



October 8, 2024

Company: Harmonic Drive Systems Inc.
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(Securities Code: 6324 Tokyo Stock Exchange Standard Market)
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Announcement of Business Transfer Agreement
to Support the Rehabilitation of Hataken Co., Ltd.

Harmonic Drive Systems Inc. (hereinafter "the Company") hereby announces that, based on a resolution by the Board of Directors on October 8, 2024, the Company, as part of a joint effort with KODEN Holdings Co., Ltd. (hereinafter "KODEN HD"), has signed a business transfer agreement with Hataken Co., Ltd. (hereinafter "Hataken"), which filed for civil rehabilitation proceedings with the Tokyo District Court on July 24, 2024.

1. Background and Reason for Support

Hataken specializes in high-precision grinding, focusing on difficult-to-machine materials such as ceramics, glass, and nickel alloys. Its Special Machinery Division handles the processing and manufacturing of parts for industrial machinery and semiconductor manufacturing equipment, while its Optical Division produces critical components such as V-groove substrates and fiber arrays, which are influential in ensuring the quality of optical communication.

For many years, we have sourced key components for our precision reduction gears from Hataken's Special Machinery Division. This long-standing relationship has been crucial to maintaining and expanding our stable supply chain, as Hataken consistently achieves high levels of quality, competitive pricing, and reliable delivery times.

KODEN HD, one of our major shareholders, has reviewed Hataken's civil rehabilitation filing and considered various ways to support its ongoing business operations. Furthermore, KODEN HD has been exploring the potential to expand its core technologies in electronics and measuring instruments, developed through its subsidiaries, by leveraging synergies with Hataken's expertise in V-groove substrates and fiber optics products.

In light of these circumstances, we have concluded that supporting Hataken's business rehabilitation, in partnership with KODEN HD, will further strengthen our supply chain and contribute to the enhancement of our corporate value. This judgment led us to finalize the business transfer agreement.

2. Overview of the Business Transfer Agreement

Subject to court approval as stipulated under Article 42 of the Civil Rehabilitation Act, a new receiving company will be established with joint investment from the Company and KODEN HD. The new company will acquire Hataken's business, with the Company holding approximately 30% of the equity and KODEN HD holding approximately 70%.

Furthermore, it is our policy to maintain the continued employment of Hataken's employees under the new company.

3. Overview of the Transferred Company (Hataken)

(1)Company name	Hataken Co., Ltd.
(2)Location	8183-2 Hotaka, Azumino-shi, Nagano Prefecture
(3)Representative	Yasuhiko Hatakeyama, Representative Director
(4)Business activities	Design, manufacturing, and sale of precision machinery and jigs/tools Design, manufacturing, and sale of measuring instruments Design, manufacturing, and sale of electrical and electronic components Design, manufacturing, and sale of optical communication-related components
(5)Capital	60 million yen
(6)Date of establishment	September 20, 1979
(7)Net sales	800 million yen (Fiscal year ended January 2024)

4. Overview of KODEN HD

(1)Company name	KODEN Holdings Co., Ltd.
(2)Location	2-13-24 Tamagawa, Ota-ku, Tokyo
(3)Representative	Takeshi Kato, President and Representative Director
(4)Business activities	Group-wide strategy formulation and management
(5)Capital	50 million yen
(6)Date of establishment	October 3, 1947
(7)Relationship with the Company	KODEN HD is other affiliate of Harmonic Drive Systems Inc. As of March 31, KODEN HD holds 35.26% of the voting rights of Harmonic Drive Systems Inc.'s shares.

5. Schedule

October 8, 2024: Conclusion of business transfer agreement

October 31, 2024: Execution (planned) of business transfer

Note: The execution of this business transfer is contingent upon court approval as per the Civil Rehabilitation Act, and the schedule is based on the assumption that such approval will be obtained.

6. Future Outlook

The impact of this business transfer on the Company's consolidated results for the fiscal year ending March 2025 is expected to be minimal.