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Company: Harmonic Drive Systems Inc.
Representative: Akira Maruyama, President,
Representative Director
(Code number: 6324 Tokyo Stock Exchange Standard Market)
Contact: Tetsuya Shiokawa, Executive Officer
Phone: +81-3-5471-7810

(Corrections) Notice Regarding Partial Corrections to “Consolidated Financial Results for the Nine Months Ended December 31, 2023 [Japanese GAAP]”

Harmonic Drive Systems Inc. (hereinafter “the Company”) hereby announces that it has made partial corrections to the information in its “Consolidated Financial Results for the Nine Months Ended December 31, 2023 [Japanese GAAP],” which was announced on February 9, 2024.

1. Reason for Corrections

Certain errors have been identified within “Consolidated Financial Results for the Nine Months Ended December 31, 2023 [Japanese GAAP],” and the Company has therefore made corrections. These Corrections pertain only to segment information, and no corrections have been made to the consolidated balance sheets and consolidated statements of income.

2. Amended Portions

Corrections are underlined (___)

[Prior to Corrections]

(Segment information, etc.)

[Segment information]

- I For the nine months ended December 31, 2022 (from April 1, 2022 to December 31, 2022)
Information on net sales and profit, and information on disaggregation of revenue, by reportable segment
(Thousands of yen)

	Reportable segment				Adjustment	Consolidated
	Japan	North America	Europe	Total		
Net sales Revenue from contracts with customers	<u>24,575,394</u>	<u>4,570,812</u>	<u>7,789,302</u>	<u>36,935,510</u>	<u>(3,483,895)</u>	<u>33,451,614</u>
Net sales to third parties	34,012,194	7,650,805	11,697,952	53,360,952	–	53,360,952
Inter-segment net sales or transfers	4,686,988	10,779	534,470	5,232,237	(5,232,237)	–
Total	38,699,183	7,661,584	12,232,422	58,593,190	(5,232,237)	53,360,952
Segment profit	9,555,340	934,228	818,020	11,307,589	(2,934,327)	8,373,262

- (Notes) 1. The segment profit adjustment of ¥(2,934,327) thousand includes the eliminated inter-segment transaction profit of ¥(1,092,385) thousand and the general administrative expenses that are not allocated to any reportable segment, totaling ¥(1,841,942) thousand. The general administrative expenses that are not allocated to any reportable segment consist mainly of the basic research and development expenses and certain administrative expenses related to the General Affairs and Accounting Department.
2. The “Japan” segment includes the net sales and expenses related to the European and Asian markets, in addition to the Japanese market.
3. The “North America” segment includes net sales of ¥3,802,855 thousand originating from the United States of America, which represents 10% or more of net sales recorded on the consolidated statements of income.
4. Segment profit is adjusted to ordinary profit in the quarterly consolidated statements of income.

- II For the nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)
Information on net sales and profit, and information on disaggregation of revenue, by reportable segment
(Thousands of yen)

	Reportable segment				Adjustment	Consolidated
	Japan	North America	Europe	Total		
Net sales Revenue from contracts with customers	<u>16,531,612</u>	<u>6,669,477</u>	<u>8,207,926</u>	<u>31,409,016</u>	<u>(2,643,884)</u>	<u>28,765,131</u>
Net sales to third parties	19,829,733	10,068,377	12,028,703	41,926,813	–	41,926,813
Inter-segment net sales or transfers	3,644,218	11,397	183,732	3,839,348	(3,839,348)	–
Total	23,473,951	10,079,774	12,212,436	45,766,161	(3,839,348)	41,926,813
Segment profit	4,288,079	1,403,123	45,671	5,736,874	(4,970,968)	765,905

- (Notes) 1. The segment profit adjustment of ¥(4,970,968) thousand includes the eliminated inter-segment transaction profit of ¥(3,212,243) thousand and the general administrative expenses that are not allocated to any reportable segment, totaling ¥(1,758,725) thousand. The general administrative expenses that are not allocated to any reportable segment consist mainly of the basic research and development expenses, certain administrative expenses related to the General Affairs and Accounting Department, and the amortization cost of ¥573,616 thousand on goodwill involved in acquisition of shares in Harmonic Drive SE.
2. The “Japan” segment includes the net sales and expenses related to the European and Asian markets, in addition to the Japanese market.
3. The “North America” segment includes net sales of ¥5,953,049 thousand originating from the United States of America, which represents 10% or more of net sales recorded on the consolidated statements of income.
4. The “Europe” segment includes net sales of ¥3,096,458 thousand originating from Germany, which represents 10% or more of net sales recorded on the consolidated statements of income.
5. Segment profit is adjusted to ordinary profit in the quarterly consolidated statements of income.

[After Corrections]

(Segment information, etc.)

[Segment information]

I For the nine months ended December 31, 2022 (from April 1, 2022 to December 31, 2022)

Information on net sales and profit, and information on disaggregation of revenue, by reportable segment

(Thousands of yen)

	Reportable segment				Adjustment	Consolidated
	Japan	North America	Europe	Total		
Net sales Revenue from contracts with customers	<u>38,699,183</u>	<u>7,661,584</u>	<u>12,232,422</u>	<u>58,593,190</u>	<u>(5,232,237)</u>	<u>53,360,952</u>
Net sales to third parties	34,012,194	7,650,805	11,697,952	53,360,952	–	53,360,952
Inter-segment net sales or transfers	4,686,988	10,779	534,470	5,232,237	(5,232,237)	–
Total	38,699,183	7,661,584	12,232,422	58,593,190	(5,232,237)	53,360,952
Segment profit	9,555,340	934,228	818,020	11,307,589	(2,934,327)	8,373,262

(Notes) 1. The segment profit adjustment of ¥(2,934,327) thousand includes the eliminated inter-segment transaction profit of ¥(1,092,385) thousand and the general administrative expenses that are not allocated to any reportable segment, totaling ¥(1,841,942) thousand. The general administrative expenses that are not allocated to any reportable segment consist mainly of the basic research and development expenses and certain administrative expenses related to the General Affairs and Accounting Department.

2. The “Japan” segment includes the net sales and expenses related to the European and Asian markets, in addition to the Japanese market.

3. The “North America” segment includes net sales of ¥6,475,380 thousand originating from the United States of America, which represents 10% or more of net sales recorded on the consolidated statements of income.

4. Segment profit is adjusted to ordinary profit in the quarterly consolidated statements of income.

II For the nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)

Information on net sales and profit, and information on disaggregation of revenue, by reportable segment

(Thousands of yen)

	Reportable segment				Adjustment	Consolidated
	Japan	North America	Europe	Total		
Net sales Revenue from contracts with customers	<u>23,473,951</u>	<u>10,079,774</u>	<u>12,212,436</u>	<u>45,766,161</u>	<u>(3,839,348)</u>	<u>41,926,813</u>
Net sales to third parties	19,829,733	10,068,377	12,028,703	41,926,813	–	41,926,813
Inter-segment net sales or transfers	3,644,218	11,397	183,732	3,839,348	(3,839,348)	–
Total	23,473,951	10,079,774	12,212,436	45,766,161	(3,839,348)	41,926,813
Segment profit	4,288,079	1,403,123	45,671	5,736,874	(4,970,968)	765,905

(Notes) 1. The segment profit adjustment of ¥(4,970,968) thousand includes the eliminated inter-segment transaction profit of ¥(3,212,243) thousand and the general administrative expenses that are not allocated to any reportable segment, totaling ¥(1,758,725) thousand. The general administrative expenses that are not allocated to any reportable segment consist mainly of the basic research and development expenses, certain administrative expenses related to the General Affairs and Accounting Department, and the amortization cost of ¥871,082 thousand on goodwill involved in acquisition of shares in Harmonic Drive SE.

2. The “Japan” segment includes the net sales and expenses related to the European and Asian markets, in addition to the Japanese market.

3. The “North America” segment includes net sales of ¥9,031,268 thousand originating from the United States of America, which represents 10% or more of net sales recorded on the consolidated statements of income.

4. The “Europe” segment includes net sales of ¥4,697,640 thousand originating from Germany, which represents 10% or more of net sales recorded on the consolidated statements of income.

5. Segment profit is adjusted to ordinary profit in the quarterly consolidated statements of income.