

CONSOLIDATED FINANCIAL RESULTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023
[IFRS]

November 14, 2023

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Scheduled date for submission of quarterly report: November 14, 2023

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, 2023

(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, 2023	551,215	14.8%	56,955	33.5%	56,856	33.6%	37,664	29.3%
Nine Months Ended September 30, 2022	480,054	14.3%	42,659	15.1%	42,549	14.2%	29,135	8.7%

	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, 2023	34,905	27.9%	55,026	3.4%	378.59	377.94
Nine Months Ended September 30, 2022	27,294	11.8%	53,240	60.7%	296.61	295.90

(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 September 30, 2023	884,401	404,627	393,150	44.5
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	—	97.50	—		
Fiscal Year Ending December 31, 2023 (Forecast)				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%	567.26

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

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, 2023	92,341,882	As of December 31, 2022	92,086,015
(ii) Number of treasury shares	As of September 30, 2023	25,910	As of December 31, 2022	24,422
(iii) Average number of common shares	Nine Months Ended September 30, 2023	92,198,246	Nine Months Ended September 30, 2022	92,019,647

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 forecasts 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

	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Change	Change Ratio (%)
Orders Received	594,534	598,352	3,817	0.6
Revenue	480,054	551,215	71,161	14.8
Operating Profit	42,659	56,955	14,296	33.5
Operating Profit on Revenue Ratio (%)	8.9	10.3	—	—
Profit Attributable to Owners of Parent	27,294	34,905	7,610	27.9
Basic Earnings per Share (Yen)	296.61	378.59	81.97	27.6

During the third quarter of the fiscal year under review, the Japanese economy showed modest expansion in consumer spending and corporate capital investment amid the normalization of socioeconomic activities accompanying the reclassification of COVID-19 to Class 5. On the other hand, the global economy showed signs of a slowdown in economic activity, including the prolonged situation in Ukraine, continued inflation worldwide, and restrained corporate investment in line with monetary tightening policies. Concerns about an economic downturn, particularly in China, Europe and the United States, and geopolitical risks, such as tightening of semiconductor export control regulations in the United States and China, continue, and the outlook remains uncertain.

Under these circumstances, we formulated E-Plan2025, a three-year medium-term management plan starting in 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 competitiveness in each of our businesses, and we are moving forward with various measures to achieve our management indicators.

Orders received for the Nine Months Ended September 30, 2023 remained 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. In Asia, we also received large-scale orders for projects in the petrochemical market, resulting in a significant increase in orders. As a result, orders received for the entire company slightly increased from the same period of the previous fiscal year due to the coverage of other businesses for the decrease in Precision Machinery Business. Revenue increased year on year in other businesses, excluding in Environment Business, and remained strong. Revenue increased due to steady growth in orders in the Construction & Industrial Supply, Energy, and Infrastructure segments, and improved production conditions in the Precision Instruments & Electronics segment as a result of the elimination of material shortages. As a result, sales revenue increased as a result of progress in digesting the order backlog, which had remained at a high level from the previous fiscal year-end. Operating profit increased due to higher sales and the effects of price revisions, despite an increase in personnel costs and an increase in fixed costs associated with business expansion.

As a result, consolidated orders received for the Nine Months Ended September 30, 2023 amounted to ¥598,352 million (an increase of 0.6% year-on-year), revenue amounted to ¥551,215 million (an increase of 14.8% year-on-year), operating profit amounted to ¥56,955 million (an increase of 33.5% year-on-year), and profit attributable to owners of parent amounted to ¥34,905 million (an increase of 27.9% year-on-year). All of them replaced the past highest records.




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 third 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		
	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Change Ratio (%)	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Change Ratio (%)	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Change Ratio (%)
Building Service & Industrial	156,657	169,368	8.1	137,700	161,857	17.5	7,229	10,475	44.9
Energy	93,848	173,819	85.2	98,946	118,875	20.1	8,240	12,653	53.6
Infrastructure	36,167	43,246	19.6	33,600	37,942	12.9	3,451	3,373	(2.3)
Environmental	76,848	58,265	(24.2)	52,247	47,098	(9.9)	472	3,315	601.0
Precision Machinery	229,952	152,758	(33.6)	156,487	184,526	17.9	25,581	27,121	6.0
Reportable Segment Total	593,474	597,458	0.7	478,982	550,300	14.9	44,975	56,940	26.6
Others	1,059	893	(15.6)	1,072	915	(14.6)	(1,062)	(126)	—
Adjustment	—	—	—	—	—	—	(1,253)	142	—
Total	594,534	598,352	0.6	480,054	551,215	14.8	42,659	56,955	33.5

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 market in North America is stagnant due to a rapid rise in interest rates and a sharp rise in construction costs. • In Europe, investment has been restrained by inflation and rising interest rates, and the housing market in particular has been sluggish. • In China, the number of new construction starts is declining due to the slowdown in economic growth and the restraint of real estate investment. On the other hand, industrial and public-sector markets are firm. <p>(Japan)</p> <ul style="list-style-type: none"> • In the construction equipment market, the number of construction starts turned downward in the same period of the previous fiscal year, but demand in the service market is on an uptrend. • 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 increased year-on-year due to steady orders in China and North and South America as a result of continued investment in China's industrial and public-sector markets 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. • 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 from the public sector increased year on year due to ongoing measures such as comprehensive evaluation projects and an increase in orders for after-sales services. 

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 in EPC remained unchanged from the same period of the previous fiscal year. • Orders in O&M are lower than in the same period of the previous fiscal year when several large-scale orders were received.  <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 the impact of sluggish demand for semiconductors, semiconductor manufacturers continue to postpone and partially cancel their capital investment plans. In some cases, there are signs that capacity utilization rates have bottomed out, but 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 September 30, 2023 were ¥884,401 million, ¥56,352 million higher than as of December 31, 2022. Principal changes in asset items included a decrease of ¥10,523 million in contract assets, an increase of ¥26,000 million in cash and cash equivalents, an increase of ¥20,656 million in inventories, an increase of ¥8,370 million in property, plant and equipment, and an increase of ¥7,838 million in goodwill and intangible assets.

(ii) Liabilities

Total liabilities as of September 30, 2023 were ¥479,774 million, ¥21,450 million higher than as of December 31, 2022. Principal changes in liability items included a decrease of ¥34,523 million in trade and other payables, an increase of ¥28,198 million in bonds, borrowings and lease liabilities, and an increase of ¥24,217 million in contract liabilities.

(iii) Equity

Equity as of September 30, 2023 amounted to ¥404,627 million, ¥34,901 million higher than as of December 31, 2022. Principal changes in equity items included dividends paid of ¥18,943 million, profit attributable to owners of parent of ¥34,905 million, and an increase of ¥16,627 million in exchange differences on translation of foreign operations. Total equity attributable to owners of parent amounted to ¥393,150 million, and the ratio of equity attributable to owners of the parent was 44.5%.

(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 August 14, 2023 orders received has been revised due to 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	763.0	747.0	71.0	71.2	52.3
Revised Forecast : B	790.0	747.0	71.0	71.2	52.3
Change (B-A)	27.0	—	—	—	—
(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	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
Revised Forecast : B	Orders Received	220.0	217.0	49.0	90.0	213.0	1.0	790.0
	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	—	27.0	—	—	—	—	27.0
	Revenue	—	—	—	—	—	—	—
	Operating Profit	—	—	—	—	—	—	—

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 September 30, 2023
Assets		
Current assets		
Cash and cash equivalents	116,137	142,137
Trade and other receivables	151,665	152,083
Contract assets	100,420	89,897
Inventories	181,337	201,994
Income taxes receivable	1,137	1,824
Other financial assets	3,540	4,679
Other current assets	26,456	24,590
Total current assets	580,694	617,207
Non-current assets		
Property, plant and equipment	165,715	174,085
Goodwill and intangible assets	43,333	51,172
Investments accounted for using the equity method	7,153	6,917
Deferred tax assets	13,720	15,224
Other financial assets	6,783	6,230
Other non-current assets	10,648	13,564
Total non-current assets	247,354	267,194
Total assets	828,049	884,401

	Millions of yen	
	As of December 31, 2022	As of September 30, 2023
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	195,391	160,868
Contract liabilities	63,168	87,386
Bonds, borrowings and lease liabilities	46,772	53,838
Income taxes payable	6,140	7,831
Provisions	12,760	12,486
Other financial liabilities	432	599
Other current liabilities	44,411	45,099
Total current liabilities	369,078	368,109
Non-current liabilities		
Bonds, borrowings and lease liabilities	72,560	93,693
Retirement benefit liability	8,380	8,983
Provisions	2,647	2,715
Deferred tax liabilities	2,435	3,041
Other financial liabilities	144	562
Other non-current liabilities	3,076	2,668
Total non-current liabilities	89,245	111,664
Total liabilities	458,323	479,774
Equity		
Share capital	79,804	80,479
Capital surplus	76,806	76,501
Retained earnings	184,995	200,956
Treasury shares	(294)	(302)
Other components of equity	18,655	35,516
Total equity attributable to owners of parent	359,966	393,150
Non-controlling interests	9,758	11,476
Total equity	369,725	404,627
Total liabilities and equity	828,049	884,401

(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, 2022 and 2023

	Millions of yen	
	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2023
Revenue	480,054	551,215
Cost of sales	336,907	380,428
Gross profit	143,147	170,787
Selling, general and administrative expenses	99,451	115,311
Other income	792	2,436
Other expenses	1,829	957
Operating profit	42,659	56,955
Finance income	695	1,800
Finance costs	1,765	3,026
Share of profit (loss) of investments accounted for using the equity method	960	1,126
Profit before tax	42,549	56,856
Income tax expense	13,413	19,191
Profit	29,135	37,664
Profit (loss) attributable to		
Owners of parent	27,294	34,905
Non-controlling interests	1,841	2,759
Earnings per share		
Basic earnings per share(Yen)	296.61	378.59
Basic earnings per share, diluted(Yen)	295.90	377.94

For the Three Months Ended September 30, 2022 and 2023

Millions of yen

	Three Months Ended September 30, 2022	Three Months Ended September 30, 2023
Revenue	167,635	187,382
Cost of sales	117,228	127,004
Gross profit	50,406	60,377
Selling, general and administrative expenses	34,196	38,257
Other income	373	1,233
Other expenses	1,107	163
Operating profit	15,475	23,189
Finance income	(198)	594
Finance costs	859	1,091
Share of profit (loss) of investments accounted for using the equity method	(45)	77
Profit before tax	14,371	22,770
Income tax expense	4,494	7,503
Profit	9,876	15,267
Profit (loss) attributable to		
Owners of parent	9,228	14,321
Non-controlling interests	647	945
Earnings per share		
Basic earnings per share(Yen)	100.27	155.14
Basic earnings per share, diluted(Yen)	100.03	154.89

Condensed Consolidated Statement of Comprehensive Income

For the Nine Months Ended September 30, 2023 and 2022

Millions of yen

	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2023
Profit	29,135	37,664
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	0	132
Share of other comprehensive income of investments accounted for using the equity method	5	79
Total of items that will not be reclassified to profit or loss	5	211
Items that may be reclassified to profit or loss		
Cash flow hedges	3	21
Exchange differences on translation of foreign operations	24,095	17,128
Total of items that may be reclassified to profit or loss	24,098	17,150
Total other comprehensive income, net of tax	24,104	17,361
Total comprehensive income	53,240	55,026
Comprehensive income attributable to		
Owners of parent	50,644	51,765
Non-controlling interests	2,595	3,261

For the Three Months Ended September 30, 2022 and 2023

Millions of yen

	Three Months Ended September 30, 2022	Three Months Ended September 30, 2023
Profit	9,876	15,267
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	(22)	(63)
Share of other comprehensive income of investments accounted for using the equity method	8	(43)
Total of items that will not be reclassified to profit or loss	(13)	(107)
Items that may be reclassified to profit or loss		
Cash flow hedges	1	—
Exchange differences on translation of foreign operations	1,636	5,676
Total of items that may be reclassified to profit or loss	1,637	5,676
Total other comprehensive income, net of tax	1,623	5,569
Total comprehensive income	11,500	20,837
Comprehensive income attributable to		
Owners of parent	10,886	19,735
Non-controlling interests	613	1,101

(3) Condensed Consolidated Statement of Changes in Equity
For the Nine Months Ended September 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	—	—	27,294	—	—	—	—	—
Other comprehensive income	—	—	—	—	23,341	5	3	—
Total comprehensive income	—	—	27,294	—	23,341	5	3	—
Transactions with owners								
Dividends	—	—	(18,216)	—	—	—	—	—
Purchase of treasury shares	—	—	—	(5)	—	—	—	—
Disposal of treasury shares	—	0	—	0	—	—	—	—
Cancellation of treasury shares	—	(0)	(19,902)	19,903	—	—	—	—
Share-based payment transactions	154	41	—	—	—	—	—	—
Change in scope of consolidation	—	—	—	—	—	—	—	—
Acquisition of non controlling interests	—	(4)	—	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	(11)	—	—	11	—	—
Total transactions with owners	154	36	(38,130)	19,897	—	11	—	—
As of September 30, 2022	79,798	76,602	160,344	(291)	27,520	369	41	—

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	—	27,294	1,841	29,135
Other comprehensive income	23,350	23,350	754	24,104
Total comprehensive income	23,350	50,644	2,595	53,240
Transactions with owners				
Dividends	—	(18,216)	(2,167)	(20,383)
Purchase of treasury shares	—	(5)	—	(5)
Disposal of treasury shares	—	0	—	0
Cancellation of treasury shares	—	—	—	—
Share-based payment transactions	—	196	—	196
Change in scope of consolidation	—	—	0	0
Acquisition of non controlling interests	—	(4)	(2)	(7)
Transfer from other components of equity to retained earnings	11	—	—	—
Total transactions with owners	11	(18,030)	(2,169)	(20,199)
As of September 30, 2022	27,931	344,384	9,771	354,156

For the Nine Months Ended September 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	—	—	34,905	—	—	—	—	—
Other comprehensive income	—	—	—	—	16,627	211	21	—
Total comprehensive income	—	—	34,905	—	16,627	211	21	—
Transactions with owners								
Dividends	—	—	(18,943)	—	—	—	—	—
Purchase of treasury shares	—	—	—	(7)	—	—	—	—
Disposal of treasury shares	—	—	—	—	—	—	—	—
Cancellation of treasury shares	—	—	—	—	—	—	—	—
Share-based payment transactions	675	(305)	—	—	—	—	—	—
Change in scope of consolidation	—	—	—	—	—	—	—	—
Acquisition of non-controlling interests	—	—	—	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	(0)	—	—	0	—	—
Total transactions with owners	675	(305)	(18,944)	(7)	—	0	—	—
As of September 30, 2023	80,479	76,501	200,956	(302)	34,941	574	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	—	34,905	2,759	37,664
Other comprehensive income	16,860	16,860	501	17,361
Total comprehensive income	16,860	51,765	3,261	55,026
Transactions with owners				
Dividends	—	(18,943)	(1,542)	(20,486)
Purchase of treasury shares	—	(7)	—	(7)
Disposal of treasury shares	—	—	—	—
Cancellation of treasury shares	—	—	—	—
Share-based payment transactions	—	369	—	369
Change in scope of consolidation	—	—	—	—
Acquisition of non-controlling interests	—	—	—	—
Transfer from other components of equity to retained earnings	0	—	—	—
Total transactions with owners	0	(18,581)	(1,542)	(20,124)
As of September 30, 2023	35,516	393,150	11,476	404,627

(4) Condensed Consolidated Statement of Cash Flows

Millions of yen

	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2023
Cash flows from operating activities		
Profit before tax	42,549	56,856
Depreciation and amortization	17,352	19,737
Impairment loss	351	11
Interest and dividend income	(370)	(743)
Interest expenses	1,541	2,888
Foreign exchange loss (gain)	3,949	2,069
Share of loss (profit) of investments accounted for using the equity method	(960)	(1,126)
Loss (gain) on sales of fixed assets	(65)	(123)
Decrease (increase) in trade and other receivables	7,450	6,739
Decrease (increase) in contract assets	3,458	14,840
Decrease (increase) in inventories	(45,744)	(13,147)
Increase (decrease) in trade and other payables	3,976	(40,611)
Increase (decrease) in contract liabilities	3,511	21,194
Increase (decrease) in provisions	538	(507)
Increase / decrease in retirement benefit assets and liabilities	917	309
Decrease/increase in consumption taxes receivable/payable	(2,618)	3,653
Other	3,378	(4,841)
Subtotal	39,217	67,198
Interest received	363	723
Dividend received	713	1,452
Interest paid	(1,205)	(2,151)
Income taxes paid	(15,783)	(18,926)
Net cash provided by operating activities	23,305	48,296
Cash flows from investing activities		
Payments into time deposits	(5,222)	(6,134)
Proceeds from withdrawal of time deposits	5,059	5,578
Payments for acquisition of investment securities	(325)	(438)
Proceeds from sales and redemption of investment securities	193	4
Purchase of property, plant and equipment, and intangible assets	(17,641)	(22,789)
Proceeds from sale of property, plant and equipment	227	217
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(14,526)	—
Other	12	(745)
Net cash used in investing activities	(32,221)	(24,307)

Millions of yen

	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	21,138	4,049
Proceeds from long-term borrowings	858	20,726
Repayments of long-term borrowings	(4,789)	(2,136)
Repayments of lease liabilities	(2,982)	(3,673)
Proceeds from issuance of common shares	0	0
Purchase of treasury shares	(5)	(7)
Dividends paid	(18,216)	(18,943)
Dividends paid to non-controlling interests	(2,167)	(1,547)
Payments for acquisition of interests in subsidiaries from non-controlling interests	(7)	—
Other	1	—
Net cash used in financing activities	(6,170)	(1,532)
Effect of exchange rate changes on cash and cash equivalents	9,242	4,057
Hyperinflation adjustment	(40)	(514)
Net increase (decrease) in cash and cash equivalents	(5,884)	26,000
Cash and cash equivalents at beginning of period	136,488	116,137
Cash and cash equivalents at end of period	130,603	142,137

(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 third quarter of the previous fiscal year have been reclassified into the new segment classification.

Nine Months Ended September 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	137,700	98,946	33,600	52,247	156,487	478,982	1,072	480,054	—	480,054
Intersegment and Transfers	362	57	27	68	0	516	1,662	2,178	(2,178)	—
Total	138,062	99,004	33,627	52,315	156,487	479,498	2,734	482,232	(2,178)	480,054
Segment Profit (Loss)	7,229	8,240	3,451	472	25,581	44,975	(1,062)	43,913	(1,253)	42,659
Finance Income										695
Finance Costs										1,765
Share of Profit (Loss) of Investments Accounted for Using the Equity Method										960
Profit before Tax										42,549

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.

Nine Months Ended September 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	161,857	118,875	37,942	47,098	184,526	550,300	915	551,215	—	551,215
Intersegment and Transfers	893	141	1,902	76	0	3,014	594	3,609	(3,609)	—
Total	162,750	119,016	39,845	47,175	184,527	553,315	1,510	554,825	(3,609)	551,215
Segment Profit (Loss)	10,475	12,653	3,373	3,315	27,121	56,940	(126)	56,813	142	56,955
Finance Income										1,800
Finance Costs										3,026
Share of Profit (Loss) of Investments Accounted for Using the Equity Method										1,126
Profit before tax										56,856

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 third 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

	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2023			Fiscal Year Ending December 31, 2023
	Actual	Actual	Change	Change Ratio (%)	Forecast
Orders Received					
Building Service & Industrial	156.6	169.3	12.7	8.1	220.0
Energy	93.8	173.8	79.9	85.2	217.0
Infrastructure	36.1	43.2	7.0	19.6	49.0
Environmental	76.8	58.2	(18.5)	(24.2)	90.0
Precision Machinery	229.9	152.7	(77.1)	(33.6)	213.0
Others	1.0	0.8	(0.1)	(15.6)	1.0
Total	594.5	598.3	3.8	0.6	790.0
Revenue					
Building Service & Industrial	137.7	161.8	24.1	17.5	210.0
Energy	98.9	118.8	19.9	20.1	165.0
Infrastructure	33.6	37.9	4.3	12.9	50.0
Environmental	52.2	47.0	(5.1)	(9.9)	71.0
Precision Machinery	156.4	184.5	28.0	17.9	250.0
Others	1.0	0.9	(0.1)	(14.6)	1.0
Total	480.0	551.2	71.1	14.8	747.0
Operating Profit					
Building Service & Industrial	7.2	10.4	3.2	44.9	13.0
Energy	8.2	12.6	4.4	53.6	14.5
Infrastructure	3.4	3.3	(0.0)	(2.3)	3.0
Environmental	0.4	3.3	2.8	601.0	5.0
Precision Machinery	25.5	27.1	1.5	6.0	36.0
Others & Adjustment	(2.3)	0.0	2.3	—	(0.5)
Total	42.6	56.9	14.2	33.5	71.0
Backlog of Orders Received					
Building Service & Industrial	72.5	70.1	(2.4)	(3.3)	72.7
Energy	147.7	220.4	72.6	49.2	199.5
Infrastructure	54.1	67.3	13.1	24.3	58.5
Environmental	310.4	330.6	20.1	6.5	336.4
Precision Machinery	228.1	203.9	(24.1)	(10.6)	193.8
Others	0.1	0.0	(0.1)	(71.9)	0.0
Total	813.2	892.5	79.3	9.8	861.1

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

Billions of yen

	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2023			Fiscal Year Ending December 31, 2023
	Actual	Actual	Change	Change Ratio (%)	Forecast
Orders Received					
Components	92.0	69.3	(22.7)	(24.7)	85.0
CMP Systems	133.0	76.9	(56.0)	(42.1)	117.0
Others	4.8	6.4	1.5	32.4	11.0
Total of PM	229.9	152.7	(77.1)	(33.6)	213.0
Revenue					
Components	73.1	71.9	(1.2)	(1.7)	96.0
CMP Systems	79.0	109.3	30.2	38.3	150.0
Others	4.2	3.2	(0.9)	(23.2)	4.0
Total of PM	156.4	184.5	28.0	17.9	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

	Nine Months Ended September 30, 2022		Nine Months Ended September 30, 2023		
	Actual	Composition (%)	Actual	Composition (%)	Change
Revenue					
Japan	237.7	49.5	266.9	48.4	29.2
North America	84.7	17.6	100.0	18.2	15.3
Asia (except Japan)	115.8	24.1	135.5	24.6	19.7
Others	41.7	8.7	48.5	8.8	6.7
Total	480.0	100.0	551.2	100.0	71.1
Operating Profit					
Japan	18.5		25.9		7.3
North America	8.1		9.4		1.3
Asia (except Japan)	13.5		19.4		5.9
Others	5.5		5.3		(0.1)
Adjustment	(3.0)		(3.2)		(0.1)
Total	42.6		56.9		14.2

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

Billions of yen

	Nine Months Ended September 30, 2022		Nine Months Ended September 30, 2023		
	Actual	Composition (%)	Actual	Composition (%)	Change
Revenue					
Japan	178.5	37.2	191.5	34.8	12.9
China	83.5	17.4	96.9	17.6	13.3
Other Asia	90.4	18.9	105.5	19.2	15.0
North America	41.4	8.6	58.0	10.5	16.5
Europe	43.0	9.0	48.1	8.7	5.0
Middle East	21.8	4.5	29.5	5.4	7.7
Others	21.0	4.4	21.3	3.9	0.3
Total	480.0	100.0	551.2	100.0	71.1