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Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 [Japanese GAAP]



May 14, 2025

Company name: Harmonic Drive Systems Inc.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 6324
 URL: <https://www.hds.co.jp/english/>
 Representative: Akira Maruyama, President and Representative Director
 Contact: Tetsuya Shiokawa, Executive Officer
 Phone: +81-3-5471-7810
 Scheduled date of general shareholders' meeting: June 20, 2025
 Scheduled date of commencing dividend payments: June 23, 2025
 Scheduled date of filing securities report: June 18, 2025
 Availability of supplementary explanatory materials on annual financial results: Available
 Schedule of annual financial results briefing session: Scheduled (for analysts)

(Amounts less than one million yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (April 1, 2024 – March 31, 2025)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent
	Million yen	%	Million yen	%	Million yen	%	Million yen
Fiscal year ended March 31, 2025	55,645	(0.3)	6	(94.4)	151	(73.5)	3,473
March 31, 2024	55,796	(22.0)	124	(98.8)	570	(94.7)	(24,806)

(Note) Comprehensive income: Fiscal year ended March 31, 2025: ¥1,757 million [-%]

Fiscal year ended March 31, 2024: ¥(21,661) million [-%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2025	36.57	—	4.4	0.1	0.0
March 31, 2024	(261.00)	—	(27.1)	0.4	0.2

(Reference) Equity in earnings of affiliated companies: Fiscal year ended March 31, 2025: ¥(38) million

Fiscal year ended March 31, 2024: ¥(41) million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2025	113,621	78,943	69.5	831.82
As of March 31, 2024	119,142	79,401	66.6	836.02

(Reference) Equity: As of March 31, 2025: ¥78,943 million

As of March 31, 2024: ¥79,401 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at year-end
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended March 31, 2025	7,516	1,480	(5,874)	22,923
March 31, 2024	12,728	(5,950)	(8,122)	18,941

2. Dividends

	Annual dividends					Total dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 31, 2024	—	10.00	—	10.00	20.00	1,900	—	2.1
Fiscal year ended March 31, 2025	—	10.00	—	10.00	20.00	1,898	54.7	2.4
Fiscal year ending March 31, 2026 (Forecast)	—	—	—	—	—		—	

(Note) Dividends for the fiscal year ending March 31, 2026 will be disclosed promptly once they are available for public announcement.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2026 (April 1, 2025 – March 31, 2026)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	Yen
First half	27,000	1.7	300	—	200	—	300	3.16

(Note) The full-year consolidated financial results forecast for the fiscal year ending March 31, 2026 has not been determined, as it is difficult to reasonably calculate at this time. Only the forecast for the first half (cumulative) will be disclosed.

* Notes:

- (1) Significant changes in the scope of consolidation during the period under review: None
- (2) Changes in accounting policies, changes in accounting estimates and retrospective restatement
 - 1) Changes in accounting policies due to the revision of accounting standards: Yes
 - 2) Changes in accounting policies other than 1) above: None
 - 3) Changes in accounting estimates: None
 - 4) Retrospective restatement: None
- (3) Total number of issued and outstanding shares (common shares)
 - 1) Total number of issued and outstanding shares at the end of the period (including treasury shares):

March 31, 2025:	96,315,400 shares
March 31, 2024:	96,315,400 shares
 - 2) Total number of treasury shares at the end of the period:

March 31, 2025:	1,411,891 shares
March 31, 2024:	1,339,057 shares
 - 3) Average number of shares outstanding during the period:

Year ended March 31, 2025:	94,977,483 shares
Year ended March 31, 2024:	95,047,417 shares

(Reference) Summary of Non-consolidated Financial Results**1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (April 1, 2024 – March 31, 2025)**

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit	
Year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2025	30,544	6.9	(187)	—	187	(91.8)	4,174	—
March 31, 2024	28,577	(43.8)	(542)	—	2,288	(75.6)	(18,460)	—

	Basic earnings per share	Diluted earnings per share
Year ended	Yen	Yen
March 31, 2025	43.96	—
March 31, 2024	(194.23)	—

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2025	82,217	59,269	72.1	624.52
As of March 31, 2024	90,621	62,736	69.2	660.55

(Reference) Equity: As of March 31, 2025: ¥59,269 million

As of March 31, 2024: ¥62,736 million

2. Non-consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2026 (April 1, 2025 – March 31, 2026)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit		Profit per share
First half	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	15,500	10.8	100	—	0	—	100	—	1.05

(Note) The full-year consolidated financial results forecast for the fiscal year ending March 31, 2026 has not been determined, as it is difficult to reasonably calculate at this time. Only the forecast for the first half (cumulative) will be disclosed.

* These consolidated financial results are outside the scope of audit by certified public accountants or an audit firm.

* Explanation of the proper use of financial results forecasts and other notes

- The financial results forecasts and other forward-looking statements 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. Refer to “1. Overview of Operating Results, etc. (4) Future Outlook” on page 4 of the Attachments for conditions on which the financial results forecasts are premised and notes on the use of financial results forecasts.
- Supplementary explanatory materials on annual financial results are scheduled to be posted on the Company’s website around May 20, 2025.

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Fiscal Year under Review

Although the global economy during the fiscal year under review was on a recovery trend overall, uncertainties regarding the outlook remained due to persistent concerns, including protectionist policies by U.S. President Donald Trump, the real estate recession and sluggish domestic demand in China, and the surge in resource and raw material prices. As for the impact on the Harmonic Drive Systems Group (hereinafter “the Group”), while orders received showed a moderate recovery, rising costs for procured components and increased personnel expenses due to wage hikes became more apparent. In Japan, signs of a bottoming out in orders were observed, and orders received from customers whose inventories of our products had been optimized began to recover gradually. Orders for industrial robots increased, driven by expanded orders from high-end local robot manufacturers in China and new customer projects, while orders for automotive applications decreased. As a result, consolidated orders received for the full year increased by 20.3% year on year to ¥53,041 million.

Regarding net sales trend by application, net sales for industrial robots increased significantly, reflecting progress in inventory adjustments and a return to near-normal ordering by major customers, as well as order expansion from high-end local robot manufacturers in China and acquisition of new customer projects. On the other hand, net sales for semiconductor manufacturing equipment declined year on year, despite continued demand in cutting-edge fields such as data center and generative AI applications, as the previous fiscal year’s results had been supported by a high backlog of orders. Net sales for automotive applications also decreased due to production adjustments by customers.

As a result of the above, consolidated net sales amounted to ¥55,645 million, down 0.3% year on year.

In terms of profit and loss, the Group launched a company-wide cost innovation project, promoting reforms centered on manufacturing methods and operational efficiency. In the first half, the pace of order recovery for industrial robot and semiconductor equipment-related products was slower than expected, and the operating rate of domestic production plants remained at a low level, resulting in an operating loss. In the second half, as orders trended toward recovery, the deficit recorded in the first half was offset. Although operating profit decreased by 94.4% year on year, the Group returned to profitability, recording ¥6 million in operating profit for the full year. In addition, the Group recorded ¥5,868 million in extraordinary income, primarily from the sale of investment securities, and as a result, profit attributable to owners of parent amounted to ¥3,473 million (compared with a loss attributable to owners of parent of ¥24,806 million in the previous fiscal year).

Net sales by product group were as follows: speed reducers totaled ¥42,304 million, up 7.3% year on year, and mechatronics products totaled ¥13,341 million, down 18.5% year on year. These accounted for 76.0% and 24.0% of total net sales, respectively.

Financial results by segment are as follows.

(Japan)

Net sales for industrial robots and semiconductor manufacturing equipment showed a moderate recovery trend, while net sales for automotive and other general industrial machinery applications decreased. As a result, net sales declined by 0.4% year on year to ¥21,727 million. Segment profit (ordinary profit) decreased by 45.6% year on year to ¥2,224 million, reflecting the impact of decreased sales as well as a ¥1,980 million decline in dividend income from subsidiaries.

(China)

Net sales increased by 35.1% year on year to ¥5,623 million due to expanded orders from local robot manufacturers in China. Segment profit (ordinary profit) decreased by 6.5% year on year to ¥302 million due to changes in the sales mix.

(North America)

Net sales decreased by 12.5% year on year to ¥11,628 million, reflecting a decline in demand for advanced medical applications (surgical robot-related) due to customer production adjustments, and a delayed recovery in demand for semiconductor manufacturing equipment. Segment profit (ordinary profit) decreased by 67.4% year on year to ¥556 million due to the impact of decreased sales.

(Europe)

While exchange rates of the yen remained weak, demand did not increase due to sluggish conditions in the European economy, resulting in net sales of ¥16,666 million, up 0.8% year on year. Segment loss (ordinary loss) amounted to ¥52 million (compared with segment profit of ¥214 million in the previous fiscal year), due to ¥944 million in amortization of intangible assets posted at the time of the acquisition of shares in Harmonic Drive SE.

(2) Overview of Financial Position for the Fiscal Year under Review

(Assets)

Total assets decreased by ¥5,520 million, down 4.6% year on year to ¥113,621 million. This was primarily due to a ¥8,371 million decrease in investment securities (down 95.3% year on year) resulting from sales of shares, and a ¥2,187 million decrease in property, plant and equipment (down 4.5% year on year), despite a ¥4,581 million increase in cash and deposits (up 22.6% year on year) from the end of the previous fiscal year.

(Liabilities)

Liabilities decreased by ¥5,062 million, down 12.7% year on year to ¥34,678 million. This was primarily due to a ¥4,185 million decrease in long-term borrowings (down 27.5% year on year) resulting from early repayment of some borrowings, and a ¥2,121 million decrease in deferred tax liabilities (down 36.3% year on year), despite a ¥2,001 million increase in short-term borrowings (up 285.6% year on year) as a result of short-term funding.

(Net Assets)

Net assets decreased by ¥458 million, down 0.6% year on year to ¥78,943 million. This was primarily due to a ¥4,110 million decrease in valuation difference on available-for-sale securities (down 96.6% year on year), despite a ¥2,604 million increase in foreign currency translation adjustment (up 20.1% year on year) due to exchange rate fluctuations and a ¥1,573 million increase in retained earnings (up 4.2% year on year), mainly reflecting gains on the sale of shares.

As a result, the equity ratio increased from 66.6% at the end of the previous fiscal year to 69.5%.

(3) Overview of Cash Flows for the Fiscal Year under Review

(Status of Cash Flows)

Cash and cash equivalents at the end of the fiscal year under review totaled ¥22,923 million, up ¥3,981 million from the end of the previous fiscal year.

The status of cash flows by category for the fiscal year under review is as follows.

(Cash Flows from Operating Activities)

Operating activities in the fiscal year under review provided net cash of ¥7,516 million (compared with net cash provided of ¥12,728 million in the previous fiscal year).

This was primarily due to recording ¥5,865 million in gain on sales of investment securities, ¥8,023 million in depreciation, and ¥4,780 million in profit before income taxes.

(Cash Flows from Investing Activities)

Investing activities in the fiscal year under review provided net cash of ¥1,480 million (compared with net cash used of ¥5,950 million in the previous fiscal year).

This was primarily due to ¥4,881 million used for purchase of property, plant and equipment and ¥2,659 million used for payments into time deposits, which were offset by ¥8,325 million in proceeds from sales of investment securities.

(Cash Flows from Financing Activities)

Financing activities in the fiscal year under review used net cash of ¥5,874 million (compared with net cash used of ¥8,122 million in the previous fiscal year).

This was primarily due to ¥4,824 million used for repayments of long-term borrowings, ¥2,650 million used for repayments of short-term borrowings, and ¥1,910 million used in dividends paid, which was partially offset by ¥4,650 million provided from the proceeds from short-term borrowings.

(4) Future Outlook

In fiscal year 2025, the business environment of the Group is expected to continue trending toward a recovery in orders received, following the previous fiscal year, due to factors such as expanding investment in automation, including robots, to compensate for the declining labor force, and increased capital investment in response to growing demand for cutting-edge semiconductors used in data centers and generative AI.

However, due to persistent instability in international affairs, the continued high prices of resources and raw materials, and fluctuations in exchange rates, the business environment surrounding the Group is forecast to continue to be unpredictable. In addition, the impact of the Trump Tariffs and the resulting effects on the global economy make it difficult to reasonably estimate the potential impact on the Group's future business performance.

Accordingly, the Company will disclose only the half year (cumulative) financial results forecast at this time, and the forecast for the remainder of the fiscal year has not been determined. The Company will promptly disclose full-year forecasts once they can be reasonably calculated.

(5) Basic Policy for Profit Distribution and Dividends for the Current and Next Fiscal Years

The Company distributes profits according to its financial results as a basic policy, and has set a target consolidated payout ratio of 30%. The Company also has a policy to take necessary measures for implementing certain stable dividends in the event that large fluctuations in financial results occur in a short period of time.

The Company invests its internal reserves mainly in research and development of new products, improvement of production facilities, and enhancement of information management systems for future business operations, while preparing for the execution of flexible capital policies.

The Company plans to pay ¥10 per share as the year-end dividend for the fiscal year ended March 31, 2025.

Dividends for the fiscal year ending March 31, 2026 have not been determined, as it is currently difficult to forecast business performance. The Company will promptly disclose the dividend forecast once it becomes available for public announcement.

2. Management Policy

(1) Basic Policy for Corporate Management

The Company (referred to here as “HDSI”) operates based on the following management principles:

■ Management Principles

(i) Respect for the Individual

HDSI aspires to be a company where the rights of every individual employee are respected, and where individuals can pursue a meaningful, cultural, and worthwhile life.

We will make HDSI a company that believes in each employee’s aspirations, supports independent activities, creates an environment where employees can maximize their abilities through work, and where abilities and performance are rewarded.

(ii) A Meaningful Company

HDSI wants to be recognized as a meaningful, superior company which manifests creativity, has personality and distinctive characteristics, and whose management foundation is based on ceaseless research and development activities and a constant emphasis on quality—a company where the entire organization finds meaning in making utmost efforts.

(iii) Coexistence and Co-prosperity

HDSI is supported by many different parties including our employees, customers, shareholders, materials and parts suppliers, affiliated companies and trading partners. We make our best efforts to create attractive products, services, compensation, working environments, and trading relations to satisfy all these concerned parties.

(iv) Contribution to Society

HDSI broadly contributes to society and industry through our corporate activities as a good corporate citizen. The products and services we provide directly and indirectly contribute to the betterment of society. We aspire to be a company that helps to improve the environment and the quality of the communities where we are located.

(2) Medium- to Long-term Corporate Management Strategy and Issues to Be Addressed

(Medium- to Long-term Issues to Be Addressed)

The Group promotes its unwavering mission of contributing to social and technological innovation through motion control technology. Mechatronics and precision speed reducers, which we produce, are contributing greatly to the emerging social and technological innovation, including electrification of vehicles and surgical robots, and such demand is expected to continue to expand. At the same time, with the acceleration of automation as demand for collaborative robots in addition to a new market for “AI and humanoid robots” is expected to increase amid the worldwide labor shortage. To properly capture these growth opportunities, the Group aims to further strengthen its business foundation. We also pursue activities for achieving sustainable society through our business, based on the current medium-term management plan (fiscal years 2024-2026) which was newly formulated, with the whole group united. Moreover, we aim to enhance corporate value over the medium to long term by maintaining a balance between defensive and offensive approaches in our management strategy in order to achieve our missions and new long-term vision.

■ Basic Policy of Sustainability

Based on our management principles on four pillars: 1) Respect for the individual, 2) a meaningful company, 3) coexistence and co-prosperity, and 4) contribution to society, the HDS Group, a group of technological and engineering experts providing total motion control, aims to realize sustainable society and increase its corporate value by contributing to technological innovation for better society.

■ Our Group’s Mission

To contribute to technological innovation in society through motion control technology

■ Our Vision

The best provider of total motion control in harmony with the future

■ Materiality

✓ Maximize the value of human capital

- ✓ Achieve QCDS that goes beyond customer expectations
 - ✓ Take on the challenge of developing new technologies and new skills that coordinate with changes in the environment
 - ✓ Contribute to creating a sustainable society through corporate activities
 - ✓ Establishment of a management foundation in harmony with the times
- Mid-term Management Plan for fiscal years 2024–2026
- Take on the challenge of “value creation and transformation” –
- Basic policies
- (a) Sustainable growth of all businesses with an emphasis on profitability
- ✓ Develop new drivers for growth
 - ✓ Thorough implementation of QCDS+Speed to meet customer expectations
- (b) Strengthen management resources (people, things, money, information) that can adapt to changes in the environment
- ✓ Realize an organization where individual growth and diverse skills are demonstrated and respected
 - ✓ Growth investment aware of capital efficiency
 - ✓ Strengthen the financial foundation and governance
- (c) Initiatives to enhance corporate value that will continue into the future
- ✓ Promote Net Zero
 - ✓ Appoint and hire diverse personnel
 - ✓ Develop products that promote the reduction of customers’ environmental load

(3) Target Management Indicators

Towards realizing sustainable growth and long-term enhancement of corporate value, the Group sets ratio of operating profit to net sales of 15% or more and a ratio of net sales to EBITDA of 25% or more as a “cash generation ability indicator” for net sales as indicators in the medium-term management plan (fiscal years 2024–2026) as the Group’s important management indicators. Assuming that a comparable capital cost (WACC) is approximately at the 9% level, setting a target of return on equity (ROE) and ROIC at 10% or more, we aim to improve return on capital through conducting management aware of the operational efficiency of invested capital.

3. Basic Policy for Selection of Accounting Principles

As a result of considering the trend of IFRS adoption in Japan, the Company intends, for the time being, to prepare its consolidated financial statements in accordance with accounting principles generally accepted in Japan.

4. Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	20,318,343	24,900,137
Notes receivable - trade	3,085,175	3,591,560
Accounts receivable - trade	8,668,982	9,544,240
Securities	37,156	52,789
Merchandise and finished goods	2,466,573	2,026,216
Work in process	3,481,346	4,115,787
Raw materials and supplies	6,681,866	6,362,096
Other	2,743,454	2,606,529
Allowance for doubtful accounts	(24,906)	(34,577)
Total current assets	47,457,994	53,164,779
Non-current assets		
Property, plant and equipment		
Buildings and structures	28,050,179	28,510,780
Accumulated depreciation	(8,961,427)	(10,186,796)
Buildings and structures, net	19,088,751	18,323,983
Machinery, equipment and vehicles	44,620,810	46,667,016
Accumulated depreciation	(28,516,512)	(32,860,078)
Machinery, equipment and vehicles, net	16,104,298	13,806,937
Tools, furniture and fixtures	10,647,385	10,764,487
Accumulated depreciation	(8,897,026)	(9,293,132)
Tools, furniture and fixtures, net	1,750,358	1,471,354
Land	3,486,870	3,600,017
Leased assets	7,876,856	7,975,038
Accumulated depreciation	(2,840,983)	(3,491,221)
Leased assets, net	5,035,872	4,483,816
Construction in progress	2,610,922	4,191,123
Other	898,582	978,424
Accumulated depreciation	(828,333)	(895,903)
Other, net	70,248	82,520
Total property, plant and equipment	48,147,323	45,959,753
Intangible assets		
Software	493,049	810,422
Customer related assets	9,663,394	8,856,669
Technical assets	2,580,951	2,365,486
Other	159,997	126,357
Total intangible assets	12,897,391	12,158,936
Investments and other assets		
Investment securities	8,780,932	409,931
Shares of subsidiaries and associates	48,112	20,228
Investments in capital of subsidiaries and associates	—	89,507
Long-term loans receivable from subsidiaries and associates	200,000	270,000
Retirement benefit asset	1,372,071	1,275,214
Deferred tax assets	137,493	165,301
Other	106,571	113,630
Allowance for doubtful accounts	(5,600)	(5,600)
Total investments and other assets	10,639,581	2,338,213
Total non-current assets	71,684,297	60,456,902
Total assets	119,142,291	113,621,682

(Thousands of yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,036,539	3,184,623
Contract liabilities	172,558	136,988
Short-term borrowings	700,629	2,701,653
Current portion of long-term borrowings	2,529,452	1,890,516
Lease liabilities	700,049	741,555
Income taxes payable	101,581	1,284,547
Provision for bonuses	949,714	1,030,221
Provision for bonuses for directors (and other officers)	66,165	84,564
Provision for loss on compensation for after-care of products	147,759	37,409
Other	3,315,414	2,804,621
Total current liabilities	11,719,864	13,896,702
Non-current liabilities		
Long-term borrowings	15,201,497	11,015,584
Lease liabilities	4,681,840	4,390,974
Deferred tax liabilities	5,837,148	3,715,935
Provision for retirement benefits for directors (and other officers)	12,000	26,400
Provision for operating officers' retirement benefits	104,749	126,374
Retirement benefit liability	836,377	954,909
Other	1,347,147	551,735
Total non-current liabilities	28,020,761	20,781,914
Total liabilities	39,740,626	34,678,616
Net assets		
Shareholders' equity		
Share capital	7,100,036	7,100,036
Capital surplus	22,778,711	22,786,269
Retained earnings	37,478,753	39,052,598
Treasury shares	(5,309,159)	(5,633,171)
Total shareholders' equity	62,048,341	63,305,732
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,256,856	146,568
Foreign currency translation adjustment	12,927,929	15,532,687
Remeasurements of defined benefit plans	168,538	(41,922)
Total accumulated other comprehensive income	17,353,323	15,637,333
Total net assets	79,401,665	78,943,066
Total liabilities and net assets	119,142,291	113,621,682

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Thousands of yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Net sales	55,796,455	55,645,940
Cost of sales	40,189,989	40,791,594
Gross profit	15,606,465	14,854,345
Selling, general and administrative expenses	15,481,886	14,847,351
Operating profit	124,579	6,993
Non-operating income		
Interest income	96,856	316,411
Dividend income	275,621	275,179
Foreign exchange gains	129,181	—
Subsidy income	110,873	78,421
Other	257,261	210,078
Total non-operating income	869,795	880,090
Non-operating expenses		
Interest expenses	177,069	224,478
Share of loss of entities accounted for using equity method	41,843	38,377
Foreign exchange losses	—	235,336
Rental expenses	116,151	91,501
Other	88,977	146,193
Total non-operating expenses	424,041	735,886
Ordinary profit	570,333	151,197
Extraordinary income		
Gain on sale of non-current assets	6,861	1,031
Gain on sale of investment securities	—	5,865,309
Subsidy income	2,000	2,000
Total extraordinary income	8,861	5,868,340
Extraordinary losses		
Loss on sale of non-current assets	440	3,842
Impairment losses	28,159,317	1,189,182
Loss on retirement of non-current assets	23,517	44,101
Loss on tax purpose reduction entry of non-current assets	2,000	2,000
Total extraordinary losses	28,185,276	1,239,126
Profit (loss) before income taxes	(27,606,080)	4,780,412
Income taxes - current	1,094,861	1,555,057
Income taxes - deferred	(3,893,945)	(248,184)
Total income taxes	(2,799,084)	1,306,872
Profit (loss)	(24,806,996)	3,473,539
Profit attributable to non-controlling interests	—	—
Profit (loss) attributable to owners of parent	(24,806,996)	3,473,539

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Profit (loss)	(24,806,996)	3,473,539
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,588,454)	(4,110,287)
Foreign currency translation adjustment	4,781,841	2,604,757
Remeasurements of defined benefit plans, net of tax	(47,969)	(210,461)
Total other comprehensive income	3,145,417	(1,715,990)
Comprehensive income	(21,661,579)	1,757,549
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(21,661,579)	1,757,549
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,100,036	22,773,595	64,852,655	(4,978,535)	89,747,751
Changes during period					
Dividends of surplus			(2,566,906)		(2,566,906)
Profit (loss) attributable to owners of parent			(24,806,996)		(24,806,996)
Purchase of treasury shares				(397,294)	(397,294)
Restricted stock payment		5,115		66,670	71,786
Net changes in items other than shareholders' equity					
Total changes during period	—	5,115	(27,373,902)	(330,623)	(27,699,410)
Balance at end of period	7,100,036	22,778,711	37,478,753	(5,309,159)	62,048,341

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	5,845,310	8,146,088	216,507	14,207,906	—	103,955,658
Changes during period						
Dividends of surplus						(2,566,906)
Profit (loss) attributable to owners of parent						(24,806,996)
Purchase of treasury shares						(397,294)
Restricted stock payment						71,786
Net changes in items other than shareholders' equity	(1,588,454)	4,781,841	(47,969)	3,145,417	—	3,145,417
Total changes during period	(1,588,454)	4,781,841	(47,969)	3,145,417	—	(24,553,993)
Balance at end of period	4,256,856	12,927,929	168,538	17,353,323	—	79,401,665

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,100,036	22,778,711	37,478,753	Δ5,309,159	62,048,341
Changes during period					
Dividends of surplus			(1,899,694)		(1,899,694)
Profit (loss) attributable to owners of parent			3,473,539		3,473,539
Purchase of treasury shares				(390,586)	(390,586)
Restricted stock payment		7,558		66,573	74,132
Net changes in items other than shareholders' equity					
Total changes during period	—	7,558	1,573,844	(324,012)	1,257,391
Balance at end of period	7,100,036	22,786,269	39,052,598	(5,633,171)	63,305,732

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	4,256,856	12,927,929	168,538	17,353,323	—	79,401,665
Changes during period						
Dividends of surplus						(1,899,694)
Profit (loss) attributable to owners of parent						3,473,539
Purchase of treasury shares						(390,586)
Restricted stock payment						74,132
Net changes in items other than shareholders' equity	(4,110,287)	2,604,757	(210,461)	(1,715,990)	—	(1,715,990)
Total changes during period	(4,110,287)	2,604,757	(210,461)	(1,715,990)	—	(458,599)
Balance at end of period	146,568	15,532,687	(41,922)	15,637,333	—	78,943,066

(4) Consolidated Statements of Cash Flows

(Thousands of yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Cash flows from operating activities		
Profit (loss) before income taxes	(27,606,080)	4,780,412
Depreciation	9,189,813	8,023,274
Impairment losses	28,159,317	1,189,182
Amortization of goodwill	1,172,736	—
Increase (decrease) in allowance for doubtful accounts	3,428	7,960
Increase (decrease) in retirement benefit liability	(45,106)	23,262
Increase (decrease) in provision for retirement benefits for directors (and other officers)	—	14,400
Increase (decrease) in provision for operating officers' retirement benefits	24,489	21,625
Increase (decrease) in provision for bonuses for directors (and other officers)	(294,480)	15,214
Increase (decrease) in provision for loss on compensation for after-care of products	79,428	(112,035)
Interest income	(96,856)	(316,411)
Dividend income	(275,621)	(275,179)
Interest expenses	177,069	224,478
Share of loss (profit) of entities accounted for using equity method	41,843	38,377
Subsidy income	(2,000)	(2,000)
Loss (gain) on sale of investment securities	—	(5,865,309)
Loss (gain) on sale of non-current assets	(6,421)	2,811
Loss on retirement of non-current assets	23,517	44,101
Loss on tax purpose reduction entry of non-current assets	2,000	2,000
Decrease (increase) in trade receivables	6,234,839	(944,481)
Decrease (increase) in inventories	603,355	711,731
Increase (decrease) in trade payables	(750,951)	(37,780)
Other, net	(469,579)	(615,429)
Subtotal	16,164,740	6,930,203
Interest and dividends received	371,459	550,400
Interest paid	(183,325)	(230,779)
Payments of retirement benefits for directors (and other officers)	—	(727,348)
Subsidies received	—	2,000
Income taxes paid	(3,892,940)	(546,617)
Income taxes refund	266,666	1,538,375
Net cash provided by (used in) operating activities	12,728,600	7,516,235
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,935,243)	(4,881,836)
Proceeds from sale of property, plant and equipment	15,085	7,885
Purchase of intangible assets	(377,679)	(452,277)
Proceeds from sale of investment securities	—	8,325,750
Payments for investments in capital of subsidiaries and associates	—	(100,000)
Payments into time deposits	(2,188,275)	(2,659,408)
Proceeds from withdrawal of time deposits	1,707,348	1,350,719
Payments of leasehold and guarantee deposits	(9,593)	(18,180)
Proceeds from refund of leasehold and guarantee deposits	37,471	6,930
Short-term loan advances	—	(88)
Proceeds from collection of short-term loans receivable	—	88
Loan advances to subsidiaries and associates	(200,000)	(100,000)
Other, net	481	481
Net cash provided by (used in) investing activities	(5,950,405)	1,480,063

(Thousands of yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Cash flows from financing activities		
Proceeds from short-term borrowings	2,480,000	4,650,000
Repayments of short-term borrowings	(4,410,197)	(2,650,213)
Proceeds from long-term borrowings	70,000	—
Repayments of long-term borrowings	(2,656,564)	(4,824,849)
Repayments of lease liabilities	(641,904)	(747,957)
Purchase of treasury shares	(397,294)	(390,586)
Dividends paid	(2,566,337)	(1,910,578)
Net cash provided by (used in) financing activities	(8,122,296)	(5,874,183)
Effect of exchange rate change on cash and cash equivalents	363,836	859,185
Net increase (decrease) in cash and cash equivalents	(980,265)	3,981,300
Cash and cash equivalents at beginning of period	19,921,977	18,941,712
Cash and cash equivalents at end of period	18,941,712	22,923,012

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Changes in accounting policies)

(Application of “Accounting Standard for Current Income Taxes” and other standards)

The Company has applied the “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022; hereinafter referred to as the “Revised Accounting Standard in 2022”) and other standards from the beginning of the fiscal year under review.

With regard to the revision regarding the accounting category of income taxes, etc. (taxation on other comprehensive income), the Company follows the transitional treatment provided for in the proviso to Paragraph 20-3 of the Revised Accounting Standard in 2022 and the transitional treatment provided for in the proviso to Paragraph 65-2 (2) of the “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the “Revised Guidance in 2022”). These changes in accounting policies do not affect the consolidated financial statements.

(Notes on accounting estimates)

Impairment losses of non-current assets of the Harmonic Drive SE Group

1) Amounts recorded in the financial statements for this fiscal year

- Book value: ¥17,309,972 thousand

2) Other information

- Calculation method

The Company accounts non-current assets related to Harmonic Drive SE and its eight subsidiaries (hereinafter “the HDSE Group”) as the smallest unit that generates cash flow.

As of the end of the fiscal year under review, the principal non-current assets of the HDSE Group were customer related assets (book value of ¥8,856,669 thousand) and technical assets (book value of ¥2,365,486 thousand).

In the previous fiscal year, the HDSE Group was expected to increase revenue and profit margins by capturing demand in the expanding industrial robot market. However, performance deteriorated due to unstable business conditions caused by customer inventory adjustments in response to sharp fluctuations in demand for industrial robots. As a result, the Company conducted an impairment test on the HDSE Group’s non-current assets, and recorded impairment losses of ¥28,159,317 thousand as extraordinary losses (goodwill: ¥15,245,574 thousand, customer related assets: ¥10,191,691 thousand, and technical assets: ¥2,722,051 thousand). Consequently, the balance of goodwill was reduced to zero as of the end of the previous fiscal year.

The business plan used in the impairment test for the HDSE Group in the previous fiscal year assumed a recovery in demand for industrial robots and progress in customer inventory adjustments, leading to increases

in revenue and profit margins. However, as the Group's performance for the fiscal year under review fell short of those assumptions, amortization of customer related assets and other items exceeded the HDSE Group's operating profit in the current fiscal year.

Accordingly, as of the end of the fiscal year under review, it was determined that indications of impairment remained for the HDSE Group's non-current assets. To determine whether impairment losses should be recognized, the Company assessed whether the total amount of undiscounted future cash flows to be generated by the HDSE Group was less than the book value of its non-current assets. As a result, because the total amount of undiscounted future cash flows exceeded the book value of non-current assets, impairment losses were not recognized in the current fiscal year.

- Key assumptions

For determining whether to recognize impairment losses and future cash flows used in calculating use value, the estimates are based on the business plan approved by the Board of Directors of the Company. These include forecasts of future net sales and operating profit, taking into account external factors such as demand trends in the industrial robot market and the Company's sales strategies.

- How the consolidated financial statements for the next fiscal year will be affected

By recognizing impairment losses, although future profitability, etc. is being carefully considered, there may be a significant failure to achieve the business plan based on the estimated amount of future cash flows due to changes in the management and market environment, etc. in the future, or if future uncertainty increases, the recoverable value will decrease, and the statements may be significantly affected by the occurrence of impairment losses in the next fiscal year.

(Consolidated statement of income)

(1) Gain on sale of investment securities

Gain on sales of investment securities represents gain on the sale of investment securities held by the Company.

(Announced on January 17, 2025)

(2) Impairment loss

For business-use assets, the Group identifies asset groups on a consolidated company basis, while rental and idle assets are grouped individually by asset.

Company (location)	Harmonic Precision Inc. Matsumoto City, Nagano Prefecture)
Use	Production equipment for cross-roller bearings
Type	Machinery and equipment
Impairment loss	¥1,189,182 thousand

Harmonic Precision Inc. (HPI), a consolidated subsidiary of the Company, experienced a decline in orders and deterioration in performance due to decreased demand for its core product, cross-roller bearings. This was caused by sluggish capital investment in the manufacturing sector in China, stagnation in new capital investment in cutting-edge semiconductors, and customer concerns regarding future demand trends. Operating losses were recorded in both the previous and current fiscal years, and the budget for the following fiscal year also projects continued operating losses. Accordingly, at the end of the current fiscal year, the situation was deemed to correspond to “an indication that continuing negative operating results are expected from operating activities,” and the Company determined that there were indications of impairment in HPI’s property, plant and equipment.

As a result, the Company examined whether the total amount of undiscounted future cash flows expected to be generated over the remaining economic useful life of HPI’s principal assets, namely machinery and equipment, was less than the book value of its non-current assets. Since the total amount of undiscounted future cash flows was found to be less than the book value, it was determined that the recoverability of the full amount of the non-current assets held by HPI was not assured, and the entire book value of ¥1,189,182 thousand was recorded as an impairment loss.

The future cash flows used to determine whether to recognize an impairment loss and to calculate use value are based on the business plan approved by the Board of Directors of the Company, and include estimates of future net sales and manufacturing costs, taking into account external factors such as demand trends in the industrial robot market.

Recoverable amount was measured using value in use, calculated by discounting the undiscounted future cash flows to present value using a discount rate of 8.75%, based on the weighted average cost of capital of HPI.

(Segment information, etc.)

[Segment information]

1. Overview of reportable segments

The reportable segments of the Company are business units of the Companies for which separate financial information can be obtained and the Board of Directors examines such information on a regular basis to determine the allocation of management resources and evaluate the business performance.

The Company is engaged in the manufacturing and sales of precision speed reducers, precision actuators and related motion control products. and the business operations fall within a single industry segment based on similarities in the type, nature, manufacturing method and markets of their products. The geographic markets of the products of the Company are Japan (including the Asia area), North America and Europe. In the Japan market, the products are manufactured and sold by the Company, its subsidiaries in Japan, and subsidiaries in the Asia area. In the North America market and the Europe market, the products are manufactured and sold by subsidiaries in the United States and in Europe, respectively.

As a result, the Company consists of three reportable segments: Japan, North America and Europe, which are consistent with the geographic segments based on the manufacturing and sale of the products. However, in the current fiscal year, in light of growing significance, the Company has revised its segment classification and now separately discloses China, which had previously been included in the Japan segment, as a reportable segment.

The segment information for the previous fiscal year has been restated based on the new classification of reportable segments.

2. Accounting method of net sales, profit/loss, assets and other items by each reportable segment

Accounting methods used at the reportable segments are identical to the descriptions in “Summary of significant accounting policies.”

The profit by the reportable segment is based on the ordinary profit. The transfer prices of inter-segment transactions are based on the market price.

3. Net sales, profit/loss, assets and other items, and information on disaggregation of revenue, by each reportable segment

For the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Thousands of yen)

	Reportable segment					Adjustment	Consolidated
	Japan	China	North America	Europe	Total		
Net sales							
Revenue from contracts with customers	29,168,036	4,295,884	13,303,687	16,741,606	63,509,214	(7,712,758)	55,796,455
Net sales to third parties	21,809,959	4,161,598	13,284,851	16,540,045	55,796,455	—	55,796,455
Inter-segment net sales or transfers	7,358,076	134,285	18,835	201,561	7,712,758	(7,712,758)	—
Total	29,168,036	4,295,884	13,303,687	16,741,606	63,509,214	(7,712,758)	55,796,455
Segment profit (loss)	4,089,374	323,133	1,707,414	214,367	6,334,290	(5,763,956)	570,333
Segment assets	57,659,982	3,168,516	16,233,037	30,689,427	107,750,963	11,391,328	119,142,291
Others							
Depreciation	5,220,985	22,403	677,682	3,268,741	9,189,813	—	9,189,813
Interest income	94,224	1,091	32,025	57,553	184,895	(88,038)	96,856
Interest expenses	95,614	446	86,911	79,749	262,722	(85,652)	177,069
Share of loss of entities accounted for using equity method	(41,843)	—	—	—	(41,843)	—	(41,843)
Investment in affiliated companies	48,112	—	—	—	48,112	—	48,112
Increase in property, plant and equipment and intangible assets	3,528,855	19,477	465,298	941,633	4,955,263	—	4,955,263

- (Notes) 1. The segment profit (loss) adjustment of ¥(5,763,956) thousand consists of the eliminated inter-segment transaction profit of ¥(3,317,741) thousand, and the general administrative expenses that are not allocated to any reportable segment, totaling ¥(2,446,215) thousand. The general administrative expenses that are not allocated to any reportable segment include the basic research and development expenses, certain administrative expenses related to the General Affairs and Accounting Department, and the amortization of the goodwill recorded in connection with the acquisition of shares of Harmonic Drive SE, amounting to ¥1,172,736 thousand.
2. The “Japan” segment includes the net sales and expenses related to the European and Asian markets, in addition to the Japanese market.
3. The segment asset adjustment of ¥11,391,328 thousand consists of an inter-segment elimination of ¥(5,009,402) thousand, and corporate assets that are not allocated to any reportable segment, which amounted to ¥16,400,730 thousand. The corporate assets include excess funds (including cash, bank deposits and securities), long-term investments (such as investment securities and assets categorized as “Others” under “Investments and other assets”), and certain assets related to corporate departments.

For the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Thousands of yen)

	Reportable segment					Adjustment	Consolidated
	Japan	China	North America	Europe	Total		
Net sales							
Revenue from contracts with customers	31,042,960	5,624,625	11,641,929	16,797,428	65,106,944	(9,461,004)	55,645,940
Net sales to third parties	21,727,393	5,623,075	11,628,795	16,666,675	55,645,940	—	55,645,940
Inter-segment net sales or transfers	9,315,566	1,550	13,134	130,753	9,461,004	(9,461,004)	—
Total	31,042,960	5,624,625	11,641,929	16,797,428	65,106,944	(9,461,004)	55,645,940
Segment profit (loss)	2,224,012	302,043	556,619	(52,756)	3,029,919	(2,878,721)	151,197
Segment assets	76,560,980	3,947,309	18,157,750	31,035,433	129,701,474	(16,079,791)	113,621,682
Others							
Depreciation	4,983,447	20,770	754,918	2,264,137	8,023,274	—	8,023,274
Interest income	92,959	1,302	144,003	164,318	402,584	(86,173)	316,411
Interest expenses	141,588	479	86,792	82,117	310,977	(86,499)	224,478
Share of loss of entities accounted for using equity method	(38,377)	—	—	—	(38,377)	—	(38,377)
Investment in affiliated companies	109,735	—	—	—	109,735	—	109,735
Increase in property, plant and equipment and intangible assets	2,121,839	15,758	625,755	1,002,597	3,765,951	—	3,765,951

- (Notes) 1. The segment profit (loss) adjustment of ¥(2,878,721) thousand consists of the eliminated inter-segment transaction profit of ¥(386,089) thousand, and the general administrative expenses that are not allocated to any reportable segment, totaling ¥(2,492,631) thousand. The general administrative expenses that are not allocated to any reportable segment include the basic research and development expenses, certain administrative expenses related to the General Affairs and Accounting Department.
2. The “Japan” segment includes the net sales and expenses related to the Asian markets, in addition to the Japanese market.
3. The segment asset adjustment of ¥(16,079,791) thousand consists of an inter-segment elimination of ¥(25,395,913) thousand, and corporate assets that are not allocated to any reportable segment, which amounted to ¥9,316,121 thousand. The corporate assets include excess funds (including cash, bank deposits and securities), long-term investments (such as investment securities and assets categorized as “Others” under “Investments and other assets”), and certain assets related to corporate departments.
4. Net sales to North America include ¥10,132,022 thousand in sales to the United States, which account for 10% or more of the total net sales in the consolidated statement of income.
5. Net sales to Europe include ¥7,056,700 thousand in sales to Germany, which account for 10% or more of the total net sales in the consolidated statement of income.

[Related information]

For the fiscal year ended March 31, 2024

1. Information by product/service

(Thousands of yen)

	Speed reducers	Mechatronic products	Total
Net sales to third parties	39,432,894	16,363,561	55,796,455

(Note) The sales of Harmonic Winbel Inc., a subsidiary engaged in the development, manufacturing and sales of magnetic application equipment, are classified, counted and presented as mechatronic products.

2. Information by geographic area

(1) Net sales

(Thousands of yen)

Japan	China	North America	Europe	Other	Total
20,617,344	4,161,598	13,284,851	16,540,045	1,192,615	55,796,455

(Notes) 1. Net sales are classified into the countries and geographical areas as shown in the schedule above based on the locations of the customers.

2. The “North America” segment includes net sales of ¥11,954,835 thousand originating from the United States of America, which represents greater than 10% of net sales recorded on the consolidated statements of income.

3. “The Europe” segment includes net sales of ¥6,505,463 thousand originating from Germany, which represents greater than 10% of net sales recorded on the consolidated statements of income.

(2) Property, plant and equipment

(Thousands of yen)

Japan	China	North America	Europe	Total
35,830,298	57,563	6,395,440	5,864,021	48,147,323

(Notes) 1. Property, plant and equipment are classified into the countries and geographical areas as shown in the schedule above based on their locations.

2. The “North America” segment includes ¥6,395,440 thousand worth of property, plant and equipment located in the United States of America, which represents greater than 10% of the total value of property, plant and equipment recorded on the consolidated balance sheets.

3. The “Europe” segment includes ¥5,864,021 thousand worth of property, plant and equipment located in Germany, which represents greater than 10% of the total value of property, plant and equipment recorded on the consolidated balance sheets.

3. Information on major customers

(Thousands of yen)

Customer name	Net sales	Related segment
Nissan Motor Co., Ltd.	6,547,422	Japan

For the fiscal year ended March 31, 2025

1. Information by product/service

(Thousands of yen)

	Speed reducers	Mechatronic products	Total
Net sales to third parties	42,304,275	13,341,664	55,645,940

(Note) The sales of Harmonic Winbel Inc., a subsidiary engaged in the development, manufacturing and sales of magnetic application equipment, are classified, counted and presented as mechatronic products.

2. Information by geographic area

(1) Net sales

(Thousands of yen)

Japan	China	North America	Europe	Other	Total
19,806,259	5,623,075	11,628,795	16,666,675	1,921,134	55,645,940

(Notes) 1. Net sales are classified into the countries and geographical areas as shown in the schedule above based on the locations of the customers.

2. The “North America” segment includes net sales of ¥10,132,022 thousand originating from the United States of America, which represents greater than 10% of net sales recorded on the consolidated statements of income.

3. The “Europe” segment includes net sales of ¥7,056,700 thousand originating from Germany, which represents greater than 10% of net sales recorded on the consolidated statements of income.

(2) Property, plant and equipment

(Thousands of yen)

Japan	China	North America	Europe	Total
32,510,937	63,218	7,431,144	5,954,452	45,959,753

(Notes) 1. Property, plant and equipment are classified into the countries and geographical areas as shown in the schedule above based on their locations.

2. The “North America” segment includes ¥7,431,144 thousand worth of property, plant and equipment located in the United States of America, which represents greater than 10% of the total value of property, plant and equipment recorded on the consolidated balance sheets.

3. The “Europe” segment includes ¥5,954,452 thousand worth of property, plant and equipment located in Germany, which represents greater than 10% of the total value of property, plant and equipment recorded on the consolidated balance sheets.

3. Information on major customers

(Thousands of yen)

Customer name	Net sales	Related segment
Nissan Motor Co., Ltd.	5,733,870	Japan

[Impairment loss information of non-current assets by reportable segment]

For the fiscal year ended March 31, 2024

(Thousands of yen)

	Reportable segment					Adjustment	Consolidated
	Japan	China	North America	Europe	Total		
Impairment loss	—	—	—	12,287,585	12,287,585	15,871,732	28,159,317

(Note) For adjustment, as the excess profitability of goodwill, customer related assets and technological assets of the Company's consolidated subsidiary, Harmonic Drive SE, that had been originally expected was diminished, the book value was reduced to the recoverable value for goodwill due to the adjustment and for customer related assets and technological assets due to the Europe segment, and this reduction was recorded as extraordinary losses under impairment losses.

For the fiscal year ended March 31, 2025

(Thousands of yen)

	Reportable segment					Adjustment	Consolidated
	Japan	China	North America	Europe	Total		
Impairment loss	1,189,182	—	—	—	1,189,182	—	1,189,182

[Information regarding amortization and balance of goodwill by reportable segment]

For the fiscal year ended March 31, 2024

(Thousands of yen)

	Reportable segment					Adjustment	Consolidated
	Japan	China	North America	Europe	Total		
Amortization of goodwill	—	—	—	—	—	1,172,736	1,172,736
Balance of goodwill	—	—	—	—	—	—	—

For the fiscal year ended March 31, 2025

(Thousands of yen)

	Reportable segment					Adjustment	Consolidated
	Japan	China	North America	Europe	Total		
Amortization of goodwill	—	—	—	—	—	—	—
Balance of goodwill	—	—	—	—	—	—	—

[Gain on negative goodwill by reportable segment]

For the fiscal year ended March 31, 2024

Not applicable.

For the fiscal year ended March 31, 2025

Not applicable.

(Per share information)

The basis for the calculation of net assets per share, profit (loss) per share, and diluted earnings per share is as follows.

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
(1) Net assets per share	¥836.02	¥831.82

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
(2) Profit (loss) per share	¥(261.00)	¥36.57
(Basis for calculation)		
Profit (loss) attributable to owners of parent recorded on the consolidated statements of income (thousands of yen)	(24,806,996)	3,473,539
Amount not attributable to common shareholders (thousands of yen)	—	—
Profit (loss) attributable to owners of parent relating to common shares (thousands of yen)	(24,806,996)	3,473,539
Average number of common shares outstanding during the period	95,047,417	94,977,483

(Note) The amount of diluted profit per share for the fiscal year ended March 31, 2025, is not stated, because dilutive shares did not exist.

(Significant subsequent events)

Not applicable.

5. Other Matters

(1) Status of Production, Orders Received and Sales

a. Production

Production results for the fiscal year under review are as follows:

Segment name		Production output (thousands of yen)	YoY change (%)
Japan	Speed reducers	27,705,895	9.2
	Mechatronic products	3,964,412	(37.6)
China	Speed reducers	—	—
	Mechatronic products	—	—
North America	Speed reducers	4,814,908	6.0
	Mechatronic products	4,134,546	(29.6)
Europe	Speed reducers	9,212,251	(3.4)
	Mechatronic products	5,016,615	2.9
Total		54,848,630	(3.0)

(Notes) 1. Inter-segment transactions are offset and eliminated.

2. The Group's reportable segments are classified on a location basis (Japan, China, North America and Europe).

3. Although the Group is solely engaged in handling the same types and series of precision speed reducers and its business operations fall within a single industry segment based on the similarities in the types, natures, manufacturing methods and markets of their products, the above table presents figures by product for each segment.

4. The production results of Harmonic Winbel Inc., a subsidiary engaged in the development, manufacturing and sales of magnetic application equipment, are classified, counted and presented as mechatronic products.

b. Orders received

The results of orders received for the fiscal year under review are as follows:

Segment name		Orders received (thousands of yen)	YoY change (%)	Order backlog (thousands of yen)	YoY change (%)
Japan	Speed reducers	20,075,362	22.2	3,914,598	20.6
	Mechatronic products	2,557,866	78.9	851,662	70.8
China	Speed reducers	5,128,002	58.4	899,541	(19.8)
	Mechatronic products	175,543	(24.3)	48,092	(8.0)
North America	Speed reducers	5,850,209	23.6	3,916,151	(4.8)
	Mechatronic products	3,804,435	15.7	2,032,703	(39.8)
Europe	Speed reducers	10,681,834	9.4	5,471,411	(9.5)
	Mechatronic products	4,767,860	(4.4)	2,116,516	(20.7)
Total		53,041,114	20.3	19,250,679	(8.9)

(Notes) 1. Inter-segment transactions are offset and eliminated.

2. The Group's reportable segments are classified on a location basis (Japan, China, North America and Europe).

3. Although the Group is solely engaged in handling the same types and series of precision speed reducers and its business operations fall within a single industry segment based on the similarities in the types, natures, manufacturing methods and markets of their products, the above table presents figures by product for each segment.

4. The results of orders received of Harmonic Winbel Inc., a subsidiary engaged in the development, manufacturing and sales of magnetic application equipment, are classified, counted and presented as mechatronic products.

5. The order backlog excludes ¥533,794 thousand of order cancellations. The cancellations took place during the current fiscal year mainly in the Japan segment.

c. Sales

Sales results for the fiscal year under review are as follows:

Segment name		Sales volume (thousands of yen)	YoY change (%)
Japan	Speed reducers	19,232,175	1.4
	Mechatronic products	2,495,218	(12.0)
China	Speed reducers	5,439,049	46.2
	Mechatronic products	184,026	(58.4)
North America	Speed reducers	6,270,999	10.1
	Mechatronic products	5,357,795	(29.4)
Europe	Speed reducers	11,362,050	2.9
	Mechatronic products	5,304,624	(3.6)
Total		55,645,940	(0.3)

(Notes) 1. Inter-segment transactions are offset and eliminated.

2. Sales by primary customer and the ratio of the sales to the total sales are as follows:

Customer	Previous fiscal year		Current fiscal year	
	Sales (thousands of yen)	Ratio (%)	Sales (thousands of yen)	Ratio (%)
Nissan Motor Co., Ltd.	6,547,422	11.7	5,733,870	10.3

3. The Group's reportable segments are classified on a location basis (Japan, China, North America and Europe).

4. Although the Group is solely engaged in handling the same types and series of precision speed reducers and its business operations fall within a single industry segment based on the similarities in the types, natures, manufacturing methods and markets of their products, the above table presents figures by product for each segment.

5. The sales results of Harmonic Winbel Inc., a subsidiary engaged in the development, manufacturing and sales of magnetic application equipment, are classified, counted and presented as mechatronic products.

(2) Net Sales outside Japan

Net sales outside Japan for the current fiscal year are as follows:

	China	North America	Europe	Other regions	Total
I Net sales outside Japan (thousands of yen)	5,623,075	11,628,795	16,666,675	1,921,134	35,839,681
II Consolidated net sales (thousands of yen)	—	—	—	—	55,645,940
III Ratio of net sales outside Japan to consolidated net sales (%)	10.1	20.9	30.0	3.5	64.4

(Notes) 1. The categorization of countries or regions is based on geographical proximity.

2. Primary countries or regions that belong to each category

(1) China: China; (2) North America: the U.S.; (3) Europe: Germany; (4) Other regions: South Korea, Taiwan and Oceania

3. Net sales outside Japan are net sales that were recorded by the Company and its consolidated subsidiaries in countries or regions other than Japan.