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Consolidated Financial Results for the Three Months Ended June 30, 2025 [Japanese GAAP]

August 6, 2025

Company name: Harmonic Drive Systems Inc.
 Listing: Tokyo Stock Exchange
 Securities code: 6324
 URL: <https://www.hds.co.jp/>
 Representative: Akira Maruyama President and Representative Director
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 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on financial results: None
 Holding of financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results for the Three Months Ended June 30, 2025 (April 1, 2025 to June 30, 2025)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2025	13,496	3.8	122	-	131	-	(38)	-
June 30, 2024	12,998	(13.4)	(238)	-	(134)	-	(283)	-

(Note) Comprehensive income: Three months ended June 30, 2025: ¥(1,068) million [-%]
 Three months ended June 30, 2024: ¥ 2,002 million [(33.4) %]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2025	(0.40)	-
June 30, 2024	(2.98)	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
As of June 30, 2025	107,843	76,115	70.6
March 31, 2025	113,621	78,943	69.5

(Reference) Equity: As of June 30, 2025: ¥ 76,115 million
 As of March 31, 2025: ¥ 78,943 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2025	-	10.00	-	10.00	20.00
Fiscal year ending March 31, 2026	-				
Fiscal year ending March 31, 2026 (Forecast)		10.00	-	10.00	20.00

(Note) Revision to the forecast for dividends announced most recently: Yes

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

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2025	27,000	1.7	300	-	200	-	300	-	3.16
Full year	57,000	2.4	1,500	-	1,500	892.1	1,300	(62.6)	13.73

(Note) Revision to the financial results forecast announced most recently: Yes

* Notes:

(1) Significant changes in the scope of consolidation during the period: None

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

1) Changes in accounting policies due to revisions to accounting standards and other regulations: None

2) Changes in accounting policies due to other reasons: None

3) Changes in accounting estimates: None

4) Restatement: None

(4) Number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

June 30, 2025: 96,315,400 shares

March 31, 2025: 96,315,400 shares

2) Number of treasury shares at the end of the period:

June 30, 2025: 1,676,716 shares

March 31, 2025: 1,411,891 shares

3) Average number of shares outstanding during the period:

Three months ended June 30, 2025: 94,723,835 shares

Three months ended June 30, 2024: 94,976,343 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: Yes (voluntary)

* 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.

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheet

(Thousands of yen)

	As of March 31, 2025	As of June 30, 2025
Assets		
Current assets		
Cash and deposits	24,900,137	20,890,090
Notes receivable - trade	3,591,560	3,448,792
Accounts receivable - trade	9,544,240	8,706,295
Securities	52,789	68,919
Merchandise and finished goods	2,026,216	2,330,048
Work in process	4,115,787	4,018,396
Raw materials and supplies	6,362,096	6,240,715
Other	2,606,529	1,447,781
Allowance for doubtful accounts	(34,577)	(33,404)
Total current assets	53,164,779	47,117,635
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	18,323,983	17,902,306
Machinery, equipment and vehicles, net	13,806,937	13,711,912
Tools, furniture and fixtures, net	1,471,354	1,460,706
Other, net	12,357,478	13,359,714
Total property, plant and equipment	45,959,753	46,434,640
Intangible assets		
Software	810,422	768,824
Customer related assets	8,856,669	9,077,726
Technical assets	2,365,486	2,424,527
Other	126,357	171,721
Total intangible assets	12,158,936	12,442,801
Investments and other assets		
Investment securities	409,931	45,969
Shares of subsidiaries and associates	20,228	17,118
Investments in capital of subsidiaries and associates	89,507	78,819
Long-term loans receivable from subsidiaries and associates	270,000	270,000
Retirement benefit asset	1,275,214	1,288,382
Deferred tax assets	165,301	43,929
Other	113,630	109,804
Allowance for doubtful accounts	(5,600)	(5,600)
Total investments and other assets	2,338,213	1,848,423
Total non-current assets	60,456,902	60,725,865
Total assets	113,621,682	107,843,501

(Thousands of yen)

	As of March 31, 2025	As of June 30, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,184,623	3,154,337
Short-term borrowings	2,701,653	701,333
Current portion of long-term borrowings	1,890,516	1,890,516
Lease liabilities	741,555	739,404
Income taxes payable	1,284,547	160,902
Provision for bonuses	1,030,221	672,678
Provision for bonuses for directors (and other officers)	84,564	100,792
Provision for loss on compensation for after-care of products	37,409	57,591
Other	2,941,610	4,022,744
Total current liabilities	13,896,702	11,500,301
Non-current liabilities		
Long-term borrowings	11,015,584	10,542,955
Lease liabilities	4,390,974	4,168,089
Deferred tax liabilities	3,715,935	3,894,793
Provision for retirement benefits for directors (and other officers)	26,400	28,800
Other provisions	126,374	133,102
Retirement benefit liability	954,909	928,629
Other	551,735	531,185
Total non-current liabilities	20,781,914	20,227,555
Total liabilities	34,678,616	31,727,856
Net assets		
Shareholders' equity		
Share capital	7,100,036	7,100,036
Capital surplus	22,786,269	22,786,269
Retained earnings	39,052,598	38,065,317
Treasury shares	(5,633,171)	(6,442,779)
Total shareholders' equity	63,305,732	61,508,843
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	146,568	23,676
Foreign currency translation adjustment	15,532,687	14,638,165
Remeasurements of defined benefit plans	(41,922)	(55,040)
Total accumulated other comprehensive income	15,637,333	14,606,800
Total net assets	78,943,066	76,115,644
Total liabilities and net assets	113,621,682	107,843,501

Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statement of Income

For the three months ended June 30, 2025

(Thousands of yen)

	For the three months ended June 30, 2024	For the three months ended June 30, 2025
Net sales	12,998,954	13,496,036
Cost of sales	9,589,434	9,667,088
Gross profit	3,409,519	3,828,947
Selling, general and administrative expenses	3,647,769	3,706,320
Operating profit (loss)	(238,250)	122,626
Non-operating income		
Interest income	81,663	96,813
Dividend income	1,513	1,689
Foreign exchange gains	27,892	-
Other	82,412	59,529
Total non-operating income	193,482	158,032
Non-operating expenses		
Interest expenses	50,815	68,753
Share of loss of entities accounted for using equity method	5,848	13,797
Foreign exchange losses	-	23,851
Other	33,302	42,570
Total non-operating expenses	89,966	148,973
Ordinary profit (loss)	(134,734)	131,685
Extraordinary income		
Gain on sale of non-current assets	-	762
Gain on sale of investment securities	-	85,674
Total extraordinary income	-	86,436
Extraordinary losses		
Loss on sale of non-current assets	-	5
Loss on retirement of non-current assets	2,865	3,859
Total extraordinary losses	2,865	3,865
Profit (loss) before income taxes	(137,600)	214,257
Income taxes - current	98,086	108,507
Income taxes - deferred	47,646	143,996
Total income taxes	145,732	252,503
Loss	(283,333)	(38,246)
Profit attributable to non-controlling interests	-	-
Loss attributable to owners of parent	(283,333)	(38,246)

Quarterly Consolidated Statement of Comprehensive Income
For the three months ended June 30, 2025

(Thousands of yen)

	For the three months ended June 30, 2024	For the three months ended June 30, 2025
Loss	(283,333)	(38,246)
Other comprehensive income		
Valuation difference on available-for-sale securities	379,667	(122,892)
Foreign currency translation adjustment	1,933,820	(894,522)
Remeasurements of defined benefit plans, net of tax	(27,297)	(13,117)
Total other comprehensive income	2,286,190	(1,030,532)
Comprehensive income	2,002,857	(1,068,778)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,002,857	(1,068,778)
Comprehensive income attributable to non-controlling interests	-	-