



MEMBERSHIP

August 7, 2024

Company: Harmonic Drive Systems Inc.
Akira Maruyama, President and Representative Director
(Securities Code: 6324 Tokyo Stock Exchange Standard Market)
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Notice of Company Split into a Subsidiary (Simplified Absorption-Type Split)

Harmonic Drive Systems Inc. (hereinafter “the Company”) hereby announces that it adopted a resolution at a meeting of the Board of Directors held on August 7, 2024 to transfer its mechatronic product manufacturing business to its wholly owned subsidiary, Harmonic Winbel Inc. (hereinafter “HWB”), effective October 1, 2024 (hereinafter “the Company Split”).

Since the Company Split is a simplified absorption-type company split in which a wholly owned subsidiary of the Company assumes the business of the Company, certain disclosure items and details have been omitted.

1. Purpose of the Company Split

Demand for mechatronic products offered by the Harmonic Drive Systems Group is expected to increase driven by the expansion of data centers and capital investment in line with the rising demand for advanced semiconductors essential for generative AI. To ensure that the Harmonic Drive Systems Group captures this growth opportunity, the Company will execute the Company Split to further strengthen the Group as a whole by efficiently allocating manufacturing bases, effectively utilizing assets, and stabilizing and optimizing business operations.

2. Overview of the Company Split

(1) Schedule of the Company Split

Date of the Company Split resolution by the Board of Directors	August 7, 2024
Date of conclusion of the Company Split agreement	August 7, 2024
Effective date of the Company Split	October 1, 2024 (plan)

(2) Method of the Company Split

The Company Split will be an absorption-type split with the Company as the splitting company and HWB as the succeeding company.

(3) Allotments related to the Company Split

Since HWB is a wholly owned subsidiary of the Company, there will be no share allotment or other consideration given as a result of the Company Split.

(4) Treatment of stock acquisition rights and bonds with stock acquisition rights in connection with the Company Split

There will be no changes to the treatment of stock acquisition rights and bonds with stock acquisition rights upon completion of the Company Split.

(5) Changes in capital as a result of the Company Split

There will be no changes in capital upon completion of the Company Split.

(6) Rights and obligations to be transferred to the succeeding company

The assets, liabilities, contractual status and other rights and obligations related to the business to be succeeded to, will be succeeded as stipulated in the absorption-type company split agreement.

(7) Prospect for fulfillment of obligations

The Company has determined that there will be no issues concerning the outlook for the fulfillment of obligations upon completion of the Company Split.

3. Overview of companies involved in the Company Split (as of March 31, 2024)

	Splitting Company	Succeeding Company
(1)Company name	Harmonic Drive Systems Inc.	Harmonic Winbel Inc.
(2)Location	6-25-3 Minami-Oi, Shinagawa-ku, Tokyo	8172-60 Akaho, Komagane-shi, Nagano Prefecture
(3)Representative	Akira Maruyama, President and Representative Director	Takahisa Tezuka, President and Representative Director
(4)Business activities	Manufacturing and sales of mechatronic products and speed reducers mounted in industrial robots, semiconductor manufacturing equipment, and other applications	Development, mass production support, manufacturing and sales of various motors
(5)Capital	¥7,100 million	¥45 million
(6)Date of establishment	October 1970	June 1994
(7)Total number of issued shares	96,315,400 shares	740 shares
(8)Fiscal year-end	March 31	March 31
(9)Employee count	523 employees (non-consolidated)	46 employees (non-consolidated)
(10)Major shareholders and shareholding ratio	KODEN Holdings Co., Ltd. 35.26% SSBTC CLIENT OMNIBUS ACCOUNT 7.43% The Master Trust Bank of Japan, Ltd. (Trust Account) 3.95%	Harmonic Drive Systems Inc. 100.00%
(11)Financial position and operating results for the latest fiscal year		
Fiscal year	FY03/24 (consolidated)	FY03/24 (non-consolidated)
Net assets	¥79,401 million	¥342 million
Total assets	¥119,142 million	¥531 million

	Splitting Company	Succeeding Company
Net asset per share	¥836.02	¥462,997.24
Net sales	¥55,796 million	¥538 million
Operating profit (loss)	¥124 million	(¥10 million)
Ordinary profit (loss)	¥570 million	(¥9 million)
Profit (loss) attributable to owners of the parent	(¥24,806 million)	(¥5 million)
Earnings per share	(¥261.00)	(¥7,100.14)

※ Shareholding ratios of major shareholders of Harmonic Drive Systems Inc. are calculated excluding treasury shares.

4. Overview of business to be split from the Company

(1) Business activities of the business to be split from the Company

Mechatronic product manufacturing business

(2) Operating results of the business to be split from the Company (FY03/24 results)

Net sales: ¥3,240 million

(3) Assets and liabilities to be split

Assets		Liabilities	
Item	Book value	Item	Book value
Current assets	¥1,095 million	Current liabilities	¥— million
Non-current assets	¥104 million	Non-current liabilities	¥— million
Total	¥1,199 million	Total	¥— million

※ The above amounts are calculated based on the balance sheet as of June 30, 2024, and the actual amount to be succeeded will be the above amount plus any changes up to the day before the effective date.

5. Conditions following the Company Split

There will be no change in the trade name, location, representative, business activities (excluding the business subject to the Company Split), capital, or fiscal year end of the Company or the succeeding company as a result of the Company Split.

6. Outlook

Since the Company Split involves the Company and its wholly owned subsidiary, the impact of the split on the Company's consolidated results will be minimal.