

# Summary of Consolidated Financial Statements for the Third Quarter of Fiscal Year Ending December 31, 2023 (IFRS)



October 31, 2023

Name of listed company: Nabtesco Corporation

Stock listed on: Prime Section of the Tokyo Stock Exchange

Code number: 6268

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Scheduled date for filing of quarterly report: November 14, 2023

Scheduled dividend payment date: –

Quarterly material to supplement the financial results: Yes

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

(Amounts rounded to the nearest million)

## 1. Consolidated Results for the First Nine-month Period of FY 2023 (January 1, 2023 to September 30, 2023)

### (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 nine-month period, FY 2023	243,584	11.3	12,948	12.7	21,072	24.7	14,323	19.3	13,293	25.1	23,352	(2.4)
First nine-month period, FY 2022	218,932	2.2	11,484	(44.8)	16,892	(83.4)	12,003	(81.7)	10,622	(83.2)	23,928	(65.5)

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
First nine-month period, FY 2023	110.74		110.73	
First nine-month period, FY 2022	88.52		88.51	

### (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 September 30, 2023	423,215	275,764	260,699	61.6
As of December 31, 2022	459,293	263,228	248,696	54.1

## 2. Dividends

	Dividends per share				
	First quarter	Second quarter	Third quarter	Year end	Full year
	Yen				
FY 2022	–	39.00	–	39.00	78.00
FY 2023	–	40.00	–	–	–
FY 2023 (Forecast)	–	–	–	40.00	80.00

(Note) Revisions to the latest dividend forecasts: None

## 3. Forecast of Consolidated Operating Results for FY 2023 (January 1, 2023 to December 31, 2023)

(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	330,000	6.9	19,000	5.0	27,000	71.3	17,800	88.1	148.30

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

“Income before tax” and “Net income attributable to owners of the parent” in Forecast of Consolidated Operating Results as noted above showed substantially larger year-on-year changes than “Operating income” because of the valuation loss recorded for the fiscal year (ended on December 31, 2022) on the shares of Harmonic Drive Systems Inc. based on the closing price of the shares at the end of December 2022, and valuation gain and others on the completion of the sale of the shares in June 2023.

\* Matters of note:

- (1) Changes in significant subsidiaries during the first nine-month period of FY 2023 (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 September 30, 2023	121,064,099	As of December 31, 2022	121,064,099
2)	As of September 30, 2023	1,025,090	As of December 31, 2022	1,058,550
3)	January 1, 2023 to September 30, 2023	120,033,554	January 1, 2022 to September 30, 2022	119,995,369

\* 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.

o Table of Contents of Attached Documents

1. Qualitative Information on Consolidated Operating Results for the Nine Months Ended September 30, 2023 ..... 2

    (1) Analysis of Consolidated Operating Results ..... 2

    (2) Analysis of Financial Position..... 4

2. Summary of Quarterly Consolidated Financial Statements and Notes Thereto..... 5

    (1) Summary of Quarterly Consolidated Statement of Financial Position..... 5

    (2) Summary of Quarterly Consolidated Statements of Income and Consolidated Statements of Comprehensive Income ..... 7

    (3) Summary of Quarterly Consolidated Statement of Changes in Equity ..... 9

    (4) Notes on the Summary of Quarterly Consolidated Financial Statements ..... 11

3. Other Information ..... 13

    (1) Order Backlog by Business Segment ..... 13

## 1. Qualitative Information on Consolidated Operating Results for the Nine Months Ended September 30, 2023

### (1) Analysis of Consolidated Operating Results

During the nine-month period under review, demand for precision reduction gears used in industrial robots for automation continued to be brisk mainly in the first six-month period due to capital investments. Moreover, demand in both the aircraft equipment and the marine vessel equipment was also solid. As a result, the Group's net sales were ¥243,584 million. Operating income was ¥12,948 million due to the increase in profits despite the negative impacts of increased procurement costs and other factors in the component solutions business. Income before tax was ¥21,072 million, reflecting the valuation gain on the shares of Harmonic Drive Systems Inc. (hereinafter, "Harmonic") as a result of the completion of the sale of these shares. Net income attributable to owners of the parent was ¥13,293 million.

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

Orders received for the period under review decreased by ¥3,149 million, or 1.2% year on year, to ¥251,551 million. Net sales increased by ¥24,652 million, or 11.3% year on year, to ¥243,584 million. Operating income increased by ¥1,464 million, or 12.7% year on year, to ¥12,948 million. The ratio of operating income to net sales was 5.3%.

Operating results by business segment were as follows:

[Amount of orders received]

Business segment	(Million yen)		
	First nine-month period of consolidated FY 2022 (January 1, 2022 to September 30, 2022)	First nine-month period of consolidated FY 2023 (January 1, 2023 to September 30, 2023)	Change (%)
Component Solutions	113,623	89,041	(21.6)
Transport Solutions	59,079	73,259	24.0
Accessibility Solutions	68,026	75,957	11.7
Others	13,972	13,293	(4.9)
Total	254,700	251,551	(1.2)

[Net sales]

Business segment	(Million yen)		
	First nine-month period of consolidated FY 2022 (January 1, 2022 to September 30, 2022)	First nine-month period of consolidated FY 2023 (January 1, 2023 to September 30, 2023)	Change (%)
Component Solutions	101,520	107,661	6.0
Transport Solutions	48,360	55,955	15.7
Accessibility Solutions	57,159	67,622	18.3
Others	11,892	12,345	3.8
Total	218,932	243,584	11.3

[Operating income]

Business segment	(Million yen)		
	First nine-month period of consolidated FY 2022 (January 1, 2022 to September 30, 2022)	First nine-month period of consolidated FY 2023 (January 1, 2023 to September 30, 2023)	Change (%)
Component Solutions	11,290	8,891	(21.2)
Transport Solutions	3,823	5,805	51.8
Accessibility Solutions	2,136	3,533	65.4
Others	565	2,400	324.5
Corporate or Elimination	(6,331)	(7,681)	-
Total	11,484	12,948	12.7

## [Component solutions business]

Orders received for component solutions decreased by ¥24,582 million, or 21.6% year on year, to ¥89,041 million. Net sales increased by ¥6,141 million, or 6.0% year on year, to ¥107,661 million, and operating income fell by ¥2,399 million, or 21.2% year on year, to ¥8,891 million.

Sales of precision reduction gears recorded a year-on-year increase mainly because demand for precision reduction gears used in industrial robots remained brisk due to the needs for automation despite capital investments in China, which had led growth in the first six-month period, turning downward.

Sales of hydraulic equipment for construction machinery shrank on a year-on-year due to continued stagnant demand in the Chinese market whereas demand in the U.S. and Europe remained brisk.

## [Transport solutions business]

Orders received for transport solutions increased by ¥14,180 million, or 24.0% year on year, to ¥73,259 million. Net sales increased by ¥7,595 million, or 15.7% year on year, to ¥55,955 million, and operating income soared by ¥1,982 million, or 51.8% year on year, to ¥5,805 million.

Sales of railroad vehicle equipment remained flat on a year-on-year as investment in new vehicles continued to be stagnant in the Japanese market while MRO (Maintenance, Repair, Overhaul) was strong.

Sales of aircraft equipment posted a major year-on-year increase as demand for both private-sector aircraft showed a steady recovery concurrently with an expansion of demand for defense-sector aircraft.

Sales of commercial vehicle equipment increased year on year, reflecting a recovery in the production by customers in Japan.

Sales of marine vessel equipment increased significantly year on year, reflecting brisk demand for equipment to be used in new ships in Japan and abroad and continued strong demand for MRO services.

## [Accessibility solutions business]

Orders received for accessibility solutions increased by ¥7,931 million, or 11.7% year on year, to ¥75,957 million. Net sales rose by ¥10,463 million, or 18.3% year on year, to ¥67,622 million, and operating income soared by ¥1,396 million, or 65.4% year on year, to ¥3,533 million.

Sales from the automatic doors business increased year on year due to continued strong demand in Japan, as well as favorable exchange rates.

## [Others]

Orders received for other businesses fell by ¥679 million, or 4.9% year on year, to ¥13,293 million. Net sales increased by ¥453 million, or 3.8% year on year, to ¥12,345 million, and operating income surged by ¥1,835 million, or 324.5% year on year, to ¥2,400 million.

Sales of packaging machines recorded a year-on-year increase as a result of the partial elimination of the shortage of electronic components.

Reference: Information by region

[Net sales]

(Million yen)

	First nine-month period of consolidated FY 2022 (January 1, 2022 to September 30, 2022)	First nine-month period of consolidated FY 2023 (January 1, 2023 to September 30, 2023)	Change (%)
Japan	115,705	129,197	11.7
China	36,970	35,360	(4.4)
Other Asia	15,449	15,052	(2.6)
North America	15,558	18,836	21.1
Europe	33,105	43,579	31.6
Other areas	2,144	1,561	(27.2)
Total	218,932	243,584	11.3

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

## 2) Income before tax

Financial income came to ¥5,457 million due to a valuation gain of ¥3,485 million from the completion of the sale of Harmonic's shares, foreign exchange gains, and other gains. Financial costs were ¥780 million, mainly due to losses on the valuation of derivatives. Equity in earnings of affiliates was ¥3,446 million. As a result, income before tax ended at ¥21,072 million, up ¥4,180 million, or 24.7% year on year.

## 3) Net income attributable to owners of the parent

In total, net income attributable to owners of the parent increased by ¥2,671 million, or 25.1% year on year to ¥13,293 million, net of income tax expenses of ¥ 6,749 million and net income attributable to non-controlling interests of ¥1,030 million.

Total basic earnings per share increased by ¥22.22 year on year to ¥110.74.

**(2) Analysis of Financial Position**

## 1) Assets, liabilities and equity

(Million yen)

	As of the end of the previous consolidated fiscal year (December 31, 2022)	As of the end of the first nine-month period of the current consolidated fiscal year (September 30, 2023)	Change
Assets	459,293	423,215	(36,078)
Liabilities	196,064	147,451	(48,613)
Equity	263,228	275,764	12,535

**[Assets]**

Total assets as of September 30, 2023 were ¥423,215 million, a decrease of ¥36,078 million from December 31, 2022, consisting of ¥225,698 million in current assets and ¥197,517 million in non-current assets. The key contributing positive factors were an increase of ¥10,183 million in inventories, an increase of ¥13,005 million in property, plant and equipment, and an increase of ¥13,263 million in goodwill. The main contributing negative factors included a decrease of ¥43,365 million in cash and cash equivalents, a decrease of ¥4,734 million in trade receivables, and a decrease of 34,030 million in assets held for sale due to the completed sale of Harmonic's shares.

**[Liabilities]**

Total liabilities as of September 30, 2023 were ¥147,451 million, a decrease of ¥48,613 million from December 31, 2022, reflecting ¥122,291 million in current liabilities and ¥25,160 million in non-current liabilities. The main contributing negative factors included a decrease of ¥47,215 million in other financial liabilities due to the completion of the sale of Harmonic's shares.

**[Equity]**

Total equity as of September 30, 2023 stood at ¥275,764 million. Equity attributable to owners of the parent was ¥260,699 million, an increase of ¥12,003 million from December 31, 2022. The main contributing positive factors were the net income attributable to owners of the parent of ¥13,293 million and an increase of ¥7,540 million in other components of equity due to exchange differences on foreign operations. Meanwhile, the main decreasing factor was a decrease in retained earnings of ¥9,506 million due to dividend payment.

## 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 2022 (as of December 31, 2022)	End of the first nine-month period of consolidated FY 2023 (as of September 30, 2023)
Assets			
Current assets			
Cash and cash equivalents		124,413	81,048
Trade receivables		77,227	72,493
Contract assets		2,165	3,420
Other receivables		1,301	1,628
Inventories		49,210	59,394
Other financial assets		1,733	891
Other current assets		5,445	6,824
Total		261,494	225,698
Assets held for sale		34,030	–
Total current assets		295,524	225,698
Non-current assets			
Property, plant and equipment		96,082	109,087
Intangible assets		6,373	10,676
Right-of-use assets		10,129	9,211
Goodwill		17,899	31,162
Investment property		2,066	1,797
Investments accounted for using the equity method		17,729	20,445
Other financial assets		10,041	11,541
Deferred tax assets		2,281	2,407
Other non-current assets		1,168	1,193
Total non-current assets		163,768	197,517
Total assets		459,293	423,215

(Million yen)

	Note No.	End of consolidated FY 2022 (as of December 31, 2022)	End of the first nine-month period of consolidated FY 2023 (as of September 30, 2023)
Liabilities and equity			
Liabilities			
Current liabilities			
Operating payables		56,119	55,619
Contract liabilities		7,652	9,276
Borrowings		19,943	20,785
Other payables		19,250	19,775
Income taxes payable		11,734	2,551
Provisions		1,678	2,449
Lease liabilities		2,640	2,711
Other financial liabilities		47,267	52
Other current liabilities		6,292	9,074
Total current liabilities		172,577	122,291
Non-current liabilities			
Borrowings		366	207
Lease liabilities		8,403	7,628
Liabilities concerning retirement benefit		8,472	8,950
Deferred tax liabilities		4,054	5,561
Other financial liabilities		–	702
Other non-current liabilities		2,193	2,111
Total non-current liabilities		23,488	25,160
Total liabilities		196,064	147,451
Equity			
Capital stock		10,000	10,000
Share premium		15,048	15,089
Retained earnings		215,670	219,950
Treasury shares		(4,646)	(4,505)
Other components of equity		12,624	20,164
Equity attributable to owners of the parent		248,696	260,699
Non-controlling interests		14,532	15,065
Total equity		263,228	275,764
Total liabilities and equity		459,293	423,215



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

Summary of Consolidated Statements of Income

First Nine-month Period

(Million yen)

	Note No.	First nine-month period of consolidated FY 2022 (January 1, 2022 to September 30, 2022)	First nine-month period of consolidated FY 2023 (January 1, 2023 to September 30, 2023)
Net sales	2	218,932	243,584
Cost of sales		(165,392)	(183,735)
Gross profit		53,540	59,849
Other income		881	1,850
Selling, general and administrative expense		(42,760)	(48,391)
Other expenses		(176)	(360)
Operating income	2	11,484	12,948
Financial income		3,369	5,457
Financial costs		(157)	(780)
Equity in earnings of affiliates		2,195	3,446
Income before tax		16,892	21,072
Income tax expense		(4,889)	(6,749)
Net income		12,003	14,323
Net income attributable to			
Owners of the parent		10,622	13,293
Non-controlling interests		1,381	1,030
Net income		12,003	14,323
Net income per share			
Basic earnings per share (yen)		88.52	110.74
Diluted earnings per share (yen)		88.51	110.73

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

(Million yen)

	Note No.	First nine-month period of consolidated FY 2022 (January 1, 2022 to September 30, 2022)	First nine-month period of consolidated FY 2023 (January 1, 2023 to September 30, 2023)
Net income		12,003	14,323
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		362	822
Total components that will not be reclassified to profit or loss		362	822
Components that will be reclassified to profit or loss			
Exchange differences on foreign operations		11,563	8,206
Total components that will be reclassified to profit or loss		11,563	8,206
Other comprehensive income after taxes		11,925	9,028
Total comprehensive income		23,928	23,352
Comprehensive income attributable to			
Owners of the parent		21,254	21,342
Non-controlling interests		2,674	2,010
Total comprehensive income		23,928	23,352

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

First nine-month period of previous consolidated fiscal year (January 1, 2022 to September 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		–	–	10,622	–	–	–
Other comprehensive income		–	–	–	–	10,277	355
Total comprehensive income		–	–	10,622	–	10,277	355
Acquisition, sales, etc. of treasury shares		–	–	(10)	138	–	–
Dividends		–	–	(9,385)	–	–	–
Transfer from other components of equity to retained earnings		–	–	230	–	–	(230)
Share-based compensation transactions		–	42	–	–	–	–
Total transactions with owners, etc.		–	42	(9,165)	138	–	(230)
Balance as of September 30, 2022		10,000	15,003	216,248	(4,646)	12,150	3,194

	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		–	–	10,622	1,381	12,003
Other comprehensive income		–	10,632	10,632	1,293	11,925
Total comprehensive income		–	10,632	21,254	2,674	23,928
Acquisition, sales, etc. of treasury shares		–	–	128	–	128
Dividends		–	–	(9,385)	(3,018)	(12,403)
Transfer from other components of equity to retained earnings		–	(230)	–	–	–
Share-based compensation transactions		–	–	42	–	42
Total transactions with owners, etc.		–	(230)	(9,215)	(3,018)	(12,233)
Balance as of September 30, 2022		–	15,344	251,950	14,740	266,690

First nine-month period of current consolidated fiscal year (January 1, 2023 to September 30, 2023)

(Million yen)

	Note No.	Capital stock	Share premium	Retained earnings	Treasury shares	Other components of equity	
						Exchange differences on foreign operations	Valuation difference due to change in fair value
Balance as of January 1, 2023		10,000	15,048	215,670	(4,646)	9,361	3,263
Net income		—	—	13,293	—	—	—
Other comprehensive income		—	—	—	—	7,232	817
Total comprehensive income		—	—	13,293	—	7,232	817
Acquisition, sales, etc. of treasury shares		—	—	(16)	142	—	—
Dividends		—	—	(9,506)	—	—	—
Transfer from other components of equity to retained earnings		—	—	509	—	—	(509)
Share-based compensation transactions		—	41	—	—	—	—
Total transactions with owners, etc.		—	41	(9,012)	142	—	(509)
Balance as of September 30, 2023		10,000	15,089	219,950	(4,505)	16,594	3,570

	Note No.	Other components of equity		Total equity attributable to owners of the parent	Non-controlling interests	Total equity
		Remeasurements of net defined benefit liability (asset)	Total			
Balance as of January 1, 2023		—	12,624	248,696	14,532	263,228
Net income		—	—	13,293	1,030	14,323
Other comprehensive income		—	8,049	8,049	979	9,028
Total comprehensive income		—	8,049	21,342	2,010	23,352
Acquisition, sales, etc. of treasury shares		—	—	126	—	126
Dividends		—	—	(9,506)	(1,477)	(10,983)
Transfer from other components of equity to retained earnings		—	(509)	—	—	—
Share-based compensation transactions		—	—	41	—	41
Total transactions with owners, etc.		—	(509)	(9,339)	(1,477)	(10,816)
Balance as of September 30, 2023		—	20,164	260,699	15,065	275,764

**(4) 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 nine months ended September 30, 2022 (January 1, 2022 to September 30, 2022)

(Million yen)

	Reportable segments				Others	Total	Adjustments	Amount stated in summary of consolidated statements of income
	Component Solutions	Transport Solutions	Accessibility Solutions	Total				
Net sales								
Sales to external customers	101,520	48,360	57,159	207,039	11,892	218,932	–	218,932
Inter-segment sales	1,903	1,058	2	2,963	217	3,180	(3,180)	–
Total sales	103,423	49,418	57,161	210,002	12,109	222,112	(3,180)	218,932
Segment income (Operating income)	11,290	3,823	2,136	17,250	565	17,815	(6,331)	11,484
Finance income				–				3,369
Finance costs				–				(157)
Equity in earnings of affiliates				–				2,195
Income before tax				–				16,892

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.

## II. For the nine months ended September 30, 2023 (January 1, 2023 to September 30, 2023)

(Million yen)

	Reportable segments				Others	Total	Adjustments	Amount stated in summary of consolidated statements of income	
	Component Solutions	Transport Solutions	Accessibility Solutions	Total					
Net sales									
Sales to external customers	107,661	55,955	67,622	231,239	12,345	243,584	–	243,584	
Inter-segment sales	2,192	1,320	12	3,524	257	3,781	(3,781)	–	
Total sales	109,853	57,275	67,634	234,762	12,602	247,365	(3,781)	243,584	
Segment income (Operating income)	8,891	5,805	3,533	18,229	2,400	20,629	(7,681)	12,948	
Financial income	–								5,457
Financial costs	–								(780)
Equity in earnings of affiliates	–								3,446
Income before tax	–								21,072

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. Other Information

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

Reportable segments	As of the end of the first nine-month period of consolidated FY 2022 (September 30, 2022)		As of the end of the first nine-month period of consolidated FY 2023 (September 30, 2023)	
	Amount (million yen)	% to total	Amount (million yen)	% to total
Component Solutions	46,363	27.1	21,882	13.3
Transport Solutions	62,858	36.8	76,969	46.9
Accessibility Solutions	49,403	28.9	55,150	33.6
Others	12,213	7.2	10,043	6.2
Total	170,838	100.0	164,044	100.0