

(Translation)

This document has been translated from the Japanese original for the convenience of overseas stakeholders. In the event of any discrepancy between this document and the Japanese original, the original shall prevail.

四半期報告書

Quarterly Report

(The First Three-month of 22nd fiscal period)

ナブテスコ 株式会社
Nabtesco Corporation

(Translation)

This document has been translated from the Japanese original for the convenience of overseas stakeholders. In the event of any discrepancy between this document and the Japanese original, the original shall prevail.

(Translation)

This document has been translated from the Japanese original for the convenience of overseas stakeholders. In the event of any discrepancy between this document and the Japanese original, the original shall prevail.

Quarterly Report

- 1 This document prints out the quarterly securities report based on Article 27-30-2 of the Financial Instruments and Exchange Law with the contents and pages attached to the data submitted using the electronic information processing system (EDINET) for disclosure.
- 2 This report contains the Quarterly Review Report at the end of this report attached to the quarterly report submitted in accordance with the above method and the Confirmation Report submitted in conjunction with the above-mentioned quarterly report.

(Translation)

This document has been translated from the Japanese original for the convenience of overseas stakeholders. In the event of any discrepancy between this document and the Japanese original, the original shall prevail.

Contents

	Page
【Cover】	1
Part one 【Corporate Information】	2
No.1 【Overview of the Company】	2
1 【Transition in Major Management Indicators】	2
2 【Description of Business】	2
No.2 【Business Situation】	3
1 【Business Risks】	3
2 【Management's Analysis of Financial Condition, Results of Operations and Cash Flows】	4
3 【Significant Management Contracts】	6
No.3 【Status of the Company Submitting the Report】	7
1 【Status of Shares】	7
2 【Status of Management】	8
No.4 【Accounting Status】	9
1 【Summary of Quarterly Consolidated Financial Statements】	10
2 【Others】	30
Part two 【Information on Assurance Companies, etc. of Submitting Companies】	31

Quarterly Review Report

Confirmation Report

(Translation)

This document has been translated from the Japanese original for the convenience of overseas stakeholders. In the event of any discrepancy between this document and the Japanese original, the original shall prevail.

[Cover]

[Filing] Quarterly Report

[Articles of Basis] Article 24-4-7(1) of the Financial Instruments and Exchange Act

[Submit to] Kanto Finance Bureau

[Submission date] May 14, 2024

[Quarterly accounting period] The First Three-month of 22nd fiscal period (From January 1, 2024 to March 31, 2024)

[Company name] Nabtesco Corporation

[English translation name] Nabtesco Corporation

[Title of Representative] Kazumasa Kimura, representative director

[Location of the head office] 7-9, Hirakawacho 2-chome, Chiyoda-ku, Tokyo

[Phone No.] +81-3-5213-1134

[Name of administrative liaison] Yasushi Minegishi, General Manager, Corporate Communications Dept.

[Near contact location] 7-9, Hirakawacho 2-chome, Chiyoda-ku, Tokyo

[Phone No.] +81-3-5213-1134

[Name of administrative liaison] Yasushi Minegishi, General Manager, Corporate Communications Dept.

[Locations for Public Inspection] Tokyo Stock Exchange, Inc.

(2-1, Nihonbashi Kabutocho, Chuo-ku, Tokyo)

(Translation)

This document has been translated from the Japanese original for the convenience of overseas stakeholders. In the event of any discrepancy between this document and the Japanese original, the original shall prevail.

Part one 【Corporate Information】

No.1 【Overview of the Company】

1 【Transition in Major Management Indicators】

Fiscal period		First three-month of 21st consolidated fiscal period	First three-month of 22nd consolidated fiscal period	21st full-year
Accounting period		From January 1, 2023 to March 31, 2023	From January 1, 2024 to March 31, 2024	From January 1, 2023 to December 31, 2023
Net sales	(Million yen)	82,193	72,181	333,631
Income before income taxes	(Million yen)	10,825	5,131	25,629
Net income attributable to owners of the parent	(Million yen)	6,699	2,640	14,554
Net income	(Million yen)	7,145	2,952	16,430
Comprehensive income attributable to owners of the parent	(Million yen)	7,782	5,986	21,064
Comprehensive income	(Million yen)	8,412	7,054	23,519
Equity attributable to owners of the parent	(Million yen)	251,844	261,666	260,470
Total assets	(Million yen)	434,565	425,650	422,065
Total basic earnings per share	(Yen)	55.82	21.99	121.25
Diluted earnings per share	(Yen)	55.82	21.99	121.23
Ratio of equity attributable to owners of the parent	(%)	58.0	61.5	61.7
Cash flows from operating activities	(Million yen)	2,314	5,836	11,177
Cash flows from investing activities	(Million yen)	-20,231	-14,042	-46,295
Cash flows from financing activities	(Million yen)	-7,497	2,380	-13,482
Cash and cash equivalents at fiscal year or quarterly end	(Million yen)	99,425	73,306	77,835

(NOTE) 1 Since Nabtesco Corporation (hereinafter, the Company) prepared the summary of quarterly financial statements, the Company does not provide the transition of non-consolidated management indicators.

2 Figures are rounded to the nearest unit.

3 Consolidated financial statements and summary of quarterly financial statements are prepared in accordance with International Financial Reporting Standards (IFRS)

2 【Description of Business】

There have been no significant changes in the content of the business conducted by our group (the Company and our subsidiary companies) during the first quarter of the current fiscal year.

There are no changes in major affiliated companies.

(Translation)

This document has been translated from the Japanese original for the convenience of overseas stakeholders. In the event of any discrepancy between this document and the Japanese original, the original shall prevail.

No.2 【Business Situation】

1 【Business Risks】

During the first quarter of the current fiscal year, there have been no significant changes in the status of business and accounting described in this quarterly report that could have a significant impact on the decisions of investors or Business and Other Risks described in the annual report for the previous fiscal year.

There were no significant events which company should report.

(Translation)

This document has been translated from the Japanese original for the convenience of overseas stakeholders. In the event of any discrepancy between this document and the Japanese original, the original shall prevail.

2 【Management's Analysis of Financial Condition, Results of Operations and Cash Flows】

(1) Analysis of Operating Results

(Sales and Operating Income)

During the first quarter of the fiscal year, net sales of the Group decreased by ¥10,012 million, or 12.2%, year-on-year to ¥72,181 million, reflecting the strong domestic and overseas demand for automatic doors for buildings and the positive impact of foreign exchange rates on overseas businesses in Automatic Doors. In addition, sales of Aircraft Equipment increased due to growth in demand from both the commercial and defense sectors, while sales of Component Solutions decreased due to a significant decline in demand. Operating income decreased ¥1,788 million, or 30.9%, year-on-year to ¥3,991 million due to the significant impact of the decrease in income from Component Solutions, despite the increase in income from Transport Solutions and Accessibility Solutions due to the increase in sales. Operating income to net sales was 5.5%.

Operating results by business segment were as follows:

① Component Solutions Business

Sales for Component Solutions Business decreased by ¥15,369 million, or 40.4% to ¥22,713 million and operating income decreased by ¥3,156 million or 79.5% to ¥816 million.

Sales of Precision Reduction Gears decreased significantly year-on-year due to a decline in EV related and automation capital expenditures, as well as continued inventory adjustment for industrial robots.

Sales of Hydraulic Equipment declined year on year due to the continued sluggish demand for construction machinery not only in the Chinese market but also in Europe, the United States, and Southeast Asia.

② Transport Solutions Business

Sales for Transport Solutions Business increased by ¥2,286 million, or 13.6% to ¥19,139 million and operating income increased by ¥909 million, or 62.6% to ¥2,362 million.

Sales of Railroad Vehicle Equipment increased year on year due to steady growth in domestic and overseas MRO (Maintenance, Repair, and Overhaul).

Sales of Aircraft Equipment increased substantially year-on-year due to the strong demand of the business for commercial aircraft due to passenger demand recovering to the level before the COVID19, as well as the expansion of demand for the Ministry of Defense.

Sales of Commercial Vehicle Equipment remained at the same level as the same period of the previous fiscal year due to strong demand from domestic customers, despite a decline in demand in the Southeast Asian market.

Sales of Marine Vessels Equipment increased year on year due to steady demand for new vessels and MRO, as well as expanded sales of new type of Main Engine Remote-Control System and Deep Sea products

③ Accessibility Solutions Business

Sales for Accessibility Solutions Business increased by ¥3,810 million, or 16.4% to ¥27,013 million and operating income increased by ¥588 million, or 23.1% to ¥3,131 million.

In Automatic Door business, sales increased year on year due to strong demand for doors for domestic and overseas buildings and overseas platform doors.

④ Others

Sales for Others decreased by ¥739 million, or 18.2% to ¥3,317 million and operating income decreased by ¥105 million, or 25.9% to ¥300 million.

Sales of Packaging Machines declined from the same period of the previous fiscal year due to a delay in the timing of delivery for the domestic market.

(Translation)

This document has been translated from the Japanese original for the convenience of overseas stakeholders. In the event of any discrepancy between this document and the Japanese original, the original shall prevail.

(Income before tax)

Financial income was ¥745 million mainly due to foreign exchange gains. Financial costs amounted to ¥188 million mainly due to interest expenses. Equity in earnings of affiliates was ¥583 million. As a result, quarterly profit before tax decreased by ¥5,694 million year on year to ¥5,131 million.

(Net income attributable to owners of the parent)

As a result, quarterly income attributable to owners of the parent, after deducting income tax expense of ¥2,179 million and quarterly income attributable to non-controlling interests of ¥312 million, decreased by ¥4,060 million year on year to ¥2,640 million.

Basic quarterly earnings per share decreased by ¥33.83 to ¥21.99.

(2) Analysis of Financial Position

(Million yen)

	As of the end of the previous consolidated fiscal year (December 31, 2023)	As of the end of the first three-month period of the current consolidated fiscal year (March 31, 2024)	Change
Total Assets	422,065	425,650	3,585
Liabilities	146,171	147,583	1,412
Equities	275,894	278,067	2,173

① Total Assets

At the end of the first quarter, current assets were ¥219,058 million and non-current assets were ¥206,592 million. As a result, total assets increased ¥3,585 million from the end of the previous fiscal year to ¥425,650 million. The main factors of the increase were a ¥6,321 million increase in inventories and a ¥3,751 million increase in the fixed assets, plant and equipment. The main factor for the decrease was a ¥6,645 million decrease in trade receivables.

② Liabilities

At the end of the first quarter, current liabilities were ¥110,556 million and non-current liabilities were ¥37,027 million. As a result, total liabilities increased by ¥1,412 million from the end of the previous fiscal year to ¥147,583 million. The main factor for the increase was an increase of ¥10,018 million in borrowings under non-current liabilities. The main decreasing factors were a decrease of ¥7,018 million in other payables and a decrease of ¥2,663 million in trade payables.

② Equity

Total equity at the end of the first quarter of the current fiscal year was ¥278,067 million. Total equity attributable to owners of the parent was ¥261,666 million, an increase of ¥1,196 million from the end of the previous fiscal year. The main factors of increase were an increase of ¥3,346 million in other factors of equity due to an increase in foreign currency translation adjustment and a quarterly profit attributable to owners of the parent of ¥2,640 million. The main factor for the decrease was a ¥4,825 million decrease in retained earnings due to dividends.

(Translation)

This document has been translated from the Japanese original for the convenience of overseas stakeholders. In the event of any discrepancy between this document and the Japanese original, the original shall prevail.

(3) Cash Flow

	(Million yen)	
	First three-month period of consolidated FY2023 (January 1, 2023 to March 31, 2023)	First three-month period of consolidated FY2024 (January 1, 2024 to March 31, 2024)
Cash flows from operating activities	2,314	5,836
Cash flows from investing activities	-20,231	-14,042
Free cash flows	-17,917	-8,205
Cash flows from financing activities	-7,497	2,380

Cash and cash equivalents (hereinafter referred to as "cash") at the end of the first quarter of the current fiscal year decreased by ¥4,529 million from the end of the previous fiscal year to ¥73,306 million, as the funds acquired from operating activities were mainly used for capital expenditures and the payment of dividends.

① Cash flows from operating activities

Net cash provided by operating activities in the first quarter of the current fiscal year under review was ¥5,836 million. The main factors contributing to this increase were non-cash items such as quarterly income, depreciation and amortization, and a decrease in trade receivables. The main reasons for the decrease were an increase in inventories and a decrease in trade payables.

② Cash flows from investing activities

Net cash used in investing activities for the first quarter of the current fiscal year was ¥14,042 million. Major outflows included purchases of property, plant and equipment.

③ Cash flows from financing activities

Net cash provided by financing activities in the first quarter under review amounted to ¥2,380 million. The main reason for the increase was proceeds from long-term loans payable. The main reason for the decrease was the payment of dividends.

(4) Issues to be addressed in Business and Finance

During the first quarter of the fiscal year under review, there were no significant changes or new issues to be addressed by the Group.

(5) R&D activities

Research and development expenses for the first quarter of the current fiscal year were ¥2,800 million.

3 【Significant Management Contracts】

During the first quarter of the fiscal year, there were no major decisions or conclusions of significant management agreements.

(Translation)

This document has been translated from the Japanese original for the convenience of overseas stakeholders. In the event of any discrepancy between this document and the Japanese original, the original shall prevail.

No.3 【Status of the Company Submitting the Report】

1 【Status of Shares】

(1) 【Total Number of Shares】

① 【Total number of shares】

Type	Total number of authorized shares
Common stock	400,000,000
Total	400,000,000

② 【Shares outstanding】

Type	Number of shares outstanding (shares) As of March 31, 2024	Number of shares outstanding (shares) as of the date of filing (May 14, 2024)	Name of stock exchange listings	Content
Common shares	121,064,099	121,064,099	Tokyo Stock Exchange Prime section	The number of shares per unit is 100 shares.
Total	121,064,099	121,064,099	—	—

(NOTE) The "Number of shares outstanding as of the filing date" column does not include the number of shares issued upon the exercise of stock acquisition rights to shares from May 1, 2024 to the filing date of this Quarterly Report.

(2) 【Status of Stock Acquisition Rights】

① 【Details of stock option plan】

Not applicable.

② 【Status of other stock acquisition rights】

Not applicable.

(3) 【Status of Exercise of Bonds with Stock Acquisition Rights with Exercise Price Adjustment, etc.】

Not applicable.

(4) 【Changes in the number of issued shares, capital stock, etc.】

Date	Number of shares outstanding increase/decrease	Number of shares outstanding as the end of term.	Change in capital (Million yen)	Balance of capital (Million yen)	Change in legal capital surplus (Million yen)	Balance of legal capital surplus (Million yen)
March 31, 2024	—	121,064,099	—	10,000	—	26,274

(5) 【Major Shareholders】

As this quarterly accounting period is the first quarter accounting period, there are no items to be stated.

(Translation)

This document has been translated from the Japanese original for the convenience of overseas stakeholders. In the event of any discrepancy between this document and the Japanese original, the original shall prevail.

(6) 【Status of voting rights】

"Status of voting rights" as of the end of the first quarter under review is based on the shareholder register as of the previous record date (December 31, 2023) because it cannot be stated since the details of the shareholder register cannot be confirmed.

① 【Shares outstanding】

As of December 31, 2023

Classification	Number of shares	Number of voting rights	Content
Non-voting stock	—	—	—
Shares with restricted voting rights (Treasury stocks)	—	—	—
Shares with restricted voting rights (other)	—	—	—
Shares with full voting rights (treasury stock, etc.)	(Treasury stock held) Common shares 435,600	—	—
	(Mutually Held Shares) Common shares 15,000	—	—
Shares with full voting rights (other)	Common shares 120,499,100	1,204,991	—
Shares less than one unit	Common shares 114,399	—	Shares less than one unit (100 shares)
Number of shares outstanding	121,064,099	—	—
Voting rights of all shareholders	—	1,204,991	—

(NOTE) 1 Common shares in the "Shares less than 1 unit" column include 70 shares of treasury stock owned by the Company and 66 shares of our stock owned by Japan Custody Bank, Ltd. (Trust Account E) as trust assets under the "Stock Benefit Trust (BBT)" plan.

2 "Shares with full voting rights (other)" column includes 6,000 shares (60 voting rights) in the name of the Japan Securities Depository Center, Inc. and 589,800 shares (5,898 voting rights) of ours owned by the Japan Custody Bank, Ltd. (Trust Account E) as trust assets for the "Stock Benefit Trust (BBT)" plan. The 5,898 voting rights are not exercised.

② 【Treasury stock】

As of December 31, 2023

Owner's name	Address of the holder	Number of treasury stock	Number of shares held in the name of others	Total number of shares to be own	Ratio of shares held to total number of shares outstanding (%)
(Treasury stock held) Nabtesco Corporation	7-9, Hirakawacho 2-chome, Chiyoda-ku, Tokyo	435,600	—	435,600	0.36
(Mutually Held Shares) Kyokko Denki Co., Ltd.	7-20 Motomachi-dori 5- chome, Chuo-ku, Kobe-shi, Hyogo	15,000	—	15,000	0.01
計	—	450,600	—	450,600	0.37

(NOTE) The above numbers of shares held do not include 589,800 shares of our company owned by Japan Custody Bank, Ltd. (Trust Account E) as trust assets under the "Stock Benefit Trust (BBT)" plan.

2 【Status of Management】

Not applicable.

(Translation)

This document has been translated from the Japanese original for the convenience of overseas stakeholders. In the event of any discrepancy between this document and the Japanese original, the original shall prevail.

No.4 【Accounting Status】

1. Preparation of summary of quarterly consolidated financial statements

(1) Our summary of quarterly consolidated financial statements have been prepared in accordance with International Accounting Standards No. 34, "Interim Financial Reporting" (hereinafter referred to as "IAS No. 34") pursuant to the provisions of Article 93 of the Ordinance on Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements (Cabinet Office Ordinance No. 64 of 2007; hereinafter referred to as "Ordinance on Quarterly Consolidated Financial Statements") because they meet all of the requirements of "Designated International Accounting Standards Designated Companies" set forth in Article 1-2 of the Ordinance on Quarterly Consolidated Financial Statements.

(2) The summary of quarterly consolidated financial statements have been rounded to the nearest unit.

2. Audit Certification

Pursuant to Article 193-2-1 of the Financial Instruments and Exchange Act, we have received a quarterly review of the summary of quarterly consolidated financial statements for the first three-month of fiscal year (January 1, 2024 to March 31, 2024) and the first quarter of the current fiscal year (January 1, 2024 to March 31, 2024) by KPMG AZSA LLC.

(Translation)

This document has been translated from the Japanese original for the convenience of overseas stakeholders. In the event of any discrepancy between this document and the Japanese original, the original shall prevail.

1 【Summary of Quarterly Consolidated Financial Statements】

(1) 【Summary of Quarterly Consolidated Statement of Financial Position】

(Million yen)

	Note No.	End of consolidated FY2023 (as of December 31, 2023)	End of the first three-month period of consolidated FY2024 (as of March 31, 2024)
Assets			
Current assets			
Cash and cash equivalents		77,835	73,306
Trade receivables		79,196	72,551
Contract assets		3,554	3,756
Other receivables		1,682	1,839
Inventories		50,969	57,290
Other financial assets	10	616	1,227
Other current assets		6,995	9,089
Total current assets		220,847	219,058
Non-current assets			
Property, plant and equipment		107,527	111,278
Intangible assets		11,624	11,881
Right-of-use asset		8,908	8,743
Goodwill		25,750	26,177
Investment real estate		10,394	10,367
Investments accounted for using the equity method		21,139	21,538
Other financial assets	10	12,550	13,393
Deferred tax assets		2,313	2,221
Other non-current assets		1,013	994
Total non-current assets		201,218	206,592
Total assets		422,065	425,650

(Translation)

This document has been translated from the Japanese original for the convenience of overseas stakeholders. In the event of any discrepancy between this document and the Japanese original, the original shall prevail.

(Million yen)

	Note No.	End of consolidated FY2023 (as of December 31, 2023)	End of the first three-month period of consolidated FY2024 (as of March 31, 2024)
Liabilities and equity			
Liabilities			
Current liabilities			
Trade payables		50,783	48,121
Contract liabilities		8,053	10,087
Borrowings	10	21,400	19,006
Other payables		23,392	16,374
Income taxes payables		3,018	2,436
Provision		2,720	2,449
Lease liabilities		2,799	2,648
Other financial liabilities	10	—	23
Other current liabilities		7,327	9,411
Total current liabilities		119,491	110,556
Non-current liabilities			
Borrowings	10	173	10,190
Lease liabilities		8,060	8,076
Liabilities concerning retirement benefit		8,736	8,836
Deferred tax liabilities		7,045	7,330
Other financial liabilities	10	516	508
Other non-current liabilities		2,149	2,087
Total non-current liabilities		26,679	37,027
Total liabilities		146,171	147,583
Capital			
Capital stock		10,000	10,000
Share premium		15,139	15,093
Retained earnings		220,495	218,275
Treasury shares		-3,943	-3,827
Other components of equity		18,778	22,124
Equity attributable to owners of the parent		260,470	261,666
Non-controlling interests		15,424	16,401
Total shareholders' equity		275,894	278,067
Total liabilities and equity		422,065	425,650

(Translation)

This document has been translated from the Japanese original for the convenience of overseas stakeholders. In the event of any discrepancy between this document and the Japanese original, the original shall prevail.

(2) 【Summary of Quarterly Consolidated Statements of Income】

【First Three-month of Consolidated Fiscal Year】

(Million yen)

	Note No.	First three-month period of consolidated FY2023 (From January 1, 2023 to March 31, 2023)	First three-month period of consolidated FY2024 (From January 1, 2024 to March 31, 2024)
Net sales	5,6	82,193	72,181
Cost of sales		-60,770	-51,119
Gross profit		21,423	21,062
Other income		238	234
Selling, general and administrative expense		-15,718	-17,201
Other expenses		-163	-103
Operating income	5	5,779	3,991
Financial income	7	4,305	745
Financial cost	7	-134	-188
Equity in earnings of affiliates		874	583
Profit (loss) before tax		10,825	5,131
Income tax expenses		-3,680	-2,179
Net income (loss)		7,145	2,952

Net income (loss) attributable to			
Owners of the parent		6,699	2,640
Non-controlling interests		446	312
Net income (loss)		7,145	2,952

Net income (loss) per share			
Basic earnings (loss) per share	9	55.82	21.99
Diluted earnings (loss) per share	9	55.82	21.99

(Translation)

This document has been translated from the Japanese original for the convenience of overseas stakeholders. In the event of any discrepancy between this document and the Japanese original, the original shall prevail.

(3) 【Summary of Quarterly Consolidated Statements of Comprehensive Income】

【First Three-month of Consolidated Fiscal Year】

(Million yen)

	Note No.	First three-month period of consolidated FY2023 (From January 1, 2023 to March 31, 2023)	First three-month period of consolidated FY2024 (From January 1, 2024 to March 31, 2024)
Net income (loss)		7,145	2,952
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Net changes in financial assets measured at fair value through other comprehensive income		7	263
Total components that will not be reclassified to profit or loss		7	263
Components that will be reclassified to profit or loss			
Exchange differences on foreign operations		1,259	3,839
Total components that will be reclassified to profit or loss		1,259	3,839
Other comprehensive income after taxes		1,266	4,102
Total comprehensive income		8,412	7,054
Comprehensive income attributable to			
Owners of the parent		7,782	5,986
Non-controlling interests		630	1,068
Total comprehensive income		8,412	7,054

(Translation)

This document has been translated from the Japanese original for the convenience of overseas stakeholders. In the event of any discrepancy between this document and the Japanese original, the original shall prevail.

(4) 【Summary of Quarterly Consolidated Statement of Changes in Equity】

First three-month period of previous consolidated fiscal year (From January 1, 2023 to March 31, 2023)

(Million yen)

	Note No.	Capital stock	Share premium	Retained earnings	Treasury shares	Other components of equity	
						Exchange differences on foreign operations	Valuation difference due to change in fair value
Balance as of January 1, 2023		10,000	15,048	215,670	-4,646	9,361	3,263
Net income (loss)		—	—	6,699	—	—	—
Other comprehensive income		—	—	—	—	1,076	7
Total comprehensive income		—	—	6,699	—	1,076	7
Acquisition, sales, etc. of treasury shares		—	—	-16	109	—	—
Dividends	8	—	—	-4,693	—	—	—
Transfer from other components of equity to retained earnings		—	—	—	—	—	—
Share-based compensation transactions		—	-35	—	—	—	—
Total transactions with owners, etc.		—	-35	-4,708	109	—	—
Balance as of March 31, 2023		10,000	15,013	217,661	-4,537	10,437	3,270

	Note No.	Other components of equity		Total equity attributable to owners of the parent	Non-controlling interests	Total equity
		Remeasurements of net defined benefit liability (asset)	Total			
Balance as of January 1, 2023		—	12,624	248,696	14,532	263,228
Net income (loss)		—	—	6,699	446	7,145
Other comprehensive income		—	1,083	1,083	184	1,266
Total comprehensive income		—	1,083	7,782	630	8,412
Acquisition, sales, etc. of treasury share		—	—	94	—	94
Dividends	8	—	—	-4,693	-482	-5,175
Transfer from other components of equity to retained earnings		—	—	—	—	—
Share-based compensation transactions		—	—	-35	—	-35
Total transactions with owners, etc.		—	—	-4,634	-482	-5,117
Balance as of March 31, 2023		—	13,707	251,844	14,680	266,523

(Translation)

This document has been translated from the Japanese original for the convenience of overseas stakeholders. In the event of any discrepancy between this document and the Japanese original, the original shall prevail.

First three-month period of current consolidated fiscal year (From January 1, 2024 to March 31, 2024)

(Million yen)

	Note No.	Capital stock	Share premium	Retained earnings	Treasury shares	Other components of equity	
						Exchange differences on foreign operations	Valuation difference due to change in fair value
Balance as of January 1, 2024		10,000	15,139	220,495	-3,943	15,133	3,646
Net income (loss)		—	—	2,640	—	—	—
Other comprehensive income		—	—	—	—	3,083	263
Total comprehensive income		—	—	2,640	—	3,083	263
Acquisition, sales, etc. of treasury shares		—	—	-34	116	—	—
Dividends	8	—	—	-4,825	—	—	—
Increase (decrease) in non-controlling interests due to capital increase of subsidiaries		—	—	—	—	—	—
Transfer from other components of equity to retained earnings		—	—	0	—	—	-0
Share-based compensation transactions		—	-46	—	—	—	—
Total transactions with owners, etc.		—	-46	-4,859	116	—	-0
Balance as of March 31, 2024		10,000	15,093	218,275	-3,827	18,215	3,909

	Note No.	Other components of equity		Total equity attributable to owners of the parent	Non-controlling interests	Total equity
		Remeasurements of net defined benefit liability (asset)	Total			
Balance as of January 1, 2024		—	18,778	260,470	15,424	275,894
Net income		—	—	2,640	312	2,952
Other comprehensive income		—	3,346	3,346	756	4,102
Total comprehensive income		—	3,346	5,986	1,068	7,054
Acquisition, sales, etc. of treasury shares		—	—	81	—	81
Dividends	8	—	—	-4,825	-272	-5,097
Increase (decrease) in non-controlling interests due to capital increase of subsidiaries		—	—	—	181	181
Transfer from other components of equity to retained earnings		—	-0	—	—	—
Share-based compensation transactions		—	—	-46	—	-46
Total transactions with owners, etc.		—	-0	-4,790	-91	-4,881
Balance as of March 31, 2024		—	22,124	261,666	16,401	278,067

(Translation)

This document has been translated from the Japanese original for the convenience of overseas stakeholders. In the event of any discrepancy between this document and the Japanese original, the original shall prevail.

(5) 【Summary of Quarterly Consolidated Statement of Cash Flows】

(Million yen)

	Note No.	First three-month period of consolidated FY2023 (From January 1, 2023 to March 31, 2023)	First three-month period of consolidated FY2024 (From January 1, 2024 to March 31, 2024)
Cash flows from operating activities			
Net income		7,145	2,952
Depreciation and amortization		3,684	3,935
Increase (decrease) in liabilities concerning retirement benefits		98	78
Interest and dividend income		-60	-55
Interest expenses		95	177
Decrease (Increase) in valuation on investment securities	7	-4,008	-8
Equity loss (gain) in earnings of affiliates		-874	-583
Loss (gain) on sales of fixed assets		13	46
Expenses of income tax		3,680	2,179
Decrease (increase) in trade receivables		6,857	9,844
Decrease (increase) in inventories		-4,823	-5,475
Increase (decrease) in operating payables		2,238	-3,677
Others		237	-918
Subtotal		14,282	8,495
Interest received		59	61
Dividend received		19	14
Interest paid		-94	-178
Income taxes refunded (paid)		-11,951	-2,556
Cash flows from operating activities		2,314	5,836
Cash flows from investing activities			
Decrease in time deposits (Increase)		582	-630
Purchases of tangible fixed assets		-8,931	-12,428
Purchases of intangible fixed assets		-375	-679
Payments for acquisition of subsidiaries resulting in a change in the scope of consolidation	11	-5,282	—
Payments for settlement of sales price on investment securities		-5,732	—
Other		-493	-304
Cash flows from investing activities		-20,231	-14,042
Cash flows from financing activities			
Increase (decrease) in short-term bank loans		-2,316	-2,500
Proceeds from long-term loans payable		—	10,090
Repayment of long-term loans payable		-60	-57
Payments of lease liabilities		-715	-800
Decrease in treasury stocks (Increase)		23	16
Cash dividends paid	8	-4,408	-4,524
Capital contribution from non-controlling interests		—	181
Dividends paid to non-controlling interests		-21	-25
Cash flows from financing activities		-7,497	2,380
Increase (decrease) in cash and cash equivalents		-25,414	-5,825
Cash and cash equivalents at beginning of term		124,413	77,835
Effect of exchange rate changes on cash and cash equivalents		426	1,296
Cash and cash equivalents at end of term		99,425	73,306

(Translation)

This document has been translated from the Japanese original for the convenience of overseas stakeholders. In the event of any discrepancy between this document and the Japanese original, the original shall prevail.

【Notes on the Summary of Quarterly Consolidated Financial Statements】

1. Reporting company

The Company is a company located in Japan. Our summary of quarterly consolidated financial statements are composed of the interests in us and our subsidiaries (together, the "Group") and affiliates, with an ended date of March 31, 2024. Our main businesses are Component Solutions Business, Transport Solutions Business, and Accessibility Solutions Business. The details are described in Note "5. Business Segments."

2. Basis of preparation

(1) Compliance with IFRS

The summary of quarterly consolidated financial statements have been prepared in accordance with IFRS pursuant to the provisions of Article 93 of the Ordinance on Quarterly Consolidated Financial Statements as they satisfy all of the requirements of "Designated International Accounting Standards Designated Companies" set forth in Article 1-2 of the Ordinance on Quarterly Consolidated Financial Statements.

The summary of quarterly consolidated financial statements were approved by Kazumasa Kimura, representative director, on May 14, 2024.

(2) Basis for measurement

The summary of quarterly consolidated financial statements of our group have been prepared on a historical cost basis, except for financial instruments measured at fair value, as described in Note 3, "Significant Accounting Policies," below.

(3) Functional and presentation currencies

The summary of quarterly consolidated financial statements of our group represent the Japanese yen, which is our functional currency.

3. Important accounting policies

The significant accounting policies that our group applies in this condensed quarterly consolidated financial statements are the same as those applied in the consolidated financial statements for the previous fiscal year.

Income tax expense for the first quarter of the current fiscal year is calculated using the estimated average annual effective tax rate.

In addition, our group continues to apply a 1-time exception to the recognition and disclosure of deferred tax assets and liabilities related to the International Tax Reform-Pillar 2 Model Rule of IAS No. 12, Income Taxes, which has no impact on summary of quarterly consolidated financial statements.

4. Critical accounting judgments, estimates and assumptions

The preparation of summary of quarterly consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Changes in accounting estimates are recognized in the period in which the estimates change and in future periods affected. Judgments that involve significant accounting estimates and estimates in these summary of quarterly consolidated financial statements are, in principle, the same as the consolidated financial statements for the previous fiscal year.

(Translation)

This document has been translated from the Japanese original for the convenience of overseas stakeholders. In the event of any discrepancy between this document and the Japanese original, the original shall prevail.

5. Business Segments

(1) Summary of reportable segments

The Group's reportable segments are components of the Group about which separate financial statement is available that is evaluated regularly at the Board of Directors' meetings in deciding how to allocate the management resources and in assessing performance.

The Group classifies its business segments into the following three reportable segments, based on the similarity of business models: 1) the "Component Solutions Business;" 2) the "Transport Solutions Business;" and 3) the "Accessibility Solutions Business."

The main lines of business of each reportable segment are as below.

Business segment	Main lines of business
Component Solutions Business	The design, manufacture, sale, maintenance and repair of industrial robot components and equipment for construction machinery and its components
Transport Solutions Business	The design, manufacture, sale, maintenance and repair of brake systems and automatic door operating systems for railroad vehicles, aircraft components, brake systems and drive control units for vehicles, control systems for marine vessels, and components thereof
Accessibility Solutions Business	The design, manufacture, sale, installation, maintenance and repair of automatic door operating systems for buildings and general industry, platform safety systems, and components thereof

(2) Information on reportable segments

The accounting policies of the reportable segments are the same as the accounting policies of our group described in "3. Important accounting policies" in the notes.

Intersegment sales and transfers are based on prevailing market prices.

First three-month period of previous consolidated fiscal year (From January 1, 2023 to March 31, 2023)

	Reportable Segments				Others	Total	Adjustments	Amount stated in summary of consolidated statements of income
	Component	Transport	Accessibility	Total				
Net sales								
Sales to external customers	38,082	16,853	23,203	78,138	4,055	82,193	—	82,193
Inter-segment sales	716	316	4	1,035	96	1,131	-1,131	—
Total sales	38,798	17,168	23,207	79,173	4,151	83,324	-1,131	82,193
Segment income (Operating income)	3,972	1,452	2,543	7,967	405	8,372	-2,592	5,779
Financial income				—				4,305
Financial costs				—				-134
Equity in earnings of affiliates				—				874
Income before tax				—				10,825

Notes: 1. "Others" is a business segment that is not a reportable segment and consists of businesses that are engaged in the design, manufacture, sale, maintenance and repair of packaging machine, three-dimensional model production device and components thereof.

2. Adjustment to sales is as a result of eliminations of inter-segment transactions.

3. Adjustment to segment income (operating income) is total profit/loss, etc. that are not allocated to the respective segments.

(Translation)

This document has been translated from the Japanese original for the convenience of overseas stakeholders. In the event of any discrepancy between this document and the Japanese original, the original shall prevail.

First three-month period of current consolidated fiscal year (From January 1, 2024 to March 31, 2024)

(Million yen)

	Reportable Segments				Others	Total	Adjustments	Amount stated in summary of consolidated statements of income	
	Component	Transport	Accessibility	Total					
Net sales									
Sales to external customers	22,713	19,139	27,013	68,865	3,317	72,181	—	72,181	
Inter-segment sales	766	405	3	1,173	10	1,184	-1,184	—	
Total sales	23,479	19,543	27,016	70,038	3,327	73,365	-1,184	72,181	
Segment income (Operating income)	816	2,362	3,131	6,309	300	6,608	-2,617	3,991	
Financial income	—								745
Financial costs	—								-188
Equity in earnings of affiliates	—								583
Income before tax	—								5,131

Notes: 1. "Others" is a business segment that is not a reportable segment and consists of businesses that are engaged in the design, manufacture, sale, maintenance and repair of packaging machine, three-dimensional model production device and components thereof.

2. Adjustment to sales is as a result of eliminations of inter-segment transactions.

3. Adjustment to segment income (operating income) is total profit/loss, etc. that are not allocated to the respective segments.

(Translation)

This document has been translated from the Japanese original for the convenience of overseas stakeholders. In the event of any discrepancy between this document and the Japanese original, the original shall prevail.

6. Revenue from contracts with customers

Our businesses are comprised of Component Solutions Business, Transport Solutions Business, Accessibility Solutions Business and Other Businesses, and are subject to periodic review by our Board of Directors to determine the allocation of management resources and assess performance.

In our group, revenues earned through these businesses are presented as net sales. Net sales are broken down by major products. The relation between these disaggregated net sales and net sales by segment as described in Note "5. Business Segments" is as follows:

There is no obligation to perform as an agent for our group.

(Million yen)			
Business segment	Major products	First three-month period of consolidated FY2023 (From January 1, 2023 to March 31, 2023)	First three-month period of consolidated FY2024 (From January 1, 2024 to March 31, 2024)
Component Solutions Business	Precision Reduction Gears	25,156	11,996
	Hydraulic Equipment	12,925	10,716
	Subtotal	38,082	22,713
Transport Solutions Business	Railroad Vehicle Equipment	4,447	5,239
	Aircraft Equipment	3,393	4,826
	Commercial Vehicle Equipment	3,153	3,175
	Marine Vessels Equipment	3,991	4,183
	Others	1,869	1,715
	Subtotal	16,853	19,139
Accessibility Solutions Business	Automatic Door	23,203	27,013
	Subtotal	23,203	27,013
Others	Packaging Machines	3,833	3,200
	Others	222	117
	Subtotal	4,055	3,317
Total		82,193	72,181

(NOTE) Amounts are expressed as external sales.

(Translation)

This document has been translated from the Japanese original for the convenience of overseas stakeholders. In the event of any discrepancy between this document and the Japanese original, the original shall prevail.

7. Financial income and costs

(1) Financial income

Breakdown of financial income is as follows:

(Million yen)

	First three-month period of consolidated FY2023 (From January 1, 2023 to March 31, 2023)	First three-month period of consolidated FY2024 (From January 1, 2024 to March 31, 2024)
Interest income		
Financial assets measured at amortized cost	59	54
Dividends income		
Financial assets measured at fair value through other comprehensive income	1	1
Gain on valuation of investment securities (Note)		
Financial assets measured at fair value through profit or loss	4,008	8
Foreign exchange gain	237	682
Total	4,305	745

(NOTE) For Harmonic Drive Systems Inc. shares for which a portion of the sale was completed in the first quarter of the previous fiscal year, the difference between the gross sales price and the fair value based on the average of the trading volume weighted average price (Volume Weighted Average Price) on each day during the same period of ¥886 million and the valuation gain of ¥3,114 million from the remeasurement of the shares held by the Company based on the closing price (fair value) on the last day of the fiscal year are included.

(2) Financial cost

The breakdown of financial costs is as follows:

(Million yen)

	First three-month period of consolidated FY2023 (From January 1, 2023 to March 31, 2023)	First three-month period of consolidated FY2024 (From January 1, 2024 to March 31, 2024)
Interest expenses		
Financial liabilities measured at amortized cost	51	129
Lease liabilities	45	48
Valuation loss from derivatives transactions		
Financial assets measured at fair value through profit or loss	38	11
Total	134	188

(Translation)

This document has been translated from the Japanese original for the convenience of overseas stakeholders. In the event of any discrepancy between this document and the Japanese original, the original shall prevail.

8. Cash Dividend

Cash dividends paid in previous first quarter and current first quarter were as follows:

First three-month period of previous consolidated fiscal year (From January 1, 2023 to March 31, 2023)

Resolution	Total dividends (Million yen)	Dividends per share (yen)	Record Date	Effective date
March 23, 2023 Annual Shareholders' Meeting	4,693	39	December 31, 2022	March 24, 2023

(NOTE) The total amount of dividends declared by resolution of the Ordinary General Meeting of Shareholders on March 23, 2023 includes dividends of ¥12 million on our shares held by the trust account (re-trustee: Japan Custody Bank, Ltd. (Trust Account E)) of Mizuho Trust & Banking Co., Ltd. related to the stock benefit trust (BBT).

First three-month period of current consolidated fiscal year (From January 1, 2024 to March 31, 2024)

Resolution	Total dividends (Million yen)	Dividends per share (yen)	Record Date	Effective date
March 26, 2024 Annual Shareholders' Meeting	4,825	40	December 31, 2023	March 27, 2024

(NOTE) The total amount of dividends declared by resolution of the Ordinary General Meeting of Shareholders on March 26, 2024 includes dividends of ¥24 million on our shares held by the trust account (re-trustee: Japan Custody Bank, Ltd. (Trust Account E)) of Mizuho Trust & Banking Co., Ltd. related to the stock benefit trust (BBT).

9. Earnings per shares

(1) Basis for calculating basic earnings per share

Basic earnings per share and the calculation basis are as follows:

	First three-month period of consolidated FY2023 (From January 1, 2023 to March 31, 2023)	First three-month period of consolidated FY2024 (From January 1, 2024 to March 31, 2024)
Profit attributable to owners of the parent (Million yen)	6,699	2,640
Weighted average number of shares of (Thousands of shares)	120,025	120,054
Basic earnings per share (Yen)	55.82	21.99

(2) Basis for calculating diluted earnings per share

Diluted earnings per share and the calculation basis are as follows:

	First three-month period of consolidated FY2023 (From January 1, 2023 to March 31, 2023)	First three-month period of consolidated FY2024 (From January 1, 2024 to March 31, 2024)
Diluted net income attributable to owners of the parent (Million yen)	6,699	2,640
Weighted average number of shares of (Thousands of shares)	120,025	120,054
Effect of stock options using the stock acquisition rights method (Thousands of shares)	5	2
Diluted weighted average shares for common stock (Thousands of shares)	120,030	120,056
Diluted earnings per share (Yen)	55.82	21.99

(Translation)

This document has been translated from the Japanese original for the convenience of overseas stakeholders. In the event of any discrepancy between this document and the Japanese original, the original shall prevail.

10. Financial instruments

(1) Fair Value Measurements

① Financial assets measured at amortized cost

Other financial assets

Fair values of other financial assets are primarily valued based on the present value of these assets discounted at a rate adjusted for credit risk, segregated by certain time periods.

② Financial assets measured at fair value through profit or loss

a Golf membership

The fair value of golf club memberships is valued based on quoted prices and other factors. Golf membership is included in "Other Financial Assets" in the Summary of Quarterly Consolidated Statements of Financial Position.

b Derivative financial assets

The fair value of foreign currency forward contracts is calculated based on forward exchange rates and other factors. Note that derivative financial assets are included in "other financial assets" in the Summary of Quarterly Consolidated Financial Statement.

c Investment securities

Debt instruments, which consist primarily of corporate bonds held for non-trading purposes, are calculated using valuation techniques based on quoted market prices of similar companies. Investment securities are included in "other financial assets" in the Summary of Quarterly Consolidated Financial Statement.

③ Financial assets measured at fair value through other comprehensive income

Investment securities

Equity instruments consisting primarily of stocks held for non-trading purposes. Listed stocks are calculated using quoted market prices on exchanges, and unlisted stocks are calculated using valuation techniques based on market prices of similar companies and valuation techniques based on net asset value. Investment securities are included in "other financial assets" in the Summary of Quarterly Consolidated Financial Statement.

④ Financial liabilities measured at amortized cost

Borrowings

The fair value of borrowings is calculated based on the present value of the sum of principal and interest discounted at the interest rate assumed for new similar borrowings.

⑤ Financial liabilities measured at fair value through profit or loss

a Derivative financial liabilities

The fair value of foreign currency forward contracts is calculated based on forward exchange rates and other factors. The fair values of foreign currency swap agreements and interest rate swap agreements are calculated based on prices provided by counterparty financial institutions, etc. Derivative financial liabilities are included in "Other financial liabilities" in the summary of quarterly consolidated statements of financial position.

b Contingent consideration

The fair value of the financial liabilities for contingent consideration is calculated based on the present value of future payments calculated using a Monte Carlo simulation, primarily based on forecasts of performance and other factors. Financial liabilities related to contingent consideration are included in "Other financial liabilities" in the Summary of Quarterly Consolidated Statements of Financial Position.

(Translation)

This document has been translated from the Japanese original for the convenience of overseas stakeholders. In the event of any discrepancy between this document and the Japanese original, the original shall prevail.

(2) Carrying amounts and fair values of each class of financial instruments

The carrying amounts and fair values of financial assets and financial liabilities in the summary of quarterly consolidated statements of financial position are as follows:

(Million yen)

	End of the previous consolidated fiscal year (As of December 31, 2023)		End of the first three-month period of consolidated FY2024 (As of March 31, 2024)	
	Book value	Fair value	Book value	Fair value
Financial assets				
Financial assets measured at amortized cost				
Other financial assets	3,543	3,543	4,266	4,266
Total financial assets measured at amortized cost	3,543	3,543	4,266	4,266
Financial assets measured at fair value through profit or loss				
Golf membership	127	127	127	127
Derivative financial assets	39	39	—	—
Investment securities	358	358	501	501
Total of financial assets measured at fair value through profit or loss	523	523	628	628
Financial assets measured at fair value through other comprehensive income				
Investment securities	9,100	9,100	9,727	9,727
Total financial assets measured at fair value through other comprehensive income	9,100	9,100	9,727	9,727
Total of financial assets	13,167	13,167	14,620	14,620
Financial Liabilities				
Financial liabilities measured at amortized cost				
Borrowings	21,572	21,572	29,196	29,156
Other financial liabilities	21,572	21,572	29,196	29,156
Financial Liabilities measure at fair value through profit or loss				
Derivative financial liabilities	487	487	503	503
Contingent consideration	28	28	28	28
Total financial liabilities measure at fair value through profit or loss	516	516	531	531
Total financial liabilities	22,088	22,088	29,728	29,688

At initial recognition, the Company did not hold any financial assets or financial liabilities that were irrevocably elected to be designated as financial assets and financial liabilities measured at fair value through profit or loss. Cash and cash equivalents, trade receivables, contract assets, other receivables, trade payables, and other payables, which are financial instruments measured at amortized cost, are not included in the table above because their carrying amounts approximate fair value due to their short-term maturities.

(Translation)

This document has been translated from the Japanese original for the convenience of overseas stakeholders. In the event of any discrepancy between this document and the Japanese original, the original shall prevail.

(3) Level-based classification of the fair value hierarchy

The recurring fair values of financial assets and financial liabilities are measured and analyzed as follows: These fair value amounts are categorized into three fair value hierarchies (levels 1 through 3) based on the inputs to the valuation techniques used (available market data). Each level is defined as follows:

Level 1: Fair values measured at quoted prices in actively traded markets

Level 2: Fair values calculated using observable prices, either directly or indirectly, other than Level 1

Level 3: Fair values derived from valuation techniques that include unobservable inputs

Transfers between levels of the fair value hierarchy are recognized on the date that the events or changes in circumstances that give rise to the transfer occur.

The following table presents the fair value hierarchy for financial assets and financial liabilities measured at fair value on a recurring basis:

(Million yen)

End of the previous consolidated fiscal year (As of December 31, 2023)	Level 1	Level 2	Level 3	Total
Other financial assets				
Financial assets to be measured at fair value through profit or loss	—	166	358	523
Financial assets measured at fair value through other comprehensive income	3,945	—	5,156	9,100
Other financial liabilities				
Financial liabilities measured at fair value through profit or loss	—	487	28	516

(Million yen)

End of the first three-month period of consolidated FY2024 (As of March 31, 2024)	Level 1	Level 2	Level 3	Total
Other financial assets				
Financial assets to be measured at fair value through profit or loss	—	127	501	628
Financial assets measured at fair value through other comprehensive income	4,519	—	5,208	9,727
Other financial liabilities				
Financial liabilities measured at fair value through profit or loss	—	503	28	531

The fair value hierarchy for financial instruments measured at amortized cost, which is disclosed in "(2) Carrying amounts and fair values of each class of financial instruments," is categorized principally in Level 3.

There were no transfers between Levels 1 and 2 and 3 in the previous fiscal year or the first three-month of current fiscal year.

There were no significant assets or liabilities measured at fair value on a nonrecurring basis at the end of the previous or first three-month of current fiscal year.

(Translation)

This document has been translated from the Japanese original for the convenience of overseas stakeholders. In the event of any discrepancy between this document and the Japanese original, the original shall prevail.

(4) Information on Level 3 fair value measurements

① Valuation techniques and inputs

Level 3 other financial assets and other financial liabilities consist primarily of unlisted equity securities and contingent consideration. The fair value of unlisted equity securities is determined using valuation techniques based on quoted market prices for comparable companies and valuation techniques based on net asset value. The fair value of the financial liabilities for contingent consideration is calculated based on the present value of future payments calculated using a Monte Carlo simulation, primarily based on forecasts of performance and other factors.

② Evaluation process

Fair value measurements for Level 3 financial instruments are performed in accordance with relevant internal rules. When measuring fair value, the Company uses valuation techniques and inputs that most appropriately reflect the nature, characteristics and risks of the underlying financial instruments.

③ Level 3 sensitivity information for recurring fair value measurements

Significant unobservable inputs for measuring the fair value of Level 3 financial instruments measured at fair value on a recurring basis are EBIT multiples, illiquidity discounts, and other inputs based on financial projections. Fair value is increased (decreased) by an increase (decrease) in EBIT multiples and decreased (increased) by an increase (decrease) in illiquidity discounts.

For instruments classified as Level 3, the increase or decrease in fair value of the change in the inputs that are not observable to reasonably possible alternative assumptions would not be material.

④ Reconciliation of financial instruments classified as Level 3 from the beginning of the period to the ending balance

(Million yen)

	First three-month period of consolidated FY2023 (From January 1, 2023 to March 31, 2023)		First three-month period of consolidated FY2024 (From January 1, 2024 to March 31, 2024)	
	Financial assets	Financial Liabilities	Financial assets	Financial Liabilities
Balance at beginning of quarter	4,160	—	5,514	28
Total gains and losses	71	—	-59	—
Net Income (Loss) (Note 1)	0	—	-11	—
Other comprehensive income (Note 2)	70	—	-48	—
Purchase	613	—	254	—
Sale	-0	—	—	—
Balance at end of quarter	4,844	—	5,709	28

(NOTE) 1 Gains and losses recognized in profit or loss primarily represent unrealized gains and losses on financial instruments sold in the first three-month of current fiscal year and are included in "Financial income" in the Summary of Quarterly Consolidated Statements of Income.

2 Gains and losses recognized in other comprehensive income are included in "Net changes in financial assets measured at fair value through other comprehensive income" in the summary of quarterly consolidated statements of comprehensive income.

(Translation)

This document has been translated from the Japanese original for the convenience of overseas stakeholders. In the event of any discrepancy between this document and the Japanese original, the original shall prevail.

11. Business Combination

First three-month period of consolidated FY2023 (From January 1, 2023 to March 31, 2023)

(Purchase of Shares of Copas Systèmes SAS)

Our consolidated subsidiary, Gilgen Door Systems AG (hereinafter "Gilgen"), acquired 100% of the shares of Copas Systèmes SAS on January 3, 2023, making it a wholly owned subsidiary of our group.

(1) The outline of the business combination

① Name and business of the acquired company

Name of acquired company: Copas Systèmes SAS

Business activities: Automatic door sales, construction and maintenance in Southeastern France

② Main reasons for the business combination

In our Automatic Door business, we aim to strengthen our sales structure covering the four major markets of Japan, Europe, North America and China. We are working to establish our position as a global automatic door manufacturer by strengthening our direct sales bases in each market and expanding our value chain through partnerships with distributors. In the European market in particular, we have been engaged in M&A aimed at strengthening sales channels centered on Gilgen, but recently we have made a wholly owned subsidiary of Copas Systèmes SAS, which has a strong customer-network in southeastern France. As a result, we will rebuild the value chain in the French market and further develop our business foundation in Europe.

③ Method of acquiring control of the acquired company

Acquisition of shares for cash consideration

④ Acquisition date

January 3, 2023

⑤ Acquired ownership percentage

100%

(2) Acquisition consideration and its breakdown

Cash	¥5,459 million
------	----------------

Total acquisition consideration	¥5,459 million
---------------------------------	----------------

(3) Acquisition-related expenses

Acquisition-related expenses amounted to ¥35 million and are included in "Selling, general and administrative expenses" in the consolidated statements of income.

(Translation)

This document has been translated from the Japanese original for the convenience of overseas stakeholders. In the event of any discrepancy between this document and the Japanese original, the original shall prevail.

(4) Assets acquired and liabilities assumed

The Company provisionally accounted for this business combination in the first quarter of the previous fiscal year. However, the allocation of the purchase consideration to the assets acquired and liabilities assumed has been finalized in the second quarter of the previous fiscal year. As a result of the finalization of this provisional accounting treatment, non-current assets and non-current liabilities increased by ¥2,167 million and ¥542 million, respectively, and goodwill decreased by ¥1,625 million.

Assets acquired and liabilities assumed at the date of acquisition were as follows:

	(Million yen)
	Amount
Fair value of consideration paid (Note 1)	5,459
Total	5,459
Current assets (Note 2)	1,373
Non-current assets (Note 3)	2,270
Current liabilities	-1,010
Non-current liabilities	-583
Goodwill (Note 4)	3,411
Total	5,459

(NOTE) 1 There is no contingent consideration.

2 Cash and cash equivalents of ¥177 million are included. The aggregate contract amount for the fair value of trade and other receivables acquired of ¥759 million is ¥907 million and the estimated uncollectible amount is ¥147 million.

3 Includes customer-related assets of ¥1,454 million (useful life of 14 years) and software of ¥712 million (useful life of 16 years) that were not recognized by the acquired company.

4 Goodwill primarily reflects excess earning power and is not deductible for tax purposes.

(5) Impact on the performance of our group

Profit and loss information after the acquisition date recognized in the consolidated statement of income for the first three-month of previous fiscal year and the estimated impact on the summary of quarterly consolidated financial statements of the business combination on January 1, 2023, the beginning of the previous fiscal year, are not presented because they are not material.

First three-month period of consolidated FY2024 (From January 1, 2024 to March 31, 2024)

Not applicable

(Translation)

This document has been translated from the Japanese original for the convenience of overseas stakeholders. In the event of any discrepancy between this document and the Japanese original, the original shall prevail.

12. Commitment

Significant commitments contractually committed to the acquisition of property, plant and equipment are as follows:

(Million yen)

	End of the previous consolidated fiscal year (As of December 31, 2023)	End of the first three-month period of consolidated FY2024 (As of March 31, 2024)
Commitment	9,283	9,429

13. SUBSEQUENT EVENTS

Not applicable.

(Translation)

This document has been translated from the Japanese original for the convenience of overseas stakeholders. In the event of any discrepancy between this document and the Japanese original, the original shall prevail.

2 【Others】

Not applicable

(Translation)

This document has been translated from the Japanese original for the convenience of overseas stakeholders. In the event of any discrepancy between this document and the Japanese original, the original shall prevail.

Part two 【Information on Assurance Companies, etc. of Submitting Companies】

Not applicable

(Translation)

This document has been translated from the Japanese original for the convenience of overseas stakeholders. In the event of any discrepancy between this document and the Japanese original, the original shall prevail.

Quarterly Review Report by Independent Auditors'

May 13, 2024

Nabtesco Corporation

To the Board of Directors

KPMG AZSA LLC.

Tokyo Office

Designated Limited
Liability Partners Certified Public
Partners administering Accountant Takeharu Kirikae
the affairs

Designated Limited
Liability Partners Certified Public
Partners administering Accountant Takashi Inoue
the affairs

Auditor's conclusion

Pursuant to the provision of Section 193-2(1) of the Financial Instruments and Exchange Act, we have reviewed the quarterly consolidated financial statements for the first quarter of the fiscal year from January 1, 2024 to December 31, 2024 (January 1, 2024 to March 31, 2024) and for the first quarter (January 1, 2024 to March 31, 2024), which are summarized in "Accounting Status," namely, the Summary of Quarterly Consolidation Financial Statements, Summary of Quarterly Consolidated Statements of Income, Summary of Quarterly Consolidated Statements of Comprehensive Income, Summary of Quarterly Consolidated Statement of Changes in Equity, Summary of Quarterly Consolidated Statement of Cash Flows, and Notes on the Summary of Quarterly Consolidated Financial Statements.

In our Quarterly Review, the above Summary Quarterly Consolidated Financial Statements were not recognized in all material respects as to what Nabtesco Corporation and its Consolidated Subsidiaries believe they did not properly present the financial position of Nabtesco Corporation and its consolidated subsidiaries as of March 31, 2024, and the results of their operations and their cash flows for the first quarter ended on the same date, in accordance with International Accounting Standards No. 34, "Financial Reporting during the Term," as defined in Article 93 of the Regulations on Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements.

Basis for the auditor's conclusion

We conducted our quarterly review in accordance with the quarterly review standards generally accepted in Japan. Our responsibility under the standards for quarterly reviews is set forth under the caption "Auditor's Responsibility in Quarterly Review of Condensed Quarterly Consolidated Financial Statements. We are independent of the Company and its consolidated subsidiaries in accordance with the provisions of the Code of Professional Ethics in Japan and we fulfill our other ethical responsibilities as an auditor. We believe that the evidence upon which we base our conclusions is obtained.

Responsibility of Management, Corporate Auditors and Board of Corporate Auditors for the Condensed Quarterly Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the summary of quarterly consolidated financial statements in accordance with International Accounting Standards 34, Interim Financial Reporting. This includes the design, implementation, and maintenance of internal control as management deems necessary to enable the preparation and fair presentation of summary of quarterly consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the summary of quarterly consolidated financial statements, management is responsible for evaluating whether it is appropriate to prepare the summary of quarterly consolidated financial statements based on the going concern assumption and for disclosing matters related to a going concern in accordance with International Accounting Standards No. 1, Presentation of Financial Statements, Item 4. The responsibility of the corporate auditors and the board of corporate auditors is to monitor the execution of directors' duties in the development and

(Translation)

This document has been translated from the Japanese original for the convenience of overseas stakeholders. In the event of any discrepancy between this document and the Japanese original, the original shall prevail.

operation of the financial reporting process.

Auditor's Responsibility for the Quarterly Review of Summary of Quarterly Consolidated Financial Statements

The auditor's responsibility is to independently express a conclusion on the summary of quarterly consolidated financial statements in the quarterly review report based on the quarterly review performed by the auditor.

In accordance with quarterly review standards generally accepted in Japan, the auditor shall, through the course of the quarterly review, make judgments as a professional expert and conduct the following with professional skepticism:

- Conduct questions, analytical procedures and other quarterly review procedures mainly for management, persons responsible for financial and accounting matters, etc. The quarterly review procedures are limited compared with the procedures for auditing the financial statements for the fiscal year conducted in accordance with auditing standards generally accepted in Japan.
- If the Company determines that there is significant uncertainty with respect to events or circumstances that raise substantial doubt about the Company's ability to continue as a going concern, the Company will conclude, based on the evidence obtained, whether there are any matters in the summary of quarterly consolidated financial statements that would cause the Company to believe that they are not fairly presented in accordance with International Accounting Standards No. 1, Presentation of Financial Statements, Item 4. In addition, if there is material uncertainty regarding the Company's ability to continue as a going concern, the Company is required to alert the notes to the summary of quarterly consolidated financial statements in the quarterly review report or, if the notes to the summary of quarterly consolidated financial statements for material uncertainty are not appropriate, express a limited conclusion or a negative conclusion on the quarterly consolidated financial statements. The auditor's conclusion is based on evidence obtained through the date of the quarterly review report; however, future events and circumstances may prevent the entity from continuing as a going concern.
- Evaluate whether the presentation, composition and content of the condensed quarterly consolidated financial statements, including the related notes, as well as whether there are any matters that cause the Company to believe that the presentation and notes to the summary of quarterly consolidated financial statements are not in accordance with International Accounting Standards 34, Interim Financial Reporting, and whether there are any matters that cause the Company to believe that the summary of quarterly consolidated financial statements do not fairly present the underlying transactions and accounting events.
- Obtain evidence regarding the financial information of the Company and its consolidated subsidiaries that forms the basis for expressing a conclusion on the summary of quarterly consolidated financial statements. The auditor is responsible for directing, supervising and inspecting the quarterly review of the summary of quarterly consolidated financial statements. The auditor is solely responsible for the auditor's conclusions.

The auditor shall report to the auditors and the board of auditors on the scope of the planned quarterly review and the timing of its implementation, as well as important findings in the quarterly review.

The auditors shall report to the statutory auditors and the board of statutory auditors on compliance with the provisions of professional ethics in Japan regarding independence, matters that are reasonably likely to affect the auditor's independence, and in cases where countermeasures are taken to eliminate impediments or safeguards are applied to reduce the impediments to an acceptable level.

Interests

There are no interests between the Company and its Consolidated Subsidiaries and the Auditing Corporation or its Operating Partners that should be stated pursuant to the provisions of the Certified Public Accountants Act.

The end

(NOTE) 1 The original report of the above quarterly review report is maintained separately by the Company (the company submitting the quarterly report).

2 XBRL are not included in the scope of auditing.