

Summary of Consolidated Financial Statements for the Second Quarter of Fiscal Year Ending December 31, 2020 (IFRS)



July 31, 2020

Name of listed company: Nabtesco Corporation

Stock listed on: First Section of the Tokyo Stock Exchange

Code number: 6268

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

Representative: Title: President and CEO

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Scheduled date for filing of quarterly report: August 14, 2020

Scheduled dividend payment date: August 31, 2020

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 the First Six-month Period of FY 2020 (January 1, 2020 to June 30, 2020)

(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	%
First six-month period, FY 2020	136,486	(4.1)	13,669	13.8	14,693	8.9	10,516	20.1	9,392	21.9	8,754	16.2
First six-month period, FY 2019	142,292	(0.2)	12,011	88.1	13,488	3.5	8,752	(0.5)	7,706	(2.3)	7,535	(2.0)

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
First six-month period, FY 2020	75.66		75.64	
First six-month period, FY 2019	62.11		62.10	

(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, 2020	342,315	202,147	190,817	55.7
As of December 31, 2019	344,558	199,133	187,398	54.4

2. Dividends

	Dividends per share				
	First quarter	Second quarter	Third quarter	Year end	Full year
	Yen	Yen	Yen	Yen	Yen
FY 2019	—	36.00	—	37.00	73.00
FY 2020	—	41.00	—	—	—
FY 2020 (Forecast)	—	—	—	34.00	75.00

(Note) Revisions to the latest dividend forecasts: Yes

3. Forecast of Consolidated Operating Results for FY 2020 (January 1, 2020 to December 31, 2020)

(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
Full Year	277,000	(4.4)	25,300	(0.1)	27,000	(3.5)	17,300	(3.5)	139.37

(Note) Revisions to the latest forecast of operating results: Yes

* Matters of note:

- (1) Changes in significant subsidiaries during the first six-month period of FY 2020 (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 June 30, 2020	125,133,799	As of December 31, 2019	125,133,799
2)	As of June 30, 2020	990,494	As of December 31, 2019	1,013,362
3)	January 1, 2020 to June 30, 2020	124,131,578	January 1, 2019 to June 30, 2019	124,066,153

* Current status of audit procedures

- Quarterly summary of financial statements is not subject to quarterly reviews 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 "(3) Explanation on Information Concerning Future Projections Such as Forecasts for Consolidated Operating Results" under "1. Qualitative Information on Consolidated Operating Results for the Six Months Ended June 30, 2020" on page 8 of the attached documents for the preconditions and assumptions for the forecasts, and notes for the use of the forecasts for the operating results.

○Table of Contents of Attached Documents

1. Qualitative Information on Consolidated Operating Results for the Six Months Ended June 30, 2020	2
(1) Analysis of Consolidated Operating Results	4
(2) Analysis of Financial Position	6
(3) Explanation on Information Concerning Future Projections Such as Forecasts for Consolidated Operating Results	8
2. Summary of Quarterly Consolidated Financial Statements and Notes Thereto	9
(1) Summary of Quarterly Consolidated Statement of Financial Position	9
(2) Summary of Consolidated Statements of Income and Consolidated Statements of Comprehensive Income ..	11
(3) Consolidated Statement of Changes in Equity	13
(4) Consolidated Statements of Cash Flows	15
(5) Notes on the Summary of Quarterly Consolidated Financial Statements	16
3. Other Information	18
(1) Order Backlog by Business Segment	18

1. Qualitative Information on Consolidated Operating Results for the Six Months Ended June 30, 2020

(1) Analysis of Consolidated Operating Results

The consolidated operating results of the Group for the period under review were negatively affected by the novel coronavirus infectious disease ("COVID-19") across all business segments. While sales of precision reduction gears and railroad vehicle equipment remained almost flat year on year, demand for aircraft equipment and commercial vehicle equipment declined. As a result, net sales were ¥136,486 million. Operating income was ¥13,669 million, reflecting a reduction of expenses and gain on sales of non-business real estate as recorded in the first quarter despite the decrease in profits due to lower sales. Income before tax and net income attributable to owners of the parent were ¥14,693 million and ¥9,392 million, respectively.

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

The amount of orders received for the period under review decreased by ¥12,462 million, or -8.2% year on year, to ¥139,270 million. Net sales decreased by ¥5,806 million, or -4.1% year on year, to ¥136,486 million. Operating income rose by ¥1,658 million, or 13.8% year on year, to ¥13,669 million. The ratio of operating income to net sales was 10.0%.

Operating results by business segment were as follows:

[Amount of orders received]

(Million yen)

	First six-month period of consolidated FY 2019 (January 1, 2019 to June 30, 2019)	First six-month period of consolidated FY 2020 (January 1, 2020 to June 30, 2020)	Change (%)
Component Solutions	58,418	51,527	(11.8)
Transport Solutions	45,075	41,903	(7.0)
Accessibility Solutions	38,302	38,058	(0.6)
Others	9,938	7,783	(21.7)
Total	151,733	139,270	(8.2)

[Net sales]

(Million yen)

	First six-month period of consolidated FY 2019 (January 1, 2019 to June 30, 2019)	First six-month period of consolidated FY 2020 (January 1, 2020 to June 30, 2020)	Change (%)
Component Solutions	56,211	53,904	(4.1)
Transport Solutions	40,055	38,676	(3.4)
Accessibility Solutions	38,221	35,968	(5.9)
Others	7,805	7,939	1.7
Total	142,292	136,486	(4.1)

[Operating income]

(Million yen)

	First six-month period of consolidated FY 2019 (January 1, 2019 to June 30, 2019)	First six-month period of consolidated FY 2020 (January 1, 2020 to June 30, 2020)	Change (%)
Component Solutions	8,544	8,323	(2.6)
Transport Solutions	3,027	3,195	5.5
Accessibility Solutions	3,359	3,487	3.8
Others	868	703	(19.0)
Corporate or Elimination	(3,786)	(2,039)	-
Total	12,011	13,669	13.8

[Component solutions business]

The amount of orders received for component solutions decreased by ¥6,891 million, or -11.8% year on year, to ¥51,527 million. Net sales fell by ¥2,307 million, or -4.1%, to ¥53,904 million, and operating income fell by ¥221 million, or -2.6%, to ¥8,323 million.

Sales of precision reduction gears remained almost flat on a year-on-year basis, as capital investment continued to be restrained in many industries such as the automotive industry. Sales of hydraulic equipment saw a year-on-year decrease as demand in the markets of advanced countries and Southeast Asia shrank due to the impact of COVID-19 despite a recovery of demand in the Chinese market since March 2020.

[Transport solutions business]

The amount of orders received for transport solutions decreased by ¥3,172 million, or -7.0% year on year, to ¥41,903 million. Net sales dropped by ¥1,379 million, or -3.4% year on year, to ¥38,676 million, and operating income increased by ¥168 million, or 5.5% year on year, to ¥3,195 million.

Railroad vehicle equipment saw net sales unchanged from the same period of the previous year due to a robust domestic market despite delays of projects in overseas markets.

Sales of aircraft equipment decreased year on year reflecting reduced demand for private-sector aircraft.

Sales of commercial vehicle equipment decreased on a year-on-year basis due to stagnant demand in the domestic and Southeast Asian markets, particularly due to the negative impacts of COVID-19.

Sales of marine vessel equipment remained unchanged from the same period last year despite sluggish demand for MRO (Maintenance, Repair, Overhaul).

[Accessibility solutions business]

The amount of orders received for accessibility solutions decreased by ¥244 million, or -0.6% year on year, to ¥38,058 million. Net sales decreased by ¥2,254 million, or -5.9% year on year, to ¥35,968 million, whereas operating income grew by ¥129 million, or 3.8% year on year, to ¥3,487 million.

Sales from the automatic door business decreased compared to the same period of the previous year, reflecting demand in Japan and abroad being negatively affected by COVID-19.

[Others]

The amount of orders received for others decreased by ¥2,155 million, or -21.7% year on year, to ¥7,783 million. Net sales increased by ¥134 million, or 1.7% year on year, to ¥7,939 million, while operating income fell by ¥165 million, or -19.0% year on year, to ¥703 million.

Sales of packaging machines remained unchanged from the same period last year, despite some slowdown in new orders received due to changes in the capital investment plans of our customers.

[Corporate or elimination]

Operating income in corporate or elimination increased by ¥1,747 million year on year, to a negative ¥2,039 million due to gain on sales of non-business real estate which totaled ¥1,575 million.

Reference: Information by region

[Net sales]

(Million yen)

	First six-month period of consolidated FY 2019 (January 1, 2019 to June 30, 2019)	First six-month period of consolidated FY 2020 (January 1, 2020 to June 30, 2020)	Change (%)
Japan	79,491	76,726	(3.5)
China	23,909	24,758	3.6
Other Asia	7,477	7,942	6.2
North America	10,558	8,030	(23.9)
Europe	19,992	18,067	(9.6)
Other areas	866	962	11.2
Total	142,292	136,486	(4.1)

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

2) Income before tax

Financial income was ¥145 million, and financial costs were ¥760 million mainly reflecting the incurrence of foreign exchange losses. Equity in earnings of affiliates was ¥1,639 million. As a result, income before tax stood at ¥14,693 million, a year-on-year increase of ¥1,205 million (8.9%).

3) Net income attributable to owners of the parent

In sum, net income attributable to owners of the parent was ¥9,392 million, a year-on-year increase of ¥1,686 million, or 21.9%, net of expenses of income tax of ¥4,178 million and net income attributable to non-controlling interests of ¥1,124 million.

Total basic earnings per share were ¥75.66, an increase of ¥13.55 year on year.

(2) Analysis of Financial Position

1) Assets, liabilities and equity

(Million yen)

	As of the end of the previous consolidated fiscal year (December 31, 2019)	As of the end of the first six-month period of the current consolidated fiscal year (June 30, 2020)	Change
Assets	344,558	342,315	(2,242)
Liabilities	145,424	140,168	(5,256)
Equity	199,133	202,147	3,014

[Assets]

Total assets as of June 30, 2020 were ¥342,315 million, a decrease of ¥2,242 million from December 31, 2019, consisting of ¥174,332 million in current assets and ¥167,983 million in non-current assets. The key contributing positive factor was the increase of ¥3,905 million in tangible fixed assets whereas the key contributing negative factor was the decrease of ¥5,122 million in trade receivables.

[Liabilities]

Total liabilities as of June 30, 2020 were ¥140,168 million, a decrease of ¥5,256 million from December 31, 2019, reflecting ¥105,648 million in current liabilities and ¥34,520 million in non-current liabilities. The main contributing negative factor was the decrease of ¥4,035 million in other liabilities.

[Equity]

Total equity as of June 30, 2020 stood at ¥202,147 million. Equity attributable to owners of the parent was ¥190,817 million, an increase of ¥3,419 million from December 31, 2019. The key contributing positive factor was the increase in retained earnings due to net income attributable to owners of the parent of ¥9,392 million. Meanwhile, the main contributing negative factors included a decrease of ¥4,601 million in retained earnings due to dividend payment.

2) Status of cash flows

(Million yen)

	First six-month period of consolidated FY 2019 (January 1, 2019 to June 30, 2019)	First six-month period of consolidated FY 2020 (January 1, 2020 to June 30, 2020)
Cash flow from operating activities	17,755	20,549
Cash flow from investing activities	(9,007)	(8,849)
Free cash flow	8,748	11,700
Cash flow from financing activities	(7,263)	(8,287)

Cash and cash equivalents (hereinafter, "capital") on a consolidated basis at the end of the first six-month period of FY 2020 stood at ¥61,655 million, an increase of ¥2,970 million from the end of consolidated FY2019, reflecting ¥20,549 million in capital gained from operating activities, which was mainly used for capital expenditure and dividend payments.

[Cash flow from operating activities]

Net cash provided by operating activities during the six-month period under review totaled ¥20,549 million. Principal positive factors included net income and decreases in depreciation and amortization, and trade receivables. Meanwhile, the key negative factor was an increase in income tax payments.

[Cash flow from investing activities]

Net cash used in investing activities for the six-month period under review amounted to ¥8,849 million. The principal positive factor was proceeds from the sale of investment property, while the principal negative factor was the purchase of tangible fixed assets.

[Cash flow from financing activities]

Net cash used in financing activities for the six-month period under review totaled ¥8,287 million. The main negative factor was dividend payments.

(3) Explanation on Information Concerning Future Projections Such as Forecasts for Consolidated Operating Results

Based on the consolidated business performance for the first six-month period of the fiscal year ending December 31, 2020 and future developments, etc., we have decided to revise our consolidated full-year forecast for FY2020, which was announced on February 7, 2020.

For details, please refer to the “Announcement on Revisions to Financial and Dividend Forecasts” published on July 31, 2020.

The differences between the consolidated financial forecasts announced on February 7, 2020 are as follows

Revision to the full-year forecast for consolidated FY2020 (January 1, 2020 to December 31, 2020)

	Net Sales	Operating income	Income before tax	Net income attributable to owners of the parent	Total basic earnings per share
Previously announced forecast (A)	Million yen 303,000	Million yen 32,000	Million yen 34,000	Million yen 23,100	Yen 186.15
Revised forecast (B)	277,000	25,300	27,000	17,300	139.37
Change (B-A)	(26,000)	(6,700)	(7,000)	(5,800)	—
Rate of Change (%)	(8.6)	(20.9)	(20.6)	(25.1)	—

(Segment Information)

1) Net Sales

(Million yen)

	Component solutions	Transport solutions	Accessibility solutions	Others	Corporate or elimination	Total
Previously announced forecast (A)	116,000	90,300	75,700	21,000	—	303,000
Revised forecast (B)	107,500	78,000	73,200	18,300	—	277,000
Change (B-A)	(8,500)	(12,300)	(2,500)	(2,700)	—	(26,000)
Rate of Change (%)	(7.3)	(13.6)	(3.3)	(12.9)	—	(8.6)

2) Operating income

(Million yen)

	Component solutions	Transport solutions	Accessibility solutions	Others	Corporate or elimination	Total
Previously announced forecast (A)	18,300	10,200	7,500	3,000	(7,000)	32,000
Revised forecast (B)	16,200	6,100	6,900	2,500	(6,400)	25,300
Change (B-A)	(2,100)	(4,100)	(600)	(500)	600	(6,700)
Rate of Change (%)	(11.5)	(40.2)	(8.0)	(16.7)	—	(20.9)

2. Summary of Quarterly Consolidated Financial Statements and Notes Thereto

(1) Summary of Quarterly Consolidated Statement of Financial Position

(Million yen)

	Note No.	End of consolidated FY 2019 (as of December 31, 2019)	End of the first six-month period of consolidated FY 2020 (as of June 30, 2020)
Assets			
Current assets			
Cash and cash equivalents		58,686	61,655
Trade receivables		69,175	64,053
Contract assets		1,000	1,067
Other receivables		1,300	778
Inventories		41,257	42,140
Other financial assets		4,752	2,471
Other current assets		2,984	2,168
Total current assets		179,154	174,332
Non-current assets			
Property, plant and equipment		87,083	90,988
Intangible assets		5,127	4,995
Right-of-use assets		9,004	8,626
Goodwill		14,161	14,261
Investment property		3,928	2,652
Investments accounted for using the equity method		31,952	32,920
Other financial assets		11,210	10,241
Deferred tax assets		1,868	2,156
Other non-current assets		1,072	1,144
Total non-current assets		165,404	167,983
Total assets		344,558	342,315

(Million yen)

	Note No.	End of consolidated FY 2019 (as of December 31, 2019)	End of the first six-month period of consolidated FY 2020 (as of June 30, 2020)
Liabilities and equity			
Liabilities			
Current liabilities			
Operating payables		45,021	45,148
Contract liabilities		5,579	6,660
Bonds and borrowings		30,719	29,631
Other payables		14,405	10,370
Income taxes payable		4,040	4,549
Provisions		1,162	1,050
Lease liabilities		2,236	2,041
Other financial liabilities		13	—
Other current liabilities		6,439	6,199
Total current liabilities		109,614	105,648
Non-current liabilities			
Bonds and borrowings		13,217	12,998
Lease liabilities		6,568	6,153
Liabilities concerning retirement benefit		9,569	9,346
Deferred tax liabilities		4,540	3,752
Other non-current liabilities		1,916	2,270
Total non-current liabilities		35,810	34,520
Total liabilities		145,424	140,168
Equity			
Capital stock		10,000	10,000
Share premium		14,932	14,942
Retained earnings		163,794	168,557
Treasury shares		(2,536)	(2,470)
Other components of equity		1,208	(211)
Equity attributable to owners of the parent		187,398	190,817
Non-controlling interests		11,735	11,330
Total equity		199,133	202,147
Total liabilities and equity		344,558	342,315

(2) Summary of Consolidated Statements of Income and Consolidated Statements of Comprehensive IncomeSummary of Consolidated Statements of Income
First Six-month Period

(Million yen)

	Note No.	First six-month period of consolidated FY 2019 (January 1, 2019 to June 30, 2019)	First six-month period of consolidated FY 2020 (January 1, 2020 to June 30, 2020)
Net sales	2	142,292	136,486
Cost of sales		(104,699)	(100,327)
Gross profit		37,593	36,160
Other income		1,033	2,301
Selling, general and administrative expense		(26,151)	(24,608)
Other expenses		(464)	(184)
Operating income	2	12,011	13,669
Financial income		410	145
Financial costs		(660)	(760)
Equity in earnings of affiliates		1,726	1,639
Profit before tax		13,488	14,693
Income tax expense		(4,736)	(4,178)
Net income		8,752	10,516

Net income attributable to			
Owners of the parent		7,706	9,392
Non-controlling interests		1,046	1,124
Net income		8,752	10,516

(Yen)

Net income per share			
Basic earnings per share		62.11	75.66
Diluted earnings per share		62.10	75.64

Summary of Consolidated Statements of Comprehensive Income
First Six-month Period

(Million yen)

	Note No.	First six-month period of consolidated FY 2019 (January 1, 2019 to June 30, 2019)	First six-month period of consolidated FY 2020 (January 1, 2020 to June 30, 2020)
Net income		8,752	10,516
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of the net defined benefit liability (asset)		—	4
Net changes in financial assets measured at fair value through other comprehensive income		101	(727)
Share of other comprehensive income for equity method affiliates		262	(21)
Total components that will not be reclassified to profit or loss		364	(744)
Components that will be reclassified to profit or loss			
Exchange differences on foreign operations		(1,581)	(1,017)
Total components that will be reclassified to profit or loss		(1,581)	(1,017)
Other comprehensive income after taxes		(1,217)	(1,762)
Total comprehensive income		7,535	8,754
Comprehensive income attributable to			
Owners of the parent		6,711	7,944
Non-controlling interests		824	810
Total comprehensive income		7,535	8,754

(3) Consolidated Statement of Changes in Equity

First six-month period of current consolidated fiscal year (January 1, 2019 to June 30, 2019)

(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, 2019		10,000	15,096	155,133	(2,903)	(2,887)	4,264
Net income		–	–	7,706	–	–	–
Other comprehensive income		–	–	–	–	(1,354)	362
Total comprehensive income		–	–	7,706	–	(1,354)	362
Acquisition, sales, etc. of treasury shares		–	–	(35)	368	–	–
Dividends		–	–	(4,597)	–	–	–
Transfer from other components of equity to retained earnings		–	–	28	–	–	(31)
Share-based compensation transactions		–	(221)	–	–	–	–
Total transactions with owners, etc.		–	(221)	(4,604)	368	–	(31)
Balance as of June 30, 2019		10,000	14,874	158,234	(2,535)	(4,241)	4,594

	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, 2019		–	1,377	178,702	10,553	189,255
Net income		–	–	7,706	1,046	8,752
Other comprehensive income		(3)	(995)	(995)	(222)	(1,217)
Total comprehensive income		(3)	(995)	6,711	824	7,535
Acquisition, sales, etc. of treasury shares		–	–	333	–	333
Dividends		–	–	(4,597)	(674)	(5,272)
Transfer from other components of equity to retained earnings		3	(28)	–	–	–
Share-based compensation transactions		–	–	(221)	–	(221)
Total transactions with owners, etc.		3	(28)	(4,486)	(674)	(5,160)
Balance as of June 30, 2019		–	353	180,927	10,703	191,630

First six-month period of current consolidated fiscal year (January 1, 2020 to June 30, 2020)

(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, 2020		10,000	14,932	163,794	(2,536)	(3,639)	4,847
Net income		—	—	9,392	—	—	—
Other comprehensive income		—	—	—	—	(704)	(718)
Total comprehensive income		—	—	9,392	—	(704)	(718)
Acquisition, sales, etc. of treasury shares		—	—	—	66	—	—
Dividends		—	—	(4,601)	—	—	—
Transfer from other components of equity to retained earnings		—	—	(28)	—	—	2
Share-based compensation transactions		—	10	—	—	—	—
Total transactions with owners, etc.		—	10	(4,629)	66	—	2
Balance as of June 30, 2020		10,000	14,942	168,557	(2,470)	(4,342)	4,131

	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, 2020		—	1,208	187,398	11,735	199,133
Net income		—	—	9,392	1,124	10,516
Other comprehensive income		(27)	(1,448)	(1,448)	(314)	(1,762)
Total comprehensive income		(27)	(1,448)	7,944	810	8,754
Acquisition, sales, etc. of treasury shares		—	—	66	—	66
Dividends		—	—	(4,601)	(1,215)	(5,816)
Transfer from other components of equity to retained earnings		27	28	—	—	—
Share-based compensation transactions		—	—	10	—	10
Total transactions with owners, etc.		27	28	(4,525)	(1,215)	(5,740)
Balance as of June 30, 2020		—	(211)	190,817	11,330	202,147

(4) Consolidated Statements of Cash Flows

(Million yen)

	Note No.	First six-month period of consolidated FY 2019 (January 1, 2019 to June 30, 2019)	First six-month period of consolidated FY 2020 (January 1, 2020 to June 30, 2020)
Cash flows from operating activities			
Net income		8,752	10,516
Depreciation and amortization		6,427	6,714
Increase (decrease) in sales of investment property		–	(1,575)
Increase (decrease) in assets and liabilities concerning retirement benefits		64	(5)
Interest and dividend income		(165)	(145)
Interest expenses		115	108
Equity loss (gain) in earnings of affiliates		(1,726)	(1,639)
Loss (gain) on sales of fixed assets		214	33
Expenses of income tax		4,736	4,178
Decrease (increase) in trade receivables, contract assets, and contract liabilities		5,431	5,559
Decrease (increase) in inventories		(2,908)	(1,195)
Increase (decrease) in operating payables		(1,296)	594
Other		2,752	1,289
Subtotal		22,396	24,430
Interest and dividend received		815	708
Interest paid		(103)	(99)
Income taxes refunded (paid)		(5,353)	(4,490)
Net cash and cash equivalents provided by operating activities		17,755	20,549
Cash flows from investing activities			
Decrease (increase) in time deposits		81	2,153
Purchases of tangible fixed assets		(9,034)	(13,199)
Proceeds from sales of tangible fixed assets		157	86
Proceeds from sales of investment property		–	2,819
Purchases of intangible fixed assets		(327)	(684)
Other		116	(24)
Cash flows from investing activities		(9,007)	(8,849)
Cash flows from financing activities			
Increase (decrease) in short-term bank loans		(701)	(968)
Repayment of long-term loans payable		(117)	(205)
Payments of lease liabilities		(1,222)	(1,319)
Decrease (increase) in treasury shares		43	13
Cash dividends paid		(4,591)	(4,593)
Cash dividends paid to minority shareholders		(674)	(1,215)
Cash flows from financing activities		(7,263)	(8,287)
Increase (decrease) in cash and cash equivalents		1,485	3,413
Cash and cash equivalents at beginning of term		54,039	58,686
Effect of exchange rate changes on cash and cash equivalents		(568)	(444)
Cash and cash equivalents at end of term		54,956	61,655

(5) Notes on the Summary of Quarterly 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. For the six months ended June 30, 2019 (January 1, 2019 to June 30, 2019)

(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	56,211	40,055	38,221	134,487	7,805	142,292	–	142,292
Inter-segment sales	1,308	344	3	1,655	148	1,802	(1,802)	–
Total sales	57,519	40,399	38,224	136,142	7,953	144,095	(1,802)	142,292
Segment income (Operating income)	8,544	3,027	3,359	14,930	868	15,797	(3,786)	12,011
Finance income				–				410
Finance costs				–				(660)
Equity in earnings of affiliates				–				1,726
Income before tax				–				13,488

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.

II. For the six months ended June 30, 2020 (January 1, 2020 to June 30, 2020)

(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	53,904	38,676	35,968	128,548	7,939	136,486	—	136,486
Inter-segment sales	1,103	509	7	1,619	123	1,742	(1,742)	—
Total sales	55,007	39,185	35,974	130,166	8,062	138,228	(1,742)	136,486
Segment income (Operating income)	8,323	3,195	3,487	15,005	703	15,708	(2,039)	13,669
Financial income				-				145
Financial costs				-				(760)
Equity in earnings of affiliates				-				1,639
Income before tax				-				14,693

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.

3. Other Information

(1) Order Backlog by Business Segment

Reportable segments	As of the end of the first six-month period of consolidated FY 2019 (June 30, 2019)		As of the end of the first six-month period of consolidated FY 2020 (June 30, 2020)	
	Amount (million yen)	% to total	Amount (million yen)	% to total
Component Solutions	26,223	20.3	25,370	20.0
Transport Solutions	61,030	47.3	59,569	46.9
Accessibility Solutions	30,839	23.9	34,194	26.9
Others	10,896	8.5	7,814	6.2
Total	128,989	100.0	126,947	100.0