

**CONSOLIDATED FINANCIAL RESULTS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021**  
**[IFRS]**

November 12, 2021

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 Stock exchange listings: Tokyo  
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Scheduled date for submission of quarterly report: November 12, 2021

Scheduled date for dividend payment: —

Preparing supplementary material on financial results: Yes

Holding financial results presentation meeting  
 (for institutional investors and analysts): Yes

(Monetary amounts are rounded down to the nearest million yen)

**1. Consolidated Results for the Nine Months Ended September 30, 2021**

**(1) Consolidated Financial Results**

(% represents percentage change from a comparable previous period)

Millions of yen

	Revenue		Operating Profit		Profit before Tax		Profit	
Nine Months Ended September 30, 2021	419,926	13.8%	37,392	69.8%	37,594	90.1%	27,081	98.6%
Nine Months Ended September 30, 2020	369,026	—%	22,018	—%	19,775	—%	13,637	—%

	Profit Attributable to Owners of Parent		Total Comprehensive Income		Basic Earnings per Share (Yen)	Basic Earnings per Share, Diluted (Yen)
Nine Months Ended September 30, 2021	24,687	100.9%	33,400	201.4%	260.68	259.90
Nine Months Ended September 30, 2020	12,290	—%	11,083	—%	129.03	128.49

**(2) Consolidated Financial Position**

Millions of yen

	Total Assets	Total Equity	Total Equity Attributable to Owners of Parent	Equity Ratio (%)
As of September 30, 2021	691,722	306,426	297,625	43.0
As of December 31, 2020	644,771	296,877	289,564	44.9

## 2. Dividends

	Dividends per Share (Yen)				
	End of 1 <sup>st</sup> Quarter	End of 2 <sup>nd</sup> Quarter	End of 3 <sup>rd</sup> Quarter	Year-End	Annual
Fiscal Year Ended December 31, 2020	—	30.00	—	60.00	90.00
Fiscal Year Ending December 31, 2021	—	50.00	—		
Fiscal Year Ending December 31, 2021 (Forecast)				80.00	130.00

Note: Revisions to forecast of dividends in this quarter: None

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

% represents percentage change from the previous fiscal year

Millions of yen

	Revenue		Operating Profit		Profit before Tax		Profit Attributable to Owners of Parent		Basic Earnings per Share (Yen)
		%		%		%		%	
Fiscal Year Ending December 31, 2021	591,500	—%	56,000	—%	55,500	—%	37,000	—%	390.69

Notes 1: Revisions to forecast of financial results in this quarter: None

2: The Company has optionally adopted International Financial Reporting Standards “IFRS” from the beginning of the three months ended March 31, 2021, and the above forecast of consolidated financial results are made in accordance with IFRS. Therefore, the changes (%) from the results for the fiscal year ended December 31, 2020 when the Company adopted Japanese GAAP are not shown.

## **4. Other Information**

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

Included: — (—)

Excluded: — (—)

- (2) Changes in accounting policies and changes in accounting estimates

(i) Changes in accounting policies required by IFRS: None

(ii) Changes in accounting policies other than (i) above: None

(iii) Changes in accounting estimates: None

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

(i) Number of common shares (Including treasury shares)	As of September 30, 2021	95,509,633	As of December 31, 2020	95,391,453
(ii) Number of treasury shares	As of September 30, 2021	2,288,968	As of December 31, 2020	20,422
(iii) Average number of common shares	Nine Months Ended September 30, 2021	94,704,887	Nine Months Ended September 30, 2020	95,255,802

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

### **Explanation of the Appropriate Use of Performance Forecast and Other Related Matters**

1. The Company has optionally adopted IFRS from the beginning of the three months ended March 31, 2021. Figures for the same period of the previous fiscal year and the fiscal year ended December 31, 2020 are also presented in accordance with IFRS. For details about the differences between IFRS and Japanese GAAP with respect to consolidated financial figures, please refer to “Notes to Condensed Consolidated Financial Statements (First-time Adoption)” on page 22.
2. The forecast of performance and other forward-looking statements contained in this report are based on information that was available to the Company as of the time of the issuance of this report and on certain assumptions about uncertainties that may have an impact on the Group’s performance. Actual performance may differ substantially from these forecast owing to a wide range of factors. For further information on the assumptions made in the preparation of the forecast of performance, please refer to “Explanation of Forecast of Consolidated Financial Results” on page 10. Readers are cautioned not to place undue reliance on these forward-looking statements which are valid only as of the date thereof.
3. This report has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated report and the Japanese original, the original shall prevail. Also, the Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

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# 1. Qualitative Information Regarding Consolidated Financial Results

## (1) Explanation of Financial Results

	Millions of yen			
	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2021	Change	Change Ratio (%)
Orders Received	366,474	576,821	210,347	57.4
Revenue	369,026	419,926	50,900	13.8
Operating Profit	22,018	37,392	15,373	69.8
Operating Profit on Revenue Ratio (%)	6.0	8.9	—	—
Profit Attributable to Owners of Parent	12,290	24,687	12,397	100.9
Basic Earnings per Share (Yen)	129.03	260.68	131.65	102.0

During the nine months ended September 30, 2021, although the outlook for the global economy remained uncertain due to prolonged spread of COVID-19, there were movements towards recovery through improving vaccination coverage. In the Japanese economy, economic activities were partially restricted following the issuance of the state of emergency and strong prevention measures in some major cities. However, external demand continued moderate increase and there were signs indicating bottom out in capital investment.

In the oil and gas market, which is one of the Group's main markets, crude oil prices climbed back to pre-pandemic levels, and there were movements in some projects. In the semiconductor market, demand maintained at a high level and capital investment by semiconductor companies expanded. The construction equipment market saw a recovery from COVID-19 repercussions. Furthermore, public investment related to national resilience in Japan remained firm.

Under these circumstances, orders received for the nine months ended September 30, 2021 increased compared to same period last year as a whole with the recovery of economic activities in the Fluid Machinery & Systems (“FMS”) Company although there were impacts of COVID-19 in areas such as Southeast Asia. Orders received in the Environmental Plants (“EP”) Company significantly increased by 149% compared to same period last year as orders for several new large-scale projects for waste incineration facilities were placed. In the Precision Machinery (“PM”) Company, it remained robust due to capturing semiconductor demand steadily. Revenue exceeded that of the same period last year due to strong demand level in all businesses.

In addition, although materials prices and logistics costs have risen recently, the impact on the Group’s performance has been limited due to the passing on to the sales prices, implementation of cost reduction measures, and strengthening of supply chain management

As a result, operating profit increased compared to same period last year due to improved profitability of FMS company products as well as increased revenue and favorable impact of foreign exchange in the PM Company.




Orders received for the nine months ended September 30, 2021 amounted to ¥576,821 million (an increase of 57.4% year-on-year), revenue amounted to ¥419,926 million (an increase of 13.8% year-on-year), operating profit amounted to ¥37,392 million (an increase of 69.8% year-on-year), and profit attributable to owners of parent amounted to ¥24,687 million (an increase of 100.9% year-on-year).



Operating Results by Business Segment

Millions of yen




Segment	Orders Received			Revenue			Segment Profit		
	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2021	Change Ratio (%)	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2021	Change Ratio (%)	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2021	Change Ratio (%)
Fluid Machinery & Systems	222,313	258,545	16.3	220,732	237,829	7.7	11,295	15,352	35.9
Environmental Plants	47,950	119,647	149.5	43,965	50,002	13.7	3,894	4,101	5.3
Precision Machinery	95,077	197,292	107.5	103,211	130,862	26.8	7,629	18,060	136.7
Reportable Segment Total	365,341	575,484	57.5	367,909	418,694	13.8	22,819	37,515	64.4
Others	1,133	1,336	18.0	1,116	1,231	10.3	(699)	(96)	—
Adjustment	—	—	—	—	—	—	(101)	(26)	—
Total	366,474	576,821	57.4	369,026	419,926	13.8	22,018	37,392	69.8

Outline of Business Environment and Situation by Business Segment

Segment	Business Environment	Business Situation and the Trend of Orders Received (Note 1)
Fluid Machinery & Systems	<p>(In overseas market)</p> <ul style="list-style-type: none"> <li>• In the oil and gas market, despite the impacts of COVID-19 and decline in crude oil prices, the market situation improved compared to the previous year and large-scale projects began mainly in Saudi Arabia and Qatar. On the other hand, in China, planned projects such as ultra-large petrochemical complex and the integration and improvement of an old-fashioned small-scale refinery have been delayed due to adjustment of CO2 emissions.</li> <li>• Water infrastructure market is recovering with projects progressing in China and Southeast Asia. In North America, renovation projects of deteriorated facilities resumed.</li> <li>• In the construction equipment market, construction investment remains firm in Western countries. However, the growth in China has been slowing down.</li> </ul> <p>(In domestic market (Japan))</p> <ul style="list-style-type: none"> <li>• In the construction equipment market, the decline pace in the number of new construction starts is gradually slowing.</li> <li>• Investment in renovation and maintenance for social infrastructure was larger than the previous year.</li> </ul>	<p>(In overseas market)</p> <ul style="list-style-type: none"> <li>• Oil and gas related orders received exceeded that of the same period last year.</li> <li>• The volume of orders received for the water infrastructure exceeded that of the same period last year.</li> <li>• The volume of orders received for construction equipment exceeded that of the same period last year.</li> </ul> <p>(In domestic market (Japan)) </p> <ul style="list-style-type: none"> <li>• The volume of orders received for construction equipment exceeded that of the same period last year due to successful measures to strengthen sales service.</li> <li>• In the public sector, the volume of orders received significantly exceeded that of the same period last year due to successful measures for increasing orders received for comprehensive evaluation projects and after-sales service.</li> </ul>
	<ul style="list-style-type: none"> <li>• In the new product market, petrochemical projects in China have been partly delayed. In North America, shale gas-related projects as a whole are delayed and stagnant. On the other hand, in India and the Middle East, there were movements in the oil refining and petrochemicals markets.</li> <li>• In the service market, mobility restrictions to prevent the spread of COVID-19 have been partly eased, and movements are emerging in the entire market, including dispatching instructors, and the economy is on a recovery trend.</li> <li>• In the LNG market (cryogenic pump), although there are movements in some projects, investment decisions are slowing down.</li> </ul>	<ul style="list-style-type: none"> <li>• The volume of orders received for products exceeded that of the same period last year. </li> <li>• The volume of orders received for field service exceeded that of the same period last year.</li> </ul>
	<ul style="list-style-type: none"> <li>• In Japan, investment mainly in industry-related market recovered. However, some parts of the construction equipment market such as accommodations remained sluggish due to the repeated impacts of the spread of COVID-19.</li> <li>• In China, although the market continued to recover and expand, the price competition has been more intense.</li> </ul>	<ul style="list-style-type: none"> <li>• In Japan, the volume of orders received exceeded that of the same period last year. </li> <li>• In China, the volume of orders received exceeded that of the same period last year.</li> </ul>

Segment	Business Environment	Business Situation and the Trend of Orders Received (Note 1)
Environmental Plants (Note 2)	<ul style="list-style-type: none"> <li>•Demand for new constructions of waste incineration facilities for the public sector ran at about the same level as in a typical year.</li> <li>•The volume of O&amp;M orders placed for existing facilities ran at about the same level as in a typical year.</li> <li>•Construction demand for power generation facilities with woody biomass fuel for private companies and industrial waste incineration facilities for plastic waste continued.</li> </ul>	<ul style="list-style-type: none"> <li>•The volume of orders received significantly exceeded that of the same period last year as orders of 5 large-scale waste incineration facilities for the public sector were placed.</li> </ul> <p>(Overview of major orders received)</p> <ul style="list-style-type: none"> <li>•DBO project of waste incineration facilities for the public sector (2 orders) </li> <li>•Core improvement project of waste incineration facilities and long-term comprehensive agreement for the public sector (2 orders)</li> <li>•Long-term comprehensive agreement for the public sector (1 order)</li> </ul>
Precision Machinery	<ul style="list-style-type: none"> <li>•The semiconductor manufacturing equipment market has been expanding due to the semiconductor shortage as a result of the wide spread of 5G, working from home and IoT.</li> </ul>	<ul style="list-style-type: none"> <li>•The volume of orders received greatly exceeded that of the same period last year as both logic foundries and memory companies are continuously expanding their capital investment. </li> <li>•The service and support business remained firm as customers were operating at a high level even though they were partially affected by the spread of COVID-19.</li> </ul>

Note 1: Arrows indicate a year-on-year increase/decrease in orders received:

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

Note 2: O&M ..... The operation and maintenance of plants

DBO (Design, Build, and Operate) ... The contract for operation and maintenance after construction for a certain period of time, in addition to the engineering, procurement, and construction for plants



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

### **(i) Assets**

Total assets as of September 30, 2021 were ¥691,722 million, ¥46,950 million higher than as of December 31, 2020. Principal changes in asset items included a decrease of ¥12,027 million in trade and other receivables, a decrease of ¥3,417 million in contract assets, an increase of ¥24,154 million in inventories, an increase of ¥16,604 million in cash and cash equivalents, and an increase of ¥12,752 million in goodwill and intangible assets.

### **(ii) Liabilities**

Total liabilities as of September 30, 2021 were ¥385,296 million, ¥37,401 million higher than as of December 31, 2020. Principal changes in liability items included an increase of ¥14,175 million in bonds, borrowings and lease liabilities, an increase of ¥12,008 million in contract liabilities, and an increase of ¥5,637 million in trade and other payables.

### **(iii) Equity**

Equity as of September 30, 2021 amounted to ¥306,426 million, ¥9,549 million higher than as of December 31, 2020. Principal changes in equity items included repurchase of treasury shares of ¥12,406 million, dividends paid of ¥10,455 million, profit attributable to owners of parent of ¥24,687 million, and an increase of ¥5,834 million in exchange differences on translation of foreign operations.

Total equity attributable to owners of parent amounted to ¥297,625 million, and the ratio of equity attributable to owners of the parent was 43.0%.

### (3) Explanation of Forecast of Consolidated Financial Results

We revised the forecast for the fiscal year ending December 31, 2021, reflecting the results after the previous announcement on August 13, 2021 due to an increase of orders received in the PM Company. The revised forecast is as follows. In addition, the revised forecast by business segment is as follows.

Assumptions regarding foreign currency exchange rates are as follows: US\$1= ¥110, EUR1= ¥130 (Assumptions in the previous forecast were US\$1= ¥105, EUR1= ¥120)

Actual performance may differ from the forecast owing to factors such as changing market environment.

Forecast for the Fiscal Year Ending December 31, 2021

	Orders Received	Revenue	Operating Profit	Profit before Tax	Profit Attributable to Owners of Parent
Previous Forecast : A	701,000	591,500	56,000	55,500	37,000
Revised Forecast : B	731,000	591,500	56,000	55,500	37,000
Change (B-A)	30,000	—	—	—	—
(Reference) Fiscal Year Ended December 31, 2020	511,200	522,400	37,500	35,700	24,200

Forecast for the Fiscal Year Ending December 31, 2021 by Business Segment

Segment		Fluid Machinery & Systems	Environmental Plants	Precision Machinery	Others	Total
Previous Forecast : A	Orders Received	332,500	147,000	220,000	1,500	701,000
	Revenue	326,000	73,000	191,000	1,500	591,500
	Operating Profit	25,000	7,000	24,500	(500)	56,000
Revised Forecast : B	Orders Received	332,500	147,000	250,000	1,500	731,000
	Revenue	326,000	73,000	191,000	1,500	591,500
	Operating Profit	25,000	7,000	24,500	(500)	56,000
Change (B-A)	Orders Received	—	—	30,000	—	30,000
	Revenue	—	—	—	—	—
	Operating Profit	—	—	—	—	—

## 2. Condensed Consolidated Financial Statements and Primary Notes

### (1) Condensed Consolidated Statement of Financial Position

Millions of yen

	As of January 1, 2020	As of December 31, 2020	As of September 30, 2021
<b>Assets</b>			
Current assets			
Cash and cash equivalents	95,256	120,544	137,148
Trade and other receivables	140,881	122,343	110,315
Contract assets	64,632	76,533	73,116
Inventories	101,150	101,654	125,808
Income taxes receivable	637	292	294
Other financial assets	3,007	2,750	5,291
Other current assets	14,396	15,945	19,923
Total current assets	419,962	440,062	471,899
Non-current assets			
Property, plant and equipment	150,353	158,763	160,380
Goodwill and intangible assets	8,714	11,450	24,203
Investments accounted for using the equity method	6,379	6,964	6,769
Deferred tax assets	14,391	12,994	14,552
Other financial assets	9,765	7,703	7,448
Other non-current assets	5,897	6,832	6,469
Total non-current assets	195,502	204,709	219,823
Total assets	615,465	644,771	691,722

Millions of yen

	As of January 1, 2020	As of December 31, 2020	As of September 30, 2021
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	137,843	142,701	148,338
Contract liabilities	20,728	40,056	52,064
Bonds, borrowings and lease liabilities	42,805	33,404	45,584
Income taxes payable	2,397	3,620	5,688
Provisions	14,972	14,489	15,050
Other financial liabilities	85	84	143
Other current liabilities	39,427	33,643	36,463
<b>Total current liabilities</b>	<b>258,259</b>	<b>267,998</b>	<b>303,333</b>
<b>Non-current liabilities</b>			
Bonds, borrowings and lease liabilities	61,191	64,946	66,940
Retirement benefit liability	12,004	9,494	9,100
Provisions	2,453	2,319	2,327
Deferred tax liabilities	47	45	14
Other financial liabilities	234	182	183
Other non-current liabilities	3,099	2,907	3,395
<b>Total non-current liabilities</b>	<b>79,031</b>	<b>79,895</b>	<b>81,963</b>
<b>Total liabilities</b>	<b>337,291</b>	<b>347,894</b>	<b>385,296</b>
<b>Equity</b>			
Share capital	79,155	79,451	79,637
Capital surplus	76,083	75,987	76,145
Retained earnings	116,732	136,629	150,836
Treasury shares	(174)	(178)	(12,585)
Other components of equity	(518)	(2,324)	3,590
<b>Total equity attributable to owners of parent</b>	<b>271,277</b>	<b>289,564</b>	<b>297,625</b>
Non-controlling interests	6,896	7,312	8,801
<b>Total equity</b>	<b>278,173</b>	<b>296,877</b>	<b>306,426</b>
<b>Total liabilities and equity</b>	<b>615,465</b>	<b>644,771</b>	<b>691,722</b>

## (2) Condensed Consolidated Statement of Income and Condensed Consolidated Statement of Comprehensive Income

### Condensed Consolidated Statement of Income

For the Nine Months Ended September 30, 2020 and 2021

Millions of yen

	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2021
Revenue	369,026	419,926
Cost of sales	266,985	296,989
Gross profit	102,041	122,937
Selling, general and administrative expenses	79,986	85,971
Other income	560	820
Other expenses	597	394
Operating profit	22,018	37,392
Finance income	283	391
Finance costs	2,989	1,076
Share of profit (loss) of investments accounted for using the equity method	462	888
Profit before tax	19,775	37,594
Income tax expense	6,138	10,513
Profit	13,637	27,081
Profit attributable to		
Owners of parent	12,290	24,687
Non-controlling interests	1,346	2,393
Earnings per share		
Basic earnings per share	129.03	260.68
Basic earnings per share, diluted	128.49	259.90

For the Three Months Ended September 30, 2020 and 2021

Millions of yen

	Three Months Ended September 30, 2020	Three Months Ended September 30, 2021
Revenue	123,592	145,772
Cost of sales	87,387	104,679
Gross profit	36,205	41,092
Selling, general and administrative expenses	26,939	28,660
Other income	166	175
Other expenses	180	73
Operating profit	9,251	12,533
Finance income	83	(148)
Finance costs	600	475
Share of profit (loss) of investments accounted for using the equity method	(125)	10
Profit before tax	8,608	11,920
Income tax expense	2,832	3,462
Profit	5,776	8,458
Profit attributable to		
Owners of parent	5,298	7,761
Non-controlling interests	477	696
Earnings per share		
Basic earnings per share	55.58	82.88
Basic earnings per share, diluted	55.37	82.66

## Condensed Consolidated Statement of Comprehensive Income

For the Nine Months Ended September 30, 2020 and 2021

Millions of yen

	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2021
Profit	13,637	27,081
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in fair value of financial assets designated as measured at fair value through other comprehensive income	(162)	(27)
Share of other comprehensive income of investments accounted for using the equity method	(11)	15
Total of items that will not be reclassified to profit or loss	(173)	(12)
Items that may be reclassified to profit or loss		
Cash flow hedges	(29)	76
Exchange differences on translation of foreign operations	(2,350)	6,255
Total of items that may be reclassified to profit or loss	(2,379)	6,331
Total other comprehensive income, net of tax	(2,553)	6,319
Total comprehensive income	11,083	33,400
Comprehensive income attributable to		
Owners of parent	9,754	30,586
Non-controlling interests	1,329	2,814

For the Three Months Ended September 30, 2020 and 2021

Millions of yen

	Three Months Ended September 30, 2020	Three Months Ended September 30, 2021
Profit	5,776	8,458
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in fair value of financial assets designated as measured at fair value through other comprehensive income	1	(22)
Share of other comprehensive income of investments accounted for using the equity method	4	30
Total of items that will not be reclassified to profit or loss	6	7
Items that may be reclassified to profit or loss		
Cash flow hedges	(46)	11
Exchange differences on translation of foreign operations	293	473
Total of items that may be reclassified to profit or loss	246	485
Total other comprehensive income, net of tax	253	492
Total comprehensive income	6,030	8,950
Comprehensive income attributable to		
Owners of parent	5,484	8,183
Non-controlling interests	545	767



**(3) Condensed Consolidated Statement of Changes in Equity**  
**For the Nine Months Ended September 30, 2020**

Millions of yen

	Equity attributable to owners of parent							
	Equity attributable to owners of parent				Other components of equity			
	Share capital	Capital surplus	Retained earnings	Treasury shares	Exchange differences on translation of foreign operations	Net change in fair value of financial assets designated as measured at fair value through other comprehensive income	Cash flow hedges	Remeasurements of defined benefit plans
As of January 1, 2020	79,155	76,083	116,732	(174)	—	(493)	(24)	—
Changes during the period								
Comprehensive income								
Profit	—	—	12,290	—	—	—	—	—
Other comprehensive income	—	—	—	—	(2,333)	(173)	(29)	—
Total comprehensive income	—	—	12,290	—	(2,333)	(173)	(29)	—
Transactions with owners								
Dividends	—	—	(5,713)	—	—	—	—	—
Purchase of treasury shares	—	—	—	(2)	—	—	—	—
Disposal of treasury shares	—	—	—	—	—	—	—	—
Share-based payment transactions	252	(159)	—	—	—	—	—	—
Change in scope of consolidation	—	—	—	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	(113)	—	—	113	—	—
Total transactions with owners	252	(159)	(5,827)	(2)	—	113	—	—
As of September 30, 2020	79,407	75,924	123,195	(177)	(2,333)	(553)	(53)	—

Millions of yen

	Equity attributable to owners of parent		Total equity attributable to owners of parent	Total non-controlling interests	Total equity
	Total other components of equity				
As of January 1, 2020		(518)	271,277	6,896	278,173
Changes during the period					
Comprehensive income					
Profit		—	12,290	1,346	13,637
Other comprehensive income		(2,536)	(2,536)	(16)	(2,553)
Total comprehensive income		(2,536)	9,754	1,329	11,083
Transactions with owners					
Dividends		—	(5,713)	(1,287)	(7,001)
Purchase of treasury shares		—	(2)	—	(2)
Disposal of treasury shares		—	—	—	—
Share-based payment transactions		—	93	—	93
Change in scope of consolidation		—	—	—	—
Transfer from other components of equity to retained earnings		113	—	—	—
Total transactions with owners		113	(5,622)	(1,287)	(6,910)
As of September 30, 2020		(2,941)	275,408	6,938	282,347

**For the Nine Months Ended September 30, 2021**

Millions of yen

	Equity attributable to owners of parent							
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity			
					Exchange differences on translation of foreign operations	Net change in fair value of financial assets designated as measured at fair value through other comprehensive income	Cash flow hedges	Remeasurements of defined benefit plans
As of January 1, 2021	79,451	75,987	136,629	(178)	(1,746)	(520)	(56)	—
Changes during the period								
Comprehensive income								
Profit	—	—	24,687	—	—	—	—	—
Other comprehensive income	—	—	—	—	5,834	(12)	76	—
Total comprehensive income	—	—	24,687	—	5,834	(12)	76	—
Transactions with owners								
Dividends	—	—	(10,455)	—	—	—	—	—
Purchase of treasury shares	—	—	(8)	(12,406)	—	—	—	—
Disposal of treasury shares	—	0	—	0	—	—	—	—
Share-based payment transactions	186	158	—	—	—	—	—	—
Change in scope of consolidation	—	—	—	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	(16)	—	—	16	—	—
Total transactions with owners	186	158	(10,480)	(12,406)	—	16	—	—
As of September 30, 2021	79,637	76,145	150,836	(12,585)	4,087	(516)	19	—

Millions of yen

	Equity attributable to owners of parent		Total equity attributable to owners of parent	Total non-controlling interests	Total equity
	Total other components of equity				
As of January 1, 2021		(2,324)	289,564	7,312	296,877
Changes during the period					
Comprehensive income					
Profit		—	24,687	2,393	27,081
Other comprehensive income		5,898	5,898	421	6,319
Total comprehensive income		5,898	30,586	2,814	33,400
Transactions with owners					
Dividends		—	(10,455)	(1,326)	(11,781)
Purchase of treasury shares		—	(12,415)	—	(12,415)
Disposal of treasury shares		—	0	—	0
Share-based payment transactions		—	344	—	344
Change in scope of consolidation		—	—	0	0
Transfer from other components of equity to retained earnings		16	—	—	—
Total transactions with owners		16	(22,526)	(1,325)	(23,851)
As of September 30, 2021		3,590	297,625	8,801	306,426

#### (4) Condensed Consolidated Statement of Cash Flows

Millions of yen

	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2021
Cash flows from operating activities		
Profit before tax	19,775	37,594
Depreciation and amortization	14,897	15,682
Impairment loss	171	85
Interest and dividend income	(279)	(266)
Interest expenses	1,126	919
Foreign exchange loss (gain)	(254)	1,632
Share of loss (profit) of investments accounted for using the equity method	(462)	(888)
Loss (gain) on sales of fixed assets	(30)	(43)
Decrease (increase) in trade and other receivables	38,851	18,435
Decrease (increase) in contract assets	(603)	6,351
Decrease (increase) in inventories	(2,598)	(19,317)
Increase (decrease) in trade and other payables	(10,602)	5,205
Increase (decrease) in contract liabilities	21,149	9,748
Increase (decrease) in provisions	(493)	374
Increase / decrease in retirement benefit assets and liabilities	(1,231)	(643)
Other	(6,464)	(639)
Subtotal	72,951	74,232
Interest income received	264	254
Dividend income received	325	1,122
Interest expenses paid	(1,088)	(834)
Income taxes paid	(5,691)	(9,657)
Net cash provided by operating activities	66,762	65,117
Cash flows from investing activities		
Payments into time deposits	(2,688)	(3,853)
Proceeds from withdrawal of time deposits	3,027	3,955
Purchase of investment securities	(50)	(20)
Proceeds from sales and redemption of investment securities	2,096	12
Purchase of property, plant and equipment, and intangible assets	(22,334)	(20,839)
Proceeds from sale of property, plant and equipment	81	127
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(10,375)
Other	(841)	(2,201)
Net cash used in investing activities	(20,709)	(33,194)

Millions of yen

	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2021
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	6,053	9,607
Proceeds from long-term borrowings	25,620	4,222
Repayments of long-term borrowings	(3,552)	(4,780)
Repayments of lease liabilities	(3,452)	(2,954)
Proceeds from issuance of common shares	0	0
Purchase of treasury shares	(2)	(12,415)
Dividends paid	(5,713)	(10,455)
Dividends paid to non-controlling interests	(1,287)	(1,326)
Other	0	0
Net cash provided by (used in) financing activities	17,665	(18,102)
Effect of exchange rate changes on cash and cash equivalents	(201)	2,783
Net increase (decrease) in cash and cash equivalents	63,516	16,604
Cash and cash equivalents at beginning of period	95,256	120,544
Cash and cash equivalents at end of period	158,772	137,148

## (5) Notes to Condensed Consolidated Financial Statements

### (Note for the Assumption of Going Concern)

None

### (Segment Information)

Nine Months Ended September 30, 2020

Millions of yen

	Reportable segments				Others (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Fluid Machinery & Systems	Environmental Plants	Precision Machinery	Total				
Revenue								
External customers	220,732	43,965	103,211	367,909	1,116	369,026	—	369,026
Intersegment and transfers	445	8	0	454	1,925	2,380	(2,380)	—
Total	221,178	43,973	103,212	368,364	3,042	371,406	(2,380)	369,026
Segment profit (loss)	11,295	3,894	7,629	22,819	(699)	22,120	(101)	22,018
Finance income								283
Finance costs								2,989
Share of profit (loss) of investments accounted for using the equity method								462
Profit before tax								19,775

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

2: The “Adjustment” item for segment profit (loss) shows eliminations of intersegment transactions.

3: Segment profit (loss) has been adjusted with operating profit in the condensed consolidated statement of income.

Nine Months Ended September 30, 2021

Millions of yen

	Reportable segments				Others (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Fluid Machinery & Systems	Environmental Plants	Precision Machinery	Total				
Revenue								
External customers	237,829	50,002	130,862	418,694	1,231	419,926	—	419,926
Intersegment and transfers	448	37	3	489	1,737	2,226	(2,226)	—
Total	238,278	50,040	130,865	419,183	2,969	422,152	(2,226)	419,926
Segment profit (loss)	15,352	4,101	18,060	37,515	(96)	37,418	(26)	37,392
Finance income								391
Finance costs								1,076
Share of profit (loss) of investments accounted for using the equity method								888
Profit before tax								37,594

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

2: The “Adjustment” item for segment profit (loss) shows eliminations of intersegment transactions.

3: Segment profit (loss) has been adjusted with operating profit in the condensed consolidated statement of income.

### **(First-time Adoption)**

The Group discloses its condensed consolidated financial statements in accordance with IFRS from the first quarter ended March 31, 2021. The Group's most recent disclosure of its consolidated financial statements in accordance with Japanese GAAP was for the fiscal year ended December 31, 2020. The date of the transition to IFRS is January 1, 2020.

IFRS 1 "First-time Adoption of International Financial Reporting Standards" (hereinafter "IFRS 1") stipulates that, in principle, the retrospective application of IFRS is required. However, it provides some voluntary and mandatory exemptions from full retrospective applications. Impact of such transition is adjusted in retained earnings as of the transition date.

### **Exemptions under IFRS 1**

The Company applies voluntary exemptions such as follows:

#### Business Combination

IFRS 1 allows entities to choose not to retrospectively apply IFRS 3 "Business Combinations" (hereinafter "IFRS 3") for business combinations that occurred before the transition date. The Group chose the option not to apply IFRS 3 retrospectively to business combinations that occurred before the transition date. As a result, the amount of goodwill arising from business combinations before the transition date is not adjusted and remains the same as the book value under the previous GAAP. The goodwill mentioned above has gone through impairment test on the transition date regardless of the presence of indications of impairment.

#### Exchange Differences on Translation of Foreign Operations

IFRS 1 allows entities to deem the cumulative foreign currency translation adjustments to be zero at the transition date. The Group has chosen to deem accumulated exchange differences on translation of foreign operations to be zero at the transition date and recognized it in retained earnings.

#### Leases as Lessee

When a first-time adopter recognizes right of use assets and lease liabilities as a lessee, IFRS 1 allows entities to measure all right of use assets and lease liabilities at the transition date. The Group measured lease liabilities at the transition date, using the present value of the remaining lease payments discounted by the lessee's incremental borrowing rate at the transition date. The Group measures right of use assets by each lease contract as book value as if IFRS 16 "Leases" (hereinafter "IFRS 16") had been applied to the contracts from the start date of the contracts while the right of use assets are discounted by incremental borrowing rate on the IFRS transition date. For leases with lease terms ending within 12 months from the transition date and leases with underlying assets of low value, lease expenses are either recognized over the lease term under a straight-line or another regular basis.

#### Designation of Financial Instruments Recognized Before the Transition Date

IFRS 1 allows entities to designate financial instruments under IFRS 9 "Financial Instruments" (hereinafter "IFRS 9") based on the facts and circumstances that existed at the transition date. Based on the circumstances as of the transition date, the Group mainly designated its equity financial instruments recognized before the transition date as financial assets measured at fair value through other comprehensive income.

### **Mandatory Exemptions of IFRS 1**

IFRS 1 prohibits retrospective application of "Estimates", "Derecognition of financial assets and financial liabilities", "Non-controlling interests", "Classification and measurement of financial assets" and so on. The Group has prospectively applied IFRS for these items from the transition date.

## (1) Reconciliation of Japanese GAAP to IFRS

Reconciliation disclosures required on the first-time adoption of IFRS are shown below. Items that do not affect retained earnings and comprehensive income are included in “Reclassification,” and items that affect retained earnings and comprehensive income are included in “Differences in recognition and measurement” of the reconciliation tables.

### (i) Reconciliation of Equity as of the Transition Date (January 1, 2020)

Under Japanese GAAP, the Group adopted “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 30, 2018) and “Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30, March 30, 2018) from January 1, 2020. The “Japanese GAAP” column of the below table reflects the cumulative effect of the application.

Millions of yen

Line items under Japanese GAAP	Japanese GAAP	Reclassification	Differences in scope of consolidation	Differences in recognition and measurement	IFRS	Notes	Line items under IFRS
Assets					Assets		
Current assets					Current assets		
Cash and deposits	94,014	(663)	1,904	—	95,256		Cash and cash equivalents
Notes and accounts receivable	194,035	(194,035)	—	—	—		
Electronically recorded monetary claims	9,218	(9,218)	—	—	—		
	—	140,536	493	(149)	140,881		Trade and other receivables
	—	64,617	(48)	63	64,632		Contract assets
Securities	1,097	(1,097)	—	—	—		
Merchandise and finished goods	18,386	(18,386)	—	—	—		
Work in process	51,165	(51,165)	—	—	—		
Raw materials and supplies	32,633	(32,633)	—	—	—		
	—	99,941	357	850	101,150		Inventories
Others	15,932	(15,932)	—	—	—		
	—	596	40	0	637		Income taxes receivable
	—	13,424	197	774	14,396		Other current assets
	—	1,907	873	227	3,007		Other financial assets
Allowance for doubtful accounts	(2,107)	2,107	—	—	—		
<b>Total current assets</b>	<b>414,376</b>	<b>—</b>	<b>3,818</b>	<b>1,767</b>	<b>419,962</b>		<b>Total current assets</b>
Fixed assets					Non-current assets		
Tangible fixed assets (net)	124,898	—	589	24,865	150,353	(B)	Property, plant and equipment
Goodwill	774	(774)	—	—	—		
Software	6,496	(6,496)	—	—	—		
Others (intangible assets)	3,072	(3,072)	—	—	—		
	—	10,343	14	(1,644)	8,714		Goodwill and intangible assets
Investment securities	19,666	(19,666)	—	—	—		
	—	6,975	—	(596)	6,379		Investment accounted for using the equity method
Long-term loans receivable	144	(144)	—	—	—		
	—	16,345	(5,641)	(938)	9,765	(A)	Other financial assets
Defined benefit asset	5,017	(5,017)	—	—	—		
Deferred tax assets	11,879	—	40	2,471	14,391		Deferred tax assets
Others (investments and other assets)	10,077	(10,077)	—	—	—		
	—	6,141	41	(285)	5,897		Other non-current assets
Allowance for doubtful accounts	(5,442)	5,442	—	—	—		
<b>Total fixed assets</b>	<b>176,585</b>	<b>—</b>	<b>(4,956)</b>	<b>23,873</b>	<b>195,502</b>		<b>Total non-current assets</b>
<b>Total assets</b>	<b>590,961</b>	<b>—</b>	<b>(1,137)</b>	<b>25,641</b>	<b>615,465</b>		<b>Total assets</b>

Line items under Japanese GAAP	Japanese GAAP	Reclassification	Differences in scope of consolidation	Differences in recognition and measurement	IFRS	Notes	Line items under IFRS
Liabilities							Liabilities
Current liabilities							Current liabilities
Notes and accounts payable trade	60,260	(60,260)	—	—	—		
Electronically recorded obligations	59,847	(59,847)	—	—	—		
Short-term loans payable	50,965	(50,965)	—	—	—		Trade and other payables
	—	39,304	(1,370)	4,871	42,805	(B)	Bonds, borrowings and lease liabilities
Income taxes payable	3,233	(890)	53	—	2,397		Income taxes payable
Provision for bonuses	6,629	(6,629)	—	—	—		
Provision for directors' bonuses	348	(348)	—	—	—		
Provision for losses on construction completion guarantees	3,336	(3,336)	—	—	—		
Provision for product warranties	3,530	(3,530)	—	—	—		
Provision for construction losses	6,737	(6,737)	—	—	—		
Others	65,389	(65,389)	—	—	—		Provisions
	—	13,603	—	1,368	14,972		
	—	20,766	1	(40)	20,728		Contract liabilities
	—	34,595	98	4,733	39,427	(C)	Other current liabilities
	—	85	—	—	85		Other financial liabilities
<b>Total current liabilities</b>	<b>260,279</b>	<b>(12,320)</b>	<b>(1,088)</b>	<b>11,389</b>	<b>258,259</b>		<b>Total current liabilities</b>
Long-term liabilities							Non-current liabilities
Bonds payable	10,000	(10,000)	—	—	—		
Long-term loans payable	18,340	(18,340)	—	—	—		
	—	41,682	—	19,509	61,191	(B)	Bonds, borrowings and lease liabilities
Defined benefit liability	9,362	—	77	2,565	12,004	(D)	Retirement benefit liability
Provision for directors' retirement benefits	107	(107)	—	—	—		
Asset retirement obligations	2,401	(2,401)	—	—	—		
	—	2,401	—	52	2,453		Provisions
Deferred tax liabilities	504	—	1	(459)	47		Deferred tax liabilities
Others	2,612	(2,612)	—	—	—		
	—	1,464	1	1,634	3,099		Other non-current liabilities
	—	234	—	—	234		Other financial liabilities
<b>Total long-term liabilities</b>	<b>43,328</b>	<b>12,320</b>	<b>80</b>	<b>23,302</b>	<b>79,031</b>		<b>Total non-current liabilities</b>
<b>Total liabilities</b>	<b>303,608</b>	<b>—</b>	<b>(1,008)</b>	<b>34,691</b>	<b>337,291</b>		<b>Total liabilities</b>
Net assets							Equity
Common shares	79,155	—	—	—	79,155		Share capital
Capital surplus	74,848	1,132	—	102	76,083		Capital surplus
Retained earnings	137,201	—	(230)	(20,238)	116,732	(F)	Retained earnings
Treasury shares	(174)	—	—	—	(174)		Treasury shares
Accumulated other comprehensive income	(11,852)	—	(3)	11,337	(518)	(A)(D)(E)	Other components of equity
Subscription rights to shares	1,132	(1,132)	—	—	—		
					271,277		Total equity attributable to owners of parent
Non-controlling interests	7,043	—	104	(252)	6,896		Non-controlling interests
<b>Total net assets</b>	<b>287,353</b>	<b>—</b>	<b>(129)</b>	<b>(9,050)</b>	<b>278,173</b>		<b>Total equity</b>
<b>Total liabilities and net assets</b>	<b>590,961</b>	<b>—</b>	<b>(1,137)</b>	<b>25,641</b>	<b>615,465</b>		<b>Total liabilities and equity</b>



## (ii) Reconciliation of Equity as of September 30, 2020

Millions of yen

Line items under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Line items under IFRS
<b>Assets</b>				<b>Assets</b>		
<b>Current assets</b>				<b>Current assets</b>		
Cash and deposits	158,477	295	—	158,772		Cash and cash equivalents
Notes and accounts receivable	155,840	(155,840)	—	—		
Electronically recorded monetary claims	8,797	(8,797)	—	—		
	—	100,460	(149)	100,310		Trade and other receivables
	—	65,337	(694)	64,643		Contract assets
Securities	3,176	(3,176)	—	—		
Merchandise and finished goods	18,332	(18,332)	—	—		
Work in process	49,649	(49,649)	—	—		
Raw materials and supplies	35,660	(35,660)	—	—		
	—	101,747	846	102,593		Inventories
Others	18,113	(18,113)	—	—		
	—	661	305	967		Income taxes receivable
	—	16,077	803	16,880		Other current assets
	—	2,901	227	3,128		Other financial assets
Allowance for doubtful accounts	(2,088)	2,088	—	—		
<b>Total current assets</b>	<b>445,959</b>	<b>—</b>	<b>1,337</b>	<b>447,297</b>		<b>Total current assets</b>
<b>Fixed assets</b>				<b>Non-current assets</b>		
Tangible fixed assets (net)	133,697	—	22,488	156,185	(B)	Property, plant and equipment
Intangible assets	12,233	—	(1,476)	10,756		Goodwill and intangible assets
Investment securities	12,217	(12,217)	—	—		
	—	7,144	(594)	6,550		Investment accounted for using the equity method
	—	8,630	(937)	7,693	(A)	Other financial assets
	—	10,406	3,069	13,475		Deferred tax assets
Others (investments and other assets)	25,580	(25,580)	—	—		
	—	6,395	(530)	5,865		Other non-current assets
Allowance for doubtful accounts	(5,220)	5,220	—	—		
<b>Total fixed assets</b>	<b>178,508</b>	<b>—</b>	<b>22,018</b>	<b>200,526</b>		<b>Total non-current assets</b>
<b>Total assets</b>	<b>624,467</b>	<b>—</b>	<b>23,356</b>	<b>647,824</b>		<b>Total assets</b>

Line items under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Line items under IFRS
Liabilities				Liabilities		
Current liabilities				Current liabilities		
Notes and accounts payable-trade	54,810	(54,810)	—	—		
Electronically recorded obligations	61,313	(61,313)	—	—		
Short-term loans payable	78,741	(78,741)	—	—		Trade and other payables
	—	41,970	4,638	46,608	(B)	Bonds, borrowings and lease liabilities
	—	2,259	—	2,259		Income taxes payable
Provision for bonuses	9,214	(9,214)	—	—		
Provision for directors' bonuses	340	(340)	—	—		
Provision for losses on construction completion guarantees	3,652	(3,652)	—	—		
Provision for product warranties	4,233	(4,233)	—	—		
Provision for construction losses	5,658	(5,658)	—	—		
	—	13,545	848	14,393		Provisions
Others	76,329	(76,329)	—	—		
	—	41,780	—	41,780		Contract liabilities
	—	29,633	4,760	34,394	(C)	Other current liabilities
	—	117	—	117		Other financial liabilities
Total current liabilities	294,294	(37,320)	10,733	267,708		Total current liabilities
Long-term liabilities				Non-current liabilities		
Bonds payable	10,000	(10,000)	—	—		
Long-term loans payable	16,270	(16,270)	—	—		
	—	64,562	17,363	81,926	(B)	Bonds, borrowings and lease liabilities
Defined benefit liability	7,641	—	2,699	10,341	(D)	Retirement benefit liability
Provision for directors' retirement benefits	113	(113)	—	—		
Asset retirement obligations	2,405	(2,405)	—	—		
	—	2,405	53	2,458		Provisions
	—	15	85	100		Deferred tax liabilities
Others	2,088	(2,088)	—	—		
	—	974	1,727	2,701		Other non-current liabilities
	—	239	—	239		Other financial liabilities
Total long-term liabilities	38,519	37,320	21,929	97,768		Total non-current liabilities
Total liabilities	332,813	—	32,663	365,476		Total liabilities
Net assets				Equity		
Common shares	79,407	—	—	79,407		Share capital
Capital surplus	75,101	852	(29)	75,924		Capital surplus
Retained earnings	144,369	—	(21,174)	123,195	(F)	Retained earnings
Treasury shares	(177)	—	—	(177)		Treasury shares
Accumulated other comprehensive income	(15,024)	—	12,083	(2,941)	(A)(D) (E)	Other components of equity
Subscription rights to shares	852	(852)	—	—		
				275,408		Total equity attributable to owners of parent
Non-controlling interests	7,124	—	(186)	6,938		Non-controlling interests
Total net assets	291,654	—	(9,306)	282,347		Total equity
Total liabilities and net assets	624,467	—	23,356	647,824		Total liabilities and equity

## (iii) Reconciliation of Equity as of December 31, 2020

Millions of yen

Line items under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Line items under IFRS
Assets				Assets		
Current assets				Current assets		
Cash and deposits	121,996	(1,452)	—	120,544		Cash and cash equivalents
Notes and accounts receivable	187,289	(187,289)	—	—		
Electronically recorded monetary claims	11,374	(11,374)	—	—		
	—	122,496	(153)	122,343		Trade and other receivables
	—	76,912	(379)	76,533		Contract assets
Securities	1,035	(1,035)	—	—		
Merchandise and finished goods	20,333	(20,333)	—	—		
Work in process	47,648	(47,648)	—	—		
Raw materials and supplies	34,621	(34,621)	—	—		
	—	100,777	877	101,654		Inventories
Others	16,727	(16,727)	—	—		
	—	232	59	292		Income taxes receivable
	—	15,173	771	15,945		Other current assets
	—	2,501	249	2,750		Other financial assets
Allowance for doubtful accounts	(2,387)	2,387	—	—		
<b>Total current assets</b>	<b>438,637</b>	<b>—</b>	<b>1,424</b>	<b>440,062</b>		<b>Total current assets</b>
Fixed assets				Non-current assets		
Tangible fixed assets (net)	136,202	—	22,561	158,763	(B)	Property, plant and equipment
Goodwill	369	(369)	—	—		
Software	9,485	(9,485)	—	—		
Others (intangible assets)	3,003	(3,003)	—	—		
	—	12,858	(1,407)	11,450		Goodwill and intangible assets
Investment securities	12,766	(12,766)	—	—		
	—	7,695	(730)	6,964		Investment accounted for using the equity method
Long-term loans receivable	127	(127)	—	—		
	—	8,638	(935)	7,703	(A)	Other financial assets
Defined benefit asset	5,181	(5,181)	—	—		
Deferred tax assets	10,631	—	2,363	12,994		Deferred tax assets
Others (investments and other assets)	10,339	(10,339)	—	—		
	—	6,913	(81)	6,832		Other non-current assets
Allowance for doubtful accounts	(5,166)	5,166	—	—		
<b>Total fixed assets</b>	<b>182,940</b>	<b>—</b>	<b>21,768</b>	<b>204,709</b>		<b>Total non-current assets</b>
<b>Total assets</b>	<b>621,578</b>	<b>—</b>	<b>23,193</b>	<b>644,771</b>		<b>Total assets</b>

Line items under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Line items under IFRS
Liabilities				Liabilities		
Current liabilities				Current liabilities		
Notes and accounts payable-trade	60,508	(60,508)	—	—		
Electronically recorded obligations	69,230	(69,230)	—	—		
Short-term loans payable	28,056	(28,056)	—	142,701		Trade and other payables
	—	28,586	4,818	33,404	(B)	Bonds, borrowings and lease liabilities
Income taxes payable	4,672	(1,052)	—	3,620		Income taxes payable
Advances received	40,056	(40,056)	—	—		
Provision for bonuses	7,685	(7,685)	—	—		
Provision for directors' bonuses	454	(454)	—	—		
Provision for losses on construction completion guarantees	3,793	(3,793)	—	—		
Provision for product warranties	4,089	(4,089)	—	—		
Provision for construction losses	6,096	(6,096)	—	—		
	—	13,979	509	14,489		Provisions
Others	33,541	(33,541)	—	—		
	—	40,056	—	40,056		Contract liabilities
	—	29,157	4,485	33,643	(C)	Other current liabilities
	—	84	—	84		Other financial liabilities
Total current liabilities	258,185	—	9,813	267,998		Total current liabilities
Long-term liabilities				Non-current liabilities		
Bonds payable	20,000	(20,000)	—	—		
Long-term loans payable	26,666	(26,666)	—	—		
	—	47,556	17,389	64,946	(B)	Bonds, borrowings and lease liabilities
Defined benefit liability	7,704	—	1,790	9,494	(D)	Retirement benefit liability
Provision for directors' retirement benefits	121	(121)	—	—		
Asset retirement obligations	2,264	(2,264)	—	—		
	—	2,264	54	2,319		Provisions
Deferred tax liabilities	24	—	20	45		Deferred tax liabilities
Others	2,141	(2,141)	—	—		
	—	1,190	1,717	2,907		Other non-current liabilities
	—	182	—	182		Other financial liabilities
Total long-term liabilities	58,922	—	20,972	79,895		Total non-current liabilities
Total liabilities	317,108	—	30,786	347,894		Total liabilities
Net assets				Equity		
Common shares	79,451	—	—	79,451		Share capital
Capital surplus	75,144	765	77	75,987		Capital surplus
Retained earnings	156,486	—	(19,857)	136,629	(F)	Retained earnings
Treasury shares	(178)	—	—	(178)		Treasury shares
Accumulated other comprehensive income	(14,671)	—	12,346	(2,324)	(A)(D) (E)	Other components of equity
Subscription rights to shares	765	(765)	—	—		
				289,564		Total equity attributable to owners of parent
Non-controlling interests	7,472	—	(159)	7,312		Non-controlling interests
Total net assets	304,470	—	(7,592)	296,877		Total equity
Total liabilities and net assets	621,578	—	23,193	644,771		Total liabilities and equity

(iv) Reconciliation of Income and Comprehensive Income for the Nine Months Ended September 30, 2020

Millions of yen

Line items under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Line items under IFRS
Net sales	369,378	—	(352)	369,026	(H)	Revenue
Cost of sales	268,811	—	(1,826)	266,985	(G)(H)	Cost of sales
Gross profit	100,566	—	1,474	102,041		Gross profit
Selling, general and administrative expenses	78,311	172	1,501	79,986	(G)(H)	Selling, general and administrative expenses
	—	558	1	560		Other income
	—	872	(275)	597		Other expenses
Operating income	22,255	(486)	249	22,018		Operating profit
Non-operating income	1,264	(1,264)	—	—		
Non-operating expenses	3,004	(3,004)	—	—		
Extraordinary income	115	(115)	—	—		
Extraordinary loss	460	(460)	—	—		
	—	355	(71)	283		Finance income
	—	2,591	397	2,989		Finance costs
	—	465	(2)	462		Share of profit (loss) of investments accounted for using the equity method
Income before income taxes	20,170	(172)	(221)	19,775		Profit before tax
Income taxes	6,482	(6,482)	—	—		
	—	6,310	(171)	6,138		Income tax expense
Profit	13,687	—	(50)	13,637		Profit

Millions of yen

Line items under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Line items under IFRS
Profit	13,687	—	(50)	13,637		Profit
Other comprehensive income						Other comprehensive income
Net unrealized gains (losses) on investment securities	(49)	—	(113)	(162)		Net changes in fair value of financial assets measured through other comprehensive income
Remeasurements of defined benefit plans, net of tax	544	—	(544)	—		Remeasurements of defined benefit plans
Deferred gains (losses) on hedges	(28)	—	(0)	(29)		Cash flow hedges
Translation adjustment	(2,937)	—	587	(2,350)		Exchange differences on translation of foreign operations
Share of other comprehensive income of entities accounted for using the equity method	(15)	—	4	(11)		Share of other comprehensive income of investments accounted for using the equity method
Total other comprehensive income	(2,486)	—	(67)	(2,553)		Total other comprehensive income, net of tax
Comprehensive income	11,200	—	(117)	11,083		Total comprehensive income
Comprehensive income attributable to:						Comprehensive income attributable to:
Owners of parent	9,904	—	(149)	9,754		Owners of parent
Non-controlling interests	1,296	—	32	1,329		Non-controlling interests

(v) Reconciliation of Income and Comprehensive Income for the Three Months Ended September 30, 2020

Millions of yen

Line items under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Line items under IFRS
Net sales	123,898	—	(306)	123,592	(H)	Revenue
Cost of sales	88,758	—	(1,371)	87,387	(G)(H)	Cost of sales
Gross profit	35,140	—	1,065	36,205		Gross profit
Selling, general and administrative expenses	26,541	57	339	26,939	(G)(H)	Selling, general and administrative expenses
	—	166	(0)	166		Other income
	—	455	(275)	180		Other expenses
Operating income	8,598	(346)	1,000	9,251		Operating profit
Non-operating income	117	(117)	—	—		
Non-operating expenses	628	(628)	—	—		
Extraordinary income	11	(11)	—	—		
Extraordinary loss	39	(39)	—	—		
	—	84	(0)	83		Finance income
	—	212	388	600		Finance costs
	—	(122)	(2)	(125)		Share of profit (loss) of investments accounted for using the equity method
Income before income taxes	8,058	(57)	607	8,608		Profit before tax
Income taxes	2,641	(2,641)	—	—		
	—	2,584	248	2,832		Income tax expense
Profit	5,416	—	359	5,776		Profit

Millions of yen

Line items under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Line items under IFRS
Profit	5,416	—	359	5,776		Profit
Other comprehensive income						Other comprehensive income
Net unrealized gains (losses) on investment securities	1	—	—	1		Net changes in fair value of financial assets measured through other comprehensive income
Remeasurements of defined benefit plans, net of tax	250	—	(250)	—		Remeasurements of defined benefit plans
Deferred gains (losses) on hedges	(46)	—	(0)	(46)		Cash flow hedges
Translation adjustment	15	—	278	293		Exchange differences on translation of foreign operations
Share of other comprehensive income of entities accounted for using the equity method	2	—	2	4		Share of other comprehensive income of investments accounted for using the equity method
Total other comprehensive income	223	—	29	253		Total other comprehensive income, net of tax
Comprehensive income	5,640	—	389	6,030		Total comprehensive income
Comprehensive income attributable to:						Comprehensive income attributable to:
Owners of parent	5,096	—	387	5,484		Owners of parent
Non-controlling interests	543	—	1	545		Non-controlling interests

## (vi) Reconciliation of Income and Comprehensive Income for the Fiscal Year Ended December 31, 2020

Millions of yen

Line items under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Line items under IFRS
Net sales	523,727	—	(1,248)	522,478	(H)	Revenue
Cost of sales	379,087	—	(3,054)	376,032	(G)(H)	Cost of sales
Gross profit	144,639	—	1,806	146,446		Gross profit
Selling, general and administrative expenses	106,760	231	1,571	108,563	(G)(H)	Selling, general and administrative expenses
	—	937	(6)	931		Other income
	—	1,524	(277)	1,246		Other expenses
Operating income	37,879	(818)	506	37,566		Operating profit
Non-operating income	2,155	(2,155)	—	—		
Non-operating expenses	3,175	(3,175)	—	—		
Extraordinary income	121	(121)	—	—		
Extraordinary loss	934	(934)	—	—		
	—	459	(77)	382		Finance income
	—	2,585	454	3,040		Finance costs
	—	879	(32)	847		Share of profit (loss) of investments accounted for using the equity method
Income before income taxes	36,045	(231)	(58)	35,756		Profit before tax
Income taxes-current	9,325	(9,325)	—	—		
Income taxes-deferred	533	(533)	—	—		
	—	9,627	178	9,805		Income tax expense
Profit	26,186	—	(236)	25,950		Profit

Millions of yen

Line items under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Line items under IFRS
Profit	26,186	—	(236)	25,950		Profit
Other comprehensive income						Other comprehensive income
Net unrealized gains (losses) on investment securities	(48)	—	(110)	(159)		Net changes in fair value of financial assets measured through other comprehensive income
Remeasurements of defined benefit plans, net of tax	530	—	955	1,486		Remeasurements of defined benefit plans
Deferred gains (losses) on hedges	(30)	—	(1)	(31)		Cash flow hedges
Translation adjustment	(2,644)	—	968	(1,676)		Exchange differences on translation of foreign operations
Share of other comprehensive income of entities accounted for using the equity method	120	—	(102)	18		Share of other comprehensive income of investments accounted for using the equity method
Total other comprehensive income	(2,073)	—	1,709	(363)		Total other comprehensive income, net of tax
Comprehensive income	24,113	—	1,473	25,587		Total comprehensive income
Comprehensive income attributable to:						Comprehensive income attributable to:
Owners of parent	22,373	—	1,430	23,804		Owners of parent
Non-controlling interests	1,740	—	42	1,782		Non-controlling interests

## (2) Notes for Reconciliation of Equity

### (Differences in Recognition and Measurement)

#### (A) Non-marketable Equity Financial Instruments

Non-marketable equity financial instruments had been measured at acquisition cost under Japanese GAAP. Under IFRS, based on IFRS 9, they are classified as equity financial assets measured at fair value through other comprehensive income, measured at fair value regardless of whether they are marketable or not. The variance is recognized through other comprehensive income.

#### (B) Lease Transactions

Under Japanese GAAP, the Group classified lease contracts as finance leases or operating leases. For operating leases, the accounting treatment was similar to that of regular rental transactions. Under IFRS, the Group does not make such classification and recognizes right of use assets included in “Property, plant and equipment” and “Bonds, borrowings and lease liabilities” of current and non-current liabilities with regard to all leases except for short term leases and leases with underlying assets of low value.

#### (C) Unused Paid Leave

Unused paid leave not recognized under Japanese GAAP is recognized as “Other current liabilities” under IFRS.

#### (D) Employee Benefits

Under Japanese GAAP, on defined benefit plan, service costs, interest costs and expected return were recognized as net profit and loss. The amounts in actuarial gains or losses and prior service costs related to these plans which were not expensed were recorded as accumulated other comprehensive income and then recognized as net profit and loss in the future for a certain period.

On the other hand, under IFRS, on defined benefit plan, current service costs and prior service costs are recognized as net profit and loss. Net interest costs are recognized as net profit and loss calculated by net defined benefit liabilities (assets) multiplied by discount rate. Remeasurement of net defined benefit liabilities (assets) is recognized in other comprehensive income, and when incurred, it is immediately transferred from other equity components directly to retained earnings and not through net profit and loss. Remeasurement consists of actuarial gains or losses in defined benefit liabilities and return from plan assets (excluding interest income from plan assets).

#### (E) Exchange Differences on Translation of Foreign Operations

The Group has chosen to apply the exemption for cumulative exchange differences on translation of foreign operations set forth under IFRS 1. The exchange differences are deemed to be zero, and they are recognized in retained earnings.

#### (F) Adjustment to Retained Earnings

The above adjustments' effect on retained earnings are as follows. (( ):Loss)

Millions of yen

	As of the Transition Date (January 1, 2020)	As of September 30, 2020	As of December 31, 2020
Employee benefits	(15,926)	(15,844)	(14,701)
Exchange differences on translation of foreign operations	(2,891)	(4,214)	(4,587)
Right of use assets, lease liabilities	(308)	(328)	(334)
Property, plant and equipment	(298)	(481)	(131)
Investments by using the equity method	(251)	(288)	(326)
Others	(561)	(15)	225
Reconciliation amount of retained earnings	(20,238)	(21,174)	(19,857)



(Reclassification)

To comply with IFRS, the following reclassifications are performed.

- Under Japanese GAAP, short-term investments with maturities within three months from the acquisition date were included in “Securities”. Under IFRS, they are presented in “Cash and cash equivalents”.
- Under Japanese GAAP, “Notes and accounts receivable-trade”, “Electronically recorded monetary claims” and “Allowance for doubtful accounts” in current assets were independently presented, and “Accounts receivable-other” was included in “Others” in current assets. Under IFRS, they are presented as “Trade and other receivables” and “Contract assets”.
- “Merchandise and finished goods”, “Work in process” and “Raw materials and supplies” presented independently under Japanese GAAP now are lumped into “Inventories”.
- “Investments accounted for using the equity method” included in “Investment securities” under Japanese GAAP is presented independently under IFRS.
- “Provision for losses on construction completion guarantees”, “Provision for product warranties” and “Provision for construction losses” as current liabilities and “Asset retirement obligations” as long-term liabilities were presented independently under Japanese GAAP. Under IFRS, they are presented as “Provisions” in current liabilities and non-current liabilities.
- “Advances received” presented independently under Japanese GAAP is presented as “Contract liabilities” under IFRS.
- “Other financial assets” and “Other financial liabilities” are presented independently.

**(3) Notes for Reconciliation on Profit and Loss and Comprehensive Income**

(Differences in Recognition and Measurement)

(G) Inventories

Under Japanese GAAP, some subsidiaries included transportation costs to deliver products to customers in the cost of inventories. Under IFRS, all costs except for those incurred in bringing the inventories to their present location or condition are recognized as “Selling, general and administrative expenses” when they are incurred.

(H) Exchange Differences on Translation of Foreign Operations

Under Japanese GAAP, revenue and expense of foreign operations were translated by foreign exchange rates as of the financial reporting date. Under IFRS, they are translated by the average rate of the reporting period unless there are significant fluctuations in the exchange rates.

(Reclassification)

To comply with IFRS, the following reclassifications are performed.

- Among revenue and expenses presented in “Non-operating income”, “Non-operating expenses”, “Extraordinary income” and “Extraordinary loss” under Japanese GAAP, finance-related items are presented in “Finance income” and “Finance costs”, and the other items are presented in “Other income” and “Other expenses” under IFRS.

**(4) Reconciliation on Cash Flow Statements**

Under Japanese GAAP, “Payment of operating lease transactions” was in “Cash flows from operating activities”. Under IFRS, it is in “Cash flows from financing activities” as “Repayments of lease liabilities”.

**(Additional Information)**

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

In the previous fiscal year, our accounting estimates were based on the assumption that the business environment maintains its stability with limited impact of COVID-19 to the Group's business. There are no major changes to this assumption.

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.

### **3. Others**

#### **(1) Litigation and Others**

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

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

Regarding this incident, while the Company had been discussing with Gifu City the compensation for related damages, a lawsuit against EEP was filed by Gifu City at the Gifu District Court on January 31, 2019 claiming compensation for damages of ¥4,362 million and late charges for such compensation. Afterwards, Gifu City amended its amount of the compensation claim for damages to ¥4,474 million and late charges for such compensation on July 22, 2019 (received on July 25, 2019).

On July 17, 2020, the amount of the compensation claim for damages was amended to ¥4,582 million and late charges for such compensation (received on July 20, 2020), and on August 10, 2021, the compensation claim for damages was amended to ¥4,692 million and late charges for such compensation (received on August 25, 2021).

At this time, it is not possible to make a reasonable estimate of the effect of this incident on the Group’s consolidated financial results.

## (2) Segment Information

Business Segment

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

(i) Actual Results and Forecast of Orders Received, Revenue, Operating Profit, and Backlog of Orders Received by Business Segment

Billions of yen

	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2021			Fiscal Year Ending December 31, 2021
	Actual	Actual	Change	Change Ratio (%)	Forecast
Orders Received					
Pumps	123.9	149.8	25.8	20.9	190.0
Compressors & Turbines	61.0	67.6	6.5	10.8	90.0
Chillers	25.6	31.7	6.0	23.7	40.0
Others	11.6	9.3	(2.3)	(19.9)	12.5
Total of FMS	222.3	258.5	36.2	16.3	332.5
EP	47.9	119.6	71.6	149.5	147.0
PM	95.0	197.2	102.2	107.5	250.0
Others	1.1	1.3	0.2	18.0	1.5
Total	366.4	576.8	210.3	57.4	731.0
Revenue					
Pumps	120.0	137.0	17.0	14.2	183.0
Compressors & Turbines	66.3	62.2	(4.0)	(6.1)	91.0
Chillers	24.7	28.4	3.7	15.0	39.0
Others	9.6	10.0	0.4	4.3	13.0
Total of FMS	220.7	237.8	17.0	7.7	326.0
EP	43.9	50.0	6.0	13.7	73.0
PM	103.2	130.8	27.6	26.8	191.0
Others	1.1	1.2	0.1	10.3	1.5
Total	369.0	419.9	50.9	13.8	591.5
Operating Profit					
Pumps	6.4	10.5	4.1	64.9	14.0
Compressors & Turbines	3.1	3.1	0.0	1.8	8.0
Chillers	1.2	0.9	(0.3)	(24.6)	2.2
Others & Adjustment	0.5	0.6	0.1	28.7	0.8
Total of FMS	11.2	15.3	4.0	35.9	25.0
EP	3.8	4.1	0.2	5.3	7.0
PM	7.6	18.0	10.4	136.7	24.5
Others & Adjustment	(0.8)	(0.1)	0.6	—	(0.5)
Total	22.0	37.3	15.3	69.8	56.0
Backlog of Orders Received					
Pumps	96.7	107.0	10.3	10.6	97.9
Compressors & Turbines	85.6	89.4	3.8	4.5	80.0
Chillers	16.6	17.1	0.4	3.0	14.0
Others	10.1	8.5	(1.5)	(15.8)	8.7
Total of FMS	209.1	222.2	13.0	6.2	200.7
EP	236.1	296.9	60.7	25.7	300.7
PM	32.0	114.4	82.3	256.7	105.5
Others	0.0	0.1	0.0	237.9	0.0
Total	477.4	633.7	156.2	32.7	607.0

(ii) Actual Results and Forecast of Orders Received and Revenue in the Precision Machinery Business Segment

Billions of yen

	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2021			Fiscal Year Ending December 31, 2021
	Actual	Actual	Change	Change Ratio (%)	Forecast
<b>Orders Received</b>					
Components	45.6	73.8	28.1	61.6	93.0
CMP Systems	45.0	118.2	73.1	162.4	150.0
Others	4.3	5.2	0.9	21.4	7.0
<b>Total of PM</b>	<b>95.0</b>	<b>197.2</b>	<b>102.2</b>	<b>107.5</b>	<b>250.0</b>
<b>Revenue</b>					
Components	43.0	57.2	14.2	33.1	80.0
CMP Systems	56.0	69.1	13.1	23.4	107.0
Others	4.1	4.4	0.2	6.9	4.0
<b>Total of PM</b>	<b>103.2</b>	<b>130.8</b>	<b>27.6</b>	<b>26.8</b>	<b>191.0</b>

**(3) Area Information**

(i) Geographical Segment . . . Compiled on the basis of the geographical location of the company reporting the revenue

Billions of yen

	Nine Months Ended September 30, 2020		Nine Months Ended September 30, 2021		
	Actual	Composition (%)	Actual	Composition (%)	Change
Revenue					
Japan	217.7	59.0	230.2	54.8	12.5
North America	54.3	14.7	59.9	14.3	5.5
Asia (except Japan)	74.5	20.2	98.7	23.5	24.1
Others	22.3	6.1	30.9	7.4	8.6
Total	369.0	100.0	419.9	100.0	50.9
Operating Profit					
Japan	7.7		13.7		6.0
North America	2.9		6.0		3.1
Asia (except Japan)	9.4		14.2		4.8
Others	2.0		3.3		1.2
Adjustment	(0.0)		0.0		0.1
Total	22.0		37.3		15.3

(ii) Regional Segment . . . Compiled on the basis of the geographical location where the goods are sold

Billions of yen

	Nine Months Ended September 30, 2020		Nine Months Ended September 30, 2021		
	Actual	Composition (%)	Actual	Composition (%)	Change
Revenue					
Japan	164.7	44.6	179.2	42.7	14.4
China	55.1	14.9	78.8	18.8	23.7
Other Asia	71.8	19.5	78.3	18.7	6.4
North America	33.2	9.0	31.5	7.5	(1.7)
Europe	24.2	6.6	24.7	5.9	0.5
Middle East	12.6	3.4	13.9	3.3	1.2
Others	7.2	2.0	13.2	3.2	6.0
Total	369.0	100.0	419.9	100.0	50.9