

# Summary of Consolidated Financial Statements for the Fiscal Year Ended December 31, 2021 (IFRS)



February 10, 2022

Name of listed company: Nabtesco Corporation

Stock listed on: First Section of the Tokyo Stock Exchange

Code number: 6268

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

Representative: Title: President and CEO

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Scheduled Date of Annual Shareholders Meeting: March 24, 2022

Scheduled Date of Dividend Payment: March 25, 2022

Scheduled Date of Issue of Financial Report: March 25, 2022

Quarterly material to supplement the financial results: Yes

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

(Amounts rounded to the nearest million)

## 1. Consolidated Results for FY 2021 (January 1, 2021 to December 31, 2021)

### (1) Consolidated Operating Results

(Percentages indicate year-on-year change)

	Net sales		Operating income		Income before tax		Net income		Net income attributable to owners of the parent		Total comprehensive income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY 2021	299,802	7.3	30,017	5.2	101,966	202.4	67,893	188.8	64,818	216.1	75,795	225.4
FY 2020	279,358	(3.6)	28,533	12.7	33,718	20.5	23,512	17.9	20,505	14.4	23,291	19.7

	Total basic earnings per share	Diluted earnings per share	Return on net income attributable to owners of the parent	Ratio of income before tax to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
FY 2021	534.67	534.53	29.6	24.5	10.0
FY 2020	165.18	165.09	10.6	9.7	10.2

(Reference) Equity in earnings of affiliates: FY 2021: 2,099million yen FY2020: 3,467 million yen

### (2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent	Equity attributable to owners of the parent per share
	Million yen	Million yen	Million yen	%	Yen
FY2021	481,718	254,995	239,910	49.8	1,999.10
FY2020	351,723	211,641	198,031	56.3	1,594.10

### (3) Consolidated Cash Flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at fiscal year-end
	Million yen	Million yen	Million yen	Million yen
FY 2021	36,340	67,147	(57,960)	112,771
FY 2020	34,203	(10,710)	(17,497)	64,665

## 2. Dividends

	Dividends per share					Total dividends paid (Annual)	Payout ratio (Consolidated)	Dividend on equity ratio (Consolidated)
	First quarter	Second quarter	Third quarter	Year end	Full year			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY 2020	—	41.00	—	34.00	75.00	9,327	45.4	4.8
FY 2021	—	38.00	—	39.00	77.00	9,265	14.4	4.3
FY 2022 (Forecast)	—	39.00	—	39.00	78.00		40.1	

## 3. Forecast of Consolidated Operating Results for FY 2022 (January 1, 2022 to December 31, 2022)

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

	Net sales		Operating income		Income before tax		Net income attributable to owners of the parent		Total basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six-month period ending June 2022	153,500	5.3	13,400	(8.3)	14,400	(86.7)	7,700	(88.7)	64.03
FY 2022	320,000	6.7	33,000	9.9	35,000	(65.7)	23,400	(63.9)	194.57

“Income before tax” and “Net Income attributable to owners of the parent” in Forecast of Consolidated Operating Results as noted above fluctuated widely because of the recording of valuation gain due to the exclusion of Harmonic Drive Systems Inc. from application of the equity-method in the previous fiscal year (FY2021).

\* Matters of note:

- (1) Changes in significant subsidiaries during the FY 2021 (Changes in specified subsidiaries resulting in a change in the scope of consolidation): None  
Newly added: 0 (Company name: - ) Excluded: 0 (Company name: - )
- (2) Changes in accounting policies and accounting estimates  
1) Changes in accounting policies required by IFRS: 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 December 31, 2021	121,064,099	As of December 31, 2020	125,133,799
2)	As of December 31, 2021	1,091,211	As of December 31, 2020	990,749
3)	FY2021	121,228,465	FY2020	124,136,943

[Reference] Overview of Non-Consolidated Operating Results

1. Non-Consolidated Operating Results for FY 2021 (January 1, 2021 to December 31, 2021)

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

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY 2021	163,288	8.8	9,688	1.6	18,624	20.3	51,529	327.0
FY 2020	150,145	(5.7)	9,535	(8.3)	15,486	3.4	12,068	176.0

	Net income per share	Fully diluted net income per share
	Yen	Yen
FY 2021	425.06	424.95
FY 2020	97.21	97.16

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY 2021 (as of December 31, 2021)	311,735	170,375	54.6	1,419.51
FY 2020 (as of December 31, 2020)	222,942	118,755	53.2	955.52

(Reference) Shareholders' equity:

As of December 31, 2021: 170,303 million yen

As of December 31, 2020: 118,622 million yen

2. Forecast of Non-Consolidated Operating Results for FY 2022 (January 1, 2022 to December 31, 2022)

(Percentages indicate the year-on-year changes)

	Net sales		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Yen
Six-month period ending June 2022	85,000	9.0	11,400	(8.6)	9,500	(81.0)	78.99
Fiscal year ending December 2022	177,000	8.4	23,100	24.0	19,100	(62.9)	158.82

"Net Income" in Forecast of Non-Consolidated Operating Results as noted above fluctuated widely because of the recording of extraordinary profit from selling some shares of Harmonic Drive Systems Inc. in the previous fiscal year (FY2021).

Notes:

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

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

Descriptions in this document concerning future figures including forecasts for operating results, etc. are based on currently available information and certain assumptions that the Company considers reasonable. Actual results may vary significantly from such forecasts due to a variety of factors. Please refer to "1. Overview of Consolidated Operating Results, etc. (4) Future Outlook" for earning forecast assumptions and notes upon the use of earnings forecasts.

The Company will hold a financial results presentation meeting on February 17, 2022 for institutional investors and financial analysts. Images and details of the meeting (audio) together with the financial materials distributed at the meeting will be posted on the website immediately after the meeting

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## 1. Qualitative Information on Consolidated Operating Results for FY 2021

### (1) Analysis of Consolidated Operating Results

During the consolidated fiscal year under review, the Group saw a decrease in demand for aircraft equipment and railroad vehicle equipment due to the continued effects of restrictions on movement both in Japan and overseas. However, sales of precision reduction gears for industrial robots were boosted by strong global capital investment mainly for automobiles, and sales of hydraulic equipment for construction machinery also increased on the back of robust demand from the Chinese market during the first half of FY 2021. As a result, the Group's consolidated net sales and operating income were ¥299,802 million and ¥ 30,017 million, respectively. Income before tax was ¥101,966 million, reflecting the valuation gain due to the exclusion of Harmonic Drive Systems Inc. (hereinafter, "Harmonic") from application of the equity method. Net income attributable to owners of the parent was ¥64,818 million.

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

The amount of orders received for the current fiscal year increased 6.2% year on year to ¥303,928 million. Net sales increased 7.3% year on year to ¥299,802 million, while operating income increased 5.2% year on year to ¥30,017 million. The ratio of operating income to net sales was 10.0%.

Operating results by business segment were as follows:

[Amount of orders received]

Reportable Segment	(Million yen)		
	Previous fiscal year (ended December 2020) (Consolidated basis)	Current fiscal year (ended December 2021) (Consolidated basis)	Change (%)
Component Solutions	113,643	140,855	23.9
Transport Solutions	75,659	65,973	(12.8)
Accessibility Solutions	79,893	75,313	(5.7)
Others	16,944	21,787	28.6
Total	286,138	303,928	6.2

[Net sales]

Reportable Segment	(Million yen)		
	Previous fiscal year (ended December 2020) (Consolidated basis)	Current fiscal year (ended December 2021) (Consolidated basis)	Change (%)
Component Solutions	109,855	138,130	25.7
Transport Solutions	78,090	67,744	(13.2)
Accessibility Solutions	73,665	75,108	2.0
Others	17,747	18,820	6.0
Total	279,358	299,802	7.3

[Operating income or loss]

Reportable Segment	(Million yen)		
	Previous fiscal year (ended December 2020) (Consolidated basis)	Current fiscal year (ended December 2021) (Consolidated basis)	Change (%)
Component Solutions	17,673	22,903	29.6
Transport Solutions	3,338	5,617	68.3
Accessibility Solutions	7,733	7,642	(1.2)
Others	2,329	2,736	17.5
Elimination or Corporate	(2,540)	(8,882)	—
Total	28,533	30,017	5.2

**[Component solutions business]**

The amount of orders received for component solutions increased 23.9% year on year to ¥140,855 million. Net sales rose 25.7% year on year to ¥138,130 million, while operating income increased 29.6% year on year to ¥22,903 million.

Sales of precision reduction gears recorded a year-on-year increase as demand for industrial robots remained brisk, reflecting strong global capital investment mainly in the automotive industry, as well as an increase in demand for machine tools and semiconductor manufacturing equipment.

Sales of hydraulic equipment for construction machinery saw a year-on-year increase as the U.S., European, and Southeast Asian markets rebounded, on top of record demand witnessed in China on a full-year basis, despite a decline in demand during the second half of FY 2021.

**[Transport solutions business]**

The amount of orders received for transport solutions decreased 12.8% year on year to ¥65,973 million. Net sales fell 13.2% year on year to ¥67,744 million, while operating income rose 68.3% to ¥5,617 million, due to the absence of the impairment loss of ¥3,421 million on the fixed assets of a consolidated subsidiary, OVALO GmbH, recorded in the previous fiscal year.

Railroad vehicle equipment saw a year-on-year decrease in sales due to a delay in bidding for Chinese projects as well as sluggish demand for new vehicles and MRO (Maintenance, Repair, Overhaul) in Japan as a result of COVID-19.

Sales of aircraft equipment posted a year-on-year decrease as demand stagnated reflecting the off-season period of defense equipment procurement plans in addition to a significant decline in production of private-sector aircraft.

Sales of commercial vehicle equipment were at the level of the previous fiscal year reflecting continued strong demand both in Japan and abroad.

Marine vessel equipment saw a year-on-year increase in sales as demand for MRO remained robust both in Japan and abroad.

**[Accessibility solutions business]**

The amount of orders received for accessibility solutions decreased 5.7% year on year to ¥75,313 million. Net sales increased 2.0% year on year to ¥75,108 million, and operating income decreased 1.2% year on year to ¥7,642 million.

Sales of the automatic door business remained virtually unchanged from the previous fiscal year, reflecting strong demand in Japan and overseas for building doors despite the impact of postponed investments in automatic platform doors by domestic railway business operators.

**[Others]**

The amount of orders received for others recorded a year-on-year increase of 28.6% to ¥21,787 million. Net sales rose 6.0% year on year to ¥18,820 million, and operating income increased 17.5% year on year to ¥2,736 million.

Sales of packaging machines recorded a year-on-year increase on the back of a rise in overseas demand, despite sluggish sales in Japan due to a decline in orders from the food service industry.

**[Elimination or Corporate]**

Operating income included in corporate or elimination decreased by ¥6,342 million year on year, to ¥(8,882) million reflecting an increase in pro-forma standard taxation arising from the increase in profits for the current fiscal year under review, in addition to the absence of gain on sale of real estate for non-business purposes (investment property) of ¥4,892 million which had been recorded in the previous fiscal year.

Reference: Information by region

[Net sales]

(Million yen)

	Previous fiscal year (ended December 2020) (Consolidated basis)	Current fiscal year (ended December 2021) (Consolidated basis)	Change (%)
Japan	155,159	162,588	4.8
China	52,868	59,510	12.6
Other Asia	15,300	16,546	8.1
North America	16,374	16,623	1.5
Europe	37,655	42,259	12.2
Other areas	2,002	2,277	13.7
Total	279,358	299,802	7.3

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

2) Income before tax

Financial income was ¥126,977 million, mainly reflecting a valuation gain of ¥125,107 million due to the exclusion of Harmonic from application of the equity method. Financial costs were ¥57,126 million mainly arising from ¥54,412 million in the valuation loss on Harmonic's shares based on the stock price as of the end of the fiscal year under review, and ¥2,546 million in reversal of valuation gain associated with Harmonic's share acquisition rights recorded in the previous fiscal year. Equity in earnings of affiliates was ¥2,099 million. As a result, income before tax ended at ¥101,966 million, an increase of 202.4% on a year-on-year basis.

3) Net income attributable to owners of the parent

In sum, net income attributable to owners of the parent was ¥64,818 million, an increase of 216.1% on a year-on-year basis, net of income tax expenses of ¥34,073 million and net profit attributable to non-controlling interests of ¥3,075 million.

Total basic earnings per share were ¥534.67, an increase of ¥369.49 year on year.

**(2) Analysis of Financial Position**  
**Overview of Financial Position for the Period under Review**

	As of the end of the previous consolidated fiscal year (December 31, 2020)	As of the end of the current consolidated fiscal year (December 31, 2021)	Change
Total assets (million yen)	351,723	481,718	129,995
Liabilities (million yen)	140,083	226,723	86,640
Equities (million yen)	211,641	254,995	43,354
Ratio of equity attributable to owners of the parent (%)	56.3	49.8	(6.5)
ROA (%)	5.9	15.6	9.7
ROE (%)	10.6	29.6	19.0

**[Assets]**

Total assets as of December 31, 2021 were ¥481,718 million, an increase of ¥129,995 million from December 31, 2020, consisting of ¥288,900 million in current assets and ¥192,818 million in non-current assets. The key contributing positive factor was an increase of ¥148,557 million in assets reflecting the valuation gain on the exclusion of Harmonic from application of the equity method, and receipt of proceeds on partial sale of its shares, comprising ¥77,862 million in cash and cash equivalents, ¥44,519 million in assets held for sale, ¥44,519 million in other financial assets, and a negative ¥18,341 million in investments accounted for using the equity method.

**[Liabilities]**

Total liabilities as of December 31, 2021 were ¥226,723 million, an increase of ¥86,640 million from December 31, 2020, reflecting ¥191,315 million in current liabilities and ¥35,408 million in non-current liabilities. The main contributing positive factors included the posting of ¥77,862 million from the receipt of proceeds on the aforementioned partial sale of the shares of Harmonic in other financial liabilities because the transfer of risk and economic value to the buyer had not been substantially completed as of the end of the fiscal year under review, and a rise of ¥13,089 million in income taxes payable. The main contributing negative factors included a decrease of ¥22,279 million in bonds and borrowings.

**[Equities]**

Total equity as of December 31, 2021 stood at ¥254,995 million. Equity attributable to owners of the parent was ¥239,910 million, an increase of ¥41,880 million from December 31, 2020. The key contributing positive factor was the increase in retained earnings arising from net income attributable to owners of the parent of ¥64,818 million. Meanwhile, the main contributing negative factors included a decrease of ¥18,394 million in retained earnings due to cancellation of treasury shares and a decrease of ¥8,800 million in retained earnings due to dividend payment.

As a result of the above, the ratio of equity attributable to owners of the parent was 49.8%, and equity attributable to owners of the parent per share was ¥1,999.10.

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

(Million yen)

	Previous fiscal year (ended December 2020) (Consolidated basis)	Current fiscal year (ended December 2021) (Consolidated basis)
Cash flows from operating activities	34,203	36,340
Cash flows from investing activities	(10,710)	67,147
Free cash flow	23,492	103,487
Cash flows from financing activities	(17,497)	(57,960)

Cash and cash equivalents (hereinafter, "capital") on a consolidated basis as of December 31, 2021 stood at ¥112,771 million, an increase of ¥48,106 million from December 31, 2020, reflecting ¥36,340 million in capital gained from operating activities, as well as an increase in capital as a result of the partial sale of the shares of Harmonic, which was mainly applied to repayment of loans, redemption of bonds, acquisition of treasury shares, and dividend payments.

**[Cash flows from operating activities]**

Net cash generated from operating activities for the current fiscal year totaled ¥36,340 million. Principal positive factors included increases in net income, depreciation and amortization and operating payables. Meanwhile, the main negative factors were an increase in inventories and the payment of income taxes.

**[Cash flows from investing activities]**

Net cash generated from investing activities for the current fiscal year amounted to ¥67,147 million. The main positive factor was the partial sale of the shares of Harmonic. On the other hand, the main negative factor was purchase of property, plant and equipment.

**[Cash flows from financing activities]**

Net cash used in financing activities for the current fiscal year totaled ¥57,960 million. The main negative factors included repayment of loans, redemption of bonds, acquisition of treasury shares, and dividend payments.

**(4) Forecasts for the fiscal year ending December 2022 by business segment**

The Group anticipates that demand for precision reduction gears for industrial robots will remain robust on the back of strong capital investment in the automobile industry, demand for packaging machines used for food and chemical products has been brisk both in Japan and overseas, and the transport solution segment will see a moderate recovery in demand after moving out of the downturn caused by the COVID-19 pandemic. As a result, net sales for the next consolidated fiscal year are expected to increase 6.7% year on year to ¥320,000 million, and operating income will increase 9.9% year on year to ¥33,000 million.

Overview by segment is as follows.

Forecasts for the fiscal year ending December 2022 by business segment

[Net sales]

(Million yen)

Reportable segment	Result for the current fiscal year (ended December 2021)	Forecast for the next fiscal year (ending December 2022)	Change (%)
Component Solutions	138,130	151,800	9.9
Transport Solutions	67,744	73,200	8.1
Accessibility Solutions	75,108	73,300	(2.4)
Others	18,820	21,700	15.3
Total	299,802	320,000	6.7

Reportable segment	Forecast for the first six-month period of the next fiscal year (January 1, 2022 to June 30, 2022)		Forecast for the next fiscal year (January 1, 2022 to December 31, 2022)	
	Amount (Million yen)	Composition ratio (%)	Amount (Million yen)	Composition ratio (%)
Component Solutions	75,000	48.9	151,800	47.4
Transport Solutions	33,800	22.0	73,200	22.9
Accessibility Solutions	36,100	23.5	73,300	22.9
Others	8,600	5.6	21,700	6.8
Total	153,500	100.0	320,000	100.0

[Operating income]

(Million yen)

Reportable segment	Result for the current fiscal year (ended December 2021)	Forecast for the next fiscal year (ending December 2022)	Change (%)
Component Solutions	22,903	26,400	15.3
Transport Solutions	5,617	6,600	17.5
Accessibility Solutions	7,642	7,100	(7.1)
Others	2,736	2,900	6.0
Corporate or elimination	(8,882)	(10,000)	—
Total	30,017	33,000	9.9

Reportable segment	Forecast for the first six-month period of the next fiscal year (January 1, 2022 to June 30, 2022)		Forecast for the next fiscal year (January 1, 2022 to December 31, 2022)	
	Amount (Million yen)	Operating margin (%)	Amount (Million yen)	Operating margin (%)
Component Solutions	11,600	15.5	26,400	17.4
Transport Solutions	1,900	5.6	6,600	9.0
Accessibility Solutions	3,300	9.1	7,100	9.7
Others	800	9.3	2,900	13.4
Corporate or elimination	(4,200)	—	(10,000)	—
Total	13,400	8.7	33,000	10.3



## [Component solutions business]

Net sales and operating income in the component solutions business are expected to amount to ¥151,800 million (up 9.9% year on year) and ¥26,400 million (up 15.3% year on year), respectively.

Sales of precision reduction gears are expected to increase year on year due to a further expansion of needs for automatization in general industry in addition to the continued high demand for industrial robots reflecting active capital investment in the automotive industry around the world.

Sales of hydraulic equipment for construction machinery are anticipated to remain flat year on year on the back of an expansion in sales in the U.S., European, and Southeast Asian markets, despite a decline in demand in the Chinese market.

## [Transport solutions business]

In the transport solutions business, net sales and operating income are expected to amount to ¥73,200 million (up 8.1% year on year) and ¥6,600 million (up 17.5% year on year), respectively.

Sales of railroad vehicle equipment are expected to remain unchanged year on year as restraints on investment in vehicle production in the domestic market will likely continue, despite a recovery in demand in China.

Sales of aircraft equipment will increase year on year as demand for private-sector aircraft is anticipated to pick up in the second half of FY 2022.

Sales of commercial vehicle equipment are anticipated to see a year-on-year increase on the back of a recovery in demand in the Southeast Asian markets in addition to the robust domestic market.

Sales of marine vessel equipment are expected to increase on a year-on-year basis against the backdrop of brisk demand for new shipbuilding and MRO reflecting strong shipbuilding and shipping markets.

## [Accessibility solutions business]

Net sales and operating income in the accessibility solutions business are expected to amount to ¥73,300 million (down 2.4% year on year) and ¥7,100 million (down 7.1% year on year), respectively.

Sales in the automatic doors business are expected to remain at the same level as in the previous fiscal year as demand for doors for buildings will likely remain robust both in Japan and abroad, despite the negative impact of the postponement of investment in platform doors by domestic railway operators as in the previous fiscal year.

## [Others]

Net sales and operating income in other businesses are expected to reach ¥21,700 million (up 15.3% year on year) and ¥2,900 million (up 6.0% year on year), respectively.

Packaging machines are expected to see a year-on-year increase in sales as we expect a further expansion of demand for pouch packaging both in Japan and abroad in line with changes in environmental awareness and lifestyles.

## 2. Management Policy

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

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

[Corporate Philosophy]

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

[Long-term Vision]

Leaders in Innovation for the Future

[Basic Policy for the New Medium-Term Management Plan]

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

TIME FOR CHALLENGE  
-Change Yourself, Change the World-

### (2) Management Targets

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

【The targets for the medium-term management plan】

ROIC : 10% or over

Dividend payout ratio : 35% or over

Focus on solving ESG issues

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

(Baseline year: fiscal 2015/aligned with the SBT

1.5-degree Celsius target)

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

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

#### i. Challenge of fostering reforms

##### ■ Enjoy the Challenge

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

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

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

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

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

#### ii. Challenge of fostering creativity

##### ■ Intelligent Imagination & Execution

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

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

#### iii. Challenge of fostering globalization

##### ■ Global Value Network

-Strengthen global management systems-

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

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

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

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

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

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

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

(Million yen)

	Note No.	End of consolidated FY 2020 (as of December 31, 2020)	End of consolidated FY 2021 (as of December 31, 2021)
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		64,665	112,771
Trade receivables		74,632	74,957
Contract assets		1,230	2,065
Other receivables		1,114	1,300
Inventories		36,505	41,880
Other financial assets		2,582	7,821
Other current assets		2,382	3,588
<b>Total</b>		<b>183,110</b>	<b>244,382</b>
Assets held for sale		—	44,519
<b>Total current assets</b>		<b>183,110</b>	<b>288,900</b>
<b>Non-current assets</b>			
Property, plant and equipment		89,522	89,020
Intangible assets		3,905	4,251
Right-of-use assets		7,558	8,877
Goodwill		14,658	16,184
Investment property		2,192	2,162
Investments accounted for using the equity method		34,887	15,475
Other financial assets		12,646	53,860
Deferred tax assets		2,016	1,997
Other non-current assets		1,230	992
<b>Total non-current assets</b>		<b>168,614</b>	<b>192,818</b>
<b>Total assets</b>		<b>351,723</b>	<b>481,718</b>

(Million yen)

	Note No.	End of consolidated FY 2020 (as of December 31, 2020)	End of consolidated FY 2021 (as of December 31, 2021)
Liabilities and equity			
Liabilities			
Current liabilities			
Operating payables		44,838	51,974
Contract liabilities		5,763	5,704
Bonds and borrowings		37,001	14,690
Other payables		9,723	10,776
Income taxes payable		6,700	19,788
Provisions		1,065	1,206
Lease liabilities		2,209	2,158
Other financial liabilities		—	77,878
Other current liabilities		6,362	7,139
Total current liabilities		113,662	191,315
Non-current liabilities			
Bonds and borrowings		2,865	2,897
Lease liabilities		6,291	7,575
Liabilities concerning retirement benefit		10,211	9,079
Deferred tax liabilities		4,949	13,922
Other financial liabilities		69	—
Other non-current liabilities		2,035	1,936
Total non-current liabilities		26,421	35,408
Total liabilities		140,083	226,723
Equity			
Capital stock		10,000	10,000
Share premium		14,998	14,961
Retained earnings		173,988	214,791
Treasury shares		(2,471)	(4,784)
Other components of equity		1,515	4,942
Equity attributable to owners of the parent		198,031	239,910
Non-controlling interests		13,610	15,084
Total equity		211,641	254,995
Total liabilities and equity		351,723	481,718

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

## Consolidated Statements of Income

(Million yen)

	Note No.	Previous fiscal year (ended December 2020) (January 1, 2020 to December 31, 2020) (Consolidated basis)	Current fiscal year (ended December 2021) (January 1, 2021 to December 31, 2021) (Consolidated basis)
Net sales	2	279,358	299,802
Cost of sales		(206,166)	(217,759)
Gross profit		73,192	82,043
Other income		6,515	1,180
Selling, general and administrative expense		(50,655)	(52,520)
Other expenses		(519)	(686)
Operating income	2	28,533	30,017
Financial income		2,291	126,977
Financial costs		(573)	(57,126)
Equity in earnings of affiliates		3,467	2,099
Profit before tax		33,718	101,966
Income tax expense		(10,206)	(34,073)
Net income		23,512	67,893

Net income attributable to			
Owners of the parent		20,505	64,818
Non-controlling interests		3,008	3,075
Net income		23,512	67,893

Net income per share			
Basic earnings per share(Yen)	3	165.18	534.67
Diluted earnings per share(Yen)	3	165.09	534.53

## Summary of Consolidated Statements of Comprehensive Income

(Million yen)

	Note No.	Previous fiscal year (ended December 2020) (Consolidated basis)	Current fiscal year (ended December 2021) (Consolidated basis)
Net income		23,512	67,893
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of the net defined benefit liability (asset)		(578)	1,148
Net changes in financial assets measured at fair value through other comprehensive income		(528)	274
Share of other comprehensive income for equity method affiliates		516	—
Total components that will not be reclassified to profit or loss		(590)	1,422
Components that will be reclassified to profit or loss			
Exchange differences on foreign operations		368	6,480
Total components that will be reclassified to profit or loss		368	6,480
Other comprehensive income after taxes		(222)	7,902
Total comprehensive income		23,291	75,795
Comprehensive income attributable to			
Owners of the parent		20,201	71,444
Non-controlling interests		3,090	4,351
Total comprehensive income		23,291	75,795

**(3) Consolidated Statement of Changes in Equity**  
 FY 2020 (January 1, 2020 to December 31, 2020)

(Million yen)

	Note No.	Equity attributable to owners of the parent					
		Capital stock	Share premium	Retained earnings	Treasury shares	Other components of equity	
						Exchange differences on foreign operations	Valuation difference due to change in fair value
Balance as of January 1, 2020		10,000	14,932	163,794	(2,536)	(3,639)	4,847
Net income		—	—	20,505	—	—	—
Other comprehensive income		—	—	—	—	291	14
Total comprehensive income		—	—	20,505	—	291	14
Acquisition, sales, etc. of treasury shares		—	—	—	65	—	—
Dividends		—	—	(9,700)	—	—	—
Transfer from other components of equity to retained earnings		—	—	(610)	—	—	2
Share-based compensation transactions		—	66	—	—	—	—
Total transactions with owners, etc.		—	66	(10,310)	65	—	2
Balance as of December 31, 2020		10,000	14,998	173,988	(2,471)	(3,348)	4,863

	Note No.	Equity attributable to owners of the parent			Non-controlling interests	Total equity
		Other components of equity		Total equity attributable to owners of the parent		
		Remeasurements of net defined benefit liability (asset)	Total			
Balance as of January 1, 2020		—	1,208	187,398	11,735	199,133
Net income		—	—	20,505	3,008	23,512
Other comprehensive income		(609)	(304)	(304)	82	(222)
Total comprehensive income		(609)	(304)	20,201	3,090	23,291
Acquisition, sales, etc. of treasury share		—	—	65	—	65
Dividends		—	—	(9,700)	(1,215)	(10,915)
Transfer from other components of equity to retained earnings		609	610	—	—	—
Share-based compensation transactions		—	—	66	—	66
Total transactions with owners, etc.		609	610	(9,568)	(1,215)	(10,783)
Balance as of December 31, 2020		—	1,515	198,031	13,610	211,641



FY 2021 (January 1, 2021 to December 31, 2021)

(Million yen)

	Note No.	Equity attributable to owners of the parent					
		Capital stock	Share premium	Retained earnings	Treasury shares	Other components of equity	
						Exchange differences on foreign operations	Valuation difference due to change in fair value
Balance as of January 1, 2021		10,000	14,998	173,988	(2,471)	(3,348)	4,863
Net income		—	—	64,818	—	—	—
Other comprehensive income		—	—	—	—	5,222	268
Total comprehensive income		—	—	64,818	—	5,222	268
Acquisition, sales, etc. of treasury shares		—	(4)	(19)	(20,707)	—	—
Cancellation of treasury shares		—	—	(18,394)	18,394	—	—
Change in scope of consolidation		—	—	—	—	—	—
Dividends		—	—	(8,800)	—	—	—
Transfer from other components of equity to retained earnings		—	—	3,199	—	—	(2,062)
Share-based compensation transactions		—	(34)	—	—	—	—
Total transactions with owners, etc.		—	(38)	(24,015)	(2,313)	—	(2,062)
Balance as of December 31, 2021		10,000	14,961	214,791	(4,784)	1,874	3,069

	Note No.	Equity attributable to owners of the parent			Non-controlling interests	Total equity
		Other components of equity		Total equity attributable to owners of the parent		
		Remeasurements of net defined benefit liability (asset)	Total			
Balance as of January 1, 2021		—	1,515	198,031	13,610	211,641
Net income		—	—	64,818	3,075	67,893
Other comprehensive income		1,137	6,626	6,626	1,276	7,902
Total comprehensive income		1,137	6,626	71,444	4,351	75,795
Acquisition, sales, etc. of treasury shares		—	—	(20,730)	—	(20,730)
Cancellation of treasury shares		—	—	—	—	—
Change in scope of consolidation		—	—	—	51	51
Dividends		—	—	(8,800)	(2,928)	(11,728)
Transfer from other components of equity to retained earnings		(1,137)	(3,199)	—	—	—
Share-based compensation transactions		—	—	(34)	—	(34)
Total transactions with owners, etc.		(1,137)	(3,199)	(29,564)	(2,877)	(32,441)
Balance as of December 31, 2021		—	4,942	239,910	15,084	254,995

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

(Million yen)

	Note No.	FY 2020 (January 1, 2020 to December 31, 2020)	FY 2021 (January 1, 2021 to December 31, 2021)
<b>Cash flows from operating activities</b>			
Net income		23,512	67,893
Depreciation and amortization		13,730	13,266
Impairment loss		3,885	—
Increase (decrease) in liabilities concerning retirement benefits		79	297
Interest and dividend income		(301)	(528)
Interest expenses		205	168
Valuation loss (gain) due to exclusion of companies accounted for by the equity method		—	(125,107)
Decrease (Increase) in valuation on investment securities		(1,983)	56,958
Equity loss (gain) in earnings of affiliates		(3,467)	(2,099)
Loss (gain) on sales of fixed assets		104	382
Decrease (Increase) in sales on investment property		(4,892)	—
Expenses of income tax		10,206	34,073
Decrease (increase) in trade receivables		(5,242)	1,545
Decrease (increase) in inventories		4,613	(3,846)
Decrease (increase) in operating payables		(223)	5,040
Others		132	(355)
<b>Subtotal</b>		<b>40,358</b>	<b>47,686</b>
Interest and dividend received		1,141	1,023
Interest paid		(190)	(165)
Income taxes refunded (paid)		(7,106)	(12,204)
<b>Net cash and cash equivalents provided by operating activities</b>		<b>34,203</b>	<b>36,340</b>
<b>Cash flows from investing activities</b>			
Increase (decrease) in time deposits (Increase)		2,163	1,484
Purchases of tangible fixed assets		(17,148)	(7,738)
Proceeds from sales of tangible fixed assets		112	89
Purchases of intangible fixed assets		(1,549)	(1,561)
Proceeds from sales on investment property		6,585	17
Payments for acquisition of subsidiaries		—	(746)
Proceeds from sale of investment securities		13	79,014
Payments of leasehold and guarantee deposits		(362)	(11,528)
Proceeds from refund of leasehold deposits		308	5,031
Proceeds from sale of investments accounted for using equity method		—	3,156
Other		(831)	(71)
<b>Cash flows from investing activities</b>		<b>(10,710)</b>	<b>67,147</b>
<b>Cash flows from financing activities</b>			
Increase (decrease) in short-term bank loans		(3,805)	(12,601)
Proceeds from long-term loans payable		60	30
Repayment of long-term loans payable		(310)	(222)
Redemption of bonds		—	(10,000)
Payments of lease liabilities		(2,547)	(2,522)
Increase in treasury shares		12	(20,969)
Cash dividends paid		(9,691)	(8,800)
Capital contribution from non-controlling interests		—	51
Dividends paid to non-controlling interests		(1,215)	(2,928)
<b>Cash flows from financing activities</b>		<b>(17,497)</b>	<b>(57,960)</b>
<b>Increase (decrease) in cash and cash equivalents</b>		<b>5,995</b>	<b>45,527</b>
<b>Cash and cash equivalents at beginning of term</b>		<b>58,686</b>	<b>64,665</b>

Effect of exchange rate changes on cash and cash equivalents		(16)	2,579
Cash and cash equivalents at end of term		64,665	112,771

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

## 1. Notes Relating to the Going Concern Assumption

None

## 2. Business Segments

## (1) Summary of reportable segments

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

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

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

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

(2) Information on reportable segments  
I. FY 2020 (January 1, 2020 to December 31, 2020)

	Reportable segments				Others	Total	Adjustments	Amount stated in summary of consolidated statements of income
	Component	Transport	Accessibility	Total				
Net sales								
Sales to external customers	109,855	78,090	73,665	261,610	17,747	279,358	—	279,358
Inter-segment sales	2,014	1,110	9	3,133	266	3,399	(3,399)	—
Total sales	111,869	79,200	73,675	264,743	18,014	282,757	(3,399)	279,358
Segment income (Operating income)	17,673	3,338	7,733	28,744	2,329	31,073	(2,540)	28,533
Financial income				—				2,291
Financial costs				—				(573)
Equity in earnings of affiliates				—				3,467
Income before tax				—				33,718
Other items								
Depreciation and amortization	4,771	4,757	2,160	11,688	441	12,129	1,601	13,730
Impairment loss	—	3,885	—	3,885	—	3,885	—	3,885
Segment assets	120,468	74,493	83,270	278,232	16,813	295,045	56,678	351,723
Increases in tangible fixed assets and intangible fixed assets	9,470	2,697	1,178	13,345	279	13,624	1,434	15,059

- 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, machine tools, and components thereof.
2. Adjustment to sales is as a result of eliminations of inter-segment transactions.
3. Adjustment to segment income (operating income) is total profit/loss, etc. that are not allocated to the respective segments.
4. Adjustment to depreciation and amortizations is total depreciation and amortization that are not allocated to the respective segments.
5. Total assets of the Company included in adjustment to segment assets, and not allocated to the respective reportable segments are ¥56,678 million, consisting mainly of surplus operating funds in the Company (cash and deposits, etc.) and long-term investments (investment securities, etc.).
6. Adjustment to increase in tangible fixed assets and intangible fixed assets is total capex that are not allocated to the respective segments.

## II. FY 2021 (January 1, 2021 to December 31, 2021)

(Million yen)

	Reportable segments				Others	Total	Adjustments	Amount stated in summary of consolidated statements of income
	Component	Transport	Accessibility	Total				
Net sales								
Sales to external customers	138,130	67,744	75,108	280,982	18,820	299,802	—	299,802
Inter-segment sales	2,539	1,355	4	3,898	391	4,289	(4,289)	—
Total sales	140,669	69,099	75,111	284,880	19,211	304,091	(4,289)	299,802
Segment income (Operating income)	22,903	5,617	7,642	36,163	2,736	38,899	(8,882)	30,017
Financial income				—				126,977
Financial costs				—				(57,126)
Equity in earnings of affiliates				—				2,099
Income before tax				—				101,966
Other items								
Depreciation and amortization	5,166	3,943	2,229	11,338	451	11,789	1,477	13,266
Segment assets	112,697	78,060	75,661	266,418	12,802	279,219	202,499	481,718
Increases in tangible fixed assets and intangible fixed assets	5,263	1,952	1,009	8,224	166	8,390	1,181	9,571

- 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, machine tools, and components thereof.
2. Adjustment to sales is as a result of eliminations of inter-segment transactions.
3. Adjustment to segment income (operating income) is total profit/loss, etc. that are not allocated to the respective segments.
4. Adjustment to depreciation and amortizations is total depreciation and amortization that are not allocated to the respective segments.
5. Total assets of the Company included in adjustment to segment assets, and not allocated to the respective reportable segments are ¥202,499 million, consisting mainly of surplus operating funds in the Company (cash and deposits, etc.) and long-term investments (investment securities, etc.).
6. Adjustment to increase in tangible fixed assets and intangible fixed assets is total capex that are not allocated to the respective segments

## 3. Per share information

(Yen)

	FY 2020 (Consolidated basis) (January 1, 2020 to December 31, 2020)	FY 2021 (Consolidated basis) (January 1, 2021 to December 31, 2021)
Total basic earnings per share	165.18	534.67
Diluted earnings per share	165.09	534.53
Equity attributable to owners of the parent per share	1,594.10	1,999.10

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

	FY 2020 (Consolidated basis) (January 1, 2020 to December 31, 2020)	FY 2021 (Consolidated basis) (January 1, 2021 to December 31, 2021)
Total basic earnings per share		
Net income attributable to owners of the parent (million yen)	20,505	64,818
Amount not attributable to shareholders of common stock (million yen)	—	—
Net income used to calculate total basic earnings per share (million yen)	20,505	64,818
Average number of common shares during the term	124,136,943	121,228,465
Diluted earnings per share		
Adjustment to net income attributable to owners of the parent (million yen)	—	—
Number of additional common stock shares	62,081	32,292
(Of which, share acquisition rights)	(62,081)	(32,292)
Outline of dilutive shares not included in the calculation of diluted earnings per share due to lack of dilutive effect	—	—

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

	End of FY 2020 (Consolidated basis) (As of December 31, 2020)	End of FY 2021 (Consolidated basis) (As of December 31, 2021)
Total equity (million yen)	211,641	254,995
Amounts deducted from total equity (million yen)	13,744	15,157
(Of which, share acquisition rights)	(134)	(72)
(Of which, non-controlling interests)	(13,610)	(15,084)
Equity used to calculate equity attributable to owners of the parent per share (million yen)	197,897	239,838
Number of shares of common stock as of end of the term used to calculate equity attributable to owners of the parent per share	124,143,050	119,972,888

**5. Other Information****(1) Output and Order Backlog by Business Segment**

## 1) Output

Reportable Segments	FY 2020 (From January 1, 2020 to December 31, 2020)		FY 2021 (From January 1, 2021 to December 31, 2021)	
	Amount (Million yen)	% to total	Amount (Million yen)	% to total
Component Solutions	111,920	40.2	139,287	46.1
Transport Solutions	76,271	27.4	67,652	22.4
Accessibility Solutions	72,797	26.1	75,295	24.9
Others	17,570	6.3	19,662	6.6
Total	278,557	100.0	301,896	100.0

## 2) Order Backlog

Reportable Segments	End of FY 2020 (As of December 31, 2020)		End of FY 2021 (As of December 31, 2021)	
	Amount (Million yen)	% to total	Amount (Million yen)	% to total
Component Solutions	31,535	24.1	34,260	25.4
Transport Solutions	53,910	41.2	52,139	38.6
Accessibility Solutions	38,331	29.3	38,536	28.5
Others	7,168	5.4	10,134	7.5
Total	130,944	100.0	135,070	100.0

**(2) Status of Capital Expenditure, Financial Account Balance and Employees**

	FY 2020 (From January 1, 2020 to December 31, 2020)	FY 2021 (From January 1, 2021 to December 31, 2021)
Capital expenditure (Million yen)	15,059	9,571
Depreciation and amortization (Million yen)	13,730	13,266
R&D expense (Million yen)	8,968	9,618
Number of employees at end of the term	7,717	7,844