

Summary of Consolidated Financial Statements for the Second Quarter of Fiscal Year Ending December 31, 2024 (IFRS)



July 31, 2024

Name of listed company: Nabtesco Corporation
 Code number: 6268
 Representative: Title: Representative Director
 Inquiries: Title: General Manager, Corporate Communication Dep.
 Scheduled date for filing of quarterly report: August 9, 2024
 Scheduled dividend payment date: August 30, 2024
 Quarterly material to supplement the financial results: Yes
 Quarterly financial results conference: Yes (For institutional investors and financial analysts)

Stock listed on: Prime Section of the Tokyo Stock Exchange
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(Amounts rounded to the nearest million)

1. Consolidated Results for the First Six-month Period of FY2024 (January 1, 2024 to June 30, 2024)

(1) Consolidated Operating Results

(Percentages indicate year-on-year change)

	Net sales		Operating income		Income before taxes		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	%
First six-month period, FY 2024	152,491	(6.4)	6,426	(26.0)	7,839	(49.4)	4,881	(52.5)	4,204	(55.5)	14,542	(15.6)
First six-month period, FY2023	162,997	14.6	8,690	10.2	15,485	—	10,266	—	9,452	—	17,226	192.6

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
First six-month period, FY2024	35.01	35.01
First six-month period, FY2023	78.74	78.74

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent
	Million yen	Million yen	Million yen	%
As of June 30, 2024	433,343	285,406	268,085	61.9
As of December 31, 2023	422,065	275,894	260,470	61.7

2. Dividends

	Dividends per share				
	First quarter	Second quarter	Third quarter	Year end	Full year
	Yen	Yen	Yen	Yen	Yen
FY 2023	—	40.00	—	40.00	80.00
FY 2024	—	40.00	—	—	—
FY 2024 (Forecast)	—	—	—	40.00	80.00

(Note) Revisions to the latest dividend forecasts: None

3. Forecast of Consolidated Operating Results for FY2024 (January 1, 2024 to December 31, 2024)

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

	Net sales		Operating income		Income before taxes		Net income attributable to owners of the parent		Total basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	323,700	(3.0)	13,500	(22.3)	14,700	(42.6)	9,300	(36.1)	77.47

(Note) Revisions to the latest forecast of operating results: None

*The forecast figures by segment for the fiscal year ending December 31, 2024, have been changed as reference information. For details, please refer to “(3) Explanation on Forecasts for Consolidated Operating Results and Other Future Projections” on page 6 of the attached document.

* Matters of note:

(1) Changes in significant subsidiaries during the first six-month period of FY2024 : 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: None

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 June 30, 2024	121,064,009	As of December 31, 2023	121,064,099
2)	As of June 30, 2024	939,534	As of December 31, 2023	1,025,536
3)	January 1, 2024 to June 30, 2024	120,084,266	January 1, 2023 to June 30, 2023	120,031,162

* Current status of audit procedures

This "Summary of Consolidated Financial Statements" is not subject to audit procedures as stipulated under the Financial Instruments and Exchange Act, and the audit procedures based on the said Act have not been completed as of the date of publication of this summary.

* 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.

For the assumptions used in the performance forecasts and important points to be noted when using these forecasts, please refer to "1. Qualitative Information on Consolidated Operating Results for the First Six-month Period Ended June 30, FY2024, (3) Explanation on Forecasts for Consolidated Operating Results and Other Future Projections" on page 6 of the attached document.

(Translation)

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○Table of Contents of Attached Documents

1. Qualitative Information on Consolidated Operating Results for the First Six-month Period Ended June 30, FY2024	2
(1) Analysis of Consolidated Operating Results	2
(2) Analysis of Financial Position.....	4
(3) Explanation on Forecasts for Consolidated Operating Results and Other Future Projections	6
2. Summary of Consolidated Financial Statements for the First Six-month Period and Notes Thereto	7
(1) Summary of Consolidated Statement of Financial Position for the First Six-month Period.....	7
(2) Summary of Consolidated Statements of Income and Consolidated Statements of Comprehensive Income for the First Six-month Period	9
(3) Summary of Consolidated Statement of Changes in Equity for the First Six-month Period.....	11
(4) Summary of Consolidated Statements of Cash Flows for the First Six-month Period.....	13
(5) Notes on the Summary of Consolidated Financial Statements for the First Six-month Period	14
3. Other Information	16
(1) Order Backlog by Business Segment.....	16

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1. Qualitative Information on Consolidated Operating Results for the First Six-month Period Ended June 30, FY2024

(1) Analysis of Consolidated Operating Results

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 6.4% year-on-year to ¥152,491 million. Operating income decreased 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. Income before taxes was ¥7,839 million and net income attributable to owners of the parent was ¥4,204 million.

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

Orders received for the period under review decreased by ¥8,095 million, or 4.7% year-on-year, to ¥164,166 million. 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% year-on-year, to ¥6,426 million. The ratio of operating income to net sales was 4.2%.

Operating results by business segment were as follows:

[Amount of orders received]

	(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)	Change (%)
Component Solutions	65,276	55,481	(15.0)
Transport Solutions	46,362	48,445	4.5
Accessibility Solutions	50,565	52,521	3.9
Others	10,058	7,720	(23.3)
Total	172,261	164,166	(4.7)

[Net Sales]

	(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)	Change (%)
Component Solutions	74,785	51,675	(30.9)
Transport Solutions	36,171	42,077	16.3
Accessibility Solutions	44,347	50,917	14.8
Others	7,694	7,821	1.7
Total	162,997	152,491	(6.4)

[Operating income]

	(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)	Change (%)
Component Solutions	7,394	2,079	(71.9)
Transport Solutions	3,651	5,370	47.1
Accessibility Solutions	2,435	4,160	70.9
Others	422	136	(67.7)
Corporate or elimination	(5,211)	(5,319)	—
Total	8,690	6,426	(26.0)

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[Component Solutions Business]

Orders received for component solutions decreased by ¥9,795 million, or 15.0%, year-on-year to ¥55,481 million. 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.

[Transport Solutions Business]

Orders received for transport solutions increased by ¥2,083 million, or 4.5%, year-on-year to ¥48,445 million. 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.

[Accessibility Solutions Business]

Orders received for accessibility solutions increased by ¥1,956 million, or 3.9% year-on-year to ¥52,521 million. 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.

[Others]

Orders received decreased by ¥2,339 million, or 23.3% year-on-year to ¥7,720 million. 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.

Reference: Information by region

[Net sales]

(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)	Change (%)
Japan	86,900	74,699	(14.0)
China	25,137	20,780	(17.3)
Other Asia	9,616	11,509	19.7
North America	12,408	13,524	9.0
Europe	28,109	30,498	8.5
Other regions	827	1,481	79.0
Total	162,997	152,491	(6.4)

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

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2) 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, quarterly profit before tax decreased by ¥7,646 million year-on-year to ¥7,839 million.

3) 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

1) Assets, liabilities and equity

(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

[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.

[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 bonds and 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.

[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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2) 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, a increase of ¥340 million from December 31, 2023, as cash gained from operating activities was mainly appropriated to capital expenditure and dividend payments.

[Cash flows 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.

[Cash flows 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.

[Cash flows 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.

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(3) Explanation on Forecasts for Consolidated Operating Results and Other Future Projections

The consolidated forecasts for the fiscal year ending December 2024, announced on April 30, 2024, do not change the forecasts for both sales and profit. However, the forecasts for each segment are revised based on the results for the interim consolidated accounting period and future trends. However, the forecasts for each segment are revised based on the first six-month period consolidated FY2024 and future trends. Primarily in component solutions business, we anticipate a decline in capital expenditures related to EV and continued inventory adjustments for industrial robots in precision reduction gears, while in accessibility solutions business, we anticipate continued strong demand in automatic door.

Differences from the consolidated forecasts announced on April 30, 2024 are as follows.

Full-year Forecasts for consolidated FY2024 (January 1, 2024 to December 31, 2024)

	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
Previous announced forecasts (A) (April 30, 2024)	323,700	13,500	14,700	9,300	77.47
Current forecasts (B)	323,700	13,500	14,700	9,300	77.47
Change (B-A)	-	-	-	-	-
Rate of Change (%)	-	-	-	-	-
(Reference) Previous Year's results	333,631	17,376	25,629	14,554	121.25

Segment Information

1) Net sales

(Million yen)

	Component Solutions	Transport Solutions	Accessibility Solutions	Others	Corporate or elimination	Total
Previous announced forecasts (A) (April 30, 2024)	116,500	90,200	97,000	20,000	-	323,700
Revised forecasts (B)	110,900	91,300	102,400	19,100	-	323,700
Change (B-A)	(5,600)	1,100	5,400	(900)	-	-
Rate of Change (%)	(4.8)	1.2	5.6	(4.5)	-	-
(Reference) Previous Year's results	138,089	80,787	96,275	18,480	-	333,631

2) Operating income

(Million yen)

	Component Solutions	Transport Solutions	Accessibility Solutions	Others	Corporate or elimination	Total
Previous announced forecasts (A) (April 30, 2024)	3,900	11,500	8,000	2,500	(12,400)	13,500
Revised forecasts (B)	4,100	11,300	8,700	1,600	(12,200)	13,500
Change (B-A)	200	(200)	700	(900)	200	-
Rate of Change (%)	5.1	(1.7)	8.8	(36.0)	-	-
(Reference) Previous Year's results	10,376	7,828	6,167	3,385	(10,380)	17,376

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2. Summary of Consolidated Financial Statements for the First Six-month Period and Note Thereto

(1) Summary of Consolidated Statement of Financial Position for the First Six-month Period

(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		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		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
Bonds and borrowings		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		-	79
Other current liabilities		7,327	7,526
Total current liabilities		119,491	110,727
Non-current liabilities			
Bonds and borrowings		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		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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(3) Summary of Consolidated Statements of Income and Consolidated Statements of Comprehensive Income for the First Six-month Period

Summary of Consolidated Statements of Income First Six-month 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	2	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		(324)	(957)
Operating income	2	8,690	6,426
Financial income		5,023	1,586
Financial costs		(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)		78.74	35.01
Diluted earnings (loss) per share (Yen)		78.74	35.01

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Summary of Consolidated Statements of Comprehensive Income
First Six-month 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

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(3) Summary of Quarterly 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		-	-	(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		-	-	(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

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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		-	-	(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		-	-	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		-	-	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)	-	(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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(4) Summary of Consolidated Statements of Cash Flows for the First Six-month 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)
Cash flow from operating activities			
Net income (loss)		10,266	4,881
Depreciation and amortization		7,424	7,809
Impairment loss		-	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		(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		(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		(4,690)	(4,822)
Proceeds from transfers from non-controlling interests		-	181
Dividends paid to noncontrolling 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

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(5) Notes on the Summary of Consolidated Financial Statements for the First Six-month Period

- Notes Relating to the Going Concern Assumption
None

- Business Segments

- 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
Components 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

- Information on reportable segments

- First six-month period ended June 30, 2023 (January 1, 2023 to June 30, 2023)

(Million yen)

	Reportable Segments				Others	Total	Adjustments	Amount stated in summary of consolidated statements of income
	Component Solutions	Transport Solutions	Accessibility Solutions	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 machines, 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.

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

(Million yen)

	Reportable Segments				Others	Total	Adjustments	Amount stated in summary of consolidated statements of income
	Component Solutions	Transport Solutions	Accessibility Solutions	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 machines, three-dimensional model production devices 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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3. Other Information

(1) Order Backlog by Business Segment

Reportable Segments	As of the end of the first six-month period of consolidated FY2023 (June 30, 2023)		As of the end of the first six-month period of consolidated FY2024 (June 30, 2024)	
	Amount (million yen)	% of total	Amount (million yen)	% of total
Component Solutions	30,992	18.7	18,909	11.3
Transport Solutions	69,856	42.2	85,569	51.3
Accessibility Solutions	53,032	32.1	53,456	32.0
Others	11,460	7.0	8,968	5.4
Total	165,341	100.0	166,902	100.0