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January 16, 2025

Company: Harmonic Drive Systems Inc.
Representative: Akira Maruyama, President,
Representative Director
(Code number: 6324 Tokyo Stock Exchange Standard Market)
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Notice Regarding the (Planned) Sale of Investment Securities

Harmonic Drive Systems Inc. (the “Company”) hereby announces that it made the decision to sell some of the investment securities held by the Company at a meeting of the Board of Directors held on January 16, 2025. The details are described below.

1. Details of shares to be sold

- | | |
|-----------------------------------------------|---------------------------------------------------------------------------------------------------------|
| (1) Shares to be sold | Common shares of Nabtesco Corporation |
| (2) Number of shares to be sold | 3,265,000 shares |
| | • All the company’s shares held by the Company |
| | • 2.71% of the total number of issued and outstanding shares (excluding treasury shares) |
| | *The above percentage is based on Nabtesco Corporation’s semiannual report (Record date: June 30, 2024) |
| (3) Planned date of sale (planned trade date) | January 17, 2025 |
| (4) Purchaser | Securities companies (sale by block trade through Securities companies) |
| (5) Gain on sale of investment securities | Approx. 5.8 billion yen |

2. Reason for sale

To reduce cross-shareholdings in accordance with the Corporate Governance Code, and to improve asset efficiency and strengthen the financial structure.

3. Uses of funds from sale

The funds obtained from this sale will be allocated to growth investments (investment in machinery and other production equipment, R&D investment) in anticipation of increased demand for small and lightweight HarmonicDrive®, including those for humanoid and autonomous robots. They will also be used to partially repay borrowings to improve asset efficiency and strengthen the financial structure. In addition, the Company plans to repurchase its treasury shares to enable flexible capital management, with the aims of returning profits to shareholders and improving capital efficiency. For details, please refer to the “Notice Regarding the Decision on Matters Related to the Repurchase of Treasury Shares” announced today.

4. Future outlook

The Company plans to post the gain on this sale of investment securities as extraordinary income in the fourth quarter of the fiscal year ending March 31, 2025. In line with this, the Company will revise its financial results forecast for the full fiscal year. For details, please refer to the “Notice Regarding Revision to the Financial Results Forecast for the Fiscal Year Ending March 31, 2025” announced today.

This document does not constitute a solicitation of securities in the United States. The investment securities referred to herein have not been registered under the U.S. Securities Act of 1933 (the “U.S. Securities Act”) and the Company has no plans to register them in future. Under the U.S. Securities Act, the sale or solicitation of these securities in the United States is prohibited, unless they are registered or exempt from registration under the Act.