

April 23, 2021

Company: Harmonic Drive Systems Inc.
(Securities code: 6324)
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Representative Director
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Notice Regarding Making European Subsidiary a Wholly Owned Subsidiary Following Additional Acquisition of Shares in Special Purpose Company

Harmonic Drive Systems Inc. (the “Company”) hereby announces that at a Board of Directors meeting held on April 23, 2021, it resolved to acquire from INCJ, Ltd. (“INCJ”; president and COO: Mikihide Katsumata; headquarters: Minato-ku, Tokyo) its stake in GK HD Management (“HDM”), a special purpose company established by the two companies, in the aim of acquiring shares in European subsidiary Harmonic Drive SE (“HDSE”), and make HDSE a wholly owned subsidiary. The two companies concluded a share transfer agreement on the same day.

1. Background to, and reasons for additional share acquisition (and making HDSE a wholly owned subsidiary)

As stated in the “Notice of acquisition (subsidiarization) of Harmonic Drive AG* through acquisition of additional shares” dated December 16, 2016, the Company and INCJ jointly established special purpose company HDM to acquire additional shares in HDSE, and on March 22, 2017, HDSE, which had been an equity-method affiliate, became a subsidiary of the Company. Subsequently, the Company and INCJ jointly participated in the management of HDSE, working to improve HDSE’s competitiveness in manufacturing, sales, and development and strengthen its governance structure, thereby increasing corporate value based on a positive working relationship.

Four years have passed since the above acquisition and the European business is now on track with INCJ’s management participation. In light of these developments, the Company resolved to make HDSE a wholly owned subsidiary to further accelerate decision-making and promote more integrated group management.

Note: Harmonic Drive AG changed its legal form and was renamed Harmonic Drive SE on January 17, 2020.

Outline of special purpose company

(1)	Name	GK HD Management	
(2)	Address	6-25-3 Minami-Oi, Shinagawa-ku, Tokyo	
(3)	Representative	Akira Nagai, Representative member, Harmonic Drive Systems Inc. (title: “Shokumu Shikkosha,” meaning person responsible for execution of duties)	
(4)	Business	Special purpose company for investment in HDSE	
(5)	Capital	¥1 million	
(6)	Established	December 2016	
(7)	Fiscal year-end	December	
(8)	Net assets	¥31,918 million (as of December 31, 2019)	
(9)	Total assets	¥31,942 million (as of December 31, 2019)	
(10)	Shareholding	Harmonic Drive Systems Inc.	60.0%
		INCJ, Ltd.	40.0%

Outline of European subsidiary (HDSE)

(1)	Name	Harmonic Drive SE	
(2)	Address	Hoenbergstrasse 14, 65555 Limburg an der Lahn, Deutschland	
(3)	Representative	Norimitsu Ito	
(4)	Business	Development and manufacturing of speed reducers and mechatronics products, and sales of these products in Europe, Middle East, Africa, India, and Latin America	
(5)	Capital	€1,550,000	
(6)	Established	October 1970	
(7)	Fiscal year-end	December	
(8)	Net assets	€67 million (as of December 31, 2019)	
(9)	Total assets	€111 million (as of December 31, 2019)	
(10)	Shareholding	GK HD Management	63.2%
		Harmonic Drive Systems Inc.	36.8%

2. Shareholding ratio in HDM before and after share transfer and acquisition price

(1)	Shareholding ratio before share transfer	60%
(2)	Shareholding ratio after share transfer	100%
(3)	Acquisition price	¥14.7 billion

3. Schedule

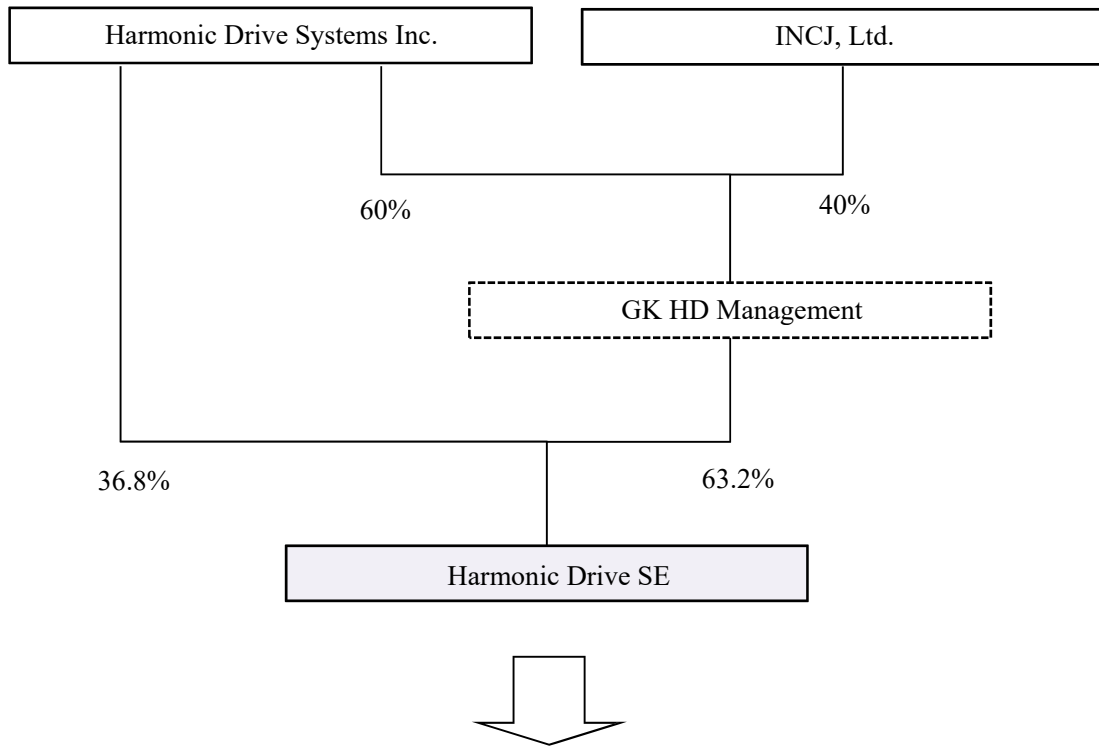
(1)	Date of resolution by the Board of Directors	April 23, 2021
(2)	Date of contract signing	April 23, 2021
(3)	Share transfer execution date	May 2021 (planned)

4. Outlook

The impact of the above share transfer on the Company’s consolidated financial results will be minimal, because HDSE is already a consolidated subsidiary of the Company.

(Reference) Shareholding structure before and after share transfer

Before share transfer



After share transfer

