

Financial Data for the Past 11 Years

Items	Units	FY2013	FY2014	FY2015	FY2016
Net sales	(Millions of yen)	21,083	25,951	28,278	30,069
Cost of sales	(Millions of yen)	11,965	13,829	14,992	16,202
Gross profit	(Millions of yen)	9,117	12,121	13,286	13,866
Selling, general and administrative expenses	(Millions of yen)	4,449	5,054	5,667	6,052
Operating profit or loss	(Millions of yen)	4,668	7,066	7,618	7,813
Ordinary profit	(Millions of yen)	4,822	7,525	7,829	7,958
Profit or loss attributable to owners of parent	(Millions of yen)	2,993	4,833	5,001	19,732
Total assets	(Millions of yen)	38,625	49,440	48,749	101,999
Total net assets	(Millions of yen)	30,520	37,680	38,891	62,611
Interest bearing liabilities	(Millions of yen)	217	745	892	15,666
Net cash	(Millions of yen)	8,870	11,402	12,014	(3,569)
Equity ratio	(%)	75.9	73.3	76.1	54.0
Cash flows from operating activities	(Millions of yen)	3,643	5,494	6,499	7,225
Cash flows from investing activities	(Millions of yen)	(1,102)	(2,103)	(4,394)	(32,522)
Free cash flows	(Millions of yen)	2,540	3,390	2,105	(25,296)
Cash flows from financing activities	(Millions of yen)	(5,591)	(737)	(1,384)	24,648
Cash and cash equivalents at end of period	(Millions of yen)	6,883	9,730	10,439	9,668
Net assets per share	(Yen)	320.1	395.7	405.3	601.1
Net profit or loss per share	(Yen)	32.7	52.8	54.6	215.4
Dividends per share	(Yen)	9.7	14.3	18.0	20.0
Total dividend paid	(Millions of yen)	885	1,312	1,648	1,831
Dividend payout ratio	(%)	29.6	27.2	33.0	9.3
DOE(Dividend on Equity)	(%)	3.3	4.0	4.5	4.0
Ratio of gross profit to net sales	(%)	43.2	46.7	47.0	46.1
Ratio of operating profit to net sales	(%)	22.1	27.2	26.9	26.0
ROA(Return on Asset)	(%)	7.9	11.0	10.2	26.2
ROE(Return on Equity)	(%)	11.0	14.7	13.6	42.8
Capital investment	(Millions of yen)	1,304	2,475	4,296	4,576
Depreciation and amortization	(Millions of yen)	1,170	1,305	1,524	1,774
R&D expenditure	(Millions of yen)	1,235	1,309	1,404	1,383

Note 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.

Note 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

FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
54,339	67,809	37,487	37,034	57,087	71,527	55,796
28,636	37,363	25,484	24,451	34,661	45,741	40,189
25,703	30,446	12,003	12,582	22,426	25,786	15,606
13,386	13,821	12,198	11,716	13,686	15,561	15,481
12,316	16,624	(195)	865	8,739	10,224	124
11,946	17,185	236	1,366	9,108	10,757	570
7,777	11,322	(1,095)	662	6,643	7,595	(24,806)
138,584	142,872	131,848	140,028	143,289	154,336	119,142
108,719	113,277	106,718	110,059	98,856	103,955	79,401
1,938	2,104	6,963	6,328	16,887	22,946	18,431
27,526	16,717	12,607	14,835	3,041	(2,133)	(1,923)
71.7	72.5	73.3	73.5	69.0	67.4	66.6
9,233	15,121	10,950	9,555	9,881	10,850	12,728
(8,171)	(22,399)	(12,537)	(1,230)	(4,703)	(8,663)	(5,950)
1,062	(7,277)	(1,587)	8,324	5,178	2,187	6,778
17,493	(3,271)	2,362	(6,561)	(6,663)	(1,599)	(8,122)
28,320	17,600	18,342	19,996	18,767	19,921	18,941
1,032.4	1,076.7	1,003.8	1,068.8	1,026.9	1,093.5	836.0
83.9	117.6	(11.4)	6.9	69.0	79.7	(261.0)
26.0	38.0	20.0	20.0	21.0	28.0	20.0
2,446	3,658	1,925	1,925	2,021	2,661	1,900
31.5	32.3	—	290.6	30.4	35.1	—
3.2	3.6	1.9	1.9	2.0	2.6	2.1
47.3	44.9	32.0	34.0	39.3	36.1	28.0
22.7	24.5	(0.5)	2.3	15.3	14.3	0.2
6.5	8.1	(0.8)	0.5	4.7	5.1	(18.1)
10.1	11.2	(1.1)	0.7	6.6	7.5	(27.1)
8,757	23,876	7,892	1,959	5,690	9,236	4,955
5,164	5,566	6,826	6,464	7,278	8,520	9,189
2,114	2,476	2,195	2,444	3,012	3,274	3,613

Sustainability Data

Environment

Items		Unit	Scope covered	FY2022	FY2023
Total GHG emissions		tCO ₂	Consolidated	3,835,340	903,178
Scope 1	Japan	tCO ₂	Consolidated	81	54
	Asia (excluding Japan)			14	0
	Europe			103	72
	North America			145	82
	Total			342	★ 209
Scope 2 (Location-base)	Japan	tCO ₂	Consolidated	15,418	12,792
	Asia (excluding Japan)			264	287
	Europe			2,494	2,168
	North America			474	361
	Total			18,650	★ 15,609
Scope 2 (Market-base)	Japan	tCO ₂	Consolidated	9,839	7,828
	Asia (excluding Japan)			298	287
	Europe			1,785	1,207
	North America			291	361
	Total			12,213	★ 9,683
Scope3	1. Purchased goods and services	tCO ₂	Consolidated	358,792	289,079
	2. Capital goods			11,237	12,441
	3. Fuel- and energy-related activities not included in Scope 1 or Scope 2			18,329	21,589
	4. Upstream transportation and distribution			8,466	6,568
	5. Waste generated in operations			1,322	1,067
	6. Business travel			702	1,301
	7. Employee commuting			613	694
	8. Upstream leased assets			—	—
	Total upstream			399,461	332,739
	9. Downstream transportation and distribution			3,837	2,287
	10. Processing of sold products			—	—
	11. Use of sold products			3,428,809	※ 557,746
	12. End-of-life treatment of sold products			1,400	※ 228
	13. Downstream leased assets			270	286
	14. Franchises			—	—

Items		Unit	Scope covered	FY2022	FY2023
Scope3	15. Investments	tCO ₂	Consolidated	—	—
	Total downstream			3,434,316	560,547
	Other (upstream)			—	—
	Other (downstream)			—	—
	Total			3,833,776	893,286
Energy consumption	Fuel consumption	MWh	Consolidated	1,815	1,052
	Electricity consumption			45,780	36,762
	Total			47,595	37,815
Total water withdrawal		m ³	Consolidated	31,020	★ 29,909
Total water discharge				31,020	★ 29,446
Amount of general waste discharge	Incineration waste	t	Consolidated	2,245	1,837
	Cafeteria waste			10	9
	Total			2,255	1,846
Amount of hazardous waste discharge				712	584
Green procurement	Ratio of consent acquired for green procurement standards	%	Consolidated	56	56
	Number of suppliers audited			43	54
Number of companies surveyed for inclusion of environmentally hazardous substances		Company	Consolidated	121	116
Amount of copper usage		Thousand t	Consolidated	3	4
Amount of oil and grease used		Thousand t	Consolidated	0	0
Amount of recycled plastic raw materials used		t	Consolidated	14	6
ISO 14001 certification	Number of companies certified	Company	Consolidated	5	6
	Ratio of certifications acquired	%		56	67
Number of sites where EHS audits were conducted		Company	Consolidated	4	4
Ratio of sites where environmental risk assessments have been conducted		%	Consolidated	57	79
Violations of environmental laws and regulations		Number of cases	Consolidated	0	0
Accidents and pollution causing environmental issues		Number of cases	Consolidated	0	0
Complaints on environmental issues		Number of cases	Consolidated	1	0
Fine on environmental issues		Yen	Consolidated	0	0
Environmental training	Number of participants	Person(s)	Consolidated	950	830
	Ratio of participants	%		72	62

★Third-party verified data

*The calculation method has been changed for Scope 3 categories 11 and 12 in FY2023.

Sustainability Data

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-base/Location-base)), as well as water usage (total water withdrawal, total water discharge, and water consumption). We will perform continuous 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)
- Total water withdrawal
- Total water discharge
- Water consumption

Third-party verification statement

DNV

VERIFICATION STATEMENT

Project ID: PRUN-723378 Page 1 of 2

Harmonic Drive Systems Inc.

< Verification Objectives >
DNV Business Assurance Japan K.K. (hereinafter, "DNV") has been commissioned by Harmonic Drive Systems Inc. (hereinafter, "the Organization") to perform an independent verification of the calculation results of the Harmonic Drive Systems Group's greenhouse gas (GHG) emissions and water use for FY2023. The objective of this verification is to confirm that the GHG emissions and water use claimed by the Organization has been calculated and reported appropriately based on the calculation standards, and to express an independent opinion.

< Verification Scope >
The scope of this verification is as follows:
 • Organizations : Harmonic Drive Systems Inc., all consolidated subsidiaries in Japan and overseas and equity method affiliates
 • GHG emissions : Scope 1, Scope 2 (Market based / Location based)
 • Water use : Water withdrawal, water discharges and water consumption

< Verification Criteria >
The criteria for identification, calculation, monitoring, and reporting of GHG emissions, and water withdrawals, water discharges and water consumption to be verified are the GHG Protocol Corporate Accounting and Reporting Standard, ISO 14064-1:2018 and the organization's calculation and reporting procedures formulated based on them. The criteria for verification include ISO 14064-3:2019, ISAE 3000 (Revised), as well as the criteria required by the calculation and reporting procedures established by the Organization.

< Verification Process and Methodology >
The reviews of the GHG emissions and water use, relevant documents, and subsequent follow-up interviews have provided DNV with sufficient evidence to determine the fulfillment of stated criteria.

< Verification Statement >
It is DNV's opinion that with a limited level of assurance, nothing has come to our attention which causes us to believe that the claims of the GHG emissions and water use were not accurately reflected in the Report, in accordance with the verification criteria identified as stated above.

Place and date: Kobe, Japan, 30 August 2024
DNV Business Assurance Japan K.K.

Masa Taha
Masahiro Takahashi
Approved Verifier

Satoru Murasawa
Satoru Murasawa
Technical Reviewer

Naoki Maeda
Naoki Maeda
Representative Director / SCFA
Senior Vice President

This Verification Statement is based on the information made available to us and the engagement conditions detailed above. Hence, DNV cannot guarantee the accuracy or correctness of the information. DNV cannot be held liable by any party relying or using upon this Verification Statement.
DNV Business Assurance Japan K.K. is a member of the DNV Group. DNV Group is a global company with offices in more than 100 countries.

DNV

VERIFICATION STATEMENT

Project ID: PRUN-723378 Page 2 of 2

< Period Covered by Calculation >
The period covered by the FY2023 greenhouse gas (GHG) emissions and water use is 1 April 2023 to 31 March 2024.

< Organization Boundary of Verification >
☒ Management Control ☐ Equity Share ☐ Others

< GHG emissions verified >
DNV's opinion is that the GHG emissions are real, transparent and measurable.
 ■ Type of GHGs : ☒ CO₂ ☐ CH₄ ☐ N₂O ☐ HFCs ☐ PFCs ☐ SF₆ ☐ NF₃
 ■ Amount of GHG emissions (Scope1) : 208.94 t-CO₂e
 ■ Amount of GHG emissions (Scope2) : Market based 9,663.04 t-CO₂e
 Location based 15,609.14 t-CO₂e

< Water use verified >
DNV's opinion is that the water use is real, transparent and measurable.
 ■ Water withdrawals : 29,909.05 m³
 ■ Water discharges : 29,446.05 m³
 ■ Water consumption : 463.00 m³

The greenhouse gas (GHG) emissions and water use above are fully covered by the verification.

< Verification Opinion >
☒ Unmodified Opinion ☐ Modified Opinion ☐ Adverse Opinion
 As an independent third party, DNV has no financial dependencies on the Organization.

This Verification Statement is based on the information made available to us and the engagement conditions detailed above. Hence, DNV cannot guarantee the accuracy or correctness of the information. DNV cannot be held liable by any party relying or using upon this Verification Statement.
DNV Business Assurance Japan K.K. is a member of the DNV Group. DNV Group is a global company with offices in more than 100 countries.

Social

Items	Unit	Scope covered	FY2022	FY2023
Number of employees (consolidated)	Person(s)	Consolidated	1,324	1,349
Number of employees (non-consolidated)	Male	Non-Consolidated	389	415
	Female		86	108
	Total		484	523
	Ratio of female employees		17.8	20.7
Average number of temporary and contract employees*	Person(s)	Consolidated	156	689
Ratio of average number of temporary employees*	%	Consolidated	24.1	33.8
Average age*	Age	Consolidated	41.8	40.0
Average years of service*	Year(s)	Consolidated	14	9
Number of foreign employees*	Male	Person(s)	3	59
	Female		5	28
	Total		8	87
	Ratio of foreign employees		1.2	6.4
Number of newly graduated recruits*	Male	Person(s)	8	18
	Female		1	5
	Total		9	23
Number of mid-career recruits*	Male	Person(s)	10	68
	Female		3	24
	Total		13	92
Retention of newly graduated recruits (turnover rate after 3 years)*	%	Consolidated	0.0	6.0
			0.0	0.0
			0.0	6.0
Turnover rate*	%	Consolidated	3.0	8.6
Turnover rate for personal reasons retirees*	%	Consolidated	2.8	8.3
Managers*	Male	Person(s)	82	205
	Male (foreign nationals)		0	8
	Female		2	14
	Female (foreign nationals)		0	0
	Total		84	219
	Ratio of female managers		2.4	6.4
Executive Officer*	Male	Person(s)	12	29
	Male (foreign nationals)		0	1
	Female		1	2
	Female (foreign nationals)		0	0
	Total		13	31
	Percentage of female Executive Officers		7.7	6.5

*Consolidated basis from FY2023

Sustainability Data

Social

Items		Unit	Scope covered	FY2022	FY2023
Employees with disabilities*	Male	Person(s)	Consolidated	9	24
	Female			2	4
	Total			11	28
	Ratio of employees with disabilities	%		1.8	2.1
Average monthly overtime hours*		Hours	Consolidated	22.9	9.7
Percentage of employees who took paid leave*		%	Consolidated	73.2	66.7
Number of employees who took childcare leave*	Male	Person(s)	Consolidated	9	25
	Female			N.A.	20
	Total			9	45
Ratio of males who took childcare leave*		%	Consolidated	56.3	47.2
Average number of labor-management meetings held*		Times	Consolidated	12	9
Average number of Safety and Health Committee held*		Times	Consolidated	12	9
Employee training on safety and health*	Number of meetings held	Times	Consolidated	12	82
	Number of participants	Person(s)		162	641
Number of ESH risk assessments		Number of cases	Consolidated	33	31
Stress check inspection rate*		%	Consolidated	86.0	90.1
Harassment prevention training*	Number of meetings held	Times	Consolidated	3	9
	Number of participants	Person(s)		144	320
	Ratio of participants	%		75.3	29.4
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	2	5
Number of employees taking correspondence education programs*		Person(s)	Consolidated	131	185
Certification status (including ISO 9001 and other industry-specific standards)	Certified sites	Company	Consolidated	7	7
	Ratio of certifications acquired	%		77.8	77.8
Number of patents held		Number of cases	Consolidated	1,004	1,050
Corporate citizenship (social contribution) activities	Community cleanups	Times	Consolidated	7	10
	Harmonic lectures		Non-Consolidated	1	1
	Harmonic Concerts			0	1
	Lessons in educational facilities			5	5

*Consolidated basis from FY2023

Governance

Items			Unit	Scope covered	FY2022	FY2023	
Directors	Internal	Male	Person(s)	Non-Consolidated	5	5	
		Female			0	0	
		Total			5	5	
	Outside	Male	Person(s)		4	4	
		Female			0	1	
		Total			4	5	
	Total		Person(s)		9	10	
	Ratio of female Directors		%		0.0	10.0	
Ratio of Independent Outside Directors			%	Non-Consolidated	44.4	50.0	
Number of Board of Directors meetings			Times	Non-Consolidated	18	18	
Average attendance at Board of Directors meetings			%	Non-Consolidated	98.5	98.5	
Corporate Auditors	Internal	Male	Person(s)	Non-Consolidated	1	1	
		Female			0	0	
		Total			1	1	
	Outside	Male	Person(s)		Non-Consolidated	3	3
		Female				0	0
		Total				3	3
	Total		Person(s)			4	4
	Ratio of female Corporate Auditors		%			Non-Consolidated	0.0
Ratio of Independent Outside Corporate Auditors			%	Non-Consolidated		50.0	50.0
Number of Board of Corporate Auditors meetings			Times	Non-Consolidated		18	17
Average attendance at Corporate Auditors meetings			%	Non-Consolidated		98.6	100
Number of whistleblowing cases*			Number of cases	Consolidated	21	35	
Number of corruption cases*			Number of cases	Consolidated	0	1	
Amount of fines related to corruptions*			Yen	Consolidated	0	0	
Compliance trainings*	Number of meetings held		Times	Consolidated	6	4	
	Number of participants		Person(s)		293	931	
	Ratio of participants		%		60.5	69.0	
Political donations*			Yen	Consolidated	0	0	
Number of corruptions and briberies detected*			Number of cases	Consolidated	0	0	
Number of violations of antitrust laws*			Number of cases	Consolidated	0	0	
Number of information security incidents*			Number of cases	Consolidated	0	1	
Information security compliance ratio*			%	Consolidated	96.5	97.9	
Awareness training to prevent information security breach*	Number of trainings held		Times	Consolidated	2	29	
	Number of participants		Person(s)		1,040	1,696	
Number of information security due diligence performed by a third party*			Times	Consolidated	2	16	

*Consolidated basis from FY2023

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.

Harmonic Drive SE

Location : Hessen, Germany
Business domain : development, production, and sales of speed reducers and mechatronics products



SAMICK ADM CO., LTD.

Location : Dalseonggun, Daegu, South Korea
Business domain : manufacture of Precision planetary speed reducers



Harmonic Drive LLC

Location : Massachusetts, U.S.A.
Business domain : development, production, and sales of speed reducers and mechatronics products



HD Systems, Inc.

Location : Massachusetts, U.S.A.
Business domain : holding company for the HDS Group business in the U.S.

HD Systems, Inc. Silicon Valley Office

Location : California, U.S.A.
Business domain : research and study of advanced technologies

Harmonic Drive Systems (Shanghai) Co., Ltd.

Location : Shanghai, China
Business domain : sales of and technical services for speed reducers and mechatronics products

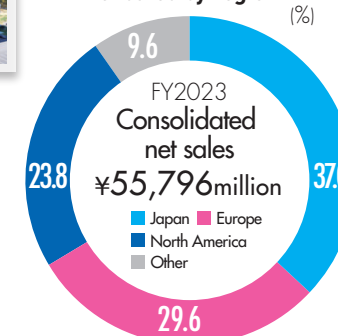


Harmonic Drive Systems Inc. Taiwan Representative Office

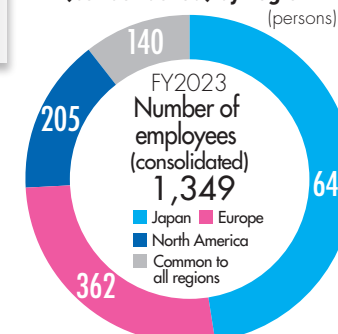
Location : Taipei, Taiwan
Business domain : market research and technical support

- ① Harmonic Drive Systems Inc. Hotaka Factory and Ariake Factory
Harmonic AD, Inc.
HD Logistics, Inc.
- ② Harmonic Precision Inc.
- ③ Harmonic Winbel Inc.
- ④ Ome Iron Casting Co., Ltd.

Composition of consolidated net sales by region (%)



Number of employees (consolidated) by region (persons)



Corporate Overview

Corporate Information (As of March 31, 2024)

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	https://www.hds.co.jp/english/#1
Founded	October 27, 1970
Listed stock exchange	Tokyo Stock Exchange (Standard Market) 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	¥7,100,036,369
Net sales	Consolidated: ¥55.7 billion Non-consolidated: ¥28.5 billion
No. of employees	Consolidated: 1,349 Non-consolidated: 523
Group companies	Consolidated subsidiaries: 18, Equity-method affiliates: 1

Major Offices and Factories

Name	Location
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 (R.O.C.)
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%	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
GK HD Management*	100.0%	Shinagawa-ku, Tokyo, Japan	Holding company for the purpose of investment in Harmonic Drive SE
Harmonic Drive SE and 8 consolidated subsidiaries*	100.0%(63.2%)	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

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

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

Note 3: Harmonic Winbel Inc. changed its name from Winbel Co., Ltd. as of April 1, 2023.

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

HDS Report 2024 Editors

Sustainability
Management Office



Kazuha Yamakawa

Makiko Ono

Aoi Ando

<From the editors>

Thank you for reading the HDS REPORT 2024. In this second publication of the integrated report, we have included the unwavering commitment of our President & CEO, Executive Officers in charge of respective areas, next-generation leaders, and the top leaders of our overseas Group companies as we work towards the realization of the Medium-Term Management Plan (FY2024-FY2026) which began in FY2024. We hope that this report will help you deepen your understanding of the HDS Group and look forward to the realization of our vision. We also hope that the report will stimulate our dialogue with all of our stakeholders.

Stock Information

Stock Information (As of March 31, 2024)

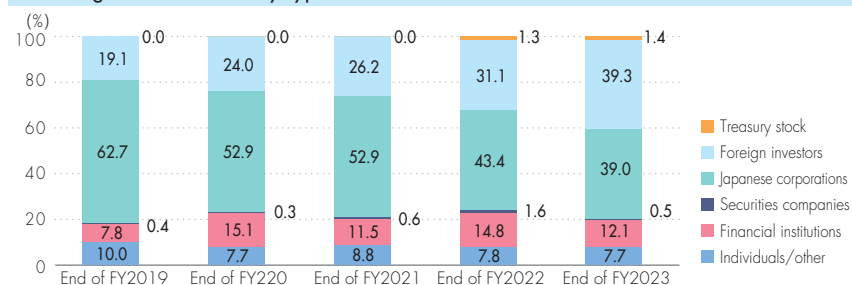
Total number of shares authorized to be issued	356,400,000 shares
Total number of issued and outstanding shares	96,315,400 shares
Number of shareholders	8,302
Fiscal year	From April 1 of each year to March 31 of the following year
Ordinary General Meeting of Shareholders	Held in June every year
Record 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 Stock Transfer Agency Department, Head Office, Mizuho Trust & Banking Co., Ltd.

Status of Major Shareholders

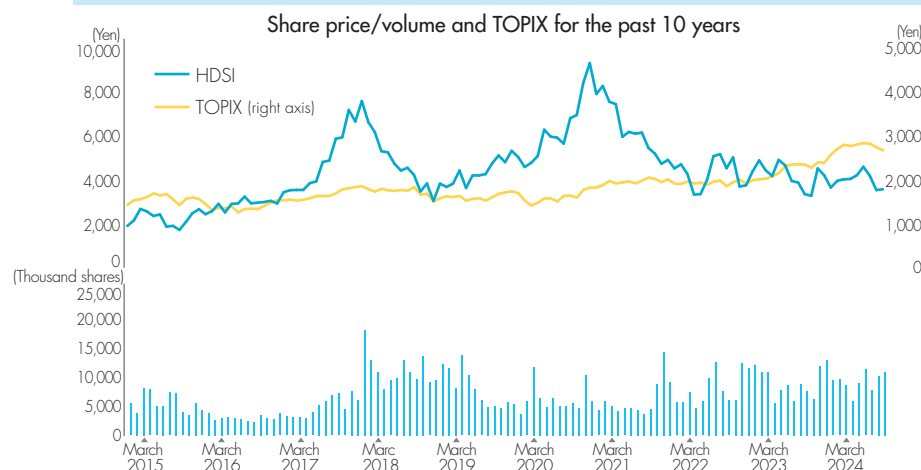
Name of shareholder	No. of shares held (thousand)	Shareholding ratio (%)
KODEN Holdings Co., Ltd.	33,490	35.3
SSBTC CLIENT OMNIBUS ACCOUNT	7,058	7.4
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,752	4.0
Custody Bank of Japan, Ltd. (Trust Account)	3,345	3.5
Norimitsu Ito	3,041	3.2
Control trust (AO30) trustee SMBC Trust Bank Ltd.	2,176	2.3
JP MORGAN CHASE BANK 385632	1,986	2.1
STATE STREET BANK WEST CLIENT-TREATY 505234	1,681	1.8
J.P. MORGAN BANK LUXEMBOURG S.A. 381572	1,571	1.7
NORTHERN TRUST CO. (AVFC) REIEDU UCITS CLIENTS NON LENDING 1.5 PCT TREATY ACCOUNT	1,448	1.5
Total	59,553	62.7

Note: The shareholding ratios noted above are calculated excluding treasury stock.

Percentage of Shares Held by Type of Shareholder



Stock Price Chart



Comparison of Stock Performance (TSR: Total Shareholder Return, %)

Investment period	1 year (March 31, 2023 - March 31, 2024)	3 years (March 31, 2021 - March 31, 2024)	5 years (March 31, 2019 - March 31, 2024)	10 years (March 31, 2014 - March 31, 2024)
Harmonic Drive Systems Inc.	-8.9	-45.8	8.0	305.5
TOPIX	41.3	52.5	96.2	188.6
TOPIX Sector Indices (Machinery)	46.2	52.8	117.0	201.8

Note: The table above shows the cumulative return on investment including dividends as of March 31, 2024, if investments were made 1, 3, 5, and 10 years ago.

Stock Price Valuation

	FY2019	FY2020	FY2021	FY2022	FY2023
Stock price at end of term (Yen)	4,725	7,480	4,220	4,395	3,985
PBR (Times)	4.7	7.0	4.1	4.0	4.8
ROE (Times)	-1.1	0.7	6.6	7.5	-27.1
PER (Times)	-415.2	1,087.2	61.1	55.2	-15.3
Dividend yield (%)	0.4	0.3	0.5	0.6	0.5
Market capitalization at end of period (Billions of yen)	4,551	7,204	4,065	4,233	3,838