

CONSOLIDATED FINANCIAL RESULTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022
[IFRS]

August 12, 2022

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Scheduled date for submission of quarterly report: August 12, 2022
 Scheduled date for dividend payment: September 13, 2022
 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, 2022

(1) Consolidated Financial Results

(% represents percentage change from a comparable previous period)

Millions of yen

	Revenue		Operating Profit		Profit before Tax		Profit	
Six Months Ended June 30, 2022	312,418	14.0%	27,183	10.1%	28,177	10.5%	19,258	4.2%
Six Months Ended June 30, 2021	274,154	11.7%	24,686	93.4%	25,502	128.4%	18,486	135.2%

	Profit Attributable to Owners of Parent		Total Comprehensive Income		Basic Earnings per Share (Yen)	Basic Earnings per Share, Diluted (Yen)
Six Months Ended June 30, 2022	18,065	7.6%	41,739	71.6%	196.35	195.87
Six Months Ended June 30, 2021	16,789	140.1%	24,316	381.2%	176.30	175.73

Note: The Company finalized the provisional accounting treatment for business combinations. Financial results for the six months ended June 30, 2021 reflect the finalization of the provisional accounting treatment.

(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, 2022	774,959	350,863	341,262	44.0
As of December 31, 2021	719,736	321,655	312,310	43.4

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, 2021	—	50.00	—	113.00	163.00
Fiscal Year Ending December 31, 2022	—	85.00			
Fiscal Year Ending December 31, 2022 (Forecast)			—	85.00	170.00

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

3. Forecast of Financial Results for the Fiscal Year Ending December 31, 2022

% 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, 2022	684,000	13.4%	67,500	10.0%	67,600	12.1%	46,500	6.6%	505.39

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

The forecast of financial results for the fiscal year ending December 31, 2022, previously announced on May 12, 2022 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, 2022	92,059,115	As of December 31, 2021	95,513,633
As of June 30, 2022	23,349	As of December 31, 2021	3,536,073
Six Months Ended June 30, 2022	92,007,682	Six Months Ended June 30, 2021	95,233,470

(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

The Company finalized the provisional accounting treatment for business combinations. Financial results for the six months ended June 30, 2021 reflect the finalization of the provisional accounting treatment.

(1) Explanation of Financial Results

	Millions of yen			
	Six Months Ended June 30, 2021	Six Months Ended June 30, 2022	Change	Change Ratio (%)
Orders Received	344,927	399,415	54,487	15.8
Revenue	274,154	312,418	38,264	14.0
Operating Profit	24,686	27,183	2,496	10.1
Operating Profit on Revenue Ratio (%)	9.0	8.7	—	—
Profit Attributable to Owners of Parent	16,789	18,065	1,276	7.6
Basic Earnings per Share (Yen)	176.30	196.35	20.05	11.4

During the six months ended June 30, 2022, the global economy showed signs of recovery due to the normalization of socio-economic activities in general, despite the impacts of restrictions on economic activities in some regions, including China, as countermeasures against COVID-19. In the Japanese economy as well, capital investment showed signs of recovery amid measures to curb the outbreak of COVID-19 and the normalization of socio-economic activities. On the other hand, the outlook for the domestic and overseas economies continues to be uncertain and unstable due to such factors as soaring raw material and resource prices and semiconductor lack, as well as the rapid depreciation of the yen and heightened geopolitical risks due to the Ukrainian situation. It is necessary to continue to closely monitor this situation.

In the oil and gas market, which is the Group's primary market, demand trended steadily due to rising crude oil prices and a recovery in demand from the impacts of COVID-19. Demand also recovered in the construction equipment market despite regional differences, as construction work that had been discontinued gradually resumed due to a pick-up in economic activity. In the semiconductor market, the demand remained at a high level, and customers' capital investment continued to expand. In addition, Japan's public investment related to national resilience remained firm.

Under these circumstances, orders received for the six months ended June 30, 2022 was firm in the Fluid Machinery & Systems (FMS) Business and the Precision Machinery (PM) Business. Revenues increased year on year in all businesses due to a high level of orders and so on while some negative factors existed, for example, lock-down impact such as plant shutdowns and postponement of shipments continued in some regions of China and shipment delays occurred in some PM Business products due to difficulties in procuring materials. Operating profit increased year on year as a whole, driven by higher sales in the PM Business and improved productivity at automated plants of the Components products in the PM Business, as well as by contributions from yen depreciation, despite decreases in the FMS Business and Environmental Plant Business.

As a result, consolidated orders received for the six months ended June 30, 2022 amounted to ¥399,415 million (an increase of 15.8% year-on-year), revenue amounted to ¥312,418 million (an increase of 14.0% year-on-year), operating profit amounted to ¥27,183 million (an increase of 10.1% year-on-year), and profit attributable to owners of parent amounted to ¥18,065 million (an increase of 7.6% year-on-year). All of them replaced the past highest records.

Operating Results by Business Segment

Millions of yen

Segment	Orders Received			Revenue			Segment Profit		
	Six Months Ended June 30, 2021	Six Months Ended June 30, 2022	Change Ratio (%)	Six Months Ended June 30, 2021	Six Months Ended June 30, 2022	Change Ratio (%)	Six Months Ended June 30, 2021	Six Months Ended June 30, 2022	Change Ratio (%)
Fluid Machinery & Systems	165,493	187,829	13.5	162,878	179,209	10.0	13,244	12,741	(3.8)
Environmental Plants	61,618	46,237	(25.0)	31,365	36,492	16.3	2,833	950	(66.4)
Precision Machinery	116,892	164,613	40.8	79,056	96,017	21.5	8,901	13,923	56.4
Reportable Segment Total	344,004	398,679	15.9	273,299	311,719	14.1	24,979	27,616	10.6
Others	922	735	(20.3)	854	699	(18.1)	(260)	(457)	—
Adjustment	—	—	—	—	—	—	(31)	24	—
Total	344,927	399,415	15.8	274,154	312,418	14.0	24,686	27,183	10.1

Outline of Business Environment and Situation by Business Segment

Segment	Business Environment	Business Situation and the Trend of Orders Received (Note 1)
Fluid Machinery & Systems	<p>(Overseas)</p> <ul style="list-style-type: none"> •The oil and gas market is on a recovery trend compared with the same period of the previous fiscal year, and large-scale projects have begun in Saudi Arabia, Qatar, and other countries. Meanwhile, planned projects such as ultra-large petrochemical complexes and the integration and efficiency improvement of an old-fashioned small refinery have been delayed due to CO2 emission adjustments in China. •The water infrastructure market is recovering with movement in China and Southeast Asian projects. In North America, the renovation projects of aging facilities have resumed. •In the construction equipment market, although it is recovering in Europe and the U.S., there are concerns that curbing investment due to rising raw material costs and other factors will be a downside factor. On the other hand, China continues to slow down due to the impact of the strengthening of the zero corona policy. <p>(Japan)</p> <ul style="list-style-type: none"> •In the construction equipment market, the number of construction starts is on a recovery trend. •Investment in social infrastructure upgrades and repairs has been firm. 	<p>(Overseas)</p> <ul style="list-style-type: none"> •Oil-and gas-related orders exceeded those of the same period of the previous fiscal year. •Orders for water infrastructure exceeded those of the same period of the previous fiscal year. •Orders for construction equipment exceeded those of the same period of the previous fiscal year. <p>(Japan)</p> <ul style="list-style-type: none"> •Orders for construction equipment exceeded those of the same period of the previous fiscal year. •Orders from the public sector exceeded those of the same period of the previous fiscal year due to the effects of measures such as an increase in orders for comprehensive evaluation projects and after-sales services, as well as orders for large-scale projects. 
	<p>Compressors & Turbines</p> <ul style="list-style-type: none"> •In the new product market, some petrochemical projects are lagging in China due to the impact of environmental regulations. Although demand in shale gas-related markets in North America and in the oil refining and petrochemical markets in India and the Middle East is firm, customers' investment decisions are becoming cautious as a whole in response to the Ukrainian situation's impact on energy demand and rapid inflation. •In the service market, the willingness to invest is on the recovery trend with the relaxation of the movement restriction by COVID-19. •The LNG market (cryogenic pump) is showing movement in some projects. 	<ul style="list-style-type: none"> •Product orders fell compared to the same period of the previous fiscal year due to a review of the timing of orders for some projects. •Orders in the service sector rose compared with the same period of the previous fiscal year due to the easing of mobility restrictions. 
	<p>Chillers</p> <ul style="list-style-type: none"> •Domestically, investment is recovering mainly in the industrial market, and equipment renewal projects have resumed. The construction equipment market is also gradually recovering. •In China, capital investment is active in anticipation of carbon decarbonization regulations, but raw material cost hikes are continuing, and there are concerns about electricity shortages and disruptions in logistics. 	<ul style="list-style-type: none"> •Domestic orders fell compared to the same period of the previous fiscal year due to sluggish orders for after-sales services. •Orders in China increased compared with the same period of the previous fiscal year due to robust orders for products. 
<p>Environmental Plants (Note 2)</p>	<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 and others continues to be in certain demand. 	<ul style="list-style-type: none"> •The Group received 2 long-term comprehensive agreements for a waste treatment facility for the public sector and 1 core facility improvement project. However, it was lower than the same period of the previous fiscal year, when it received 1 DBO project, 1 long-term comprehensive agreement including core facility improvement, and 1 long-term comprehensive agreement. <p>(Overview of major orders received)</p> <ul style="list-style-type: none"> •Long-term comprehensive agreement for the public sector (2) •Core facility improvement project for the public sector (1) 

Segment	Business Environment	Business Situation and the Trend of Orders Received (Note 1)
Precision Machinery	<ul style="list-style-type: none"> The semiconductor manufacturing equipment market continues to expand due to the semiconductor shortage as a result of the widespread of 5G, working from home, and IoT. On the customer side, orders are placed earlier than usual to secure equipment at an early stage. 	<ul style="list-style-type: none"> Orders continued to exceed those of the same period of the previous fiscal year, and capital investment was particularly active in the logic foundry field. Service and support remained robust, and orders exceeded those of the same period of the previous fiscal year as customer plants continue to operate at a high level despite the impact of the spread of COVID-19 in some areas. 

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 (Operating & Maintenance) . . . 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, 2022 were ¥774,959 million, ¥55,223 million higher than as of December 31, 2021. Principal changes in asset items included a decrease of ¥3,508 million in trade and other receivables, a decrease of ¥2,563 million in contract assets, an increase of ¥33,007 million in inventories, an increase of ¥7,738 million in goodwill and intangible assets mainly by hyperinflation adjustment, an increase of ¥7,087 million in cash and cash equivalents, and an increase of ¥ 6,109 million in tangible assets.

(ii) Liabilities

Total liabilities as of June 30, 2022 were ¥424,095 million, ¥26,015 million higher than as of December 31, 2021. Principal changes in liability items included an increase of ¥10,234 million in trade and other payables, an increase of ¥5,791 million in bonds, borrowings and lease liabilities, and an increase of ¥4,113 million in contract liabilities.

(iii) Equity

Equity as of June 30, 2022 amounted to ¥350,863 million, ¥29,208 million higher than as of December 31, 2021. Principal changes in equity items included dividends paid of ¥10,393 million, profit attributable to owners of parent of ¥18,065 million, and an increase of ¥21,671 million in exchange differences on translation of foreign operations. Total equity attributable to owners of parent amounted to ¥341,262 million, and the ratio of equity attributable to owners of the parent was 44.0%.

(3) Explanation of Forecast of Consolidated Financial Results

The forecasts for the fiscal year ending December 31, 2022 have been revised, reflecting developments after the previous announcement on May 12, 2022 mainly due to increases in orders received and revenue in the FMS 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= ¥125, EUR1= ¥135, RMB1= ¥19

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

Forecast for the Fiscal Year Ending December 31, 2022

	Orders Received	Revenue	Operating Profit	Profit before Tax	Profit Attributable to Owners of Parent
Previous Forecast : A	692.5	660.0	66.0	65.5	46.0
Revised Forecast : B	750.5	684.0	67.6	67.6	46.5
Change (B-A)	58.0	24.0	1.5	2.1	0.5
(Reference) Fiscal Year Ended December 31, 2021	771.4	603.2	61.3	60.3	43.6

Billions of yen

Forecast for the Fiscal Year Ending December 31, 2022 by Business Segment

Segment		Fluid Machinery & Systems	Environmental Plants	Precision Machinery	Others	Total
Previous Forecast : A	Orders Received	349.0	90.0	252.0	1.5	692.5
	Revenue	347.0	71.5	240.0	1.5	660.0
	Operating Profit	25.5	5.0	36.0	(0.5)	66.0
Revised Forecast : B	Orders Received	372.0	90.0	287.0	1.5	750.5
	Revenue	371.0	71.5	240.0	1.5	684.0
	Operating Profit	27.0	5.0	36.0	(0.5)	67.5
Change (B-A)	Orders Received	23.0	—	35.0	—	58.0
	Revenue	24.0	—	—	—	24.0
	Operating Profit	1.5	—	—	—	1.5

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, 2021	As of June 30, 2022
Assets		
Current assets		
Cash and cash equivalents	136,488	143,576
Trade and other receivables	130,121	126,612
Contract assets	86,887	84,324
Inventories	121,389	154,397
Income taxes receivable	605	1,781
Other financial assets	3,267	6,147
Other current assets	21,173	21,660
Total current assets	499,934	538,499
Non-current assets		
Property, plant and equipment	161,392	167,501
Goodwill and intangible assets	23,204	30,943
Investments accounted for using the equity method	7,153	7,451
Deferred tax assets	12,665	14,242
Other financial assets	6,241	6,480
Other non-current assets	9,144	9,839
Total non-current assets	219,801	236,460
Total assets	719,736	774,959

	Millions of yen	
	As of December 31, 2021	As of June 30, 2022
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	162,558	172,792
Contract liabilities	49,771	53,885
Bonds, borrowings and lease liabilities	56,578	61,096
Income taxes payable	6,337	6,757
Provisions	14,769	15,165
Other financial liabilities	98	445
Other current liabilities	37,243	39,714
Total current liabilities	327,357	349,856
Non-current liabilities		
Bonds, borrowings and lease liabilities	55,467	56,741
Retirement benefit liability	8,413	9,954
Provisions	2,488	2,569
Deferred tax liabilities	402	1,595
Other financial liabilities	123	126
Other non-current liabilities	3,829	3,251
Total non-current liabilities	70,723	74,239
Total liabilities	398,080	424,095
Equity		
Share capital	79,643	79,775
Capital surplus	76,566	76,564
Retained earnings	171,720	158,949
Treasury shares	(20,189)	(290)
Other components of equity	4,569	26,262
Total equity attributable to owners of parent	312,310	341,262
Non-controlling interests	9,345	9,601
Total equity	321,655	350,863
Total liabilities and equity	719,736	774,959

(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, 2021	Six Months Ended June 30, 2022
Revenue	274,154	312,418
Cost of sales	192,309	219,678
Gross profit	81,844	92,740
Selling, general and administrative expenses	57,482	65,254
Other income	645	419
Other expenses	320	721
Operating profit	24,686	27,183
Finance income	539	894
Finance costs	601	906
Share of profit (loss) of investments accounted for using the equity method	877	1,006
Profit before tax	25,502	28,177
Income tax expense	7,016	8,919
Profit	18,486	19,258
Profit (loss) attributable to		
Owners of parent	16,789	18,065
Non-controlling interests	1,696	1,193
Earnings per share		
Basic earnings per share(Yen)	176.30	196.35
Basic earnings per share, diluted(Yen)	175.73	195.87

For the Three Months Ended June 30, 2020 and 2021

Millions of yen

	Three Months Ended June 30, 2021	Three Months Ended June 30, 2022
Revenue	138,885	159,610
Cost of sales	96,977	113,115
Gross profit	41,908	46,495
Selling, general and administrative expenses	29,653	33,338
Other income	295	276
Other expenses	93	427
Operating profit	12,456	13,005
Finance income	180	65
Finance costs	323	541
Share of profit (loss) of investments accounted for using the equity method	107	79
Profit before tax	12,421	12,608
Income tax expense	3,326	4,453
Profit	9,094	8,154
Profit attributable to		
Owners of parent	8,219	7,814
Non-controlling interests	874	340
Earnings per share		
Basic earnings per share	86.44	84.92
Basic earnings per share, diluted	86.17	84.71

Condensed Consolidated Statement of Comprehensive Income

For the Six Months Ended June 30, 2021 and 2022

Millions of yen

	Six Months Ended June 30, 2021	Six Months Ended June 30, 2022
Profit	18,486	19,258
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	(4)	23
Share of other comprehensive income of investments accounted for using the equity method	(14)	(3)
Total of items that will not be reclassified to profit or loss	(19)	19
Items that may be reclassified to profit or loss		
Cash flow hedges	64	2
Exchange differences on translation of foreign operations	5,785	22,459
Total of items that may be reclassified to profit or loss	5,850	22,461
Total other comprehensive income, net of tax	5,830	22,481
Total comprehensive income	24,316	41,739
Comprehensive income attributable to		
Owners of parent	22,269	39,758
Non-controlling interests	2,047	1,981

For the Three Months Ended June 30, 2021 and 2022

Millions of yen

	Three Months Ended June 30, 2021	Three Months Ended June 30, 2022
Profit	9,094	8,154
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in fair value of financial assets designated as measured at fair value through other comprehensive income	0	—
Share of other comprehensive income of investments accounted for using the equity method	(12)	(58)
Total of items that will not be reclassified to profit or loss	(11)	(58)
Items that may be reclassified to profit or loss		
Cash flow hedges	(7)	10
Exchange differences on translation of foreign operations	155	16,490
Total of items that may be reclassified to profit or loss	147	16,500
Total other comprehensive income, net of tax	135	16,442
Total comprehensive income	9,230	24,597
Comprehensive income attributable to		
Owners of parent	8,276	23,858
Non-controlling interests	953	738

(3) Condensed Consolidated Statement of Changes in Equity
For the Six Months Ended June 30, 2021

Millions of yen

	Equity attributable to owners of parent								
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity				
					Exchange differences on translation of foreign operations	Net change in financial assets measured at fair value through other comprehensive income	Cash flow hedges	Remeasurements of defined benefit plans	
As of January 1, 2021	79,451	75,987	136,629	(178)	(1,746)	(520)	(56)	—	
Changes during the period									
Comprehensive income									
Profit	—	—	16,789	—	—	—	—	—	
Other comprehensive income	—	—	—	—	5,435	(19)	64	—	
Total comprehensive income	—	—	16,789	—	5,435	(19)	64	—	
Transactions with owners									
Dividends	—	—	(5,722)	—	—	—	—	—	
Purchase of treasury shares	—	—	—	(4,294)	—	—	—	—	
Disposal of treasury shares	—	0	—	0	—	—	—	—	
Share-based payment transactions	174	149	—	—	—	—	—	—	
Change in scope of consolidation	—	—	—	—	—	—	—	—	
Transfer from other components of equity to retained earnings	—	—	—	—	—	—	—	—	
Total transactions with owners	174	150	(5,722)	(4,294)	—	—	—	—	
As of June 30, 2021	79,626	76,137	147,695	(4,473)	3,688	(540)	8	—	

Millions of yen

	Equity attributable to owners of parent		Total equity attributable to owners of parent	Total non-controlling interests	Total equity
	Equity attributable to owners of parent	Total other components of equity			
As of January 1, 2021		(2,324)	289,564	7,312	296,877
Changes during the period					
Comprehensive income					
Profit		—	16,789	1,696	18,486
Other comprehensive income		5,480	5,480	350	5,830
Total comprehensive income		5,480	22,269	2,047	24,316
Transactions with owners					
Dividends		—	(5,722)	(1,178)	(6,900)
Purchase of treasury shares		—	(4,294)	—	(4,294)
Disposal of treasury shares		—	0	—	0
Share-based payment transactions		—	324	—	324
Change in scope of consolidation		—	—	0	0
Transfer from other components of equity to retained earnings		—	—	—	—
Total transactions with owners		—	(9,692)	(1,178)	(10,870)
As of June 30, 2021		3,155	302,141	8,181	310,323

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	—	—	—	—
Cancellation of treasury shares	—	(0)	(19,902)	19,903	—	—	—	—
Share-based payment transactions	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
Cancellation of treasury shares		—	—	—	—
Share-based payment transactions		—	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

(4) Condensed Consolidated Statement of Cash Flows

Millions of yen

	Six Months Ended June 30, 2021	Six Months Ended June 30, 2022
Cash flows from operating activities		
Profit before tax	25,502	28,177
Depreciation and amortization	10,356	11,207
Impairment loss	79	323
Interest and dividend income	(186)	(219)
Interest expenses	592	852
Foreign exchange loss (gain)	1,380	3,332
Share of loss (profit) of investments accounted for using the equity method	(877)	(1,006)
Loss (gain) on sales of fixed assets	(17)	(20)
Decrease (increase) in trade and other receivables	14,274	9,496
Decrease (increase) in contract assets	12,027	6,693
Decrease (increase) in inventories	(14,114)	(26,859)
Increase (decrease) in trade and other payables	5,589	3,145
Increase (decrease) in contract liabilities	13,111	1,836
Increase (decrease) in provisions	(978)	284
Increase / decrease in retirement benefit assets and liabilities	412	725
Other	1,333	477
Subtotal	68,487	38,448
Interest received	166	209
Dividend received	1,122	713
Interest paid	(630)	(673)
Income taxes paid	(6,273)	(10,215)
Net cash provided by operating activities	62,872	28,482
Cash flows from investing activities		
Payments into time deposits	(2,641)	(3,571)
Proceeds from withdrawal of time deposits	2,593	3,217
Purchase of investment securities	(20)	(25)
Proceeds from sales and redemption of investment securities	—	188
Purchase of property, plant and equipment, and intangible assets	(15,896)	(11,948)
Proceeds from sale of property, plant and equipment	38	54
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(10,370)	—
Other	(2,750)	(1,934)
Net cash used in investing activities	(29,047)	(14,018)

Millions of yen

	Six Months Ended June 30, 2021	Six Months Ended June 30, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	9,784	1,286
Proceeds from long-term borrowings	3,247	217
Repayments of long-term borrowings	(3,816)	(3,860)
Repayments of lease liabilities	(2,011)	(2,035)
Proceeds from issuance of common shares	0	0
Purchase of treasury shares	(4,294)	(4)
Dividends paid	(5,722)	(10,393)
Dividends paid to non-controlling interests	(1,179)	(1,731)
Payments for acquisition of interests in subsidiaries from non-controlling interests	—	(7)
Other	0	0
Net cash used in financing activities	(3,991)	(16,528)
Effect of exchange rate changes on cash and cash equivalents	2,376	9,176
Hyperinflation adjustment	—	(24)
Net increase (decrease) in cash and cash equivalents	32,209	7,087
Cash and cash equivalents at beginning of period	120,544	136,488
Cash and cash equivalents at end of period	152,754	143,576

(5) Notes to Condensed Consolidated Financial Statements

(Note for the Assumption of Going Concern)

None

(Segment Information)

The Company finalized the provisional accounting treatment for business combinations. Financial results for the six months ended June 30, 2021 reflect the finalization of the provisional accounting treatment.

Six Months Ended June 30, 2021

Millions of yen

	Reportable Segments				Others (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Fluid Machinery & Systems	Environmental Plants	Precision Machinery	Total				
Revenue								
Customers	162,878	31,365	79,056	273,299	854	274,154	—	274,154
Intersegment and Transfers	306	19	2	328	1,183	1,511	(1,511)	—
Total	163,184	31,384	79,059	273,628	2,037	275,665	(1,511)	274,154
Segment Profit (Loss)	13,244	2,833	8,901	24,979	(260)	24,718	(31)	24,686
Finance Income								539
Finance Costs								601
Share of Profit (Loss) of Investments Accounted for Using the Equity Method								877
Profit before Tax								25,502

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, 2022

Millions of yen

	Reportable Segments				Others (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Fluid Machinery & Systems	Environmental Plants	Precision Machinery	Total				
Revenue								
Customers	179,209	36,492	96,017	311,719	699	312,418	—	312,418
Intersegment and Transfers	345	41	0	387	1,120	1,507	(1,507)	—
Total	179,555	36,533	96,017	312,106	1,820	313,926	(1,507)	312,418
Segment Profit (Loss)	12,741	950	13,923	27,616	(457)	27,159	24	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.

(Additional Information)

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

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

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

3. Others

(1) Litigation and Others

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

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

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

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

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

(2) Segment Information

The Company finalized the provisional accounting treatment for business combinations. Financial results for the six months ended June 30, 2021 reflect the finalization of the provisional accounting treatment.

Business Segment

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

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

Billions of yen

	Six Months Ended June 30, 2021	Six Months Ended June 30, 2022			Fiscal Year Ending December 31, 2022
	Actual	Actual	Change	Change Ratio (%)	Forecast
Orders Received					
Pumps	96.3	115.6	19.2	20.0	210.0
Compressors & Turbines	40.4	41.2	0.8	2.1	100.0
Chillers	22.1	24.6	2.4	11.1	45.0
Others	6.4	6.2	(0.2)	(4.1)	17.0
Total of FMS	165.4	187.8	22.3	13.5	372.0
EP	61.6	46.2	(15.3)	(25.0)	90.0
PM	116.8	164.6	47.7	40.8	287.0
Others	0.9	0.7	(0.1)	(20.3)	1.5
Total	344.9	399.4	54.4	15.8	750.5
Revenue					
Pumps	96.2	97.4	1.2	1.3	210.0
Compressors & Turbines	40.5	50.6	10.1	25.0	105.0
Chillers	19.0	24.7	5.6	29.8	45.0
Others	7.1	6.3	(0.7)	(10.4)	11.0
Total of FMS	162.8	179.2	16.3	10.0	371.0
EP	31.3	36.4	5.1	16.3	71.5
PM	79.0	96.0	16.9	21.5	240.0
Others	0.8	0.6	(0.1)	(18.1)	1.5
Total	274.1	312.4	38.2	14.0	684.0
Operating Profit					
Pumps	10.0	8.4	(1.6)	(15.9)	14.5
Compressors & Turbines	1.7	2.1	0.4	25.1	10.0
Chillers	0.8	1.1	0.3	37.9	2.1
Others & Adjustment	0.5	0.9	0.3	58.8	0.4
Total of FMS	13.2	12.7	(0.5)	(3.8)	27.0
EP	2.8	0.9	(1.8)	(66.4)	5.0
PM	8.9	13.9	5.0	56.4	36.0
Others & Adjustment	(0.2)	(0.4)	(0.1)	—	(0.5)
Total	24.6	27.1	2.4	10.1	67.5
Backlog of Orders Received					
Pumps	94.3	128.0	33.7	35.8	101.4
Compressors & Turbines	83.4	107.4	23.9	28.7	96.2
Chillers	16.8	14.8	(1.9)	(11.7)	13.7
Others	8.5	7.7	(0.8)	(9.7)	13.8
Total of FMS	203.2	258.1	54.9	27.0	225.3
EP	257.4	296.0	38.5	15.0	303.7
PM	85.3	220.5	135.1	158.3	188.7
Others	0.0	0.2	0.1	143.8	0.1
Total	546.1	774.9	228.7	41.9	718.0

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

Billions of yen

	Six Months Ended June 30, 2021	Six Months Ended June 30, 2022			Fiscal Year Ending December 31, 2022
	Actual	Actual	Change	Change Ratio (%)	Forecast
Orders Received					
Components	44.5	63.1	18.5	41.7	120.0
CMP Systems	68.0	97.7	29.6	43.5	160.0
Others	4.2	3.7	(0.5)	(11.9)	7.0
Total of PM	116.8	164.6	47.7	40.8	287.0
Revenue					
Components	37.5	45.8	8.3	22.2	111.5
CMP Systems	38.8	47.0	8.2	21.1	122.5
Others	2.6	3.0	0.4	15.9	6.0
Total of PM	79.0	96.0	16.9	21.5	240.0

(3) 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, 2021		Six Months Ended June 30, 2022		
	Actual	Composition (%)	Actual	Composition (%)	Change
Revenue					
Japan	152.7	55.7	159.1	50.9	6.4
North America	38.4	14.0	54.6	17.5	16.1
Asia (except Japan)	63.0	23.0	71.5	22.9	8.4
Others	19.8	7.2	27.0	8.7	7.2
Total	274.1	100.0	312.4	100.0	38.2
Operating Profit					
Japan	9.8		12.2		2.3
North America	4.2		4.8		0.6
Asia (except Japan)	8.6		8.0		(0.5)
Others	2.2		3.6		1.3
Adjustment	(0.2)		(1.5)		(1.2)
Total	24.6		27.1		2.4

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

Billions of yen

	Six Months Ended June 30, 2021		Six Months Ended June 30, 2022		
	Actual	Composition (%)	Actual	Composition (%)	Change
Revenue					
Japan	122.0	44.5	123.9	39.7	1.8
China	49.0	17.9	50.9	16.3	1.9
Other Asia	44.5	16.2	57.3	18.3	12.8
North America	22.1	8.1	24.2	7.8	2.0
Europe	18.2	6.6	27.3	8.8	9.1
Middle East	10.2	3.7	14.3	4.6	4.0
Others	7.8	2.8	14.2	4.6	6.4
Total	274.1	100.0	312.4	100.0	38.2