

CONSOLIDATED FINANCIAL RESULTS **FOR THE SIX MONTHS ENDED JUNE 30, 2024** **[IFRS]**

August 14, 2024

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 Scheduled date for dividend payment: September 13, 2024
 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, 2024

(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, 2024	394,536	8.4%	39,951	18.3%	42,150	23.7%	30,866	37.8%
Six Months Ended June 30, 2023	363,833	16.5%	33,766	24.2%	34,085	21.0%	22,397	16.3%

	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, 2024	29,216	41.9%	54,047	58.1%	63.28	63.19
Six Months Ended June 30, 2023	20,583	13.9%	34,189	(18.1)%	44.67	44.60

The Company conducted a 5-for-1 stock split of its common stock, effective July 1, 2024. Basic earnings per share and Basic earnings per share, diluted are calculated on the assumption that the stock split was executed at the beginning of the previous fiscal year.

(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, 2024	968,896	460,713	449,340	46.4
As of December 31, 2023	913,900	421,572	409,875	44.8

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, 2023	—	97.50	—	131.50	229.00
Fiscal Year Ending December 31, 2024	—	115.00			
Fiscal Year Ending December 31, 2024 (Forecast)			—	23.00	—

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

The Company conducted a 5-for-1 stock split of shares of common stock, effective July 1, 2024. The year-end dividend per share for the fiscal year ending December 31, 2024 (forecast) reflects the effect of this stock split, and the total annual dividend is shown as “-”. If the stock split is not taken into account, the year-end dividend for the fiscal year ending December 31, 2024 (forecast) will be 115.00 yen per share, and the annual dividend will be 230.00 yen per share.

3. Forecast of Financial Results for the Fiscal Year Ending December 31, 2024

% 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, 2024	827,000	8.9%	87,000	1.1%	85,100	0.4%	60,800	0.9%	131.68

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

The forecast of financial results for the fiscal year ending December 31, 2024, previously announced on May 14, 2024 has been revised. For further details, please refer to “Explanation of Forecast of Consolidated Financial Results” on page 10.

The Company conducted a 5-for-1 stock split of shares of common stock, effective July 1, 2024. The basic earnings per share for the fiscal year ending December 31, 2024 (forecast), takes into account the effect of this stock split. If the stock split is not taken into account, the basic earnings per share for the fiscal year ending December 31, 2024 (forecast) will be 658.42 yen.

4. Other Information

- (1) Significant changes in the scope of consolidation during the six months ended June 30, 2024: 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, 2024	461,999,735	As of December 31, 2023	461,745,410
(ii) Number of treasury shares	As of June 30, 2024	138,950	As of December 31, 2023	132,655
(iii) Average number of common shares	Six Months Ended June 30, 2024	461,708,204	Six Months Ended June 30, 2023	460,739,349

The Company conducted a 5-for-1 stock split of shares of common stock, effective July 1, 2024. The "number of common shares", "number of treasury shares", and "average number of common shares" are calculated as if the stock split had been conducted at the beginning of the previous fiscal year.

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

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

1. The forecast of performance and other forward-looking statements contained in this report are based on information that was available to the Company as of the time of the issuance of this report and on certain assumptions about uncertainties that may have an impact on the Group's performance. Actual performance may differ substantially from these forecasts owing to a wide range of factors. For further information on the assumptions made in the preparation of the forecast of performance, please refer to "Explanation of Forecast of Consolidated Financial Results" on page 10. Readers are cautioned not to place undue reliance on these forward-looking statements which are valid only as of the date thereof.
2. This report has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated report and the Japanese original, the original shall prevail. Also, the Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

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1. Qualitative Information Regarding Consolidated Financial Results

(1) Explanation of Financial Results

Millions of yen

	Six Months Ended June 30, 2023	Six Months Ended June 30, 2024	Change	Change Ratio (%)
Orders Received	367,672	399,697	32,024	8.7
Revenue	363,833	394,536	30,702	8.4
Operating Profit	33,766	39,951	6,185	18.3
Operating Profit on Revenue Ratio (%)	9.3	10.1	—	—
Profit Attributable to Owners of Parent	20,583	29,216	8,632	41.9
Basic Earnings per Share (Yen)	44.67	63.28	18.60	41.6

During the Six Months Ended June 30, 2024, the Japanese economy continued to recover moderately in terms of personal consumption and corporate capital investment. The global economy showed signs of picking up, although there was a downside risk due to continued high interest rates in the U.S. and Europe and the slowdown in the Chinese economy. On the other hand, geopolitical risks such as the tightening of semiconductor export control regulations due to conflicts between the United States and China, the situation in Ukraine, and the situation in the Middle East require close monitoring.

Under these circumstances, we formulated E-Plan2025, a three-year medium-term management plan starting in 2023. Under the theme of "creating value from the customer's perspective," we have shifted to a face-to-face market structure to further strengthen competitiveness in each of our businesses, and we are moving forward with various measures to achieve our management indicators.

Orders received for the Six Months Ended June 30, 2024 increased year on year in the Precision Machinery Business, even though a full-fledged recovery in the semiconductor market would take time, as the recovery from bottoming out became more evident. On the other hand, in the Environmental and Energy Business, orders fell year on year due to a decrease in the timing of large-scale orders, and overall orders increased year on year. Revenue increased due to solid performance in other segments excluding Infrastructure Business. Operating income increased, supported by sales growth, improved profitability, and favorable foreign exchange rates. Orders, revenue, and operating income reached record highs for the first half of the current fiscal year.




As a result, consolidated orders received for the Six Months Ended June 30, 2024 amounted to ¥399,697 million (an increase of 8.7% year-on-year), revenue amounted to ¥394,536 million (an increase of 8.4% year-on-year), operating profit amounted to ¥39,951 million (an increase of 18.3% year-on-year), and profit attributable to owners of parent amounted to ¥29,216 million (an increase of 41.9% year-on-year).



Operating Results by Business Segment is as follows.

Millions of yen




Segment	Orders Received			Revenue			Segment Profit		
	Six Months Ended June 30, 2023	Six Months Ended June 30, 2024	Change Ratio (%)	Six Months Ended June 30, 2023	Six Months Ended June 30, 2024	Change Ratio (%)	Six Months Ended June 30, 2023	Six Months Ended June 30, 2024	Change Ratio (%)
Building Service & Industrial	111,093	123,660	11.3	106,527	114,784	7.8	6,733	7,806	15.9
Energy	101,496	95,574	(5.8)	79,489	92,660	16.6	7,320	7,502	2.5
Infrastructure	25,272	28,733	13.7	29,280	25,835	(11.8)	4,402	3,082	(30.0)
Environmental	49,276	35,227	(28.5)	30,981	38,385	23.9	2,632	3,609	37.1
Precision Machinery	79,942	115,913	45.0	116,932	122,280	4.6	12,620	19,294	52.9
Reportable Segment Total	367,081	399,110	8.7	363,212	393,945	8.5	33,709	41,295	22.5
Others	590	586	(0.7)	621	590	(4.9)	(121)	(1,237)	—
Adjustment	—	—	—	—	—	—	178	(107)	—
Total	367,672	399,697	8.7	363,833	394,536	8.4	33,766	39,951	18.3

Outline of Business Environment and Situation by Business Segment

Segment	Business Environment	Business Situation and the Trend of Orders Received (Note 1)
Building Service & Industrial	<p>(Overseas)</p> <ul style="list-style-type: none"> • The market in North America is stagnant due to high interest rates, high construction costs, and a shortage of labor. • In Europe, investment has been restrained by inflation and rising interest rates, and the housing market in particular has been sluggish. • In China, the construction market is sluggish due to restraints on real estate investment for commercial and residential use. On the other hand, industrial and public-sector markets have been firm due to government investment. <p>(Japan)</p> <ul style="list-style-type: none"> • In the construction equipment market, the number of construction starts has slowed down due to the impacts of high material prices and labor shortages. Demand in the service market continues to be on an upward trend. • In the industrial market, major changes are anticipated in the medium to long term, such as the consideration of capital investment with an eye to decarbonization and the conversion of the business structure, but they are currently trending steadily. 	<p>(Overseas)</p> <ul style="list-style-type: none"> • Orders received increased year on year due to steady orders in China and North and South America.  <p>(Japan)</p> <ul style="list-style-type: none"> • Orders received increased year on year due to steady growth from the effects of a recovery in demand for services and support.
Energy	<ul style="list-style-type: none"> • In the new product market, demand in the petrochemical market has been firm, mainly in the Middle East. Demand for LNG market has been stabilizing. China's electricity market continues to be active. • The service market has been firm recently, although there are signs that demand for maintenance, repairs, etc. has run its course and returns to normal levels. 	<ul style="list-style-type: none"> • Orders received for products decline year on year.  • Orders received in the service sector increase year on year.
infrastructure	<p>(Overseas)</p> <ul style="list-style-type: none"> • In the water infrastructure market, demand for pumps is falling and competition is fierce in China due to the impact of the economic slowdown. In Southeast Asia and North America, however, demand is firm due to economic growth and progress in the development of aging facilities. <p>(Japan)</p> <ul style="list-style-type: none"> • Investment in the renewal and repair of social infrastructure has been firm. • The public sector construction market has been moving in line with the usual year. Demand for after-sales of existing facilities continues to be firm. 	<p>(Overseas)</p> <ul style="list-style-type: none"> • Orders received for water infrastructure increased year on year. <p>(Japan)</p> <ul style="list-style-type: none"> • Orders received for the public sector increased year on year due to ongoing measures, such as comprehensive evaluation projects and an increase in orders for aftersales services. 

Segment	Business Environment	Business Situation and the Trend of Orders Received (Note 1)
Environmental (Note 2)	(Japan) • Demand for new construction of waste treatment facilities for the public sector is trending as usual. • Orders for O&M at existing facilities are trending as usual. • Construction demand for woody biomass power generation facilities for the private sector and industrial waste treatment facilities such as waste plastics continues at a certain level.	(Japan) • Orders in EPC decrease year on year. (Overview of major orders received)  • Construction to improve basic facilities for waste treatment facilities for the public sector. (1 project)
Precision Machinery	• Customers' plant utilization rates have been recovering, albeit at a slow pace, due to a general recovery in demand for semiconductors and an increase in demand for semiconductors for generated AI, but they have yet to resume fully-fledged investments to increase production.	• Demand for Chinese applications remained firm, and orders for logic foundries also increased year on year, which was in an adjustment phase. In addition, the number of service and support orders remained steady and exceeded year on year in line with the recovery in the factory utilization rate of customers. 

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: EPC (Engineering, Procurement, Construction) The engineering, procurement, construction of plants
 O&M (Operation & Maintenance) The operation and maintenance of plants

(2) Explanation of Financial Position

(i) Assets

Total assets as of June 30, 2024 were ¥968,896 million, ¥54,996 million higher than as of December 31, 2023. Principal changes in asset items included a decrease of ¥18,297 million in contract assets, an increase of ¥30,432 million in cash and cash equivalents, an increase of ¥17,421 million in property, plant and equipment, and increase of ¥15,663 million in inventories.

(ii) Liabilities

Total liabilities as of June 30, 2024 were ¥508,183 million, ¥15,855 million higher than as of December 31, 2023. Principal changes in liability items included a decrease of ¥16,957 million in trade and other payables, an increase of ¥29,693 million in contract liabilities.

(iii) Equity

Equity as of June 30, 2024 amounted to ¥460,713 million, ¥39,140 million higher than as of December 31, 2023. Principal changes in equity items included dividends paid of ¥12,140 million, profit attributable to owners of parent of ¥29,216 million, and an increase of ¥22,697 million in exchange differences on translation of foreign operations. Total equity attributable to owners of parent amounted to ¥449,340 million, and the ratio of equity attributable to owners of the parent was 46.4%.

(3) Explanation of Forecast of Consolidated Financial Results

Regarding the forecast for the fiscal year ending December 31, 2024, based on trends in business performance since the announcement of the previous financial results (May 14, 2024), the Company has revised its forecasts as follows because of the orders received increase of Infrastructure Business and Environmental Business. Revenue and operating profit remain unchanged from the previous forecast. 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= ¥140, EUR1= ¥150, RMB1=¥19.5

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

Forecast for the Fiscal Year Ending December 31, 2024

	Orders Received	Revenue	Operating Profit	Profit before Tax	Profit Attributable to Owners of Parent
Previous Forecast : A	834.0	827.0	87.0	85.1	60.8
Revised Forecast : B	845.0	827.0	87.0	85.1	60.8
Change (B-A)	11.0	—	—	—	—
Change (%)	1.3	—	—	—	—
(Reference) Fiscal Year Ended December 31, 2023	820.5	759.3	86.0	84.7	60.2

Billions of yen

Forecast for the Fiscal Year Ending December 31, 2024 by Business Segment

Segment		Building Service & Industrial	Energy	Infrastructure	Environmental	Precision Machinery	Others	Total
Previous Forecast : A	Orders Received	230.0	200.0	55.0	68.0	280.0	1.0	834.0
	Revenue	230.0	200.0	51.0	80.0	265.0	1.0	827.0
	Operating Profit	16.5	20.0	4.0	6.0	41.5	(1.0)	87.0
Revised Forecast : B	Orders Received	230.0	200.0	60.0	74.0	280.0	1.0	845.0
	Revenue	230.0	200.0	51.0	80.0	265.0	1.0	827.0
	Operating Profit	16.5	20.0	4.0	6.0	41.5	(1.0)	87.0
Change (B-A)	Orders Received	—	—	5.0	6.0	—	—	11.0
	Revenue	—	—	—	—	—	—	—
	Operating Profit	—	—	—	—	—	—	—

Billions of yen

Forecast of Business Environment by Business Segment

Segment	Business Environment
Building Service & Industrial	<p>(Overseas)</p> <ul style="list-style-type: none"> • In the U.S. and Europe, the slowdown or downward trend in capital investment is expected to continue due to the impact of construction costs and labor costs rising against the backdrop of continued inflation. • In China, the market for building equipment such as commercial facilities and housing is expected to be sluggish, while the industry and public sector market is expected to grow. • In addition to increase raw material and resource prices, there are concerns about rising material purchase prices and extending lead times due to increased costs and slowdown in international logistics. <p>(Japan)</p> <ul style="list-style-type: none"> • In the construction equipment market, construction demand is firm, but material prices have reached a record high due to the yen's depreciation and the increase in logistics costs. In addition, there are concerns that construction may be postponed due to the impact of labor shortages. • The industrial market is expected to undergo structural changes in the market, especially in the chemical market, with reorganization momentum in the petrochemical field and growth investment in downstream functional chemicals. The market is expected to see continued demand from capital investment.
Energy	<ul style="list-style-type: none"> • In the new product market, the petrochemical market and LNG market, mainly in North America, Asia, and the Middle East, are expected to remain firm. • In the service market, demand for maintenance and repair is expected to return to normal levels. • In the decarbonization-related market, the number of projects is expected to continue to increase due to the recovery, storage, and effective use of hydrogen, ammonia, and carbon dioxide. • In the electricity market, plans for ammonia conversion projects are expected to increase, mainly in the domestic and Asia markets. In China, demand is expected to continue for new thermal power generation installations/high-efficiency upgrades.
Infrastructure	<p>(Overseas)</p> <ul style="list-style-type: none"> • In China, despite the impact of the economic slowdown trend, the market as a whole is expected to see moderate economic growth, and demand for water due to population growth is firm, mainly in Asia and Africa. In addition, flood damage is increasing year by year in various parts of the world due to global warming and extreme weather, and it is expected that a certain level of demand will continue for river drainage pumps, drainage pumping vehicles, etc. <p>(Japan)</p> <ul style="list-style-type: none"> • Demand is expected to remain robust due to watershed flood control initiatives in response to intensifying and frequent natural disasters, response to accelerating aging of infrastructure facilities, and the promotion of digital transformation in the infrastructure field.
Environmental	<p>(Japan)</p> <ul style="list-style-type: none"> • Demand for new construction of waste treatment facilities for the public sector is expected to be generally in line with normal years. • Demand for construction of woody biomass power generation facilities for the private sector and industrial waste treatment facilities such as waste plastics is expected to continue. • Orders to the private sector are on the rise for O&M of existing facilities, but demand is expected to be about the same as usual in the short term.
Precision Machinery	<ul style="list-style-type: none"> • In the semiconductor market, the recovery from the bottoming out of the adjustment phase, which had continued from the previous year, became more evident. While the utilization rate of customers' factories is rising, there is a delay in the full-fledged recovery of the semiconductor manufacturing equipment market outside China. In the medium to long term, however, the outlook for the marketplace is expected to remain unchanged on the background of growing demand for ICAC5(IoT, Cloud, AI, Car (electric vehicles and autonomous vehicles), 5G), and DX, GX.

2. Condensed Consolidated Financial Statements and Primary Notes

(1) Condensed Consolidated Statement of Financial Position

Millions of yen

	As of December 31, 2023	As of June 30, 2024
Assets		
Current assets		
Cash and cash equivalents	148,059	178,492
Trade and other receivables	163,363	164,377
Contract assets	99,901	81,604
Inventories	200,616	216,279
Income taxes receivable	1,277	1,719
Other financial assets	4,357	2,732
Other current assets	30,747	32,000
Total current assets	648,323	677,205
Non-current assets		
Property, plant and equipment	175,882	193,303
Goodwill and intangible assets	50,381	57,135
Investments accounted for using the equity method	7,192	7,588
Deferred tax assets	17,656	18,758
Other financial assets	6,015	6,181
Other non-current assets	8,447	8,723
Total non-current assets	265,576	291,690
Total assets	913,900	968,896

	Millions of yen	
	As of December 31, 2023	As of June 30, 2024
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	172,368	155,410
Contract liabilities	92,918	122,612
Bonds, borrowings and lease liabilities	31,953	44,582
Income taxes payable	8,150	9,141
Provisions	12,132	11,038
Other financial liabilities	760	1,424
Other current liabilities	43,682	44,032
Total current liabilities	361,966	388,241
Non-current liabilities		
Bonds, borrowings and lease liabilities	113,296	99,617
Retirement benefit liability	7,967	9,068
Provisions	2,588	3,507
Deferred tax liabilities	2,954	3,755
Other financial liabilities	492	588
Other non-current liabilities	3,062	3,404
Total non-current liabilities	130,361	119,941
Total liabilities	492,327	508,183
Equity		
Share capital	80,489	80,623
Capital surplus	76,593	76,462
Retained earnings	224,267	241,347
Treasury shares	(306)	(320)
Other components of equity	28,830	51,227
Total equity attributable to owners of parent	409,875	449,340
Non-controlling interests	11,697	11,372
Total equity	421,572	460,713
Total liabilities and equity	913,900	968,896

(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, 2023 and 2024

Millions of yen

	Six Months Ended June 30, 2023	Six Months Ended June 30, 2024
Revenue	363,833	394,536
Cost of sales	253,423	267,828
Gross profit	110,409	126,707
Selling, general and administrative expenses	77,053	87,663
Other income	1,203	2,073
Other expenses	793	1,165
Operating profit	33,766	39,951
Finance income	1,206	3,058
Finance costs	1,935	1,881
Share of profit (loss) of investments accounted for using the equity method	1,049	1,022
Profit before tax	34,085	42,150
Income tax expense	11,688	11,284
Profit	22,397	30,866
Profit (loss) attributable to		
Owners of parent	20,583	29,216
Non-controlling interests	1,813	1,650
Earnings per share		
Basic earnings per share(Yen)	44.67	63.28
Basic earnings per share, diluted(Yen)	44.60	63.19

The Company conducted a 5-for-1 stock split of its common stock, effective July 1, 2024. Basic earnings per share and Basic earnings per share, diluted are calculated on the assumption that the stock split was executed at the beginning of the previous fiscal year.

For the Three Months Ended June 30, 2023 and 2024

Millions of yen

	Three Months Ended June 30, 2023	Three Months Ended June 30, 2024
Revenue	179,762	200,713
Cost of sales	122,531	134,649
Gross profit	57,230	66,063
Selling, general and administrative expenses	38,832	45,574
Other income	665	467
Other expenses	561	304
Operating profit	18,501	20,651
Finance income	994	1,519
Finance costs	583	993
Share of profit (loss) of investments accounted for using the equity method	(10)	95
Profit before tax	18,901	21,272
Income tax expense	5,360	5,816
Profit	13,541	15,456
Profit (loss) attributable to		
Owners of parent	12,484	14,517
Non-controlling interests	1,057	938
Earnings per share		
Basic earnings per share(Yen)	27.08	31.44
Basic earnings per share, diluted(Yen)	27.04	31.41

The Company conducted a 5-for-1 stock split of its common stock, effective July 1, 2024. Basic earnings per share and Basic earnings per share, diluted are calculated on the assumption that the stock split was executed at the beginning of the previous fiscal year.

Condensed Consolidated Statement of Comprehensive Income

For the Six Months Ended June 30, 2023 and 2024

Millions of yen

	Six Months Ended June 30, 2023	Six Months Ended June 30, 2024
Profit	22,397	30,866
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	195	65
Share of other comprehensive income of investments accounted for using the equity method	122	(52)
Total of items that will not be reclassified to profit or loss	318	12
Items that may be reclassified to profit or loss		
Cash flow hedges	21	(309)
Exchange differences on translation of foreign operations	11,451	23,477
Total of items that may be reclassified to profit or loss	11,473	23,168
Total other comprehensive income, net of tax	11,792	23,181
Total comprehensive income	34,189	54,047
Comprehensive income attributable to		
Owners of parent	32,029	51,616
Non-controlling interests	2,159	2,430

For the Three Months Ended June 30, 2023 and 2024

Millions of yen

	Three Months Ended June 30, 2023	Three Months Ended June 30, 2024
Profit	13,541	15,456
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in financial assets measured at fair value through other comprehensive income	130	(16)
Share of other comprehensive income of investments accounted for using the equity method	74	(27)
Total of items that will not be reclassified to profit or loss	205	(43)
Items that may be reclassified to profit or loss		
Cash flow hedges	11	(309)
Exchange differences on translation of foreign operations	9,344	11,858
Total of items that may be reclassified to profit or loss	9,356	11,549
Total other comprehensive income, net of tax	9,562	11,505
Total comprehensive income	23,103	26,962
Comprehensive income attributable to		
Owners of parent	21,766	25,624
Non-controlling interests	1,337	1,337

(3) Condensed Consolidated Statement of Changes in Equity
For the Six Months Ended June 30, 2023

Millions of yen

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

Millions of yen

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

For the Six Months Ended June 30, 2024

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, 2024	80,489	76,593	224,267	(306)	28,243	592	(5)	—
Changes during the period								
Comprehensive income								
Profit	—	—	29,216	—	—	—	—	—
Other comprehensive income	—	—	—	—	22,697	12	(309)	—
Total comprehensive income	—	—	29,216	—	22,697	12	(309)	—
Transactions with owners								
Dividends	—	—	(12,140)	—	—	—	—	—
Purchase of treasury shares	—	—	—	(14)	—	—	—	—
Disposal of treasury shares	—	0	—	0	—	—	—	—
Share-based payment transactions	134	133	—	—	—	—	—	—
Acquisition or disposal of non-controlling interests	—	(264)	—	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	3	—	—	(3)	—	—
Total transactions with owners	134	(131)	(12,136)	(14)	—	(3)	—	—
As of June 30, 2024	80,623	76,462	241,347	(320)	50,940	601	(315)	—

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, 2024		28,830	409,875	11,697	421,572
Changes during the period					
Comprehensive income					
Profit		—	29,216	1,650	30,866
Other comprehensive income		22,400	22,400	780	23,181
Total comprehensive income		22,400	51,616	2,430	54,047
Transactions with owners					
Dividends		—	(12,140)	(2,623)	(14,764)
Purchase of treasury shares		—	(14)	—	(14)
Disposal of treasury shares		—	0	—	0
Share-based payment transactions		—	267	—	267
Acquisition or disposal of non-controlling interests		—	(264)	(131)	(396)
Transfer from other components of equity to retained earnings		(3)	—	—	—
Total transactions with owners		(3)	(12,151)	(2,755)	(14,907)
As of June 30, 2024		51,227	449,340	11,372	460,713

(4) Condensed Consolidated Statement of Cash Flows

Millions of yen

	Six Months Ended June 30, 2023	Six Months Ended June 30, 2024
Cash flows from operating activities		
Profit before tax	34,085	42,150
Depreciation and amortization	12,962	14,852
Impairment loss	7	21
Interest and dividend income	(449)	(823)
Interest expenses	1,842	1,818
Foreign exchange loss (gain)	1,498	1,370
Share of loss (profit) of investments accounted for using the equity method	(1,049)	(1,022)
Loss (gain) on sales of fixed assets	(117)	(1,144)
Decrease (increase) in trade and other receivables	12,256	8,580
Decrease (increase) in contract assets	21,089	24,457
Decrease (increase) in inventories	(8,603)	(6,887)
Increase (decrease) in trade and other payables	(33,430)	(30,813)
Increase (decrease) in contract liabilities	24,909	23,536
Increase (decrease) in provisions	(762)	(532)
Increase / decrease in retirement benefit assets and liabilities	372	848
Decrease/increase in consumption taxes receivable/payable	6,822	6,478
Other	(6,772)	(6,750)
Subtotal	64,664	76,141
Interest received	446	772
Dividend received	1,452	587
Interest paid	(1,791)	(1,846)
Income taxes paid	(12,620)	(11,407)
Net cash provided by operating activities	52,150	64,247
Cash flows from investing activities		
Payments into time deposits	(4,590)	(1,705)
Proceeds from withdrawal of time deposits	4,242	3,250
Proceeds from sales and redemption of investment securities	—	16
Purchase of property, plant and equipment, and intangible assets	(15,197)	(20,652)
Proceeds from sale of property, plant and equipment	199	1,793
Other	(573)	478
Net cash used in investing activities	(15,919)	(16,818)

Millions of yen

	Six Months Ended June 30, 2023	Six Months Ended June 30, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	3,971	(5,001)
Proceeds from long-term borrowings	150	406
Repayments of long-term borrowings	(1,934)	(1,238)
Repayments of lease liabilities	(2,401)	(2,632)
Proceeds from issuance of common shares	0	0
Purchase of treasury shares	(6)	(14)
Dividends paid	(9,942)	(12,140)
Dividends paid to non-controlling interests	(1,529)	(2,623)
Payments for acquisition of interests in subsidiaries from non-controlling interests	—	(397)
Other	—	0
Net cash used in financing activities	(11,692)	(23,642)
Effect of exchange rate changes on cash and cash equivalents	3,191	7,371
Hyperinflation adjustment	(212)	(725)
Net increase (decrease) in cash and cash equivalents	27,517	30,432
Cash and cash equivalents at beginning of period	116,137	148,059
Cash and cash equivalents at end of period	143,654	178,492

(5) Notes to Condensed Consolidated Financial Statements

(Note for the Assumption of Going Concern)

None

(Segment Information)

Six Months Ended June 30, 2023

Millions of yen

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

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

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

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

Six Months Ended June 30, 2024

Millions of yen

	Reportable Segments						Others (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Building Service & Industrial	Energy	Infrastructur e	Environmen tal	Precision Machinery	Total				
Revenue										
Customers	114,784	92,660	25,835	38,385	122,280	393,945	590	394,536	—	394,536
Intersegment and Transfers	681	154	74	47	0	959	486	1,446	(1,446)	—
Total	115,466	92,815	25,909	38,432	122,281	394,904	1,077	395,982	(1,446)	394,536
Segment Profit (Loss)	7,806	7,502	3,082	3,609	19,294	41,295	(1,237)	40,058	(107)	39,951
Finance Income										3,058
Finance Costs										1,881
Share of Profit (Loss) of Investments Accounted for Using the Equity Method										1,022
Profit before tax										42,150

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

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

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

(Contingency)

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

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

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

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

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

On June 12, 2023, EEP filed an appeal to the Nagoya High Court against the part of the judgment that allowed the claim of Gifu City and the part that did not allow the claim of EEP and was tried in the same court. ① On May 17, 2024, the judgment of the first instance was amended and EEP ordered Gifu City to pay ¥605 million and late charges at the rate of 5% per annum from October 23, 2015. ② Separately, EEP ordered Gifu City with regard to the case mentioned in ① and the preliminary expenses for disposal of coarse garbage which had been a merger trial, Gifu City was sentenced to order EEP to pay ¥122 million and late charges at the rate of 6% per annum from May 19, 2018.

After careful examination of the judgment, EEP accepted the judgment of the appellate instance and decided not to file a final appeal or petition for acceptance of a final appeal.

However, Gifu City delivered a notification of the submission of the appeal and a notification of the receipt of the appeal to EEP indicating that a request for the receipt of the appeal was made.

Based on the content of the judgment, EEP recorded ¥836 million in compensation for damages and late payment charges to Gifu City in EEP in the current interim consolidated accounting period in the provision for loss on litigation and the same amount in other non-current assets that we expect to allocate in the future in light of the insurance policies, insured in the case, and presented income and expenses on a net basis.

The impact of this lawsuit on the Company's consolidated financial results is considered immaterial.

(Additional Information)

Issuance of corporate bonds (Sustainability-Linked Bonds)

On June 11, 2024, the Board of Directors resolved to issue unsecured domestic straight bonds as described below.

(1) Type of Bonds	Domestic unsecured straight bonds (Sustainability-linked bonds)
(2) Maximum total amount of Bonds for subscription	10 billion yen
(3) Issue timing	From July 1, 2024 to September 30, 2024
(4) Maturity date	Within 10 years and 1 month
(5) Redemption method	Bullet
(6) Use of funds	Scheduled to be appropriated for investment and loan funds, equipment funds, funds for redemption of bonds, and working capital
(7) Amount to be paid or redeemed	100 yen per 100 yen of each bond
(8) Maximum annual rate	2.00% per year
(9) Interest Payment Method	6-month deferred payments
(10) Collateral and guarantees	None
(11) KPI	GHG emissions Scope1+2
(12) Financial rider	In addition to the "covenants restricting the provision of security," special provisions required for the issuance of corporate bonds shall be attached.
(13) Application of the Act on Book-Entry Transfer of Corporate Bonds, Shares, etc.	All of the Bonds are subject to the Act on Transfer of Bonds, Shares, etc.
(14) Others	Appointment of underwriters, financial agents, auditing firms, and all other matters required for the issuance of corporate bonds shall be left to the President and Representative Executive Officer.

3. Others

(1) Segment Information

(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, 2023	Six Months Ended June 30, 2024			Fiscal Year Ending December 31, 2024
	Actual	Actual	Change	Change Ratio (%)	Forecast
Orders Received					
Building Service & Industrial	111.0	123.6	12.5	11.3	230.0
Energy	101.4	95.5	(5.9)	(5.8)	200.0
Infrastructure	25.2	28.7	3.4	13.7	60.0
Environmental	49.2	35.2	(14.0)	(28.5)	74.0
Precision Machinery	79.9	115.9	35.9	45.0	280.0
Others	0.5	0.5	(0.0)	(0.7)	1.0
Total	367.6	399.6	32.0	8.7	845.0
Revenue					
Building Service & Industrial	106.5	114.7	8.2	7.8	230.0
Energy	79.4	92.6	13.1	16.6	200.0
Infrastructure	29.2	25.8	(3.4)	(11.8)	51.0
Environmental	30.9	38.3	7.4	23.9	80.0
Precision Machinery	116.9	122.2	5.3	4.6	265.0
Others	0.6	0.5	(0.0)	(4.9)	1.0
Total	363.8	394.5	30.7	8.4	827.0
Operating Profit					
Building Service & Industrial	6.7	7.8	1.0	15.9	16.5
Energy	7.3	7.5	0.1	2.5	20.0
Infrastructure	4.4	3.0	(1.3)	(30.0)	4.0
Environmental	2.6	3.6	0.9	37.1	6.0
Precision Machinery	12.6	19.2	6.6	52.9	41.5
Others & Adjustment	0.0	(1.3)	(1.4)	—	(1.0)
Total	33.7	39.9	6.1	18.3	87.0
Backlog of Orders Received					
Building Service & Industrial	74.6	73.2	(1.4)	(1.9)	60.6
Energy	182.0	235.3	53.3	29.3	210.1
Infrastructure	52.5	70.8	18.3	34.9	76.4
Environmental	329.1	357.2	28.0	8.5	340.9
Precision Machinery	198.4	201.3	2.8	1.4	220.4
Others	0.0	0.0	(0.0)	(20.7)	0.0
Total	836.8	938.0	101.1	12.1	908.7

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

Billions of yen

	Six Months Ended June 30, 2023	Six Months Ended June 30, 2024			Fiscal Year Ending December 31, 2024
	Actual	Actual	Change	Change Ratio (%)	Forecast
Orders Received					
Components	42.3	53.1	10.7	25.5	101.0
CMP Systems	34.9	56.9	21.9	62.9	169.0
Others	2.6	5.8	3.1	119.4	10.0
Total of PM	79.9	115.9	35.9	45.0	280.0
Revenue					
Components	47.7	50.6	2.8	5.9	101.0
CMP Systems	67.6	68.8	1.2	1.8	154.0
Others	1.5	2.8	1.3	85.0	10.0
Total of PM	116.9	122.2	5.3	4.6	265.0

(2) Area Information

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

Billions of yen

	Six Months Ended June 30, 2023		Six Months Ended June 30, 2024		
	Actual	Composition (%)	Actual	Composition (%)	Change
Revenue					
Japan	178.6	49.1	191.6	48.6	12.9
North America	67.9	18.7	73.9	18.7	6.0
Asia (except Japan)	86.9	23.9	93.8	23.8	6.9
Others	30.3	8.3	35.0	8.9	4.7
Total	363.8	100.0	394.5	100.0	30.7
Operating Profit					
Japan	14.4		17.1		2.6
North America	5.9		6.2		0.3
Asia (except Japan)	11.5		13.3		1.7
Others	3.1		3.6		0.4
Adjustment	(1.3)		(0.4)		0.9
Total	33.7		39.9		6.1

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

Billions of yen

	Six Months Ended June 30, 2023		Six Months Ended June 30, 2024		
	Actual	Composition (%)	Actual	Composition (%)	Change
Revenue					
Japan	129.5	35.6	145.1	36.8	15.5
China	59.5	16.4	80.0	20.3	20.5
Taiwan, Korea Other Asia	73.4	20.2	51.6	13.1	(21.7)
North America	35.9	9.9	56.8	14.4	20.8
Europe	31.1	8.6	24.3	6.2	(6.8)
Middle East	20.5	5.6	21.2	5.4	0.6
Others	13.6	3.8	15.2	3.9	1.6
Total	363.8	100.0	394.5	100.0	30.7