

CONSOLIDATED FINANCIAL RESULTS
FOR THE SIX MONTHS ENDED JUNE 30, 2023
[IFRS]

August 14, 2023

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Scheduled date for submission of quarterly report: August 14, 2023
 Scheduled date for dividend payment: September 13, 2023
 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 Six Months Ended June 30, 2023

(1) Consolidated Financial Results

(% represents percentage change from a comparable previous period)

Millions of yen

	Revenue		Operating Profit		Profit before Tax		Profit	
	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change
Six Months Ended June 30, 2023	363,833	16.5%	33,766	24.2%	34,085	21.0%	22,397	16.3%
Six Months Ended June 30, 2022	312,418	14.0%	27,183	10.1%	28,177	10.5%	19,258	4.2%

	Profit Attributable to Owners of Parent		Total Comprehensive Income		Basic Earnings per Share (Yen)	Basic Earnings per Share, Diluted (Yen)
	Amount	% Change	Amount	% Change		
Six Months Ended June 30, 2023	20,583	13.9%	34,189	(18.1)%	223.37	222.98
Six Months Ended June 30, 2022	18,065	7.6%	41,739	71.6%	196.35	195.87

(2) Consolidated Financial Position

Millions of yen

	Total Assets	Total Equity	Total Equity Attributable to Owners of Parent	Ratio of Equity Attributable to Owners of Parent
As of June 30, 2023	852,707	392,722	382,333	44.8
As of December 31, 2022	828,049	369,725	359,966	43.5

2. Dividends

	Dividends per Share (Yen)				
	End of 1 st Quarter	End of 2 nd Quarter	End of 3 rd Quarter	Year-End	Annual
Fiscal Year Ended December 31, 2022	—	85.00	—	108.00	193.00
Fiscal Year Ending December 31, 2023	—				
Fiscal Year Ending December 31, 2023 (Forecast)		97.50	—	97.50	195.00

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

3. Forecast of Financial Results for the Fiscal Year Ending December 31, 2023

% 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, 2023	747,000	9.7%	71,000	0.6%	71,200	2.5%	52,300	3.6%	567.57

Note: Revisions to forecast of financial results in this quarter: None

The forecast of financial results for the fiscal year ending December 31, 2023, previously announced on May 15, 2023 has been revised. For further details, please refer to “Explanation of Forecast of Consolidated Financial Results” on page 10.

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 June 30, 2023	92,340,882	As of December 31, 2022	92,086,015
As of June 30, 2023	25,527	As of December 31, 2022	24,422
Six Months Ended June 30, 2023	92,147,870	Six Months Ended June 30, 2022	92,007,682

(ii) Number of treasury shares

(iii) Average number of
common shares

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 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.
2. 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

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2023	Change	Change Ratio (%)
Orders Received	399,415	367,672	(31,742)	(7.9)
Revenue	312,418	363,833	51,414	16.5
Operating Profit	27,183	33,766	6,582	24.2
Operating Profit on Revenue Ratio (%)	8.7	9.3	—	—
Profit Attributable to Owners of Parent	18,065	20,583	2,518	13.9
Basic Earnings per Share (Yen)	196.35	223.37	27.03	13.8

During the Six Months Ended June 30, 2023, the Japanese economy showed signs of a gradual recovery in consumer spending and corporate capital investment due to the normalization of socioeconomic activities by "with Corona". On the other hand, in the global economy, there is a sense of a slowdown in economic activity, such as the prolonged situation in Ukraine, global inflation, and corporate investment restraints accompanying monetary tightening. The outlook remains uncertain, partly due to concerns about an economic downturn in Europe and the U.S. as a result of monetary policy, and heightened geopolitical risks, such as tightening restrictions on semiconductor export controls in the U.S. and China.

Under these circumstances, we formulated the Medium-term Management Plan "E-Plan 2025" for three years starting from fiscal year 2023. Under the theme of "creating value from the customer's perspective," we have shifted to a face-to-face market structure to further strengthen the competitiveness of each of our businesses, and we are moving forward with various measures to achieve our management indicators.

Orders received for the Six Months Ended June 30, 2023 were sluggish in Precision Machinery Business, which were affected by restrained or revised capital investment by semiconductor manufacturers in the semiconductor market, and a decline in plant utilization rates. On the other hand, in Energy Business, orders for large-scale projects for LNG, center in North America, and orders for services & support were firm. As a result, orders received for the entire company were high due to other businesses covering the decline in Precision Machinery Business, despite a year-on-year decline. Revenue increased year on year in other businesses, excluding in Environment Business, and remained strong. Revenue increased due to a recovery in demand in Building Service & Industrial Business and in Energy Business, which were affected by the previous year's lockdown in China. An improvement in production conditions in Precision Machinery Business, such as the elimination of component shortages results in an increase in revenues from order backlog at the end of the previous fiscal year. Despite an upward trend in personnel expenses and fixed costs associated with the expansion of business activities, operating profit increased due to the impacts of price revisions and the yen's depreciation, in addition to higher revenue. As a result, both revenues and operating profit reached record highs for the second quarter of the fiscal year under review.

As a result, consolidated orders received for the Six Months Ended June 30, 2023 amounted to ¥367,672 million (a decrease of 7.9% year-on-year), revenue amounted to ¥363,833 million (an increase of 16.5% year-on-year), operating profit amounted to ¥33,766 million (an increase of 24.2% year-on-year), and profit attributable to owners of parent amounted to ¥20,583 million (an increase of 13.9% year-on-year).


Operating Results by Business Segment is as follows. From the first quarter of the fiscal year ending December 31, 2023, the classification of reportable segments has been changed. As a result, figures for the second quarter of the previous fiscal year have been reclassified into the new segment classification.



Operating Results by Business Segment

Millions of yen




Segment	Orders Received			Revenue			Segment Profit		
	Six Months Ended June 30, 2022	Six Months Ended June 30, 2023	Change Ratio (%)	Six Months Ended June 30, 2022	Six Months Ended June 30, 2023	Change Ratio (%)	Six Months Ended June 30, 2022	Six Months Ended June 30, 2023	Change Ratio (%)
Building Service & Industrial	102,680	111,093	8.2	89,589	106,527	18.9	4,811	6,733	39.9
Energy	59,207	101,496	71.4	64,098	79,489	24.0	4,235	7,320	72.8
Infrastructure	25,940	25,272	(2.6)	25,521	29,280	14.7	4,100	4,402	7.4
Environmental	46,237	49,276	6.6	36,492	30,981	(15.1)	950	2,632	176.9
Precision Machinery	164,613	79,942	(51.4)	96,017	116,932	21.8	13,923	12,620	(9.4)
Reportable Segment Total	398,679	367,081	(7.9)	311,719	363,212	16.5	28,021	33,709	20.3
Others	735	590	(19.7)	699	621	(11.2)	(457)	(121)	—
Adjustment	—	—	—	—	—	—	(381)	178	—
Total	399,415	367,672	(7.9)	312,418	363,833	16.5	27,183	33,766	24.2

Outline of Business Environment and Situation by Business Segment

Segment	Business Environment	Business Situation and the Trend of Orders Received (Note 1)
Building Service & Industrial	<p>(Overseas)</p> <ul style="list-style-type: none"> •The construction equipment market in Europe and the U.S. continues to slow down due to high materials and energy costs and a decline in investment due to inflation and interest rate hikes. •In the construction equipment market in China, the number of new construction starts is decreasing, and the market growth is still sluggish, while some industrial market and public infrastructure are steady, with investment increasing. <p>(Japan)</p> <ul style="list-style-type: none"> •In the construction equipment market, the number of construction starts remained at the same level as in the same period of the previous fiscal year, but demand in the service market is trending upward. •The industrial market is currently trending steadily while major changes are anticipated in the medium to long term, such as the consideration of capital investment and the conversion of the business structure with an eye to decarbonization. 	<p>(Overseas)</p> <ul style="list-style-type: none"> •Orders received increased year on year due to steady orders in China and North and South America as a result of the economic recovery from the Corona disaster and the effects of the acquisition of North American pump manufacturers in 2022.  <p>(Japan)</p> <ul style="list-style-type: none"> •Orders received increased year on year due to steady orders for products resulting from measures such as the introduction of low-environmental-impact products.
Energy	<ul style="list-style-type: none"> •In the new product market, there are signs of projects for the petrochemical market in North America, Asia, and the Middle East. In particular, large-scale petrochemical plant projects are progressing in North America and East Asia. As in the previous fiscal year, there have been active movements in LNG markets, center in North America and the Middle East. •In the service market, demand for maintenance, repair, and parts is generally firm. 	<ul style="list-style-type: none"> •Orders received for products increase year on year due to orders for large-scale projects.  •Orders received in the service sector remained unchanged from the same period of the previous fiscal year.
Infrastructure	<p>(Overseas)</p> <ul style="list-style-type: none"> •In the water infrastructure market, demand is expanding in China, partly due to the impacts of the government's economic stimulus measures. In Southeast Asia and North America, demand is also steady due to economic growth and the development of aging facilities. <p>(Japan)</p> <ul style="list-style-type: none"> •Investment in the renewal and repair of social infrastructure has been firm. •The construction market for the public sector has been above the level of the previous fiscal year. Demand for after-sales of existing facilities continues to be firm. 	<p>(Overseas)</p> <ul style="list-style-type: none"> •Orders received for water infrastructure increased year-on-year. <p>(Japan)</p> <ul style="list-style-type: none"> •Orders received for the public sector remained firm due to ongoing measures, such as comprehensive evaluation projects and an increase in orders for after-sales services while orders received fell below the level of the same period in the previous fiscal year with large-scale projects. 

Segment	Business Environment	Business Situation and the Trend of Orders Received (Note 1)
Environmental (Note 2)	<ul style="list-style-type: none"> • Demand for new construction of waste incineration facilities for the public sector is trending as usual. • Orders for O&M at existing facilities are trending as usual. • Construction of power generation facilities with woody biomass fuel for private companies and industrial waste treatment facilities for treatment of waste plastics, etc. continues to be in certain demand. 	<p>(Japan)</p> <ul style="list-style-type: none"> • Orders received were unchanged from the same period of the previous fiscal year. Breaking this down, in EPC it significantly exceeded the same period of the previous fiscal year due to large-scale orders received in this fiscal year, while in O&M it fell below the same period of the previous fiscal year.  <p>(Overview of major orders received)</p> <ul style="list-style-type: none"> • DBO of public-sector waste treatment facilities (1 project) • Long-term comprehensive agreement of power generation facilities with biomass fuel for private sector (1 project)
Precision Machinery	<ul style="list-style-type: none"> • Due to sluggish demand for semiconductors, semiconductor manufacturers continue to postpone and partially cancel their capital investment plans, and the semiconductor manufacturing equipment market is in an adjustment phase. 	<ul style="list-style-type: none"> • With some exceptions, such as for China, logic foundries and memory manufacturers are all slowing investment, and orders received are down year-on-year. 

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, Operate) The contract for operating 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 June 30, 2023 were ¥852,707 million, ¥24,657 million higher than as of December 31, 2022. Principal changes in asset items included a decrease of ¥18,117 million in contract assets, a decrease of ¥6,587 million in trade and other receivables, an increase of ¥27,517 million in cash and cash equivalents, and an increase of ¥14,585 million in inventories, and an increase of ¥5,284 million in property, plant and equipment.

(ii) Liabilities

Total liabilities as of June 30, 2023 were ¥459,985 million, ¥1,661 million higher than as of December 31, 2022. Principal changes in liability items included a decrease of ¥29,093 million in trade and other payables, an increase of ¥26,870 million in contract liabilities, and an increase of ¥6,436 million in in bonds, borrowings and lease liabilities.

(iii) Equity

Equity as of June 30, 2023 amounted to ¥392,722 million, ¥22,996 million higher than as of December 31, 2022. Principal changes in equity items included dividends paid of ¥9,942 million, profit attributable to owners of parent of ¥20,583 million, and an increase of ¥11,105 million in exchange differences on translation of foreign operations. Total equity attributable to owners of parent amounted to ¥382,333 million, and the ratio of equity attributable to owners of the parent was 44.8%.

(3) Explanation of Forecast of Consolidated Financial Results

Regarding the forecast for the fiscal year ending December 31, 2023, reflecting the results after the previous announcement on May 15, 2023 orders received has been revised mainly due to an increase in the Energy Business. Revenue and operating profit remain unchanged from the previous forecast as a whole considering decrease in the Precision Machinery Business and an increase in the Energy Business. The revised forecast is as follows. In addition, the revised forecast by business segment is as follows.

Assumptions regarding foreign currency exchange rates have not been revised since the previous announcement and are as follows: US \$1= ¥130, EUR1= ¥137, RMB1=¥19.5

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

Forecast for the Fiscal Year Ending December 31, 2023

	Orders Received	Revenue	Operating Profit	Profit before Tax	Profit Attributable to Owners of Parent
Previous Forecast : A	740.0	747.0	71.0	71.2	52.3
Revised Forecast : B	763.0	747.0	71.0	71.2	52.3
Change (B-A)	23.0	—	—	—	—
(Reference) Fiscal Year Ended December 31, 2022	815.2	680.8	70.5	69.4	50.4

Billions of yen

Forecast for the Fiscal Year Ending December 31, 2023 by Business Segment

Segment		Building Service & Industrial	Energy	Infrastructure	Environmental	Precision Machinery	Others	Total
Previous Forecast : A	Orders Received	220.0	160.0	49.0	90.0	220.0	1.0	740.0
	Revenue	210.0	155.0	50.0	71.0	260.0	1.0	747.0
	Operating Profit	13.0	11.8	3.0	5.0	39.0	(0.8)	71.0
Revised Forecast : B	Orders Received	220.0	190.0	49.0	90.0	213.0	1.0	763.0
	Revenue	210.0	165.0	50.0	71.0	250.0	1.0	747.0
	Operating Profit	13.0	14.5	3.0	5.0	36.0	(0.5)	71.0
Change (B-A)	Orders Received	—	30.0	—	—	(7.0)	—	23.0
	Revenue	—	10.0	—	—	(10.0)	—	—
	Operating Profit	—	2.7	—	—	(3.0)	0.3	—

Billions of yen

2. Condensed Consolidated Financial Statements and Primary Notes

(1) Condensed Consolidated Statement of Financial Position

Millions of yen

	As of December 31, 2022	As of June 30, 2023
Assets		
Current assets		
Cash and cash equivalents	116,137	143,654
Trade and other receivables	151,665	145,077
Contract assets	100,420	82,302
Inventories	181,337	195,923
Income taxes receivable	1,137	2,339
Other financial assets	3,540	4,658
Other current assets	26,456	20,189
Total current assets	580,694	594,145
Non-current assets		
Property, plant and equipment	165,715	171,000
Goodwill and intangible assets	43,333	46,692
Investments accounted for using the equity method	7,153	6,884
Deferred tax assets	13,720	15,024
Other financial assets	6,783	5,719
Other non-current assets	10,648	13,241
Total non-current assets	247,354	258,561
Total assets	828,049	852,707

	Millions of yen	
	As of December 31, 2022	As of June 30, 2023
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	195,391	166,298
Contract liabilities	63,168	90,039
Bonds, borrowings and lease liabilities	46,772	52,890
Income taxes payable	6,140	7,538
Provisions	12,760	12,170
Other financial liabilities	432	864
Other current liabilities	44,411	40,693
Total current liabilities	369,078	370,495
Non-current liabilities		
Bonds, borrowings and lease liabilities	72,560	72,879
Retirement benefit liability	8,380	8,754
Provisions	2,647	2,700
Deferred tax liabilities	2,435	2,552
Other financial liabilities	144	33
Other non-current liabilities	3,076	2,569
Total non-current liabilities	89,245	89,489
Total liabilities	458,323	459,985
Equity		
Share capital	79,804	80,477
Capital surplus	76,806	76,419
Retained earnings	184,995	195,636
Treasury shares	(294)	(301)
Other components of equity	18,655	30,101
Total equity attributable to owners of parent	359,966	382,333
Non-controlling interests	9,758	10,388
Total equity	369,725	392,722
Total liabilities and equity	828,049	852,707

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

Condensed Consolidated Statement of Income

For the Six Months Ended June 30, 2021 and 2022

	Millions of yen	
	Six Months Ended June 30, 2022	Six Months Ended June 30, 2023
Revenue	312,418	363,833
Cost of sales	219,678	253,423
Gross profit	92,740	110,409
Selling, general and administrative expenses	65,254	77,053
Other income	419	1,203
Other expenses	721	793
Operating profit	27,183	33,766
Finance income	894	1,206
Finance costs	906	1,935
Share of profit (loss) of investments accounted for using the equity method	1,006	1,049
Profit before tax	28,177	34,085
Income tax expense	8,919	11,688
Profit	19,258	22,397
Profit (loss) attributable to		
Owners of parent	18,065	20,583
Non-controlling interests	1,193	1,813
Earnings per share		
Basic earnings per share(Yen)	196.35	223.37
Basic earnings per share, diluted(Yen)	195.87	222.98

For the Three Months Ended June 30, 2021 and 2022

Millions of yen

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2023
Revenue	159,610	179,762
Cost of sales	113,115	122,531
Gross profit	46,495	57,230
Selling, general and administrative expenses	33,338	38,832
Other income	276	665
Other expenses	427	561
Operating profit	13,005	18,501
Finance income	65	994
Finance costs	541	583
Share of profit (loss) of investments accounted for using the equity method	79	(10)
Profit before tax	12,608	18,901
Income tax expense	4,453	5,360
Profit	8,154	13,541
Profit (loss) attributable to		
Owners of parent	7,814	12,484
Non-controlling interests	340	1,057
Earnings per share		
Basic earnings per share(Yen)	84.92	135.40
Basic earnings per share, diluted(Yen)	84.71	135.18

Condensed Consolidated Statement of Comprehensive Income

For the Six Months Ended June 30, 2023 and 2022

Millions of yen

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2023
Profit	19,258	22,397
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in financial assets measured at fair value through other comprehensive income	23	195
Share of other comprehensive income of investments accounted for using the equity method	(3)	122
Total of items that will not be reclassified to profit or loss	19	318
Items that may be reclassified to profit or loss		
Cash flow hedges	2	21
Exchange differences on translation of foreign operations	22,459	11,451
Total of items that may be reclassified to profit or loss	22,461	11,473
Total other comprehensive income, net of tax	22,481	11,792
Total comprehensive income	41,739	34,189
Comprehensive income attributable to		
Owners of parent	39,758	32,029
Non-controlling interests	1,981	2,159

For the Three Months Ended June 30, 2022 and 2023

Millions of yen

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2023
Profit	8,154	13,541
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in financial assets measured at fair value through other comprehensive income	—	130
Share of other comprehensive income of investments accounted for using the equity method	(58)	74
Total of items that will not be reclassified to profit or loss	(58)	205
Items that may be reclassified to profit or loss		
Cash flow hedges	10	11
Exchange differences on translation of foreign operations	16,490	9,344
Total of items that may be reclassified to profit or loss	16,500	9,356
Total other comprehensive income, net of tax	16,442	9,562
Total comprehensive income	24,597	23,103
Comprehensive income attributable to		
Owners of parent	23,858	21,766
Non-controlling interests	738	1,337

(3) Condensed Consolidated Statement of Changes in Equity
For the Six Months Ended June 30, 2022

Millions of yen

	Equity attributable to owners of parent								
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity				
					Exchange differences on translation of foreign operations	Net change in financial assets measured at fair value through other comprehensive income	Cash flow hedges	Remeasurements of defined benefit plans	
As of January 1, 2022	79,643	76,566	171,720	(20,189)	4,179	351	38	—	
Hyperinflation adjustment	—	—	(539)	—	—	—	—	—	
Adjusted beginning balance	79,643	76,566	171,180	(20,189)	4,179	351	38	—	
Changes during the period									
Comprehensive income									
Profit	—	—	18,065	—	—	—	—	—	
Other comprehensive income	—	—	—	—	21,671	19	2	—	
Total comprehensive income	—	—	18,065	—	21,671	19	2	—	
Transactions with owners									
Dividends	—	—	(10,393)	—	—	—	—	—	
Purchase of treasury shares	—	—	—	(4)	—	—	—	—	
Disposal of treasury shares	—	0	—	0	—	—	—	—	
Share based payment transactions	—	(0)	(19,902)	19,903	—	—	—	—	
Change in scope of consolidation	132	3	—	—	—	—	—	—	
Acquisition of non controlling interests	—	(4)	—	—	—	—	—	—	
Transfer from other components of equity to retained earnings	—	—	0	—	—	(0)	—	—	
Total transactions with owners	132	(1)	(30,296)	19,899	—	(0)	—	—	
As of June 30, 2022	79,775	76,564	158,949	(290)	25,850	371	40	—	

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, 2022	4,569	312,310	9,345	321,655
Hyperinflation adjustment	—	(539)	—	(539)
Adjusted beginning balance	4,569	311,770	9,345	321,116
Changes during the period				
Comprehensive income				
Profit	—	18,065	1,193	19,258
Other comprehensive income	21,692	21,692	788	22,481
Total comprehensive income	21,692	39,758	1,981	41,739
Transactions with owners				
Dividends	—	(10,393)	(1,723)	(12,116)
Purchase of treasury shares	—	(4)	—	(4)
Disposal of treasury shares	—	0	—	0
Share based payment transactions	—	—	—	—
Change in scope of consolidation	—	136	—	136
Acquisition of non controlling interests	—	(4)	(2)	(7)
Transfer from other components of equity to retained earnings	(0)	—	—	—
Total transactions with owners	(0)	(10,266)	(1,726)	(11,992)
As of June 30, 2022	26,262	341,262	9,601	350,863

For the Six Months Ended June 30, 2023

Millions of yen

	Equity attributable to owners of parent							
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity			
					Exchange differences on translation of foreign operations	Net change in financial assets measured at fair value through other comprehensive income	Cash flow hedges	Remeasurements of defined benefit plans
As of January 1, 2023	79,804	76,806	184,995	(294)	18,314	362	(21)	—
Hyperinflation adjustment	—	—	—	—	—	—	—	—
Adjusted beginning balance	79,804	76,806	184,995	(294)	18,314	362	(21)	—
Changes during the period								
Comprehensive income								
Profit	—	—	20,583	—	—	—	—	—
Other comprehensive income	—	—	—	—	11,105	318	21	—
Total comprehensive income	—	—	20,583	—	11,105	318	21	—
Transactions with owners								
Dividends	—	—	(9,942)	—	—	—	—	—
Purchase of treasury shares	—	—	—	(6)	—	—	—	—
Disposal of treasury shares	—	—	—	—	—	—	—	—
Cancellation of treasury shares	—	—	—	—	—	—	—	—
Share-based payment transactions	673	(387)	—	—	—	—	—	—
Acquisition of non-controlling interests	—	—	—	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	0	—	—	(0)	—	—
Total transactions with owners	673	(387)	(9,942)	(6)	—	(0)	—	—
As of June 30, 2023	80,477	76,419	195,636	(301)	29,420	681	0	—

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, 2023	18,655	359,966	9,758	369,725
Hyperinflation adjustment	—	—	—	—
Adjusted beginning balance	18,655	359,966	9,758	369,725
Changes during the period				
Comprehensive income				
Profit	—	20,583	1,813	22,397
Other comprehensive income	11,446	11,446	345	11,792
Total comprehensive income	11,446	32,029	2,159	34,189
Transactions with owners				
Dividends	—	(9,942)	(1,529)	(11,471)
Purchase of treasury shares	—	(6)	—	(6)
Disposal of treasury shares	—	—	—	—
Cancellation of treasury shares	—	—	—	—
Share-based payment transactions	—	285	—	285
Acquisition of non-controlling interests	—	—	—	—
Transfer from other components of equity to retained earnings	(0)	—	—	—
Total transactions with owners	(0)	(9,663)	(1,529)	(11,192)
As of June 30, 2023	30,101	382,333	10,388	392,722

(4) Condensed Consolidated Statement of Cash Flows

Millions of yen

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2023
Cash flows from operating activities		
Profit before tax	28,177	34,085
Depreciation and amortization	11,207	12,962
Impairment loss	323	7
Interest and dividend income	(219)	(449)
Interest expenses	852	1,842
Foreign exchange loss (gain)	3,332	1,498
Share of loss (profit) of investments accounted for using the equity method	(1,006)	(1,049)
Loss (gain) on sales of fixed assets	(20)	(117)
Decrease (increase) in trade and other receivables	9,496	12,256
Decrease (increase) in contract assets	6,693	21,089
Decrease (increase) in inventories	(26,859)	(8,603)
Increase (decrease) in trade and other payables	3,145	(33,430)
Increase (decrease) in contract liabilities	1,836	24,909
Increase (decrease) in provisions	284	(762)
Increase / decrease in retirement benefit assets and liabilities	725	372
Decrease/increase in consumption taxes receivable/payable	1,250	6,822
Other	(772)	(6,772)
Subtotal	38,448	64,664
Interest received	209	446
Dividend received	713	1,452
Interest paid	(673)	(1,791)
Income taxes paid	(10,215)	(12,620)
Net cash provided by operating activities	28,482	52,150
Cash flows from investing activities		
Payments into time deposits	(3,571)	(4,590)
Proceeds from withdrawal of time deposits	3,217	4,242
Payments for acquisition of investment securities	(25)	—
Proceeds from sales and redemption of investment securities	188	—
Purchase of property, plant and equipment, and intangible assets	(11,948)	(15,197)
Proceeds from sale of property, plant and equipment	54	199
Other	(1,934)	(573)
Net cash used in investing activities	(14,018)	(15,919)

Millions of yen

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,286	3,971
Proceeds from long-term borrowings	217	150
Repayments of long-term borrowings	(3,860)	(1,934)
Repayments of lease liabilities	(2,035)	(2,401)
Proceeds from issuance of common shares	0	0
Purchase of treasury shares	(4)	(6)
Dividends paid	(10,393)	(9,942)
Dividends paid to non-controlling interests	(1,731)	(1,529)
Payments for acquisition of interests in subsidiaries from non-controlling interests	(7)	—
Other	0	—
Net cash used in financing activities	(16,528)	(11,692)
Effect of exchange rate changes on cash and cash equivalents	9,176	3,191
Hyperinflation adjustment	(24)	(212)
Net increase (decrease) in cash and cash equivalents	7,087	27,517
Cash and cash equivalents at beginning of period	136,488	116,137
Cash and cash equivalents at end of period	143,576	143,654

(5) Notes to Condensed Consolidated Financial Statements

(Note for the Assumption of Going Concern)

None

(Segment Information)

From the first quarter of the fiscal year ending December 31, 2023, the classification of reportable segments has been changed. One of our basic policies in E-Vision 2030, our long-term vision announced in February 2020, is to accurately grasp social issues from a market-in perspective and grow by contributing to the resolution of those issues. In the Medium-term Management Plan “E-Plan 2025” that began in the fiscal year ended December 31, 2023, we reorganized into a five-in-house company system by face-to-face market, and decided to change the business segment from the conventional product-based segment to major market-based segments. As a result, figures for the second quarter of the previous fiscal year have been reclassified into the new segment classification.

Six Months Ended June 30, 2022

Millions of yen

	Reportable Segments						Others (Note 1)	Total	Adjustment (Note 2)	Consolidate d (Note 3)
	Building Service & Industrial	Energy	Infrastructur e	Environmen tal	Precision Machinery	Total				
Revenue										
Customers	89,589	64,098	25,521	36,492	96,017	311,719	699	312,418	—	312,418
Intersegment and Transfers	274	45	25	41	0	387	1,120	1,507	(1,507)	—
Total	89,864	64,143	25,547	36,533	96,017	312,106	1,820	313,926	(1,507)	312,418
Segment Profit (Loss)	4,811	4,235	4,100	950	13,923	28,021	(457)	27,564	(381)	27,183
Finance Income										894
Finance Costs										906
Share of Profit (Loss) of Investments Accounted for Using the Equity Method										1,006
Profit before Tax										28,177

Note 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.

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

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

Six Months Ended June 30, 2023

Millions of yen

	Reportable Segments						Others (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Building Service & Industrial	Energy	Infrastructur e	Environmen tal	Precision Machinery	Total				
Revenue										
Customers	106,527	79,489	29,280	30,981	116,932	363,212	621	363,833	—	363,833
Intersegment and Transfers	445	100	984	51	0	1,582	391	1,973	(1,973)	—
Total	106,972	79,590	30,265	31,033	116,932	364,794	1,012	365,807	(1,973)	363,833
Segment Profit (Loss)	6,733	7,320	4,402	2,632	12,620	33,709	(121)	33,587	178	33,766
Finance Income										1,206
Finance Costs										1,935
Share of Profit (Loss) of Investments Accounted for Using the Equity Method										1,049
Profit before tax										34,085

Note 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.

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

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

(Contingency)

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

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

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

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

On May 31, 2023, the Gifu District Court rendered a judgment ordering EEP to pay ¥748 million and late charges at the rate of 5% per annum from October 23, 2015 until the payment has been made, and judgment rejecting Gifu City's remaining claims.

On June 12, 2023, EEP filed an appeal to the Nagoya High Court against the part of the judgment that allowed the claim of Gifu City and the part that did not allow the claim of EEP.

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.

(Additional Information)

Accounting estimates related to the impact of COVID-19

As described in Annual Securities Report, there was no material impact on the company's accounting estimates and judgements involving estimates at the end of fiscal year ended December 31, 2022.

3. Others

(1) Segment Information

From the first quarter of fiscal year ending December 31, 2023, the classification of reportable segments has been changed. As a result, figures for the second quarter of the previous fiscal year have been reclassified into the new segment classification.

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

Billions of yen

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2023			Fiscal Year Ending December 31, 2023
	Actual	Actual	Change	Change Ratio (%)	Forecast
Orders Received					
Building Service & Industrial	102.6	111.0	8.4	8.2	220.0
Energy	59.2	101.4	42.2	71.4	190.0
Infrastructure	25.9	25.2	(0.6)	(2.6)	49.0
Environmental	46.2	49.2	3.0	6.6	90.0
Precision Machinery	164.6	79.9	(84.6)	(51.4)	213.0
Others	0.7	0.5	(0.1)	(19.7)	1.0
Total	399.4	367.6	(31.7)	(7.9)	763.0
Revenue					
Building Service & Industrial	89.5	106.5	16.9	18.9	210.0
Energy	64.0	79.4	15.3	24.0	165.0
Infrastructure	25.5	29.2	3.7	14.7	50.0
Environmental	36.4	30.9	(5.5)	(15.1)	71.0
Precision Machinery	96.0	116.9	20.9	21.8	250.0
Others	0.6	0.6	(0.0)	(11.2)	1.0
Total	312.4	363.8	51.4	16.5	747.0
Operating Profit					
Building Service & Industrial	4.8	6.7	1.9	39.9	13.0
Energy	4.2	7.3	3.0	72.8	14.5
Infrastructure	4.1	4.4	0.3	7.4	3.0
Environmental	0.9	2.6	1.6	176.9	5.0
Precision Machinery	13.9	12.6	(1.3)	(9.4)	36.0
Others & Adjustment	(0.8)	0.0	0.8	—	(0.5)
Total	27.1	33.7	6.5	24.2	71.0
Backlog of Orders Received					
Building Service & Industrial	62.9	74.6	11.6	18.5	72.7
Energy	144.0	182.0	37.9	26.4	172.5
Infrastructure	51.1	52.5	1.3	2.7	58.5
Environmental	296.0	329.1	33.1	11.2	336.4
Precision Machinery	220.5	198.4	(22.0)	(10.0)	193.8
Others	0.2	0.0	(0.1)	(82.6)	0.0
Total	774.9	836.8	61.8	8.0	834.1

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

Billions of yen

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2023			Fiscal Year Ending December 31, 2023
	Actual	Actual	Change	Change Ratio (%)	Forecast
Orders Received					
Components	63.1	42.3	(20.8)	(33.0)	85.0
CMP Systems	97.7	34.9	(62.7)	(64.2)	117.0
Others	3.7	2.6	(1.0)	(28.0)	11.0
Total of PM	164.6	79.9	(84.6)	(51.4)	213.0
Revenue					
Components	45.8	47.7	1.8	4.1	96.0
CMP Systems	47.0	67.6	20.5	43.6	150.0
Others	3.0	1.5	(1.5)	(49.4)	4.0
Total of PM	96.0	116.9	20.9	21.8	250.0

(2) Area Information

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

Billions of yen

	Six Months Ended June 30, 2022		Six Months Ended June 30, 2023		
	Actual	Composition (%)	Actual	Composition (%)	Change
Revenue					
Japan	159.1	50.9	178.6	49.1	19.5
North America	54.6	17.5	67.9	18.7	13.2
Asia (except Japan)	71.5	22.9	86.9	23.9	15.3
Others	27.0	8.7	30.3	8.3	3.2
Total	312.4	100.0	363.8	100.0	51.4
Operating Profit					
Japan	12.2		14.4		2.2
North America	4.8		5.9		1.0
Asia (except Japan)	8.0		11.5		3.4
Others	3.6		3.1		(0.4)
Adjustment	(1.5)		(1.3)		0.2
Total	27.1		33.7		6.5

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

Billions of yen

	Six Months Ended June 30, 2022		Six Months Ended June 30, 2023		
	Actual	Composition (%)	Actual	Composition (%)	Change
Revenue					
Japan	123.9	39.7	129.5	35.6	5.6
China	50.9	16.3	59.5	16.4	8.5
Other Asia	57.3	18.3	73.4	20.2	16.0
North America	24.2	7.8	35.9	9.9	11.7
Europe	27.3	8.8	31.1	8.6	3.7
Middle East	14.3	4.6	20.5	5.6	6.2
Others	14.2	4.6	13.6	3.8	(0.6)
Total	312.4	100.0	363.8	100.0	51.4