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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

Notice Regarding Recording of Impairment Loss and Revision to the Financial Results Forecast

Harmonic Drive Systems Inc. (the “Company”) hereby announces that it expects to record an impairment loss as described below for the fiscal year ended March 31, 2025. In addition, considering current trends in business performance, the Company has revised its full-year financial results forecast (consolidated and non-consolidated) for the fiscal year ending March 31, 2025, which was previously announced on January 16, 2025. The details are described below.

1. Recording of Impairment Loss

The Company's consolidated subsidiary, Harmonic Precision Inc., which manufactures special bearings for the Group, has identified signs of impairment in the non-current assets it holds. Upon determining whether to recognize an impairment loss, the Company is expected to record an impairment loss of ¥1,189 million as an extraordinary loss for the fiscal year ended March 31, 2025.

2. Revisions to the Financial Results Forecast for the Fiscal Year Ending March 31, 2025

(1) Revision to the Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024–March 31, 2025)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share
Previous forecast (A)	Million yen 54,000	Million yen ▲400	Million yen ▲500	Million yen 3,600	Yen 37.90
Revised forecast (B)	55,500	40	140	3,450	36.32
Differences (B – A)	1,500	440	640	▲150	
Changes (%)	2.8	—	—	▲4.2	
(Reference) Financial results for the fiscal year ended March 31, 2024	55,796	124	570	▲24,806	▲261.00

[Reasons for Revisions to the Financial Results Forecast]

Operating profit and ordinary profit are expected to exceed the previous forecast, mainly because net sales in Japan and Europe are expected to exceed the previous forecast, enabling the Company to secure a net profit.

Furthermore, although profit attributable to owners of parent is expected to be revised downward mainly due to the recording of the impairment loss mentioned above, the revision is expected to be modest, due to the expected increase in ordinary profit and other factors.

(2) Revision to the Non-Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025
(April 1, 2024–March 31, 2025)

	Net sales	Operating profit	Ordinary profit	Net income	Basic earnings per share
Previous forecast (A)	Millions of yen 30,000	Million yen ▲700	Million yen ▲750	Million yen 3,500	Yen 36.85
Revised forecast (B)	30,500	▲200	200	4,150	43.69
Differences (B – A)	500	500	950	650	
Changes (%)	1.7	—	—	18.6	
(Reference) Financial results for the fiscal year ended March 31, 2024	28,577	▲542	2,288	▲18,460	▲194.23

[Reasons for Revisions to the Financial Results Forecast]

As with the consolidated results, operating loss is expected to decrease, because net sales are expected to exceed the previous forecast. Furthermore, ordinary profit and net income are being revised upward, not only due to the decrease in operating loss, but also due to dividend income from subsidiaries exceeding the previous forecast.

<Notes on financial results forecasts>

The statements on financial results forecasts contained herein are based on information currently available to the Company and certain assumptions deemed reasonable by the Company. The actual financial results may differ significantly due to various factors.