

# Summary of Consolidated Financial Statements for the Fiscal Year Ended December 31, 2019 (IFRS)



February 7, 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

Name: Katsuhiro Teramoto

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Scheduled Date of Annual Shareholders Meeting: March 24, 2020

Scheduled Date of Dividend Payment: March 25, 2020

Scheduled Date of Issue of Financial Report: March 25, 2020

Availability of supplementary information: Yes

Organization of financial result briefing meeting: Yes (for institutional investors and financial analysts)

(Amounts rounded to the nearest million)

## 1. Consolidated Results for FY 2019 (January 1, 2019 to December 31, 2019)

### (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 2019	289,808	(1.6)	25,320	15.7	27,979	(6.6)	19,951	(13.1)	17,931	(14.7)	19,459	(7.3)
FY 2018	294,626	4.3	21,889	(25.7)	29,962	(14.2)	22,965	(13.6)	21,029	(16.4)	20,980	(28.8)

	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 2019	144.50	144.42	9.8	8.3	8.7
FY 2018	169.65	169.42	12.1	9.5	7.4

(Reference) Equity in earnings of affiliates: FY 2019: 2,864 million yen FY 2018: 9,181 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
FY2019	344,558	199,133	187,398	54.4	1,508.53
FY2018	328,568	189,255	178,702	54.4	1,438.64

### (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 2019	38,433	(20,086)	(13,365)	58,686
FY 2018	24,165	(21,823)	8,396	54,039

## 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 2018	—	36.00	—	37.00	73.00	9,071	43.0	5.2
FY 2019	—	36.00	—	37.00	73.00	9,078	50.5	5.0
FY 2020 (Forecast)	—	41.00	—	41.00	82.00		44.1	

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

(Percentages indicate year-on-year changes)

	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 2020	148,000	4.0	14,000	16.6	15,000	11.2	9,200	19.4	74.14
FY 2020	303,000	4.6	32,000	26.4	34,000	21.5	23,100	28.8	186.15

\* Matters of note:

- (1) Changes in significant subsidiaries during the FY 2019 (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: Yes  
 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, 2019	125,133,799	As of December 31, 2018	125,133,799
2)	As of December 31, 2019	1,013,362	As of December 31, 2018	1,154,403
3)	FY 2019	124,091,307	FY 2018	123,960,443

[Reference] Overview of Non-Consolidated Operating Results

1. Non-Consolidated Operating Results for FY 2019 (January 1, 2019 to December 31, 2019)

(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 2019	159,180	(5.7)	10,399	(25.4)	14,973	(15.6)	4,373	(72.4)
FY 2018	168,761	2.3	13,948	(20.3)	17,745	(18.3)	15,852	(1.7)

	Net income per share	Fully diluted net income per share
	Yen	Yen
FY 2019	35.24	35.22
FY 2018	127.88	127.71

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY 2019 (as of December 31, 2019)	223,288	117,106	52.4	942.20
FY 2018 (as of December 31, 2018)	228,370	121,607	53.1	978.12

(Reference) Shareholders' equity:

As of December 31, 2019: 116,947 million yen

As of December 31, 2018: 121,267 million yen

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

(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 2020	83,000	4.4	10,500	9.5	10,300	39.8	83.00
Fiscal year ending December 2020	169,000	6.2	17,000	13.5	15,600	256.7	125.71

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, 2020 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.

## Table of Contents of Attached Documents

1. Overview of Consolidated Operating Results, etc. ....	2
(1) Overview of Consolidated Operating Results of the Period under Review.....	2
(2) Overview of Financial Position for the Period under Review.....	4
(3) Overview of Cash Flows for the Period under Review .....	5
(4) Future Outlook.....	6
2. Management Policy.....	8
(1) Basic Policy of the Management of the Company.....	8
(2) Commitment in the Medium-term Plan .....	8
(3) Medium- to Long-term Management Strategies.....	9
(4) Challenges Facing the Company .....	9
3. Basic Concept on the Selection of Accounting Standards.....	9
4. Consolidated Financial Statements and Notes on the Consolidated Financial Statements.....	10
(1) Consolidated Statement of Financial Position .....	10
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income.....	12
(3) Consolidated Statement of Changes in Equity .....	14
(4) Consolidated Statements of Cash Flows .....	16
(5) Notes on the Summary of Consolidated Financial Statements.....	17
5. Other Information.....	22
(1) Output and Order Backlog by Business Segment .....	22
(2) Status of Capital Expenditure and Employees .....	22

## 1. Overview of Consolidated Operating Results, etc.

### (1) Overview of Consolidated Operating Results of the Period under Review

The consolidated operating results of the Group for the current fiscal year recorded net sales of ¥289,808 million, operating income of ¥25,320 million, income before tax of ¥27,979 million, and net income attributable to owners of the parent of ¥17,931 million. These results reflected a decline in demand for precision reduction gears due to a slump in capital investment caused by the trade friction between the United States and China, despite strong sales posted in the automatic door business.

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

The amount of orders received for the current fiscal year decreased 0.1% year-on-year to ¥294,423 million. Net sales decreased 1.6% to ¥289,808 million, while operating income increased 15.7% year-on-year to ¥25,320 million. Ratio of operating income to net sales was 8.7%.

Operating results by business segment were as follows:

[Amount of orders received]

(Million yen)			
Reportable Segment	Previous fiscal year (ended December 2018) (Consolidated basis)	Current fiscal year (ended December 2019) (Consolidated basis)	Change (%)
Component Solutions	114,716	110,919	(3.3)
Transport Solutions	86,790	84,326	(2.8)
Accessibility Solutions	74,906	81,318	8.6
Others	18,416	17,861	(3.0)
Total	294,827	294,423	(0.1)

[Net sales]

(Million yen)			
Reportable Segment	Previous fiscal year (ended December 2018) (Consolidated basis)	Current fiscal year (ended December 2019) (Consolidated basis)	Change (%)
Component Solutions	119,280	107,188	(10.1)
Transport Solutions	81,863	83,994	2.6
Accessibility Solutions	75,957	79,971	5.3
Others	17,527	18,654	6.4
Total	294,626	289,808	(1.6)

[Operating income or loss]

(Million yen)			
Reportable Segment	Previous fiscal year (ended December 2018) (Consolidated basis)	Current fiscal year (ended December 2019) (Consolidated basis)	Change (%)
Component Solutions	20,197	15,897	(21.3)
Transport Solutions	2,007	5,778	187.8
Accessibility Solutions	4,625	8,565	85.2
Others	2,458	2,551	3.8
Corporate or Elimination	(7,400)	(7,470)	—
Total	21,889	25,320	15.7

[Component solutions business]

The amount of orders received for component solutions decreased 3.3% year-on-year to ¥110,919 million. Net sales dropped 10.1% to ¥107,188 million, while operating income plunged 21.3% to ¥15,897 million.

Sales of precision reduction gears decreased from the previous year, as demand diminished due to sluggish capital investment resulting from the prolonged trade friction between the United States and China. Sales of hydraulic equipment remained virtually unchanged from the previous year reflecting sluggish sales in the Southeast Asian market despite robust sales in the Chinese market.

[Transport solutions business]

The amount of orders received for transport solutions decreased 2.8% year-on-year to ¥84,326 million. Net sales rose 2.6% year-on-year to ¥83,994 million, and operating income increased 187.8% to ¥5,778 million.

Railroad vehicle equipment saw net sales unchanged from the previous year as demand from Chinese subways remained brisk. Sales of aircraft equipment increased year-on-year reflecting increased production of private-sector aircraft. Sales of commercial vehicle equipment remained flat from the previous year as strong domestic market offset the decline in the Southeast Asian market. Marine vessel equipment saw a net sales increase year-on-year as the mild recovery trend in the market continued.

Due mainly to the effects of an increase in business assets as a result of the adoption of IFRS 16 "Leases" (new lease accounting standards), impairment loss of ¥1,268 million on goodwill related to the consolidated subsidiary OVALO GmbH was recorded for the current fiscal year.

[Accessibility solutions business]

The amount of orders received for accessibility solutions increased 8.6% year-on-year to ¥81,318 million. Net sales increased 5.3% year-on-year to ¥79,971 million, and operating income increased 85.2% year-on-year to ¥8,565 million.

Sales from the automatic door business increased compared to the previous year, reflecting brisk domestic demand.

[Others]

The amount of orders received for others decreased 3.0% year-on-year to ¥17,861 million. Net sales increased 6.4% year-on-year to ¥18,654 million, while operating income rose by 3.8% year-on-year to ¥2,551 million.

Sales of packaging machinery increased year-on-year due to robust domestic demand from the food industry.

Reference: Information by region

[Net sales]

(Million yen)

N o t e	Previous fiscal year (ended December 2018) (Consolidated basis)	Current fiscal year (ended December 2019) (Consolidated basis)	Change (%)
Japan	161,458	163,626	1.3
China	47,647	45,273	(5.0)
Other Asia <sup>1</sup>	20,465	16,892	(17.5)
North America	19,738	21,985	11.4
Europe	43,913	39,922	(9.1)
Other areas <sup>2</sup>	1,405	2,109	50.1
Total	294,626	289,808	(1.6)

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

2) Income before tax\*\*

Financial income was ¥766 million, and financial costs were ¥971 million mainly reflecting the incurrence of foreign exchange losses. Equity in earnings of affiliates decreased 68.8% year-on-year to ¥2,864 million, due mainly to the absence of profit in line with the issuance of new shares by an equity method affiliate during the previous year. As a result, income before tax amounted to ¥27,979 million, a decrease of 6.6% year-on-year.

3) Net income attributable to owners of the parent

In sum, net income attributable to owners of the parent was ¥17,931 million, a decrease of 14.7% year-on-year, net of expenses of income tax of ¥8,028 million and net profit attributable to non-controlling interests of ¥2,020 million.

Total basic earnings per share were ¥144.50, a decrease of ¥25.15 year-on-year.

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

	As of the end of the previous consolidated fiscal year (December 31, 2018)	As of the end of the current consolidated fiscal year (December 31, 2019)	Change
Total assets (million yen)	328,568	344,558	15,990
Liabilities (million yen)	139,313	145,424	6,112
Equity (million yen)	189,255	199,133	9,878
Ratio of equity attributable to owners of the parent (%)	54.4	54.4	-
ROA (%)	6.7	5.3	(1.4)
ROE (%)	12.1	9.8	(2.3)

### [Assets]

Total assets as of December 31, 2019 were ¥344,558 million, an increase of ¥15,990 million from December 31, 2018, consisting of ¥179,154 million in current assets and ¥165,404 million in non-current assets. Key contributing positive factors included increases of ¥9,004 million in right-of-use assets as a result of the commencement of adoption of IFRS 16 "Leases" and ¥6,510 million in property, plant and equipment. The key contributing negative factor was a decrease of ¥5,777 million in trade receivables.

### [Liabilities]

Total liabilities as of December 31, 2019 were ¥145,424 million, an increase of ¥6,112 million from December 31, 2018, reflecting ¥109,614 million in current liabilities and ¥35,810 million in non-current liabilities. The main contributing positive factor was the rise of ¥8,804 million in lease liabilities as a result of the commencement of adoption of IFRS 16 "Leases."

### [Equity]

Total equity as of December 31, 2019 stood at ¥199,133 million. Equity attributable to owners of the parent was ¥187,398 million, an increase of ¥8,696 million from December 31, 2018. The key contributing positive factor was an increase in retained earnings due to net income attributable to owners of the parent of ¥17,931 million, while the main contributing negative factor was a decrease of ¥9,074 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 54.4%, and equity attributable to owners of the parent per share was ¥1,508.53.

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

(Million yen)

	Previous fiscal year (ended December 2018) (Consolidated basis)	Current fiscal year (ended December 2019) (Consolidated basis)
Cash flows from operating activities	24,165	38,433
Cash flows from investing activities	(21,823)	(20,086)
Free cash flow	2,342	18,347
Cash flows from financing activities	8,396	(13,365)

Cash and cash equivalents (hereinafter, "capital") on a consolidated basis as of December 31, 2019 stood at ¥58,686 million, an increase of ¥4,647 million from December 31, 2018, reflecting ¥38,433 million in capital gained from operating activities, which was mainly used for capital expenditure and dividend payments.

#### [Cash flows from operating activities]

Net cash generated from operating activities for the current fiscal year totaled ¥38,433 million. Principal positive factors included decreases in net income, depreciation and amortization and trade receivables. Meanwhile, the main negative factors included a decrease in operating payables.

#### [Cash flows from investing activities]

Net cash used in investing activities for the current fiscal year amounted to ¥20,086 million, mainly due to the purchase of property, plant and equipment.

#### [Cash flows from financing activities]

Net cash generated from financing activities for the current fiscal year totaled ¥13,365 million. The main negative factor was payment of dividends.

#### (4) Future Outlook

The Group expects net sales for the next fiscal year to be ¥303,000 million, a 4.6% year-on-year increase and operating income of ¥32,000 million, a 26.4% year-on-year increase on the back of the recovery of demand for precision reduction gears for automobile and general industries, as well as solid demand for transport solutions and packaging machinery.

Overview by segment is as follows.

Forecasts for the fiscal year ending December 2020 by business segment

[Net sales]

(Million yen)

Reportable segment	Result for the current fiscal year (ended December 2019)	Forecast for the next fiscal year (ending December 2020)	Change (%)
Component Solutions	107,188	116,000	8.2
Transport Solutions	83,994	90,300	7.5
Accessibility Solutions	79,971	75,700	(5.3)
Others	18,654	21,000	12.6
Total	289,808	303,000	4.6

Reportable segment	Forecast for the first six-month period of the next fiscal year (January 1, 2020 to June 30, 2020)		Forecast for the next fiscal year (January 1, 2020 to December 31, 2020)	
	Amount (Million yen)	Composition ratio (%)	Amount (Million yen)	Composition ratio (%)
Component Solutions	57,400	38.8	116,000	38.3
Transport Solutions	43,500	29.4	90,300	29.8
Accessibility Solutions	37,300	25.2	75,700	25.0
Others	9,800	6.6	21,000	6.9
Total	148,000	100.0	303,000	100.0

[Operating income]

(Million yen)

Reportable segment	Result for the current fiscal year (ended December 2019)	Forecast for the next fiscal year (ending December 2020)	Change (%)
Component Solutions	15,897	18,300	15.1
Transport Solutions	5,778	10,200	76.5
Accessibility Solutions	8,565	7,500	(12.4)
Others	2,551	3,000	17.6
Corporate or Elimination	(7,470)	(7,000)	—
Total	25,320	32,000	26.4

Reportable segment	Forecast for the first six-month period of the next fiscal year (January 1, 2020 to June 30, 2020)		Forecast for the next fiscal year (January 1, 2020 to December 31, 2020)	
	Amount (Million yen)	Operating margin (%)	Amount (Million yen)	Operating margin (%)
Component Solutions	8,800	15.3	18,300	15.8
Transport Solutions	3,700	8.5	10,200	11.3
Accessibility Solutions	3,200	8.6	7,500	9.9
Others	1,300	13.3	3,000	14.3
Corporate or Elimination	(3,000)	—	(7,000)	—
Total	14,000	9.5	32,000	10.6

[Component solutions business]

Net sales and operating income in the component solutions business are expected to amount to ¥116,000 million (up 8.2% year-on-year) and ¥18,300 million (up 15.1% year-on-year), respectively.

Sales of precision reduction gears are expected to increase year-on-year reflecting the recovery of demand for capital investment related to automobiles anticipated in the second half of 2020, despite sluggish demand during the first half of 2020 due to the continued restraint on capital investment resulting from the trade friction between the United States and China.

We expect sales of hydraulic equipment to remain virtually unchanged year-on-year as demand for construction machinery will likely remain robust thanks to infrastructure investment in China and Southeast Asia.

[Transport solutions business]

Net sales and operating income in the transport solutions business are expected to reach ¥90,300 million (up 7.5% year-on-year) and ¥10,200 million (up 76.5% year-on-year), respectively.

Sales of railroad vehicle equipment are expected to see a year-on-year increase due to a rise in the number of overseas projects while domestic demand will continue to be affected by the off-season period. Sales of aircraft equipment will likely remain virtually unchanged year-on-year despite the commencement of mass production of B777X for private-sector aircraft. Sales of commercial vehicle equipment are anticipated to remain flat year-on-year while the environment for domestic demand will likely become increasingly difficult. Marine vessel equipment is expected to see an increase in sales as the mild recovery in market conditions will likely continue.

[Accessibility solutions business]

Net sales and operating income in the accessibility solutions business are expected to amount to ¥75,700 million (down 5.3% year-on-year) and ¥7,500 million (down 12.4% year-on-year), respectively.

Sales of automatic doors are expected to decrease reflecting a temporary decline during the period of the Olympic and Paralympic Games and the commencement of the off-season period for overseas platform door projects.

[Others]

Net sales and operating income in other businesses are expected to reach ¥21,000 million (up 12.6% year-on-year) and ¥3,000 million (up 17.6% year-on-year), respectively.

Packaging machines are expected to see an increase in sales due to a strong overseas demand.

## 2. Management Policy

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

The Company and its group companies have exerted efforts under the corporate philosophy mentioned below to achieve the long-term vision ending FY 2020. Considering, however, changes in business environment surrounding the Company, the Company has formulated a four-year Medium-term Management Plan titled “Move forward! Challenge the future! Create ‘New Value 2020’” starting in FY 2017.

[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] Status on FY 2020

“Global Partner with Best Solutions”

[Basic Policy of the Medium-term Management Plan]

To realize the ideal image towards FY 2020, the Company will implement its strategies under the following policy.

“Move forward! Challenge the future!”  
– Create “New Value 2020” –

### (2) Commitment in the Medium-term Plan

The Group has set medium-term management targets spanning FY 2017 through FY 2020 as follows:

**Commitment:**

Achieve and maintain 15% in ROE by FY 2020.  
Consolidated pay-out ratio is set at 35% or higher during the period of this Medium-term Management Plan.  
Focus on solving ESG issues.

### **(3) Medium- to Long-term Management Strategies**

During the Medium-term Management Plan period, we will implement strategies towards the realization of our long-term vision “Global Partner with Best Solutions” by combining three basic policies consisting of “Market Creation,” “Technology Innovation” and “Operational Excellence.”

- 1) Creating new businesses through “Market Creation”
  - Overseas businesses will be further developed including through effective use of M&A.
  - The after-sales-services business (MRO) will be further enhanced and expanded by utilizing ICT, IoT and other cutting-edge technologies.
- 2) Creating new solutions through “Technology Innovation”
  - Business domains will be expanded from the provision of components to system solutions.
  - New competitive advantages in products will be established through “Innovations in manufacturing” including the development of new engineering processes.
  - Highly efficient production, highly environmental capabilities and a comfortable working environment will be realized by introducing modernization and smart solutions to domestic plants.
  - The acquisition of new technology will be aimed for by searching for startups through Corporate Venture Capital.
- 3) Raising corporate value by continuously improving profitability and efficiency through “Operational Excellence”
  - Reinforce the operation bases through production reforms and operational reforms to improve profitability.
  - Improvement of efficiency in business operations and the generation of inter-business synergies will be pursued.
  - As an additional internal management indicator, ROIC (Return on Invested Capital) will be introduced to raise capital efficiency and generate cash steadily.
  - The payout ratio will be maintained stably at 35% or higher on a consolidated basis to flexibly implement shareholder return.
  - Investments for future growth will focus on 1) the modernization of domestic plants to increase production; 2) the promotion of R&D; and 3) the preparation of funds for strategic M&A.
  - Systematic efforts will be made in a wide range of ESG themes by positioning “ensuring management transparency (Governance)” and “providing safety, security, and comfort (Environment, Society)” as materiality (important CSR issues).

### **(4) Challenges Facing the Company**

We position the achievement of the Medium-term Management Plan as our top priority issue, and will focus on addressing the following challenges facing the Company in order to respond to the rapidly changing and diversifying global market.

- Establish business models that match the market; expand overseas businesses; and enhance their profitability.
- Develop products that respond to customer needs; develop products that differentiate themselves by taking advantage of wide-ranging technologies.
- Establish decision-making and management systems that can respond flexibly and swiftly.
- Secure and cultivate human resources to address global expansion of the Company.
- Reinforce governance and improve risk management capabilities.

## **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 2018 (as of December 31, 2018)	End of consolidated FY 2019 (as of December 31, 2019)
<b>Assets</b>			
Current assets		54,039	
Cash and cash equivalents		54,039	58,686
Trade receivables		74,952	69,175
Contract assets		1,650	1,000
Other receivables		1,643	1,300
Inventories		43,592	41,257
Other financial assets		280	4,752
Other current assets		2,969	2,984
<b>Total current assets</b>		<b>179,124</b>	<b>179,154</b>
Non-current assets			
Property, plant and equipment		80,573	87,083
Intangible assets		5,076	5,127
Right-of-use assets		—	9,004
Goodwill		15,512	14,161
Investment property		5,382	3,928
Investments accounted for using the equity method		29,641	31,952
Other financial assets		9,558	11,210
Deferred tax assets		2,012	1,868
Other non-current assets		1,690	1,072
<b>Total non-current assets</b>		<b>149,443</b>	<b>165,404</b>
<b>Total assets</b>		<b>328,568</b>	<b>344,558</b>

(Million yen)

	Note No.	End of consolidated FY 2018 (as of December 31, 2018)	End of consolidated FY 2019 (as of December 31, 2019)
Liabilities and equity			
Liabilities			
Current liabilities			
Operating payables		50,297	45,021
Contract liabilities		5,232	5,579
Bonds and borrowings		34,067	30,719
Other payables		11,809	14,405
Income taxes payable		3,479	4,040
Provisions		1,625	1,162
Lease liabilities		—	2,236
Other financial liabilities		—	13
Other current liabilities		6,048	6,439
Total current liabilities		112,558	109,614
Non-current liabilities			
Bonds and borrowings		11,243	13,217
Lease liabilities		—	6,568
Liabilities concerning retirement benefit		9,142	9,569
Deferred tax liabilities		4,881	4,540
Other non-current liabilities		1,490	1,916
Total non-current liabilities		26,755	35,810
Total liabilities		139,313	145,424
Equity			
Capital stock		10,000	10,000
Share premium		15,096	14,932
Retained earnings		155,133	163,794
Treasury shares		(2,903)	(2,536)
Other components of equity		1,377	1,208
Equity attributable to owners of the parent		178,702	187,398
Non-controlling interests		10,553	11,735
Total equity		189,255	199,133
Total liabilities and equity		328,568	344,558

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

## Consolidated Statements of Income

(Million yen)

	Note No.	Previous fiscal year (ended December 2018) (Consolidated basis)	Current fiscal year (ended December 2019) (Consolidated basis)
Net sales	3	294,626	289,808
Cost of sales		(215,043)	(212,105)
Gross profit		79,583	77,703
Other income		1,582	1,795
Selling, general and administrative expense		(53,184)	(51,998)
Other expenses		(6,093)	(2,180)
Operating income	3	21,889	25,320
Financial income		366	766
Financial costs		(1,473)	(971)
Equity in earnings of affiliates		9,181	2,864
Profit before tax		29,962	27,979
Income tax expense		(6,997)	(8,028)
Net income		22,965	19,951

Net income attributable to			
Owners of the parent		21,029	17,931
Non-controlling interests		1,935	2,020
Net income		22,965	19,951

Net income per share			
Basic earnings per share (Yen)	4	169.65	144.50
Diluted earnings per share (Yen)	4	169.42	144.42

## Consolidated Statements of Comprehensive Income

(Million yen)

	Note No.	Previous fiscal year (ended December 2018) (Consolidated basis)	Current fiscal year (ended December 2019) (Consolidated basis)
Net income		22,965	19,951
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of net defined benefit plans (assets)		(18)	(189)
Net changes in financial assets measured at fair value through other comprehensive income		(16)	288
Share of other comprehensive income for equity method affiliates		677	328
Total components that will not be reclassified to profit or loss		643	427
Components that will be reclassified to profit or loss			
Exchange differences on foreign operations		(2,628)	(919)
Total components that will be reclassified to profit or loss		(2,628)	(919)
Other comprehensive income after taxes		(1,984)	(492)
Total comprehensive income		20,980	19,459
Comprehensive income attributable to			
Owners of the parent		19,552	17,602
Non-controlling interests		1,428	1,856
Total comprehensive income		20,980	19,459

### (3) Consolidated Statement of Changes in Equity

FY 2018 (January 1, 2018 to December 31, 2018)

(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, 2018		10,000	14,956	143,349	(3,600)	(773)	3,604
Net income		—	—	21,029	—	—	—
Other comprehensive income		—	—	—	—	(2,114)	640
Total comprehensive income		—	—	21,029	—	(2,114)	640
Acquisition, sales, etc. of treasury shares		—	—	(30)	200	—	—
Dividends		—	—	(9,193)	—	—	—
Transfer from other components of equity to retained earnings		—	—	(23)	—	—	20
Share-based compensation transactions		—	140	—	—	—	—
Others		—	—	—	496	—	—
Total transactions with owners, etc.		—	140	(9,246)	697	—	20
Balance as of December 31, 2018		10,000	15,096	155,133	(2,903)	(2,887)	4,264

	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, 2018		—	2,831	167,537	9,465	177,002
Net income		—	—	21,029	1,935	22,965
Other comprehensive income		(3)	(1,477)	(1,477)	(507)	(1,984)
Total comprehensive income		(3)	(1,477)	19,552	1,428	20,980
Acquisition, sales, etc. of treasury share		—	—	170	—	170
Dividends		—	—	(9,193)	(340)	(9,533)
Transfer from other components of equity to retained earnings		3	23	—	—	—
Share-based compensation transactions		—	—	140	—	140
Others		—	—	496	—	496
Total transactions with owners, etc.		3	23	(8,387)	(340)	(8,727)
Balance as of December 31, 2018		—	1,377	178,702	10,553	189,255

	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, 2019		10,000	15,096	155,133	(2,903)	(2,887)	4,264
Net income		—	—	17,931	—	—	—
Other comprehensive income		—	—	—	—	(752)	615
Total comprehensive income		—	—	17,931	—	(752)	615
Acquisition, sales, etc. of treasury shares		—	—	(35)	367	—	—
Dividends		—	—	(9,074)	—	—	—
Transfer from other components of equity to retained earnings		—	—	(160)	—	—	(32)
Share-based compensation transactions		—	(164)	—	—	—	—
Total transactions with owners, etc.		—	(164)	(9,270)	367	—	(32)
Balance as of December 31, 2019		10,000	14,932	163,794	(2,536)	(3,639)	4,847

	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, 2019		—	1,377	178,702	10,553	189,255
Net income		—	—	17,931	2,020	19,951
Other comprehensive income		(192)	(329)	(329)	(163)	(492)
Total comprehensive income		(192)	(329)	17,602	1,856	19,459
Acquisition, sales, etc. of treasury shares		—	—	332	—	332
Dividends		—	—	(9,074)	(674)	(9,748)
Transfer from other components of equity to retained earnings		192	160	—	—	—
Share-based compensation transactions		—	—	(164)	—	(164)
Total transactions with owners, etc.		192	160	(8,906)	(674)	(9,580)
Balance as of December 31, 2019		—	1,208	187,398	11,735	199,133

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

(Million yen)

	Note No.	FY 2018 (January 1, 2018 to December 31, 2018)	FY 2019 (January 1, 2019 to December 31, 2019)
<b>Cash flows from operating activities</b>			
Net income		22,965	19,951
Depreciation and amortization		10,011	13,093
Impairment loss		5,223	1,268
Increase (decrease) in assets and liabilities concerning retirement benefits		180	151
Interest and dividend income		(259)	(302)
Interest expenses		124	269
Equity loss (gain) in earnings of affiliates		(9,181)	(2,864)
Loss (gain) on sales of fixed assets		185	400
Expenses of income tax		6,997	8,028
Decrease (increase) in trade receivables, contract assets and contract liabilities		(1,496)	5,972
Decrease (increase) in inventories		(4,454)	2,015
Increase (decrease) in operating payables		22	(4,888)
Others		104	2,133
Subtotal		30,421	45,226
Interest and dividend received		1,190	1,230
Interest paid		(112)	(256)
Income taxes refunded (paid)		(7,335)	(7,767)
Net cash and cash equivalents provided by operating activities		24,165	38,433
<b>Cash flows from investing activities</b>			
Increase (decrease) in time deposits (Increase)		(73)	(4,535)
Purchases of tangible fixed assets		(20,650)	(13,743)
Proceeds from sales of tangible fixed assets		168	206
Purchases of intangible fixed assets		(840)	(1,020)
Purchase of subscription rights to shares		(626)	—
Other		198	(994)
Cash flows from investing activities		(21,823)	(20,086)
<b>Cash flows from financing activities</b>			
Increase (decrease) in short-term bank loans		18,023	(3,106)
Proceeds from long-term loans payable		130	2,152
Repayment of long-term loans payable		(249)	(232)
Payments of lease liabilities		—	(2,477)
Decrease (increase) in treasury shares		17	42
Cash dividends paid		(9,184)	(9,071)
Cash dividends paid to minority shareholders		(340)	(674)
Cash flows from financing activities		8,396	(13,365)
Increase (decrease) in cash and cash equivalents		10,739	4,982
Cash and cash equivalents at beginning of term		44,121	54,039
Effect of exchange rate changes on cash and cash equivalents		(821)	(335)
Cash and cash equivalents at end of term		54,039	58,686

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

1. Notes Relating to the Going Concern Assumption  
None

2. Changes in Accounting Policies

The Group has applied IFRS 16 "Leases" (hereinafter "IFRS 16") from the period under review. In applying IFRS 16, the Group adopts a method of recognizing the cumulative impact of the application on the day of the start of application (January 1, 2019), which is accepted as a transitional measure.

The Group has chosen the practical expedient detailed in IFRS 16, Paragraph C3 and recognized right-of-use assets and lease liabilities at the date of initial application by grandfathering its assessment of those leases that the Group as lessee previously classified as operating leases applying IAS 17 "Leases" (hereinafter, "IAS 17") and IFRIC 4 "Determining whether an Arrangement contains a Lease."

1) Lease liabilities

Lease liabilities are recognized from the date of lease commencement and measured at the present value of the remaining lease payments. The amount after the commencement date varies depending on interest rates related to lease liabilities and lease payments.

2) Right-of-use assets

Right-of-use assets are measured from the date of lease commencement at acquisition cost based on the initial measurement amount of lease liabilities adjusted for the initial direct cost, prepaid lease payments and other factors. After the commencement date, right-of-use assets are measured at the amount less cumulative depreciated expenses and cumulative impairment losses by using the cost model. Right-of-use assets are depreciated using the straight-line method over their useful lives of right-of-use assets or lease periods, whichever is shorter.

For leases that the Group as lessee previously classified as operating leases applying IAS 17, the Group has adopted the practical expedient detailed in IFRS 16, Paragraph C10 (d) and the initial direct cost has been excluded from the measurement of right-of-use assets on the day of the start of application.

As for short-term leases and leases with small underlying assets, the Group adopts the exemption of recognition. These leases are recognized as expenses over their lease periods by using the straight-line method, instead of recognizing them as right-of-use assets or lease liabilities.

Due to the application of IFRS 16, the Group recognized right-of-use assets of ¥9,832 million and lease liabilities of ¥9,233 million on the day of the start of application.

The application of IFRS 16 has no material impact on operating income, etc.

### 3. 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 2018 (January 1, 2018 to December 31, 2018)

(Million yen)

	Reportable segments				Others	Total	Adjustments	Amount stated in consolidated statements of income	
	Component	Transport	Accessibility	Total					
Net sales									
Sales to external customers	119,280	81,863	75,957	277,100	17,527	294,626	—	294,626	
Inter-segment sales	2,388	695	14	3,096	291	3,387	(3,387)	—	
Total sales	121,668	82,558	75,970	280,196	17,817	298,013	(3,387)	294,626	
Segment income (Operating income)	20,197	2,007	4,625	26,830	2,458	29,288	(7,400)	21,889	
Financial income	—								366
Financial costs	—								(1,473)
Equity in earnings of affiliates	—								9,181
Income before tax	—								29,962
Other items									
Depreciation and amortization	4,176	3,516	1,302	8,994	262	9,256	755	10,011	
Impairment loss Segment assets	—	5,223	—	5,223	—	5,223	—	5,223	
Increases in tangible fixed assets and intangible fixed assets	107,023	83,765	74,507	265,296	16,530	281,826	46,742	328,568	
	11,424	6,950	945	19,319	300	19,619	669	20,288	

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 machinery, 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.
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 ¥46,742 million, consisting mainly of surplus operating funds in the Company (cash and cash equivalents, 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 2019 (January 1, 2019 to December 31, 2019)

(Million yen)

	Reportable segments				Others	Total	Adjustments	Amount stated in consolidated statements of income
	Component	Transport	Accessibility	Total				
Net sales								
Sales to external customers	107,188	83,994	79,971	271,153	18,654	289,808	—	289,808
Inter-segment sales	2,668	1,396	7	4,070	289	4,359	(4,359)	—
Total sales	109,856	85,389	79,978	275,223	18,943	294,167	(4,359)	289,808
Segment income (Operating income)	15,897	5,778	8,565	30,239	2,551	32,790	(7,470)	25,320
Financial income				—				766
Financial costs				—				(971)
Equity in earnings of affiliates				—				2,864
Income before tax				—				27,979
Other items								
Depreciation and amortization	4,409	4,688	2,217	11,314	422	11,736	1,357	13,093
Impairment loss	—	1,268	—	1,268	—	1,268	—	1,268
Segment assets	106,910	82,304	81,544	270,758	16,981	287,739	56,819	344,558
Increases in tangible fixed assets and intangible fixed assets	8,882	4,520	1,063	14,465	348	14,813	1,575	16,388

- 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 machinery, 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.
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 ¥56,819 million, consisting mainly of surplus operating funds in the Company (cash and cash equivalents, 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.

#### 4. Per Share Information

	FY 2018 (Consolidated basis) (January 1, 2018 to December 31, 2018)	FY 2019 (Consolidated basis) (January 1, 2019 to December 31, 2019)
Total basic earnings per share	169.65 yen	144.50 yen
Diluted earnings per share	169.42 yen	144.42 yen
Equity attributable to owners of the parent per share	1,438.64 yen	1,508.53 yen

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

	FY 2018 (Consolidated basis) (January 1, 2018 to December 31, 2018)	FY 2019 (Consolidated basis) (January 1, 2019 to December 31, 2019)
Total basic earnings per share		
Net income attributable to owners of the parent (million yen)	21,029	17,931
Amount not attributable to shareholders of common stock (million yen)	–	–
Net income used to calculate total basic earnings per share (million yen)	21,029	17,931
Average number of common shares during the term	123,960,443	124,091,307
Diluted earnings per share		
Adjustment to net income attributable to owners of the parent (million yen)	–	–
Number of additional common stock shares	166,472	71,478
(Of which, share acquisition rights)	(166,472)	(71,478)
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 2018 (Consolidated basis) (As of December 31, 2018)	End of FY 2019 (Consolidated basis) (As of December 31, 2019)
Total equity (million yen)	189,255	199,133
Amounts deducted from total equity (million yen)	10,893	11,894
(Of which, share acquisition rights)	(340)	(159)
(Of which, non-controlling interests)	(10,553)	(11,735)
Equity used to calculate equity attributable to owners of the parent per share (million yen)	178,361	187,239
Number of shares of common stock as of end of the term used to calculate equity attributable to owners of the parent per share	123,979,396	124,120,437

#### 5. Material Subsequent Events

Not applicable.

## 5. Other Information

### (1) Output and Order Backlog by Business Segment

#### 1) Output

Reportable Segments	FY 2018 (Consolidated basis) (From January 1, 2018 to December 31, 2018)		FY 2019 (Consolidated basis) (From January 1, 2019 to December 31, 2019)	
	Amount (Million yen)	% to total	Amount (Million yen)	% to total
Component Solutions	119,827	40.6	105,958	36.5
Transport Solutions	82,267	27.9	85,602	29.5
Accessibility Solutions	76,123	25.8	79,323	27.4
Others	17,069	5.7	19,061	6.6
Total	295,286	100.0	289,944	100.0

#### 2) Order Backlog

Reportable Segments	End of FY 2018 (Consolidated basis) (As of December 31, 2018)		End of FY 2019 (Consolidated basis) (As of December 31, 2019)	
	Amount (Million yen)	% to total	Amount (Million yen)	% to total
Component Solutions	24,016	20.1	27,747	22.3
Transport Solutions	56,010	46.9	56,342	45.4
Accessibility Solutions	30,758	25.7	32,104	25.9
Others	8,764	7.3	7,971	6.4
Total	119,548	100.0	124,163	100.0

### (2) Status of Capital Expenditure and Employees

	FY 2018 (Consolidated basis) (From January 1, 2018 to December 31, 2018)	FY 2019 (Consolidated basis) (From January 1, 2019 to December 31, 2019)
Capital expenditure (Million yen)	20,288	16,388
Depreciation and amortization (Million Yen)	10,011	13,093
R&D expense (Million Yen)	10,214	9,919
Number of employees at end of the term	7,713	7,736