

Summary of Consolidated Financial Statements for the Second Quarter of Fiscal Year Ending December 31, 2022 (IFRS)



July 29, 2022

Name of listed company: Nabtesco Corporation

Stock listed on: Prime Section of the Tokyo Stock Exchange

Code number: 6268

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

Representative: Title: President and CEO

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Scheduled date for filing of quarterly report: August 9, 2022

Scheduled dividend payment date: August 31, 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 the First Six-month Period of FY 2022 (January 1, 2022 to June 30, 2022)

(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 2022	142,195	(2.4)	7,886	(46.0)	(5,674)	—	(4,248)	—	(5,106)	—	5,887	(92.0)
First six-month period, FY 2021	145,708	6.8	14,613	6.9	108,465	638.2	69,903	564.8	68,056	624.6	73,644	741.3

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
First six-month period, FY 2022	(42.56)		(42.56)	
First six-month period, FY 2021	556.45		556.37	

(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, 2022	465,623	253,287	239,033	51.3
As of December 31, 2021	481,718	254,995	239,910	49.8

2. Dividends

	Dividends per share				
	First quarter	Second quarter	Third quarter	Year end	Full year
	Yen	Yen	Yen	Yen	Yen
FY 2021	—	38.00	—	39.00	77.00
FY 2022	—	39.00	—	—	—
FY 2022 (Forecast)	—	—	—	39.00	78.00

(Note) Revisions to the latest dividend forecasts: None

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)

	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	310,000	3.4	26,000	13.4	35,000	(65.7)	23,400	(63.9)	195.02

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

"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 (FY 2021). Forecast of consolidated operating results as noted above includes JPY 4.9 billion as financial income from the completion of partial sale of shares of Harmonic Drive Systems Inc. as described on P16 of the attached document "2. Summary of Quarterly Consolidated Financial Statements and Notes Thereto (5) Notes on the Summary of Quarterly Consolidated Financial Statements 3. Significant subsequent events.

* Matters of note:

- (1) Changes in significant subsidiaries during the first six-month period of FY 2022 (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, 2022	121,064,099	As of December 31, 2021	121,064,099
2)	As of June 30, 2022	1,058,135	As of December 31, 2021	1,091,211
3)	January 1, 2022 to June 30, 2022	119,990,894	January 1, 2021 to June 30, 2021	122,304,411

* 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 information on preconditions for future projections and matter of notes in using the future projections, please refer to “1. Qualitative Information on Consolidated Operating Results for the Six Months Ended June 30, 2022, (3) Explanation on Information Concerning Future Projections Such as Forecasts for Consolidated Operating Results” on Page 6 of the attached document.

○Table of Contents of Attached Documents

1. Qualitative Information on Consolidated Operating Results for the Six Months Ended June 30, 2022.....	2
(1) Analysis of Consolidated Operating Results	2
(2) Analysis of Financial Position.....	4
(3) Explanation on Information Concerning Future Projections Such as Forecasts for Consolidated Operating Results	6
2. Summary of Quarterly Consolidated Financial Statements and Notes Thereto.....	7
(1) Summary of Quarterly Consolidated Statement of Financial Position.....	7
(2) Summary of Quarterly Consolidated Statements of Income and Consolidated Statements of Comprehensive Income	9
(3) Summary of Quarterly Consolidated Statement of Changes in Equity	11
(4) Summary of Quarterly Consolidated Statements of Cash Flows	13
(5) Notes on the Summary of Quarterly Consolidated Financial Statements	14
3. Other Information	17
(1) Order Backlog by Business Segment	17

1. Qualitative Information on Consolidated Operating Results for the Six Months Ended June 30, 2022

(1) Analysis of Consolidated Operating Results

During the six-month period under review, the Group was faced with temporary suspension of operations by its Chinese subsidiaries due to COVID-19 lockdowns in Shanghai, in addition to a significant decline in demand for hydraulic equipment for construction machinery in China, while demand for precision reduction gears for industrial robots remained at a high level. As a result, the Group's net sales amounted to ¥142,195 million. Operating income was ¥7,886 million due to the impact of soaring raw material prices and logistics costs, on top of a decline in net sales. Loss before tax was ¥5,674 million, reflecting the valuation loss on the shares of Harmonic Drive Systems Inc. (hereinafter, "Harmonic") due to stock price fluctuations. Net loss attributable to owners of the parent was ¥5,106 million.

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

The amount of orders received for the period under review increased by ¥16,577 million, or 10.8% year on year, to ¥169,986 million. Net sales decreased by ¥3,513 million, or 2.4% year on year, to ¥142,195 million. Operating income dropped by ¥6,727 million, or 46.0% year on year, to ¥7,886 million. The ratio of operating income to net sales was 5.5%.

Operating results by business segment were as follows:

[Amount of orders received]

	First six-month period of consolidated FY 2021 (January 1, 2021 to June 30, 2021)	First six-month period of consolidated FY 2022 (January 1, 2022 to June 30, 2022)	Change (%)
Component Solutions	76,386	75,299	(1.4)
Transport Solutions	29,914	37,011	23.7
Accessibility Solutions	36,620	47,345	29.3
Others	10,489	10,331	(1.5)
Total	153,409	169,986	10.8

[Net sales]

	First six-month period of consolidated FY 2021 (January 1, 2021 to June 30, 2021)	First six-month period of consolidated FY 2022 (January 1, 2022 to June 30, 2022)	Change (%)
Component Solutions	68,946	64,722	(6.1)
Transport Solutions	32,624	31,124	(4.6)
Accessibility Solutions	35,940	39,548	10.0
Others	8,198	6,801	(17.0)
Total	145,708	142,195	(2.4)

[Operating income]

	First six-month period of consolidated FY 2021 (January 1, 2021 to June 30, 2021)	First six-month period of consolidated FY 2022 (January 1, 2022 to June 30, 2022)	Change (%)
Component Solutions	12,097	7,204	(40.4)
Transport Solutions	2,577	2,012	(21.9)
Accessibility Solutions	3,783	2,829	(25.2)
Others	1,011	67	(93.4)
Corporate or Elimination	(4,855)	(4,225)	—
Total	14,613	7,886	(46.0)

[Component solutions business]

The amount of orders received for component solutions decreased by ¥1,087 million, or 1.4% year on year, to ¥75,299 million. Net sales dropped by ¥4,224 million, or 6.1% year on year, to ¥64,722 million, and operating income declined by ¥4,893 million, or 40.4% year on year, to ¥7,204 million.

Sales of precision reduction gears recorded a year-on-year increase as demand for industrial robots, machine tools, and semiconductor manufacturing equipment remained brisk as well as strong demand for lithium-ion battery manufacturing equipment for EVs.

Sales of hydraulic equipment for construction machinery saw a year-on-year decrease as a result of temporary suspension of operations by a Chinese subsidiary due to COVID-19 lockdowns in Shanghai, in addition to a significant decline in demand in China.

[Transport solutions business]

The amount of orders received for transport solutions increased by ¥7,097 million, or 23.7% year on year, to ¥37,011 million. Net sales decreased by ¥1,500 million, or 4.6% year on year, to ¥31,124 million, and operating income declined by ¥566 million, or 21.9% year on year, to ¥2,012 million.

Railroad vehicle equipment saw a year-on-year decrease in sales due to sluggish demand for new vehicles in the Japanese and overseas markets, despite brisk demand for MRO (Maintenance, Repair, Overhaul).

Sales of aircraft equipment posted a year-on-year decrease due to a delay in delivery of procurement items used in products for the Ministry of Defense, among other factors, although demand for private-sector aircraft has been on a recovery trend.

Sales of commercial vehicle equipment were at the level of the same period last year reflecting the recovery of the Southeast Asian market, despite the negative effects of production cuts as a result of production adjustment by customers.

Sales of marine vessel equipment remained virtually unchanged from the same period of the previous year reflecting strong demand from the shipbuilding and shipping markets, despite the negative impact of COVID-19 lockdowns in Shanghai.

[Accessibility solutions business]

The amount of orders received for accessibility solutions increased by ¥10,725 million, or 29.3% year on year, to ¥47,345 million. Net sales rose by ¥3,608 million, or 10.0% year on year, to ¥39,548 million, while operating income shrank by ¥954 million, or 25.2% year on year, to ¥2,829 million.

Sales from the automatic door business increased year on year as demand remained brisk both in Japan and abroad.

[Others]

The amount of orders received for others fell by ¥158 million, or 1.5% year on year, to ¥10,331 million. Net sales decreased by ¥1,397 million, or 17.0% year on year, to ¥6,801 million, and operating income dropped by ¥945 million, or 93.4% year on year, to ¥67 million.

Sales of packaging machines recorded a year-on-year decrease, both in terms of product sales and MRO, due to a continued delay in delivery of procurement items such as electronic components.

Reference: Information by region

[Net sales]

(Million yen)

	First six-month period of consolidated FY 2021 (January 1, 2021 to June 30, 2021)	First six-month period of consolidated FY 2022 (January 1, 2022 to June 30, 2022)	Change (%)
Japan	78,517	77,021	(1.9)
China	31,535	21,940	(30.4)
Other Asia	8,172	9,453	15.7
North America	7,651	9,834	28.5
Europe	19,016	21,807	14.7
Other areas	818	2,140	161.4
Total	145,708	142,195	(2.4)

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

2) Loss before tax

Loss before tax came to ¥5,674 million (compared to income before tax of ¥108,465 million for the same period last year) as a valuation loss of ¥16,580 million was recorded as financial costs as a result of the stock price fluctuations of Harmonic's shares.

The main reasons behind the year-on-year decline in income before tax include the recording of a valuation gain (financial income) of ¥125,107 million for the same period last year due to the exclusion of Harmonic from application of the equity method and a year-on-year decrease of ¥14,748 million in valuation loss (financial costs) as a result of the stock price fluctuations of Harmonic's shares.

3) Net loss attributable to owners of the parent

In total, the Group recorded a net loss attributable to owners of the parent of ¥5,106 million (compared to a net income attributable to owners of the parent of ¥68,056 million for the same period last year), net of income tax expenses of ¥(1,426) million and net income attributable to non-controlling interests of ¥858 million.

Total basic loss per share was ¥42.56 (compared to total basic earnings per share of ¥556.45).

(2) Analysis of Financial Position

1) Assets, liabilities and equity

(Million yen)

	As of the end of the previous consolidated fiscal year (December 31, 2021)	As of the end of the first six-month period of the current consolidated fiscal year (June 30, 2022)	Change
Assets	481,718	465,623	(16,095)
Liabilities	226,723	212,336	(14,387)
Equity	254,995	253,287	(1,708)

[Assets]

Total assets as of June 30, 2022 were ¥465,623 million, a decrease of ¥16,095 million from December 31, 2021, consisting of ¥272,923 million in current assets and ¥192,699 million in non-current assets. The key contributing positive factor was an increase of ¥11,256 million in inventories. The main contributing negative factors included a decrease of ¥6,084 million in cash and cash equivalents, a decrease of ¥10,010 in trade receivables, and a decrease of ¥16,580 million in assets as a result of the stock price fluctuations of Harmonic's shares (a decrease of ¥8,290 million in assets held for sale and a decrease of ¥8,290 million in other financial assets).

[Liabilities]

Total liabilities as of June 30, 2022 were ¥212,336 million, a decrease of ¥14,387 million from December 31, 2021, reflecting ¥179,737 million in current liabilities and ¥32,599 million in non-current liabilities. The main contributing negative factor was a decrease of ¥17,285 million in income taxes payable.

[Equity]

Total equity as of June 30, 2022 stood at ¥253,287 million. Equity attributable to owners of the parent was ¥239,033 million, a decrease of ¥878 million from December 31, 2021. The key contributing positive factor was the increase of ¥8,795 million in other components of equity reflecting a rise of ¥8,682 million in exchange differences on foreign operations, among others. Meanwhile, the main contributing negative factors included the posting of a net loss attributable to owners of the parent of ¥5,106 million and a decrease in retained earnings due to dividend payment of ¥4,692 million, among others.

2) Status of cash flows

(Million yen)

	First six-month period of consolidated FY 2021 (January 1, 2021 to June 30, 2021)	First six-month period of consolidated FY 2022 (January 1, 2022 to June 30, 2022)
Cash flow from operating activities	26,633	1,096
Cash flow from investing activities	65,775	(901)
Free cash flow	92,409	196
Cash flow from financing activities	(43,523)	(10,297)

Cash and cash equivalents (hereinafter, "capital") on a consolidated basis as of June 30, 2022 stood at ¥106,687 million, a decrease of ¥6,084 million from December 31, 2021, as capital gained from operating activities was mainly applied to capital expenditure and dividend payments.

[Cash flows from operating activities]

Net cash generated from operating activities for the six-month period of the current fiscal year totaled ¥1,096 million. The principal positive factors were decreases in depreciation and amortization and trade receivables. Meanwhile, the main negative factors included an increase in inventories and the payment of income taxes.

[Cash flows from investing activities]

Net cash used in investing activities for the six-month period of the current fiscal year amounted to ¥901 million. The main negative factor was purchases of tangible fixed assets and intangible fixed assets. On the other hand, the main positive factor was proceeds from refund of leasehold deposits.

[Cash flows from financing activities]

Net cash used in financing activities for the six-month period of the current fiscal year totaled ¥10,297 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, 2022 and future developments, etc., we have decided to revise our consolidated full-year forecast for FY 2022, which was announced on February 10, 2022.

For details, please refer to the "Notice of the Differences between FY 2022 First Six-month of Consolidated Financial Results and its Financial Forecast and the Revision to FY 2022 Financial Forecast" published on July 29, 2022.

The differences between the revised forecast and the previous consolidated financial forecast announced on February 10, 2022 are as follows.

Revision to the full-year forecast for consolidated FY 2022 (January 1, 2022 to December 31, 2022)

	Net Sales	Operating income	Income before tax	Net income attributable to owners of the parent	Total basic earnings per share
Previously announced forecast (A) (February 10, 2022)	Million yen 320,000	Million yen 33,000	Million yen 35,000	Million yen 23,400	Yen 194.57
Revised forecast (B)	310,000	26,000	35,000	23,400	195.2
Change (B-A)	(10,000)	(7,000)	—	—	—
Rate of Change (%)	(3.1)	(21.2)	—	—	—
(Reference) Previous year's results	299,802	30,017	101,966	64,818	534.67

(Segment Information)

1) Net Sales

(Million yen)

	Component solutions	Transport solutions	Accessibility solutions	Others	Corporate or elimination	Total
Previously announced forecast (A) (February 10, 2022)	151,800	73,200	73,300	21,700	—	320,000
Revised forecast (B)	145,000	71,700	74,100	19,200	—	310,000
Change (B-A)	(6,800)	(1,500)	800	(2,500)	—	(10,000)
Rate of Change (%)	(4.5)	(2.0)	1.1	(11.5)	—	(3.1)
(Reference) Previous year's results	138,130	67,744	75,108	18,820	—	299,802

2) Operating income

(Million yen)

	Component solutions	Transport solutions	Accessibility solutions	Others	Corporate or elimination	Total
Previously announced forecast (A) (February 10, 2022)	26,400	6,600	7,100	2,900	(10,000)	33,000
Revised forecast (B)	22,600	5,800	5,400	2,100	(9,900)	26,000
Change (B-A)	(3,800)	(800)	(1,700)	(800)	100	(7,000)
Rate of Change (%)	(14.4)	(12.1)	(23.9)	(27.6)	—	(21.2)
(Reference) Previous year's results	22,903	5,617	7,642	2,736	(8,882)	30,017

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 2021 (as of December 31, 2021)	End of the first six-month period of consolidated FY 2022 (as of June 30, 2022)
Assets			
Current assets			
Cash and cash equivalents		112,771	106,687
Trade receivables		74,957	64,947
Contract assets		2,065	3,797
Other receivables		1,300	1,167
Inventories		41,880	53,136
Other financial assets		7,821	3,034
Other current assets		3,588	3,927
Total		244,382	236,695
Assets held for sale		44,519	36,229
Total current assets		288,900	272,923
Non-current assets			
Property, plant and equipment		89,020	91,508
Intangible assets		4,251	5,079
Right-of-use assets		8,877	10,468
Goodwill		16,184	17,849
Investment property		2,162	2,133
Investments accounted for using the equity method		15,475	16,128
Other financial assets		53,860	46,143
Deferred tax assets		1,997	2,278
Other non-current assets		992	1,113
Total non-current assets		192,818	192,699
Total assets		481,718	465,623

(Million yen)

	Note No.	End of consolidated FY 2021 (as of December 31, 2021)	End of the first six-month period of consolidated FY 2022 (as of June 30, 2022)
Liabilities and equity			
Liabilities			
Current liabilities			
Operating payables		51,974	53,540
Contract liabilities		5,704	8,476
Borrowings		14,690	14,030
Other payables		10,776	12,869
Income taxes payable		19,788	2,503
Provisions		1,206	1,403
Lease liabilities		2,158	2,558
Other financial liabilities		77,878	77,961
Other current liabilities		7,139	6,396
Total current liabilities		191,315	179,737
Non-current liabilities			
Borrowings		2,897	3,213
Lease liabilities		7,575	8,827
Liabilities concerning retirement benefit		9,079	9,094
Deferred tax liabilities		13,922	9,250
Other non-current liabilities		1,936	2,215
Total non-current liabilities		35,408	32,599
Total liabilities		226,723	212,336
Equity			
Capital stock		10,000	10,000
Share premium		14,961	14,948
Retained earnings		214,791	204,992
Treasury shares		(4,784)	(4,645)
Other components of equity		4,942	13,738
Equity attributable to owners of the parent		239,910	239,033
Non-controlling interests		15,084	14,254
Total equity		254,995	253,287
Total liabilities and equity		481,718	465,623

(2) Summary of Quarterly Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Summary of Consolidated Statements of Income

First Six-month Period

(Million yen)

	Note No.	First six-month period of consolidated FY 2021 (January 1, 2021 to June 30, 2021)	First six-month period of consolidated FY 2022 (January 1, 2022 to June 30, 2022)
Net sales	2	145,708	142,195
Cost of sales		(105,298)	(106,668)
Gross profit		40,410	35,527
Other income		591	615
Selling, general and administrative expense		(26,168)	(28,121)
Other expenses		(221)	(135)
Operating income	2	14,613	7,886
Financial income		126,582	1,959
Financial costs		(33,957)	(16,658)
Equity in earnings of affiliates		1,227	1,139
Profit (loss) before tax		108,465	(5,674)
Income tax expense		(38,562)	1,426
Net income (loss)		69,903	(4,248)

Net income (loss) attributable to			
Owners of the parent		68,056	(5,106)
Non-controlling interests		1,848	858
Net income (loss)		69,903	(4,248)

(Yen)

Net income (loss) per share			
Basic earnings (loss) per share		556.45	(42.56)
Diluted earnings (loss) per share		556.37	(42.56)

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

(Million yen)

	Note No.	First six-month period of consolidated FY 2021 (January 1, 2021 to June 30, 2021)	First six-month period of consolidated FY 2022 (January 1, 2022 to June 30, 2022)
Net income (loss)		69,903	(4,248)
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		254	130
Total components that will not be reclassified to profit or loss		254	130
Components that will be reclassified to profit or loss			
Exchange differences on foreign operations		3,486	10,005
Total components that will be reclassified to profit or loss		3,486	10,005
Other comprehensive income after taxes		3,741	10,135
Total comprehensive income		73,644	5,887
Comprehensive income attributable to			
Owners of the parent		71,070	3,699
Non-controlling interests		2,574	2,188
Total comprehensive income		73,644	5,887

(3) Summary of Quarterly Consolidated Statement of Changes in Equity

First six-month period of current consolidated fiscal year (January 1, 2021 to June 30, 2021)

(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, 2021		10,000	14,998	173,988	(2,471)	(3,348)	4,863
Net income		—	—	68,056	—	—	—
Other comprehensive income		—	—	—	—	2,759	254
Total comprehensive income		—	—	68,056	—	2,759	254
Acquisition, sales, etc. of treasury shares		—	—	—	(20,704)	—	—
Dividends		—	—	(4,228)	—	—	—
Transfer from other components of equity to retained earnings		—	—	1,819	—	—	(1,819)
Share-based compensation transactions		—	(177)	—	—	—	—
Total transactions with owners, etc.		—	(177)	(2,409)	(20,704)	—	(1,819)
Balance as of June 30, 2021		10,000	14,821	239,635	(23,175)	(589)	3,298

	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, 2021		—	1,515	198,031	13,610	211,641
Net income		—	—	68,056	1,848	69,903
Other comprehensive income		—	3,014	3,014	727	3,741
Total comprehensive income		—	3,014	71,070	2,574	73,644
Acquisition, sales, etc. of treasury shares		—	—	(20,704)	—	(20,704)
Dividends		—	—	(4,228)	(2,883)	(7,111)
Transfer from other components of equity to retained earnings		—	(1,819)	—	—	—
Share-based compensation transactions		—	—	(177)	—	(177)
Total transactions with owners, etc.		—	(1,819)	(25,110)	(2,883)	(27,993)
Balance as of June 30, 2021		—	2,709	243,990	13,301	257,291

First six-month period of current consolidated fiscal year (January 1, 2022 to June 30, 2022)

(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, 2022		10,000	14,961	214,791	(4,784)	1,874	3,069
Net income (loss)		—	—	(5,106)	—	—	—
Other comprehensive income		—	—	—	—	8,682	123
Total comprehensive income		—	—	(5,106)	—	8,682	123
Acquisition, sales, etc. of treasury shares		—	—	(10)	139	—	—
Dividends		—	—	(4,692)	—	—	—
Transfer from other components of equity to retained earnings		—	—	10	—	—	(10)
Share-based compensation transactions		—	(13)	—	—	—	—
Total transactions with owners, etc.		—	(13)	(4,693)	139	—	(10)
Balance as of June 30, 2022		10,000	14,948	204,992	(4,645)	10,556	3,182

	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, 2022		—	4,942	239,910	15,084	254,995
Net income (loss)		—	—	(5,106)	858	(4,248)
Other comprehensive income		—	8,805	8,805	1,330	10,135
Total comprehensive income		—	8,805	3,699	2,188	5,887
Acquisition, sales, etc. of treasury shares		—	—	128	—	128
Dividends		—	—	(4,692)	(3,018)	(7,711)
Transfer from other components of equity to retained earnings		—	(10)	—	—	—
Share-based compensation transactions		—	—	(13)	—	(13)
Total transactions with owners, etc.		—	(10)	(4,577)	(3,018)	(7,595)
Balance as of June 30, 2022		—	13,738	239,033	14,254	253,287

(4) Summary of Quarterly Consolidated Statements of Cash Flows

(Million yen)

	Note No.	First six-month period of consolidated FY 2021 (January 1, 2021 to June 30, 2021)	First six-month period of consolidated FY 2022 (January 1, 2022 to June 30, 2022)
Cash flows from operating activities			
Net income (loss)		69,903	(4,248)
Depreciation and amortization		6,636	7,098
Increase (decrease) in assets and liabilities concerning retirement benefits		114	12
Interest and dividend income		(288)	(358)
Interest expenses		83	78
Valuation loss (gain) due to exclusion of equity method		(125,107)	—
Loss (gain) on sale of investment securities		33,874	16,566
Share of profit loss (gain) of investments accounted for using equity method		(1,227)	(1,139)
Loss (gain) on sales of fixed assets		126	(0)
Expenses of income tax		38,562	(1,426)
Decrease (increase) in trade receivables, contract assets, and contract liabilities		13,065	14,630
Decrease (increase) in inventories		(5,307)	(8,370)
Increase (decrease) in operating payables		3,881	(1,012)
Other		(22)	(282)
Subtotal		34,293	21,548
Interest and dividends received		783	1,021
Interest paid		(82)	(81)
Income taxes refunded (paid)		(8,361)	(21,393)
Cash flows from operating activities		26,633	1,096
Cash flows from investing activities			
Decrease (increase) in time deposits		17	391
Purchases of tangible fixed assets		(3,847)	(4,678)
Proceeds from sales of tangible fixed assets		99	48
Purchases of intangible fixed assets		(791)	(1,156)
Proceeds from sale of investment securities		78,225	14
Payments of leasehold and guarantee deposits		(11,431)	(60)
Proceeds from collection of leasehold and guarantee deposits		—	4,628
Proceeds from sale of investments accounted for using equity method		3,156	—
Other		348	(87)
Cash flows from investing activities		65,775	(901)
Cash flows from financing activities			
Increase (decrease) in short-term bank loans		(14,057)	(1,122)
Repayment of long-term loans payable		(113)	(118)
Payments of lease liabilities		(1,311)	(1,385)
Decrease (increase) in treasury shares		(20,931)	35
Cash dividends paid		(4,229)	(4,689)
Cash dividends paid to minority shareholders		(2,883)	(3,018)
Cash flows from financing activities		(43,523)	(10,297)
Increase (decrease) in cash and cash equivalents		48,886	(10,101)
Cash and cash equivalents at beginning of term		64,665	112,771
Effect of exchange rate changes on cash and cash equivalents		1,276	4,017
Cash and cash equivalents at end of term		114,827	106,687

(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, 2021 (January 1, 2021 to June 30, 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	68,946	32,624	35,940	137,510	8,198	145,708	—	145,708
Inter-segment sales	1,192	562	1	1,755	212	1,967	(1,967)	—
Total sales	70,138	33,186	35,941	139,265	8,410	147,675	(1,967)	145,708
Segment income (Operating income)	12,097	2,577	3,783	18,456	1,011	19,468	(4,855)	14,613
Finance income				-				126,582
Finance costs				-				(33,957)
Equity in earnings of affiliates				-				1,227
Income before tax				-				108,465

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, 2022 (January 1, 2022 to June 30, 2022)

(Million yen)

	Reportable segments				Others	Total	Adjustments	Amount stated in summary of consolidated statements of income	
	Component	Transport	Accessibility	Total					
Net sales									
Sales to external customers	64,722	31,124	39,548	135,394	6,801	142,195	—	142,195	
Inter-segment sales	1,255	594	2	1,850	150	2,000	(2,000)	—	
Total sales	65,977	31,718	39,550	137,245	6,950	144,195	(2,000)	142,195	
Segment income (Operating income)	7,204	2,012	2,829	12,044	67	12,111	(4,225)	7,886	
Financial income									1,959
Financial costs									(16,658)
Equity in earnings of affiliates									1,139
Loss before tax									(5,674)

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.

3. Significant Subsequent Events

(Completion of partial sale of shares)

Regarding the partial sale of shares of Harmonic Drive Systems Co., Ltd. as announced on February 10, 2021, the sale to the market has been completed by Nomura Securities Co., Ltd., the purchaser.

The Company will recognize JPY 4.9 billion in financial income for the first nine-month period of FY 2022 and JPY 13.2 billion for the third quarter period of consolidated FY 2022 due to the completion of partial sale of shares, since the sale price was settled based on the average value of VWAP (Volume Weighted Average Price) of each day during the sale period and the risk and reward represented by such shares had been transferred from the company to the purchaser

- (1) Subject Shares: Common shares of HDS (Standard Section of the Tokyo Stock Exchange 6324)
- (2) Number of shares to be sold: 9,160,200 shares
- (3) Period of sale: February 10, 2021 through to July 11, 2022
- (4) Total Sale Price: JPY 49.4 billion

Note: The above shares are recorded as assets held for sale in the Summary of Quarterly Consolidated Statement of Financial Position as of the end of the first six-month period of consolidated FY 2022. On July 19, 2022 the company paid Nomura Securities Co., Ltd. JPY 26.5 billion after deducting the above price and guarantee deposit of JPY 1.9 billion (Other financial assets) from the JPY 77.9 billion deposit received at the start of the partial sale of the shares (Other financial liabilities)

(Financial impact on consolidated results of the partial sale of shares)

	First six-month period of consolidated FY 2022 (January 1, 2022 to June 30, 2022)	First nine-month period of consolidated FY 2022 (January 1, 2022 to September 30, 2022)	(JPY billion)
Financial income	—	4.9 ^{(*)2}	13.2 ^{(*)3}
Financial loss	(8.3) ^{(*)1}	—	—

Notes:

*1 The financial loss is a valuation loss based on the closing price (fair value) at the end of the first six-month period of consolidated FY 2022

*2 The financial income is the difference between the total sale price based on the average VWAP of each day during the period of partial sale and the closing price (fair value) at the year end for FY 2021.

*3 The financial income is the difference between the total sale price based on the average VWAP of each day during the period of partial sale and the closing price (fair value) at the end of the first six-month period of consolidated FY 2022.

3. Other Information

(1) Order Backlog by Business Segment

Reportable Segments	As of the end of the first six-month period of consolidated FY 2021 (June 30, 2021)		As of the end of the first six-month period of consolidated FY 2022 (June 30, 2022)	
	Amount (million yen)	% to total	Amount (million yen)	% to total
Component Solutions	38,975	28.1	44,837	27.5
Transport Solutions	51,201	36.9	58,027	35.6
Accessibility Solutions	39,010	28.1	46,333	28.4
Others	9,458	6.9	13,664	8.5
Total	138,645	100.0	162,861	100.0