

* Notes

- (1) Changes in significant subsidiaries during the current consolidated cumulative third quarter: None
 New: — (Company name:) Excluded: — (Company name:)
- (2) Application of account processing specific to the creation of quarterly consolidated financial statements: None
- (3) Change in accounting policy, change in accounting estimates and restatements
- (i) Change in accounting policy due to the revision of accounting standards, etc. : None
 - (ii) Change in accounting policy for other reasons : None
 - (iii) Change in accounting estimates : None
 - (iv) Restatements : None

(4) Number of shares issued (common share)

(i) Number of shares issued (including treasury shares) at the period-end	As of December 31, 2022	41,745,505 shares	As of March 31, 2022	41,745,505 shares
(ii) Number of treasury shares at the period-end	As of December 31, 2022	1,284,372 shares	As of March 31, 2022	1,089,092 shares
(iii) Average number of shares outstanding in the period (quarterly total)	FY2022 3rd Quarter	40,482,689 shares	FY2021 3rd Quarter	41,078,151 shares

(Note) We have introduced the performance-based stock compensation plan, "Board Benefit Trust (BBT)". Accordingly, in the calculation of the basic earnings per share, the Company shares owned by the Trust are included in the treasury shares, which are deducted in the calculation of the number of treasury shares at the period-end and the average number of shares outstanding in the period.

* These quarterly financial results are not subject to quarterly reviews by certified public accountants or audit corporations.

* Explanation of the appropriate use of the expected results of operations, other special notes

Forecasts for operations and other descriptions about the future that are contained in this document are based on the information acquired at the time of publication, as well as certain premises that we judge reasonable. The actual results of operations and so on may change greatly as a result of various factors. For information about the conditions acting as the premise for the expected results of operations and notes on the use of the expected results of operations, see "(2) Explanation for the information on future prospects including the expected consolidated results of operations" on page 3 of Attachment.

Note: This document has been translated from the original document in Japanese. In the event of any discrepancy between this English translation and the original document in Japanese, the original document in Japanese shall prevail.

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1. Qualitative information for financial results of the current quarter

(1) Explanation for results of operations and financial condition

Matters related to the future appearing in this text have been judged by our Group as of the last day of the current consolidated fiscal third quarter.

(i) Overview and results of operations

In the current consolidated cumulative third quarter, a sense of stagnation intensified in the global economy against the backdrop of rising inflation worldwide due to soaring raw material and resource prices and tight labor supply and demand, continued interest rate hikes and other factors. In the Japanese economy, while inbound demand and consumer spending recovered as a result of the relaxation of border measures as well as the implementation of tourism promotion measures by the government, the pace of recovery slowed down due to deceleration of overseas economies, worsening of terms of trade, and decline in purchasing power due to rising prices.

Under these circumstances, our business performance for the current consolidated cumulative third quarter is as follows: sales standing at 34,832 million yen (up 15.2% from the same consolidated cumulative quarter of the previous fiscal year), operating profit at 4,114 million yen (up 16.6%), ordinary profit at 4,852 million yen (up 20.9%) and profit attributable to owners of parent at 3,069 million yen (up 21.1%).

(Reference values) Results of each division

(Amount: million yen)

Division	(Product category)	Nine months ended December 31, 2022			
		Consolidated net sales	Change from the corresponding period of the previous fiscal year	Consolidated operating profit	Change from the corresponding period of the previous fiscal year
Air Energy Division		21,464	17.1%	2,393	18.0%
	Air Compressors	19,712	16.7%		
	Vacuum Equipment	1,751	21.9%		
Coating Division		13,368	12.3%	1,720	14.7%
	Coating Equipment	12,157	16.4%		
	Coating Systems	1,210	(16.8%)		
Total		34,832	15.2%	4,114	16.6%

(Note) The consolidated operating profit of each division is calculated with our Group's unique standard.

(ii) Results of operations by segment

Results of operations by regional segment, which our Group adopts, are as described below. The classification of report segments has changed from the consolidated first quarter of this fiscal year. For details, refer to (Segment information, etc.) in "2. Quarterly consolidated financial statements and main notes - (3) Notes on quarterly consolidated financial statements."

Japan

Sales stood at 17,532 million yen (up 7.2% from the same consolidated cumulative quarter of the previous fiscal year), and segment income stood at 2,482 million yen (up 2.3%).

In the air compressor field, sales grew with the increase in the demand for air compressors for machine tools due to the boom in processing machine market with the use of subsidies, and with the completion of deliveries of small air compressors ordered before the price revision in October 2022.

In the vacuum equipment field, sales of vacuum pumps for semiconductor manufacturing-related equipment decreased slightly due to changes in the demand trends of semiconductor market.

In the coating equipment field, targeted sales promotion campaigns were conducted for spray guns, and our sales grew as a result of efforts to differentiate ourselves from our competitors.

In the coating system field, sales grew due to the completion of the deliveries of coating systems for automobile component manufacturing.

Europe

Sales stood at 5,461 million yen (up 26.2% from the same consolidated cumulative quarter of the previous fiscal year) and segment income stood at 410 million yen (up 11.8%).

In the air compressor field, in addition to steady sales growth due to cultivation of sales channels including air compressors for cow milking equipment, we are also making steady progress in cultivating new customers for specific markets, such as medical and vehicle-mounted air compressors.

In the vacuum equipment field, we focused on developing new customers and opening up new markets in untapped areas, and as a result, sales increased.

In the coating equipment field, the new spray gun for the car repair market which was launched during the consolidated second quarter of this fiscal year received a great response, and sales are trending favorably due to an

increase in orders.

Americas

Sales stood at 4,640 million yen (up 17.1% from the same consolidated cumulative quarter of the previous fiscal year), and segment income stood at 531 million yen (up 10.6%).

In the air compressor field, following Europe, we started sales of air compressors for cow milking equipment in Brazil, and started to develop sales channels in South America.

In the vacuum equipment field, with the continual development of market for equipment manufacturers, sales of vacuum pumps are growing steadily.

In the coating equipment field, though the sales of airbrushes declined as the demand in the hobby market in the U.S. saw a short rest, sales increased due to favorable sale trend of coating equipment for painting wood products as well as spray guns, mainly in Brazil.

China

Sales stood at 8,119 million yen (up 13.8% from the same consolidated cumulative quarter of the previous fiscal year), and segment income stood at 628 million yen (up 44.4%). The increase in income was mainly due to an increase in sales of vacuum equipment.

The air compressor field is recovering as the lock down is lifted, and sales including exports of Shanghai Screw Compressor Co., Ltd. along with sales of air compressors for fuel cell manufacturing continue to progress favorably.

In the vacuum equipment field, sales of vacuum pumps for equipment manufacturers increased against the backdrop of booming semiconductor and fuel cell manufacturing markets.

In the coating equipment field, though the sales activities were stagnant due to the impact of COVID- 19, a recovery trend can be seen in the sales of coating equipment for automobile manufacturing.

In the coating system field, sales decreased year-on-year as a reaction to large-scale equipment delivered in the previous consolidated fiscal year.

Other

Sales stood at 7,074 million yen (up 25.5% from the same consolidated cumulative quarter of the previous fiscal year), and segment income stood at 1,086 million yen (up 40.9%). The increase in income was mainly due to increased sales of our flagship air compressors in India and coating equipment in Southeast Asia.

In the air compressor field, sales increased as the demand for general industries and specific markets such as vehicle-mounted compressors continued to expand in India and the cultivation of sales channels began to bear fruit in Thailand and other Southeast Asian countries.

The vacuum equipment field remained at the same level as the previous consolidated fiscal year due to changes in the production trends of semiconductors in East Asia.

In the coating equipment field, sales of spray guns for the car repair market increased in Thailand, in addition to the reaction to slump in sales due to COVID- 19 in the previous consolidated fiscal year.

(iii) Analysis of financial condition

For assets, our current assets stood at 36,803 million yen (up 7.2% from the previous consolidated fiscal year). This was mainly due to increases of 837 million yen in "Notes and accounts receivable-trade" and 1,170 million yen in "Raw materials and supplies." Our non-current assets stood at 23,307 million yen (up 8.4%). This was mainly due to an increase of 641 million yen in "Buildings and structures, net." As a result, our total assets stood at 60,110 million yen (up 7.7%).

For liabilities, our current liabilities stood at 11,991 million yen (up 3.2%). This was mainly due to an increase of 468 million yen in "Notes and accounts payable-trade." Our non-current liabilities stood at 3,192 million yen (down 20.0%). This was mainly due to a decrease of 981 million yen in "Retirement benefit liability" as a result of the establishment of a retirement benefit trust. As a result, our total liabilities stood at 15,183 million yen (down 2.7%).

Our net assets stood at 44,926 million yen (up 11.7%). This was mainly due to an increase of 2,333 million yen in "Foreign currency translation adjustment" owing to the depreciation of yen. Our equity capital, which is calculated by subtracting the non-controlling interests from the net assets, stood at 39,633 million yen, increasing our equity ratio by 2.1 percentage points to 65.9%, from 63.8% at the end of the previous consolidated fiscal year.

(2) Explanation for the information on future prospects including the expected consolidated results of operations

At present, the expected consolidated results of operations and the expected dividend for the full year announced on November 9, 2022 remain unchanged.

2. Quarterly consolidated financial statements and main notes

(1) Quarterly consolidated balance sheet

(Amount: thousand yen)

	As of March 31, 2022	As of December 31, 2022
Assets		
Current assets		
Cash and deposits	14,319,597	13,979,785
Notes and accounts receivable-trade	8,004,883	8,842,203
Securities	—	100,489
Merchandise and finished goods	6,326,762	6,511,686
Work in process	1,280,101	1,406,738
Raw materials and supplies	3,222,945	4,393,802
Other	1,434,802	1,872,887
Allowance for doubtful accounts	(262,772)	(303,956)
Total current assets	34,326,320	36,803,636
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,193,424	5,835,212
Other, net	6,255,105	6,606,194
Total property, plant and equipment	11,448,530	12,441,407
Intangible assets		
Goodwill	981,998	883,993
Other	2,324,697	2,561,893
Total intangible assets	3,306,695	3,445,886
Investments and other assets		
Investment securities	4,530,045	5,142,922
Other	2,217,671	2,287,609
Allowance for doubtful accounts	(10,725)	(10,725)
Total investments and other assets	6,736,991	7,419,805
Total non-current assets	21,492,217	23,307,100
Total assets	55,818,537	60,110,737

(Amount: thousand yen)

	As of March 31, 2022	As of December 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable-trade	5,225,044	5,693,158
Short-term borrowings	867,228	994,433
Income taxes payable	902,879	570,966
Provision for bonuses	751,950	521,473
Other provisions	336,655	315,669
Other	3,532,522	3,895,601
Total current liabilities	11,616,282	11,991,302
Non-current liabilities		
Retirement benefit liability	2,231,837	1,250,575
Provision for share awards for directors (and other officers)	136,788	179,070
Other	1,623,624	1,762,830
Total non-current liabilities	3,992,250	3,192,476
Total liabilities	15,608,532	15,183,778
Net assets		
Shareholders' equity		
Share capital	3,354,353	3,354,353
Capital surplus	1,008,864	1,008,864
Retained earnings	31,245,575	32,970,559
Treasury shares	(1,025,936)	(1,185,335)
Total shareholders' equity	34,582,856	36,148,442
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	378,134	481,212
Foreign currency translation adjustment	679,490	3,013,178
Remeasurements of defined benefit plans	(17,285)	(9,663)
Total accumulated other comprehensive income	1,040,339	3,484,727
Non-controlling interests	4,586,809	5,293,787
Total net assets	40,210,005	44,926,958
Total liabilities and net assets	55,818,537	60,110,737

(2) Quarterly consolidated profit and loss statement and quarterly consolidated statement of comprehensive income
Quarterly consolidated profit and loss statement
Consolidated cumulative third quarter

(Amount: thousand yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Net sales	30,229,496	34,832,640
Cost of sales	17,121,682	19,657,763
Gross profit	13,107,814	15,174,877
Selling, general and administrative expenses	9,579,826	11,060,269
Operating profit	3,527,988	4,114,607
Non-operating income		
Interest and dividend income	109,705	100,472
Foreign exchange gains	60,957	267,406
Share of profit of entities accounted for using equity method	256,340	336,549
Other	130,629	94,377
Total non-operating income	557,633	798,805
Non-operating expenses		
Interest expenses	44,372	34,950
Other	26,224	25,710
Total non-operating expenses	70,596	60,661
Ordinary profit	4,015,025	4,852,751
Extraordinary income		
Gain on sale of non-current assets	3,296	4,905
Gain on sale of investment securities	11,950	—
Gain on liquidation of subsidiaries	—	56,510
Total extraordinary income	15,247	61,416
Extraordinary losses		
Loss on sale and retirement of non-current assets	5,844	6,153
Total extraordinary losses	5,844	6,153
Profit before income taxes	4,024,428	4,908,014
Income taxes - current	1,030,802	1,258,432
Income taxes - deferred	(37,472)	(43,910)
Total income taxes	993,330	1,214,521
Profit	3,031,098	3,693,492
Profit attributable to non-controlling interests	497,115	624,030
Profit attributable to owners of parent	2,533,983	3,069,462

Quarterly consolidated statement of comprehensive income
 Consolidated cumulative third quarter

(Amount: thousand yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Profit	3,031,098	3,693,492
Other comprehensive income		
Valuation difference on available-for-sale securities	(25,141)	103,078
Foreign currency translation adjustment	986,585	2,334,331
Remeasurements of defined benefit plans, net of tax	64,115	7,621
Share of other comprehensive income of entities accounted for using equity method	138,686	545,911
Total other comprehensive income	1,164,244	2,990,943
Comprehensive income	4,195,343	6,684,436
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,387,002	5,513,851
Comprehensive income attributable to non-controlling interests	808,340	1,170,584

(3) Notes on quarterly consolidated financial statements

(Notes on the premise of a going concern)

There are no relevant matters.

(Notes relating to cases in which there are significant changes in the amount of shareholders' equity)

There are no relevant matters.

(Additional information)

(Performance-based stock compensation plan for directors and corporate officers)

In accordance with a resolution at the 73rd ordinary general shareholders' meeting, held on June 25, 2019, we have introduced a performance-based stock compensation plan, "Board Benefit Trust (BBT)" (referred to as "this plan" in the remainder of this document), targeted at our directors (excluding audit and supervisory committee members and independent directors) and corporate officers who do not concurrently serve as directors (referred to collectively as "directors and others"), for the purposes of improving mid- to long-term results of operations, increasing our corporate value, and promoting management awareness that puts shareholders first.

(1) Overview of this plan

This plan is a performance-based stock compensation plan whereby the trust established by us (the trust established in accordance with this plan is referred to as "this trust" in the remainder of this document) acquires Company shares by using the money contributed by us as a fund and through this trust, Company shares and money equivalent to the amount of money resulting from translating Company shares at market value (referred to collectively as "Company shares, etc." in the remainder of this document) to directors and others according to the rules for granting shares. The time at which directors and others can be granted Company shares, etc. is, in principle, the time at which the directors and others retire.

(2) Company shares that remain in the trust

Company shares that remain in the trust are recorded as treasury shares in Net assets at the book value (excluding the amount of money of incidental costs) in the trust. At the end of the previous consolidated fiscal year, the book price of the treasury shares is 179,733 thousand yen, and the number of shares is 180 thousand. At the end of the current consolidated fiscal third quarter, the book price of the treasury shares is 179,733 thousand yen, and the number of shares is 180 thousand.

(Accounting estimates concerning the impact of spread of COVID-19)

There are no significant changes in the assumptions and accounting estimates contained in the Annual Securities Report for the previous fiscal year, including when the impact of COVID-19 will end.

(Establishment of retirement benefit trust)

In the consolidated second quarter of this fiscal year, the Company established a retirement benefit trust and contributed 1,000,000 thousand yen in to prepare for future retirement benefits. As a result, cash and deposits and retirement benefit liability decreased by the same amount.

(Segment information, etc.)

[Segment information]

I Nine months ended December 31, 2021

1. Information about the amounts of sales and incomes in each report segment and information about the disaggregation of revenue

(Amount: thousand yen)

	Report segment					Total
	Japan	Europe	Americas	China	Other (Note)	
Sales						
Revenue from contracts with customers	11,445,810	4,082,057	3,649,705	6,678,313	4,373,610	30,229,496
Sales to external customers	11,445,810	4,082,057	3,649,705	6,678,313	4,373,610	30,229,496
Internal sales or transfers between segments	4,913,979	246,615	311,358	454,453	1,262,905	7,189,312
Total	16,359,789	4,328,672	3,961,064	7,132,766	5,636,515	37,418,809
Segment income	2,426,060	367,447	480,862	435,268	771,172	4,480,811

(Note) The "Other" category addresses the business activities of local subsidiaries in Taiwan, India, Thailand, South Korea, Vietnam, Indonesia, Australia and South Africa.

2. Difference between the total amounts of incomes of the report segments and the amount reported in the quarterly consolidated profit and loss statement, as well as the main items of the difference (matters related to difference adjustment)

(Amount: thousand yen)

Income	Amount
Report segment total	4,480,811
Company-wide expenses (Note)	(693,445)
Inter-segment transactions erased	(259,376)
Operating profit in the quarterly consolidated profit and loss statement	3,527,988

(Note) Company-wide expenses are mainly selling, general and administrative expenses that cannot be attributed to the report segments.

II Nine months ended December 31, 2022

1. Information about the amounts of sales and incomes in each report segment and information about the disaggregation of revenue

(Amount: thousand yen)

	Report segment					Total
	Japan	Europe	Americas	China	Other (Note)	
Sales						
Revenue from contracts with customers	12,109,162	5,272,209	4,318,802	7,441,521	5,690,946	34,832,640
Sales to external customers	12,109,162	5,272,209	4,318,802	7,441,521	5,690,946	34,832,640
Internal sales or transfers between segments	5,423,275	189,258	321,289	677,809	1,383,104	7,994,737
Total	17,532,437	5,461,467	4,640,091	8,119,330	7,074,051	42,827,378
Segment income	2,482,122	410,646	531,882	628,454	1,086,667	5,139,773

(Note) The "Other" category addresses the business activities of local subsidiaries in Taiwan, India, Thailand, South Korea, Vietnam, Indonesia, Australia and South Africa.

2. Difference between the total amounts of incomes of the report segments and the amount reported in the quarterly consolidated profit and loss statement, as well as the main items of the difference (matters related to difference adjustment)

(Amount: thousand yen)

Income	Amount
Report segment total	5,139,773
Company-wide expenses (Note)	(692,355)
Inter-segment transactions erased	(332,810)
Operating profit in the quarterly consolidated profit and loss statement	4,114,607

(Note) Company-wide expenses are mainly selling, general and administrative expenses that cannot be attributed to the report segments.

3. Matters related to changes, etc. to report segments

From the consolidated first quarter of this fiscal year, the Group has changed the previous report segments of "Japan," "Europe" and "Asia" to 5 report segments namely, "Japan," "Europe," "Americas," "China" and "Other." With the formulation of the mid-term business plan "500 & Beyond" starting from the current consolidated fiscal year, we reviewed the area management classification and changed the classification of report segments for the purpose of aligning with the management strategy in the plan.

As a result, the business activities of local subsidiaries that were classified as "Asia" have been changed to "China" and "Other." In addition, regarding the business activities of local subsidiaries that were classified as business segments not included in the report segments, the classification was changed to "Europe" for Russia, "Americas" for the United States, Mexico and Brazil, and "Other" for Australia and South Africa.

The segment information for the previous consolidated cumulative third quarter is created by the changed classification.