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半 期 報 告 書

Semiannual Report

(The First Six-month of 22nd Fiscal Period)

ナブテスコ 株式会社
Nabtesco Corporation

(Translation)

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Semiannual Report

1. This document prints out the semiannual 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 Interim Review Report at the end of this report attached to the semiannual report submitted in accordance with the above method and the Confirmation Report submitted in conjunction with the above-mentioned semiannual report.

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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】	9
No.4 【Accounting Status】	10
1 【Summary of Interim Consolidated Financial Statements】	11
2 【Others】	35
Part two 【Information on Assurance Companies, etc. of Submitting Companies】	36

Semiannual Review Report

Confirmation Report

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[Cover]

[Filing] Semiannual Report

[Articles of Basis] Item 1 on the table in Article 24-5-1 of the Financial Instruments and Exchange Act

[Submit to] Kanto Finance Bureau

[Submission date] August 9, 2024

[Semiannual accounting period] The First Six-month of 22nd fiscal period (From January 1, 2024 to June 30, 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)

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Part one 【Corporate Information】

No.1 【Overview of the Company】

1 【Transition in Major Management Indicators】

Fiscal period		First six-month of 21st consolidated fiscal period	First six-month of 22nd consolidated fiscal period	21st consolidated fiscal period
Accounting period		From January 1, 2023 to June 30, 2023	From January 1, 2024 to June 30, 2024	From January 1, 2023 to December 31, 2023
Net sales	(Million yen)	162,997	152,491	333,631
Income before income taxes	(Million yen)	15,485	7,839	25,629
Net income attributable to owners of the parent	(Million yen)	9,452	4,204	14,554
Net income	(Million yen)	10,266	4,881	16,430
Comprehensive income attributable to owners of the parent	(Million yen)	15,824	12,378	21,064
Comprehensive income	(Million yen)	17,226	14,542	23,519
Equity attributable to owners of the parent	(Million yen)	259,963	268,085	260,470
Total assets	(Million yen)	425,466	433,343	422,065
Total basic earnings per share	(Yen)	78.74	35.01	121.25
Diluted earnings per share	(Yen)	78.74	35.01	121.23
Ratio of equity attributable to owners of the parent	(%)	61.1	61.9	61.7
Cash flows from operating activities	(Million yen)	11,637	13,055	11,177
Cash flows from investing activities	(Million yen)	(27,772)	(19,291)	(46,295)
Cash flows from financing activities	(Million yen)	(6,906)	2,984	(13,482)
Cash and cash equivalents at fiscal year or interim end	(Million yen)	103,686	78,175	77,835

(NOTE) 1 Since Nabtesco Corporation (hereinafter, the Company) prepared the summary of interim 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 interim 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 six-month of the current fiscal year.

There are no changes in major affiliated companies.

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No.2 【Business Situation】

1 【Business Risks】

During the first six-month of the current fiscal year, there have been no significant changes in the status of business and accounting described in this semiannual 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.

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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 six-month period under review showed favorable demand for automatic door and the effects of exchange rates, as well as strong demand in aircraft equipment and marine vessels equipment. Meanwhile, in precision reduction gears, capital expenditure related to EV continued to decline and inventories of industrial robots continued to adjust. Moreover, demand for construction machinery in hydraulic equipment declined. As a result, the Group's net sales decreased by ¥10,506 million, or 6.4% year-on-year to ¥152,491 million. Operating income decreased by ¥2,264 million, or 26.0% to ¥6,426 million due to the decrease in sales in component solutions business, despite the increase in operating income resulting from the increase in sales in transport solutions and accessibility solutions businesses. Operating income to net sales was 4.2%

Operating results by business segment were as follows:

① Component Solutions Business

Sales decreased by ¥23,110 million, or 30.9% to ¥51,675 million and operating income decreased by ¥5,315 million or 71.9% to ¥2,079 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 for construction machinery declined year-on-year due to the continued sluggish demand for construction machinery not only in China but also in Europe, the United States, and Southeast Asia.

② Transport Solutions Business

Sales increased by ¥5,906 million, or 16.3% to ¥42,077 million and operating income increased by ¥1,719 million, or 47.1% to ¥5,370 million.

Sales of railroad vehicle equipment increased year-on-year due to steady growth mainly in domestic market, as well as solid MRO (Maintenance, Repair, and Overhaul).

Sales of aircraft equipment increased substantially year-on-year due to an expansion in demand resulting from increased defense budgets and a steady recovery in demand for commercial aircraft.

Sales of commercial vehicle equipment remained at the same level as the same period of the previous fiscal year due to steady 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 strong demand for new vessels and MRO, as well as expanded sales of new type of main engine remote-control system and as a result of making company Deep Sea a consolidated subsidiary.

③ Accessibility Solutions Business

Sales increased by ¥6,570 million, or 14.8% to ¥50,917 million and operating income increased by ¥1,725 million, or 70.9% to ¥4,160 million.

In automatic door, sales increased year-on-year due to strong demand for doors for domestic and overseas buildings and platform doors, in addition to foreign exchange effects.

④ Others

Sales increased by ¥127 million, or 1.7% to ¥7,821 million and operating income decreased by ¥285 million, or 67.7% to ¥136 million.

Sales of packaging machines increased year on year due to strong domestic MRO and increased sales to the Chinese market.

During the period under review, the company recorded an impairment loss of ¥656 million on goodwill related to Engilico, a consolidated subsidiary in Europe.

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(Income before tax)

Financial income was ¥1,586 million mainly due to foreign exchange gains. Financial costs amounted to ¥584 million mainly due to interest expenses and loss on valuation of derivatives. Equity in earnings of affiliates was ¥410 million. As a result, profit before tax decreased by ¥7,646 million year-on-year to ¥7,839 million.

(Net income attributable to owners of the parent)

As a result, net income attributable to owners of the parent, after deducting income tax expense of ¥2,957 million and net income attributable to non-controlling interests of ¥677 million, decreased by ¥5,248 million year-on-year to ¥4,204 million.

Basic earnings per share decreased by ¥43.73 to ¥35.01.

(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 six-month period of the current consolidated fiscal year (June 30, 2024)	Change
Total assets	422,065	433,343	11,278
Liabilities	146,171	147,937	1,766
Equities	275,894	285,406	9,512

① Assets

Total assets as of June 30, 2024 were ¥433,343 million, an increase of ¥11,278 million from December 31, 2023, consisting of ¥223,599 million in current assets and ¥209,744 million in non-current assets. The key contributing positive factors were an increase of ¥7,474 million in inventories, an increase of ¥5,040 million in tangible fixed assets. The main contributing negative factor was a decrease of ¥4,782 million in trade receivables.

② Liabilities

Total liabilities as of June 30, 2024 were ¥147,937 million, an increase of ¥1,766 million from December 31, 2023, reflecting ¥110,727 million in current liabilities and ¥37,210 million in non-current liabilities. The main contributing positive factor was a rise of ¥9,962 million in borrowings under non-current assets. The main contributing negative factors were a decrease of ¥7,651 million in other financial liabilities and a decrease of ¥2,040 million in operating payables.

③ Equity

Total equity as of June 30, 2024 stood at ¥285,406 million. Equity attributable to owners of the parent was ¥268,085 million, an increase of ¥7,615 million from December 31, 2023. The main contributing positive factors were an increase of ¥8,137 million in other components of equity due to exchange differences on foreign operations and the net income attributable to owners of the parent of ¥4,204 million. Meanwhile, the main decreasing factor was a decrease in retained earnings of ¥4,825 million due to dividend payment.

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(3) Status of cash flows

	(Million yen)	
	First six-month period of consolidated FY2023 (January 1, 2023 to June 30, 2023)	First six-month period of consolidated FY2024 (January 1, 2024 to June 30, 2024)
Cash flow from operating activities	11,637	13,055
Cash flow from investing activities	(27,772)	(19,291)
Free cash flow	(16,136)	(6,236)
Cash flow from financing activities	(6,906)	2,984

Cash and cash equivalents (hereinafter, “cash”) on a consolidated basis as of June 30, 2024 totaled ¥78,175 million, an increase of ¥340 million from December 31, 2023, as cash gained from operating activities was mainly appropriated to capital expenditure and dividend payments.

① Cash flow from operating activities

Net cash generated from operating activities for the first six-month period of the current fiscal year totaled ¥13,055 million. The main factors for increases were decreases in operating profits, depreciation and amortization, other non-cash profit/losses, and trade receivables. The main factors for decreases included an increase in inventories, decrease in operating payables, and the payment of the income tax.

② Cash flow from investing activities

Net cash used in investing activities for the first six-month period of the current fiscal year amounted to ¥19,291 million. The main factors for decreases were payments for the purchase of property, plant, and equipment.

③ Cash flow from financing activities

Net cash used in financing activities for the first six-month period of the current fiscal year totaled ¥2,984 million. The main factors for increase was proceeds from long-term borrowings. The main factors for decrease was dividend payments.

(4) Issues to be addressed in Business and Finance

During the first six-month period 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 six-month period of the current fiscal year were ¥5,605 million.

3 【Significant Management Contracts】

During the first six-month period of the fiscal year, there were no major decisions or conclusions of significant management agreements.

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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 (Share)
Common stock	400,000,000
Total	400,000,000

② 【Shares outstanding】

Type	Number of shares outstanding (shares) As of June 30, 2024	Number of shares outstanding (shares) as of the date of filing As of August 9, 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 August 1, 2024 to the filing date of this Semiannual 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)
June 30, 2024	—	121,064,099	—	10,000	—	26,274

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(5) 【Major Shareholders】

As of June 30, 2024

Shareholders	Address	Number of Shares Held (thousands shares)	Shareholding ratio to number of shares outstanding (excluding treasury stock) (%)
The Master Trust Bank of Japan (Trust Account)	8-1 Akasaka 1-chome, Minato-ku, Tokyo AKASAKA INTERCITY AIR	16,905	14.01
Custody Bank of Japan (Trust Account)	8-12 Harumi 1-chome, Chuo-ku, Tokyo	10,560	8.75
BNYMSANV AS AGENT/CLIENTS LUX UCITS NON TREATY 1 (Standing agent) MUFG Bank, Ltd.	VERTIGO BUILDING-POLARIS 2-4 RUE EUGENE RUPPERT L-2453 LUXEMBOURG GRAND DUCHY OF LUXEMBOURG 7-1 Marunouchi 2-chome, Chiyoda-ku, Tokyo	5,216	4.32
Central Japan Railway Company	1-4 Meieki 1-chome, Nakamura-ku, Nagoya-shi, Aichi	5,171	4.29
FANUC CORPORATION	3580 Shibokusa, Oshinomura, Minamitsuru-gun, Yamanashi	3,760	3.12
Harmonic Drive Systems Inc.	25-3 Minami-Oi 6-chome, Shinagawa-ku, Tokyo	3,265	2.71
BBH (LUX) FOR FIDELITY FUNDS- GLOBAL TECHNOLOGY POOL (Standing agent) MUFG Bank, Ltd.	2A RUE ALBERT BORSCHETTE LUXEMBOURG L-1246 7-1 Marunouchi 2-chome, Chiyoda-ku, Tokyo	2,340	1.94
STATE STREET BANK WEST CLIENT- TREATY 505234 (Standing agent) Mizuho Bank, Ltd.	1776 HERITAGE DRIVE, NORTH QUINCY, MA 02171, U.S.A. 15-1, Konan 2-chome, Minato-ku, Tokyo Shinagawa Intercity Tower A	2,177	1.80
JPMorgan Chase & Co.	7-1 Marunouchi 2-chome, Chiyoda-ku, Tokyo Tokyo Building	2,100	1.74
GOLDMAN SACHS INTERNATIONAL (Standing agent) Goldman Sachs Japan Co., Ltd.	PLUMTREE COURT, 25 SHOE LANE, LONDON EC4A 4AU, U.K. 6-1 Toranomom 2-chome, Minato-ku, Tokyo Toranomom Hills Station Tower	1,654	1.37
Total	—	53,147	44.05

(NOTE) 1 Number of shares held is rounded to the nearest thousand.

2 The following corporation submitted a report on the change of 4,744,000 shares by a company on April 5, 2024. However, as the number of shares beneficially owned in the name of the said corporation cannot be confirmed as of June 30, 2024, it is not included in the above "Status of Major Shareholders."

1) FIL Investments (Japan) Limited

3 The following corporation submitted a report on the change of 6,278,000 shares by a company on May 8, 2024. However, as the number of shares beneficially owned in the name of the said corporation cannot be confirmed as of June 30, 2024, it is not included in the above "Status of Major Shareholders."

1) Eastspring Investments (Singapore) Ltd.

4 The following corporation submitted a report on the change of 6,265,000 shares by two companies on June 7, 2024. However, as the number of shares beneficially owned in the name of the said corporation cannot be confirmed as of June 30, 2024, it is not included in the above "Status of Major Shareholders."

1) Nomura Securities Co., Ltd.

2) Nomura Asset Management Co., Ltd.

5 The following corporation submitted a report on the change of 6,192,000 shares by two companies on June 20, 2024. However, as the number of shares beneficially owned in the name of the said corporation cannot be confirmed as of June 30, 2024, it is not included in the above "Status of Major Shareholders."

1) Sumitomo Mitsui Trust Asset Management Co., Ltd.

2) Nikko Asset Management Co., Ltd

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(6) 【Status of voting rights】

① 【Shares outstanding】

As of June 30, 2024

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 422,300	—	—
	(Mutually Held Shares) Common shares 15,000	—	—
Shares with full voting rights (other)	Common shares 120,510,300	1,205,103	—
Shares less than one unit	Common shares 116,499	—	Shares less than one unit (100 shares)
Number of shares outstanding	121,064,099	—	—
Voting rights of all shareholders	—	1,205,103	—

(NOTE) 1 Common shares in the "Shares less than one unit" column include 4 shares of treasury stock owned by the Company and 30 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 517,200 shares (5,172 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 5,172 voting rights are not exercised.

② 【Treasury stock】

As of June 30, 2024

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	422,300	—	422,300	0.35
(Mutually Held Shares) Kyokko Denki Co., Ltd.	2-4 Aratamacho 1-chome, Hyogo-ku, Kobe-shi, Hyogo	15,000	—	15,000	0.01
Total	—	437,300	—	437,300	0.36

(NOTE) The above numbers of shares held do not include 517,200 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.

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No.4 【Accounting Status】

1. Preparation of summary of interim consolidated financial statements

- (1) In accordance with the provisions of Article 312 of the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (Ordinance of the Ministry of Finance No. 28 of 1976; hereinafter referred to as the "Ordinance on Consolidated Financial Statements"), we have prepared the interim consolidated financial statements in accordance with International Accounting Standards No. 34, "Interim Financial Reporting" (hereinafter referred to as "IAS No. 34") because they meet all of the requirements of "Designated International Accounting Standards Designated Companies" stipulated in Article 1-2, Item 2 of the Ordinance on Consolidated Financial Statements. Our summary of interim consolidated financial statements are Class one interim consolidated financial statements.

- (2) The summary of interim 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 an interim review of the summary of interim consolidated financial statements for the first six-month of fiscal year (January 1, 2024 to June 30, 2024) by KPMG AZSA LLC.

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1 【Summary of Interim Consolidated Financial Statement】

(1) 【Summary of Interim Consolidated Financial Position】

(Million yen)

	Note No.	End of consolidated FY2023 (as of December 31, 2023)	End of the first six-month period of consolidated FY2024 (as of June 30, 2024)
Assets			
Current assets			
Cash and cash equivalents		77,835	78,175
Trade receivables		79,196	74,413
Contract assets		3,554	4,457
Other receivables		1,682	1,511
Inventories		50,969	58,443
Other financial assets	11	616	1,351
Other current assets		6,995	5,249
Total current assets		220,847	223,599
Non-current assets			
Property, plant and equipment		107,527	112,567
Intangible assets		11,624	12,618
Right-of-use asset		8,908	9,045
Goodwill		25,750	27,016
Investment property		10,394	10,339
Investments accounted for using the equity method		21,139	20,715
Other financial assets	11	12,550	14,199
Deferred tax assets		2,313	2,378
Other non-current assets		1,013	866
Total non-current assets		201,218	209,744
Total assets		422,065	433,343

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(Million yen)

	Note No.	End of consolidated FY2023 (as of December 31, 2023)	End of the first six-month period of consolidated FY2024 (as of June 30, 2024)
Liabilities and equity			
Liabilities			
Current liabilities			
Operating payables		50,783	48,744
Contract liabilities		8,053	8,978
Borrowings	11	21,400	21,643
Other payables		23,392	15,741
Income taxes payables		3,018	2,644
Provision		2,720	2,716
Lease liabilities		2,799	2,656
Other financial liabilities	11	—	79
Other current liabilities		7,327	7,526
Total current liabilities		119,491	110,727
Non-current liabilities			
Borrowings	11	173	10,135
Lease liabilities		8,060	8,519
Liabilities concerning retirement benefit		8,736	8,663
Deferred tax liabilities		7,045	7,038
Other financial liabilities	11	516	714
Other non-current liabilities		2,149	2,141
Total non-current liabilities		26,679	37,210
Total liabilities		146,171	147,937
Equity			
Capital stock		10,000	10,000
Share premium		15,139	14,930
Retained earnings		220,495	219,877
Treasury shares		(3,943)	(3,637)
Other components of equity		18,778	26,915
Equity attributable to owners of the parent		260,470	268,085
Non-controlling interests		15,424	17,321
Total equity		275,894	285,406
Total liabilities and equity		422,065	433,343

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

【First six-month of consolidated financial period】

(Million yen)

	Note No.	First six-month period of consolidated FY2023 (January 1, 2023 to June 30, 2023)	First six-month period of consolidated FY2024 (January 1, 2024 to June 30, 2024)
Net sales	5, 6	162,997	152,491
Cost of sales		(122,481)	(110,626)
Gross profit		40,516	41,864
Other income		487	496
Selling, general and administrative expense		(31,989)	(34,977)
Other expenses	7	(324)	(957)
Operating income	5	8,690	6,426
Financial income	8	5,023	1,586
Financial costs	8	(518)	(584)
Equity in earnings of affiliates		2,289	410
Profit (loss) before tax		15,485	7,839
Income tax expenses		(5,219)	(2,957)
Net income (loss)		10,266	4,881
Net income (loss) attributable to			
Owners of the parent		9,452	4,204
Non-controlling interests		815	677
Net income (loss)		10,266	4,881
Net income (loss) per share			
Basic earnings (loss) per share (Yen)	10	78.74	35.01
Diluted earnings (loss) per share (Yen)	10	78.74	35.01

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【Second quarter of consolidated financial period】

(Million yen)

	Note No.	Second quarter of consolidated FY2023 (April 1, 2023 to June 30, 2023)	Second quarter of consolidated FY2024 (April 1, 2024 to June 30, 2024)
Net sales		80,804	80,309
Cost of sales		(61,710)	(59,507)
Gross profit		19,094	20,802
Other income		249	262
Selling, general and administrative expense		(16,271)	(17,776)
Other expenses	7	(161)	(854)
Operating income		2,911	2,435
Financial income	8	1,234	840
Financial costs	8	(900)	(395)
Equity in earnings of affiliates		1,415	(172)
Profit (loss) before tax		4,660	2,707
Income tax expenses		(1,539)	(778)
Net income (loss)		3,121	1,929
Net income (loss) attributable to			
Owners of the parent		2,752	1,564
Non-controlling interests		369	365
Net income (loss)		3,121	1,929
Net income (loss) per share			
Basic earnings (loss) per share (Yen)	10	22.93	13.02
Diluted earnings (loss) per share (Yen)	10	22.93	13.02

(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 Interim Consolidated Statement of Comprehensive Income】

【First six-month of consolidated financial period】

(Million yen)

	Note No.	First six-month period of consolidated FY2023 (January 1, 2023 to June 30, 2023)	First six-month period of consolidated FY2024 (January 1, 2024 to June 30, 2024)
Net income (loss)		10,266	4,881
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		748	552
Total components that will not be reclassified to profit or loss		748	552
Components that will be reclassified to profit or loss			
Exchange differences on foreign operations		6,212	9,109
Total components that will be reclassified to profit or loss		6,212	9,109
Other comprehensive income after taxes		6,960	9,661
Total comprehensive income		17,226	14,542
Comprehensive income attributable to			
Owners of the parent		15,824	12,378
Non-controlling interests		1,402	2,164
Total comprehensive income		17,226	14,542

(Translation)

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【Second quarter of consolidated financial period】

(Million yen)

	Note No.	Second quarter of consolidated FY2023 (April 1, 2023 to June 30, 2023)	Second quarter of consolidated FY2024 (April 1, 2024 to June 30, 2024)
Net income (loss)		3,121	1,929
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		741	289
Total components that will not be reclassified to profit or loss		741	289
Components that will be reclassified to profit or loss			
Exchange differences on foreign operations		4,953	5,270
Total components that will be reclassified to profit or loss		4,953	5,270
Other comprehensive income after taxes		5,694	5,560
Total comprehensive income		8,814	7,489
Comprehensive income attributable to			
Owners of the parent		8,042	6,393
Non-controlling interests		773	1,096
Total comprehensive income		8,814	7,489

(Translation)

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(4) 【Summary of Interim Consolidated Statement of Changes in Equity for the First Six-month Period】

First six-month period of current consolidated fiscal year (January 1, 2023 to June 30, 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)		—	—	9,452	—	—	—
Other comprehensive income		—	—	—	—	5,630	742
Total comprehensive income		—	—	9,452	—	5,630	742
Acquisition, sales, etc. of treasury shares		—	—	(16)	143	—	—
Dividends	9	—	—	(4,693)	—	—	—
Share-based compensation transactions		—	9	—	—	—	—
Total transactions with owners, etc.		—	9	(4,708)	143	—	—
Balance as of June 30, 2023		10,000	15,058	220,413	(4,504)	14,992	4,005

	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)		—	—	9,452	815	10,266
Other comprehensive income		—	6,372	6,372	588	6,960
Total comprehensive income		—	6,372	15,824	1,402	17,226
Acquisition, sales, etc. of treasury share		—	—	127	—	127
Dividends	9	—	—	(4,693)	(1,477)	(6,170)
Share-based compensation transactions		—	—	9	—	9
Total transactions with owners, etc.		—	—	(4,557)	(1,477)	(6,034)
Balance as of June 30, 2023		—	18,997	259,963	14,458	274,421

(Translation)

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First six-month period of current consolidated fiscal year (January 1, 2024 to June 30, 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)		—	—	4,204	—	—	—
Other comprehensive income		—	—	—	—	7,629	546
Total comprehensive income		—	—	4,204	—	7,629	546
Acquisition, sales, etc. of Treasury shares	9	—	—	(34)	305	—	—
Dividends		—	—	(4,825)	—	—	—
Increase (decrease) in non-controlling interests due to capital increase of subsidiaries		—	—	—	—	—	—
Transfer from other components of equity to retained earnings		—	—	37	—	—	(37)
Share-based compensation transactions		—	(209)	—	—	—	—
Total transactions with owners, etc.		—	(209)	(4,822)	305	—	(37)
Balance as of June 30, 2024		10,000	14,930	219,877	(3,637)	22,761	4,154

	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 (loss)		—	—	4,204	677	4,881
Other comprehensive income		—	8,174	8,174	1,487	9,661
Total comprehensive income		—	8,174	12,378	2,164	14,542
Acquisition, sales, etc. of Treasury shares	9	—	—	271	—	271
Dividends		—	—	(4,825)	(448)	(5,273)
Increase (decrease) in non-controlling interests due to capital increase of subsidiaries		—	—	—	181	181
Transfer from other components of equity to retained earnings		—	—	(37)	—	—
Share-based compensation transactions		—	—	—	(209)	—
Total transactions with owners, etc.		—	(37)	(4,763)	(267)	(5,030)
Balance as of June 30, 2024		—	26,915	268,085	17,321	285,406

(Translation)

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(5) 【Summary of Interim Consolidated Statements of Cash Flows】

(Million yen)

	Note No	First six-month period of consolidated FY2023 (January 1, 2023 to June 30, 2023)	First six-month period of consolidated FY2024 (January 1, 2024 to June 30, 2024)
Cash flow from operating activities			
Net income (loss)		10,266	4,881
Depreciation and amortization		7,424	7,809
Impairment loss	7	—	656
Increase (decrease) in assets and liabilities concerning retirement benefits		319	(97)
Interest and dividend income		(198)	(224)
Interest expenses		222	362
Loss (gain) on valuation of investment securities	8	(3,554)	26
Equity in (earnings) losses of affiliates		(2,289)	(410)
Loss (gain) on sales and disposal of non-current assets		161	64
Income tax expense		5,219	2,957
Decrease (increase) in trade receivables, contract assets and contract liabilities		10,858	8,055
Decrease (increase) in inventories		(8,448)	(5,083)
Increase (decrease) in trade payables		2,379	(4,292)
Other		1,477	1,393
Subtotal		23,835	16,096
Interest received		137	169
Dividend received		896	1,047
Interest paid		(206)	(358)
Income taxes paid		(13,025)	(3,899)
Cash flow from operating activities		11,637	13,055
Cash flow from investing activities			
Decrease (increase) in time deposits		430	(712)
Purchase of property, plant and equipment		(11,807)	(16,639)
Purchase of intangible assets		(1,270)	(1,538)
Payments for acquisition of shares of subsidiaries resulting in change in the scope of consolidation	12	(5,282)	—
Payments for settlement of selling price of investment securities		(9,752)	—
Other		(91)	(403)
Cash flow from investing activities		(27,772)	(19,291)
Cash flow from financing activities			
Net increase (decrease) in short-term loans payable		859	(379)
Income of long-term loans payable		—	10,090
Repayment of long-term loans payable		(118)	(118)
Payments for lease liabilities		(1,479)	(1,589)
Net decrease (increase) in treasury shares		(1)	72
Dividends paid	9	(4,690)	(4,822)
Proceeds from transfers from non-controlling interests		—	181
Dividends paid to non-controlling interests		(1,477)	(452)
Cash flow from financing activities		(6,906)	2,984
Increase (decrease) in cash and cash equivalents		(23,041)	(3,252)
Cash and cash equivalents at beginning of term		124,413	77,835
Effect of exchange rate changes on cash and cash equivalents		2,314	3,592
Cash and cash equivalents at end of term		103,686	78,175

(Translation)

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【Notes on the Summary of Interim Consolidated Financial Statements】

1. Reporting company

The Company is a company located in Japan. Our summary of interim consolidated financial statements are composed of the interests in us and our subsidiaries (together, the "Group") and affiliates, with an ended date of June 30, 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 condensed interim consolidated financial statements have been prepared in accordance with IAS No. 34 under the provisions of Article 312, as they meet all the requirements of "Designated International Accounting Standards Designated Companies" stipulated in Article 1-2, Item 2 of the Regulations for Consolidated Financial Statements.

The summary of interim consolidated financial statements were approved by Kazumasa Kimura, representative director, on August 9, 2024.

(2) Basis for measurement

The summary of interim 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 interim 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 interim 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 six-month of the current fiscal year is calculated using the estimated average annual effective tax rate.

In addition, our group continues to apply a one-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 interim consolidated financial statements.

4. Critical accounting judgments, estimates and assumptions

The preparation of summary of interim 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 interim consolidated financial statements are, in principle, the same as the consolidated financial statements for the previous fiscal year.

(Translation)

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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 six-month period of previous consolidated fiscal year (From January 1, 2023 to June 30, 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	74,785	36,171	44,347	155,303	7,694	162,997	—	162,997
Inter-segment sales	1,419	850	6	2,275	191	2,466	(2,466)	—
Total sales	76,204	37,021	44,354	157,578	7,885	165,463	(2,466)	162,997
Segment income (Operating income)	7,394	3,651	2,435	13,480	422	13,901	(5,211)	8,690
Financial income				—				5,023
Financial costs				—				(518)
Equity in earnings of affiliates				—				2,289
Income before tax				—				15,485

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.

First six-month period ended June 30, 2024 (January 1, 2024 to June 30, 2024)

(Million yen)

(Translation)

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	Reportable Segments				Others	Total	Adjustments	Amount stated in summary of consolidated statements of income	
	Component	Transport	Accessibility	Total					
Net sales									
Sales to external customers	51,675	42,077	50,917	144,670	7,821	152,491	—	152,491	
Inter-segment sales	1,548	1,001	4	2,554	20	2,574	(2,574)	—	
Total sales	53,223	43,078	50,922	147,223	7,841	155,065	(2,574)	152,491	
Segment income (Operating income)	2,079	5,370	4,160	11,609	136	11,745	(5,319)	6,426	
Financial income	—								1,586
Financial costs	—								(584)
Equity in earnings of affiliates	—								410
Income before tax	—								7,839

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.

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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 six-month period of consolidated FY2023 (January 1, 2023 to June 30, 2023)	First six-month period of consolidated FY2024 (January 1, 2024 to June 30, 2024)
Component Solutions Business	Precision Reduction Gears	50,165	29,964
	Hydraulic Equipment	24,620	21,711
	Subtotal	74,785	51,675
Transport Solutions Business	Railroad Vehicle Equipment	10,453	11,158
	Aircraft Equipment	7,967	11,912
	Commercial Vehicle Equipment	6,270	6,268
	Marine Vessels Equipment	8,205	9,465
	Others	3,275	3,273
	Subtotal	36,171	42,077
Accessibility Solutions Business	Automatic Door	44,347	50,917
	Subtotal	44,347	50,917
Others	Packaging Machines	7,026	7,541
	Others	668	280
	Subtotal	7,694	7,821
Total		162,997	152,491

(NOTE) Amounts are expressed as external sales.

(Translation)

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7. Impairment of non-financial assets

Previous interim consolidated fiscal year (January 1, 2023, to June 30, 2023)

Not applicable

Current interim consolidated fiscal year (January 1, 2024, to June 30, 2024)

(Millions of yen)

Reportable Segments	Type of asset	Impairment loss
Others	Goodwill	656
Total		656

As of the end of the current interim consolidated accounting period, we tested goodwill of our consolidated subsidiary Engilico Engineering Solutions NV and its subsidiaries for impairment. As the recoverable amount was less than the carrying amount, we recognized an impairment loss related to this goodwill.

The impairment loss is included in "Other expense" in the condensed interim consolidated statements of operations and is recognized in Others. The recoverable amount is measured at value in use (pre-tax discount rate: 14.6%).

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8. Financial income and costs

(1) Financial income

Breakdown of financial income is as follows:

(First six-month of consolidated financial period)

	(Million yen)	
	First six-month period of consolidated FY2023 (January 1, 2023 to June 30, 2023)	First six-month period of consolidated FY2024 (January 1, 2024 to June 30, 2024)
Interest income		
Financial assets measured at amortized cost	136	156
Dividends income		
Financial assets measured at fair value through other comprehensive income	62	68
Gain on valuation of investment securities (Note)		
Financial assets measured at fair value through profit or loss	3,554	—
Foreign exchange gain	1,271	1,362
Total	5,023	1,586

(NOTE) The above refers to the shares of Harmonic Drive Systems, Inc. (hereinafter referred to as "Harmonic") that were sold during the previous first-six month consolidated financial period. It includes the total sales amount calculated based on the average of the "Volume Weighted Average Price" (hereinafter referred to as "VWAP") for each day during the selling period, as well as the difference from the fair value at the end of the fiscal year 2022.

(Second quarter of consolidated financial period)

	(Million yen)	
	Second quarter of consolidated FY2023 (April 1, 2023 to June 30, 2023)	Second quarter of consolidated FY2024 (April 1, 2024 to June 30, 2024)
Interest income		
Financial assets measured at amortized cost	77	102
Dividends income		
Financial assets measured at fair value through other comprehensive income	61	67
Gain on valuation of investment securities (Note)		
Financial assets measured at fair value through profit or loss	62	(8)
Foreign exchange gain	1,034	679
Total	1,234	840

(Translation)

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(2) Financial cost

The breakdown of financial costs is as follows:

(First six-month of consolidated financial period)

(Million yen)

	First six-month period of consolidated FY2023 (January 1, 2023 to June 30, 2023)	First six-month period of consolidated FY2024 (January 1, 2024 to June 30, 2024)
Interest expenses		
Financial liabilities measured at amortized cost	134	252
Lease liabilities	88	110
Valuation loss from derivatives transactions		
Financial assets measured at fair value through profit or loss	295	196
Loss on valuation of investment securities		
Financial assets measured at fair value through profit or loss	—	26
Total	518	584

(Second quarter of consolidated financial period)

(Million yen)

	Second quarter of consolidated FY2023 (April 1, 2023 to June 30, 2023)	Second quarter of consolidated FY2024 (April 1, 2024 to June 30, 2024)
Interest expenses		
Financial liabilities measured at amortized cost	83	123
Lease liabilities	43	62
Valuation loss from derivatives transactions		
Financial assets measured at fair value through profit or loss	257	185
Loss on valuation of investment securities		
Financial assets measured at fair value through profit or loss (Note)	516	26
Total	900	395

(NOTE) The difference between the gross proceeds from the sale of the Harmonic shares completed during the second quarter of the previous fiscal year, based on the average VWAP for each day during the sale period, and the fair value at the end of the first quarter of the fiscal year.

(Translation)

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9. Cash dividends

(1) Cash dividends paid were as follows:

Previous interim consolidated fiscal year (January 1, 2023, to June 30, 2023)

Resolution	Total dividends (Millions of 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 yen 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).

Current interim consolidated fiscal year (January 1, 2024, to June 30, 2024)

Resolution	Total dividends (Millions of 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 yen 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).

(2) Dividends for which the base date belongs to the current interim consolidated fiscal year and for which the effective date of distribution falls in the end of interim consolidated fiscal year

Previous interim consolidated fiscal year (January 1, 2023, to June 30, 2023)

Resolution	Total dividends (Millions of yen)	Dividends per share (yen)	Record Date	Effective date
July 31, 2023 Board of Directors' Meeting	4,813	40	June 30, 2023	August 31, 2023

(NOTE) Total dividends declared by resolution of the Board of Directors on July 31, 2023 include dividends of 12 million yen 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 Share Benefit Trust (BBT).

Current interim consolidated fiscal year (January 1, 2024, to June 30, 2024)

Resolution	Total dividends (Millions of yen)	Dividends per share (yen)	Record Date	Effective date
July 31, 2024 Board of Directors' Meeting	4,826	40	June 30, 2024	August 30, 2024

(NOTE) Total dividends declared by resolution of the Board of Directors on July 31, 2024 include dividends of 21 million yen 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 Share Benefit Trust (BBT).

(Translation)

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10. Earnings per shares

(1) Basis for calculating basic earnings per share (first six-month period)

Basic earnings per share and the calculation basis are as follows

(First six-month of consolidated financial period)

		First six-month period of consolidated FY2023 (January 1, 2023 to June 30, 2023)	First six-month period of consolidated FY2024 (January 1, 2024 to June 30, 2024)
Profit attributable to owners of the parent	(Millions of yen)	9,452	4,204
Weighted average number of shares of common stock	(Thousands of shares)	120,031	120,084
Basic earnings per share	(Yen)	78.74	35.01

(Second quarter of consolidated financial period)

		Second quarter of consolidated FY2023 (April 1, 2023 to June 30, 2023)	Second quarter of consolidated FY2024 (April 1, 2024 to June 30, 2024)
Profit attributable to owners of the parent	(Millions of yen)	2,752	1,564
Weighted average number of shares of common stock	(Thousands of shares)	120,037	120,111
Basic earnings per share	(Yen)	22.93	13.02

(2) Basis for calculating diluted earnings per share

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

(First six-month of consolidated financial period)

		First six-month period of consolidated FY2023 (January 1, 2023 to June 30, 2023)	First six-month period of consolidated FY2024 (January 1, 2024 to June 30, 2024)
Diluted net income attributable to owners of the parent	(Millions of yen)	9,452	4,204
Weighted average number of shares of common stock	(Thousands of shares)	120,031	120,084
Effect of stock options using the stock acquisition rights method	(Thousands of shares)	10	3
Diluted weighted average shares for common stock	(Thousands of shares)	120,041	120,087
Diluted earnings per share	(Yen)	78.74	35.01

(Second quarter of consolidated financial period)

		Second quarter of consolidated FY2023 (April 1, 2023 to June 30, 2023)	Second quarter of consolidated FY2024 (April 1, 2024 to June 30, 2024)
Diluted net income attributable to owners of the parent	(Millions of yen)	2,752	1,564
Weighted average number of shares of common stock	(Thousands of shares)	120,037	120,111
Effect of stock options using the stock acquisition rights method	(Thousands of shares)	10	2
Diluted weighted average shares for common stock	(Thousands of shares)	120,048	120,112
Diluted earnings per share	(Yen)	22.93	13.02

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11. 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 memberships is valued based on quoted prices and other factors. Golf membership is included in "Other Financial Assets" in the Summary of Interim 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 Interim 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 Interim 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 Interim 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 interim 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 Interim Consolidated Statements of Financial Position.

(Translation)

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(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 interim consolidated statements of financial position are as follows:

(Million yen)

	End of consolidated FY2023 (as of December 31, 2023)		End of the first six-month period of consolidated FY2024 (as of June 30, 2024)	
	Book value	Fair value	Book value	Fair value
Financial assets				
Financial assets measured at amortized cost				
Other financial assets	3,543	3,543	4,391	4,391
Total financial assets measured at amortized cost	3,543	3,543	4,391	4,391
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	323	323
Total of financial assets measured at fair value through profit or loss	523	523	449	449
Financial assets measured at fair value through other comprehensive income				
Investment securities	9,100	9,100	10,710	10,710
Total financial assets measured at fair value through other comprehensive income	9,100	9,100	10,710	10,710
Total of financial assets	13,167	13,167	15,550	15,550
Financial Liabilities				
Financial liabilities measured at amortized cost				
Borrowings	21,572	21,572	31,778	31,690
Other financial liabilities	21,572	21,572	31,778	31,690
Financial Liabilities measure at fair value through profit or loss				
Derivative financial liabilities	487	487	763	763
Contingent consideration	28	28	31	31
Total financial liabilities measure at fair value through profit or loss	516	516	794	794
Total financial liabilities	22,088	22,088	32,571	32,484

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.

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(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 six-month period of consolidated FY2024 (as of June 30, 2024)	Level 1	Level 2	Level 3	Total
Other financial assets				
Financial assets to be measured at fair value through profit or loss	—	127	323	449
Financial assets measured at fair value through other comprehensive income	4,227	—	6,483	10,710
Other financial liabilities				
Financial liabilities measured at fair value through profit or loss	—	763	31	794

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 six-month of current fiscal year.

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(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 six-month period of consolidated FY2023 (January 1, 2023 to June 30, 2023)		First six-month period of consolidated FY2024 (January 1, 2024 to June 30, 2024)	
	Financial assets	Financial Liabilities	Financial assets	Financial Liabilities
Balance at beginning of period	4,160	—	5,514	28
Total gains and losses	829	—	675	3
Net Income (Loss) (Note 1)	55	—	(26)	3
Other comprehensive income (Note 2)	774	—	701	—
Purchase	613	—	618	—
Sale	(0)	—	—	—
Balance at end of period	5,602	—	6,806	31

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

(Translation)

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12. Business Combination

First six-month period of consolidated FY2023 (From January 1, 2023 to June 30, 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
<hr/>	
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 Interim Consolidated Statements of Income.

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(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 interim consolidated statement of income for the first six-month of previous fiscal year and the estimated impact on the summary of interim 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 six-month period of consolidated FY2024 (From January 1, 2024 to June 30, 2024)

Not applicable

13. Commitment

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

	End of consolidated FY2023 (as of December 31, 2023)	End of the first six-month period of consolidated FY2024 (as of June 30, 2024)
Commitment	9,283	9,038

14. Subsequent events

Not applicable

(Translation)

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2 【Others】

With regard to the interim dividend for the 22nd fiscal period (from January 1, 2024 to December 31, 2024), at the Board of Directors meeting held on July 31, 2024, the Company resolved to pay an interim dividend to shareholders or registered pledgees of record as of June 30, 2024 as follows.

① Total interim dividend	¥4,826 million
② Dividend for first six-month	40 yen
③ Effective Date and Commencement Date of Payment	August 30, 2024

(Translation)

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

Not applicable

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SEMIANNUAL REVIEW REPORT ON CONSOLIDATED FINANCIAL STATEMENTS OF
INDEPENDENT AUDITORS

August 9, 2024

Nabtesco Corporation

To the Board of Directors

KPMG AZSA LLC.

Tokyo Office

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

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

Auditor's conclusion

Pursuant to the provisions of Article 193-2-1 of the Financial Instruments and Exchange Act, we have reviewed the Nabtesco Corporation's interim consolidated financial statements for the period from January 1, 2024 to December 31, 2024 (January 1, 2024 to June 30, 2024), which consist of the summary of interim consolidated statements of financial position, summary of interim consolidated statements of income, summary of interim consolidated statements of comprehensive income, condensed interim consolidated statements of changes in equity, summary of interim consolidated statements of cash flows and notes thereto, all of which are listed in "Accounting."

In our review of the period, we did not believe in all material respects that the condensed interim consolidated financial statements referred to above did not present fairly, in all material respects, the financial position of Nabtesco Corporation and its consolidated subsidiaries as of June 30, 2024, the results of their operations for the interim period then ended, and their cash flows for the interim period in accordance with International Accounting Standards 34, Interim Financial Reporting, as defined by Section 312 of the Regulations Concerning Terminology, Forms and Preparation Methods of Consolidated Financial Statements.

Basis for the auditor's conclusion

We conducted our interim review in accordance with the standards of the interim review generally accepted in our country. Our responsibility under the criteria for the interim review is set forth under the caption "Auditor's Responsibility in Review of Condensed Interim 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, Audit & Supervisory Board Members and Audit & Supervisory Board for the Summary of Interim Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the summary of interim consolidated financial statements in accordance with International Accounting Standards 34, Interim Financial Reporting. This includes establishing and operating such internal control as management deems necessary for the preparation and fair presentation of the summary of interim consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the summary of interim consolidated financial statements, management is responsible for evaluating whether it is appropriate to prepare the summary of interim 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 Audit & Supervisory Board Members and Audit & Supervisory Board is to monitor the execution of directors' duties in the development and operation of the financial reporting process.

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Auditor's Responsibility for Review of Summary of Interim Consolidated Financial Statements during the Period

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

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

- Conduct questions, analytical procedures, and other interim review procedures primarily for management, financial, and accounting personnel. The interim review procedures are limited compared with the audits of financial statements for the fiscal year conducted in accordance with auditing standards generally accepted in Japan.
- If the auditor 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 auditor will conclude, based on the evidence obtained, whether there are any matters in the summary of interim consolidated financial statements that would cause the auditor 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 auditor is required to alert the notes to the summary of interim consolidated financial statements in the Review Report during the period, or if the notes to the summary of interim consolidated financial statements for material uncertainty are not appropriate, to express a limited conclusion or a negative conclusion on the summary of interim consolidated financial statements. The auditor's conclusion is based on evidence obtained through the date of the interim 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 summary interim consolidated financial statements, including the related notes, as well as whether there are any matters that cause the auditor to believe that the presentation and notes to the interim consolidated financial statements are not in accordance with International Accounting Standards 34, Interim Financial Reporting, and whether there are any matters that cause the auditor to believe that the summary of interim 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 condensed interim consolidated financial statements. The auditor is responsible for directing, supervising and inspecting the interim review of the summary of interim consolidated financial statements. The auditor is solely responsible for the auditor's conclusions.

The auditor shall report to the Audit & Supervisory Board Members and Audit & Supervisory Board on the scope of the planned interim review and the timing of its implementation, as well as important findings for the interim review.

The auditors shall report to the Audit & Supervisory Board Members and Audit & Supervisory Board 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.

Interest

There is no interest 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 interim review report is maintained separately by the Company (the company submitting the interim report).

2 XBRL are not included in the scope of auditing.