

CONSOLIDATED FINANCIAL RESULTS
FOR THE THREE MONTHS ENDED MARCH 31, 2023
[IFRS]

May 15, 2023

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Scheduled date for submission of quarterly report: May 15, 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 Three Months Ended March 31, 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 (%)
Three Months Ended March 31, 2023	184,071	20.5%	15,264	7.7%	15,183	(2.5)%	8,855	(20.2)%
Three Months Ended March 31, 2022	152,808	13.0%	14,177	15.9%	15,569	19.0%	11,103	18.2%

	Profit Attributable to Owners of Parent		Total Comprehensive Income		Basic Earnings per Share (Yen)	Basic Earnings per Share, Diluted (Yen)
	Amount	Change (%)	Amount	Change (%)	Amount	Amount
Three Months Ended March 31, 2023	8,098	(21.0)%	11,085	(35.3)%	87.95	87.78
Three Months Ended March 31, 2022	10,251	19.6%	17,142	13.6%	111.44	111.16

(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 March 31, 2023	858,232	369,859	360,560	42.0
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)
		%		%		%		%	
Six Months Ending June 30, 2023	361,000	15.5%	31,900	17.4%	32,100	13.9%	19,200	6.3%	208.51
Fiscal Year Ending December 31, 2023	747,000	9.7%	71,000	0.6%	71,200	2.5%	52,300	3.6%	567.98

Note: Revisions to forecast of financial results in this quarter: Yes

The forecast of financial results for the six months ending June 30, 2023 & the fiscal year ending December 31, 2023, previously announced on February 14, 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 March 31, 2023	92,127,015	As of December 31, 2022	92,086,015
(ii) Number of treasury shares	As of March 31, 2023	24,818	As of December 31, 2022	24,422
(iii) Average number of common shares	Three Months Ended March 31, 2023	92,080,265	Three Months Ended March 31, 2022	91,991,784

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

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2023	Change	Change Ratio (%)
Orders Received	177,005	197,909	20,903	11.8
Revenue	152,808	184,071	31,262	20.5
Operating Profit	14,177	15,264	1,086	7.7
Operating Profit on Revenue Ratio (%)	9.3	8.3	—	—
Profit Attributable to Owners of Parent	10,251	8,098	(2,152)	(21.0)
Basic Earnings per Share (Yen)	111.44	87.95	(23.48)	(21.1)

During the three months ended March 31, 2023, the global economy showed signs of a slowdown in economic activity, including the prolonged situation in Ukraine, global inflation, and restrained corporate investment in line with monetary tightening. In China, the transition to a new stage of "with Corona" is progressing due to the termination of the zero-corona policy and the simultaneous pursuit of economic activities with measures to control the COVID-19. Capital investment is gradually picking up. However, uncertainty remains as a result of concerns over an economic downturn in Europe and the United States due to monetary policy and heightened geopolitical risks, such as tighter export control regulations in the United States 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 three months ended March 31, 2023 increased from the same period of the previous fiscal year in each segment excluding the Precision Machinery (PM) Business. This was due to an increase in demand in the oil and gas markets facing the Energy Business, as well as orders for large-scale domestic projects in the Environmental Business. On the other hand, orders received in the PM Business fell significantly below the results for the corresponding period of the previous fiscal year due to the clear postponement of capital investment plans by semiconductor manufacturers and movements in inventory adjustments following the slowdown in semiconductor demand since the second half of 2022. Revenues increased in the Building Service & Industrial Business, which was impacted by a lockdown in China in the previous year, and in the PM Business, which saw improvements in production conditions due to increased sales in the Energy Business and the elimination of component shortages. In addition to the increase in sales, Operating profit increased due to the impacts of price revisions and the depreciation of the yen. As a result, orders received, revenue, and operating income all reached record highs for the first quarter of the current fiscal year.

As a result, consolidated orders received for the three months ended March 31, 2023 amounted to ¥197,909 million (an increase of 11.8% year-on-year), revenue amounted to ¥184,071 million (a decrease of 51.2% year-on-year), operating profit amounted to ¥15,264 million (a decrease of 34.3% year-on-year), and profit attributable to owners of parent amounted to ¥8,098 million (a decrease of 21.0% 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 first 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		
	Three Months Ended March 31, 2022	Three Months Ended March 31, 2023	Change Ratio (%)	Three Months Ended March 31, 2022	Three Months Ended March 31, 2023	Change Ratio (%)	Three Months Ended March 31, 2022	Three Months Ended March 31, 2023	Change Ratio (%)
Building Service & Industrial	47,301	52,269	10.5	41,158	53,086	29.0	2,034	3,991	96.2
Energy	29,188	62,378	113.7	28,816	35,972	24.8	1,591	1,109	(30.3)
Infrastructure	14,664	15,658	6.8	17,695	20,369	15.1	4,458	4,835	8.4
Environmental	16,354	33,300	103.6	21,615	17,896	(17.2)	1,968	1,831	(7.0)
Precision Machinery	68,997	34,031	(50.7)	43,135	56,438	30.8	4,760	3,491	(26.6)
Reportable Segment Total	176,506	197,638	12.0	152,421	183,764	20.6	14,813	15,258	3.0
Others	498	270	(45.7)	386	307	(20.6)	(455)	(246)	—
Adjustment	—	—	—	—	—	—	(179)	252	—
Total	177,005	197,909	11.8	152,808	184,071	20.5	14,177	15,264	7.7

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 building equipment market in China, there has been a slowdown in market growth due to a decline in new construction starts. In the industrial market, the growth of the high-tech industry is firm with the economic recovery from the corona disaster. <p>(Japan)</p> <ul style="list-style-type: none"> •In the construction equipment market, the recovery trend in the number of construction starts is continuing, and the demand in the service market is also increasing. •In the industrial market, major changes are anticipated in the medium to long term, such as the consideration of capital investment with an eye to decarbonization and the conversion of the business structure, but they are currently trending steadily. 	<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 moves in the petrochemical market and other projects in India and the Middle East, and in particular, large-scale projects in Saudi Arabia and other regions have started. In North America, despite the impacts of inflation and other factors, active movements have been observed, mainly for LNG markets. In China, economic conditions have been recovering after the termination of the zero-corona policy, and inquiries for projects have been increasing. •In the service market, demand for maintenance, repair, and parts is generally firm. •The LNG market (cryogenic pump) is showing some movement. 	<ul style="list-style-type: none"> •Orders received for products increase year on year due to orders for large-scale projects. •Orders received for water infrastructure increased year-on-year. 
Infrastructure	<p>(Overseas)</p> <ul style="list-style-type: none"> •Water supply projects in China continue to face severe conditions due to the transition to pure domestic brands. •In Southeast Asia, there has been a recovery trend in the fields of water supply and sewerage improvement and redevelopment of aging facilities due to economic growth and urbanization. •In the North American market, demand is trending upward, mainly in the water supply sector, partly due to the passage of the Infrastructure Investment Bill. <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 unchanged from the same period of the previous fiscal 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. 	<ul style="list-style-type: none"> •Orders received for large-scale projects in EPC in this fiscal year greatly exceeded those in the same period of the previous fiscal year.  (Overview of major orders received) •DBO of public-sector waste treatment facilities (1 project) •Long-term comprehensive agreement for the public sector (1 project)
Precision Machinery	<ul style="list-style-type: none"> •Following the completion of the rapid growth of semiconductor demand which has been continuing since the COVID-19, semiconductor manufacturers are strongly moving to postpone their capital investment plans, and the semiconductor manufacturing equipment market is in an adjustment phase. 	<ul style="list-style-type: none"> •Orders received for logic foundries and memory manufacturers both fell due to the impact of a slowdown in investment. 

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 March 31, 2023 were ¥858,232 million, ¥30,183 million higher than as of December 31, 2022. Principal changes in asset items included a decrease of ¥22,687 million in contract assets, a decrease of ¥9,341 million in other current assets, an increase of ¥29,583 million in cash and cash equivalents, and an increase of ¥20,389 million in trade and other receivables.

(ii) Liabilities

Total liabilities as of March 31, 2023 were ¥488,373 million, ¥30,049 million higher than as of December 31, 2022. Principal changes in liability items included a decrease of ¥19,645 million in trade and other payables, an increase of ¥37,316 million in bonds, borrowings and lease liabilities, an increase of ¥5,761 million in other current liabilities, and an increase of ¥5,304 million in contract liabilities.

(iii) Equity

Equity as of March 31, 2023 amounted to ¥369,859 million, ¥133 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 ¥8,098 million, and an increase of ¥2,041 million in exchange differences on translation of foreign operations. Total equity attributable to owners of parent amounted to ¥360,560 million, and the ratio of equity attributable to owners of the parent was 42.0%.

(3) Explanation of Forecast of Consolidated Financial Results

We revised the forecast for the six months ending June 30, 2023 and the fiscal year ending December 31, 2023, reflecting the results after the previous announcement on February 14, 2023 mainly due to an increase in orders received in the Energy Business and a decrease in orders received and revenue in the Precision Machinery 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 Six Months Ending June 30, 2023

	Orders Received	Revenue	Operating Profit	Profit before Tax	Profit Attributable to Owners of Parent
Previous Forecast : A	405.5	383.5	37.2	37.3	25.4
Revised Forecast : B	372.5	361.0	31.9	32.1	19.2
Change (B-A)	(33.0)	(22.5)	(5.3)	(5.2)	(6.2)
(Reference) Six Months Ended June 30, 2022	399.4	312.4	27.1	28.1	18.0

Billions of yen

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	788.0	753.0	71.0	71.2	52.3
Revised Forecast : B	740.0	747.0	71.0	71.2	52.3
Change (B-A)	(48.0)	(6.0)	—	—	—
(Reference) Fiscal Year Ended December 31, 2022	815.2	680.8	70.5	69.4	50.4

Billions of yen

Forecast for the Six Months Ending June 30, 2023 by Business Segment

Billions of yen

Segment		Building Service & Industrial	Energy	Infrastructure	Environmental	Precision Machinery	Others	Total
Previous Forecast : A	Orders Received	105.0	83.0	24.0	48.0	145.0	0.5	405.5
	Revenue	97.0	73.0	33.0	32.5	147.5	0.5	383.5
	Operating Profit	5.5	3.3	4.3	2.0	22.5	(0.4)	37.2
Revised Forecast : B	Orders Received	105.0	95.0	24.0	48.0	100.0	0.5	372.5
	Revenue	102.0	73.0	33.0	32.5	120.0	0.5	361.0
	Operating Profit	7.0	4.0	4.3	2.0	15.0	(0.4)	31.9
Change (B-A)	Orders Received	—	12.0	—	—	(45.0)	—	(33.0)
	Revenue	5.0	—	—	—	(27.5)	—	(22.5)
	Operating Profit	1.5	0.7	—	—	(7.5)	—	(5.3)

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

Billions of yen

Segment		Building Service & Industrial	Energy	Infrastructure	Environmental	Precision Machinery	Others	Total
Previous Forecast : A	Orders Received	220.0	150.0	49.0	90.0	278.0	1.0	788.0
	Revenue	206.0	155.0	50.0	71.0	270.0	1.0	753.0
	Operating Profit	11.8	11.5	3.0	5.0	40.5	(0.8)	71.0
Revised Forecast : B	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
Change (B-A)	Orders Received	—	10.0	—	—	(58.0)	—	(48.0)
	Revenue	4.0	—	—	—	(10.0)	—	(6.0)
	Operating Profit	1.2	0.3	—	—	(1.5)	—	—

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 March 31, 2023
Assets		
Current assets		
Cash and cash equivalents	116,137	145,721
Trade and other receivables	151,665	172,054
Contract assets	100,420	77,732
Inventories	181,337	187,726
Income taxes receivable	1,137	1,323
Other financial assets	3,540	3,698
Other current assets	26,456	17,114
Total current assets	580,694	605,371
Non-current assets		
Property, plant and equipment	165,715	166,779
Goodwill and intangible assets	43,333	45,552
Investments accounted for using the equity method	7,153	8,263
Deferred tax assets	13,720	14,407
Other financial assets	6,783	7,381
Other non-current assets	10,648	10,477
Total non-current assets	247,354	252,861
Total assets	828,049	858,232

	Millions of yen	
	As of December 31, 2022	As of March 31, 2023
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	195,391	175,746
Contract liabilities	63,168	68,472
Bonds, borrowings and lease liabilities	46,772	84,845
Income taxes payable	6,140	7,590
Provisions	12,760	11,990
Other financial liabilities	432	876
Other current liabilities	44,411	50,173
Total current liabilities	369,078	399,695
Non-current liabilities		
Bonds, borrowings and lease liabilities	72,560	71,804
Retirement benefit liability	8,380	8,221
Provisions	2,647	2,641
Deferred tax liabilities	2,435	2,705
Other financial liabilities	144	180
Other non-current liabilities	3,076	3,124
Total non-current liabilities	89,245	88,678
Total liabilities	458,323	488,373
Equity		
Share capital	79,804	79,852
Capital surplus	76,806	77,033
Retained earnings	184,995	183,151
Treasury shares	(294)	(296)
Other components of equity	18,655	20,819
Total equity attributable to owners of parent	359,966	360,560
Non-controlling interests	9,758	9,298
Total equity	369,725	369,859
Total liabilities and equity	828,049	858,232

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

	Millions of yen	
	Three Months Ended March 31, 2022	Three Months Ended March 31, 2023
Revenue	152,808	184,071
Cost of sales	106,563	130,891
Gross profit	46,244	53,179
Selling, general and administrative expenses	31,916	38,220
Other income	143	538
Other expenses	294	232
Operating profit	14,177	15,264
Finance income	829	211
Finance costs	364	1,351
Share of profit (loss) of investments accounted for using the equity method	927	1,059
Profit before tax	15,569	15,183
Income tax expense	4,465	6,328
Profit	11,103	8,855
Profit (loss) attributable to		
Owners of parent	10,251	8,098
Non-controlling interests	852	756
Earnings per share		
Basic earnings per share(Yen)	111.44	87.95
Basic earnings per share, diluted(Yen)	111.16	87.78

Condensed Consolidated Statement of Comprehensive Income

Millions of yen

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2023
Profit	11,103	8,855
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	64
Share of other comprehensive income of investments accounted for using the equity method	54	48
Total of items that will not be reclassified to profit or loss	78	112
Items that may be reclassified to profit or loss		
Cash flow hedges	(8)	10
Exchange differences on translation of foreign operations	5,969	2,106
Total of items that may be reclassified to profit or loss	5,960	2,116
Total other comprehensive income, net of tax	6,038	2,229
Total comprehensive income	17,142	11,085
Comprehensive income attributable to		
Owners of parent	15,899	10,262
Non-controlling interests	1,242	822

(3) Condensed Consolidated Statement of Changes in Equity
For the Three Months Ended March 31, 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	—	
Changes during the period									
Comprehensive income									
Profit	—	—	10,251	—	—	—	—	—	
Other comprehensive income	—	—	—	—	5,579	78	(8)	—	
Total comprehensive income	—	—	10,251	—	5,579	78	(8)	—	
Transactions with owners									
Dividends	—	—	(10,393)	—	—	—	—	—	
Purchase of treasury shares	—	—	—	(1)	—	—	—	—	
Disposal of treasury shares	—	0	—	0	—	—	—	—	
Share based payment transactions	—	(0)	(19,902)	19,903	—	—	—	—	
Change in scope of consolidation	26	210	—	—	—	—	—	—	
Acquisition of non controlling interests	—	(4)	—	—	—	—	—	—	
Transfer from other components of equity to retained earnings	—	—	0	—	—	(0)	—	—	
Total transactions with owners	26	205	(30,296)	19,902	—	(0)	—	—	
As of March 31, 2022	79,670	76,771	151,675	(287)	9,758	429	29	—	

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
Changes during the period					
Comprehensive income					
Profit		—	10,251	852	11,103
Other comprehensive income		5,648	5,648	390	6,038
Total comprehensive income		5,648	15,899	1,242	17,142
Transactions with owners					
Dividends		—	(10,393)	(1,726)	(12,119)
Purchase of treasury shares		—	(1)	—	(1)
Disposal of treasury shares		—	0	—	0
Share based payment transactions		—	—	—	—
Change in scope of consolidation		—	237	—	237
Acquisition of non controlling interests		—	(4)	(2)	(7)
Transfer from other components of equity to retained earnings		(0)	—	—	—
Total transactions with owners		(0)	(10,162)	(1,728)	(11,891)
As of March 31, 2022		10,218	318,047	8,859	326,907

For the Three Months Ended March 31, 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)	—
Changes during the period								
Comprehensive income								
Profit	—	—	8,098	—	—	—	—	—
Other comprehensive income	—	—	—	—	2,041	112	10	—
Total comprehensive income	—	—	8,098	—	2,041	112	10	—
Transactions with owners								
Dividends	—	—	(9,942)	—	—	—	—	—
Purchase of treasury shares	—	—	—	(2)	—	—	—	—
Disposal of treasury shares	—	—	—	—	—	—	—	—
Cancellation of treasury shares	—	—	—	—	—	—	—	—
Share-based payment transactions	48	226	—	—	—	—	—	—
Acquisition of non-controlling interests	—	—	—	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	0	—	—	(0)	—	—
Total transactions with owners	48	226	(9,942)	(2)	—	(0)	—	—
As of March 31, 2023	79,852	77,033	183,151	(296)	20,355	475	(11)	—

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
Changes during the period					
Comprehensive income					
Profit		—	8,098	756	8,855
Other comprehensive income		2,164	2,164	65	2,229
Total comprehensive income		2,164	10,262	822	11,085
Transactions with owners					
Dividends		—	(9,942)	(1,282)	(11,224)
Purchase of treasury shares		—	(2)	—	(2)
Disposal of treasury shares		—	—	—	—
Cancellation of treasury shares		—	—	—	—
Share-based payment transactions		—	275	—	275
Acquisition of non-controlling interests		—	—	—	—
Transfer from other components of equity to retained earnings		(0)	—	—	—
Total transactions with owners		(0)	(9,669)	(1,282)	(10,951)
As of March 31, 2023		20,819	360,560	9,298	369,859

(4) Condensed Consolidated Statement of Cash Flows

Millions of yen

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2023
Cash flows from operating activities		
Profit before tax	15,569	15,183
Depreciation and amortization	5,562	6,406
Impairment loss	10	6
Interest and dividend income	(92)	(210)
Interest expenses	330	789
Foreign exchange loss (gain)	1,124	(162)
Share of loss (profit) of investments accounted for using the equity method	(927)	(1,059)
Loss (gain) on sales of fixed assets	(6)	(117)
Decrease (increase) in trade and other receivables	(17,442)	(20,083)
Decrease (increase) in contract assets	5,265	22,961
Decrease (increase) in inventories	(9,930)	(5,745)
Increase (decrease) in trade and other payables	485	(19,944)
Increase (decrease) in contract liabilities	4,893	5,115
Increase (decrease) in provisions	(600)	(761)
Increase / decrease in retirement benefit assets and liabilities	26	30
Decrease/increase in consumption taxes receivable/payable	5,199	9,935
Other	3,836	5,817
Subtotal	13,303	18,163
Interest received	101	209
Dividend received	1	5
Interest paid	(286)	(656)
Income taxes paid	(6,350)	(5,501)
Net cash provided by operating activities	6,769	12,220
Cash flows from investing activities		
Payments into time deposits	(2,368)	(2,475)
Proceeds from withdrawal of time deposits	2,227	2,128
Proceeds from sales and redemption of investment securities	186	—
Purchase of property, plant and equipment, and intangible assets	(4,730)	(8,096)
Proceeds from sale of property, plant and equipment	14	157
Other	(1,841)	(64)
Net cash used in investing activities	(6,510)	(8,350)

Millions of yen

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(5,173)	38,090
Proceeds from long-term borrowings	198	81
Repayments of long-term borrowings	(2,862)	(612)
Repayments of lease liabilities	(1,065)	(1,194)
Proceeds from issuance of common shares	0	0
Purchase of treasury shares	(1)	(2)
Dividends paid	(10,393)	(9,942)
Dividends paid to non-controlling interests	(1,726)	(1,282)
Payments for acquisition of interests in subsidiaries from non-controlling interests	(7)	—
Other	0	—
Net cash used in financing activities	(21,031)	25,138
Effect of exchange rate changes on cash and cash equivalents	3,241	579
Hyperinflation adjustment	—	(3)
Net increase (decrease) in cash and cash equivalents	(17,531)	29,583
Cash and cash equivalents at beginning of period	136,488	116,137
Cash and cash equivalents at end of period	118,957	145,721

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

Three Months Ended March 31, 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	41,158	28,816	17,695	21,615	43,135	152,421	386	152,808	—	152,808
Intersegment and Transfers	203	36	5	20	0	265	545	811	(811)	—
Total	41,361	28,853	17,701	21,635	43,136	152,687	932	153,619	(811)	152,808
Segment Profit (Loss)	2,034	1,591	4,458	1,968	4,760	14,813	(455)	14,357	(179)	14,177
Finance Income										829
Finance Costs										364
Share of Profit (Loss) of Investments Accounted for Using the Equity Method										927
Profit before Tax										15,569

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.

Three Months Ended March 31, 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	53,086	35,972	20,369	17,896	56,438	183,764	307	184,071	—	184,071
Intersegment and Transfers	187	31	272	14	0	505	177	683	(683)	—
Total	53,274	36,003	20,642	17,911	56,438	184,270	484	184,754	(683)	184,071
Segment Profit (Loss)	3,991	1,109	4,835	1,831	3,491	15,258	(246)	15,011	252	15,264
Finance Income										211
Finance Costs										1,351
Share of Profit (Loss) of Investments Accounted for Using the Equity Method										1,059
Profit before tax										15,183

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).

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 first 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

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2023			Fiscal Year Ending June 30, 2023	Fiscal Year Ending December 31, 2023
	Actual	Actual	Change	Change Ratio (%)	Forecast	Forecast
Orders Received						
Building Service & Industrial	47.3	52.2	4.9	10.5	105.0	220.0
Energy	29.1	62.3	33.1	113.7	95.0	160.0
Infrastructure	14.6	15.6	0.9	6.8	24.0	49.0
Environmental	16.3	33.3	16.9	103.6	48.0	90.0
Precision Machinery	68.9	34.0	(34.9)	(50.7)	100.0	220.0
Others	0.4	0.2	(0.2)	(45.7)	0.5	1.0
Total	177.0	197.9	20.9	11.8	372.5	740.0
Revenue						
Building Service & Industrial	41.1	53.0	11.9	29.0	102.0	210.0
Energy	28.8	35.9	7.1	24.8	73.0	155.0
Infrastructure	17.6	20.3	2.6	15.1	33.0	50.0
Environmental	21.6	17.8	(3.7)	(17.2)	32.5	71.0
Precision Machinery	43.1	56.4	13.3	30.8	120.0	260.0
Others	0.3	0.3	0.0	(20.6)	0.5	1.0
Total	152.8	184.0	31.2	20.5	361.0	747.0
Operating Profit						
Building Service & Industrial	2.0	3.9	1.9	96.2	7.0	13.0
Energy	1.5	1.1	(0.4)	(30.3)	4.0	11.8
Infrastructure	4.4	4.8	0.3	8.4	4.3	3.0
Environmental	1.9	1.8	(0.1)	(7.0)	2.0	5.0
Precision Machinery	4.7	3.4	(1.2)	(26.6)	15.0	39.0
Others & Adjustment	(0.6)	0.0	0.6	—	(0.4)	(0.8)
Total	14.1	15.2	1.0	7.7	31.9	71.0
Backlog of Orders Received						
Building Service & Industrial	53.6	61.7	8.0	14.9	66.9	73.9
Energy	136.6	173.6	36.9	27.0	169.5	152.5
Infrastructure	48.3	51.3	3.0	6.3	49.3	57.3
Environmental	279.8	332.9	53.0	18.9	332.9	336.4
Precision Machinery	170.6	207.5	36.9	21.6	210.8	190.8
Others	0.2	0.0	(0.2)	(89.3)	0.0	0.0
Total	689.5	827.2	137.6	20.0	829.5	811.0

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

Billions of yen

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2023			Fiscal Year Ending June 30, 2023	Fiscal Year Ending December 31, 2023
	Actual	Actual	Change	Change Ratio (%)	Forecast	Forecast
Orders Received						
Components	31.2	24.1	(7.0)	(22.7)	46.5	93.0
CMP Systems	35.7	9.0	(26.6)	(74.6)	50.0	120.0
Others	2.0	0.7	(1.2)	(61.1)	3.5	7.0
Total of PM	68.9	34.0	(34.9)	(50.7)	100.0	220.0
Revenue						
Components	21.9	23.8	1.9	8.9	49.5	105.0
CMP Systems	19.5	31.7	12.1	62.5	69.0	151.0
Others	1.6	0.8	(0.8)	(50.3)	1.5	4.0
Total of PM	43.1	56.4	13.3	30.8	120.0	260.0

(2) Area Information

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

Billions of yen

	Three Months Ended March 31, 2022		Three Months Ended March 31, 2023		
	Actual	Composition (%)	Actual	Composition (%)	Change
Revenue					
Japan	84.2	55.2	97.0	52.7	12.7
North America	26.3	17.3	32.6	17.7	6.2
Asia (except Japan)	30.1	19.7	39.3	21.4	9.1
Others	11.9	7.8	15.1	8.2	3.1
Total	152.8	100.0	184.0	100.0	31.2
Operating Profit					
Japan	7.6	53.7	7.2	47.6	(0.3)
North America	2.2	16.0	1.9	13.0	(0.2)
Asia (except Japan)	3.0	21.6	4.1	27.3	1.1
Others	1.5	10.9	1.7	11.3	0.1
Adjustment	(0.3)	(2.2)	0.1	0.8	0.4
Total	14.1	100.0	15.2	100.0	1.0

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

Billions of yen

	Three Months Ended March 31, 2022		Three Months Ended March 31, 2023		
	Actual	Composition (%)	Actual	Composition (%)	Change
Revenue					
Japan	70.7	46.3	73.0	39.7	2.3
China	21.7	14.2	26.7	14.5	5.0
Other Asia	23.7	15.5	33.6	18.3	9.8
North America	11.5	7.6	23.4	12.7	11.8
Europe	12.5	8.2	12.9	7.0	0.4
Middle East	6.4	4.2	8.3	4.6	1.9
Others	6.0	4.0	5.8	3.2	(0.2)
Total	152.8	100.0	184.0	100.0	31.2