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April 24, 2025

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Notice Regarding Recording of Impairment Loss and Revision to the Financial Results Forecast for the Fiscal Year Ending March 31, 2025

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

1. Recording of Impairment Loss

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

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

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

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

[Reasons for Revisions to the Financial Results Forecast]

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

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

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

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

[Reasons for Revisions to the Financial Results Forecast]

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

<Notes on financial results forecasts>

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