

**CONSOLIDATED FINANCIAL RESULTS**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2021**  
**[IFRS]**

August 13, 2021

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 Stock exchange listings: Tokyo  
 Code number: 6361  
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Scheduled date for submission of quarterly report: August 13, 2021  
 Scheduled date for dividend payment: September 14, 2021  
 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, 2021**

**(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, 2021	274,154	11.7%	24,858	94.7%	25,673	129.9%	18,623	136.9%
Six Months Ended June 30, 2020	245,433	—%	12,766	—%	11,166	—%	7,860	—%

	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, 2021	16,926	142.1%	24,450	383.8%	177.73	177.17
Six Months Ended June 30, 2020	6,992	—%	5,053	—%	73.43	73.11

**(2) Consolidated Financial Position**

Millions of yen

	Total Assets	Total Equity	Total Equity Attributable to Owners of Parent	Equity Ratio (%)
As of June 30, 2021	697,294	310,457	302,275	43.3
As of December 31, 2020	644,771	296,877	289,564	44.9

## 2. Dividends

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

Note: Revisions to forecast of dividends in this quarter: Yes

Ebara Corporation (“the Company”) revised the forecast of dividends for the fiscal year ending December 31, 2021, previously announced on May 14, 2021. For further details, please refer to “Notice of Revision of the Forecast on Dividends for the Fiscal Year Ending December 31, 2021 (the 157<sup>th</sup> Business Term)” released today (August 13, 2021).

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

% represents percentage change from the previous fiscal year

	Revenue		Operating Profit		Profit before Tax		Profit Attributable to Owners of Parent		Basic Earnings per Share (Yen)
		—%		—%		—%		—%	
Fiscal Year Ending December 31, 2021	591,500	—%	56,000	—%	55,500	—%	37,000	—%	388.52

Notes 1: Revisions to forecast of financial results in this quarter: Yes

The Company revised the forecast of financial results for the fiscal year ending December 31, 2021, previously announced on May 14, 2021. For further details, please refer to “Explanation of Forecast of Consolidated Financial Results” on page 10.

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

#### **4. Other Information**

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

Included: — (—)

Excluded: — (—)

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

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

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

(iii) Changes in accounting estimates: None

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

(i) Number of common shares (Including treasury shares)	As of June 30, 2021	95,501,033	As of December 31, 2020	95,391,453
(ii) Number of treasury shares	As of June 30, 2021	829,560	As of December 31, 2020	20,422
(iii) Average number of common shares	Six Months Ended June 30, 2021	95,233,470	Six Months Ended June 30, 2020	95,217,177

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

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

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

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# 1. Qualitative Information Regarding Consolidated Financial Results

## (1) Explanation of Financial Results

	Millions of yen			
	Six Months Ended June 30, 2020	Six Months Ended June 30, 2021	Change	Change Ratio (%)
Orders Received	258,028	344,927	86,898	33.7
Revenue	245,433	274,154	28,720	11.7
Operating Profit	12,766	24,858	12,091	94.7
Operating Profit on Revenue Ratio (%)	5.2	9.1	—	—
Profit Attributable to Owners of Parent	6,992	16,926	9,934	142.1
Basic Earnings per Share (Yen)	73.43	177.73	104.30	142.0

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

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

Under these circumstances, orders received for the six months ended June 30, 2021 remained robust due to diminishing impact of COVID-19 in the Fluid Machinery & Systems (“FMS”) Company, new large-scale projects for waste incineration facilities in the Environmental Plants (“EP”) Company and capturing semiconductor demand steadily in the Precision Machinery (“PM”) Company. Revenue exceeded that of the same period last year due to increases of orders received in the FMS Company and the PM Company.

As a result, the Group recorded its highest ever second-quarter operating profit. Attributing factors apart from increased revenue were improved profitability of FMS company products, effective product mix by the PM Company and favorable impact of foreign exchange.




Orders received for the six months ended June 30, 2021 amounted to ¥344,927 million (an increase of 33.7% year-on-year), revenue amounted to ¥274,154 million (an increase of 11.7% year-on-year), operating profit amounted to ¥24,858 million (an increase of 94.7% year-on-year), and profit attributable to owners of parent amounted to ¥16,926 million (an increase of 142.1% year-on-year).



## Operating Results by Business Segment

Millions of yen




Segment	Orders Received			Revenue			Segment Profit		
	Six Months Ended June 30, 2020	Six Months Ended June 30, 2021	Change Ratio (%)	Six Months Ended June 30, 2020	Six Months Ended June 30, 2021	Change Ratio (%)	Six Months Ended June 30, 2020	Six Months Ended June 30, 2021	Change Ratio (%)
Fluid Machinery & Systems	150,832	165,493	9.7	149,307	162,878	9.1	7,899	13,415	69.8
Environmental Plants	36,079	61,618	70.8	28,761	31,365	9.1	2,183	2,833	29.8
Precision Machinery	70,374	116,892	66.1	66,642	79,056	18.6	3,448	8,901	158.2
Reportable Segment Total	257,286	344,004	33.7	244,711	273,299	11.7	13,530	25,150	85.9
Others	741	922	24.4	722	854	18.3	(725)	(260)	—
Adjustment	—	—	—	—	—	—	(39)	(31)	—
Total	258,028	344,927	33.7	245,433	274,154	11.7	12,766	24,858	94.7

Outline of Business Environment and Situation by Business Segment

Segment	Business Environment	Business Situation and the Trend of Orders Received (Note 1)
Fluid Machinery & Systems	<p>(In overseas market)</p> <ul style="list-style-type: none"> <li>• In the oil and gas market, despite the spread of COVID-19 and decline in crude oil prices, the market situation improved compared to the previous year and large-scale projects began mainly in Saudi Arabia and Qatar. In China, there are active projects such as ultra-large petrochemical complex and the integration and improvement of an old-fashioned small-scale refinery.</li> <li>• Water infrastructure market is recovering with projects in China and Southeast Asia. In North America, renovation projects of deteriorated facilities are resuming.</li> <li>• In the construction equipment market, construction investment remains firm in China and North America, and it has also been recovering in Europe.</li> </ul> <p>(In domestic market (Japan))</p> <ul style="list-style-type: none"> <li>• The building construction market is shrinking due to a decline in the number of new construction starts.</li> <li>• Investment in renovation and maintenance for social infrastructure was larger than the previous year.</li> </ul>	<p>(In overseas market)</p> <ul style="list-style-type: none"> <li>• Oil and gas related orders received exceeded that of the same period last year.</li> <li>• The volume of orders received for the water infrastructure exceeded that of the same period last year.</li> <li>• The volume of orders received for construction equipment exceeded that of the same period last year.</li> </ul> <p>(In domestic market (Japan))</p> <ul style="list-style-type: none"> <li>• The volume of orders received for building construction-related equipment exceeded that of the same period last year due to successful measures to strengthen after-sales service. </li> <li>• In public sector, although successful measures for increasing orders received for comprehensive evaluation projects and after-sales service were effective, the volume of orders received was smaller than the same period last year when there were orders received for large-scale projects.</li> </ul>
	<p>(In overseas market)</p> <ul style="list-style-type: none"> <li>• In the new product market as a whole, petrochemicals are still firm in China. In North America, shale gas-related projects as a whole are delayed and stagnant. In India and the Middle East, there were movements in the oil refining and petrochemicals markets.</li> <li>• The service market as a whole has been sluggish. Although mobility restrictions to prevent the spread of COVID-19 were eased in some regions, there are repercussions in dispatching instructors.</li> <li>• In the LNG market (cryogenic pump), although there are movements in some projects, investment decisions are slowing down.</li> </ul>	<ul style="list-style-type: none"> <li>• The volume of orders received for products was smaller than the same period last year due to postponed projects and restrained investment in North America. </li> <li>• The volume of orders received for field service slightly exceeded that of the same period last year due to easing of mobility restrictions.</li> </ul>
	<ul style="list-style-type: none"> <li>• In Japan, the market situation as a whole has been improving, however, the recovery of some markets such as accommodations is still slow due to the spread of COVID-19. On the other hand, investment in the industry-related market is active.</li> <li>• In China, the recovery of the market situation became clear. Many investments that were frozen in 2020 resumed, and projects in the construction equipment market are active.</li> </ul>	<ul style="list-style-type: none"> <li>• In Japan, the volume of orders received exceeded that of the same period last year. </li> <li>• In China, the volume of orders received exceeded that of the same period last year.</li> </ul>

Segment	Business Environment	Business Situation and the Trend of Orders Received (Note 1)
Environmental Plants (Note 2)	<ul style="list-style-type: none"> <li>•Demand for new constructions of waste incineration facilities for the public sector ran at about the same level as in a typical year.</li> <li>•The volume of O&amp;M orders placed for existing facilities ran at about the same level as in a typical year.</li> <li>•Construction demand for power generation facilities with woody biomass fuel for private companies and industrial waste incineration facilities for plastic waste continued.</li> </ul>	<ul style="list-style-type: none"> <li>•The volume of orders received significantly exceeded that of the same period last year as orders for 3 large-scale waste incineration facilities for the public sector were placed.</li> <li>(Overview of major orders received)</li> <li>•DBO project of waste incineration facilities for the public sector (1 order) </li> <li>•Core improvement project of waste incineration facilities and long-term comprehensive agreement for the public sector (1 order)</li> <li>•Long-term comprehensive agreement for the public sector(1 order)</li> </ul>
Precision Machinery	<ul style="list-style-type: none"> <li>•The semiconductor and the semiconductor manufacturing equipment markets have been expanding due to the semiconductor shortage through the wide spread of 5G and IoT.</li> </ul>	<ul style="list-style-type: none"> <li>•The volume of orders received greatly exceeded that of the same period last year as both logic foundries and memory companies are continuously expanding their capital investment. </li> <li>•The service and support business is firm as customers are operating at a high level even though they are partially affected by the spread of COVID-19.</li> </ul>

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

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

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

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



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

### **(i) Assets**

Total assets as of June 30, 2021 were ¥697,294 million, ¥52,522 million higher than as of December 31, 2020. Principal changes in asset items included a decrease of ¥9,505 million in contract assets, a decrease of ¥8,087 million in trade and other receivables, an increase of ¥32,209 million in cash and cash equivalents, an increase of ¥18,977 million in inventories and an increase of ¥12,275 million in goodwill and intangible assets.

### **(ii) Liabilities**

Total liabilities as of June 30, 2021 were ¥386,837 million, ¥38,942 million higher than as of December 31, 2020. Principal changes in liability items included an increase of ¥15,148 million in contract liabilities and an increase of ¥12,429 million in bonds payable, borrowings and lease liabilities.

### **(iii) Equity**

Equity as of June 30, 2021 amounted to ¥310,457 million, ¥13,579 million higher than as of December 31, 2020. Principal changes in equity items included dividends paid of ¥5,722 million, repurchase of treasury shares of ¥4,294 million, profit attributable to owners of parent of ¥16,926 million and an increase of ¥5,431 million in exchange differences on translation of foreign operations.

Total equity attributable to owners of parent amounted to ¥302,275 million, and the ratio of equity attributable to owners of the parent was 43.3%.

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

We revised the forecast for the fiscal year ending December 31, 2021, reflecting the results after the previous announcement on May 14, 2021 mainly due to increases of orders received and revenue in the FMS and PM Company. The revised forecast is as follows. In addition, the revised forecast by business segment is as follows.

Assumptions regarding foreign currency exchange rates have not been revised since the previous announcement and are as follows: US\$1= ¥105, EUR1= ¥120

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

#### Forecast for the Fiscal Year Ending December 31, 2021

	Orders Received	Revenue	Operating Profit	Profit before Tax	Millions of yen Profit Attributable to Owners of Parent
Previous Forecast : A	663,000	574,000	45,500	44,500	29,500
Revised Forecast : B	701,000	591,500	56,000	55,500	37,000
Change (B-A)	38,000	17,500	10,500	11,000	7,500
(Reference) Fiscal Year Ended December 31, 2020	511,200	522,400	37,500	35,700	24,200

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

Segment		Fluid Machinery & Systems	Environmental Plants	Precision Machinery	Others	Total
Previous Forecast : A	Orders Received	320,000	141,000	200,000	2,000	663,000
	Revenue	319,000	73,000	180,000	2,000	574,000
	Operating Profit	21,500	7,000	17,500	(500)	45,500
Revised Forecast : B	Orders Received	332,500	147,000	220,000	1,500	701,000
	Revenue	326,000	73,000	191,000	1,500	591,500
	Operating Profit	25,000	7,000	24,500	(500)	56,000
Change (B-A)	Orders Received	12,500	6,000	20,000	(500)	38,000
	Revenue	7,000	-	11,000	(500)	17,500
	Operating Profit	3,500	-	7,000	-	10,500

## 2. Condensed Consolidated Financial Statements and Primary Notes

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

	Millions of yen		
	As of January 1, 2020	As of December 31, 2020	As of June 30, 2021
<b>Assets</b>			
Current assets			
Cash and cash equivalents	95,256	120,544	152,754
Trade and other receivables	140,881	122,343	114,255
Contract assets	64,632	76,533	67,027
Inventories	101,150	101,654	120,631
Income taxes receivable	637	292	300
Other financial assets	3,007	2,750	5,902
Other current assets	14,396	15,945	16,037
Total current assets	419,962	440,062	476,910
Non-current assets			
Property, plant and equipment	150,353	158,763	160,907
Goodwill and intangible assets	8,714	11,450	23,725
Investments accounted for using the equity method	6,379	6,964	6,728
Deferred tax assets	14,391	12,994	14,786
Other financial assets	9,765	7,703	7,819
Other non-current assets	5,897	6,832	6,415
Total non-current assets	195,502	204,709	220,383
Total assets	615,465	644,771	697,294

	Millions of yen		
	As of January 1, 2020	As of December 31, 2020	As of June 30, 2021
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	137,843	142,701	148,076
Contract liabilities	20,728	40,056	55,205
Bonds, borrowings and lease liabilities	42,805	33,404	45,833
Income taxes payable	2,397	3,620	5,886
Provisions	14,972	14,489	13,675
Other financial liabilities	85	84	345
Other current liabilities	39,427	33,643	34,704
<b>Total current liabilities</b>	<b>258,259</b>	<b>267,998</b>	<b>303,729</b>
<b>Non-current liabilities</b>			
Bonds, borrowings and lease liabilities	61,191	64,946	67,439
Retirement benefit liability	12,004	9,494	10,023
Provisions	2,453	2,319	2,321
Deferred tax liabilities	47	45	5
Other financial liabilities	234	182	183
Other non-current liabilities	3,099	2,907	3,134
<b>Total non-current liabilities</b>	<b>79,031</b>	<b>79,895</b>	<b>83,107</b>
<b>Total liabilities</b>	<b>337,291</b>	<b>347,894</b>	<b>386,837</b>
<b>Equity</b>			
Share capital	79,155	79,451	79,626
Capital surplus	76,083	75,987	76,137
Retained earnings	116,732	136,629	147,832
Treasury shares	(174)	(178)	(4,473)
Other components of equity	(518)	(2,324)	3,152
<b>Total equity attributable to owners of parent</b>	<b>271,277</b>	<b>289,564</b>	<b>302,275</b>
Non-controlling interests	6,896	7,312	8,181
<b>Total equity</b>	<b>278,173</b>	<b>296,877</b>	<b>310,457</b>
<b>Total liabilities and equity</b>	<b>615,465</b>	<b>644,771</b>	<b>697,294</b>

## (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, 2020 and 2021

Millions of yen

	Six Months Ended June 30, 2020	Six Months Ended June 30, 2021
Revenue	245,433	274,154
Cost of sales	179,597	192,309
Gross profit	65,836	81,844
Selling, general and administrative expenses	53,046	57,310
Other income	394	645
Other expenses	416	320
Operating profit	12,766	24,858
Finance income	200	539
Finance costs	2,388	601
Share of profit (loss) of investments accounted for using the equity method	588	877
Profit before tax	11,166	25,673
Income tax expense	3,306	7,050
Profit	7,860	18,623
Profit attributable to		
Owners of parent	6,992	16,926
Non-controlling interests	868	1,696
Earnings per share		
Basic earnings per share	73.43	177.73
Basic earnings per share, diluted	73.11	177.17

For the Three Months Ended June 30, 2020 and 2021

Millions of yen

	Three Months Ended June 30, 2020	Three Months Ended June 30, 2021
Revenue	121,979	138,885
Cost of sales	88,862	96,977
Gross profit	33,116	41,908
Selling, general and administrative expenses	26,342	29,481
Other income	168	295
Other expenses	188	93
Operating profit	6,754	12,627
Finance income	90	180
Finance costs	834	323
Share of profit (loss) of investments accounted for using the equity method	(157)	107
Profit before tax	5,853	12,592
Income tax expense	1,724	3,361
Profit	4,128	9,231
Profit attributable to		
Owners of parent	3,642	8,356
Non-controlling interests	485	874
Earnings per share		
Basic earnings per share	38.23	87.88
Basic earnings per share, diluted	38.06	87.60

## Condensed Consolidated Statement of Comprehensive Income

For the Six Months Ended June 30, 2020 and 2021

Millions of yen

	Six Months Ended June 30, 2020	Six Months Ended June 30, 2021
Profit	7,860	18,623
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	(164)	(4)
Share of other comprehensive income of investments accounted for using the equity method	(16)	(14)
Total of items that will not be reclassified to profit or loss	(180)	(19)
Items that may be reclassified to profit or loss		
Cash flow hedges	17	64
Exchange differences on translation of foreign operations	(2,643)	5,781
Total of items that may be reclassified to profit or loss	(2,626)	5,846
Total other comprehensive income, net of tax	(2,806)	5,827
Total comprehensive income	5,053	24,450
Comprehensive income attributable to		
Owners of parent	4,269	22,402
Non-controlling interests	783	2,047

For the Three Months Ended June 30, 2020 and 2021

Millions of yen

	Three Months Ended June 30, 2020	Three Months Ended June 30, 2021
Profit	4,128	9,231
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	0
Share of other comprehensive income of investments accounted for using the equity method	3	(12)
Total of items that will not be reclassified to profit or loss	3	(11)
Items that may be reclassified to profit or loss		
Cash flow hedges	4	(7)
Exchange differences on translation of foreign operations	(15)	151
Total of items that may be reclassified to profit or loss	(11)	144
Total other comprehensive income, net of tax	(7)	132
Total comprehensive income	4,120	9,363
Comprehensive income attributable to		
Owners of parent	3,618	8,409
Non-controlling interests	502	953



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

Millions of yen

	Equity attributable to owners of parent							
	Equity attributable to owners of parent				Other components of equity			
	Share capital	Capital surplus	Retained earnings	Treasury shares	Exchange differences on translation of foreign operations	Net change in fair value of financial assets designated as measured at fair value through other comprehensive income	Cash flow hedges	Remeasurements of defined benefit plans
As of January 1, 2020	79,155	76,083	116,732	(174)	—	(493)	(24)	—
Changes during the period								
Comprehensive income								
Profit	—	—	6,992	—	—	—	—	—
Other comprehensive income	—	—	—	—	(2,559)	(180)	17	—
Total comprehensive income	—	—	6,992	—	(2,559)	(180)	17	—
Transactions with owners								
Dividends	—	—	(2,853)	—	—	—	—	—
Purchase of treasury shares	—	—	—	(1)	—	—	—	—
Disposal of treasury shares	—	—	—	—	—	—	—	—
Share-based payment transactions	249	(236)	—	—	—	—	—	—
Change in scope of consolidation	—	—	—	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	(113)	—	—	113	—	—
Total transactions with owners	249	(236)	(2,967)	(1)	—	113	—	—
As of June 30, 2020	79,404	75,846	120,757	(176)	(2,559)	(560)	(7)	—

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, 2020		(518)	271,277	6,896	278,173
Changes during the period					
Comprehensive income					
Profit		—	6,992	868	7,860
Other comprehensive income		(2,722)	(2,722)	(84)	(2,806)
Total comprehensive income		(2,722)	4,269	783	5,053
Transactions with owners					
Dividends		—	(2,853)	(1,287)	(4,141)
Purchase of treasury shares		—	(1)	—	(1)
Disposal of treasury shares		—	—	—	—
Share-based payment transactions		—	12	—	12
Change in scope of consolidation		—	—	—	—
Transfer from other components of equity to retained earnings		113	—	—	—
Total transactions with owners		113	(2,842)	(1,287)	(4,130)
As of June 30, 2020		(3,127)	272,704	6,392	279,097

## 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 fair value of financial assets designated as measured at fair value through other comprehensive income	Cash flow hedges	Remeasurements of defined benefit plans
As of January 1, 2021	79,451	75,987	136,629	(178)	(1,746)	(520)	(56)	—
Changes during the period								
Comprehensive income								
Profit	—	—	16,926	—	—	—	—	—
Other comprehensive income	—	—	—	—	5,431	(19)	64	—
Total comprehensive income	—	—	16,926	—	5,431	(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	147,832	(4,473)	3,684	(540)	8	—

Millions of yen

	Equity attributable to owners of parent		Total equity attributable to owners of parent	Total non-controlling interests	Total equity
	Total other components of equity				
As of January 1, 2021		(2,324)	289,564	7,312	296,877
Changes during the period					
Comprehensive income					
Profit		—	16,926	1,696	18,623
Other comprehensive income		5,476	5,476	350	5,827
Total comprehensive income		5,476	22,402	2,047	24,450
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		3,152	302,275	8,181	310,457

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

Millions of yen

	Six Months Ended June 30, 2020	Six Months Ended June 30, 2021
Cash flows from operating activities		
Profit before tax	11,166	25,673
Depreciation and amortization	9,934	10,185
Impairment loss	161	79
Interest and dividend income	(196)	(186)
Interest expenses	782	592
Foreign exchange loss (gain)	(30)	1,380
Share of loss (profit) of investments accounted for using the equity method	(588)	(877)
Loss (gain) on sales of fixed assets	(22)	(17)
Decrease (increase) in trade and other receivables	34,750	14,274
Decrease (increase) in contract assets	6,971	12,027
Decrease (increase) in inventories	(5,715)	(14,114)
Increase (decrease) in trade and other payables	(5,110)	5,589
Increase (decrease) in contract liabilities	20,207	13,111
Increase (decrease) in provisions	(388)	(978)
Increase / decrease in retirement benefit assets and liabilities	(21)	412
Other	(7,049)	1,333
Subtotal	64,851	68,487
Interest income received	160	166
Dividend income received	321	1,122
Interest expenses paid	(712)	(630)
Income taxes paid	(3,598)	(6,273)
Net cash provided by operating activities	61,022	62,872
Cash flows from investing activities		
Payments into time deposits	(1,377)	(2,641)
Proceeds from withdrawal of time deposits	1,703	2,593
Purchase of investment securities	(50)	(20)
Proceeds from sales and redemption of investment securities	2,096	—
Purchase of property, plant and equipment, and intangible assets	(15,519)	(15,896)
Proceeds from sale of property, plant and equipment	65	38
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(10,370)
Other	202	(2,750)
Net cash used in investing activities	(12,879)	(29,047)

Millions of yen

	Six Months Ended June 30, 2020	Six Months Ended June 30, 2021
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	9,572	9,784
Proceeds from long-term borrowings	25,000	3,247
Repayments of long-term borrowings	(3,317)	(3,816)
Repayments of lease liabilities	(2,288)	(2,011)
Proceeds from issuance of common shares	0	0
Purchase of treasury shares	(1)	(4,294)
Dividends paid	(2,853)	(5,722)
Dividends paid to non-controlling interests	(1,287)	(1,179)
Other	—	0
Net cash provided by (used in) financing activities	24,823	(3,991)
Effect of exchange rate changes on cash and cash equivalents	(361)	2,376
Net increase (decrease) in cash and cash equivalents	72,605	32,209
Cash and cash equivalents at beginning of period	95,256	120,544
Cash and cash equivalents at end of period	167,862	152,754

## (5) Notes to Condensed Consolidated Financial Statements

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

None

### (Segment Information)

Six Months Ended June 30, 2020

Millions of yen

	Reportable segments				Others (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Fluid Machinery & Systems	Environmental Plants	Precision Machinery	Total				
Revenue								
External customers	149,307	28,761	66,642	244,711	722	245,433	—	245,433
Intersegment and transfers	311	4	0	316	1,311	1,627	(1,627)	—
Total	149,619	28,766	66,643	245,028	2,033	247,061	(1,627)	245,433
Segment profit (loss)	7,899	2,183	3,448	13,530	(725)	12,805	(39)	12,766
Finance income								200
Finance costs								2,388
Share of profit (loss) of investments accounted for using the equity method								588
Profit before tax								11,166

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

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

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

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								
External 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)	13,415	2,833	8,901	25,150	(260)	24,889	(31)	24,858
Finance income								539
Finance costs								601
Share of profit (loss) of investments accounted for using the equity method								877
Profit before tax								25,673

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

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

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

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

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

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

### **Exemptions under IFRS 1**

The Company applies voluntary exemptions such as follows:

#### Business Combination

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

#### Exchange Differences on Translation of Foreign Operations

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

#### Leases as Lessee

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

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

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

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

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

## (1) Reconciliation of Japanese GAAP to IFRS

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

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

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

Millions of yen

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

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



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

Millions of yen

Line items under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Line items under IFRS
Assets				Assets		
Current assets				Current assets		
Cash and deposits	167,527	334	—	167,862		Cash and cash equivalents
Notes and accounts receivable	152,030	(152,030)	—	—		
Electronically recorded monetary claims	8,845	(8,845)	—	—		
	—	104,712	(146)	104,566		Trade and other receivables
	—	57,605	(784)	56,821		Contract assets
Securities	2,695	(2,695)	—	—		
Merchandise and finished goods	18,266	(18,266)	—	—		
Work in process	51,119	(51,119)	—	—		
Raw materials and supplies	37,381	(37,381)	—	—		
	—	104,562	1,052	105,615		Inventories
Others	15,981	(15,981)	—	—		
	—	291	—	291		Income taxes receivable
	—	14,399	753	15,152		Other current assets
	—	2,382	227	2,609		Other financial assets
Allowance for doubtful accounts	(2,031)	2,031	—	—		
Total current assets	451,815	—	1,102	452,918		Total current assets
Fixed assets				Non-current assets		
Tangible fixed assets (net)	130,895	—	23,141	154,037	(B)	Property, plant and equipment
Intangible assets	12,189	—	(1,481)	10,708		Goodwill and intangible assets
Investment securities	12,334	(12,334)	—	—		
	—	7,265	(594)	6,671		Investment accounted for using the equity method
	—	8,784	(938)	7,845	(A)	Other financial assets
	—	11,377	3,313	14,690		Deferred tax assets
Others (investments and other assets)	26,613	(26,613)	—	—		
	—	6,179	(439)	5,740		Other non-current assets
Allowance for doubtful accounts	(5,341)	5,341	—	—		
Total fixed assets	176,692	—	23,000	199,693		Total non-current assets
Total assets	628,508	—	24,103	652,611		Total assets

Line items under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Line items under IFRS
Liabilities				Liabilities		
Current liabilities				Current liabilities		
Notes and accounts payable-trade	52,212	(52,212)	—	—		
Electronically recorded obligations	67,382	(67,382)	—	—		
Short-term loans payable	82,999	(82,999)	—	—		Trade and other payables
	—	46,254	4,677	50,931	(B)	Bonds, borrowings and lease liabilities
	—	2,051	—	2,051		Income taxes payable
Provision for bonuses	5,467	(5,467)	—	—		
Provision for directors' bonuses	240	(240)	—	—		
Provision for losses on construction completion guarantees	3,113	(3,113)	—	—		
Provision for product warranties	3,885	(3,885)	—	—		
Provision for construction losses	6,483	(6,483)	—	—		
	—	13,483	1,049	14,532		Provisions
Others	78,925	(78,925)	—	—		
	—	40,636	—	40,636		Contract liabilities
	—	28,193	5,234	33,427	(C)	Other current liabilities
	—	91	—	91		Other financial liabilities
Total current liabilities	300,710	(37,320)	11,141	274,532		Total current liabilities
Long-term liabilities				Non-current liabilities		
Bonds payable	10,000	(10,000)	—	—		
Long-term loans payable	15,642	(15,642)	—	—		
	—	64,002	18,002	82,004	(B)	Bonds, borrowings and lease liabilities
Defined benefit liability	8,603	—	2,925	11,528	(D)	Retirement benefit liability
Provision for directors' retirement benefits	106	(106)	—	—		
Asset retirement obligations	2,405	(2,405)	—	—		
	—	2,405	52	2,457		Provisions
	—	14	16	30		Deferred tax liabilities
Others	2,150	(2,150)	—	—		
	—	967	1,757	2,725		Other non-current liabilities
	—	235	—	235		Other financial liabilities
Total long-term liabilities	38,908	37,320	22,753	98,982		Total non-current liabilities
Total liabilities	339,619	—	33,895	373,514		Total liabilities
Net assets				Equity		
Common shares	79,404	—	—	79,404		Share capital
Capital surplus	75,097	859	(110)	75,846		Capital surplus
Retained earnings	142,307	—	(21,550)	120,757	(F)	Retained earnings
Treasury shares	(176)	—	—	(176)		Treasury shares
Accumulated other comprehensive income	(15,198)	—	12,071	(3,127)	(A)(D) (E)	Other components of equity
Subscription rights to shares	859	(859)	—	—		
				272,704		Total equity attributable to owners of parent
Non-controlling interests	6,594	—	(202)	6,392		Non-controlling interests
Total net assets	288,888	—	(9,791)	279,097		Total equity
Total liabilities and net assets	628,508	—	24,103	652,611		Total liabilities and equity

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

Millions of yen

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

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

## (iv) Reconciliation of Income and Comprehensive Income for the Six Months Ended June 30, 2020

Millions of yen

Line items under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Line items under IFRS
Net sales	245,479	—	(45)	245,433	(H)	Revenue
Cost of sales	180,053	—	(455)	179,597	(G)(H)	Cost of sales
Gross profit	65,426	—	409	65,836		Gross profit
Selling, general and administrative expenses	51,769	114	1,162	53,046	(G)(H)	Selling, general and administrative expenses
	—	392	2	394		Other income
	—	416	0	416		Other expenses
Operating income	13,656	(139)	(750)	12,766		Operating profit
Non-operating income	1,147	(1,147)	—	—		
Non-operating expenses	2,375	(2,375)	—	—		
Extraordinary income	103	(103)	—	—		
Extraordinary loss	421	(421)	—	—		
	—	270	(70)	200		Finance income
	—	2,379	8	2,388		Finance costs
	—	588	0	588		Share of profit (loss) of investments accounted for using the equity method
Income before income taxes	12,111	(114)	(829)	11,166		Profit before tax
Income taxes	3,841	(3,841)	—	—		
	—	3,726	(420)	3,306		Income tax expense
Profit	8,270	—	(409)	7,860		Profit

Millions of yen

Line items under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Line items under IFRS
Profit	8,270	—	(409)	7,860		Profit
Other comprehensive income						Other comprehensive income
Net unrealized gains (losses) on investment securities	(50)	—	(113)	(164)		Net changes in fair value of financial assets measured through other comprehensive income
Remeasurements of defined benefit plans, net of tax	293	—	(293)	—		Remeasurements of defined benefit plans
Deferred gains (losses) on hedges	17	—	(0)	17		Cash flow hedges
Translation adjustment	(2,952)	—	309	(2,643)		Exchange differences on translation of foreign operations
Share of other comprehensive income of entities accounted for using the equity method	(17)	—	1	(16)		Share of other comprehensive income of investments accounted for using the equity method
Total other comprehensive income	(2,710)	—	(96)	(2,806)		Total other comprehensive income, net of tax
Comprehensive income	5,560	—	(506)	5,053		Total comprehensive income
Comprehensive income attributable to:						Comprehensive income attributable to:
Owners of parent	4,807	—	(537)	4,269		Owners of parent
Non-controlling interests	753	—	30	783		Non-controlling interests

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

Millions of yen

Line items under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Line items under IFRS
Net sales	122,782	—	(803)	121,979	(H)	Revenue
Cost of sales	90,159	—	(1,296)	88,862	(G)(H)	Cost of sales
Gross profit	32,623	—	492	33,116		Gross profit
Selling, general and administrative expenses	26,015	57	269	26,342	(G)(H)	Selling, general and administrative expenses
	—	168	0	168		Other income
	—	189	(0)	188		Other expenses
Operating income	6,607	(78)	224	6,754		Operating profit
Non-operating income	193	(193)	—	—		
Non-operating expenses	765	(765)	—	—		
Extraordinary income	11	(11)	—	—		
Extraordinary loss	168	(168)	—	—		
	—	90	0	90		Finance income
	—	744	89	834		Finance costs
	—	(53)	(103)	(157)		Share of profit (loss) of investments accounted for using the equity method
Income before income taxes	5,878	(57)	32	5,853		Profit before tax
Income taxes	1,757	(1,757)	—	—		
	—	1,700	24	1,724		Income tax expense
Profit	4,120	—	7	4,128		Profit

Millions of yen

Line items under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Line items under IFRS
Profit	4,120	—	7	4,128		Profit
Other comprehensive income						Other comprehensive income
Net unrealized gains (losses) on investment securities	0	—	—	0		Net changes in fair value of financial assets measured through other comprehensive income
Remeasurements of defined benefit plans, net of tax	170	—	(170)	—		Remeasurements of defined benefit plans
Deferred gains (losses) on hedges	4	—	(0)	4		Cash flow hedges
Translation adjustment	(191)	—	175	(15)		Exchange differences on translation of foreign operations
Share of other comprehensive income of entities accounted for using the equity method	(109)	—	112	3		Share of other comprehensive income of investments accounted for using the equity method
Total other comprehensive income	(125)	—	118	(7)		Total other comprehensive income, net of tax
Comprehensive income	3,995	—	125	4,120		Total comprehensive income
Comprehensive income attributable to:						Comprehensive income attributable to:
Owners of parent	3,509	—	109	3,618		Owners of parent
Non-controlling interests	485	—	16	502		Non-controlling interests

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

Millions of yen

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

Millions of yen

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

## (2) Notes for Reconciliation of Equity

### (Differences in Recognition and Measurement)

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

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

#### (B) Lease Transactions

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

#### (C) Unused Paid Leave

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

#### (D) Employee Benefits

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

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

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

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

#### (F) Adjustment to Retained Earnings

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

Millions of yen

	As of the Transition Date (January 1, 2020)	As of June 30, 2020	As of December 31, 2020
Employee benefits	(15,926)	(16,140)	(14,701)
Exchange differences on translation of foreign operations	(2,891)	(3,938)	(4,587)
Right of use assets, lease liabilities	(308)	(319)	(334)
Property, plant and equipment	(298)	(819)	(131)
Investments by using the equity method	(251)	(275)	(326)
Others	(561)	(56)	225
Reconciliation amount of retained earnings	(20,238)	(21,550)	(19,857)



(Reclassification)

To comply with IFRS, the following reclassifications are performed.

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

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

(Differences in Recognition and Measurement)

(G) Inventories

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

(H) Exchange Differences on Translation of Foreign Operations

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

(Reclassification)

To comply with IFRS, the following reclassifications are performed.

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

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

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

**(Additional Information)**

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

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

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

### **3. Others**

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

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

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

Regarding this incident, while the Company had been discussing with Gifu City the compensation for related damages, a lawsuit against EEP was filed by Gifu City at the Gifu District Court on January 31, 2019 claiming compensation for damages of ¥4,362 million and late charges for such compensation. Afterwards, Gifu City amended its amount of the compensation claim for damages to ¥4,474 million and late charges for such compensation on July 22, 2019, and EEP received the amended petition pertaining to this lawsuit on July 25, 2019. Furthermore, Gifu City amended its amount of the compensation claim for damages to ¥4,582 million and late charges for such compensation on July 17, 2020, and EEP received the amended petition pertaining to this lawsuit on July 20, 2020. At this time, it is not possible to make a reasonable estimate of the effect of this incident on the Group’s consolidated financial results.

## (2) Segment Information

Business Segment

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

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

Billions of yen

	Six Months Ended June 30, 2020	Six Months Ended June 30, 2021			Fiscal Year Ending December 31, 2021
	Actual	Actual	Change	Change Ratio (%)	Forecast
Orders Received					
Pumps	83.6	96.3	12.7	15.3	190.0
Compressors & Turbines	43.0	40.4	(2.5)	(6.0)	90.0
Chillers	16.8	22.1	5.3	31.6	40.0
Others	7.3	6.4	(0.8)	(11.8)	12.5
Total of FMS	150.8	165.4	14.6	9.7	332.5
EP	36.0	61.6	25.5	70.8	147.0
PM	70.3	116.8	46.5	66.1	220.0
Others	0.7	0.9	0.1	24.4	1.5
Total	258.0	344.9	86.8	33.7	701.0
Revenue					
Pumps	81.9	96.2	14.2	17.4	183.0
Compressors & Turbines	44.0	40.5	(3.5)	(8.1)	91.0
Chillers	16.7	19.0	2.2	13.7	39.0
Others	6.5	7.1	0.5	8.9	13.0
Total of FMS	149.3	162.8	13.5	9.1	326.0
EP	28.7	31.3	2.6	9.1	73.0
PM	66.6	79.0	12.4	18.6	191.0
Others	0.7	0.8	0.1	18.3	1.5
Total	245.4	274.1	28.7	11.7	591.5
Operating Profit					
Pumps	5.9	10.0	4.0	68.1	14.0
Compressors & Turbines	1.0	1.7	0.7	74.0	8.0
Chillers	1.1	0.8	(0.3)	(29.3)	2.2
Others & Adjustment	(0.2)	0.7	1.0	—	0.8
Total of FMS	7.8	13.4	5.5	69.8	25.0
EP	2.1	2.8	0.6	29.8	7.0
PM	3.4	8.9	5.4	158.2	24.5
Others & Adjustment	(0.7)	(0.2)	0.4	—	(0.5)
Total	12.7	24.8	12.0	94.7	56.0
Backlog of Orders Received					
Pumps	94.3	94.3	0.0	0.0	97.9
Compressors & Turbines	90.8	83.4	(7.4)	(8.2)	80.0
Chillers	15.7	16.8	1.1	7.0	14.0
Others	8.9	8.5	(0.3)	(3.7)	8.7
Total of FMS	209.8	203.2	(6.6)	(3.2)	200.7
EP	239.0	257.4	18.3	7.7	300.7
PM	44.0	85.3	41.3	93.9	75.5
Others	0.0	0.0	0.0	119.0	0.0
Total	493.0	546.1	53.1	10.8	577.0

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

Billions of yen

	Six Months Ended June 30, 2020	Six Months Ended June 30, 2021			Fiscal Year Ending December 31, 2021
	Actual	Actual	Change	Change Ratio (%)	Forecast
Orders Received					
Components	31.6	44.5	12.9	40.9	83.0
CMP Systems	35.9	68.0	32.1	89.6	130.0
Others	2.8	4.2	1.3	49.6	7.0
Total of PM	70.3	116.8	46.5	66.1	220.0
Revenue					
Components	28.4	37.5	9.1	32.2	80.0
CMP Systems	35.3	38.8	3.5	10.1	107.0
Others	2.9	2.6	(0.2)	(10.1)	4.0
Total of PM	66.6	79.0	12.4	18.6	191.0

### (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, 2020		Six Months Ended June 30, 2021		
	Actual	Composition (%)	Actual	Composition (%)	Change
Revenue					
Japan	147.9	60.3	152.7	55.7	4.7
North America	37.3	15.2	38.4	14.0	1.1
Asia (except Japan)	46.9	19.1	63.0	23.0	16.1
Others	13.1	5.4	19.8	7.2	6.7
Total	245.4	100.0	274.1	100.0	28.7
Operating Profit					
Japan	4.4		9.8		5.4
North America	1.8		4.2		2.3
Asia (except Japan)	5.6		8.6		2.9
Others	1.2		2.2		1.0
Adjustment	(0.4)		(0.1)		0.2
Total	12.7		24.8		12.0

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

Billions of yen

	Six Months Ended June 30, 2020		Six Months Ended June 30, 2021		
	Actual	Composition (%)	Actual	Composition (%)	Change
Revenue					
Japan	112.5	45.9	122.0	44.5	9.5
China	31.6	12.9	49.0	17.9	17.4
Other Asia	49.4	20.1	44.5	16.2	(4.9)
North America	20.4	8.4	22.1	8.1	1.6
Europe	16.9	6.9	18.2	6.6	1.2
Middle East	9.5	3.9	10.2	3.7	0.6
Others	4.7	1.9	7.8	2.8	3.0
Total	245.4	100.0	274.1	100.0	28.7