]

- Career presentations by senior employees
  The Company periodically publishes feature articles on job experiences written by senior female employees to serve as a reference for female employees in considering their careers.
- Dispatching for external training
  In order to develop the skills of female employees and promote their growth, the Company continuously dispatches them for external training.
- Meetings with employees on childcare leave
  Held to consider childcare concerns, balancing work and childcare, and future career decisions.
- Seminars regarding balancing work and childcare aimed at male employees
  In order to promote the advancement of women, it is essential to encourage the greater participation of men in childcare and home duties. This event is held to create a working environment where each individual can achieve an optimal work-life balance.

[Image of the female human resource pyramid]



Female employees are categorized into three grades: management, pre-management, and young employees, and the Company boosts and accelerates career formation support according to each grade.



[Status of Female Key Personnel of the Company]

In recognition of these activities, on May 21, 2018, the Company obtained the third and highest level of the “Eruboshi” certification granted by the Minister of Health, Labour and Welfare to companies with excellent initiatives for promoting participation by women based on the Act on Promotion of Women’s Participation and Advancement in the Workplace.

(b) Hiring of international employees

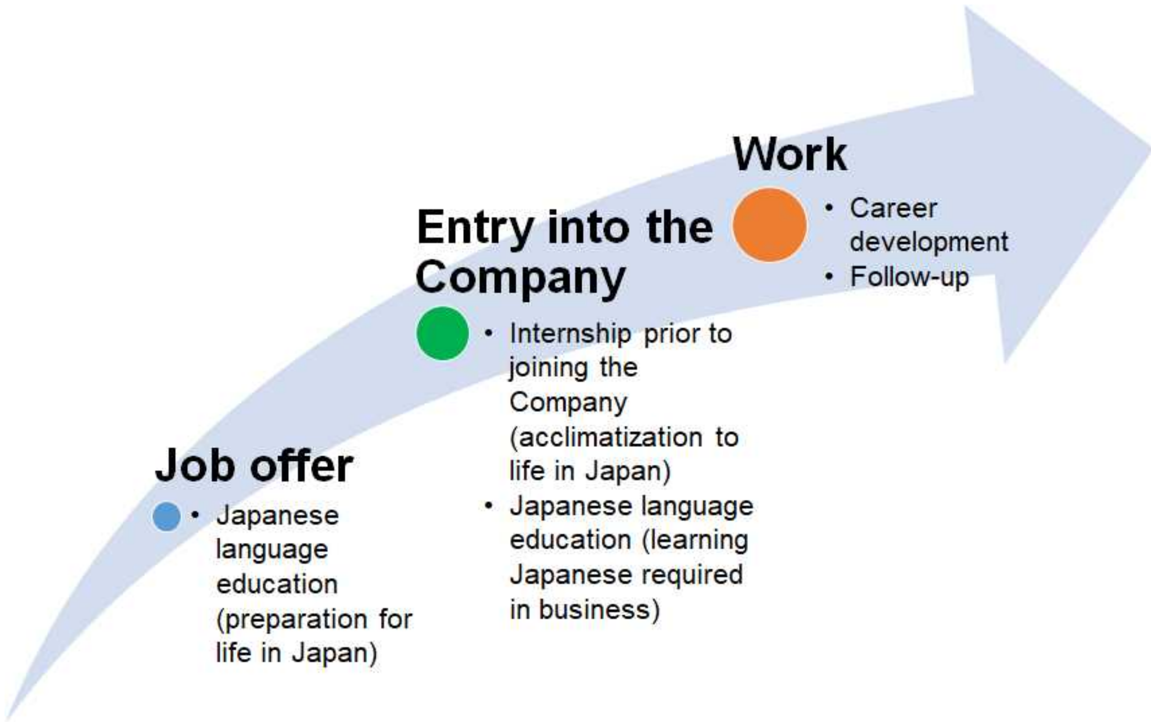
The Company has promoted the active employment of international employees in its Head Office since 2011. The Company promotes the employment and utilization of international employees to enable speedy business execution in response to global competition in accordance with its personnel and human resource development policy.

<Major initiatives>

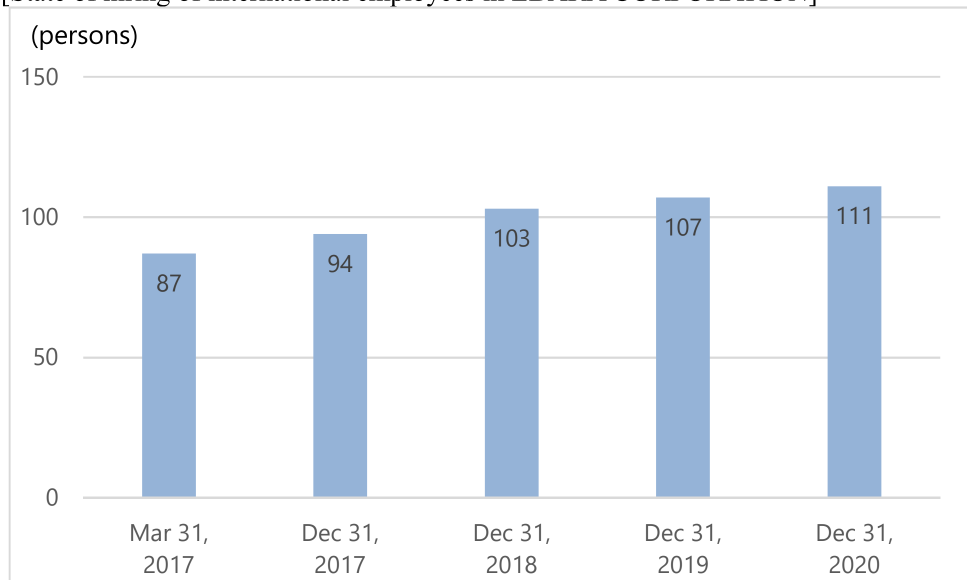
・Working environment survey for international employees regarding COVID-19 situation

This initiative was conducted in purpose of gathering precise informaton in order to offer various caring for international employees and safe working environment.

[Hiring and development of international employees]



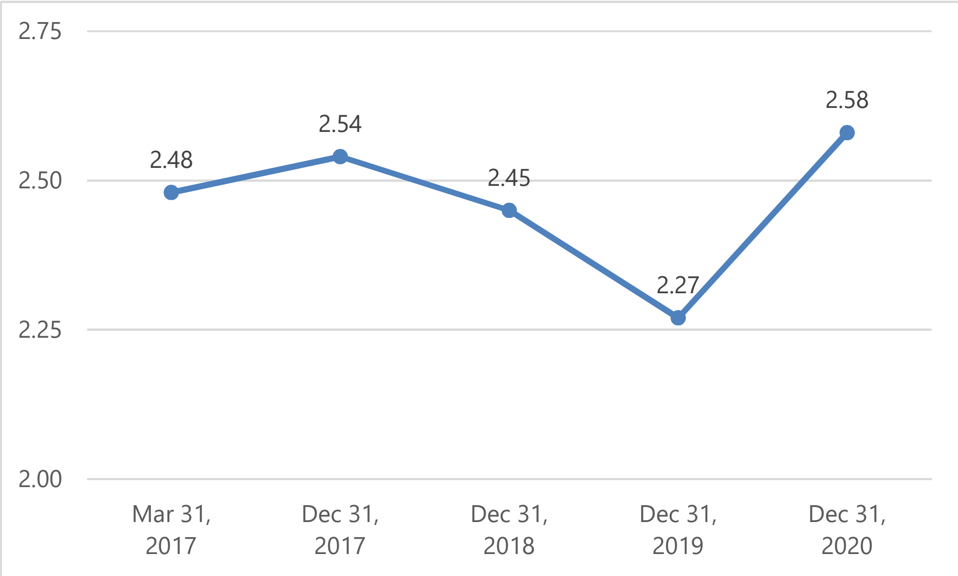
[State of hiring of international employees in EBARA CORPORATION]



(c) Hiring of people with disabilities

The Group works with local communities as well as broader society to promote vocational independence and create opportunities for social participation by people with disabilities and is also engaged in increasing the ratio of employees with disabilities in the EBARA Group. As part of this, EBARA EARNEST Co., Ltd. was established as a special subsidiary in the fiscal year ended March 31, 2012.

[Ratio of employees with disabilities in EBARA CORPORATION]



(5) ESG-related External Evaluations

The Company has been selected by various ESG evaluation organizations as a constituent stock of ESG indexes in Japan and overseas.

FTSE4Good Index Series

FTSE4Good

FTSE Blossom Japan Index

FTSE Blossom Japan

MSCI Japan Empowering Women Index

2020 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

MSCI Japan ESG Select Leaders Index

2020 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

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S&P/JPX Carbon Efficient Index

S&P/JPX Carbon Efficient Index

*

SOMPO Sustainability Index

2020 Sompo Sustainability Index

Consolidated Balance Sheet

December 31, 2020

(Millions of yen)

Assets		Liabilities	
Account	**Amount**	**Account**	**Amount**
Current Assets	**438,637**	**Current Liabilities**	**258,185**
Cash and deposits	121,996	Notes and accounts payable-trade	60,508
Notes and accounts receivable-trade	187,289	Electronically recorded obligations	69,230
Electronically recorded monetary claims	11,374	Short-term loans payable	28,056
Securities	1,035	Income taxes payable	4,672
Merchandise and finished goods	20,333	Advances received	40,056
Work in process	47,648	Bonus payment reserve	7,685
Raw materials and supplies	34,621	Directors' bonus payment reserve	454
Others	16,721	Reserve for losses on construction completion guarantees	3,793
Allowance for doubtful accounts	(2,387)	Reserve for product warranties	4,089
Fixed Assets	**182,940**	Reserve for construction losses	6,096
Tangible fixed assets	**136,202**	Others	33,541
Buildings and structures	56,342	**Long-term Liabilities**	**58,922**
Machinery and equipment	28,501	Bonds payable	20,000
Land	19,581	Long-term loans payable	26,666
Construction in progress	25,204	Deferred tax liabilities	24
Others	6,573	Reserve for directors' retirement benefits	121
Intangible assets	**12,858**	Defined benefit liability	7,704
Goodwill	369	Asset retirement obligations	2,264
Software	9,485	Others	2,141
Others	3,003	**Total Liabilities**	**317,108**
Investments and other assets	**33,879**	**Net Assets**	
Investment securities	12,766	**Shareholders' Equity**	**310,903**
Long-term loans receivable	127	Common stock	79,451
Defined benefit asset	5,181	Capital surplus	75,144
Deferred tax assets	10,631	Retained earnings	1456,486
Others	10,339	Treasury stock	(178)
Allowance for doubtful accounts	(5,166)	**Accumulated Other Comprehensive Income**	**(14,671)**
		Net unrealized gains (losses) on investment securities	202
		Deferred gains (losses) on hedges	(54)
		Translation adjustments	(6,280)
		Remeasurements of defined benefit plans	(8,538)
		Subscription Rights to Shares	**765**
		Non-Controlling Interests	**7,472**
		Total Net Assets	**304,470**
Total Assets	**621,578**	**Total Liabilities and Net Assets**	**621,578**

Consolidated Statement of Income

From January 1, 2020
to December 31, 2020

(Millions of yen)

Account	Amount	
Net Sales		**523,727**
Cost of Sales		**379,087**
Gross Profit		**144,639**
Selling, General and Administrative Expenses		**106,760**
Operating Income		**37,879**
Non-operating Income		
Interest income	341	
Dividends income	40	
Share of profit of entities accounted for using equity method	879	
Others	893	**2,155**
Non-operating Expenses		
Interest expenses	1,162	
Foreign exchange losses	1,190	
Others	823	**3,175**
Ordinary Income		**36,859**
Extraordinary Income		
Gain on sales of fixed assets	44	
Gain on sales of investment securities	76	**121**
Extraordinary Loss		
Loss on sales of fixed assets	27	
Loss on retirement of fixed assets	434	
Impairment loss	244	
Loss on sales of investment securities	227	
Others	0	**934**
Income Before Income Taxes		**36,045**
Income Taxes-current	9,325	
Income Taxes-deferred	533	**9,859**
Profit		**26,186**
Profit Attributable to Non-Controlling Interests		1,713
Profit Attributable to Owners of Parent		**24,473**

Non-consolidated Balance Sheet

December 31, 2020

(Millions of yen)

Assets	
Account	**Amount**
Current Assets	**236,867**
Cash and deposits	68,985
Notes receivable-trade	23,300
Accounts receivable-trade	66,436
Electronically recorded monetary claims	17,797
Finished goods	2,068
Work in process	28,321
Raw materials and supplies	18,365
Others	26,091
Allowance for doubtful accounts	(501)
Fixed Assets	**217,986**
Tangible fixed assets	**89,558**
Buildings and structures	39,929
Machinery and equipment	9,581
Land	18,761
Construction in progress	918,027
Others	3,258
Intangible assets	**8,703**
Software	8,346
Others	356
Investments and other assets	**119,724**
Investment securities	4,918
Shares of subsidiaries and associates	81,962
Investments in capital of subsidiaries and associates	21,804
Long-term loans receivable	341
Prepaid pension cost	3,155
Deferred tax assets	4,951
Others	5,629
Allowance for doubtful accounts	(3,037)
Total Assets	**454,853**

Liabilities	
Account	**Amount**
Current Liabilities	**136,052**
Notes payable-trade	2,088
Accounts payable-trade	18,301
Electronically recorded obligations	54,822
Short-term loans payable	21,933
Current portion of long-term loans payable	3,710
Income taxes payable	1,754
Bonus payment reserve	2,768
Directors' bonus payment reserve	245
Reserve for losses on construction completion guarantees	1,858
Reserve for product warranties	2,887
Reserve for construction losses	1,386
Others	24,294
Long-term Liabilities	**47,342**
Bonds payable	20,000
Long-term loans payable	24,739
Provision for retirement benefits	20
Others	2,582
Total Liabilities	**183,394**
Net Assets	
Shareholders' Equity	**270,693**
Common stock	**79,451**
Capital surplus	**83,379**
Legal capital surplus	83,379
Retained earnings	**107,883**
Other retained earnings	107,883
Retained earnings brought forward	107,883
Treasury stock	**(20)**
Subscription Rights to Shares	**765**
Total Net Assets	**271,459**
Total Liabilities and Net Assets	**454,853**

Non-consolidated Statement of Income

From January 1, 2020
to December 31, 2020

(Millions of yen)

Account	Amount	
Net Sales		**230,975**
Cost of Sales		**175,673**
Gross Profit		**55,301**
Selling, General and Administrative Expenses		**52,524**
Operating Income		**2,777**
Non-operating Income		
Interest income	156	
Dividends income	23,212	
Others	152	**23,521**
Non-operating Expenses		
Interest expenses	591	
Foreign exchange losses	417	
Others	505	**1,513**
Ordinary Income		**24,785**
Extraordinary Income		
Gain on sales of fixed assets	4	
Gain on sales of investment securities	76	**81**
Extraordinary Loss		
Loss on sales of fixed assets	2	
Loss on retirement of fixed assets	354	
Impairment loss	187	
Loss on sales of investment securities	227	
Others	0	**772**
Income Before Income Taxes		**24,094**
Income Taxes-current	(113)	
Income Taxes-deferred	953	**840**
Profit		**23,254**

Copy of the Report of the Accounting Auditor's Audit Report on Consolidated Financial Statements (translation)

Independent Auditor's Report

February 15, 2021

The Board of Directors
EBARA CORPORATION

Ernst & Young ShinNihon LLC

Mineo Kamibayashi
Certified Public Accountant
Designated and Engagement Partner

Kiomi Horikoshi
Certified Public Accountant
Designated and Engagement Partner

Takayuki Ando
Certified Public Accountant
Designated and Engagement Partner

Audit Opinion
Pursuant to Article 444, Section 4, of the Companies Act, we have audited the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets, the notes to the consolidated financial statements of EBARA CORPORATION (the "Company") applicable to the fiscal year from January 1, 2020, through December 31, 2020.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of the Company and consolidated subsidiaries, applicable to the fiscal year ended December 31, 2020, in conformity with accounting principles generally accepted in Japan.

Basis for the Audit Opinion
We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibility for the audit of consolidated financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter
As stated in the note on changes in accounting policies, the Company has adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 30, 2018) and the "Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30, March 30, 2018) from the current consolidated fiscal year.

This matter has no effect on our opinion.

Management's and the Audit Committee's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of consolidated financial statements in accordance with accounting principles generally accepted in Japan and for designing and operating such internal controls as management determines necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The audit committee is responsible for monitoring the execution of duties by executive officers and directors in the development and operation of financial reporting processes.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- In making those risk assessments, we consider internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Company's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements, or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structureb and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.

Conflicts of Interest

We have no interest in the Company which should be disclosed in accordance with the Certified Public Accountants Act.

Copy of the Report of Independent Auditors (translation)

Independent Auditor's Report

February 15, 2021

The Board of Directors
EBARA CORPORATION

Ernst & Young ShinNihon LLC

Mineo Kamibayashi
Certified Public Accountant
Designated and Engagement Partner

Kiomi Horikoshi
Certified Public Accountant
Designated and Engagement Partner

Takayuki Ando
Certified Public Accountant
Designated and Engagement Partner

Audit Opinion

Pursuant to Article 436, Section 2, paragraph 1 of the Companies Act, we have audited the balance sheet, the statement of income, the statement of changes in net assets, the notes to the financial statements, and the related supplementary schedules of EBARA CORPORATION (the "Company") applicable to the fiscal year from January 1, 2020, through December 31, 2020.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of the Company, applicable to the fiscal year ended December 31, 2020, in conformity with accounting principles generally accepted in Japan.

Basis for the Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibility for the audit of financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As stated in the note on changes in accounting policies, the Company has adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 30, 2018) and the "Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30, March 30, 2018) from the current consolidated fiscal year.

This matter has no effect on our opinion.

Management's and the Audit Committee's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of financial statements in accordance with accounting principles generally accepted in Japan and for designing and operating such internal controls as management determines necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The audit committee is responsible for monitoring the execution of duties by executive officers and directors in the development and operation of financial reporting processes.

Auditor's Responsibility for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- In making those risk assessments, we consider internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit of the financial statements is not expressing an opinion on the effectiveness of the Company's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements, or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.

Conflicts of Interest
We have no interest in the Company which should be disclosed in accordance with the Certified Public Accountants Act.

Copy of the Audit Committee's Audit Report (translation)

Audit Report

The Audit Committee conducted an audit of the duties of the Directors and Executive Officers in the fiscal year from January 1, 2020 to December 31, 2020. The method and results thereof are as follows.

1. Method and Content of Audit

The Audit Committee periodically receives reports from Directors, Executive Officers and employees, etc. on resolutions of the Board of Directors concerning matters listed in Article 416(1) (i) (b) and (e) of the Companies Act, and the development and implementation of systems developed based on such resolutions (internal control systems), and asked for explanations and expressed opinions as necessary, in addition to conducting audits using the following methods.

(i) In accordance with the audit policy and the segregation of duties established by the Audit Committee, the Committee worked with the Company's Internal Control Division, attended important meetings and received reports from Directors and Executive Officers, etc. on the execution of their duties, requested explanations as necessary, examined documents related to the approval of important matters, and investigated the condition of operations and finances in EBARA's Head Office and major business locations. Furthermore, regarding subsidiaries, the Audit Committee communicated with the Directors, Audit & Supervisory Board Members, and others in these subsidiaries, worked to exchange information, and, as necessary, received reports from these companies.

(ii) The Audit Committee ensured whether the Independent Auditors maintained its independent status and conducted its auditing activities appropriately. The Audit Committee received reports from the Independent Auditors regarding the performance of its duties and results of the audits, and requested explanations as necessary. In addition, the Audit Committee has received notices from the Independent Auditors that they have set up systems for ensuring that their duties are conducted appropriately and requested explanations as necessary.

Based on the previously described methods, the Audit Committee considered the business report and appended documents, the non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in net assets, and the notes to the non-consolidated financial statements), and the annexed detailed statement, as well as the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets and the notes to the consolidated financial statements).

2. Results of the Audit

(1) Results of the Audit of the Business Report and other Documents

i. In our opinion, the Business Report and the Appended Documents have been prepared in accordance with relevant laws and EBARA's Articles of Incorporation and present the condition of EBARA fairly.

ii. We found no instances of improper behavior in the conduct of duties by the Directors and Executive Officers and no major facts regarding violations of laws or the Articles of Incorporation.

iii. We found the content of decisions made by the Board of Directors regarding internal control systems to be appropriate. Moreover, no notable matters were found with regard to the content of the business report and the execution of duties by the Directors and Executive Officers related to such internal control systems.

(2) Results of the Audit of the Non-Consolidated Financial Statements and the Annexed Detailed Statement

We found the methods used and the results of the audit conducted by the Independent Auditors, Ernst & Young ShinNihon LLC, to be appropriate.

(3) Results of the Audit of the Consolidated Financial Statements

We found the methods used and the results of the audit conducted by the Independent Auditors, Ernst & Young ShinNihon LLC, to be appropriate.

February 17, 2021

The Audit Committee of EBARA CORPORATION
Shozo Yamazaki, Audit Committee Member
Masahiro Hashimoto, Audit Committee Member
Junko Nishiyama, Audit Committee Member
Tetsuji Fujimoto, Audit Committee Member

(Note) Audit Committee Members Shozo Yamazaki, Masahiro Hashimoto, and Junko Nishiyama, are Independent Directors as provided by Article 2(xv) and Article 400(3) of the Companies Act.

(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.

March 5, 2021

Matters Disclosed on the Internet Pursuant to Laws, Regulations and the Articles of Incorporation When Providing Notice of the 156th Ordinary General Meeting of Shareholders

156th Period

(From January 1, 2020 to December 31, 2021)

1) Consolidated Statement of Changes in Net Assets in the Consolidated Financial Statements Page 1
2) Notes to the Consolidated Financial Statements Page 2
3) Non-consolidated Statement of Changes in Net Assets in the Non-consolidated Financial Statements Page 15
4) Notes to the Non-consolidated Financial Statements Page 16

EBARA CORPORATION

Of the documents to be provided with Notice of the 156th Ordinary General Meeting of Shareholders, the Consolidated Statement of Changes in Net Assets in the Consolidated Financial Statements and the Notes to the Consolidated Financial Statements, along with the Non-consolidated Statement of Changes in Net Assets in the Non-consolidated Financial Statements and the Notes to the Non-consolidated Financial Statements are provided to shareholders on the Company's website (https://www.ebara.co.jp/en/about/ir/stock/shareholdersmeeting/index.html) in accordance with laws and regulations and Article 15 of the Articles of Incorporation.

Consolidated Statement of Changes in Net Assets

From January 1, 2020
to December 31, 2020

(Millions of yen)

	Shareholders' equity				
	Common shares	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at January 1, 2020	**79,155**	**74,848**	**141,675**	**(174)**	**295,504**
Cumulative effects of changes in accounting policies	-	-	(4,473)	-	(4,473)
Restated balance	**79,155**	**74,848**	**137,201**	**(174)**	**291,030**
Changes of items during period					
Issuance of new shares	296	296			592
Cash dividends			(5,713)		(5,713)
Profit attributable to owners of parent			24,473		24,473
Change of scope of consolidation			525		525
Purchase of treasury shares				(3)	(3)
Net changes of items other than shareholders' equity					
Total changes during the period	**296**	**(296)**	**19,284**	**(3)**	**19,873**
Balance at December 31, 2020	**79,451**	**75,144**	**156,486**	**(178)**	**310.903**

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

Notes to the Consolidated Financial Statements

Significant Accounting Principles

1. Scope of consolidation
   (1) Number of consolidated subsidiaries and names of significant consolidated subsidiaries

Number of consolidated subsidiaries	96
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 AGENCY CO., LTD. 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. 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

   (2) Change in scope of consolidation
   EBARA MACHINERY INDIA PRIVATE LIMITED, Musashino E Service Company, ECE Co., Ltd, and 23 other companies were included in the scope of consolidation according to the standard for determining importance concerning the scope of consolidation. Saku E Service Co., Ltd., Ebara Pumps Mexico, S.A. de C.V., Nanao E service Co., Ltd., Ebara Innovation Partners Co., Ltd., Kosai E service Co., Ltd., which were newly established, were also included.

   (3) Names of significant non-consolidated subsidiaries
   None

2. Equity method
   (1) Number of non-consolidated subsidiaries and affiliated companies to which the equity method is applied
   Number of non-consolidated subsidiaries to which the equity method is applied
   None
   Number of affiliated companies to which the equity method is applied 1
   Swing Corporation

   (2) Names of non-consolidated subsidiaries and affiliated companies to which the equity method is not applied
   Non-consolidated subsidiaries to which the equity method is not applied
   None
   Non-consolidated affiliated companies to which the equity method is not applied
   Ebara Philippines Landholdings, Inc.
   Reason for not applying the equity method
   Non-consolidated subsidiaries and affiliated companies are not applied equity method owing to insignificance in volume of profit (loss) and retained earnings.

   (3) Fiscal year-end of affiliated company to which the equity method is applied
   Since the fiscal year of the affiliated companies to which the equity method is applied ends on March 31,

it uses financial statements based on provisional settlement implemented on fiscal year-end of consolidated accounts when preparing the consolidated financial statements.

3. Fiscal year-end of consolidated subsidiaries
   Among the consolidated subsidiaries, the fiscal year-end of EBARA MACHINERY INDIA PRIVATE LIMITED and 17 other companies is March 31.
   In preparing the consolidated financial statements, we will use the financial statements based on the provisional financial statements conducted on the end of consolidated fiscal year.

4. Significant accounting policies
   (1) Valuation standards and valuation methods of assets
   Securities
   Held-to-maturity securities
   Amortized cost method (Straight line method)
   Other securities
   Other securities with market value
   Securities with a market value are stated at market value, and 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.
   Other securities without market value
   Gross average cost method
   Derivatives
   Fair market value method
   Inventories
   Merchandise and finished goods as well as raw materials and supplies are primarily measured using the gross average cost method, except for in the Precision Machinery Segment, which employs the moving average method. Work in process is measured using the specific identification cost method. For presentation on the balance sheet, inventories are measured at book value or written-down value to account for the decline in their profitability if necessary.

   (2) Fixed assets and related depreciation
   1) Tangible fixed assets (except leased assets)
   Primarily, the straight-line method is used.
   Note that the method for depreciating minor assets valued from ¥100,000 to less than ¥200,000 is the lump-sum method specified in the Japanese Corporation Tax Act, and these assets are depreciated in equal amounts over a three-year period.
   2) Intangible assets and investments and other assets (except leased assets)
   Intangible assets are mainly 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, 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 and have a residual value of zero.

   (3) Standards of significant allowance
   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) Bonus payment reserve
   Bonus payment reserve is provided based on the future liabilities.
   3) Directors' bonus payment reserve
   Directors' bonus payment reserve is provided based on the future liabilities.
   4) Reserve for directors' retirement benefits
   In domestic consolidated subsidiaries, reserve for directors' retirement benefits is accrued at the amounts of the future liabilities in relation to the length of service at the balance sheet date and included in accrued severance and pension costs.
   5) Reserve for losses on construction completion guarantees
   To cover for possible expenses arising from collateral against defects, the Group makes reasonable estimates of the ratio of such expenses and uses this ratio to derive provisions for such losses.
   6) Reserve for product warranties
   To cover for expenses related to defect guarantees related to sales contracts, the amount of such

warranties is estimated by multiplying a reasonable percentage of defects by the value of product sales.

7) Reserve for construction losses
To cover for possible losses on construction projects contracted to the Company, the Company makes estimates of such losses for those uncompleted projects deemed to have a high possibility of incurring losses and for which such construction losses can be reasonably estimated.

(4) Significant accounting principles

1) Consumption tax
Consumption taxes are accounted for using the net-of-tax method.

2) Significant hedging accounting methods

i. Hedging transactions
Gains or losses and evaluation differences related to hedging transactions accounted for at fair market value are deferred as assets or liabilities until recognized. Evaluation gains and losses on foreign exchange contracts are allocated to settlement periods throughout the period of the contract. Interest rate swaps are treated as special exceptions.

ii. Hedging instruments and hedging objects

Hedging instruments	Foreign exchange forward contracts, foreign currency option contracts and interest rate swap agreements were used.
Hedging objects	Currency exchange rate risk and interest rate risk on existing assets and liabilities in foreign currencies are hedging objects.

iii. Hedging policy
The Company and its consolidated subsidiaries hedge currency exchange rate risk on existing assets and liabilities in foreign currencies and interest-rate risk based on internal risk management policy.

iv. Assessing the effectiveness of hedging

Interest risk	The effectiveness of hedging is assessed by comparing the accumulated cash flows between hedging instruments and hedging objects. However, with regard to the interest rate swaps that meet the requirements for special exceptions, the assessments are omitted.
Currency exchange rate risk	As long as one hedging instrument and one hedging object correspond, the hedge is considered effective.

3) Method and period for amortization of goodwill
The Company has set 20 years as a reasonable period for the amortization of goodwill and uses the straight-line method to determine the amount to be amortized in each period. Those goodwill items that are not deemed to be material may be amortized in periods when they arise.

4) Accounting treatment regarding net defined benefit liability

i. Method of attribution of projected benefit obligations
In the calculation of defined benefit liability, the method used to attribute projected benefit obligations in the period up to the end of the current fiscal year is benefit formula basis.

ii. Method of amortization of actuarial gain or loss and past service cost
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 gain or loss is amortized starting in the fiscal year following the fiscal year in which it occurs using the declining-balance method over a certain number of years within the average remaining service period of employees.

iii. Adoption of the simplified accounting method in small companies, etc.
Certain consolidated subsidiaries adopt the simplified accounting method in calculating their net defined benefit liabilities and retirement benefit expenses. Under the simplified method, retirement obligations are calculated as retirement and severance costs that would be incurred if all employees retired at the end of the accounting period under review.

5) Recognition of revenue and costs
As the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 30, 2018 (hereinafter “Revenue Recognition Standards”)) and “Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30, March 30, 2018), the Company has decided to adopt the Revenue Recognition Standards and recognize revenue at the amount expected to be received in exchange for its goods or services when the dominance of the promised goods or services is transferred to a customer.

6) Consolidated taxation system
A consolidated tax system is applied.

Adoption of “Accounting Standard for Tax Effect Accounting” regarding the adaption of Group Relief System shift from Consolidated Tax Return Filing System

The Company and some of its consolidated subsidiaries have applied the “Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System” (ASBJ PITF No. 39, March 31, 2020, Section 3, for the items that were reviewed in the transition to the group tax relief system established in the “2020 Tax Reform Proposals” (Act No. 8, 2020) and the non-consolidated taxation system in conjunction with the transition to the group taxation system. In accordance with paragraph 3 of the "Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (ASBJ PITF No. 39, March 31, 2020), the provisions of paragraph 44 of the "Partial Amendments to Accounting Standard for Tax Effect Accounting, etc.” (ASBJ Guidance No. 28, February 16, 2018) shall not apply to items for which the non-consolidated taxation system was revised in conjunction with the transition from a consolidated taxation system to a group-wide accounting system. The amounts of deferred tax assets and deferred tax liabilities are based on the provisions of the tax law before the revision.

Notes to the Changes in Accounting Policies

(Adoption of the Accounting Standard for Revenue Recognition)

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

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

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

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

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

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

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

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

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

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

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

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

Notes to the Changes in Presentation

(Consolidated Balance Sheets)

In the previous fiscal year, “Advances received” was included in “Others” under current liabilities. Due to increased materiality, it is to be presented separately from the fiscal year ended December 31, 2020.

Notes to the Consolidated Balance Sheet

1. Collateral assets and collateral for loans
   (1) Collateral assets for bank loans

Buildings and structures	¥3,302 million
Others	¥956 million
Total	¥4,258 million

   (2) Amount of bank loans

Short-term loans payable	¥104 million
Long-term loans payable	¥15 million
Total	¥120 million

2. Accumulated depreciation of tangible fixed assets ¥220,972 million

3. Commitments and contingent liabilities
   (1) Loans guaranteed to employees ¥33 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) ¥153 million

Notes to the Consolidated Statement of Changes in Net Assets

1. Type and number of shares issued

Type of shares	Number of shares as of January 1, 2020	Increase	Decrease	Number of shares as of December 31, 2020
Common shares	95,129,853	261,600	-	95,391,453

Note:

Increase in common shares issued of 261,600 was an increase of 147,500 shares due to the exercise of subscription rights to shares, an increase of 88,500 shares due to the issuance of new shares as restricted share-based compensation and an increase of 25,600 shares due to the issuance of new shares as performance-linked stock compensation.

2. Items related to dividend

(1) Payment of dividends

Date of approval	Type of shares	Total dividends (Millions of yen)	Dividends per share (Yen)	Base date	Effective date
March 27, 2020 at the Ordinary General Meeting of Shareholders	Common shares	2,853	30.00	December 31, 2019	March 30, 2020
August 11, 2020 at the Board of Directors Meeting	Common shares	2,859	30.00	June 30, 2020	September 11, 2020

(2) Mention related to any dividends belonging to the base date of the period for which the effective date falls after the end of the interim period

The proposal at the Ordinary General Meeting of Shareholders to be held on March 26, 2021 related to dividends of Common Shares is as follows;

Date of approval	Type of shares	Total dividends (Millions of yen)	Dividend resource	Dividends per share (Yen)	Base date	Effective date
March 26, 2021 at the Ordinary General Meeting of Shareholders	Common shares	5,722	Retained earnings	60.00	December 31, 2020	March 29, 2021

3. Subscription rights to shares

Subscription rights to shares Common shares 324,000 shares

Notes to Financial Instruments

1. Status of financial instruments
   (1) Policies regarding financial instruments
   The Company raises the necessary long-term funds for its capital investment and other requirements from bank borrowings, the issuance of bonds, and other means. Short-term working capital is raised through bank borrowings and commercial paper issues. Available short-term funds are invested in highly secure financial assets. In addition, as noted below, derivatives are used to avoid risk, and the Company's policy is not to use derivatives for speculative purposes.

   (2) Types of financial products and systems for risk management
   Notes and accounts receivable-trade, and electronically recorded monetary claims, which are operating assets, are exposed to customer credit risk. In addition, since the Company conducts its business activities globally, its operating assets denominated in foreign currencies are exposed to foreign currency risk. To manage foreign currency risk, the Company hedges its net foreign currency assets and liabilities position through the use of foreign currency borrowings and deposits. The Company's consolidated subsidiaries use foreign currency forward contracts to hedge foreign currency exposure.

   Securities and investment securities are principally certificates of deposit, money market funds (MMFs) and stocks in financial institutions and other companies that are held for business relationship purposes and are, therefore, exposed to market price fluctuations.

   Notes and accounts payable-trade and electronically recorded obligations, which are operating liabilities, are settled, for the most part, within one year. In addition, a portion of these, which arise in connection with imports of motors and other items, are denominated in foreign currencies and are exposed to foreign currency risk; however, in general, the balance of these liabilities is within the amounts of accounts receivable-trade denominated in foreign currencies. Among these, a portion of borrowings have floating interest rates and are subject to interest-rate risk. These are hedged through the use of derivatives (interest-rate swaps).

   Derivative transactions comprise forward exchange contract transactions for the purpose of hedging exchange rate fluctuation risk for trade payables and receivables denominated in foreign currencies and interest rate swap transactions for the purpose of hedging interest rate fluctuation risk for interest payable on loans. Please note that further information on hedge accounting, including hedging instruments, hedging objects, hedging policy, and assessing the effectiveness of hedging may be found in a previous section entitled "2) Significant hedging accounting methods" contained in the section "4. Significant accounting policies (4) Significant accounting principles".

   (3) Risk management systems for financial instruments
      1) Management of credit risk (risk related to nonperformance of contractual obligations by transaction counterparties)
      Regarding operating assets, the Company's finance and business departments, based on the Company's regulations related to credit management, monitor the conditions of principal business customers and supervise the payment dates and balances by customers with the aims of identifying possible deterioration in the financial conditions of customers and other issues related to the recovery of exposure at an early date and taking steps to minimize credit risk. The Company's consolidated subsidiaries have also adopted the same method of management.

      For securities held to maturity, under the Company's policies, investments are made only in securities with high credit ratings, and the credit risk of these investments is minimal.

      The maximum value of credit risk, as of the fiscal year-end, is shown by the value on the balance sheet of financial assets subject to credit risk.
      2) Management of market risk (risk of fluctuations in foreign currency rates, interest rates, and other indicators)
      To manage foreign currency risk, assets and liabilities denominated in foreign currencies are classified by currency, and risk is hedged through the use of foreign currency borrowings and deposits. Also, for foreign currency assets and liabilities, the Company makes use of foreign currency forward contracts to hedge its exposure. Please note that depending on conditions in foreign currency market, the Company makes arrangements for foreign currency forward contracts for foreign currency denominated receivables and payables resulting from highly probable forecasted transactions. To hedge against interest-rate fluctuations, the Company makes use of interest-rate swaps.

      For securities and investment securities, the Company regularly confirms the market prices and the financial condition of the issuers (transactions counterparties). In addition, for securities other than those held to maturity, the Company reviews the appropriateness of holding such securities on a continuing basis, taking account of the relationship with the issuer (counterparty).

      For derivatives, the Company and its consolidated subsidiaries manage such exposure based on the

Company’s policies for management of financial instruments.

3) Management of liquidity risk related to fund-raising (risk of being unable to meet payment obligations on the scheduled date)
The Company’s finance department prepares and revises cash flow plans based on reports from each of the Company’s departments and manages liquidity risk by maintaining a volume of liquidity appropriate for business conditions. Also, as an alternative to liquid assets, the Company manages its liquidity by arranging for commitment lines in a specified amount.

(4) Supplementary information on the fair value, etc., of financial instruments
The fair value of financial instruments, in addition to values based on market prices, includes the value of instruments that do not have market prices that have been calculated based on reasonable methods. Since factors that may fluctuate are taken into account in these calculations, the respective values may change when different assumptions are adopted.
In addition, the contract value of derivatives, as contained in “2. Information on the fair value, etc., of financial instruments,” does not indicate the value of the market risk of these derivative transactions.

2. Information on the fair value, etc., of financial instruments
The amounts shown on the consolidated balance sheet as of December 31, 2020 (the Company’s fiscal year-end), the corresponding fair values, and differences between book and fair value are as follows.

(Millions of yen)

	On consolidated balance sheet	Fair value	Difference
(1) Cash and deposits	121,996	121,996	-
(2) Notes and accounts receivable-trade	187,289		
(3) Electronically recorded monetary claims	11,374		
Allowance for doubtful accounts (*1)	(2,387)		
	196,275	196,227	(48)
(4) Securities and investment securities	1,058	1,058	-
(5) Notes and accounts payable-trade	(60,580)	(60,580)	-
(6) Electronically recorded obligations	(69,230)	(69,230)	-
(7) Short-term loans payable	(28,056)	(28,056)	-
(8) Bonds payable	(20,000)	(20,074)	(74)
(9) Long-term loans payable	(26,666)	(26,721)	(54)
(10) Derivatives transactions (*2)	(44)	(44)	-

(*1) Allowance for doubtful accounts is excluded. Please note that allowance for doubtful accounts is presented as a single item to be deducted from notes receivable-trade, accounts receivable-trade, electronically recorded monetary claims, and accounts receivable-other.

(*2) Receivables and payables arising from derivative transactions are presented as net amounts, and items that are net amounts payable are shown in [ ].

Note 1 Methods of calculating the fair value of financial instruments and matters related to securities and derivatives

(1) Cash and deposits
These items are settled within short periods and are shown at their respective book value, which approximates their fair values.

(2) Notes and accounts receivable-trade and (3) Electronically recorded monetary claims
The fair value of these financial instruments is calculated, by specified period and type of security, as the present value by discounting the cash flow to maturity using a discount rate that takes account of credit risk.

(4) Securities and investment securities
The fair value for stocks is based on quoted market prices. The value for bonds is determined using

the price provided by exchanges or financial institutions. Also, certificates of deposit are settled within short periods and are shown at their respective book value, which approximates their fair values.

(5) Notes and accounts payable-trade, (6) Electronically recorded obligations, and (7) Short-term loans payable

These items are settled within short periods and are shown at their respective book value, which approximates their fair values.

(8) Bonds payable and (9) Long-term loans payable

These fair values are calculated using the interest rate that would be required upon entering into new borrowings with similar terms. Long-term loans payable at floating interest rates are hedged through interest-rate swaps using special treatment accounting (refer to (10)). The fair value is calculated as the total amount of the principal and interest payments accounted for in combination with the interest rate swap, which is discounted by the applied interest rate that would be reasonably estimated upon entering into borrowings with similar terms.

(10) Derivatives transactions

1) Derivatives for which hedge accounting is not applied

Omitted due to lack of significance.

2) Derivatives for which hedge accounting is applied

The fair values of derivatives for which hedge accounting is applied are based on the prices provided by financial institutions with which the Company has transactions. Those items given special treatment as interest rate swaps are treated together with long-term loans payable that are subject to hedging; therefore, their fair values are presented together with the fair value of the related long-term loans payable (refer to (9) above).

Note 2 Shares of unlisted companies, subsidiaries, affiliates and certain others (amounting to ¥12,742 million on the consolidated balance sheet), for which fair values are not available, and for which ascertaining fair value would be extremely difficult, have not been included in “(4) Securities and investment securities.”

Notes to Per Share Data

1. Net assets per share of common shares ¥3,106.10
2. Net income per share ¥256.85

Notes on Revenue Recognition

Revenue

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

Step 1: Identify the contract(s) with a 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 a performance obligations

The Group is engaged in manufacturing, sales, construction, maintenance, and other activities in its Fluid Machinery & Systems (FMS) Business, which focuses on rotary machinery such as pumps and compressors; the Environmental Plants Business, which engages in the design, construction, operation, and maintenance of municipal solid waste incineration plants and other waste treatment facilities; and the Precision Machinery (PM) Business, which manufactures equipment and devices related to semiconductor manufacturing equipment.

(1) Fluid Machinery & Systems Business

Manufactures, sells, installs, and provides maintenance services for custom and standard pumps, compressors, turbines, chillers, cooling towers and related systems, blowers, and control equipment for electricity, telecommunications, and energy.

With respect to the manufacture and sale of products in the FMS Business, based on a comprehensive evaluation of indicators of the transfer of control, such as legal ownership to the products, physical possession of the products, the transfer of significant risks and economic value associated with ownership to the customers, and the right to receive payment from the customers, the Company believes that the transfer of control over the products to customers and the satisfaction of performance obligations are primarily upon delivery or inspection of the products.

For construction and maintenance contracts in the FMS Business, the Company primarily recognizes revenue when one of the following conditions is met and the performance obligation is satisfied over a certain period of time and control over the product or service is transferred.

I. The customer receives and consumes the benefits provided by the performance at the same time as the performance takes place.
II. Performance creates or increases the value of an asset and the customer has control over the creation of increase in value of the asset.
III. Performance does not create an asset that can be diverted to another use, and the Company has an enforceable right to receive payment for performance completed to date.

The method of estimating the progress rate for fulfillment of performance obligations is based on the ratio of the actual cost to the estimated total cost (input method) if the result of performance obligations can be reasonably measured. If the result of performance obligations cannot be reasonably measured, revenue is recognized only within the range of actual costs incurred. 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 to the extent of the cost incurred.

(2) Environmental Plants Business

Engages in manufacturing, sales, construction, and maintenance services related to waste treatment plants.

For the manufacture and sale of Environmental Plants products, based on a comprehensive assessment of indicators of the transfer of control, such as legal ownership of the products, physical possession of the products, transfer of significant risks and economic value associated with ownership to the customer, and the right to receive payment from the customer, the Company believes that control over the products is transferred to the customer and the performance obligation is satisfied primarily at the time of deliver or inspection of the products.

For construction and maintenance contracts, the Company and its subsidiaries primarily satisfy performance obligations and recognize revenue over a certain period of time because one of the following conditions is met and control over the products or services is transferred over a certain period of time.

I. The customer receives and consumes the benefits provided by the performance at the same time as the performance takes place.

II. Performance creates or increases the value of an asset and the customer has control over the creation of increase in value of the asset.

III. Performance does not create an asset that can be diverted to another use, and the Company has an enforceable right to receive payment for performance completed to date.

The method of estimating the progress rate for fulfillment of performance obligations is based on the ratio of the actual cost to the estimated total cost (input method) if the result of performance obligations can be reasonably measured. If the result of performance obligations cannot be reasonably measured, revenue is recognized only within the range of actual costs incurred. 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 to the extent of the cost incurred.

(3) Precision Machinery Business

Manufactures, sales, and maintains service of dry vacuum pumps and CMP systems.

For the manufacture and sale of products in the PM Business, the Company believes that control over the products is transferred to the customer and the performance obligation is satisfied primarily at the time of delivery or inspection of the products, based on a comprehensive evaluation of indicators of transfer of control, such as legal ownership, physical possession of the products, transfer of significant risks and economic values associated with ownership to the customer, and the right to receive payment from the customer.

Sales are measured at the amount of consideration promised in the contract with the customer, excepting discounts, late fees, and other charges. For variable consideration, including variable discounts, the amount of consideration is estimated using all reasonably available information, and sales are recognized only to the extent that it is highly probably that a significant reversal will not occur. At the inception of the contract, the Group does not adjust the interest rate component of the consideration because 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 expected to be one year or less.

Additional Information

(Spread of COVID-19)

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

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

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

(Business Combination through Acquisition)

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

1. Overview of the Business Combination

(1) Name and Business of Acquired Companies

Names of Acquired Companies

Çiğli Su Teknolojileri A.Ş.
Vansan Makina Sanayi ve Ticaret A.Ş.
Vansan Makina Montaj ve Pazarlama A.Ş.

Business Description

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

(2) Primary Reason for the Business Combination

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

(3) Legal Form of the Business Combination

Cash acquisition of shares

(4) Company Name after the Business Combination

There are no changes.

(5) Percentage of Voting Rights after the Acquisition

100%

(6) Primary Basis for Determining the Acquiring Company

The Company (EBARA CORPORATION) acquires the shares in exchange for cash.

2. Details of Acquisition Costs and Type of Consideration

Consideration (Cash): 105 million U.S. dollars (approximate)
Acquisition Costs: 105 million U.S. dollars (approximate)

Non-consolidated Statement of Changes in Net Assets

From January 1, 2020
to December 31, 2020

(Millions of yen)

	Shareholders' equity				
		Capital surplus		Retained earnings	
				Other retained earnings	
	Common shares	Legal capital surplus	Total capital surplus	Retained earnings brought forward	Total retained earnings
Balance at January 1, 2019	**79,155**	**83,083**	**83,083**	**91,421**	**91,421**
Cumulative effects of changes in accounting policy	0	0	0	(1,079)	(1,079)
Restated balance				**90,342**	**90,342**
Changes of items during period					
Issuance of new shares	296	296	296		
Cash dividends				(5,713)	(5,713)
Net income				23,254	23,254
Purchase of treasury shares					
Disposal of treasury shares					
Cancellation of treasury shares			—		
Net changes of items other than shareholders' equity			—	—	—
Total changes during the period	**296**	**296**	**296**	**17,540**	**17,540**
Balance at December 31, 2019	**79,451**	**83,379**	**83,379**	**107,883**	**107,883**

	Shareholders' equity		Net unrealized gains (losses)			
	Treasury shares	Total shareholders' equity	Net unrealized gains (losses) on investment securities	Total net unrealized gains (losses)	Subscription rights to shares	Total net assets
Balance at January 1, 2019	**(17)**	**253,643**	**47**	**47**	**1,132**	**254,822**
Cumulative effects of changes in accounting policy	—		—	—	—	(1,079)
Restated balance					**1,132**	**253,743**
Changes of items during period						
Issuance of new shares		592			0	592
Cash dividends		(5,713)				(5,713)
Net income		23,254				23,254
Purchase of treasury shares	(3)	(3)				(3)
Disposal of treasury shares	—	—				—
Cancellation of treasury shares	—	—				—
Net changes of items other than shareholders' equity			(47)	(47)	(366)	(413)
Total changes during the period	**(3)**	**18,129**	**(47)**	**(47)**	**(366)**	**17,716**
Balance at December 31, 2019	**(20)**	**270,693**	—	—	**765**	**271,459**

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)

    Investment in subsidiaries and affiliates

    Gross average cost method

    Other securities

    Other securities with market value

    Securities with a market value are stated at market value, and 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.

    Other securities without market value

    Gross average cost method

    (2) Valuation standards and valuation methods of derivatives

    Derivatives

    Fair market 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 Group, which employs the moving average method) (For presentation on the balance sheet, inventories are measured at book value or written-down value to account for the decline in their profitability if necessary.)

    Work in process

    Specific identification cost method. (For presentation on the balance sheet, inventories are measured at book value or written-down value to account for the decline in their profitability if necessary.)

2. Fixed assets and related depreciation

    (1) Tangible fixed assets (except leased assets)

    The straight-line method is used.

    Note that the method for depreciating minor assets valued from ¥100,000 to less than ¥200,000 is the lump-sum method specified in the Japanese Corporation Tax Act, and these assets are depreciated in equal amounts over a three-year period.

    (2) Intangible assets (except leased assets)

    Intangible assets are mainly 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 lives, 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 and have a residual value of zero.

3. Standards of significant allowance

    (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) Bonus payment reserve
Bonus payment reserve is provided based on the future liabilities.

(3) Directors' bonus payment reserve
Directors' bonus payment reserve is provided based on the future liabilities.

(4) Provision for retirement benefits
The cost of the severance and pension plans, based on actuarial computations of current and future employee benefits, including the unfunded severance indemnities plan, is charged to income.
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 gain or loss is amortized starting in the business year following the business year in which it occurs using the declining-balance method over a certain number of years within the average remaining service period of employees.
However, if pension supposed to be recognized exceed an amount obtained by subtracting actuarial gains or losses from defined benefit liabilities, they are recorded to investments and other assets, as prepaid pension cost.

(5) Reserve for losses on construction completion guarantees
To cover for possible expenses arising from collateral against defects, the Group makes reasonable estimates of the ratio of such expenses and uses this ratio to derive provisions for such losses.

(6) Reserve for product warranties
To cover for expenses related to defect guarantees related to sales contracts, the amount of such warranties is estimated by multiplying a reasonable percentage of defects by the value of product sales.

(7) Reserve for construction losses
To cover for possible losses on construction projects contracted to the Company, the Company makes estimates of such losses for those uncompleted projects deemed to have a high possibility of incurring losses and for which such construction losses can be reasonably estimated.

4. Recognition of revenue and costs
The Company has adopted "Accounting Standard for Revenue Recognition" (ASJB Statement No. 29, March 30, 2018) and the "Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No.30, March 30, 2018), and recognizes revenue at the amount expected to be received in exchange for its goods or services when the dominance of the promised goods or services is transferred to a customer.

5. Significant accounting principles
(1) Consumption tax
Consumption taxes are accounted for using the net-of-tax method.

(2) Hedging transactions
1) Hedging transactions
Gains or losses and evaluation differences related to hedging transactions accounted for at fair market value are deferred as assets or liabilities until recognized. Evaluation gains and losses on foreign exchange contracts are allocated to settlement periods throughout the period of the contract. Interest rate swaps are treated as special exceptions.
2) Hedging instruments and hedging objects

Hedging instruments	Foreign exchange forward contracts, foreign currency option contracts and interest rate swap agreements were used.
Hedging objects	Currency exchange rate risk and interest rate risk on existing assets and liabilities in foreign currencies are hedging objects.

3) Hedging policy
The Company hedges currency exchange rate risk on existing assets and liabilities in foreign currencies and interest-rate risk based on internal risk management policy.
4) Assessing the effectiveness of hedging

Interest risk	The effectiveness of hedging is assessed by comparing the

	accumulated cash flows between hedging instruments and hedging objects. However, with regard to the interest rate swaps that meet the requirements for special exceptions, the assessments are omitted.
Currency exchange rate risk	As long as one hedging instrument and one hedging object correspond, the hedge is considered effective.

3) Consolidated taxation system
Notes have been omitted as the same information is provided in "4. Significant accounting policies (4) Significant accounting principle 6) Consolidated taxation system"

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

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

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

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

II. Performance Obligation to be Satisfied at a Point in Time
Previously, in the PM Business, revenue of semiconductor manufacturing equipment was recognized when installation at the customer was completed. However, it is now decided that revenue should be recognized when performance verification after installation at the customer is completed.

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

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

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

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

As a result, for the non-consolidated fiscal year ended December 31, 2020, net sales increased by ¥6,445 million, cost of sales increased by ¥4,969 million, SG&A decreased by ¥269 million, and operating income, ordinary income and income before income taxes increased by ¥1,745 million respectively. The beginning balance of retained earnings decreased by ¥1,079 million. Net assets per share increased by ¥1.38, net income per share increased by ¥12.71.

Notes to the Changes in Presentation

(Balance Sheet)

(1) "Advance payments-trade," "Short-term loans receivable," and "Accounts receivable-other" under "Current assets," which were independently presented in the previous fiscal year, are included in "Others" in the current fiscal year because they have become insignificant in terms of amount.

(2) "Vehicles," "Tools, furniture and fixtures," and "Leased assets" under "Tangible fixed assets," which were independently presented in the previous fiscal year, are included in "Others" in the current fiscal year because they have become insignificant in terms of amount.

(3) "Patent right," "Leased assets," "Right of using facilities," and "Telephone subscription right" under "Intangible assets," which were independently presented in the previous fiscal year, are included in "Others" in the current fiscal year because they have become insignificant in terms of amount.

(4) "Long-term prepaid expenses" under "Investments and other assets," which was independently presented in the previous fiscal year, has been included in "Others" in the current fiscal year because the amount has become insignificant.

(5) "Lease obligations," "Accounts payable-other," "Advances received" and "Deposits received" under "Current liabilities," which were independently presented in the previous fiscal year, are included in "Others" in the current fiscal year because they have become insignificant in terms of amount.

(6) "Lease obligations," "Long-term accounts payable-other" and "Asset retirement obligations" under "Long-term liabilities," which were independently presented in the previous fiscal year, are included in "Others" in the current fiscal year because they have become insignificant in terms of amount.

(Statement of Income)

(1) "Reversal of allowance for doubtful accounts" under "Non-operating income," which was independently presented in the previous fiscal year, has been included in "Other" in the current fiscal year because it has become insignificant in terms of amount.

(2) "Interest on bonds" under "Non-operating expenses," which was independently presented in the previous fiscal year, has been included in "Other" in the current fiscal year because it has become insignificant in terms of amount.

Notes to the Non-consolidated Balance Sheet

1. Accumulated depreciation of tangible fixed assets	¥117,889 million
2. Commitments and contingent liabilities	
(1) Loans guaranteed to employees	¥31 million
(2) Loans guaranteed to subsidiaries and associates	¥7,261 million
Consolidated subsidiaries	
ELLIOTT COMPANY	¥6,664 million
EBARA DENSAN LTD.	¥741 million
Ebara Thermal Systems (Thailand) Co., Ltd.	¥120 million
EBARA PUMPS SAUDI ARABIA LLC	¥4 million
Total	¥7,261 million
(3) Loans guaranteed to THE EBARA HATAKEYAMA MEMORIAL FOUNDATION (a public interest incorporated foundation)	¥153 million
3. Monetary claim and liabilities to subsidiaries and associates	
Short-term monetary claim to subsidiaries and associates	¥50,097 million
Long-term monetary claim to subsidiaries and associates	¥542 million
Short-term monetary liabilities to subsidiaries and associates	¥28,946 million

Notes to the Non-consolidated Statement of Income

Amount of transactions with subsidiaries and associates	
Amount of operating transactions	
Amount of sales	¥65,334 million
Amount of purchases	¥24,193 million
Amount of non-operating transactions	¥24,068 million

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

Treasury Shares

Type of shares	Number of shares as of January 1, 2020	Increase	Decrease	Number of shares as of December 31, 2020
Common shares	5,784	14,638	-	20,422

Note:

1. The increase of 14,638 shares in treasury stock of common stock is due to an increase of 1,338 shares from the purchase of odd-lot shares and an increase of 13,300 shares from the acquisition of restricted stock compensation without compensation.

Notes to Income Taxes

Significant components of the deferred tax assets and liabilities

Deferred tax assets:	
Bonus payment reserve	¥847 million
Loss recognized on a percentage-of completion basis	¥514 million
Provision for retirement benefits	¥1,653 million
Tax loss carried forward	¥1,253 million
Loss on valuation of investment securities	¥51 million
Loss on valuation of subsidiaries and associates	¥2,400 million
Loss on valuation of inventories	¥3,889 million
Loss on retirement of fixed assets	¥1,070 million
Depreciation	¥650 million
Reserve for losses on construction completion guarantees	¥1,877 million
Excess allowance for doubtful accounts	¥1,083 million
Accounts payable-other	¥699 million
Others	¥2,080 million
Subtotal	¥18,072 million
Valuation allowance	¥(12,398) million
Total deferred tax assets	¥5,674 million
Deferred tax liabilities:	
Others	¥723 million
Total deferred tax liabilities	¥723 million
Net deferred tax assets	¥4,951 million

Notes to Related Parties

Transactions with related parties and subsidiaries, etc.

Attribute	Name	Investment ratio	Concern with related parties	Details of the transaction	Amount of the transaction (Millions of yen)	Accounting item	Balance (Millions of yen)
Subsidiary	Elliott Ebara Turbomachinery Corporation	Ownership Indirectly 100%	- Purchase compressors and turbines - Leasing of buildings and plants - Borrowing money - Interlocking directors (1)	Lending money (Note 3) Interest income Borrowing money (Note 3) Interest expenses	(2,155) 1 (2,512) 6	Short-term loans payable	2,512
Subsidiary	EBARA FIELD TECH. CORPORATION	Ownership Directly 100%	- Sale and after-sales service for component devices and semiconductor manufacturing equipment - Leasing of buildings and plants - Borrowing money	Sales	20,780	Notes receivable-trade Accounts receivable-trade Electronically recorded money claims	2,838 5,041 6,009
Subsidiary	Ebara Environmental Plant Co., Ltd.	Ownership Directly 100%	- Sale for pumps and pump parts - Procuring electricity at Plants - Leasing of buildings - Borrowing money - Interlocking directors (1)	Borrowing money (Note 3) Interest expenses	(3,374) 31	Short-term loans payable	10,545
Subsidiary	ELLIOTT COMPANY	Ownership Indirectly 100%	- Purchase compressors and turbines - Guarantee of bank loan - Interlocking directors (3)	Bank Loan guarantee (Note 4)	6,664	-	-

Business conditions and policy for decisions related to business conditions

Notes:

1. Business conditions such as price shall be decided through negotiation in reference to a price proposal by the Company based on the market price.
2. The interest rate for lending and borrowing money is decided in reference to market interest rate.
3. Lending and borrowing money are transactions using the CMS (cash management system), and the amount of the transaction shows the change from the balance at the beginning of the current period.
4. The Company provides guarantees of bank loans for related parties and receives guarantee charges.

Notes to Per Share Data

1. Net assets per share of common shares ¥2,838.32
2. Net income per share ¥244.06

Notes on Revenue Recognition

The Company has adopted “Accounting Standard for Revenue Recognition” (ASJB Statement No. 29, March 30, 2018) and the “Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No.30, March 30, 2018), and recognizes revenue at the amount expected to be received in exchange for its goods or services when the dominance of the promised goods or services is transferred to a customer.

The major changes due to the adoption of the revenue recognition accounting standard are as described in “Notes to Consolidated Financial Statements – Revenue Recognition.”

Additional Information

(Spread of COVID-19)

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

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

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

(Business Combination through Acquisition)

The Company has resolved at the meeting of the Board of Directors held on December 14, 2020 to make a stock purchase agreement with the current shareholders to acquire all outstanding shares of Çiğli Su Teknolojileri A.Ş., the parent company of Vansan Makina Sanayi ve Ticaret A.Ş., a Turkish pump manufacturer, and Vansan Makina Montaj ve Pazarlama A.Ş. . The Company executed it on December 21, 2020. Please see “Additional Information (Business Combination through Acquisition)” under Consolidated Statement of Changes in Net Assets for further details.