

# Summary of Consolidated Financial Statements for the Fiscal Year Ended December 31, 2023 (IFRS)



February 13, 2024

Name of listed company: Nabtesco Corporation

Stock listed on: Prime section of the Tokyo Stock Exchange

Code number: 6268

URL: <https://www.nabtesco.com>

Representative: Title: President and CEO

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Scheduled Date of Annual Shareholders Meeting: March 26, 2024

Scheduled Date of Dividend Payment: March 27, 2024

Scheduled Date of Issue of Financial Report: March 27, 2024

Material to supplement the financial results: Yes

Financial results conference: Yes (Teleconference for institutional investors and financial analysts)

(Amounts rounded to the nearest million)

## 1. Consolidated Results for FY 2023 (January 1, 2023 to December 31, 2023)

### (1) Consolidated Operating Results

(Percentages indicate year-on-year change)

	Net sales		Operating income		Income before tax		Net income		Net income attributable to owners of the parent		Total comprehensive income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY 2023	333,631	8.1	17,376	(4.0)	25,629	62.6	16,430	44.3	14,554	53.8	23,519	14.7
FY 2022	308,691	3.0	18,097	(39.7)	15,763	(84.5)	11,387	(83.2)	9,464	(85.4)	20,505	(72.9)

	Total basic earnings per share	Diluted earnings per share	Return on net income attributable to owners of the parent	Ratio of income before tax to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
FY 2023	121.25	121.23	5.7	5.8	5.2
FY 2022	78.87	78.85	3.9	3.4	5.9

(Reference) Equity in earnings of affiliates: FY 2023: 4,141million yen FY2022: 2,787 million yen

### (2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent	Equity attributable to owners of the parent per share
	Million yen	Million yen	Million yen	%	Yen
FY2023	422,065	275,894	260,470	61.7	2,169.52
FY2022	459,293	263,228	248,696	54.1	2,071.87

### (3) Consolidated Cash Flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at fiscal year-end
	Million yen	Million yen	Million yen	Million yen
FY 2023	11,177	(46,295)	(13,482)	77,835
FY 2022	7,717	13,231	(13,456)	124,413

## 2. Dividends

	Dividends per share					Total dividends paid (Annual)	Payout ratio (Consolidated)	Dividend on equity attributable to owners of the parent ratio (Consolidated)
	First quarter	Second quarter	Third quarter	Year end	Full year			
FY 2022	Yen –	Yen 39.00	Yen –	Yen 39.00	Yen 78.00	Million yen 9,385	% 98.9	% 3.8
FY 2023	–	40.00	–	40.00	80.00	9,638	66.0	3.8
FY 2024 (Forecast)	–	40.00	–	40.00	80.00		109.1	

## 3. Forecast of Consolidated Operating Results for FY 2024 (January 1, 2024 to December 31, 2024)

(Percentages indicate year-on-year change for full year and half-on-half change)

	Net sales		Operating income		Income before tax		Net income attributable to owners of the parent		Total basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six-month period ending June 2024	148,400	(9.0)	2,500	(71.2)	2,500	(83.9)	200	(97.9)	1.67
FY 2024	322,000	(3.5)	12,800	(26.3)	13,500	(47.3)	8,800	(39.5)	73.31

\* Matters of note:

- (1) Changes in significant subsidiaries during the FY 2023 (Changes in specified subsidiaries resulting in a change in the scope of consolidation): None  
Newly added: 0 (Company name: - ) Excluded: 0 (Company name: - )
- (2) Changes in accounting policies and accounting estimates
  - 1) Changes in accounting policies required by IFRS: Yes
  - 2) Other changes in accounting policies: None
  - 3) Changes in accounting estimates: None
- (3) Shares outstanding (Common shares)
  - 1) Number of shares outstanding (including treasury stock) as of the end of the term
  - 2) Amount of treasury stock
  - 3) Average number of shares during the term

1)	As of December 31, 2023	121,064,099	As of December 31, 2022	121,064,099
2)	As of December 31, 2023	1,025,536	As of December 31, 2022	1,058,550
3)	FY2023	120,034,740	FY2022	119,997,749

[Reference] Overview of Non-Consolidated Operating Results

1. Non-Consolidated Operating Results for FY 2023 (January 1, 2023 to December 31, 2023)

(1) Non-Consolidated Operating Results (Percentages indicate the year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY 2023	176,334	5.3	3,095	(39.2)	11,653	(40.6)	14,694	(61.1)
FY 2022	167,511	2.6	5,095	(47.4)	19,606	5.3	37,756	(26.7)

	Net income per share	Fully diluted net income per share
	Yen	Yen
FY 2023	122.41	122.39
FY 2022	314.64	314.57

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY 2023 (as of December 31, 2023)	275,540	174,818	63.4	1,455.98
FY 2022 (as of December 31, 2022)	292,573	169,220	57.8	1,409.60

(Reference) Shareholders' equity: As of December 31, 2023: 174,773 million yen

As of December 31, 2022: 169,160 million yen

2. Forecast of Non-Consolidated Operating Results for FY 2024 (January 1, 2024 to December 31, 2024)

(Percentages indicate the year-on-year changes)

	Net sales		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Yen
Six-month period ending June 2024	73,600	(17.4)	4,500	(59.3)	4,100	(67.0)	34.16
Fiscal year ending December 2024	166,000	(5.9)	4,600	(60.5)	6,800	(53.7)	56.65

Notes:

\* The Summary of Consolidated Financial Statements is not subject to audit by a certified public accountant or an audit firm.

\* Description concerning proper use of the forecast of operating results and other remarks:

- Descriptions in this document concerning future figures including forecasts for operating results, etc. are based on currently available information and certain assumptions that the Company considers reasonable. Actual results may vary significantly from such forecasts due to a variety of factors. Please refer to "1. Overview of Consolidated Operating Results, etc. (4) Future Outlook" on page 6 for earning forecast assumptions and notes upon the use of earnings forecasts.
- The Company will hold a financial results presentation meeting on February 21, 2024 for institutional investors and financial analysts. Images and details of the meeting (audio) together with the financial materials distributed at the meeting will be posted on the website immediately after the meeting.

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## 1. Qualitative Information on Consolidated Operating Results for FY 2023

### (1) Analysis of Consolidated Operating Results

During the consolidated fiscal year under review, the Group saw a recovery in demand for aircraft equipment for private-sector aircraft and the Ministry of Defense, and strong demand for marine vessel equipment for new ships and MRO (Maintenance, Repair, Overhaul) in response to environmental regulations. In the automatic door business, strong demand for domestic building doors and foreign exchange effects in the overseas market. As a result, the Group's consolidated net sales came to ¥333,631 million.

Although operating income increased due to higher sales in the Transport Solutions Business, in the Component Solutions Business, the impact of lower demand in the second half of the fiscal year and the impact of higher personnel costs and electricity prices and delays in passing on cost increases resulted in lower operating profit. In Q4, there was an impairment loss on goodwill related to Gilgen Door Systems AG (hereinafter, "Gilgen") and an impairment loss on fixed assets related to OVALO GmbH (hereinafter, "OVALO"). On the other hand, there was a gain on exchange of land and buildings. As a result, operating income was ¥17,376 million. Income before tax was ¥25,629 million, reflecting the valuation gain on the shares of Harmonic Drive Systems Inc. (hereinafter, "Harmonic") as a result of completion of the sales of these shares. Net income attributable to owners of the parent was ¥14,554 million.

#### 1) Amount of orders received, net sales and operating income

The amount of orders received for the fiscal year increased 0.9% year on year to ¥332,780 million. Net sales increased 8.1% year on year to ¥333,631 million, while operating income decreased 4.0% year on year to ¥17,376 million. The ratio of operating income to net sales was 5.2%.

Operating results by business segment were as follows:

[Amount of orders received]

(Million yen)

Reportable Segment	Previous fiscal year (ended December 2022) (Consolidated basis)	Current fiscal year (ended December 2023) (Consolidated basis)	Change (%)
Component Solutions	146,870	112,690	(23.3)
Transport Solutions	78,476	100,323	27.8
Accessibility Solutions	86,839	101,313	16.7
Others	17,513	18,454	5.4
Total	329,698	332,780	0.9

[Net sales]

(Million yen)

Reportable Segment	Previous fiscal year (ended December 2022) (Consolidated basis)	Current fiscal year (ended December 2023) (Consolidated basis)	Change (%)
Component Solutions	140,629	138,089	(1.8)
Transport Solutions	70,950	80,787	13.9
Accessibility Solutions	78,561	96,275	22.5
Others	18,551	18,480	(0.4)
Total	308,691	333,631	8.1

[Operating income or loss]

(Million yen)

Reportable Segment	Previous fiscal year (ended December 2022) (Consolidated basis)	Current fiscal year (ended December 2023) (Consolidated basis)	Change (%)
Component Solutions	15,919	10,376	(34.8)
Transport Solutions	6,714	7,828	16.6
Accessibility Solutions	2,830	6,167	117.9
Others	1,484	3,385	128.1
Elimination or Corporate	(8,850)	(10,380)	–
Total	18,097	17,376	(4.0)

## [Component solutions business]

The amount of orders received for component solutions decreased 23.3% year on year to ¥112,690 million. Net sales decreased 1.8% year on year to ¥138,089 million, while operating income decreased 34.8% year on year to ¥10,376 million.

Sales of precision reduction gears remained at the same level as the previous fiscal year due to demand for industrial robots remained reflecting strong investment mainly related to EVs in the first half, while EV related and automation capital investment decreased significantly in the second half.

Sales of hydraulic equipment for construction machinery saw a year-on-year decrease due to a further decline in demand in the Chinese market, although demand was steady in the Japan and Europe and North America.

## [Transport solutions business]

The amount of orders received for transport solutions increased 27.8% year on year to ¥100,323 million. Net sales also increased 13.9% year on year to ¥80,787 million, while operating income rose 16.6% to ¥7,828 million.

For railroad vehicle equipment, sales decreased year on year due to continued restraints on investing in new vehicles in the Japanese market, although demand for MRO was steady.

Sales of aircraft equipment posted a year-on-year substantial increase as a steady recovery in demand for use in private-sector aircraft and an increase in demand for use in the Ministry of Defense.

Sales of commercial vehicle equipment increased year on year due to a recovery in production by domestic customers.

Marine vessel equipment saw a year-on-year substantial increase in sales due to strong demand for new vessels backed by strong domestic and overseas shipbuilding and shipping markets, as well as strong demand for MRO associated with environmental regulations.

For the current fiscal year, impairment loss of ¥1,761 million on fixed assets related to OVALO was recorded.

## [Accessibility solutions business]

The amount of orders received for accessibility solutions increased 16.7% year on year to ¥101,313 million. Net sales increased 22.5% year on year to ¥96,275 million, and operating income increased 117.9% year on year to ¥6,167 million.

Sales of the automatic door business increased year on year, reflecting steady domestic demand for doors for buildings, as well as the acquisition of a sales company in France and the effect of foreign exchange.

For the current fiscal year, a gain on exchange of land and buildings of ¥4,243 million for a consolidated domestic subsidiary and also an impairment loss on goodwill of ¥4,392 million related to Gilgen were recorded.

## [Others]

The amount of orders received for others recorded a year-on-year increase of 5.4% to ¥18,454 million. Net sales dropped 0.4% year on year to ¥18,480 million, and operating income increased 128.1% year on year to ¥3,385 million.

Sales of packaging machines increased year on year due to a recovery in demand and the elimination of a shortage of electronic components.

Reference: Information by region

[Net sales]

(Million yen)

	Previous fiscal year (ended December 2022) (Consolidated basis)	Current fiscal year (ended December 2023) (Consolidated basis)	Change (%)
Japan	162,716	176,094	8.2
China	53,072	48,085	(9.4)
Other Asia	21,530	21,413	(0.5)
North America	21,464	26,016	21.2
Europe	46,552	59,902	28.7
Other areas	3,357	2,121	(36.8)
Total	308,691	333,631	8.1

Note: Net sales are classified by country or region based on the location of the buyer.

## 2) Income before tax

Financial income was ¥5,202 million, which was mainly composed of valuation gains of ¥3,485 million from the completion of the sale of Harmonic's shares and foreign exchange gains. Financial costs were ¥1,090 million mainly due to losses on the valuation of derivatives. Equity in earnings of affiliates was ¥4,141 million. As a result, income before tax ended at ¥25,629 million, an increase of 62.6% on a year-on-year basis.

## 3) Net income attributable to owners of the parent

In sum, net income attributable to owners of the parent was ¥14,554 million, an increase of 53.8% on a year-on-year basis, net of income tax expenses of ¥9,199 million and net profit attributable to non-controlling interests of ¥1,876 million.

Total basic earnings per share were ¥121.25, an increase of ¥42.38 year on year.

**(2) Analysis of Financial Position**

	As of the end of the previous consolidated fiscal year (December 31, 2022)	As of the end of the current consolidated fiscal year (December 31, 2023)	Change
Total assets (million yen)	459,293	422,065	(37,228)
Liabilities (million yen)	196,064	146,171	(49,893)
Equities (million yen)	263,228	275,894	12,666
Ratio of equity attributable to owners of the parent (%)	54.1	61.7	7.6
ROA (%)	2.0	3.3	1.3
ROE (%)	3.9	5.7	1.8

**[Assets]**

Total assets as of December 31, 2023 were ¥422,065 million, a decrease of ¥37,228 million from December 31, 2022, consisting of ¥220,847 million in current assets and ¥201,218 million in non-current assets. The key contributing positive factors were an increase of ¥11,445 million in tangible fixed assets, an increase of ¥5,251 million in intangible assets, an increase of ¥7,851 million in goodwill and an increase of ¥8,327 million in Investment property. The key contributing negative factors were a decrease of ¥46,578 million in cash and cash equivalents and a decrease of ¥34,030 million in assets associated with the sale of Harmonic's shares.

**[Liabilities]**

Total liabilities as of December 31, 2023 were ¥146,171 million, a decrease of ¥49,893 million from December 31, 2022, reflecting ¥119,491 million in current liabilities and ¥26,679 million in non-current liabilities. Despite an increase of ¥4,142 million in other payables, total liabilities decreased mainly due to a decrease of ¥5,335 million in operating payables, and a decrease of ¥8,717 million in income taxes payable and a decrease of ¥47,267 million in other financial liabilities associated with the sale of Harmonic's shares.

**[Equities]**

Total equity as of December 31, 2023 stood at ¥275,894 million. Equity attributable to owners of the parent was ¥260,470 million, an increase of ¥11,774 million from December 31, 2022. The key contributing positive factors were the increase in net income attributable to owners of the parent of ¥14,554 million and an increase of ¥6,154 million in other capital caused by factors such as exchange differences on foreign operations. Meanwhile, the main contributing negative factor was a decrease of ¥9,506 million in retained earnings due to dividend payment.

As a result of the above, the ratio of equity attributable to owners of the parent was 61.7%, and equity attributable to owners of the parent per share was ¥2,169.52.

**(3) Overview of Cash Flows for the Period under Review**

(Million yen)

	Previous fiscal year (ended December 2022) (Consolidated basis)	Current fiscal year (ended December 2023) (Consolidated basis)
Cash flows from operating activities	7,717	11,177
Cash flows from investing activities	13,231	(46,295)
Free cash flow	20,948	(35,118)
Cash flows from financing activities	(13,456)	(13,482)

Cash and cash equivalents (hereinafter, "capital") on a consolidated basis as of December 31, 2023 stood at ¥77,835 million, a decrease of ¥46,578 million from December 31, 2022 as a result of the use of funds acquired from operating activities primarily for capital expenditures, mainly reflecting capital investment, acquisition of subsidiaries, proceeds and costs associated with the sale of Harmonic's shares, and dividend payment.

**[Cash flows from operating activities]**

Net cash generated from operating activities for the fiscal year totaled ¥11,177 million. The principal positive factors included increases in net income, depreciation and amortization. Meanwhile, the main negative factors was an increase in the payment of income taxes.

**[Cash flows from investing activities]**

Net cash used in investing activities for the fiscal year amounted to ¥46,295 million. The main negative factor were payments for purchase of property, plant and equipment, payments for acquisition of subsidiaries resulting in a change in the scope of consolidation, and payments related to the Harmonic shares sales (payments for settlement of sales price on investment securities).

**[Cash flows from financing activities]**

Net cash used in financing activities for the fiscal year under review was ¥13,482 million. The main negative factor was dividend payment.

**(4) Future Outlook**

In the next fiscal year, the group anticipates that strong demand to continue in the transport solutions business, and demand for packaging machines is also expected to increase at domestic food manufacturers. In the accessibility solutions business, domestic and overseas demand is expected to remain firm. Meanwhile, in the Component Solutions Business, demand is expected to remain stagnant, and sales for the next fiscal year are expected to decline 3.5% year on year to ¥322,000 million. In addition, operating income will decrease 26.3% year on year to ¥12,800 million due to factors such as a decrease in income in the Component Solutions Business mainly reflecting a decrease in demand for precision reduction gears, and an increase in depreciation expenses following an increase in production capacity in preparation for a future recovery in demand.

Overview by segment is as follows.

Forecasts for the fiscal year ending December 2024 by business segment

[Net sales]

(Million yen)

Reportable segment	Result for the current fiscal year (ended December 2023)	Forecast for the next fiscal year (ending December 2024)	Change (%)
Component Solutions	138,089	116,200	(15.9)
Transport Solutions	80,787	89,800	11.2
Accessibility Solutions	96,275	96,000	(0.3)
Others	18,480	20,000	8.2
Total	333,631	322,000	(3.5)

Reportable segment	Forecast for the first six-month period of the next fiscal year (January 1, 2024 to June 30, 2024)		Forecast for the next fiscal year (January 1, 2024 to December 31, 2024)	
	Amount (Million yen)	Composition ratio (%)	Amount (Million yen)	Composition ratio (%)
Component Solutions	52,400	35.3	116,200	36.1
Transport Solutions	42,800	28.8	89,800	27.9
Accessibility Solutions	44,400	29.9	96,000	29.8
Others	8,800	6.0	20,000	6.2
Total	148,400	100.0	322,000	100.0

[Operating income]

(Million yen)

Reportable segment	Result for the current fiscal year (ended December 2023)	Forecast for the next fiscal year (ending December 2024)	Change (%)
Component Solutions	10,376	3,300	(68.2)
Transport Solutions	7,828	11,500	46.9
Accessibility Solutions	6,167	7,800	26.5
Others	3,385	2,500	(26.1)
Corporate or Elimination	(10,380)	(12,300)	—
Total	17,376	12,800	(26.3)

Reportable segment	Forecast for the first six-month period of the next fiscal year (January 1, 2024 to June 30, 2024)		Forecast for the next fiscal year (January 1, 2024 to December 31, 2024)	
	Amount (Million yen)	Operating margin (%)	Amount (Million yen)	Operating margin (%)
Component Solutions	0	—	3,300	2.8
Transport Solutions	5,500	12.9	11,500	12.8
Accessibility Solutions	2,500	5.6	7,800	8.1
Others	800	9.1	2,500	12.5
Corporate or Elimination	(6,300)	—	(12,300)	—
Total	2,500	1.7	12,800	4.0



## [Component solutions business]

Net sales and operating income in the component solutions business are expected to amount to ¥116,200 million (down 15.9% year on year) and ¥3,300 million (down 68.2% year on year), respectively.

Sales of precision reduction gears are expected to decline year on year as sluggish demand for industrial robots is expected to continue reflecting the impact of slowing EV related and automation capital investment.

Sales of hydraulic equipment for construction machinery are anticipated to decrease year on year on the back of continuing sluggish demand in the Chinese market and a decline in construction demand in other overseas markets such as Europe and the United States.

## [Transport solutions business]

Net sales and operating income in the transport solutions business are expected to amount to ¥89,800 million (up 11.2% year on year) and ¥11,500 million (up 46.9% year on year), respectively.

Sales of railroad vehicle equipment are expected to increase year on year due to an increase in investment for new vehicles in the domestic market and steady growth in MRO.

Sales of aircraft equipment will significantly increase year on year as demand for private-sector aircraft has recovered to the level before the COVID-19 pandemic and is expected to grow further, and demand from the Ministry of Defense is also expected to grow in line with the increase in the defense budget.

Sales of commercial vehicle equipment are anticipated to see a year-on-year increase on enhancement of production by domestic customers although a decline in demand in the Southeast Asian market.

Sales of marine vessel equipment are expected to increase on a year-on-year basis as steady demand for MRO in response to demand for new vessels and environmental regulations, and expand sales of optimum route and speed control systems based on demand for reducing GHG (Greenhouse Gas).

## [Accessibility solutions business]

Net sales and operating income in the accessibility solutions business are expected to amount to ¥96,000 million (down 0.3% year on year) and ¥7,800 million (up 26.5% year on year), respectively.

Sales in the automatic doors business are expected to the same level of the previous year as steady demand for doors for domestic and overseas buildings and platform doors.

## [Others]

Net sales and operating income in other businesses are expected to reach ¥20,000 million (up 8.2% year on year) and ¥2,500 million (down 26.1% year on year), respectively.

Packaging machines are expected to see a year-on-year increase in sales as a favorable demand environment mainly on domestic food manufacturers.

## 2. Management Policy

### (1) Basic Policy of the Management of the Company

Based on its corporate philosophy, the Nabtesco Group has formulated a medium-term management plan for the three years from fiscal 2022, with a view to realizing the long-term vision for 2030, which was announced in February 2021.

[Corporate Philosophy]

The Nabtesco Group, with our unique motion control technology, will provide safety, comfort and a sense of security in daily lives as well as any form of transportation.

[Long-term Vision]

Leaders in Innovation for the Future

[Basic Policy for the Medium-Term Management Plan]

In order to achieve the targets for fiscal 2024, the Nabtesco Group will implement its management strategies based on the following policy.

TIME FOR CHALLENGE  
–Change Yourself, Change the World–

### (2) Management Targets

The Nabtesco Group has set the targets for the medium-term management plan for 2022 to 2024 as follows.

【The targets for the medium-term management plan】

ROIC : 10% or over

Dividend payout ratio : 35% or over

Focus on solving ESG issues

CO<sub>2</sub> emissions reduction : Reduced by 25%

(Baseline year: fiscal 2015/aligned with the SBT  
1.5-degree Celsius target)

### (3) Medium- to Long-term Management Strategies

In order to become “Leaders in Innovation for the Future,” which is the Nabtesco Group’s long-term vision for 2030, the Group will take on the following three challenges under the medium-term management plan: “Challenge of fostering reforms,” “Challenge of fostering creativity,” and “Challenge of fostering globalization.”

#### i. Challenge of fostering reforms

##### ■ Enjoy the Challenge

–Change the corporate culture to embrace failure and encourage employees to take on challenges–

- “Change ourselves”: Redefine our current action guidelines
- “Change the company”: Implement innovation systems/tools

##### ■ Innovation for “New Motion Control”

–Create and provide new value through DX, electrification and systematization–

- Create new “tangible goods” through electrification and system integration
- Create new “intangible things” through IoT and data solution
- Attain highly efficient and environmentally friendly manufacturing through automation and DX

#### ii. Challenge of fostering creativity

##### ■ Intelligent Imagination & Execution

–Create and build new business models by promoting external collaboration–

- Promote open innovation with our core value
- Create new businesses by utilizing CVC and M&A
- Expand to new business areas by accelerating collaboration between each business segment

#### iii. Challenge of fostering globalization

##### ■ Global Value Network

–Strengthen global management systems–

- Enhance overseas regional headquarters (Marketing, R&D, MRO and Shared services)
- Establish a global HR system and secure and develop local leaders
- Strengthen marketing activity in regions where the Nabtesco Group has yet to conduct business operations
- Rebuild global supply chain

### (4) Issues to Be Addressed by Nabtesco

Nabtesco will address its issues of management materiality by steadily implementing the medium-term management plan to achieve the following:

- Encourage all directors and employees to embrace “change” and enjoy taking on “challenges” as one of their values
- Increase employee engagement by promoting work style reforms to optimize their work-life balance
- Create new value through products and services as “Leaders in Innovation for the Future”
- Reduce environmental impact and make more effective use of digital technologies for smart manufacturing
- Strengthen the global management system and secure and develop leaders
- Establish a robust global value network
- Enhance governance and risk management ability

### 3. Basic Concept on the Selection of Accounting Standards

The Group has applied IFRS on a voluntary basis to enhance the comparability of financial information in the capital markets on a global basis, as well as to improve the accuracy of management administration within the Group by unifying the accounting standards and accounting periods.

**4. Consolidated Financial Statements and Notes on the Consolidated Financial Statement****(1) Consolidated Statement of Financial Position**

(Million yen)

	Note No.	End of consolidated FY 2022 (as of December 31, 2022)	End of consolidated FY 2023 (as of December 31, 2023)
<b>Assets</b>			
Current assets			
Cash and cash equivalents		124,413	77,835
Trade receivables		77,227	79,196
Contract assets		2,165	3,554
Other receivables		1,301	1,682
Inventories		49,210	50,969
Other financial assets		1,733	616
Other current assets		5,445	6,995
<b>Total</b>		<b>261,494</b>	<b>220,847</b>
Assets held for sale		34,030	—
<b>Total current assets</b>		<b>295,524</b>	<b>220,847</b>
Non-current assets			
Property, plant and equipment		96,082	107,527
Intangible assets		6,373	11,624
Right-of-use assets		10,129	8,908
Goodwill		17,899	25,750
Investment property		2,066	10,394
Investments accounted for using the equity method		17,729	21,139
Other financial assets		10,041	12,550
Deferred tax assets		2,281	2,313
Other non-current assets		1,168	1,013
<b>Total non-current assets</b>		<b>163,768</b>	<b>201,218</b>
<b>Total assets</b>		<b>459,293</b>	<b>422,065</b>

(Million yen)

	Note No.	End of consolidated FY 2022 (as of December 31, 2022)	End of consolidated FY 2023 (as of December 31, 2023)
Liabilities and equity			
Liabilities			
Current liabilities			
Operating payables		56,119	50,783
Contract liabilities		7,652	8,053
Borrowings		19,943	21,400
Other payables		19,250	23,392
Income taxes payable		11,734	3,018
Provisions		1,678	2,720
Lease liabilities		2,640	2,799
Other financial liabilities		47,267	—
Other current liabilities		6,292	7,327
Total current liabilities		172,577	119,491
Non-current liabilities			
Borrowings		366	173
Lease liabilities		8,403	8,060
Liabilities concerning retirement benefit		8,472	8,736
Deferred tax liabilities		4,054	7,045
Other financial liabilities		—	516
Other non-current liabilities		2,193	2,149
Total non-current liabilities		23,488	26,679
Total liabilities		196,064	146,171
Equity			
Capital stock		10,000	10,000
Share premium		15,048	15,139
Retained earnings		215,670	220,495
Treasury shares		(4,646)	△3,943
Other components of equity		12,624	18,778
Equity attributable to owners of the parent		248,696	260,470
Non-controlling interests		14,532	15,424
Total equity		263,228	275,894
Total liabilities and equity		459,293	422,065

**(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income**

## Consolidated Statements of Income

(Million yen)

	Note No.	Previous fiscal year (ended December 2022) (January 1, 2022 to December 31, 2022) (Consolidated basis)	Current fiscal year (ended December 2023) (January 1, 2023 to December 31, 2023) (Consolidated basis)
Net sales	2	308,691	333,631
Cost of sales		(232,007)	(250,970)
Gross profit		76,684	82,661
Other income		1,373	6,517
Selling, general and administrative expense		(59,620)	(66,861)
Other expenses		(340)	(4,941)
Operating income	2	18,097	17,376
Financial income		708	5,202
Financial costs		(5,828)	(1,090)
Equity in earnings of affiliates		2,787	4,141
Income before tax		15,763	25,629
Income tax expense		(4,376)	(9,199)
Net income		11,387	16,430
Net income attributable to			
Owners of the parent		9,464	14,554
Non-controlling interests		1,923	1,876
Net income		11,387	16,430
Net income per share			
Basic earnings per share (Yen)	3	78.87	121.25
Diluted earnings per share (Yen)	3	78.85	121.23

## Summary of Consolidated Statements of Comprehensive Income

(Million yen)

	Note No.	Previous fiscal year (ended December 2022) (Consolidated basis)	Current fiscal year (ended December 2023) (Consolidated basis)
Net income		11,387	16,430
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit liabilities (assets)		586	(162)
Net changes in financial assets measured at fair value through other comprehensive income		444	917
Total components that will not be reclassified to profit or loss		1,030	755
Components that will be reclassified to profit or loss			
Exchange differences on foreign operations		8,088	6,334
Total components that will be reclassified to profit or loss		8,088	6,334
Other comprehensive income after taxes		9,118	7,089
Total comprehensive income		20,505	23,519
Comprehensive income attributable to			
Owners of the parent		17,956	21,064
Non-controlling interests		2,549	2,455
Total comprehensive income		20,505	23,519

**(3) Consolidated Statement of Changes in Equity**

FY 2022 (January 1, 2022 to December 31, 2022)

(Million yen)

	Note No.	Equity attributable to owners of the parent					
		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, 2022		10,000	14,961	214,791	(4,784)	1,874	3,069
Net income		—	—	9,464	—	—	—
Other comprehensive income		—	—	—	—	7,488	437
Total comprehensive income		—	—	9,464	—	7,488	437
Acquisition, sales, etc. of treasury shares		—	—	(10)	137	—	—
Dividends		—	—	(9,385)	—	—	—
Transfer from other components of equity to retained earnings		—	—	810	—	—	(243)
Share-based compensation transactions		—	88	—	—	—	—
Total transactions with owners, etc.		—	88	(8,586)	137	—	(243)
Balance as of December 31, 2022		10,000	15,048	215,670	(4,646)	9,361	3,263

	Note No.	Equity attributable to owners of the parent			Non-controlling interests	Total equity
		Other components of equity		Total equity attributable to owners of the parent		
		Remeasurements of net defined benefit liability (asset)	Total			
Balance as of January 1, 2022		—	4,942	239,910	15,084	254,995
Net income		—	—	9,464	1,923	11,387
Other comprehensive income		566	8,492	8,492	626	9,118
Total comprehensive income		566	8,492	17,956	2,549	20,505
Acquisition, sales, etc. of treasury share		—	—	127	—	127
Dividends		—	—	(9,385)	(3,101)	(12,486)
Transfer from other components of equity to retained earnings		(566)	(810)	—	—	—
Share-based compensation transactions		—	—	88	—	88
Total transactions with owners, etc.		(566)	(810)	(9,170)	(3,101)	(12,271)
Balance as of December 31, 2022		—	12,624	248,696	14,532	263,228



FY 2023 (January 1, 2023 to December 31, 2023)

(Million yen)

	Note No.	Equity attributable to owners of the parent					
		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		—	—	14,554	—	—	—
Other comprehensive income		—	—	—	—	5,771	911
Total comprehensive income		—	—	14,554	—	5,771	911
Acquisition, sales, etc. of treasury shares		—	—	(579)	704	—	—
Dividends		—	—	(9,506)	—	—	—
Transfer from other components of equity to retained earnings		—	—	356	—	—	(529)
Share-based compensation transactions		—	91	—	—	—	—
Total transactions with owners, etc.		—	91	(9,729)	704	—	(529)
Balance as of December 31, 2023		10,000	15,139	220,495	(3,943)	15,133	3,646

	Note No.	Equity attributable to owners of the parent			Non-controlling interests	Total equity
		Other components of equity		Total equity attributable to owners of the parent		
		Remeasurements of net defined benefit liability (asset)	Total			
Balance as of January 1, 2023		—	12,624	248,696	14,532	263,228
Net income		—	—	14,554	1,876	16,430
Other comprehensive income		(173)	6,510	6,510	579	7,089
Total comprehensive income		(173)	6,510	21,064	2,455	23,519
Acquisition, sales, etc. of treasury shares		—	—	125	—	125
Dividends		—	—	(9,506)	(1,563)	(11,069)
Transfer from other components of equity to retained earnings		173	(356)	—	—	—
Share-based compensation transactions		—	—	91	—	91
Total transactions with owners, etc.		173	(356)	(9,290)	(1,563)	(10,854)
Balance as of December 31, 2023		—	18,778	260,470	15,424	275,894

**(4) Consolidated Statements of Cash Flows**

(Million yen)

	Note No.	FY 2022 (January 1, 2022 to December 31, 2022)	FY 2023 (January 1, 2023 to December 31, 2023)
<b>Cash flows from operating activities</b>			
Net income		11,387	16,430
Depreciation and amortization		14,483	15,469
Impairment Loss		–	6,153
Increase (decrease) in liabilities concerning retirement benefits		208	84
Interest and dividend income		(603)	(463)
Interest expenses		199	569
Decrease (Increase) in valuation on investment securities		5,535	(3,569)
Loss (gain) on sale of shares of subsidiaries and associates		–	(1,144)
Equity loss (gain) in earnings of affiliates		(2,787)	(4,141)
Loss (gain) on sales of fixed assets		87	282
Decrease (Increase) in sales on investment property		(65)	–
Loss (gain) on exchange of land and buildings		–	(4,243)
Expenses of income tax		4,376	9,199
Decrease (increase) in trade receivables		2,072	207
Decrease (increase) in inventories		(5,135)	197
Increase (decrease) in operating payables		2,302	(7,055)
Others		(2,198)	(1,407)
<b>Subtotal</b>		<b>29,861</b>	<b>26,569</b>
Interest and dividend received		1,267	1,276
Interest paid		(194)	(574)
Income taxes refunded (paid)		(23,216)	(16,093)
<b>Cash flows from operating activities</b>		<b>7,717</b>	<b>11,177</b>
<b>Cash flows from investing activities</b>			
Decrease in time deposits (Increase)		311	318
Purchases of tangible fixed assets		(8,809)	(22,578)
Proceeds from sales of tangible fixed assets		42	500
Purchases of intangible fixed assets		(2,559)	(3,021)
Proceeds from sales on investment property		103	323
Payments for acquisition of subsidiaries resulting in a change in the scope of consolidation		–	(11,619)
Proceeds from sales of subsidiaries resulting in a change in the scope of consolidation		–	1,686
Payments for acquisition of investment securities		(711)	(1,694)
Proceeds from sale of investment securities		47,690	12
Payments for settlement of sales price on investment securities		(28,471)	(9,752)
Proceeds from refund of leasehold deposits		6,573	99
Other		(937)	(570)
<b>Cash flows from investing activities</b>		<b>13,231</b>	<b>(46,295)</b>
<b>Cash flows from financing activities</b>			
Increase (decrease) in short-term bank loans		2,077	3,000
Proceeds from long-term loans payable		–	32
Repayment of long-term loans payable		(232)	(2,384)
Payments of lease liabilities		(2,854)	(3,060)
Decrease in treasury shares (Increase)		33	(3)
Cash dividends paid		(9,380)	(9,503)
Dividends paid to non-controlling interests		(3,101)	(1,563)
<b>Cash flows from financing activities</b>		<b>(13,456)</b>	<b>(13,482)</b>
<b>Increase (decrease) in cash and cash equivalents</b>		<b>7,492</b>	<b>(48,600)</b>
<b>Cash and cash equivalents at beginning of term</b>		<b>112,771</b>	<b>124,413</b>

Effect of exchange rate changes on cash and cash equivalents		4,150	2,021
Cash and cash equivalents at end of term		124,413	77,835

**(5) Notes on the Summary of Consolidated Financial Statements**

## 1. Notes Relating to the Going Concern Assumption

None

## 2. 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

## I. FY 2022 (January 1, 2022 to December 31, 2022)

(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	140,629	70,950	78,561	290,139	18,551	308,691	—	308,691
Inter-segment sales	2,660	1,455	3	4,118	314	4,432	(4,432)	—
Total sales	143,289	72,405	78,564	294,257	18,865	313,123	(4,432)	308,691
Segment income (Operating income)	15,919	6,714	2,830	25,463	1,484	26,947	(8,850)	18,097
Financial income							—	708
Financial costs							—	(5,828)
Equity in earnings of affiliates							—	2,787
Income before tax							—	15,763
Other items								
Depreciation and amortization	5,970	3,742	2,747	12,459	521	12,980	1,503	14,483
Segment assets	123,729	77,673	86,223	287,625	14,749	302,374	156,919	459,293
Increasing in tangible fixed assets and Intangible fixed assets	13,850	1,958	1,305	17,113	248	17,361	1,464	18,825

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 machinery, three-dimensional model production device, machine tools, 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.

4. Adjustment to depreciation and amortizations is total depreciation and amortization that are not allocated to the respective segments.

5. Total assets of the Company included in adjustment to segment assets, and not allocated to the respective reportable segments are ¥156,919 million, consisting mainly of surplus operating funds in the Company (cash and deposits, etc.) and long-term investments (investment securities, etc.).

6. Adjustment to increase in tangible fixed assets and intangible fixed assets is total capex that are not allocated to the respective segments.

## II. FY 2023 (January 1, 2023 to December 31, 2023)

(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	138,089	80,787	96,275	315,151	18,480	333,631	—	333,631
Inter-segment sales	3,072	1,902	15	4,989	314	5,303	(5,303)	—
Total sales	141,161	82,689	96,290	320,139	18,794	338,934	(5,303)	333,631
Segment income (Operating income)	10,376	7,828	6,167	24,371	3,385	27,756	(10,380)	17,376
Financial income							—	5,202
Financial costs							—	(1,090)
Equity in earnings of affiliates							—	4,141
Income before tax							—	25,629
Other items								
Depreciation and amortization	6,158	3,870	3,264	13,292	526	13,818	1,651	15,469
Impairment loss	—	1,761	4,392	6,153	—	6,153	—	6,153
Segment assets	137,412	87,987	101,190	326,588	14,262	340,850	81,215	422,065
Increases in tangible fixed assets and intangible fixed assets	22,834	2,624	1,941	27,399	701	28,100	1,574	29,673

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 machinery, three-dimensional model production device, machine tools, 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.

4. Adjustment to depreciation and amortizations is total depreciation and amortization that are not allocated to the respective segments.

5. Total assets of the Company included in adjustment to segment assets, and not allocated to the respective reportable segments are ¥81,215 million, consisting mainly of surplus operating funds in the Company (cash and deposits, etc.) and long-term investments (investment securities, etc.).

6. Adjustment to increase in tangible fixed assets and intangible fixed assets is total capex that are not allocated to the respective segments

## 3. Per share information

(Yen)

	FY 2022 (Consolidated basis) (January 1, 2022 to December 31, 2022)	FY 2023 (Consolidated basis) (January 1, 2023 to December 31, 2023)
Total basic earnings per share	78.87	121.25
Diluted earnings per share	78.85	121.23
Equity attributable to owners of the parent per share	2,071.87	2,169.52

Note 1: Total basic earnings per share and diluted earnings per share were calculated on the basis of the following data.

	FY 2022 (Consolidated basis) (January 1, 2022 to December 31, 2022)	FY 2023 (Consolidated basis) (January 1, 2023 to December 31, 2023)
Total basic earnings per share		
Net income attributable to owners of the parent (million yen)	9,464	14,554
Amount not attributable to shareholders of common stock (million yen)	—	—
Net income used to calculate total basic earnings per share (million yen)	9,464	14,554
Average number of common shares during the term	119,997,749	120,034,740
Diluted earnings per share		
Adjustment to net income attributable to owners of the parent (million yen)	—	—
Number of additional common stock shares	27,392	20,192
(Of which, share acquisition rights)	(27,392)	(20,192)
Outline of dilutive shares not included in the calculation of diluted earnings per share due to lack of dilutive effect	—	—

Note 2: Equity attributable to owners of the parent per share was calculated on the basis of the following data.

	End of FY 2022 (Consolidated basis) (As of December 31, 2022)	End of FY 2023 (Consolidated basis) (As of December 31, 2023)
Total equity (million yen)	263,228	275,894
Amounts deducted from total equity (million yen)	14,593	15,468
(Of which, share acquisition rights)	(61)	(44)
(Of which, non-controlling interests)	(14,532)	(15,424)
Equity used to calculate equity attributable to owners of the parent per share (million yen)	248,635	260,426
Number of shares of common stock as of end of the term used to calculate equity attributable to owners of the parent per share	120,005,549	120,038,563

## 4. Significant subsequent events

None

## 5. Other Information

### (1) Output and Order Backlog by Business Segment

#### 1) Output

Reportable Segments	FY 2022 (From January 1, 2022 to December 31, 2022)		FY 2023 (From January 1, 2023 to December 31, 2023)	
	Amount (Million yen)	% to total	Amount (Million yen)	% to total
Component Solutions	140,445	45.2	137,220	41.1
Transport Solutions	72,039	23.2	81,792	24.5
Accessibility Solutions	78,383	25.2	96,485	28.9
Others	19,599	6.4	18,557	5.5
Total	310,465	100.0	334,054	100.0

#### 2) Order Backlog

Reportable Segments	End of FY 2022 (As of December 31, 2022)		End of FY 2023 (As of December 31, 2023)	
	Amount (Million yen)	% to total	Amount (Million yen)	% to total
Component Solutions	40,501	25.9	15,103	9.7
Transport Solutions	59,665	38.2	79,201	51.0
Accessibility Solutions	46,815	30.0	51,853	33.4
Others	9,095	5.9	9,069	5.9
Total	156,077	100.0	155,226	100.0

### (2) Status of Capital Expenditure and Employees

	FY 2022 (From January 1, 2022 to December 31, 2022)	FY 2023 (From January 1, 2023 to December 31, 2023)
Capital expenditure (Million yen)	18,825	29,673
Depreciation and amortization (Million yen)	14,483	15,469
R&D expense (Million yen)	10,916	10,999
Number of employees at end of the term	7,928	8,158