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Notice Regarding Differences Between the Financial Results Forecast and the Actual Results for the Three Months Ended June 30, 2023, Revision to the Financial Results Forecast for the Six Months Ending September 30, 2023, and Revision to the Dividend Forecast

Harmonic Drive Systems Inc. (the “Company”) hereby announces the differences between the financial results forecast for the three months ended June 30, 2023 (April 1, 2023–June 30, 2023) disclosed on May 12, 2023, and the actual results for the period disclosed today.

The Company also announces revisions to the financial results forecast for the six months ending September 30, 2023 (April 1, 2023–September 30, 2023) and dividend forecast, which were yet to be determined. The details are described below.

1. Differences Between the Financial Results Forecast and the Actual Results for the Three Months Ended June 30, 2023

(1) Differences Between the Consolidated Financial Results Forecast and the Actual Results for the Three Months Ended June 30, 2023 (April 1, 2023–June 30, 2023)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share
Previous forecast (A)	Million yen 14,700	Million yen 800	Million yen 700	Million yen 450	Yen 4.73
Actual results (B)	15,008	911	1,110	232	2.44
Differences (B – A)	308	111	410	(217)	
Changes (%)	2.1	14.0	58.7	(48.4)	
(Reference) Financial results for the three months ended June 30, 2022	15,692	2,126	2,297	1,204	12.55

(2) Differences Between the Non-Consolidated Financial Results Forecast and the Actual Results for the Three Months Ended June 30, 2023 (April 1, 2023–June 30, 2023)

	Net sales	Operating profit	Ordinary profit	Profit	Basic earnings per share
Previous forecast (A)	Million yen 8,000	Million yen 200	Million yen 2,350	Million yen 2,300	Yen 24.19
Actual results (B)	8,249	479	3,107	2,774	29.19
Differences (B – A)	249	279	757	474	
Changes (%)	3.1	139.6	32.2	20.6	
(Reference) Financial results for the three months ended June 30, 2022	11,608	2,108	2,425	1,359	14.17

<<Reasons for the Revision>>

On both consolidated and non-consolidated basis, net sales exceeded the previous forecast, resulting in operating profit exceeding the previous forecast as well. Ordinary profit also exceeded the previous forecast, due to foreign exchange gains in addition to the increase in operating profit. Profit attributable to owners of parent in the consolidated financial results fell short of the previous forecast due to the impact of income taxes - deferred (an increase in tax expenses) as a result of a conservative calculation of deferred tax assets.

2. Revision to the Financial Results Forecast for the Six Months Ending September 30, 2023

(1) Revision to the Consolidated Financial Results Forecast for the Six Months Ending September 30, 2023 (April 1, 2023–September 30, 2023)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share
Previous forecast (A)	Million yen –	Million yen –	Million yen –	Million yen –	Yen –
Revised forecast (B)	28,500	900	900	0	0.00
Differences (B – A)	–	–	–	–	
Changes (%)	–	–	–	–	
(Reference) Financial results for the six months ended September 30, 2022	33,451	4,640	4,924	2,938	30.74

(2) Revision to the Non-Consolidated Financial Results Forecast for the Six Months Ending September 30, 2023 (April 1, 2023–September 30, 2023)

	Net sales	Operating profit	Ordinary profit	Profit	Basic earnings per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previous forecast (A)	—	—	—	—	—
Revised forecast (B)	15,000	250	2,800	2,500	26.30
Differences (B – A)	—	—	—	—	
Changes (%)	—	—	—	—	
(Reference) Financial results for the six months ended September 30, 2022	24,361	4,207	4,633	2,889	30.39

<<Reasons for the Revision to the Financial Results Forecast>>

The Company had previously disclosed its financial results forecast only for the first three months of the fiscal year ending March 31, 2024 because of difficulties in reasonably estimating future orders received and net sales. However, the forecast for the six months ending September 30, 2023 has now been revised as shown above, taking into account the financial results for the three months ended June 30, 2023, current trends in orders received, and other factors. The full-year financial results forecast remains undetermined, as it is still difficult to provide a precise outlook for the progress of inventory adjustments of our products by customers and distributors, as well as for the timing of full-scale recovery of demand for speed reducers for industrial robots and semiconductor manufacturing equipment.

3. Revision to the Dividend Forecast

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Previous forecast (Disclosed on May 12, 2023)	—	—	—	—	—
Revised forecast		10.00	—	—	—
Actual dividends	—				
(Reference) Dividends for the fiscal year ended March 31, 2023	—	11.00	—	17.00	28.00

<<Reasons for the Revision to the Dividend Forecast>>

The Company's basic policy is to distribute profits according to its business performance, and aims for a consolidated payout ratio of 30%. Meanwhile, the Company also considers paying out stable dividends even at a time when business performance is weak, taking into account the levels of retained earnings and cash at that point. Based on such policies, the interim dividend forecast for the 2nd-quarter end, which was previously undetermined, has been revised as shown above. As stated in the above item 2, the year-end dividend forecast remains undetermined, due to the difficulty in calculating a full-year financial results forecast.