

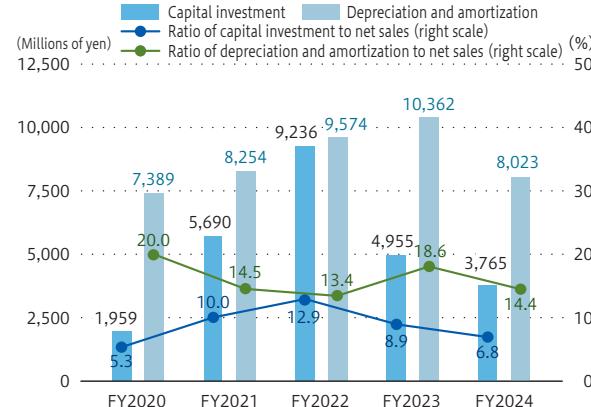
## Financial Highlights

### Net sales, Operating profit, and Ratio of operating profit to net sales



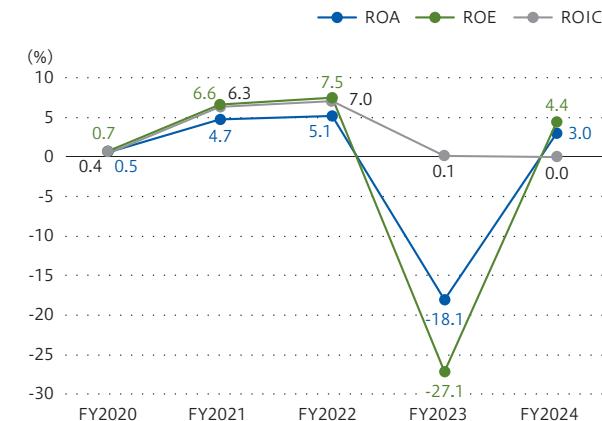
Although domestic orders continued to stagnate from the previous fiscal period, orders began to recover in the second half. As a result, net sales for fiscal 2024 totaled ¥55,645 million, a decrease of 0.3% from the previous fiscal year. Operating profit also decreased due to lower orders, falling 94.4% year on year to ¥6 million.

### Capital investment, Depreciation and amortization, Ratio of capital investment to net sales, and Ratio of depreciation and amortization to net sales



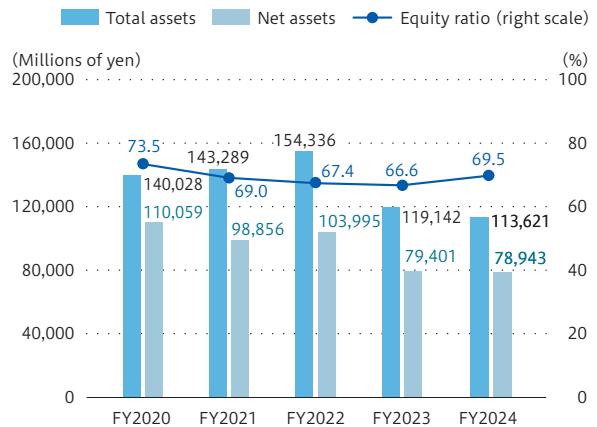
The capital investment decreased 24.0% compared with the previous fiscal year to a total of ¥3.7 billion, representing 6.8% of net sales. By region, Japan accounted for ¥2.1 billion, North America for ¥0.6 billion, and Europe for ¥1.0 billion. Depreciation and amortization, including intangible assets, decreased by ¥2.3 billion to ¥8.0 billion (14.4% of net sales).

### ROA, ROE, and ROIC



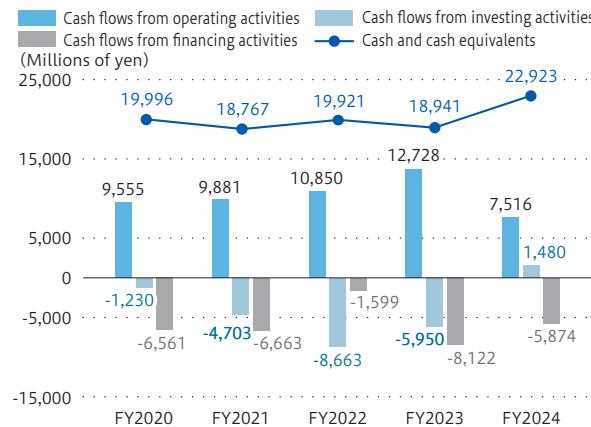
Return on assets (ROA) increased by 21.1 percentage points to 3.0%, and return on equity (ROE) increased by 31.5 percentage points to 4.4%, both from the previous fiscal year. The primary reason for the increase was the recording of approximately ¥5.8 billion in extraordinary income from the sale of investment securities, which resulted in a turnaround to a net profit of approximately ¥3.4 billion. Meanwhile, return on invested capital (ROIC) decreased by 0.1 percentage points to 0.0%.

### Total assets, Net assets, and Equity ratio



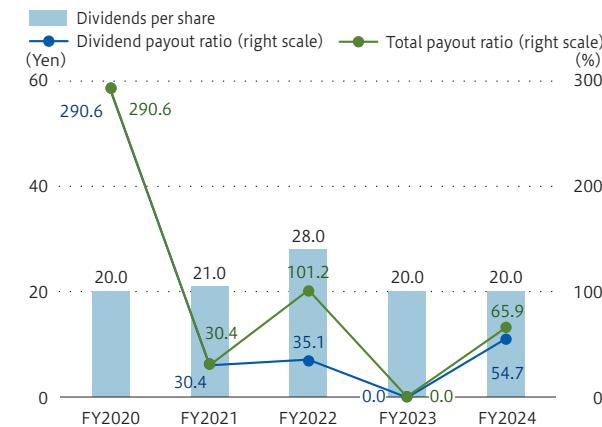
At the end of fiscal 2024, total assets decreased by ¥5.5 billion from the previous fiscal year end to ¥113.6 billion, while net assets decreased by ¥0.4 billion from the previous fiscal year end to ¥78.9 billion. Equity ratio increased by 2.9 percentage points from the previous fiscal year end to 69.5%.

### Cash flows, and Cash and cash equivalents



In terms of cash flows, operating activities provided net cash of ¥7.5 billion, a decrease of ¥5.2 billion from the previous fiscal year, while investing activities generated positive cash flow of ¥1.4 billion, an increase of ¥7.4 billion. Financing activities used net cash of ¥5.8 billion, and cash and cash equivalents at fiscal year end totaled ¥22.9 billion.

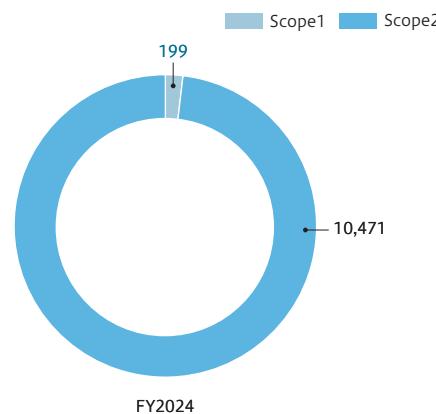
### Dividends per share, Dividend payout ratio, and Total payout ratio



Dividends per share were ¥20 (¥10 interim and ¥10 year-end), the same as in the previous fiscal year. Dividend payout ratio was 54.7%, while total payout ratio was 65.9%. A dividend payout ratio of 30% is our basic dividend policy. In the event of significant short-term fluctuations in performance, we will consider stable dividend payments while pursuing a flexible capital policy.

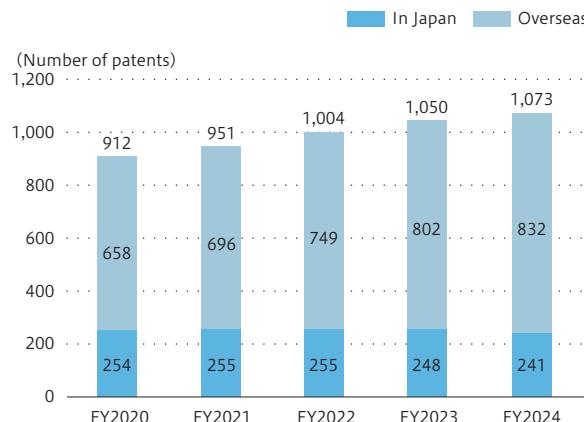
## Sustainability Indicators Highlights

### Greenhouse gas (GHG) emissions (t-CO<sub>2</sub>)



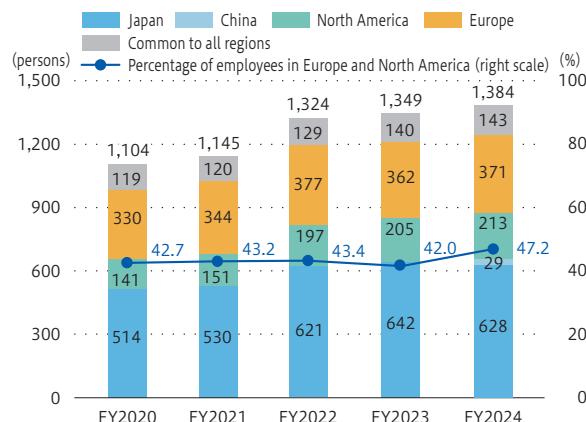
We began disclosing greenhouse gas (GHG) emissions on a consolidated basis with the figure from fiscal 2022. For fiscal 2024, the Scope 1 emissions totaled 199 t-CO<sub>2</sub>, while Scope 2 emissions (market-based) totaled 10,471 t-CO<sub>2</sub>, with a combined total of 10,670 t-CO<sub>2</sub>. Since fiscal 2023, GHG emissions data for Scope 1 and 2, and for Scope 3 (Categories 4, 9, and 11) have undergone third-party verification by an external organization.

### Number of patents held



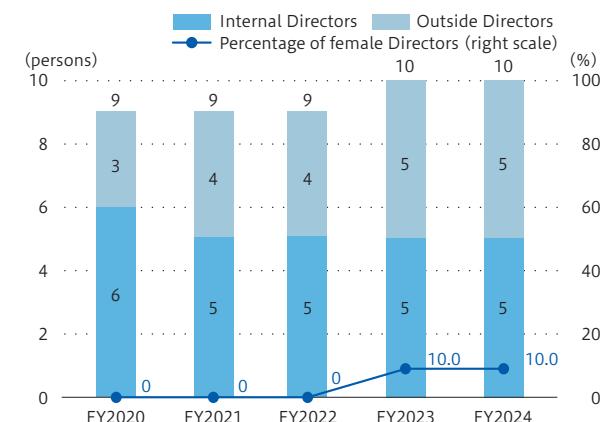
The Company held patents totaling 241 in Japan and 832 overseas totaling 1,073 at the end of fiscal 2024 on a non-consolidated basis. The number of patents held on a consolidated basis is 1,083.

### Number of employees on consolidated basis by region, and Percentage of those in Europe and North America



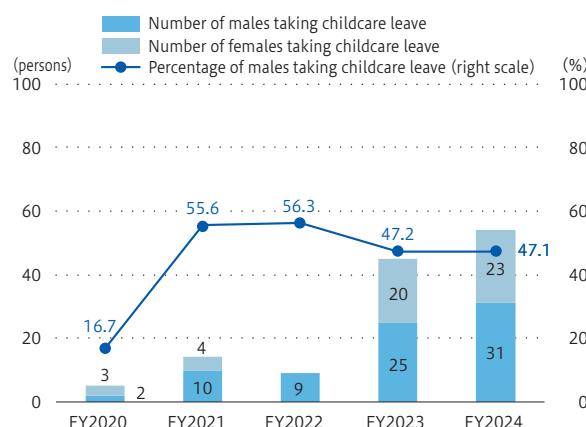
On a consolidated basis, the number of employees increased 35 from the end of the previous fiscal year to 1,384. The combined ratio of employees in North America and Europe was 47.2%. Until fiscal 2023, the number of employees in China was included in Japan's total, but starting in fiscal 2024, it is disclosed separately.

### Number of Directors



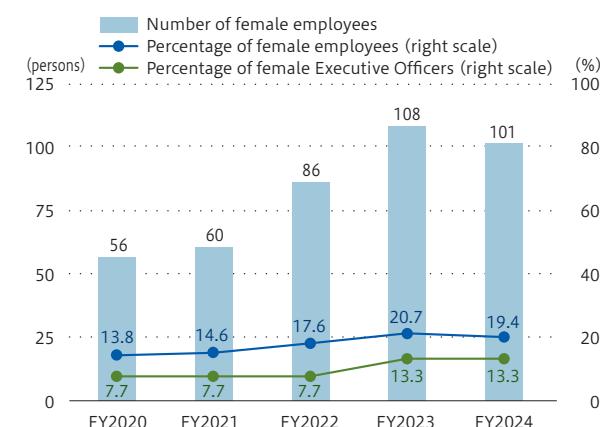
In fiscal 2024, the Company's Directors totaled ten, including five Outside Directors, and the percentage of Outside Directors came to 50%. The number of female (Outside) Directors was one, and the percentage of female Directors was 10.0%.

### Number of employees taking childcare leave, and Percentage of males taking childcare leave



The number of employees who took childcare leave in fiscal 2024 was 54 (31 males and 23 females). Ratio of male employees who took childcare leave was 47.1%.

### Number and percentage of female employees, and Percentage of female Executive Officers



The number of female employees on a non-consolidated basis decreased by seven from the end of the previous fiscal year to 101, representing 19.4% of the non-consolidated total employees. The Company has two female Executive Officers, representing 13.3%. We have set targets of five female managers by fiscal 2027 and three female Executive Officers by fiscal 2029.

## Financial Data for the Past 11 Years

| Items   | Units               | FY2014  | FY2015  | FY2016   | FY2017  |
|---|---------------------|---------|---------|----------|---------|
| Net sales                                       | ( Millions of yen ) | 25,951  | 28,278  | 30,069   | 54,339  |
| Cost of sales                                   | ( Millions of yen ) | 13,829  | 14,992  | 16,202   | 28,636  |
| Gross profit                                    | ( Millions of yen ) | 12,121  | 13,286  | 13,866   | 25,703  |
| Selling, general and administrative expenses    | ( Millions of yen ) | 5,054   | 5,667   | 6,052    | 13,386  |
| Operating profit or loss                        | ( Millions of yen ) | 7,066   | 7,618   | 7,813    | 12,316  |
| Ordinary profit                                 | ( Millions of yen ) | 7,525   | 7,829   | 7,958    | 11,946  |
| Profit or loss attributable to owners of parent | ( Millions of yen ) | 4,833   | 5,001   | 19,732   | 7,777   |
| Total assets                                    | ( Millions of yen ) | 49,440  | 48,749  | 101,999  | 138,584 |
| Total net assets                                | ( Millions of yen ) | 37,680  | 38,891  | 62,611   | 108,719 |
| Interest bearing liabilities                    | ( Millions of yen ) | 745     | 892     | 15,666   | 1,938   |
| Net cash  | ( Millions of yen ) | 11,402  | 12,014  | (3,569)  | 27,526  |
| Equity ratio                                    | ( % )               | 73.3    | 76.1    | 54.0     | 71.7    |
| Cash flows from operating activities            | ( Millions of yen ) | 5,494   | 6,499   | 7,225    | 9,233   |
| Cash flows from investing activities            | ( Millions of yen ) | (2,103) | (4,394) | (32,522) | (8,171) |
| Free cash flows                                 | ( Millions of yen ) | 3,390   | 2,105   | (25,296) | 1,062   |
| Cash flows from financing activities            | ( Millions of yen ) | (737)   | (1,384) | 24,648   | 17,493  |
| Cash and cash equivalents at end of period      | ( Millions of yen ) | 9,730   | 10,439  | 9,668    | 28,320  |
| Net assets per share                            | ( Yen )             | 395.7   | 405.3   | 601.1    | 1,032.4 |
| Net profit or loss per share                    | ( Yen )             | 52.8    | 54.6    | 215.4    | 83.9    |
| Dividends per share                             | ( Yen )             | 14.3    | 18.0    | 20.0     | 26.0    |
| Total dividend paid                             | ( Millions of yen ) | 1,312   | 1,648   | 1,831    | 2,446   |
| Dividend payout ratio                           | ( % )               | 27.2    | 33.0    | 9.3      | 31.5    |
| DOE(Dividend on Equity)                         | ( % )               | 4.0     | 4.5     | 4.0      | 3.2     |
| Ratio of gross profit to net sales              | ( % )               | 46.7    | 47.0    | 46.1     | 47.3    |
| Ratio of operating profit to net sales          | ( % )               | 27.2    | 26.9    | 26.0     | 22.7    |
| ROA(Return on Asset)                            | ( % )               | 11.0    | 10.2    | 26.2     | 6.5     |
| ROE(Return on Equity)                           | ( % )               | 14.7    | 13.6    | 42.8     | 10.1    |
| Capital investment                              | ( Millions of yen ) | 2,475   | 4,296   | 4,576    | 8,757   |
| Depreciation and amortization                   | ( Millions of yen ) | 1,305   | 1,524   | 1,774    | 5,164   |
| R&D expenditure                                 | ( Millions of yen ) | 1,309   | 1,404   | 1,383    | 2,114   |

\*1: The Company conducted a 3-for-1 common stock split on October 1, 2014. However, net profit/dividend paid/net assets per share are calculated based on the assumption that the stock split was executed at the beginning of FY2012.

\*2: Depreciation and amortization represents the total depreciation and amortization expense related to property, plant and equipment and intangible assets.

## Financial Data for the Past 11 Years

| FY2018   | FY2019   | FY2020  | FY2021  | FY2022  | FY2023   | FY2024  |
|----------|----------|---------|---------|---------|----------|---------|
| 67,809   | 37,487   | 37,034  | 57,087  | 71,527  | 55,796   | 55,645  |
| 37,363   | 25,484   | 24,451  | 34,661  | 45,741  | 40,189   | 40,791  |
| 30,446   | 12,003   | 12,582  | 22,426  | 25,786  | 15,606   | 14,854  |
| 13,821   | 12,198   | 11,716  | 13,686  | 15,561  | 15,481   | 14,847  |
| 16,624   | (195)    | 865     | 8,739   | 10,224  | 124      | 6       |
| 17,185   | 236      | 1,366   | 9,108   | 10,757  | 570      | 151     |
| 11,322   | (1,095)  | 662     | 6,643   | 7,595   | (24,806) | 3,473   |
| 142,872  | 131,848  | 140,028 | 143,289 | 154,336 | 119,142  | 113,621 |
| 113,277  | 106,718  | 110,059 | 98,856  | 103,955 | 79,401   | 78,943  |
| 2,104    | 6,963    | 6,328   | 16,887  | 22,946  | 18,431   | 15,607  |
| 16,717   | 12,607   | 14,835  | 3,041   | (2,133) | 1,923    | 9,345   |
| 72.5     | 73.3     | 73.5    | 69.0    | 67.4    | 66.6     | 69.5    |
| 15,121   | 10,950   | 9,555   | 9,881   | 10,850  | 12,728   | 7,516   |
| (22,399) | (12,537) | (1,230) | (4,703) | (8,663) | (5,950)  | 1,480   |
| (7,277)  | (1,587)  | 8,324   | 5,178   | 2,187   | 6,778    | 8,996   |
| (3,271)  | 2,362    | (6,561) | (6,663) | (1,599) | (8,122)  | (5,874) |
| 17,600   | 18,342   | 19,996  | 18,767  | 19,921  | 18,941   | 22,923  |
| 1,076.7  | 1,003.8  | 1,068.8 | 1,026.9 | 1,093.5 | 836.0    | 831.8   |
| 117.6    | (11.4)   | 6.9     | 69.0    | 79.7    | (261.0)  | 36.6    |
| 38.0     | 20.0     | 20.0    | 21.0    | 28.0    | 20.0     | 20.0    |
| 3,658    | 1,925    | 1,925   | 2,021   | 2,661   | 1,900    | 1,898   |
| 32.3     | —        | 290.6   | 30.4    | 35.1    | —        | 54.7    |
| 3.6      | 1.9      | 1.9     | 2.0     | 2.6     | 2.4      | 2.4     |
| 44.9     | 32.0     | 34.0    | 39.3    | 36.1    | 28.0     | 26.7    |
| 24.5     | (0.5)    | 2.3     | 15.3    | 14.3    | 0.2      | 0.0     |
| 8.1      | (0.8)    | 0.5     | 4.7     | 5.1     | (18.1)   | 3.0     |
| 11.2     | (1.1)    | 0.7     | 6.6     | 7.5     | (27.1)   | 4.4     |
| 23,876   | 7,892    | 1,959   | 5,690   | 9,236   | 4,955    | 3,765   |
| 5,566    | 6,826    | 6,464   | 7,278   | 8,520   | 9,189    | 8,023   |
| 2,476    | 2,195    | 2,444   | 3,012   | 3,274   | 3,613    | 3,776   |

# Sustainability Data

## Environment

| Items   | Unit              | Scope covered | FY2023  | FY2024   |
|---|-------------------|---------------|---------|----------|
| Scope1  | t-CO <sub>2</sub> | Consolidated  | 54      | 37       |
| Japan   |                   |               | 0       | 0        |
| Asia (excluding Japan)  |                   |               | 72      | 79       |
| Europe  |                   |               | 82      | 82       |
| North America   |                   |               | ★ 209   | ★ 199    |
| <b>Total</b>  |                   |               |         |          |
| Scope2<br>(Location-base)   | t-CO <sub>2</sub> | Consolidated  | 12,792  | 13,234   |
| Japan   |                   |               | 287     | 290      |
| Asia (excluding Japan)  |                   |               | 2,168   | 1,932    |
| Europe  |                   |               | 1,240   | 1,219    |
| North America   |                   |               | 16,487  | ★ 16,693 |
| Scope2<br>(Market-base)   | t-CO <sub>2</sub> | Consolidated  | 7,828   | 8,205    |
| Japan   |                   |               | 287     | 290      |
| Asia (excluding Japan)  |                   |               | 1,207   | 1,265    |
| Europe  |                   |               | 1,240   | 709      |
| <b>Total</b>  |                   |               | 10,561  | ★ 10,471 |
| Scope3  | t-CO <sub>2</sub> | Consolidated  | 289,079 | 313,377  |
| 1. Purchased goods and services   |                   |               | 12,441  | 6,468    |
| 2. Capital goods  |                   |               | 21,589  | 21,183   |
| 3. Fuel- and energy-related activities not included in Scope 1 or Scope 2 |                   |               | 6,568   | 7,822    |
| 4. Upstream transportation and distribution                               |                   |               | 1,067   | 1,082    |
| 5. Waste generated in operations  |                   |               | 1,301   | 1,504    |
| 6. Business travel  |                   |               | 694     | 727      |
| 7. Employee commuting   |                   |               | —       | —        |
| 8. Upstream leased assets   |                   |               | 332,739 | 352,165  |
| <b>Total upstream</b>   |                   |               |         |          |
| 9. Downstream transportation and distribution                             | 2,287             | 2,415         |         |          |
| 10. Processing of sold products   | —                 | —             |         |          |
| 11. Use of sold products  | 557,746           | 1,741,234     |         |          |
| 12. End-of-life treatment of sold products                                | 228               | 342           |         |          |
| 13. Downstream leased assets  | 286               | 262           |         |          |
| 14. Franchises  | —                 | —             |         |          |

| Items  | Unit              | Scope covered   | FY2023  | FY2024   |  |
|--|-------------------|-----------------|---|----------|--|
| Scope3   | t-CO <sub>2</sub> | Consolidated    | 15. Investments   | —        |  |
|  |                   |                 | <b>Total downstream</b>                                   | 560,547  |  |
|  |                   |                 | Other (upstream)  | —        |  |
|  |                   |                 | Other (downstream)  | —        |  |
|  |                   |                 | <b>Total</b>  | 893,286  |  |
| Energy consumption   | MWh               | Consolidated    | Fuel consumption  | 1,052    |  |
|  |                   |                 | Electricity consumption                                   | 36,762   |  |
|  |                   |                 | <b>Total</b>  | 37,815   |  |
| Total water withdrawal   |                   | m <sup>3</sup>  | ★ 29,909  | ★ 28,041 |  |
| Total water discharge  |                   |                 | ★ 29,446  | ★ 27,963 |  |
| Amount of general waste discharge  | t                 | Consolidated    | Incineration waste  | 1,837    |  |
|  |                   |                 | Cafeteria waste   | 9        |  |
|  |                   |                 | <b>Total</b>  | 1,846    |  |
| Amount of hazardous waste discharge  |                   |                 | 584   | 550      |  |
| Green procurement  | %                 | Consolidated    | Ratio of consent acquired for green procurement standards | 56.0     |  |
|  |                   |                 | Number of suppliers audited                               | 54       |  |
| Number of companies surveyed for inclusion of environmentally hazardous substances |                   | Company         | 116   | 281      |  |
| Amount of copper usage   |                   | Thousand t      | 3.76  | 3.87     |  |
| Amount of oil and grease used  |                   | Thousand t      | 0.09  | 0.15     |  |
| Amount of recycled plastic raw materials used                                      |                   | t               | 5.64  | 6.88     |  |
| ISO 14001 certification  | Company           | Consolidated    | Number of companies certified                             | 5        |  |
|  |                   |                 | Ratio of certifications acquired                          | 55.6     |  |
| Number of sites where EHS audits were conducted                                    |                   | Company         | 4   | 4        |  |
| Ratio of sites where environmental risk assessments have been conducted            |                   | %               | 78.6  | 67.0     |  |
| Violations of environmental laws and regulations                                   |                   | Number of cases | 0   | 0        |  |
| Accidents and pollution causing environmental issues                               |                   | Number of cases | 0   | 0        |  |
| Complaints on environmental issues   |                   | Number of cases | 0   | 0        |  |
| Fine on environmental issues   |                   | Yen             | 0   | 0        |  |
| Environmental training   | Person(s)         | Consolidated    | Number of participants                                    | 830      |  |
|  |                   |                 | Ratio of participants                                     | 62       |  |
| ★Third-party verified data   |                   |                 |   |          |  |

\*The calculation method has been changed for Scope 3 categories 11 and 12 in FY2024.

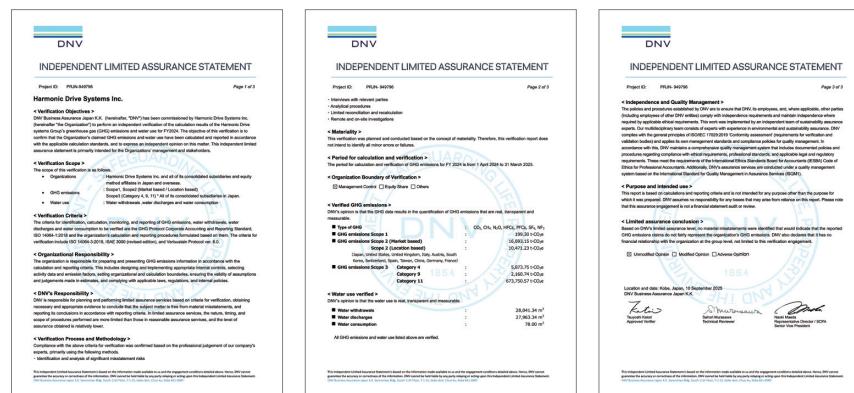
## ■ Third-party verification

In order to improve the credibility of the environmental performance data for the entire HDS Group, we have acquired an independent third-party verification by DNV Business Assurance Japan K.K. on the GHG emissions for FY2023 (Scope 1, Scope 2 (market-based/location-based)) as well as water usage (total water withdrawal, total water discharge, and water consumption). In addition, starting from the FY2024 data, we have added GHG emissions for Scope 3 (Categories 4, 9, and 11 for domestic consolidated operations) to the scope of verification. We will continue to perform verifications and broaden the coverage of verified items, striving to enhance the reliability of our sustainability data.

### ● Verified data

- GHG emissions Scope 1
- GHG emissions Scope 2 (Market-base)
- GHG emissions Scope 2 (Location-base)
- GHG emissions Scope 3 (Categories 4, 9, and 11: domestic consolidated)
- Total water withdrawal
- Total water discharge
- Water consumption

### ● Third-party verification statement



## Social

| Items   | Unit                                    | Scope covered  | FY2023     | FY2024     |
|---|---|----------------|------------|------------|
| Number of employees (consolidated)                                  | Person(s)                               | Consolidated   | 1,349      | 1,384      |
| Number of employees (non-consolidated)                              | Male                                    | Person(s)      | 415        | 419        |
|   | Female                                  |                | 108        | 101        |
|   | <b>Total</b>                            |                | <b>523</b> | <b>520</b> |
|   | Ratio of female employees               | %              | 20.7       | 19.4       |
| Average number of temporary and contract employees                  | Person(s)                               | Consolidated   | 689        | 328        |
| Ratio of average number of temporary employees                      | %                                       | Consolidated   | 33.8       | 23.7       |
| Average age   | Age                                     | Consolidated   | 40.0       | 40.4       |
| Average years of service  | Year(s)                                 | Consolidated   | 8.9        | 8.6        |
| Number of foreign employees   | Male                                    | Person(s)      | 59         | 47         |
|   | Female                                  |                | 28         | 29         |
|   | <b>Total</b>                            |                | <b>87</b>  | <b>76</b>  |
|   | Ratio of foreign employees              | %              | 6.4        | 5.5        |
| Number of newly graduated recruits                                  | Male                                    | Person(s)      | 18         | 16         |
|   | Female                                  |                | 5          | 4          |
|   | <b>Total</b>                            |                | <b>23</b>  | <b>20</b>  |
| Number of mid-career recruits                                       | Male                                    | Person(s)      | 68         | 52         |
|   | Female                                  |                | 24         | 18         |
|   | <b>Total</b>                            |                | <b>92</b>  | <b>70</b>  |
| Retention of newly graduated recruits (turnover rate after 3 years) | Male                                    | % Consolidated | 6.0        | 2.5        |
|   | Female                                  |                | 0.0        | 0.0        |
|   | <b>Total</b>                            |                | <b>6.0</b> | <b>2.2</b> |
| Turnover rate   | %                                       | Consolidated   | 8.6        | 11.6       |
| Turnover rate for personal reasons retirees                         | %                                       | Consolidated   | 8.3        | 11.6       |
| Managers  | Male                                    | Person(s)      | 205        | 210        |
|   | Male (foreign nationals)                |                | 8          | 6          |
|   | Female                                  |                | 14         | 13         |
|   | Female (foreign nationals)              |                | 0          | 0          |
|   | <b>Total</b>                            |                | <b>219</b> | <b>223</b> |
| Executive Officer   | Ratio of female managers                | %              | 6.4        | 5.8        |
|   | Male                                    | Person(s)      | 29         | 26         |
|   | Male (foreign nationals)                |                | 1          | 2          |
|   | Female                                  |                | 2          | 3          |
|   | Female (foreign nationals)              |                | 0          | 0          |
|   | <b>Total</b>                            |                | <b>31</b>  | <b>29</b>  |
|   | Percentage of female Executive Officers | %              | 6.5        | 10.3       |

## Sustainability Data

## Social

| Items  |                                      | Unit         | Scope covered    | FY2023    | FY2024    |
|--|--------------------------------------|--------------|------------------|-----------|-----------|
| Employees with disabilities  | Male                                 | Person(s)    | Consolidated     | 24        | 25        |
|  | Female                               |              |                  | 4         | 5         |
|  | <b>Total</b>                         |              |                  | <b>28</b> | <b>30</b> |
|  | Ratio of employees with disabilities |              |                  | 2.1       | 2.2       |
| Average monthly overtime hours   | Hours                                | Consolidated |                  | 9.7       | 16.3      |
| Percentage of employees who took paid leave  | %                                    | Consolidated |                  | 66.7      | 80.0      |
| Number of employees who took childcare leave   | Male                                 | Person(s)    | Consolidated     | 25        | 31        |
|  | Female                               |              |                  | 20        | 23        |
|  | <b>Total</b>                         |              |                  | <b>45</b> | <b>54</b> |
| Ratio of males who took childcare leave  | %                                    | Consolidated |                  | 47.2      | 47.1      |
| Average number of labor-management meetings held   | Times                                | Consolidated |                  | 9         | 12        |
| Average number of Safety and Health Committee held   | Times                                | Consolidated |                  | 9         | 12        |
| Employee training on safety and health   | Number of meetings held              | Person(s)    | Consolidated     | 82        | 83        |
|  | Number of participants               |              |                  | 641       | 734       |
| Number of ESH risk assessments   | Number of cases                      | Consolidated |                  | 31        | 29        |
| Stress check inspection rate   | %                                    | Consolidated |                  | 90.1      | 85.3      |
| Harassment prevention training   | Number of meetings held              | Person(s)    | Consolidated     | 9         | 9         |
|  | Number of participants               |              |                  | 320       | 305       |
|  | Ratio of participants                |              |                  | 23.7      | 22.0      |
| Number of child labor, forced labor, human trafficking   | Number of cases                      | Consolidated |                  | 0         | 0         |
| Number of participants in special trainings (master's, doctoral, MBA, MOT, overseas training, overseas language study, etc.) | Person(s)                            | Consolidated |                  | 5         | 4         |
| Number of employees taking correspondence education programs   | Person(s)                            | Consolidated |                  | 185       | 382       |
| Certification status (including ISO 9001 and other industry-specific standards)  | Company                              | Consolidated |                  | 7         | 8         |
| Number of patents held   | Number of cases                      | Consolidated |                  | 1,050     | 1,083     |
| Corporate citizenship (social contribution) activities   | Community cleanups                   | Times        | Consolidated     | 10        | 14        |
|  | Harmonic Lectures                    |              |                  | 1         | 1         |
|  | Harmonic Concerts                    |              | Non-Consolidated | 1         | 1         |
|  | Lessons in educational facilities    |              |                  | 5         | 6         |

## Governance

| Items                |   | Unit                     | Scope covered    | FY2023    | FY2024    |
|----------------------|---|--------------------------|------------------|-----------|-----------|
| Directors            | Internal / Non-Independent  | Male                     | Person(s)        | 5         | 5         |
|                      |   | Female                   |                  | 0         | 0         |
|                      |   | <b>Total</b>             |                  | <b>5</b>  | <b>5</b>  |
|                      | Independent Outside   | Male                     | Person(s)        | 4         | 4         |
|                      |   | Female                   |                  | 1         | 1         |
|                      |   | <b>Total</b>             |                  | <b>5</b>  | <b>5</b>  |
|                      | <b>Total</b>  |                          | Person(s)        | <b>10</b> | <b>10</b> |
|                      | Ratio of female Directors   | %                        |                  | 10.0      | 10.0      |
|                      | Ratio of Independent Outside Directors                                  | %                        | Non-Consolidated | 50.0      | 50.0      |
|                      | Number of Board of Directors meetings                                   | Times                    | Non-Consolidated | 18        | 20        |
| Corporate Auditors   | Average attendance at Board of Directors meetings                       | %                        | Non-Consolidated | 98.5      | 99.5      |
|                      | Internal / Non-Independent  | Male                     | Person(s)        | 2         | 2         |
|                      |   | Female                   |                  | 0         | 0         |
|                      |   | <b>Total</b>             |                  | <b>2</b>  | <b>2</b>  |
|                      | Independent Outside   | Male                     | Person(s)        | 2         | 2         |
|                      |   | Female                   |                  | 0         | 0         |
|                      |   | <b>Total</b>             |                  | <b>2</b>  | <b>2</b>  |
|                      | <b>Total</b>  |                          | Person(s)        | <b>4</b>  | <b>4</b>  |
|                      | Ratio of female Corporate Auditors                                      | %                        | Non-Consolidated | 0.0       | 0.0       |
|                      | Ratio of Independent Outside Corporate Auditors                         | %                        | Non-Consolidated | 50.0      | 50.0      |
| Compliance trainings | Number of Board of Corporate Auditors meetings                          | Times                    | Non-Consolidated | 17        | 17        |
|                      | Average attendance at Corporate Auditors meetings                       | %                        | Non-Consolidated | 100       | 100       |
|                      | Number of whistleblowing cases  | Number of cases          | Consolidated     | 35        | 78        |
|                      | Number of corruption cases  | Number of cases          | Consolidated     | 1         | 2         |
|                      | Amount of fines related to corruptions                                  | Yen                      | Consolidated     | 0         | 0         |
|                      | Number of meetings held   | Number of meetings held  | Times            | 4         | 8         |
|                      |   | Number of participants   | Person(s)        | 931       | 1,020     |
|                      |   | Ratio of participants    | %                | 69.0      | 73.7      |
|                      | Political donations   | Yen                      | Consolidated     | 0         | 0         |
|                      | Number of corruptions and briberies detected                            | Times                    | Consolidated     | 0         | 0         |
|                      | Number of violations of antitrust laws                                  | Times                    | Consolidated     | 0         | 0         |
|                      | Number of information security incidents                                | Times                    | Consolidated     | 1         | 0         |
|                      | Information security compliance ratio                                   | %                        | Consolidated     | 97.9      | 99.3      |
|                      | Awareness training to prevent information security breach               | Number of trainings held | Times            | 29        | 30        |
|                      |   | Number of participants   | Person(s)        | 1,696     | 1,691     |
|                      | Number of information security due diligence performed by a third party | Times                    | Consolidated     | 16        | 28        |

# Global Network

## Establishing a global supply network of high-quality product lineups

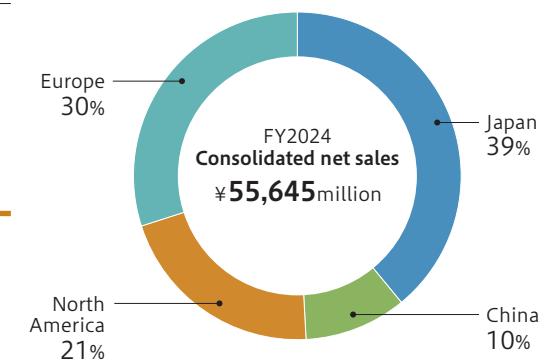
The HDS Group has production bases in Japan, Germany, the U.S., and South Korea and also conducts development in Japan, Germany, and the U.S. The

Company provides sales and technological services in Japan and the Asian region, while the German subsidiary, Harmonic Drive SE and its eight consolidated subsidiaries are in charge of Europe, Middle East, Africa, India, and South America. Harmonic Drive LLC, the U.S. subsidiary, covers North America.

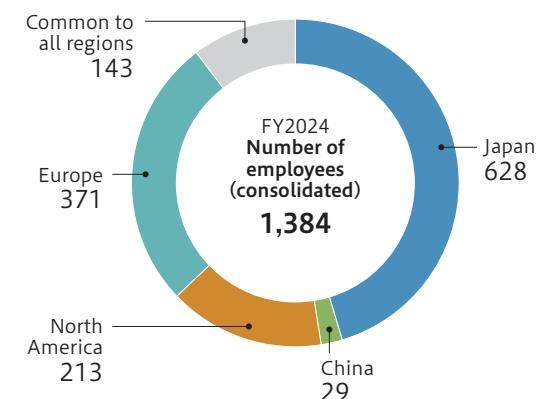
The Chinese subsidiary, Harmonic Drive Systems (Shanghai) Co., Ltd., provides sales and technological services to the Chinese market. The South Korean subsidiary, SAMICK ADM CO., LTD., manufactures Precision planetary speed reducers.



### Composition of consolidated net sales by region (%)



### Number of employees (consolidated) by region (persons)



# Corporate Overview

## ■ Corporate Information (As of March 31, 2025)

|                         |   |
|-------------------------|---|
| Corporate Name          | Harmonic Drive Systems Inc.   |
| Location of head office | 6-25-3 Minami-Oi, Shinagawa-ku, Tokyo 140-0013, Japan   |
| Phone Number            | +81-3-5471-7800   |
| Corporate website       | <a href="https://www.hds.co.jp/english/">https://www.hds.co.jp/english/</a>   |
| Founded                 | October 27, 1970  |
| Listed stock exchange   | Tokyo Stock Exchange (Standard Market)<br>Securities code: 6324   |
| Business domain         | Development, production, and sales of precision speed reducers and applied mechatronics products (actuators and motion control equipment) |
| Fiscal year end         | March   |
| Share capital           | ¥7.1 billion  |
| Net sales               | Consolidated: ¥55.6 billion<br>Non-consolidated: ¥30.5 billion  |
| No. of employees        | Consolidated: 1,384<br>Non-consolidated: 510  |
| Group companies         | Consolidated subsidiaries: 18,<br>Equity-method affiliates: 1   |



Hotaka Factory



Ariake Factory

## ■ Major Offices and Factories

|                |  |
|----------------|--|
| Head Office    | Shinagawa-ku, Tokyo, Japan             |
| Tokyo Office   | Shinagawa-ku, Tokyo, Japan             |
| Kohshin Office | Azumino-shi, Nagano, Japan             |
| Chubu Office   | Meito-ku, Nagoya-shi, Aichi, Japan     |
| Kansai Office  | Yodogawa-ku, Osaka-shi, Osaka, Japan   |
| Kyushu Office  | Hakata-ku, Fukuoka-shi, Fukuoka, Japan |

|                              |                              |
|------------------------------|------------------------------|
| Taiwan Representative Office | Taipei City, Taiwan          |
| Hotaka Factory               | Azumino-shi, Nagano, Japan   |
| Ariake Factory               | Azumino-shi, Nagano, Japan   |
| Matsumoto Factory            | Matsumoto-shi, Nagano, Japan |
| Toyoshina Factory            | Azumino-shi, Nagano, Japan   |
| Komagane Factory             | Komagane-shi, Nagano, Japan  |

| Name of consolidated subsidiary                    | Percentage of voting rights | Location                           | Business domain  |
|--|-----------------------------|------------------------------------|--|
| HD Logistics, Inc.                                 | 100.0%                      | Azumino-shi, Nagano, Japan         | Logistics  |
| Harmonic Precision Inc.                            | 100.0%                      | Matsumoto-shi, Nagano, Japan       | Production and processing of cross roller bearings   |
| Harmonic AD, Inc.                                  | 100.0%                      | Azumino-shi, Nagano, Japan         | Production of Precision planetary speed reducers   |
| Harmonic Winbel Inc.                               | 100.0%                      | Komagane-shi, Nagano, Japan        | Development, mass production support, manufacturing and sales of various motors  |
| HD Systems, Inc.*                                  | 100.0%                      | Beverly, Massachusetts, U.S.A.     | Investment in Harmonic Drive LLC, research and study of speed reducers and mechatronics products   |
| Harmonic Drive LLC*                                | 100.0% (100.0%)             | Beverly, Massachusetts, U.S.A.     | Development and production of speed reducers and mechatronics products, and sales in North America region  |
| Harmonic Drive Systems (Shanghai) Co., Ltd.*       | 100.0%                      | Shanghai, China                    | Sales and technical services of speed reducers and mechatronics products   |
| SAMICK ADM CO., LTD.*                              | 51.0% (51.0%)               | Dalseong-gun, Daegu, South Korea   | Production of Precision planetary speed reducers   |
| Harmonic Drive SE and 8 consolidated subsidiaries* | 100.0%                      | Limburg a.d. Lahn, Hessen, Germany | Development and production of speed reducers and mechatronics products, and sales in Europe, Middle East, Africa, India and South America region |

\*1: Fiscal year ends on December 31 for the consolidated subsidiaries marked with \*.

\*2: Percentage of voting rights ( ) indicates the percentage of indirect ownership.

| Name of equity-method company | Percentage of voting rights | Location                    | Business domain  |
|-------------------------------|-----------------------------|-----------------------------|--|
| Ome Iron Casting Co., Ltd.    | 49.2%                       | Nishitama-gun, Tokyo, Japan | Development, production, and sales of high-strength cast-iron products |

## ■ HDS Report 2025 Editors Sustainability Management Office



KAZUHA YAMAKAWA MAKIKO ONO AOI ANDO

### From the editors

Thank you for reading the HDS REPORT 2025. We created the content of this report to more effectively meet the needs of investors while sharing our commitment to showcasing various cross-organizational initiatives taking root in the field, along with authentic voices from the front lines. We hope that this report, which serves as both a record of the HDS Group's evolution and a platform for dialogue, will support constructive engagement with our stakeholders.

## Stock Information

### Stock Information (As of March 31, 2025)

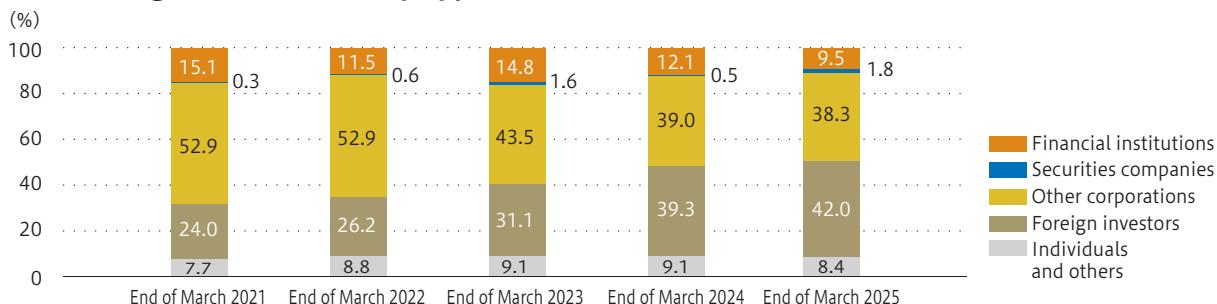
|  |  |
|--|--|
| Total number of shares authorized to be issued | 356,400,000 shares   |
| Total number of issued and outstanding shares  | 96,315,400 shares  |
| Number of shareholders                         | 7,660  |
|  |  |
| Listed stock exchange                          | Tokyo Stock Exchange (Standard Market)   |
| Securities code                                | 6324   |
| Fiscal year                                    | From April 1 of each year to March 31 of the following year  |
|  |  |
| Ordinary General Meeting of Shareholders       | Held in June every year  |
| Record date                                    | March 31   |
| Interim dividend                               | September 30   |
| Transfer agent                                 | 1-3-3, Marunouchi, Chiyoda-ku, Tokyo 100-8241 Japan  |
| Special account manager                        | Mizuho Trust & Banking Co., Ltd.   |
|  |  |
| Handling office                                | 1-3-3, Marunouchi, Chiyoda-ku, Tokyo 100-8241 Japan<br>Stock Transfer Agency Department, Head Office, Mizuho Trust & Banking Co., Ltd. |

### Status of Major Shareholders (As of March 31, 2025)

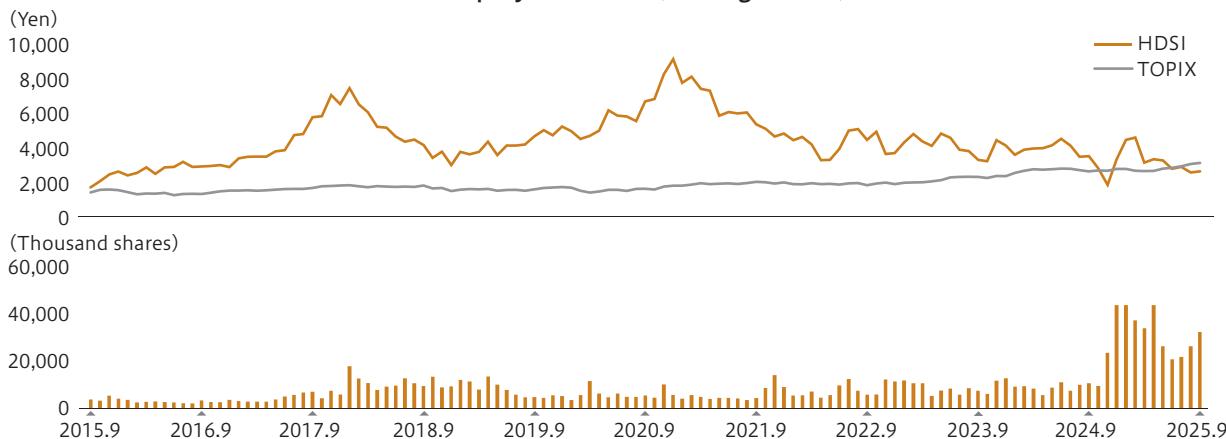
| Name of shareholder                                    | No. of shares held (thousand) | Shareholding ratio (%) |
|--|-------------------------------|------------------------|
| KODEN Holdings Co., Ltd.                               | 33,490                        | 35.28                  |
| Custody Bank of Japan, Ltd. (Trust Account)            | 4,654                         | 4.90                   |
| STATE STREET BANK AND TRUST COMPANY 505001             | 4,112                         | 4.33                   |
| INTERACTIVE BROKERS LLC                                | 3,151                         | 3.32                   |
| Norimitsu Ito  | 3,041                         | 3.20                   |
| STATE STREET BANK WEST CLIENT-TREATY 505234            | 2,490                         | 2.62                   |
| Control trust (A030) trustee SMBC Trust Bank Ltd.      | 2,176                         | 2.29                   |
| The Master Trust Bank of Japan, Ltd. (Trust Account)   | 1,933                         | 2.03                   |
| MLI FOR CLIENT GENERAL OMNION COLLATERAL NON TREATY-PB | 1,718                         | 1.81                   |
| JP MORGAN CHASE BANK 385840                            | 1,344                         | 1.41                   |
| <b>Total</b>   | <b>58,114</b>                 | <b>61.23</b>           |

\* The shareholding ratios above are calculated excluding 1,441,891 shares of treasury stock.

### Percentage of Shares Held by Type of Shareholder



### Stock Price Chart Trends in the Company's Stock Price, Trading Volume, and TOPIX



### Comparison of Stock Performance

(TSR: Total Shareholder Return, %)

| Investment period                | 1 year<br>(March 31, 2024 - March 31, 2025) | 3 years<br>(March 31, 2022 - March 31, 2025) | 5 years<br>(March 31, 2020 - March 31, 2025) | 10 years<br>(March 31, 2015 - March 31, 2025) |
|----------------------------------|---|--|--|---|
| Harmonic Drive Systems Inc.      | -20.2                                       | -23.5  | -30.8  | 28.0  |
| TOPIX                            | -1.5  | 47.2   | 113.4  | 117.4   |
| TOPIX Sector Indices (Machinery) | -4.3  | 51.9   | 133.7  | 126.8   |

\* The table above shows the cumulative return on investment including dividends as of March 31, 2025, if investments were made 1, 3, 5, and 10 years ago.

### Stock Price Valuation

|  | FY2020  | FY2021 | FY2022 | FY2023 | FY2024 |
|--|---------|--------|--------|--------|--------|
| Stock price at end of term (Yen)                         | 7,480   | 4,220  | 4,395  | 3,985  | 3,160  |
| PBR (Times)  | 7.0     | 4.1    | 4.0    | 4.8    | 3.8    |
| ROE (Times)  | 0.7     | 6.6    | 7.5    | -27.1  | 4.4    |
| PER (Times)  | 1,087.2 | 61.1   | 55.2   | -15.3  | 86.4   |
| Dividend yield (%)                                       | 0.3     | 0.5    | 0.6    | 0.5    | 0.6    |
| Market capitalization at end of period (Billions of yen) | 7,204   | 4,065  | 4,233  | 3,838  | 3,044  |