

Disclaimer: This document is an English translation of the original document in Japanese and has been prepared solely for reference purposes. In the event of any discrepancy between this English translation and the original in Japanese, the original shall prevail in all respects.

## Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 [Japanese GAAP]



May 12, 2023

Company name: Harmonic Drive Systems Inc.  
 Stock exchange listing: Tokyo Stock Exchange  
 Code number: 6324  
 URL: <https://www.hds.co.jp/english/>  
 Representative: Akira Nagai, President, Representative Director  
 Contact: Akira Maruyama, Representative Director  
 Phone: +81-3-5471-7810  
 Scheduled date of general shareholders' meeting: June 21, 2023  
 Scheduled date of commencing dividend payments: June 22, 2023  
 Scheduled date of filing securities report: June 22, 2023  
 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, 2023 (April 1, 2022 – March 31, 2023)

#### (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, 2023	71,527	25.3	10,224	17.0	10,757	18.1	7,595	14.3
March 31, 2022	57,087	54.1	8,739	909.3	9,108	566.4	6,643	902.9

(Note) Comprehensive income: Fiscal year ended March 31, 2023: ¥12,132 million [120.3%]

Fiscal year ended March 31, 2022: ¥5,508 million [(38.9)%]

	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, 2023	79.67	–	7.5	7.2	14.3
March 31, 2022	69.02	–	6.6	6.4	15.3

(Reference) Equity in earnings of affiliated companies: Fiscal year ended March 31, 2023: ¥(0) million

Fiscal year ended March 31, 2022: ¥(5) million

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2023	154,336	103,955	67.4	1,093.53
As of March 31, 2022	143,289	98,856	69.0	1,026.94

(Reference) Equity: As of March 31, 2023: ¥103,955 million

As of March 31, 2022: ¥98,856 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, 2023	10,850	(8,663)	(1,599)	19,921
March 31, 2022	9,881	(4,703)	(6,663)	18,767

## 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, 2022	–	10.00	–	11.00	21.00	2,021	30.4	2.0
Fiscal year ended March 31, 2023	–	11.00	–	17.00	28.00	2,661	35.1	2.6
Fiscal year ending March 31, 2024 (Forecast)	–	–	–	–	–		–	

(Note) There is currently no forecast for the year-end dividend for the fiscal year ending March 31, 2024. An announcement will be made promptly once it becomes possible to disclose a dividend forecast.

## 3. Consolidated Financial Results Forecast for the First Three Months of the Fiscal Year Ending March 31, 2024 (April 1, 2023 – June 30, 2023)

(% 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 three months	14,700	(6.3)	800	(62.4)	700	(69.5)	450	(62.6)	4.73

(Note) The Company discloses a forecast only for the first three months of the fiscal year ending March 31, 2024. This is because of difficulties in reasonably estimating full-year orders received and net sales at this point in time, and a financial result forecast for the rest of the fiscal year ending March 31, 2024 has yet to be determined.

### \* Notes:

(1) Changes in significant subsidiaries during the fiscal year under review (changes in specific subsidiaries, which involve changes in the scope of consolidation): 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, 2023: 96,315,400 shares

March 31, 2022: 96,315,400 shares

2) Total number of treasury shares at the end of the period:

March 31, 2023: 1,251,002 shares

March 31, 2022: 52,336 shares

3) Average number of shares outstanding during the period:

Year ended March 31, 2023: 95,338,168 shares

Year ended March 31, 2022: 96,263,094 shares

**(Reference) Summary of Non-consolidated Financial Results****1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 – March 31, 2023)**

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

Year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2023	50,883	23.7	8,927	6.8	9,378	7.8	6,880	5.1
March 31, 2022	41,120	69.5	8,358	224.7	8,702	214.8	6,545	250.4

Year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2023	72.17	–
March 31, 2022	68.00	–

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2023	120,888	85,678	70.9	901.27
As of March 31, 2022	115,596	85,897	74.3	892.32

(Reference) Equity: As of March 31, 2023: ¥85,678 million

As of March 31, 2022: ¥85,897 million

**2. Non-consolidated Financial Results Forecast for the First Three Months of the Fiscal Year Ending March 31, 2024 (April 1, 2023 – June 30, 2023)**

(% indicates changes from the previous corresponding period.)

First three months	Net sales		Operating profit		Ordinary profit		Profit		Profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	8,000	(31.1)	200	(90.5)	2,350	(3.1)	2,300	69.1	24.19

(Note) The Company discloses a forecast only for the first three months of the fiscal year ending March 31, 2024.

This is because of difficulties in reasonably estimating full-year orders received and net sales at this point in time, and a financial result forecast for the rest of the fiscal year ending March 31, 2024 has yet to be determined.

\* 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 19, 2023.

## Table of Contents - Attachments

1. Overview of Operating Results, etc. ....	2
(1) Overview of Operating Results for the Fiscal Year under Review .....	2
(2) Overview of Financial Position for the Fiscal Year under Review .....	3
(3) Overview of Cash Flows for the Fiscal Year under Review .....	3
(4) Future Outlook .....	4
(5) Basic Policy for Profit Distribution and Dividends for the Current and Next Fiscal Years .....	5
2. Management Policy .....	6
(1) Basic Policy for Corporate Management .....	6
(2) Medium- to Long-term Corporate Management Strategy and Issues to Be Addressed .....	6
(3) Target Management Indicators .....	7
3. Basic Policy for Selection of Accounting Principles .....	7
4. Consolidated Financial Statements and Principal Notes .....	8
(1) Consolidated Balance Sheets .....	8
(2) Consolidated Statements of Income and Comprehensive Income .....	10
(3) Consolidated Statements of Changes in Net Assets .....	12
(4) Consolidated Statements of Cash Flows .....	14
(5) Notes to Consolidated Financial Statements .....	16
(Notes on going concern assumption) .....	16
(Changes in accounting policies) .....	16
(Segment information, etc.) .....	17
(Per share information) .....	23
(Significant subsequent events) .....	23
5. Other Matters .....	24
(1) Status of Production, Orders Received and Sales .....	24
(2) Net Sales outside Japan .....	25

## 1. Overview of Operating Results, etc.

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

Future of the world economy increased uncertainty during this fiscal year under review due to factors such as the impact of China's lockdown to address the spread of COVID-19 infections, surge in resource and raw material prices caused by the worsening Ukrainian situation, the worldwide semiconductor shortage, and rapid changes in exchange rates due to interest rate increases in Europe and the United States. The situations concerning orders received by the Harmonic Drive Systems Group (hereinafter "the Group") generally became tough owing to cutbacks in future orders by customers who were concerned about demand trends, reflecting slower capital investment in China's manufacturing industry, impacts of reduced new investment resulting from saturation of capital investment in cutting-edge semiconductors, and others. Due to a decrease in orders caused mainly by these factors as well as rebound from orders received in the previous fiscal year that remained high reflecting customers' strong preceding orders, consolidated orders received decreased by 41.2% year on year to ¥55,760 million.

Consolidated net sales for the fiscal year under review reached ¥71,527 million, up 25.3% year on year. Factors contributing to this increase include an abundant order backlog at the beginning of the period thanks to a high level of orders in the previous fiscal year. Measures taken to increase production capacity inside and outside Japan also contributed to the sales increase. This includes investment in the Ariake Plant during the period to boost production and measures for enhancing production capacity in overseas production sites that had been pursued since the previous fiscal year.

Regarding net sales trend by application, net sales for industrial robots surged, reflecting expansion of investment in advanced automation such as EV-related capital investment and an increase in demand to cover perpetual labor shortage with collaborative robots. Net sales for semiconductor manufacturing equipment also climbed significantly, especially in the cutting-edge area, driven by voracious appetite for capital investment globally. Net sales for advanced medical applications such as surgical robots rose reflecting steady demand growth including introduction by new players. Net sales for automotive applications increased gradually, despite continued production adjustment by customers caused by the semiconductor shortage.

In terms of profit and loss, depreciation cost increased due to the enhancement of production capacity, and manufacturing cost rose due mainly to personnel increase in the manufacturing sector. Selling, general and administrative expenses also increased reflecting the higher transportation cost attributable to a surge in logistics costs and increased sales and larger allocation for research and development expenses. However, the increase in profit due to increased net sales outweighed that of the cost, marking 17.0% year-on-year rise in operating profit to ¥10,224 million. In addition, the increase in operating profit resulted in 14.3% year-on-year rise in profit attributable to owners of parent to ¥7,595 million.

In terms of net sales by product group, speed reducers totaled ¥57,000 million, up 20.7% year on year and mechatronics products reached ¥14,527 million, up 47.5% year on year. They accounted for 79.7% and 20.3% of the total net sales, respectively.

Financial results by segment are as follows.

#### (Japan)

Though sales to China temporarily declined due to the impact of COVID-19 lockdowns, sales in industrial robots increased due to aggressive capital investment for upgrading and automating production. Additionally, sales in semiconductor manufacturing equipment were strong aided by capital investment enthusiasm in the world. As a result, net sales increased by 21.9% year on year to ¥45,445 million. Segment profit (ordinary profit) rose by 7.2% year on year to ¥12,748 million due to increased sales.

#### (North America)

While there were concerns about interest rate rises and price increases, demand for semiconductor

manufacturing equipment and advanced medical applications (surgical robot-related) remained strong. As a result, net sales rose by 63.4% year on year to ¥10,858 million. Segment profit (ordinary profit) increased by 100.5% year on year to ¥1,406 million.

(Europe)

While there were concerns about interest rate rises and price increases as in North America, in Europe, there was steady demand for investment in automation, resulting in higher demand, mainly for industrial robots and general industrial machinery. As a result, net sales increased by 15.6% year on year to ¥15,222 million. Segment profit (ordinary profit) increased by 264.2% year on year to ¥624 million due to the increase in sales, which absorbed the amortization cost of ¥1,706 million on intangible assets posted at the time of acquisition of shares in Harmonic Drive SE.

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

(Assets)

Total assets increased by ¥11,046 million, up 7.7% from the end of the previous fiscal year to ¥154,336 million. This was primarily because of a 11.3% or ¥4,959 million year-on-year increase in property, plant and equipment resulting from capital investment, a 32.9% or ¥3,097 million year-on-year increase in merchandise and finished goods, work in process, and raw materials and supplies, as well as a 12.8% or ¥1,988 million year-on-year increase in notes receivable – trade and accounts receivable – trade resulting from increased sales.

(Liabilities)

Liabilities increased by ¥5,946 million, up 13.4% from the end of the previous fiscal year to ¥50,380 million. This was primarily because of a 35.9% or ¥6,058 million year-on-year increase in borrowings for financing capital investment, purchase of treasury shares, and others, despite a 59.8% or ¥1,557 million year-on-year decrease in income taxes payable.

(Net Assets)

Total net assets increased by ¥5,099 million, up 5.2% from the end of the previous fiscal year to ¥103,955 million. This was primarily because of a 117.0% or ¥4,392 million year-on-year increase in foreign currency translation adjustment due to the effect of exchange rate fluctuations, and a 0.6% or ¥563 million year-on-year increase in total shareholders' equity due to increased retained earnings and purchase of treasury shares.

As a result, equity ratio fell from 69.0% at the end of the previous fiscal year to 67.4%.

## (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 ¥19,921 million, up ¥1,154 million from 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 ¥10,850 million, compared with net cash provided of ¥9,881 million in the previous fiscal year.

The Company recorded profit before income taxes of ¥10,194 million and depreciation of ¥8,520 million, while there was a ¥2,540 million increase in inventories and a ¥1,636 million increase in trade receivables, which were major contributing factors.

(Cash Flows from Investing Activities)

Investing activities in the fiscal year under review used net cash of ¥8,663 million, compared with net cash used of ¥4,703 million in the previous fiscal year.

This was primarily because of ¥8,838 million used for acquisition of property, plant and equipment to expand production capacity.

(Cash Flows from Financing Activities)

Financing activities in the fiscal year under review used net cash of ¥1,599 million, compared with net cash used of ¥6,663 million in the previous fiscal year.

This was primarily because of ¥5,000 million used in purchase of treasury shares and ¥2,105 million used in dividends paid, although net cash of ¥6,057 million was provided by borrowings for financing capital investment and purchase of treasury shares.

(4) Future Outlook

As for the business environment surrounding the Group in the medium- to long-term, we expect sustainable growth will be achievable. This is based on our view that investment in more advanced automation will be continuously carried out, mainly in the manufacturing industry, and demand expansion will be expected in the non-manufacturing industries for advanced medical equipment, next generation mobility, and others.

On the other hand, the Group forecasts demand trends in the short-term will remain far from optimistic particularly in speed reducers for small industrial robots and semiconductor manufacturing equipment, of which adoption ratios are especially high among the Group's products. This is because of cautious attitudes in appetite for capital investment in Chinese electronics and softness in capital investment trends in some semiconductors. Against the backdrop of this slowdown in capital investment, the ongoing inventory adjustments of our products by customers and agencies are likely to require some time. Additionally, we see difficulties in determining when such inventory adjustments will end and in precisely predicting when the following full-scale pick-up in orders received will occur, because such adjustments of inventories are being proceeded in ways that vary greatly with customers and agencies as well as with items. Therefore, reasonably estimating full-year orders received and net sales is difficult at this point in time.

Given the above business environment and forecast for demand, the Group discloses a forecast only for the first three months of the fiscal year ending March 31, 2024 at this point in time. A financial result forecast for the rest of the fiscal year ending March 31, 2024 has yet to be determined. It will be promptly disclosed when developments in the situation, including inventory adjustments, allow us to reasonably make a financial result forecast.

Consolidated Basis

	Results for the first three months of the fiscal year ended March 31, 2023		Forecast for the first three months of the fiscal year ending March 31, 2024		YoY Change	
	Million yen	%	Million yen	%	Million yen	%
Net sales	15,692	100.0	14,700	100.0	(992)	(6.3)
Operating profit	2,126	13.6	800	5.4	(1,326)	(62.4)
Ordinary profit	2,297	14.6	700	4.8	(1,597)	(69.5)
Profit	1,204	7.7	450	3.1	(754)	(62.6)

#### Non-consolidated Basis

	Results for the first three months of the fiscal year ended March 31, 2023		Forecast for the first three months of the fiscal year ending March 31, 2024		YoY Change	
	Million yen	%	Million yen	%	Million yen	%
Net sales	11,608	100.0	8,000	100.0	(3,608)	(31.1)
Operating profit	2,108	18.2	200	2.5	(1,908)	(90.5)
Ordinary profit	2,425	20.9	2,350	29.4	(75)	(3.1)
Profit	1,359	11.7	2,300	28.8	940	69.1

The non-consolidated financial results forecast for the first three months of the fiscal year ending March 31, 2024 above includes planned dividend income of around ¥2,200 million from a subsidiary, which will be recorded as non-operating income. This leads us to the non-consolidated financial results forecasts for the first three months of the fiscal year ending March 31, 2024 with ordinary profit of ¥2,350 million, profit of ¥2,300 million, despite operating profit of ¥200 million.

#### (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 ¥17 per share as the year-end dividend for the fiscal year ended March 31, 2023.

There is currently no forecast for dividends for the fiscal year ending March 31, 2024 due to difficulties in making a financial result forecast. An announcement will be made promptly once it becomes possible to disclose a dividend forecast.



## 2. Management Policy

### (1) Basic Policy for Corporate Management

The Company (referred to here as “HDSI”) operates based on the following 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 continues to pursue its unwavering mission of contributing to social and technological innovation through motion control technology, stated in our fiscal years 2021-2023 medium-term management plan.

Market for mechatronics and precision speed reducers, in which we participate, is contributing greatly to the emerging social and technological innovation, including electrification of vehicles and surgical robots, and such demand will continue to expand. At the same time, as demand for collaborative robots increases amid the worldwide labor shortage, we see high growth potential in a mid-and-long term. 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 Basic Policy of Sustainability formulated in March 2022, with the whole group united. Moreover, we aim to enhance corporate value over the medium to long term by implementing strategies based on the policies outlined in our long-term vision and medium-term management plan, with maintaining a balance between defensive and offensive approaches in our management strategy.

The summaries of the Basic Policy of Sustainability, our Group’s mission, long-term vision, and medium-term management plan are as follows.

■ 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

– In pursuit of total motion control –

- ✓ Take on the challenge of developing new technologies and skills that capture changes in the environment
  - ✓ Achieve QCDS that goes beyond customer expectations
  - ✓ Contribute to creating a sustainable society through corporate activities
- Mid-term Management Plan for fiscal years 2021–2023  
 – Toward the Next 50 Years: Moving to a Solid Growth Stage –  
 Basic policies and strategies
- (a) Achieve QCDS that meets customer expectations  
 Q: Quality Control: Zero defects and zero claims  
 C: Improve productivity and further enhance Value Analysis / Value Engineering  
 D: Commit to delivery schedule requested by customers  
 S: Enhance ER activities by speeding up
- (b) Expand RD, AD, and MT businesses by developing valuable products and enhancing services  
 [RD: HarmonicDrive®]  
 ✓ Create and commercialize new technologies and skills to support next-generation applications  
 [AD: AccuDrive®, HarmonicPlanetary®]  
 ✓ Expand product offerings tailored to regions and various applications through business restructuring  
 [MT: Mechatronics]  
 ✓ Provide products that enable customers to bring their vision to life and further improve problem-solving capabilities
- (c) Build a business foundation that meets the demands of the times  
 ✓ Promote sustainable management (SDGs)  
 ✓ Develop human resources capable of leading business expansion, and establish personnel systems and work styles that enhance diversity  
 ✓ Execute IT enhancement strategy and implement our own IoT concept  
 ✓ Establish a financial base to support growth and strengthen fundraising capabilities
- (d) Strengthen coordination and maximize synergies with overseas group companies and institutions  
 ✓ Maximize utilization of management resources at each site  
 ✓ Maintain and promote proactive research activities with overseas research institutions  
 ✓ Establish a global production system
- (e) Create new standards that define the next 50 years through outside-the-box thinking  
 ✓ Proactively take on the challenge of discovering new materials, new principles, new mechanisms, and new production methods  
 ✓ Make strategic moves toward developing intelligent mechatronics  
 ✓ Foster a culture that is sensitive to changes in society and accepts variant perspectives

### (3) Target Management Indicators

Target management indicators of the Group are as follows:

- ✓ Ratio of operating profit to net sales: 20% or higher
- ✓ Return on equity (ROE): 10% or higher

### 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, 2022	As of March 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	19,901,290	20,783,570
Notes receivable - trade	6,963,283	7,408,386
Accounts receivable - trade	8,621,584	10,165,121
Securities	27,616	28,840
Merchandise and finished goods	1,146,401	2,014,249
Work in process	3,883,587	3,658,753
Raw materials and supplies	4,374,176	6,828,695
Other	976,918	1,307,220
Allowance for doubtful accounts	(22,146)	(19,356)
Total current assets	45,872,713	52,175,480
Non-current assets		
Property, plant and equipment		
Buildings and structures	26,804,118	27,102,635
Accumulated depreciation	(7,124,971)	(7,679,564)
Buildings and structures, net	19,679,146	19,423,071
Machinery, equipment and vehicles	33,349,565	41,046,656
Accumulated depreciation	(19,281,112)	(23,709,576)
Machinery, equipment and vehicles, net	14,068,453	17,337,080
Tools, furniture and fixtures	8,080,872	9,579,522
Accumulated depreciation	(6,492,005)	(7,735,852)
Tools, furniture and fixtures, net	1,588,866	1,843,670
Land	3,207,177	3,329,452
Leased assets	5,298,778	6,253,972
Accumulated depreciation	(1,477,527)	(2,100,357)
Leased assets, net	3,821,250	4,153,614
Construction in progress	1,545,561	2,766,545
Other	844,931	821,282
Accumulated depreciation	(787,784)	(747,867)
Other, net	57,146	73,415
Total property, plant and equipment	43,967,603	48,926,847
Intangible assets		
Goodwill	15,336,072	15,258,139
Software	250,811	191,453
Customer related assets	19,589,451	19,489,904
Technical assets	5,232,055	5,205,468
Other	27,468	187,939
Total intangible assets	40,435,860	40,332,904
Investments and other assets		
Investment securities	11,129,188	11,044,878
Shares of subsidiaries and associates	90,821	89,956
Retirement benefit asset	1,207,717	1,191,060
Deferred tax assets	454,910	439,351
Other	136,704	141,366
Allowance for doubtful accounts	(5,600)	(5,600)
Total investments and other assets	13,013,742	12,901,013
Total non-current assets	97,417,205	102,160,765
Total assets	143,289,918	154,336,246

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	3,856,847	3,596,434
Contract liabilities	284,221	267,842
Short-term borrowings	327,135	2,610,183
Current portion of long-term borrowings	1,942,662	2,569,064
Lease liabilities	471,703	583,255
Income taxes payable	2,604,300	1,046,412
Provision for bonuses	1,342,333	1,471,732
Provision for bonuses for directors (and other officers)	305,941	351,669
Provision for loss on compensation for after-care of products	62,294	64,009
Other	2,929,949	3,906,913
<b>Total current liabilities</b>	<b>14,127,390</b>	<b>16,467,518</b>
Non-current liabilities		
Long-term borrowings	14,617,513	17,766,840
Lease liabilities	3,548,469	3,836,603
Deferred tax liabilities	9,938,302	10,003,116
Provision for retirement benefits for directors (and other officers)	490,413	12,000
Provision for operating officers' retirement benefits	129,193	80,260
Retirement benefit liability	1,009,659	750,593
Other	572,673	1,463,654
<b>Total non-current liabilities</b>	<b>30,306,225</b>	<b>33,913,069</b>
<b>Total liabilities</b>	<b>44,433,616</b>	<b>50,380,587</b>
Net assets		
Shareholders' equity		
Share capital	7,100,036	7,100,036
Capital surplus	22,762,168	22,773,595
Retained earnings	59,361,329	64,852,655
Treasury shares	(38,897)	(4,978,535)
<b>Total shareholders' equity</b>	<b>89,184,636</b>	<b>89,747,751</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,911,738	5,845,310
Foreign currency translation adjustment	3,753,287	8,146,088
Remeasurements of defined benefit plans	6,640	216,507
<b>Total accumulated other comprehensive income</b>	<b>9,671,666</b>	<b>14,207,906</b>
<b>Total net assets</b>	<b>98,856,302</b>	<b>103,955,658</b>
<b>Total liabilities and net assets</b>	<b>143,289,918</b>	<b>154,336,246</b>

## (2) Consolidated Statements of Income and Comprehensive Income

## Consolidated Statement of Income

(Thousands of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net sales	57,087,914	71,527,316
Cost of sales	34,661,874	45,741,012
Gross profit	22,426,040	25,786,304
Selling, general and administrative expenses	13,686,314	15,561,495
Operating profit	8,739,726	10,224,808
Non-operating income		
Interest income	12,979	14,951
Dividend income	264,278	268,412
Foreign exchange gains	—	275,886
Subsidy income	261,404	245,089
Other	298,725	212,596
Total non-operating income	837,388	1,016,936
Non-operating expenses		
Commission for purchase of treasury shares	—	116,897
Interest expenses	138,182	166,982
Sales discounts	10,091	—
Share of loss of entities accounted for using equity method	5,404	865
Foreign exchange losses	44,280	—
Rental expenses	167,317	144,211
Other	103,595	55,059
Total non-operating expenses	468,870	484,015
Ordinary profit	9,108,243	10,757,728
Extraordinary income		
Gain on sale of non-current assets	2,848	1,922
Gain on sale of investment securities	21,579	—
Subsidy income	—	2,000
Total extraordinary income	24,427	3,922
Extraordinary losses		
Loss on sale of non-current assets	761	—
Impairment losses	54,724	—
Loss on retirement of non-current assets	47,125	63,496
Loss on tax purpose reduction entry of non-current assets	—	2,000
Extra retirement payments	1,792	—
Special extra for retirement payments	16,690	501,537
Total extraordinary losses	121,093	567,034
Profit before income taxes	9,011,578	10,194,617
Income taxes - current	3,048,895	3,089,772
Income taxes - deferred	(754,364)	(491,084)
Total income taxes	2,294,531	2,598,688
Profit	6,717,047	7,595,928
Profit attributable to non-controlling interests	73,154	—
Profit attributable to owners of parent	6,643,893	7,595,928

## Consolidated Statement of Comprehensive Income

(Thousands of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Profit	6,717,047	7,595,928
Other comprehensive income		
Valuation difference on available-for-sale securities	(4,144,302)	(66,427)
Foreign currency translation adjustment	2,841,622	4,392,800
Remeasurements of defined benefit plans, net of tax	93,686	209,867
Total other comprehensive income	(1,208,993)	4,536,240
Comprehensive income	5,508,053	12,132,168
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,210,574	12,132,168
Comprehensive income attributable to non-controlling interests	297,479	—

## (3) Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,100,036	30,080,004	54,642,698	(38,731)	91,784,007
Changes of during period					
Dividends of surplus			(1,925,262)		(1,925,262)
Purchase of shares of consolidated subsidiaries		(7,317,836)			(7,317,836)
Profit attributable to owners of parent			6,643,893		6,643,893
Purchase of treasury shares				(166)	(166)
Restricted stock payment					—
Net changes in items other than shareholders' equity					
Total changes during period	—	(7,317,836)	4,718,631	(166)	(2,599,371)
Balance at end of period	7,100,036	22,762,168	59,361,329	(38,897)	89,184,636

	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	10,056,041	1,131,390	(82,445)	11,104,985	7,170,822	110,059,815
Changes during period						
Dividends of surplus						(1,925,262)
Purchase of shares of consolidated subsidiaries					(7,473,424)	(14,791,260)
Profit attributable to owners of parent						6,643,893
Purchase of treasury shares						(166)
Restricted stock payment						—
Net changes in items other than shareholders' equity	(4,144,302)	2,621,897	89,086	(1,433,319)	302,602	(1,130,716)
Total changes during period	(4,144,302)	2,621,897	89,086	(1,433,319)	(7,170,822)	(11,203,512)
Balance at end of period	5,911,738	3,753,287	6,640	9,671,666	—	98,856,302

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,100,036	22,762,168	59,361,329	(38,897)	89,184,636
Changes of during period					
Dividends of surplus			(2,104,602)		(2,104,602)
Purchase of shares of consolidated subsidiaries					—
Profit attributable to owners of parent			7,595,928		7,595,928
Purchase of treasury shares				(5,000,000)	(5,000,000)
Restricted stock payment		11,426		60,361	71,788
Net changes in items other than shareholders' equity					
Total changes during period	—	11,426	5,491,326	(4,939,638)	563,115
Balance at end of period	7,100,036	22,773,595	64,852,655	(4,978,535)	89,747,751

	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	5,911,738	3,753,287	6,640	9,671,666	—	98,856,302
Changes during period						
Dividends of surplus						(2,104,602)
Purchase of shares of consolidated subsidiaries						—
Profit attributable to owners of parent						7,595,928
Purchase of treasury shares						(5,000,000)
Restricted stock payment						71,788
Net changes in items other than shareholders' equity	(66,427)	4,392,800	209,867	4,536,240	—	4,536,240
Total changes during period	(66,427)	4,392,800	209,867	4,536,240	—	5,099,355
Balance at end of period	5,845,310	8,146,088	216,507	14,207,906	—	103,955,658



## (4) Consolidated Statements of Cash Flows

(Thousands of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
<b>Cash flows from operating activities</b>		
Profit before income taxes	9,011,578	10,194,617
Depreciation	7,278,201	8,520,379
Impairment losses	54,724	—
Amortization of goodwill	976,482	1,054,340
Increase (decrease) in allowance for doubtful accounts	(5,571)	(4,787)
Increase (decrease) in retirement benefit liability	(109,045)	(381,798)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(22,458)	(478,413)
Increase (decrease) in provision for operating officers' retirement benefits	(4,895)	(48,933)
Increase (decrease) in provision for bonuses for directors (and other officers)	197,891	40,182
Increase (decrease) in provision for loss on compensation for after-care of products	(83,454)	(1,295)
Interest income	(12,979)	(14,951)
Dividend income	(264,278)	(268,412)
Interest expenses	138,182	166,982
Share of loss (profit) of entities accounted for using equity method	5,404	865
Subsidy income	—	(2,000)
Loss (gain) on sale of investment securities	(21,579)	—
Loss (gain) on sale of non-current assets	(2,086)	(1,922)
Loss on retirement of non-current assets	47,125	61,992
Loss on tax purpose reduction entry of non-current assets	—	2,000
Decrease (increase) in trade receivables	(5,615,727)	(1,636,166)
Decrease (increase) in inventories	(3,323,760)	(2,540,386)
Increase (decrease) in trade payables	1,294,609	(458,470)
Other, net	1,264,426	1,347,695
Subtotal	10,802,789	15,551,518
Interest and dividends received	277,258	283,364
Subsidies received	—	2,000
Interest paid	(143,195)	(177,146)
Income taxes paid	(1,311,481)	(4,967,316)
Income taxes refund	256,260	158,054
Net cash provided by (used in) operating activities	9,881,633	10,850,473
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(4,736,925)	(8,838,891)
Proceeds from sale of property, plant and equipment	7,531	2,698
Purchase of intangible assets	(76,306)	(229,709)
Proceeds from sale of investment securities	28,593	—
Payments into time deposits	(247,314)	(1,701,679)
Proceeds from withdrawal of time deposits	348,589	2,108,145
Payments of leasehold and guarantee deposits	(32,715)	(8,836)
Proceeds from refund of leasehold and guarantee deposits	4,975	4,509
Other, net	481	481
Net cash provided by (used in) investing activities	(4,703,089)	(8,663,281)
<b>Cash flows from financing activities</b>		
Proceeds from short-term borrowings	12,010,000	9,910,000
Repayments of short-term borrowings	(11,910,168)	(7,610,179)
Proceeds from long-term borrowings	11,342,000	6,000,000
Repayments of long-term borrowings	(883,945)	(2,242,662)
Repayments of lease liabilities	(473,217)	(551,912)
Purchase of treasury shares	(166)	(5,000,000)
Dividends paid	(1,927,297)	(2,105,094)

(Thousands of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Dividends paid to non-controlling interests	(33,344)	—
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(14,787,753)	—
Net cash provided by (used in) financing activities	(6,663,893)	(1,599,848)
Effect of exchange rate change on cash and cash equivalents	256,144	567,101
Net increase (decrease) in cash and cash equivalents	(1,229,206)	1,154,445
Cash and cash equivalents at beginning of period	19,996,738	18,767,531
Cash and cash equivalents at end of period	18,767,531	19,921,977

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Changes in accounting policies)

The Company has applied the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021; hereinafter the “Fair Value Measurement Guidance”) from the beginning of the fiscal year under review, and will prospectively apply the new accounting policies stipulated by the Fair Value Measurement Guidance in accordance with the transitional treatment provided in Paragraph 27-2 of the Fair Value Measurement Guidance. This does not affect the consolidated financial statements.

(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 the 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.

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, 2022 (from April 1, 2021 to March 31, 2022)

(Thousands of yen)

	Reportable segment				Adjustment	Consolidated
	Japan	North America	Europe	Total		
Net sales						
Revenue from contracts with customers	42,033,740	6,660,013	13,293,826	61,987,581	(4,899,666)	57,087,914
Net sales to third parties	37,273,495	6,643,427	13,170,991	57,087,914	–	57,087,914
Inter-segment net sales or transfers	4,760,244	16,586	122,835	4,899,666	(4,899,666)	–
Total	42,033,740	6,660,013	13,293,826	61,987,581	(4,899,666)	57,087,914
Segment profit (loss)	11,889,694	701,580	171,574	12,762,849	(3,654,605)	9,108,243
Segment assets	61,425,916	11,212,583	39,886,140	112,524,640	30,765,278	143,289,918
Others						
Depreciation	3,960,645	483,186	2,834,369	7,278,201	–	7,278,201
Interest income	75,204	7,464	4,368	87,038	(74,059)	12,979
Interest expenses	59,551	72,773	78,238	210,563	(72,381)	138,182
Share of loss of entities accounted for using equity method	(5,404)	–	–	(5,404)	–	(5,404)
Investment in affiliated companies	90,821	–	–	90,821	–	90,821
Increase in property, plant and equipment and intangible assets	5,337,964	4,199	348,333	5,690,496	–	5,690,496

- (Notes) 1. The segment profit (loss) adjustment of ¥(3,654,605) thousand includes the eliminated inter-segment transaction profit of ¥(1,237,115) thousand, the general administrative expenses that are not allocated to any reportable segment, totaling ¥(2,417,489) thousand, and the amortization of the goodwill recorded in connection with the acquisition of shares of Harmonic Drive SE, amounting to ¥(976,482) thousand. The general administrative expenses that are not allocated to any reportable segment consist mainly of the basic research and development expenses and certain administrative expenses related to the General Affairs and Accounting Department.
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 ¥30,765,278 thousand includes an inter-segment elimination of ¥11,547,126 thousand, corporate assets that are not allocated to any reportable segment, which amounted to ¥19,218,152 thousand, and a goodwill of ¥15,336,072 thousand recorded in connection with the acquisition of shares of Harmonic Drive SE. The corporate assets consist mainly of 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, 2023 (from April 1, 2022 to March 31, 2023)

(Thousands of yen)

	Reportable segment				Adjustment	Consolidated
	Japan	North America	Europe	Total		
Net sales						
Revenue from contracts with customers	51,792,678	10,877,240	15,965,906	78,635,825	(7,108,508)	71,527,316
Net sales to third parties	45,445,979	10,858,472	15,222,864	71,527,316	–	71,527,316
Inter-segment net sales or transfers	6,346,698	18,767	743,041	7,108,508	(7,108,508)	–
Total	51,792,678	10,877,240	15,965,906	78,635,825	(7,108,508)	71,527,316
Segment profit (loss)	12,748,650	1,406,763	624,801	14,780,215	(4,022,486)	10,757,728
Segment assets	67,342,909	14,450,002	42,537,872	124,330,784	30,005,461	154,336,246
Others						
Depreciation	4,909,330	612,005	2,999,043	8,520,379	–	8,520,379
Interest income	89,903	5,107	7,079	102,089	(87,138)	14,951
Interest expenses	88,792	84,950	77,857	251,601	(84,618)	166,982
Share of loss of entities accounted for using equity method	(865)	–	–	(865)	–	(865)
Investment in affiliated companies	89,956	–	–	89,956	–	89,956
Increase in property, plant and equipment and intangible assets	8,150,824	675,758	409,671	9,236,254	–	9,236,254

- (Notes) 1. The segment profit (loss) adjustment of ¥(4,022,486) thousand consists of the eliminated inter-segment transaction profit of ¥(1,465,634) thousand, and the general administrative expenses that are not allocated to any reportable segment, totaling ¥(2,556,852) 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 ¥(1,054,340) 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 ¥30,005,461 thousand consists of an inter-segment elimination of ¥11,082,141 thousand, and corporate assets that are not allocated to any reportable segment, which amounted to ¥18,923,319 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”), certain assets related to corporate departments, and a goodwill of ¥15,258,139 thousand recorded in connection with the acquisition of shares of Harmonic Drive SE.

[Related information]

For the fiscal year ended March 31, 2022

1. Information by product/service

(Thousands of yen)

	Speed reducers	Mechatronic products	Total
Net sales to third parties	47,235,882	9,852,032	57,087,914

(Note) The sales of Winbel Co., Ltd., 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	North America	Europe	Other	Total
31,180,543	6,643,427	13,170,991	6,092,951	57,087,914

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

2. The “North America” segment includes net sales of ¥5,783,447 thousand originating from the United States of America, which represents greater than 10% of net sales recorded on the consolidated statements of income.

(2) Property, plant and equipment

(Thousands of yen)

Japan	North America	Europe	Total
33,021,966	4,996,222	5,949,413	43,967,603

(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 ¥4,996,222 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 ¥5,949,413 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
Haneda & Co., Ltd.	5,748,575	Japan

For the fiscal year ended March 31, 2023

1. Information by product/service

(Thousands of yen)

	Speed reducers	Mechatronic products	Total
Net sales to third parties	57,000,038	14,527,278	71,527,316

(Note) The sales of Winbel Co., Ltd., 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	North America	Europe	Other	Total
38,431,914	10,858,472	15,222,864	7,014,065	71,527,316

(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 ¥9,386,137 thousand originating from the United States of America, which represents greater than 10% of net sales recorded on the consolidated statements of income.

(2) Property, plant and equipment

(Thousands of yen)

Japan	North America	Europe	Total
37,114,517	5,966,324	5,846,005	48,926,847

(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 ¥5,966,324 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 ¥5,846,005 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
Haneda & Co., Ltd.	8,800,059	Japan



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

For the fiscal year ended March 31, 2022

(Thousands of yen)

	Reportable segment				Adjustment	Consolidated
	Japan	North America	Europe	Total		
Impairment loss	54,724	–	–	54,724	–	54,724

For the fiscal year ended March 31, 2023

Not applicable.

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

For the fiscal year ended March 31, 2022

(Thousands of yen)

	Reportable segment				Adjustment	Consolidated
	Japan	North America	Europe	Total		
Amortization of goodwill	–	–	–	–	976,482	976,482
Balance of goodwill	–	–	–	–	15,336,072	15,336,072

For the fiscal year ended March 31, 2023

(Thousands of yen)

	Reportable segment				Adjustment	Consolidated
	Japan	North America	Europe	Total		
Amortization of goodwill	–	–	–	–	1,054,340	1,054,340
Balance of goodwill	–	–	–	–	15,258,139	15,258,139

[Gain on negative goodwill by reportable segment]

For the fiscal year ended March 31, 2022

Not applicable.

For the fiscal year ended March 31, 2023

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, 2022	For the fiscal year ended March 31, 2023
(1) Net assets per share	¥1,026.94	¥1,093.53

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
(2) Profit (loss) per share	¥69.02	¥79.67
(Basis for calculation)		
Profit (loss) attributable to owners of parent recorded on the consolidated statements of income (thousands of yen)	6,643,893	7,595,928
Amount not attributable to common shareholders (thousands of yen)	—	—
Profit (loss) attributable to owners of parent relating to common shares (thousands of yen)	6,643,893	7,595,928
Average number of common shares outstanding during the period	96,263,094	95,338,168

(Note) Diluted profit per share for the fiscal year ended March 31, 2023, 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	45,108,210	25.5
	Mechatronic products	7,243,055	34.1
North America	Speed reducers	3,840,421	44.2
	Mechatronic products	4,427,954	118.4
Europe	Speed reducers	10,560,484	24.8
	Mechatronic products	3,187,389	32.7
Total		74,367,516	30.7

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

2. The above amounts are sales prices and exclude consumption taxes.

3. The Group's reportable segments are classified on a location basis (Japan, 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 production results of Winbel Co., Ltd., 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	20,632,342	(65.5)	7,466,530	(76.2)
	Mechatronic products	4,288,639	(22.2)	1,764,750	(23.5)
North America	Speed reducers	5,654,062	(12.5)	5,062,511	26.2
	Mechatronic products	7,175,533	4.9	7,303,186	37.3
Europe	Speed reducers	13,136,250	8.4	6,926,061	36.1
	Mechatronic products	4,873,594	16.8	3,051,308	38.4
Total		55,760,423	(41.2)	31,574,349	(37.3)

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

2. The above amounts exclude consumption taxes.

3. The Group's reportable segments are classified on a location basis (Japan, 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 results of orders received of Winbel Co., Ltd., a subsidiary engaged in the development, manufacturing and sales of magnetic application equipment, are classified, counted and presented as mechatronic products.

6. The order backlog excludes ¥4,304,678 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	40,833,118	21.2
	Mechatronic products	4,612,860	29.1
North America	Speed reducers	5,058,209	37.3
	Mechatronic products	5,800,262	96.0
Europe	Speed reducers	11,108,709	12.8
	Mechatronic products	4,114,154	24.0
Total		71,527,316	25.3

(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	Current fiscal year	
	Sales (thousands of yen)	Ratio (%)
Haneda & Co., Ltd.	8,800,059	12.3

3. The above amounts exclude consumption taxes.

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

5. 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.

6. The sales results of Winbel Co., Ltd., 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:

	Europe	North America	Other regions	Total
I Net sales outside Japan (thousands of yen)	15,222,864	10,858,472	7,014,065	33,095,402
II Consolidated net sales (thousands of yen)	–	–	–	71,527,316
III Ratio of net sales outside Japan to consolidated net sales (%)	21.3	15.2	9.8	46.3

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

2. Primary countries or regions that belong to each category

(1) Europe: Germany; (2) North America: the U.S.; (3) Other regions: China, 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.