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Securities code 6324

May 29, 2026

(Electronic provision measure starts on: May 20, 2026)

Dear Shareholders:

Akira Maruyama
President and Representative Director
Harmonic Drive Systems Inc.
6-25-3 Minami-Oi, Shinagawa-ku, Tokyo, Japan

CONVOCAION NOTICE OF THE ORDINARY GENERAL MEETING OF SHAREHOLDERS FOR FISCAL 2025

We would like to express our appreciation for your continued support and patronage.

We hereby notify you of the Ordinary General Meeting of Shareholders (this “Meeting”) for fiscal 2025 of Harmonic Drive Systems Inc. (the “Company”). The meeting will be held for the purposes as described below.

In convening this Meeting, the Company has adopted electronic provision measures, and matters subject to electronic provision measures have been posted on the following website as “CONVOCAION NOTICE OF THE ORDINARY GENERAL MEETING OF SHAREHOLDERS FOR FISCAL 2025”

The Company website (<https://www.hds.co.jp/english/ir/event/stockholder/>)

In addition to the above, the information is also posted on the following website.

Tokyo Stock Exchange (TSE) website

(<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>)

To view the information on the TSE website above, please access the URL, enter our company name in “Issue name (company name)” or our securities code (6324) in “Code,” select “Basic Information” and go to “Documents for public inspection/PR information.”

In addition to attending the Meeting in person, you can exercise your voting rights in writing or via the Internet. Please review the Reference Documents for the General Meeting of Shareholders, which are available in the matters subject to electronic provision measures, and exercise your voting rights by no later than 5:30 p.m. (the close of the Company’s business hours) on Thursday, June 18, 2026, Japan Standard Time.

[Exercising Voting Rights by Mail]

Please indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form, and return it so that it arrives by the above deadline for exercise.

[Exercising Voting Rights via the Internet]

Please check the “Guide to Exercising Voting Rights via the Internet” on page 4, and exercise your voting rights by the above deadline for exercise.

1. Date and Time of the General Meeting of Shareholders: Friday, June 19, 2026 at 10:00 a.m. Japan Standard Time (Reception opens at 9:00 a.m.)

2. Venue: Prince Room, B1F, Grand Prince Hotel Takanawa located at 3-13-1 Takanawa, Minato-ku, Tokyo, Japan (Please refer to the attached “Guide to the Location of the General Meeting of Shareholders” in Japanese)

3. Meeting Agenda:

- Matters to be reported:**
1. The Business Report, Consolidated Financial Statements for Fiscal 2025 (April 1, 2025 - March 31, 2026) and results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Board of Corporate Auditors
 2. Non-consolidated Financial Statements for Fiscal 2025 (April 1, 2025 - March 31, 2026)

Proposals to be resolved:

- Proposal 1:** Appropriation of Surplus
Proposal 2: Election of ten (10) Directors
Proposal 3: Election of one (1) Corporate Auditor

4. Matters Determined in Regard to the Convocation:

Treatment of exercise of voting rights

- (1) If voting rights are exercised by a shareholder multiple times both in writing and via the Internet, the vote exercised via the Internet shall be considered as valid.
- (2) If voting rights are exercised by a shareholder multiple times via the Internet, the final vote exercised shall be considered as valid.
- (3) When there is no indication of approval or disapproval for a proposal on the voting form, it shall be treated as an indication of approval.

End

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- 1) When attending the Meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.
 - 2) If exercising voting rights by proxy, please submit a proxy statement or other written document proving the authority to represent at the reception desk, together with the Voting Rights Exercise Form of the proxy. (In regard to the qualifications for a proxy, proxies shall be limited to one (1) other shareholder with voting rights at this Meeting, in accordance with the provisions of the Articles of Incorporation).
 - 3) In the event of revisions to matters subject to electronic provision measures, they shall be posted on the respective websites where they are posted.
 - 4) The following matters are not included in the paper copy of documents sent to shareholders who requested it, according to the provisions of laws and regulations and Article 15 of the Articles of Incorporation of the Company. Therefore, the paper copy is a part of the documents audited by the Corporate Auditors and the Accounting Auditor in preparing their Audit Reports.
“Consolidated Statements of Changes in Net Assets and Notes to Consolidated Financial Statements in the Consolidated Financial Statements,” “Non-consolidated Statements of Changes in Net Assets and Notes to Non-consolidated Financial Statements in the Non-consolidated Financial Statements,” and “Audit Reports.”
 - 5) Please be advised that matters subject to electronic provision measures posted on each website are the full text of the documents for the General Meeting of Shareholders (in Japanese), and therefore the page numbers do not correspond to those of this Notice of Convocation.

Guide to Exercising Voting Rights

Shareholders' voting rights are an important right of shareholders. Please review the "Reference Documents for the General Meeting of Shareholders" and exercise your voting rights. Voting rights may be exercised with the three methods below.

1. **Attending the General Meeting of Shareholders**

Please submit the enclosed Voting Rights Exercise Form at the reception desk. In addition, please bring this Notice.

Date and Time of the General Meeting of Shareholders:

**Friday, June 19, 2026 at 10:00 a.m. Japan Standard Time
(Reception opens at 9:00 a.m.)**

**Venue: Prince Room, B1F, Grand Prince Hotel Takanawa
located at 3-13-1 Takanawa, Minato-ku, Tokyo, Japan
(Please refer to the attached "Guide to the Location of the General Meeting of Shareholders" in Japanese.)**

2. **By Mail**

Please indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form, and return it so that it arrives by the deadline for exercise. If no indication of approval or disapproval is made on the voting form for a proposal, it shall be treated as an indication of approval.

Deadline for exercise

5:30 p.m. on Thursday, June 18, 2026 (Japan Standard Time)

3. **Via the Internet**

Please see the next page for details.

Please access the designated Voting Rights Exercise Website (<https://soukai.mizuho-tb.co.jp/>), and indicate your vote for or against the proposals by the deadline for exercise.

Deadline for exercise

5:30 p.m. on Thursday, June 18, 2026 (Japan Standard Time)

Note:

If voting rights are exercised by a shareholder multiple times both in writing and via the Internet, the vote exercised via the Internet shall be considered as valid. If voting rights are exercised by a shareholder multiple times via the Internet, the final vote exercised shall be considered as valid.

Guide to Exercising Voting Rights via the Internet

* Kindly note that Smart SR and the Voting Rights Exercise Website are available only in Japanese.

■ Via “Smart SR”

You can log in to the Voting Rights Exercise Website without entering Voting Rights Exercise Code and Password.

- (1) Please read the QR code printed on the lower right of the enclosed Voting Rights Exercise Form.
Note: “QR code” is a registered trademark of DENSO WAVE INCORPORATED.
- (2) Tap the “Go to Voting Rights Exercise Website” button at the top of the Smart SR screen.
Please indicate your vote for or against the proposals following the instructions on the screen to input your vote.
Note: If you experience difficulty connecting due to network conditions, please wait and try again later.

Tap “Go to Voting Rights Exercise Website”

You may only exercise your voting rights once via “Smart Exercise.”
To change your vote after exercising your voting rights, please access the website for PCs and log in to the system by entering the Voting Rights Exercise Code and Password printed on the enclosed Voting Rights Exercise Form, and exercise your vote again.
*Scanning the QR code again redirects you to the website for PCs.

■ Via ID and Password

Voting Rights Exercise Website

<https://soukai.mizuho-tb.co.jp>

- (1) Please access the “Voting Rights Exercise Website”
You may also read the QR code printed on the above and access the “Voting Rights Exercise Website.”
Click “Next”
- (2) Log in to the system
Enter the “Voting Rights Exercise Code” and click “Next”
- (3) Change password
Enter the “Password” and click “Register”

Please indicate your vote for or against the proposals following the instructions on the screen to input your vote.

Voting Rights Exercise Code and Password are printed on the enclosed Voting Rights Exercise Form.

The Electronic Voting Platform for Foreign and Institutional Investors

Other than the method described above, institutional investors may use the Electronic Voting Platform for Foreign and Institutional Investors operated by ICJ, Inc., subject to prior application for the use of the platform.

[Please contact below if you have any inquiry on how to exercise your voting rights via the Internet using a PC, smartphone or mobile phone.]

Stock Transfer Agency Department at Mizuho Trust & Banking

Toll free in Japan: 0120-768-524

(9:00 a.m. – 9:00 p.m. except for year-end and New Year holidays, Japan Standard Time)

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Appropriation of Surplus

In regard to the appropriation of surplus, taking into consideration the return of profits to shareholders, strengthening the business operation, and future business development, the Company proposes to pay a year- end dividend from surplus for the fiscal year under review as follows.

Items Related to the Year-end Dividend

- (1) Type of dividend property
Cash

- (2) Items related to the allocation of dividend property and its total amount 10 yen per share of common stock at a total of 946,667,890 yen
Furthermore, as the Company paid an interim dividend of 10 yen per share on December 5, 2025, the annual dividend will be 20 yen per share.

- (3) Date the appropriation of surplus comes into effect
June 22, 2026

Proposal 2: Election of ten (10) Directors

The terms of office of all ten (10) Directors will expire at the conclusion of this Meeting, and therefore the Company proposes the election of ten (10) Directors.

The candidates for Directors are as follows:

No.		Name	Gender	Age	Current positions and responsibilities at the Company	Attributes	Attendance at Board of Directors meetings	Years in office
1	Reappointment	Akira Nagai	Male	78	Chairperson of Board of Directors Executive Chairperson Group Management	—	17/17	13 years
2	Reappointment	Akira Maruyama	Male	64	President and Representative Director Chief Executive Officer Member of the Nomination and Remuneration Advisory Committee (voluntary)	—	17/17	10 years
3	Reappointment	Kazutoshi Kamijoh	Male	58	Representative Director Senior Executive Officer Chief Financial Officer	—	17/17	6 years
4	Reappointment	Naomi Shirasawa	Male	65	Director Executive Officer In charge of Marketing and Sales and General Manager of Domestic Sales Division	—	17/17	2 years
5	New appointment	Shizuka Yata	Female	52	Executive Officer General Manager of Research and Development	—	—	—
6	Reappointment	Haruhiko Yoshida	Male	82	Outside Director Chairperson of the Nomination and Remuneration Advisory Committee (voluntary)	Outside Independent	17/17	23 years
7	Reappointment	Yoshio Fukuda	Male	73	Outside Director	Outside Independent	17/17	6 years
8	Reappointment	Kazuhiko Hayashi	Male	72	Outside Director	Outside Independent	17/17	4 years
9	Reappointment	Kaeko Kitamoto	Female	61	Outside Director	Outside Independent	17/17	3 years
10	New appointment	Masao Yoshikawa	Male	68	—	Outside Independent	—	—

Note: The age is as of the date of this Meeting.

Reappointment	Candidate for reappointment as Director
New appointment	Candidate for new appointment as Director
Outside	Candidate for Outside Director
Independent	Independent Director registered at the Tokyo Stock Exchange

Past experience, positions, responsibilities and significant concurrent positions

Apr. 1972	Joined Mitsui & Co., Ltd.
Apr. 2002	Joined the Company
Apr. 2002	General Manager of Overseas Division, the Company
Jun. 2002	Chairperson and Director, HD Systems, Inc.
Jun. 2003	Executive Officer (Marketing and Sales), General Manager of Overseas Division, General Manager of Corporate Planning and IT Office, the Company
Dec. 2005	President and CEO, HD Systems, Inc. (incumbent)
Jun. 2007	Managing Executive Officer (Corporate Planning and IT), the Company
Apr. 2009	Managing Executive Officer (Corporate Planning and Finance), the Company
Jan. 2011	Corporate Auditor, Harmonic Drive Systems (Shanghai) Co., Ltd.
Jun. 2013	President and Representative Director, Executive President, the Company
May 2015	Director, Harmonic AD, Inc.
Jun. 2016	President and Representative Director, Chief Executive Officer, In charge of Marketing and Sales, the Company
Dec. 2016	Manager, GK HD Management
Mar. 2017	Chairperson of the Supervisory Board, Harmonic Drive AG
Jun. 2017	President and Representative Director, Chief Executive Officer, In charge of Marketing and Sales and Quality, the Company
Jun. 2019	President and Representative Director, Chief Executive Officer, In charge of Quality, the Company
Jan. 2020	Deputy Chairperson of the Supervisory Board, Harmonic Drive SE (incumbent)
Jun. 2020	President and Representative Director, Chief Executive Officer, the Company
Jun. 2024	Chairperson of Board of Directors and Executive Chairperson, Group Management (incumbent)

(Significant concurrent positions)

President and CEO, HD Systems, Inc.
Deputy Chairperson of the Supervisory Board, Harmonic Drive SE

(Reason for nomination as candidate)

Mr. Akira Nagai has extensive experience and insight in international business operations, having accumulated many years of practical experience at overseas bases while working at a major general trading company. Since joining the Company, he has been deeply involved in overall management, serving as the head of several key divisions including sales and marketing, corporate planning and IR, IT, and finance. He then served as President and Representative Director for 11 years from June 2013, demonstrating strong leadership in strengthening the management foundation and enhancing corporate value of the Group. Since being appointed Chairperson of Board of Directors in June 2024, he has led the Board appropriately as Chairperson, contributing to enhanced governance. In addition, as Executive Chairperson, he oversees Group management and supervises Group companies operating in the United States, Germany, China, and South Korea, leveraging his extensive overseas experience. Based on his wealth of international experience and strategic perspective, the Company has judged that he is indispensable for the sustainable enhancement of the Group's corporate value, and therefore proposes his continued election as Director.

Past experience, positions, responsibilities and significant concurrent positions

Apr. 1985	Joined the Company
Apr. 2007	General Manager of Marketing and Sales Division, the Company
Apr. 2009	General Manager of Marketing and Sales Division and General Manager of Sales Planning Department, the Company
Sep. 2009	General Manager of Engineering Department, Precision Equipment Division, the Company
Sep. 2012	General Manager of Engineering Division, the Company
Jun. 2014	Executive Officer (Engineering), the Company
May 2015	Director, HD Logistics, Inc.
Jun. 2016	Director and Executive Officer (Development Engineering), the Company
Jun. 2018	Director and Executive Officer (Corporate Planning and IT), the Company
Jun. 2019	Corporate Auditor, Winbel Co., Ltd. (currently Harmonic Winbel Inc.)
Jun. 2019	Director and Executive Officer, General Manager of Corporate Planning Division, the Company
Jun. 2021	Director and Executive Officer, General Manager of Corporate Planning Division and General Manager of ICT Promotion Office, the Company
Jun. 2022	Representative Director and Senior Managing Executive Officer, General Manager of Corporate Planning Division and ICT Promotion Office, the Company
May 2023	Director, Harmonic Winbel Inc.
Jun. 2024	President and Representative Director, Chief Executive Officer, the Company
Jun. 2025	President and Representative Director, Chief Executive Officer, the Company (incumbent)

(Reason for nomination as candidate)

Mr. Akira Maruyama has accumulated broad experience and insight in the Group's overall business through his extensive career since joining the Company. After gaining hands-on experience in the development of speed reducers, he served as head of various key divisions, including sales, engineering and technology, corporate planning and IR, and ICT promotion, thereby cultivating a company-wide perspective and strong execution capabilities. Since being appointed President and Representative Director in June 2024, he has been providing strategic leadership across the Group by launching the company-wide innovation project, a comprehensive initiative aimed at fundamentally reforming overall operations to improve profitability under the banner of "Take on the Challenge of Value Creation and Transformation" as the new medium-term management plan. Based on his cross-functional experience and leadership, the Company has judged that he is indispensable for the Group's medium- to long-term growth and enhancement of corporate value, and therefore proposes his continued election as Director.

Past experience, positions, responsibilities and significant concurrent positions

Apr. 1992	Joined the Company
Jul. 2003	Corporate Planning Manager of Corporate Planning and IT Office, and Administrative Manager, the Company
Jul. 2007	General Manager of Corporate Planning Department, Corporate Planning and IT Office, and General Manager of Administration Department, the Company
May 2012	Corporate Auditor, Ome Iron Casting Co., Ltd.
May 2013	Corporate Auditor, Harmonic Drive Systems (Shanghai) Co., Ltd.
Jun. 2014	Executive Officer, In charge of Corporate Planning and Finance, the Company
Jun. 2016	Executive Officer, In charge of Corporate Planning, Finance and Accounting, the Company
Mar. 2017	Manager, GK HD Management
Jun. 2019	Executive Officer, General Manager of Finance Accounting, Finance and Tax Division, the Company
Jun. 2020	Director and Executive Officer, General Manager of Finance Accounting, Finance and Tax Division, the Company
Jul. 2021	Member of the Supervisory Board, Harmonic Drive SE (incumbent)
Jun. 2022	Director and Executive Officer (Finance Accounting, Finance, Tax, Human Resources and Administration), General Manager of Finance Accounting, Finance and Tax Division, the Company
Jun. 2023	Director and Executive Officer, General Manager of Finance Accounting, Finance and Tax Division, the Company
Jun. 2024	Representative Director and Senior Executive Officer, General Manager of Finance Accounting, Finance and Tax Division, the Company
Jun. 2025	Director, Harmonic Precision Inc. (incumbent)
Jun. 2025	Representative Director and Senior Executive Officer, Chief Financial Officer, the Company (incumbent)

(Significant concurrent positions)

Member of the Supervisory Board, Harmonic Drive SE
 Director, Harmonic Precision Inc.

(Reason for nomination as candidate)

Mr. Kazutoshi Kamijoh has extensive experience and insight in the Group's overall business, as well as specialized expertise in finance and accounting, developed through his practical experience in the sales division and later as the head of the finance and corporate planning division, where he was involved in formulating management plans, designing and promoting capital policy, and executing corporate actions. He also built the Company's investor relations (IR) framework from the ground up and, since the Company's listing, has been actively engaged in information disclosure and relationship-building with shareholders and investors, earning their trust. Since being appointed Representative Director in June 2024, he has continued to demonstrate leadership as the officer responsible for accounting, finance, and tax, working to further strengthen the Group's financial foundation. He remains actively involved in IR and has contributed to maintaining strong relationships with shareholders and investors, thereby supporting the enhancement of the Group's corporate value. Based on the above, the Company has judged that he is an essential person to sustainably enhance Group corporate value, and therefore proposes his continued election as Director.

Past experience, positions, responsibilities and significant concurrent positions

Apr. 1983	Joined the Company
Apr. 1996	Manager of Engineering Department, Precision Equipment Division, the Company
Sep. 1998	General Manager in charge of Precision Equipment, Marketing Department, Marketing and Sales Division, the Company
Jul. 2001	General Manager of AccuDrive Division, the Company
Mar. 2003	Managing Director, Harmonic AD, Inc.
May 2007	Representative Director and President, Harmonic AD, Inc.
Jun. 2010	Executive Officer and General Manager of AD Business Promotion Office, the Company
May 2011	Senior Managing Director, Harmonic AD, Inc.
Jun. 2013	General Manager of Sales, Harmonic Drive Systems (Shanghai) Co., Ltd.
Jul. 2016	Director, Harmonic Drive Systems (Shanghai) Co., Ltd.
Jun. 2018	General Manager of Overseas Sales Division, the Company
Jun. 2019	Director and General Manager of Domestic Sales Division, the Company
Jun. 2021	Executive Officer and General Manager of Domestic Sales Division, the Company
Jun. 2023	Executive Officer, In charge of Marketing and Sales, General Manager of Domestic Sales Division, the Company
Jun. 2024	Director and Executive Officer, In charge of Marketing and Sales, General Manager of Domestic Sales Division, the Company (incumbent)
Oct. 2024	Chairperson, Harmonic Drive Systems (Shanghai) Co., Ltd. (incumbent)

(Significant concurrent positions)

Chairperson, Harmonic Drive Systems (Shanghai) Co., Ltd.

(Reason for nomination as candidate)

Since joining the Company, Mr. Naomi Shirasawa has been involved in production engineering, development, marketing, and sales, and possesses extensive expertise in the Group's businesses, including overseas operations. In particular, he demonstrated strong management capabilities in promoting the precision planetary speed reducer business, having been involved from the launch of Harmonic AD, Inc., where he served as Representative Director and President. Subsequently, he contributed to the expansion of sales in the Chinese market as Director of Harmonic Drive Systems (Shanghai) Co., Ltd. He has demonstrated leadership as Executive Officer in charge of marketing and sales since 2021, and as Director since June 2024, contributing greatly to the enhancement of the Group's corporate value. Based on the above, the Company has judged that he is an essential person to sustainably enhance Group corporate value, and therefore proposes his continued election as Director.

Past experience, positions, responsibilities and significant concurrent positions

Jul. 2014	Joined the Company
Apr. 2017	Manager of Harmonic Drive Laboratory, the Company
Oct. 2018	General Manager of Harmonic Drive Laboratory, the Company
Jun. 2021	Head of Harmonic Drive Laboratory, the Company
Jun. 2023	Executive Officer, Head of Harmonic Drive Laboratory, the Company
Apr. 2026	Executive Officer, General Manager of Research and Development, the Company (incumbent)

(Reason for nomination as candidate)

Since joining the Company, Ms. Shizuka Yata has been involved in basic research of the flagship product, the HarmonicDrive® strain wave gearing, and a number of related component technologies, and thus significantly contributed to developing new products of the Company and enhancing its competitiveness. Furthermore, against a backdrop of a global mindset and management capability, she has appropriately overseen the development divisions of the Group across Japan, the United States, and Europe, and, through the development of a good and close relationship with research institutions and business partners, demonstrated her excellent communication skills.

Based on the above achievements and abilities, the Company has judged that she is an essential person to enhance corporate value of the Group which defines itself as a group of technological and engineering experts, and therefore proposes her new election as Director.

Past experience, positions, responsibilities and significant concurrent positions

Apr. 1966	Joined Mitsui & Co., Ltd.
Feb. 1996	Senior Executive Vice President, Mitsui & Co. (U.S.A.), Inc.
Apr. 1998	General Manager of Communications, Transportation & Industrial Project Unit, Mitsui & Co., Ltd.
Jun. 1998	Director and General Manager of Communications, Transportation & Industrial Project Unit, Mitsui & Co., Ltd.
Jun. 2001	Representative Director, Executive Managing Director, and General Manager of Communications, Transportation & Industrial Project Unit, Mitsui & Co., Ltd.
Apr. 2002	Executive Managing Officer and General Manager of Communications, Transportation & Industrial Project Unit, Mitsui & Co., Ltd.
Jul. 2002	Executive Managing Officer and Assistant to President of Machinery and Information Group, Mitsui & Co., Ltd.
Jun. 2003	Outside Director, Nagano Keiki Co., Ltd.
Jun. 2003	Outside Director, the Company (incumbent)
Jun. 2006	Corporate Auditor, Hakudo Co., Ltd.
Jun. 2007	Outside Director, Hakudo Co., Ltd.

(Reason for nomination as candidate for Outside Director and expected role)

Mr. Haruhiko Yoshida has served in prominent positions at Mitsui & Co., Ltd., and possesses abundant experience and superior insight in regard to corporate management, in addition to extensive international experience. Thus far, he has utilized this ability and experience to appropriately advise and supervise the management of the Company in general, and can be expected to continue to do so. The Company therefore proposes his continued election as Outside Director.

In addition, as Mr. Haruhiko Yoshida possesses strong independence and there is no risk of a conflict of interest with general shareholders, the Company has judged that its corporate governance structure will also be strengthened.

Mr. Haruhiko Yoshida was appointed Outside Director of the Company in June 2003, and his term of office will be 23 years as of the conclusion of this Meeting.

Past experience, positions, responsibilities and significant concurrent positions

Apr. 1976	Joined Teijin Limited
Jul. 2006	Corporate Officer, Teijin Group Member of the Board and General Manager of Raw Materials & Polymers Division, Teijin Fibers Ltd.
May 2007	President, P.T. Teijin Indonesia Fiber Corporation Tbk
Jun. 2010	Corporate Officer and Member of the Board, General Manager of Corporate Planning Division, Teijin Limited
Jun. 2012	Executive Officer and Member of the Board, General Manager of Electronics Materials and Performance Polymer Products Business Group, and General Manager of Resin and Plastic Processing Business Unit, Teijin Limited President, Teijin Chemicals Ltd. Chairperson, Global Policy Board, Teijin DuPont Films Global Joint Venture
Jun. 2013	Senior Executive Officer and Member of the Board, General Manager of Electronics Materials and Performance Polymer Products Business Group, Teijin Limited Chairperson, Global Policy Board, Teijin DuPont Films Global Joint Venture
Apr. 2015	Advisor, Member of the Board, Teijin Limited
Jun. 2015	Advisor, Teijin Limited
Jun. 2016	Outside Director, Toyo Construction Co., Ltd.
Jun. 2017	Outside Corporate Auditor, the Company
Jun. 2017	Auditor, Japan Indonesia Association, Inc. (incumbent)
Jun. 2020	Outside Director, the Company (incumbent)
Jun. 2020	Director, Harmonic AD, Inc.
Mar. 2021	Auditor, Japan-Sri Lanka Association (incumbent)

(Significant concurrent positions)

Auditor, Japan Indonesia Association, Inc.

Auditor, Japan-Sri Lanka Association

(Reason for nomination as candidate for Outside Director and expected role)

Mr. Yoshio Fukuda has served in prominent positions at Teijin Limited and Teijin Group and possesses abundant experience and superior insight in regard to corporate management, in addition to extensive international experience. In addition, he has a high level of knowledge of strategic planning, establishment of joint ventures, M&As, etc. Based on the above, the Company has judged that he has been appropriately advising and supervising the overall management of the Group, which is expanding its business internationally, from an independent standpoint, and can be expected to continue to do so. The Company therefore proposes his continued election as Outside Director. In addition, as Mr. Yoshio Fukuda possesses strong independence and there is no risk of a conflict of interest with general shareholders, the Company has judged that its corporate governance structure will also be strengthened. Mr. Yoshio Fukuda was appointed Outside Director of the Company in June 2020, and his term of office will be 6 years as of the conclusion of this Meeting.

Past experience, positions, responsibilities and significant concurrent positions

Apr. 1978	Joined Toyota Motor Co., Ltd. (present Toyota Motor Corporation)
Jan. 2001	Project General Manager of Leading-edge Vehicle Development Planning Office, Toyota Motor Corporation
Jan. 2004	General Manager of Electronics Engineering Div. II, Toyota Motor Corporation
Jan. 2005	General Manager of Electronics Engineering Div. I, Toyota Motor Corporation
Apr. 2007	General Manager of BR Control Software Development Office, Toyota Motor Corporation
Jan. 2010	Managing Executive Officer, Sumitomo Wiring Systems, Ltd.
Jan. 2012	Executive Officer of Sumitomo Electric Industries, Ltd., Managing Executive Officer of Sumitomo Wiring Systems, Ltd., and Director of AutoNetworks Technologies, Ltd.
Jun. 2015	Senior Managing Executive Officer of Sumitomo Wiring Systems, Ltd., Executive Officer of Sumitomo Electric Industries, Ltd., and Director of AutoNetworks Technologies, Ltd.
Jul. 2019	Visiting Professor, Nagasaki Institute of Applied Science
Jun. 2022	Outside Director, the Company (incumbent)

(Reason for nomination as candidate for Outside Director and expected role)

Mr. Kazuhiko Hayashi has engaged in the development and engineering of power train and electric drive control system, etc. at the Toyota Group, and demonstrated leadership as manager. He has served in prominent positions at the Sumitomo Electric Industries Group, and possesses abundant experience and superior insight in regard to corporate management. In addition, he has top-class expertise on the development and engineering of such products, and served as a visiting professor at a graduate school which was established to invent new technology based on advanced technology and creating new business, where he lectured on energy and control-related fields in the automotive industry. Based on this experience and capability, the Company judges that he has been appropriately advising and supervising the management of the Company in general, and can be expected to continue to do so. The Company therefore proposes his continued election as Outside Director.

In addition, as Mr. Kazuhiko Hayashi possesses strong independence and there is no risk of a conflict of interest with general shareholders, the Company has judged that its corporate governance structure will also be strengthened.

Mr. Kazuhiko Hayashi was appointed Outside Director of the Company in June 2022, and his term of office will be 4 years as of the conclusion of this Meeting.

Past experience, positions, responsibilities and significant concurrent positions

Apr. 1988	Joined Sapporo Breweries Limited
Oct. 1993	Joined Ota Showa Audit Corporation (currently Ernst & Young ShinNihon LLC)
Jul. 2009	Partner, Ernst & Young ShinNihon LLC
Sep. 2018	Member of Electricity and Gas Market Surveillance Commission, Ministry of Economy, Trade and Industry
Jul. 2019	Executive Board Member, Ernst & Young ShinNihon LLC
Jul. 2023	Outside Director, the Company (incumbent)
Jul. 2023	Audit & Supervisory Board Member (external), DAIKIN INDUSTRIES, LTD. (incumbent)
Mar. 2025	Outside Director, EBARA CORPORATION (incumbent)

(Significant concurrent positions)

Certified public accountant

Audit & Supervisory Board Member (external), DAIKIN INDUSTRIES, LTD.

Outside Director, EBARA CORPORATION

(Reason for nomination as candidate for Outside Director and expected role)

Ms. Kaeko Kitamoto has abundant experience and superior insight into financial accounting, having been involved in accounting audits of various listed companies as a certified public accountant at a major audit corporation and serving as a Partner and Executive Board Member. In addition, she has served as a member of the Electricity and Gas Market Surveillance Commission, Ministry of Economy, Trade and Industry, and has knowledge of introducing renewable energy sources to reduce CO2 emissions. Based on this experience and capability, the Company judges that she has been appropriately advising and supervising the management of the Company in general and its sustainability initiatives, including climate change and diversity, equity, and inclusion, and can be expected to continue to do so. The Company therefore proposes her continued election as Outside Director.

In addition, as Ms. Kaeko Kitamoto possesses strong independence and there is no risk of a conflict of interest with general shareholders, the Company has judged that its corporate governance structure will also be strengthened.

Ms. Kaeko Kitamoto was appointed Outside Director of the Company in July 2023, and her term of office will be 3 years as of the conclusion of this Meeting.

Past experience, positions, responsibilities and significant concurrent positions

Apr. 1981	Joined The Industrial Bank of Japan, Limited
Apr. 2007	General Manager of Portfolio Management Division, Mizuho Trust & Banking Co., Ltd.
Apr. 2010	Executive Officer, General Manager of Investment Department, Mizuho Trust & Banking Co., Ltd.
Apr. 2014	Representative Director, Deputy President, Mizuho Trust & Banking Co., Ltd.
Apr. 2016	Managing Executive Officer, In charge of Building Construction Sales, Sales Headquarters, TAISEI CORPORATION
Apr. 2023	Senior Managing Executive Officer, In charge of Building Construction Sales, Sales Headquarters, TAISEI CORPORATION
Jun. 2024	Outside Audit & Supervisory Board Member, The Japan Atomic Power Company (incumbent)

(Significant concurrent positions)

Outside Audit & Supervisory Board Member, The Japan Atomic Power Company

(Reason for nomination as candidate for Outside Director and expected role)

Mr. Masao Yoshikawa has served in prominent positions at major financial institutions and a construction company, and possesses abundant experience and superior insight in regards to corporate management, in addition to international experience. At a trust bank, where he was responsible for investment, he conducted research and analysis of a variety of listed companies from the perspective of an institutional investor, and achieved an excellent track record. He also has cultivated diverse expertise on the enhancement of corporate value. Based on this capability and experience, the Company judges that he will constructively advise and appropriately supervise the management of the Company in general. The Company therefore proposes his new election as Outside Director.

In addition, as Mr. Masao Yoshikawa possesses strong independence and there is no risk of a conflict of interest with general shareholders, the Company judges that his election will serve to further strengthen its corporate governance structure.

- Notes:
1. Candidates' histories at the Company are carried over from the former Harmonic Drive Systems Inc.
 2. There are no special interests between any of the candidates and the Company.
 3. Mr. Haruhiko Yoshida, Mr. Yoshio Fukuda, Mr. Kazuhiko Hayashi, Ms. Kaeko Kitamoto and Mr. Masao Yoshikawa are candidates for Outside Directors.
 4. Mr. Haruhiko Yoshida, Mr. Yoshio Fukuda, Mr. Kazuhiko Hayashi, Ms. Kaeko Kitamoto and Mr. Masao Yoshikawa are candidates for Independent Directors with no risk of conflict of interest with general shareholders, for which appointment is required by the Tokyo Stock Exchange.
 5. The number of shares of the Company held includes the portion held by the Officers' Shareholding Association.
 6. Liability limitation agreement with Outside Directors

In order to create an environment where the Company can invite capable personnel to serve as Directors, and to enable them to sufficiently perform the duties expected of them, the Company stipulates in its Articles of Incorporation that it may enter into an agreement with Directors (excluding persons who are Executive Directors, etc.) to limit their liability to the Company to a certain range. Among candidates for Director, Mr. Haruhiko Yoshida, Mr. Yoshio Fukuda, Mr. Kazuhiko Hayashi and Ms. Kaeko Kitamoto are currently Outside Directors, and the Company has thus entered into liability limitation agreements with each of these candidates. If the candidate for Director, Mr. Masao Yoshikawa, is elected and assumes office, the Company will enter into a liability limitation agreement with him.

An overview of the content of the liability limitation agreements that the Company has entered into with incumbent Outside Directors is as follows.

- If a Director (excluding persons who are Executive Directors, etc.) causes damages to the Company owing to the neglect of his or her duties, his or her liability shall be limited to the minimum amount for liability set forth in Article 425, Paragraph 1 of the Companies Act, provided that he or she has performed his or her duties in good faith and without gross negligence.

7. Directors and officers, etc. liability insurance contracts

The Company has concluded a directors and officers, etc. liability insurance agreement provided for in Article 430-3 of the Companies Act with an insurance company, and the said insurance agreement shall compensate for damages including compensation for damages and legal expenses to be borne by the insureds. Note that the Company bears the full cost of the insurance premiums. If each of the candidates for Director is elected and assumes office, the Company plans to make all of them insured persons under the aforementioned directors and officers, etc. insurance agreement.

(Reference)

Skills matrix of Directors after the conclusion of this Meeting

The overall composition of the Board of Directors and the main skills (insight, experience, capability, expertise, etc.) of each Director are as outlined below if this proposal is approved as originally proposed:

Name	Position (As proposed)	Attributes	Expected insight, experience, capability and expertise, etc.							
			Corporate management/ Management strategy	Overseas business	Sales/ Marketing	Manufacturing/ Production	Technology/ R&D	Financial strategy/ Capital policy/ Accounting	Information and Communication Technology (ICT, DX)	Sustainability
Akira Nagai	Chairperson of Board of Directors	—	●	●	●			●	●	
Akira Maruyama	President and Representative Director	—	●		●	●	●		●	
Kazutoshi Kamijoh	Representative Director	—	●		●			●		
Naomi Shirasawa	Director	—	●	●	●	●	●			
Shizuka Yata	Director	—		●			●		●	
Haruhiko Yoshida	Outside Director	Outside Independent	●	●	●					
Yoshio Fukuda	Outside Director	Outside Independent	●	●	●	●		●		
Kazuhiko Hayashi	Outside Director	Outside Independent	●	●			●			
Kaeko Kitamoto	Outside Director	Outside Independent	●					●		●
Masao Yoshikawa	Outside Director	Outside Independent	●	●	●			●		

Reasons for selecting skill areas of the Skills Matrix

Skill areas	Reasons for selection
Corporate management/ Management strategy	A director needs management experience and track record at various companies, etc. including a manufacturing company as well as abundant knowledge to deliver technological innovation for a better society under the Group’s mission of “contributing to social and technological innovation through motion control technology,” in addition to achieving a sustainable society and enhancing corporate value.
Overseas business	A director needs abundant knowledge and experience in overseas business management and local culture, etc. to promote the growth strategy of the Group which operates business overseas.
Sales/ Marketing	A director needs proven knowledge and abundant experience in sales and marketing to identify essential needs of customers, create attractive and satisfactory products, and provide customer-oriented services.
Manufacturing/ Production	A director needs proven knowledge and abundant experience in manufacturing and production as maintaining and developing a production system is essential for achieving added-value manufacturing in total motion control, the domain of the Group, and high customer satisfaction.
Technology/ R&D	A director needs experience in design and R&D for speed reducers and mechatronics products, in addition to expertise and experience in the industry, to ensure high product quality as a leading company of precision speed reducers, and to design and develop high added-value products for customers.
Financial strategy/ Capital policy/ Accounting	A director needs proven knowledge and abundant experience in finance and accounting to build a solid financial base, promote growth investment and financial strategy to sustainably enhance corporate value and return profits to shareholders.
Information and Communication Technology (ICT, DX)	A director needs proven knowledge and experience in information and communication technology to develop information infrastructure including cyber security measures and to promote DX strategies across the Company utilizing advanced information technologies.
Sustainability	A director needs proven knowledge and experience in sustainability promotion, including the introduction of renewable energy sources to reduce greenhouse gas emissions and human capital initiatives such as the promotion of diversity, equity, and inclusion, in order to advance efforts such as reducing environmental impact, addressing human rights issues, and maximizing the value of human capital, based on the Basic Policy of Sustainability and material issues (materiality) established to realize a sustainable society and enhance corporate value.

(Reference) Independence Standards for Outside Directors

The Company shall elect independent outside directors who are outside directors without any risk of a conflict of interest with general shareholders (outside directors under Article 2, Paragraph 15 of the Companies Act) and outside officers prescribed in Article 2, paragraph (3), item (v) of the Regulation for Enforcement of the Companies Act (Ministry of Justice Order No. 12 of February 7, 2006) who do not fall under any of the following items and who possess strong independence without any risk of a conflict of interest with general shareholders.

- 1) A major business partner of the Group or an executive thereof;
- 2) A major shareholder who directly or indirectly holds 10% or more of the Company's total voting rights or a person performing an executive role thereof;
- 3) An executive of the Group companies;
- 4) An accounting auditor of the Group or an employee thereof;
- 5) A consultant, accounting specialist and/or legal special receiving substantial amount of money or other financial benefits beyond compensation as directors and officers paid by the Group (or if the entity receiving such financial benefits is a corporation, association or other organization, then any individual belonging to such organization);
- 6) A person who has been an executive of the Group companies or has served as a director, corporate auditor or executive officer of the Group over the past ten (10) years, a relative within the second degree of relationship of such person or a person living together with such person;

In addition, if an applicable person is still judged to be substantially independent even in a case where he or she falling under any of the items 1) – 6) above, the Company will explain and disclose the reason at the time of election.

End

Proposal 3: Election of one (1) Corporate Auditor

Full-time Corporate Auditor Mr. Hidefumi Iguchi will resign at the conclusion of this Meeting, and therefore the Company proposes the election of one (1) Corporate Auditor. The Board of Corporate Auditors has given its consent to the submission of this proposal. The candidate for Corporate Auditor is as follows:

Name	Gender	Age	Current positions and responsibilities at the Company	Attributes	Attendance at Board of Directors meetings	Attendance at Board of Corporate Auditors meetings	Years in office
New appointment Minoru Asano	Male	63	Managing Executive Officer, Assistant to the President		—	—	—

Note: The age is as of the date of this Meeting.

New appointment Candidate for new appointment as Corporate Auditor

Minoru Asano

(November 30, 1962)

New appointment

Number of shares of the Company held: 3,497

Past experience, positions and significant concurrent positions

May 1989	Joined the Company
Jul. 2003	Manager of Purchasing, Materials Division, the Company
May 2008	General Manager of Purchasing Department, the Company
May 2009	Director, HD Logistics, Inc.
May 2010	Director, Harmonic Precision Inc.
Jan. 2015	General Manager of Production Technology and Supply Chain Division and General Manager of Material and Development Purchasing Department, the Company
Jun. 2018	Executive Officer, In Charge of Production, Production Technology, and Supply Chain, General Manager of Production and Supply Chain, the Company
Jun. 2019	Managing Executive Officer, In Charge of Production, Production Technology, and Supply Chain, General Manager of First Production and Supply Chain, the Company
Jun. 2022	Managing Executive Officer, General Manager of Supply Chain, the Company
Jun. 2023	Director, HD Logistics, Inc. (incumbent)
Oct. 2024	Manager, HATAKEN LLC (incumbent)
Apr. 2026	Managing Executive Officer, Assistant to the President, the Company (incumbent)

(Reason for nomination as candidate)

Mr. Minoru Asano has engaged in business of the Company over many years, and has served prominent positions such as head of purchasing, materials and production divisions and officer of subsidiaries, having accumulated abundant experience and superior insight. Based on his expertise cultivated through these experiences, the Company judges that he will conduct an audit effectively based on the accurate understanding of the business risk and actual operational status of the Group, and therefore proposes his new election as Corporate Auditor.

- Notes:
1. Candidates' histories at the Company are carried over from the former Harmonic Drive Systems Inc.
 2. There are no special interests between the candidate and the Company.
 3. The number of shares of the Company held includes the portion held by the Officers' Shareholding Association.
 4. Liability limitation agreement with Corporate Auditors

In order to create an environment where the Company can invite capable personnel to serve as Corporate Auditors, and to enable them to sufficiently perform the duties expected of them, the Company stipulates in its Articles of Incorporation that it may enter into an agreement with Corporate Auditors to limit their liability to the Company to a certain range. If the candidate for Corporate Auditor Mr. Minoru Asano is elected and assumes office, the Company will enter into a liability limitation agreement with him.

An overview of the content of the liability limitation agreements that the Company has entered into with incumbent Corporate Auditors is as follows.

- If a Corporate Auditor causes damages to the Company owing to the neglect of his or her duties, his or her liability shall be limited to the minimum amount for liability set forth in Article 425, Paragraph 1 of the Companies Act, provided that he or she has performed his or her duties in good faith and without gross negligence.

5. Directors and officers, etc. liability insurance contracts

The Company has concluded a directors and officers, etc. liability insurance agreement provided for in Article 430-3 of the Companies Act with an insurance company, and the said insurance agreement shall compensate for damages including compensation for damages and legal expenses to be borne by the insureds. Note that the Company bears the full cost of the insurance premiums. If the candidate for Corporate Auditor Mr. Minoru Asano is elected and assumes office, the Company plans to make him an insured person under the aforementioned directors and officers, etc. insurance agreement.

Business Report

(April 1, 2025 - March 31, 2026)

1. Matters concerning Present Status of the Corporate Group

(1) Business Progress and Results

(i) Overview of business

The global economy during the fiscal year under review remained steady overall, although uncertainty about the outlook continued due to factors such as concerns over a protectionist trade policy in the United States, high resource and raw material prices against a backdrop of the increased geopolitical risk in the Middle East in addition to the prolonged situation in Ukraine, and instability of the supply chain.

(ii) Overview of orders received

Regarding the situation concerning orders received by the Group, we saw an increase in orders received from customers for industrial robots due to expanded investment in automation and production facilities mainly for electronic components and semiconductors. Orders received from customers for semiconductor manufacturing equipment also increased due to the growing demand for capital investment in advanced semiconductors related to generative AI since the beginning of the year. In addition, while the market for robots driven by AI technology (hereinafter “AI robots”) is expected to expand in the future, we have secured orders from customers for AI robots as they make the shift to mass production. As a result, consolidated orders received increased by 16.2% year on year to 61,613 million yen.

(iii) Overview of net sales

By application, net sales for industrial robot applications overall increased, as the increase in Japan outweighed the decrease in China in terms of sales for industrial robot applications. Although the adjustment phase had continued in the previous fiscal year, net sales for semiconductor manufacturing equipment also increased, as demand for data center and generative AI-related applications expanded during the fiscal year under review. Net sales for automotive applications decreased due to the effect of production adjustments by customers.

As a result of the above, consolidated net sales amounted to 59,557 million yen, up 7.0% year on year.

(iv) Overview of profit

In terms of profit and loss, in the face of a challenging business environment with persistently high material prices and labor costs, the Group worked to improve profitability by revising product prices. We also launched a company-wide cost innovation project in the previous fiscal year, and promoted initiatives such as reviewing manufacturing methods and enhancing operational efficiency. In addition, the production cost ratio improved due to higher factory operating rates in the Japan segment, resulting in operating profit of 2,567 million yen compared with 6 million yen in the previous fiscal year, which exceeded the Company’s forecast. On the other hand, while operating profit increased, as gain on sale of investment securities decreased by 5,779 million yen, profit attributable to owners of parent amounted to 1,608 million yen, down 53.7% year on year.

(v) Overview of business initiatives

In fiscal year 2025, which is the second year of the medium-term management plan for fiscal years 2024-2026, we worked on various measures set out in the plan.

On the sales front, the Company actively worked to reach new customers and build relationships with them in areas of our focused application, especially in the growing market of AI robots. For example, at International Robot Exhibition held in December 2025 (iREX2025), the Company exhibited actuators for AI robots and hand demonstration of humanoid robots, with the aim of gaining recognition and reaching new customers in sectors with potential for growth. In addition, the Company worked to secure potential orders from existing customers by strengthening proposal activities to respond to their issues and providing services more swiftly through internal cooperation in terms of both development and supply. Furthermore, the Company has consistently reviewed product prices based on changes in material prices and its business environment, achieving a certain level of profitability improvement.

In terms of R&D, the Company partnered with MinebeaMitsumi Inc., a company with leading technology in motors, sensors and bearings, to jointly develop the hands of humanoid robots, which were exhibited at CES 2026, the world's premier technology trade fair. The Company also released FPA Series servo actuators with precision planetary speed reducers that offer more compact designs than competing

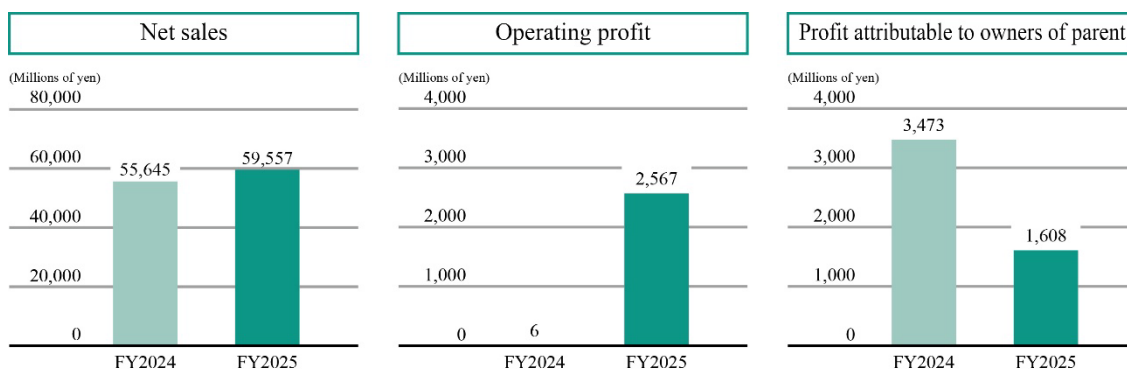
products, aiming to strengthen and expand its lineup of high value-added mechatronics products. Moreover, the Company holds an international symposium once every five years, which was recently held in October 2025. The symposium served as an opportunity to share information with customers and partners not only in Japan but also in Europe, the US, and Asia on the examples of motion control technology applications and future trends, thereby fostering deeper technical exchange.

On the production front, the Company promoted the company-wide cost innovation project, working to reduce costs by reviewing manufacturing methods and utilizing assembly operations overseas. In order to enhance productivity and onsite management capability, the Company also strengthened its production system through utilizing DX solutions. Specifically, the Company introduced the “MES (Manufacturing Execution System)” at the Ariake Plant (Nagano Prefecture) for real-time management, including grasping the status of manufacturing processes, managing forecasts and actual results, and providing instructions and support, and has begun operation. The Company has also started to deploy the MES at the Hotaka Plant, leading to the gradual advancement of DX in production.

At overseas production bases in Germany and the United States, the Company transferred production to increase the variety of products, with the aim of strengthening its local production system to meet customers’ needs in each region, thereby enhancing production efficiency of the Group overall. Furthermore, the Company has started initiatives to expand production capacity in the United States in response to a forecasted increase in sales in fiscal year 2026.

In terms of quality, we expanded the “visualization” of various manufacturing and inspection data to identify non-conformities at an early stage, analyze their root causes, and take corrective and preventive actions systematically, which contributed to advancing our quality control framework. We also strengthened coordination with each Group company and worked to maintain and raise our Common Global Quality initiative as we promote production transfers.

As part of its sustainability initiatives, based on the “Human Rights Policy of Harmonic Drive Systems Group” formulated in the previous fiscal year, the Company has conducted its own human rights due diligence, making consistent efforts to respect human rights in its business activities. Moreover, mainly at the Sustainability Committee established in April 2023, under a governance structure in which the management team is voluntarily engaged, the Company promoted to generate sustainable corporate value while addressing material issues related to environmental, social, and governance factors. In addition to top-down approaches, we are promoting the sustainability activities of the Group, such as establishing an “SDGs Proposal System,” where all employees can voluntarily participate.



(2) Capital investment status

The total amount of capital investment made by the Group during the fiscal year under review was 4,796 million yen, and the details are as follows.

(Millions of yen)	
Facilities	Capital investment amount
Buildings and structures	157
Machinery, equipment and vehicles	2,267
Tools, furniture and fixtures	878
Leased assets	178
Software	127
Land	1,187

(3) Financing status

To enable flexible management, we have concluded a three-year commitment line agreement with a syndicate of five banks for a total of 8.5 billion yen.

As of the end of the fiscal year under review, the Company raised 1.5 billion yen under the commitment line facility for the purpose of funding working capital.

(4) Issues to Be Addressed

(i) Medium- to long-term issues

The Group promotes its business activities based on its mission of “To contribute to technological innovation in society through motion control technology.” Mechatronics and speed reducers, which the Group manufactures, are contributing greatly to the social and technological innovation, including not only industrial machinery but also advanced medical equipment and mobility sector applications, and such demand is expected to continue to expand. Furthermore, with the acceleration of automation and labor-saving mainly in production sites, AI robots as well as collaborative robots are increasingly expected to be a new growing sector amid the worldwide labor shortage. However, while there is no change in growth expectations for the AI robots market in the medium to long term, as the market is still in its early days, the pace of real-world implementation is beginning to diverge from the assumptions made at the time of formulating the medium-term management plan for fiscal years 2024-2026 which was disclosed on May 13, 2024. In light of such changes in the environment, the Group has decided to develop and revise our current medium-term management plan to create one more effective and flexible, formulating the new five-year medium-term management plan (fiscal years 2026-2030) starting in fiscal year 2026.

In the new medium-term management plan, “AI robots,” “Aviation, Space and Defense” and “e-mobility” are identified as focus development areas. In order to seize future growth opportunities in these sectors, the Company will work to further strengthen its marketing functions and capabilities of generating and manufacturing new products. At the same time, the Company will strengthen the management foundation to promote its growth strategy under the integrated management of the Group, contributing to achieving a sustainable society. We aim to enhance corporate value over the medium to long term by intentionally maintaining a balance between defensive and offensive approaches in our management strategy, while flexibly responding to environmental changes, to achieve our missions and vision.

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

■ Management Principles

1. Respect for the individual
2. A meaningful company
3. Coexistence and co-prosperity
4. Contribution to society

■ 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

■ 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

- Medium-term Management Plan for Fiscal Years 2026–2030
 - 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

(ii) Issues for fiscal year 2026

The business environment of the Group in fiscal year 2026 is expected to remain on a recovery trend in orders, driven by factors such as increased investment in automation amid the declining labor force, expanded investment in data centers, and continued growth of capital investment in response to rising demand for advanced semiconductors with the growing use of generative AI. On the other hand, with high resource and raw material prices, including crude oil, due to the increased geopolitical risk in the Middle East in addition to the situation in Ukraine, as well as fluctuations in foreign exchange rates, the global economy is expected to face heightened uncertainty, and the business environment surrounding the Group is likely to remain unpredictable. In order to respond to this business environment, the Company will continue to steadily advance the initiatives set forth in the new medium-term management plan (fiscal years 2026-2030). Based on the medium- to long-term issues described above, the Company will take on initiatives with focus on the following issues in fiscal year 2026.

(a) Sustainable growth of all businesses with an emphasis on profitability

- ✓ Redefining competitiveness (High quality, speed, and reasonable price)
- ✓ Enhancing development speed and abilities of generating new products
- ✓ Strengthening abilities of product planning to participate in the growing market and to expand potential applications
- ✓ Improving capabilities to achieve both quality and quantity in manufacturing

(b) Strengthen management resources (people, things, money, information) that can adapt to changes in the environment

- ✓ Fundamental reform of human resources and organizational structure

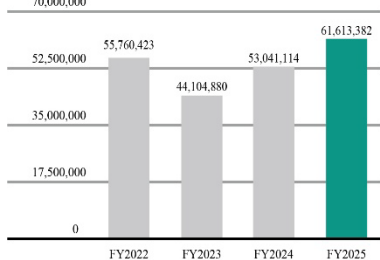
(5) Trends in Assets and Profit/Loss

(Thousands of yen, or for profit (loss) per share, yen)

Category	FY 2022	FY 2023	FY 2024	FY 2025 (FY under review)
Orders received	55,760,423	44,104,880	53,041,114	61,613,382
Net sales	71,527,316	55,796,455	55,645,940	59,557,877
Ordinary profit	10,757,728	570,333	151,197	2,539,620
Profit (loss) attributable to owners of parent	7,595,928	(24,806,996)	3,473,539	1,608,895
Profit (loss) per share	79.67	(261.00)	36.57	16.99
Total assets	154,336,246	119,142,291	113,621,682	111,400,153
Net assets	103,955,658	79,401,665	78,943,066	80,390,805

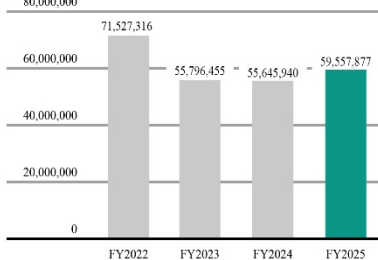
Orders received

(Thousands of yen)



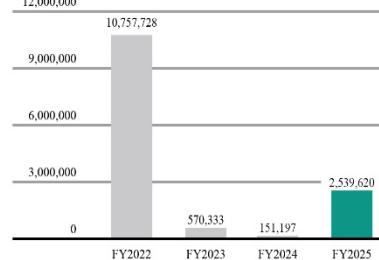
Net sales

(Thousands of yen)



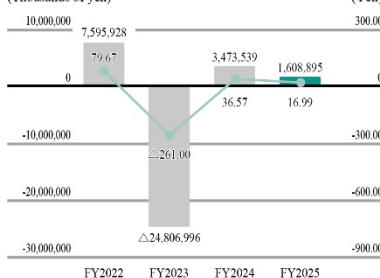
Ordinary profit

(Thousands of yen)



Profit attributable to owners of parent

(Thousands of yen)

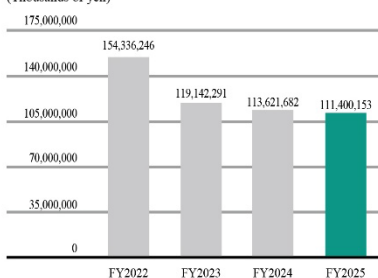


Profit per share

(Yen)

Total assets

(Thousands of yen)



Net assets

(Thousands of yen)

