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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.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 6324
 URL: <https://www.hds.co.jp/english/>
 Representative: Akira Maruyama, President and Representative Director
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 Scheduled date of commencing dividend payments: —
 Availability of supplementary explanatory materials on financial results: Not available
 Schedule of financial results briefing session: Not scheduled

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

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

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
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
Three months ended	Yen	Yen
June 30, 2025	(0.40)	—
June 30, 2024	(2.98)	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2025	107,843	76,115	70.6
As of 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
Fiscal year ended March 31, 2025	Yen —	Yen 10.00	Yen —	Yen 10.00	Yen 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 – March 31, 2026)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	27,000	1.7	300	—	200	—	300	—	3.16
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 under review: None

(2) Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements:
None

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

1) Changes in accounting policies due to the revision of accounting standards: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(4) 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):

June 30, 2025: 96,315,400 shares

March 31, 2025: 96,315,400 shares

2) Total 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 quarterly consolidated 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. These statements do not represent a guarantee from the Company that it will achieve such results. The actual financial results may differ significantly due to various factors. Refer to “1. Qualitative Information on Quarterly Financial Results (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information” on page 3 of the Attachments for conditions on which the financial results forecasts are premised and notes on the use of financial results forecasts.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

During the three months ended June 30 (April 1, 2025 to June 30, 2025), the future of the global economy became increasingly uncertain against a backdrop of changes in U.S. trading policy in addition to the increasing geopolitical risks, such as the prolonged situation in Ukraine, tensions in the Middle East, and a continuation of the China-U.S. standoff. In terms of the business environment surrounding the Harmonic Drive Systems Group (hereinafter “the Group”), we saw a gradual recovery in orders received due to steady global investment in automation and a continued expansion of demand for investment in the generative AI sector, despite concerns over a curbing effect on capital investment as a result of U.S. trade policy and geopolitical fragmentation.

Regarding net sales trends by application, net sales increased year on year for industrial robots, semiconductor manufacturing equipment, and gear heads for motor manufacturers. Meanwhile, net sales for automotive applications declined year on year.

As a result, net sales for the three months under review increased 3.8% year on year to ¥13,496 million.

In terms of profit and loss, as prices and personnel expenses continued to increase, we further strengthened our company-wide cost innovation project, which was launched in fiscal 2024, resulting in operating profit of ¥122 million (operating loss of ¥238 million in the same period of the previous fiscal year). Loss attributable to owners of parent of ¥38 million (loss attributable to owners of parent of ¥283 million in the same period of the previous fiscal year) was recorded due to the recording of ¥143 million in income taxes - deferred (increase in tax expenses).

In terms of net sales by product group, speed reducers totaled ¥10,803 million, up 10.9% year on year, and mechatronic products totaled ¥2,692 million, down 17.4% year on year. They accounted for 80.1% and 19.9% of the total net sales, respectively.

Financial results by segment are as follows.

(Japan)

Despite a decrease in net sales for automotive, orders received from customers for industrial robots, semiconductor manufacturing equipment, and gear heads for motor manufacturers showed a gradual recovery. As a result, net sales increased 24.3% year on year to ¥5,939 million. Segment profit (ordinary profit) increased by 122.3% year on year to ¥699 million due to the effect of increased sales.

(China)

Net sales decreased by 11.1% year on year to ¥1,234 million due to a fall in sales of industrial robots. Despite a decrease in operating profit due to the effect of decreased sales, segment profit (ordinary profit) increased by 361.0% year on year to ¥257 million due to foreign exchange gains due to the strong yen.

(North America)

Net sales decreased by 2.8% year on year to ¥2,699 million due to a fall in sales of amusement equipment. Segment profit (ordinary profit) decreased by 96.9% year on year to ¥3 million due to an increase in one-off expenses accompanying the updates to our core systems.

(Europe)

Net sales decreased by 10.6% year on year to ¥3,622 million due to a fall in sales of industrial robots. Segment loss (ordinary loss) amounted to ¥57 million (compared with segment profit of ¥84 million in the previous fiscal year), due to the amortization cost of ¥236 million on intangible assets posted at the time of acquisition of shares in Harmonic Drive SE.

(2) Explanation of Financial Position

(Assets)

Total assets at the end of the first quarter of the fiscal year under review decreased by ¥5,778 million, down 5.1% from the end of the previous fiscal year to ¥107,843 million. This was primarily due to a ¥4,010 million decrease in cash and deposits (down 16.1% year on year), a ¥1,158 million decrease in other current assets (down 44.5% year on year), and an ¥837 million decrease in accounts receivable - trade (down 8.8% year on year).

(Liabilities)

Liabilities decreased by ¥2,950 million, down 8.5% from the end of the previous fiscal year to ¥31,727 million. This was primarily due to a ¥2,000 million decrease in short-term borrowings (down 74.0% year on year), a ¥1,123 million decrease in income taxes payable (down 87.5% year on year) and a ¥472 million decrease in long-term borrowings (down 4.3% year on year), all resulting from the progress of a scheduled payment for borrowings, despite an increase of ¥1,081 million in other current liabilities (up 36.8% year on year).

(Net Assets)

Net assets decreased by ¥2,827 million, down 3.6% from the end of the previous fiscal year to ¥76,115 million. This was primarily due to a ¥1,796 million decrease in total shareholders' equity (down 2.8% year on year) resulting from the acquisition of treasury shares and the payment of year-end dividend, and a ¥894 million decrease in foreign currency translation adjustment (down 5.8% year on year) due to the effect of exchange rate fluctuations.

As a result, the equity ratio increased from 69.5% at the end of the previous fiscal year to 70.6%.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

Given the difficulty of reasonably calculating the impact of U.S. tariff policies on the Group's future performance, the financial forecast for the fiscal year ending March 31, 2026, previously announced by the Company only included the results for the first half of the year. However, we have now announced a financial results forecast for the full year that takes into consideration the fact that a tentative agreement between Japan and the U.S. has been reached and the number of orders received by the Group in the first three months of the fiscal year. For details, please refer to "Notice Regarding Revision to the Financial Results Forecast for the Fiscal Year Ending March 31, 2026 and Revision to the Dividend Forecasts" announced on August 6, 2025.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(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

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statement of Income

(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

(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	—	—

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes in case of significant changes in shareholders' equity)

Not applicable.

(Notes on segment information, etc.)

I For the three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

1. Information on net sales and profit (loss) by reportable segment, and information on disaggregation of revenue
(Thousands of yen)

	Reportable segment					Adjustment	Consolidated
	Japan	China	North America	Europe	Total		
Net sales							
Revenue from contracts with customers	6,989,306	1,388,342	2,784,223	4,079,729	15,241,601	(2,242,647)	12,998,954
Net sales to third parties	4,780,141	1,388,091	2,777,756	4,052,964	12,998,954	–	12,998,954
Inter-segment net sales or transfers	2,209,165	250	6,466	26,764	2,242,647	(2,242,647)	–
Total	6,989,306	1,388,342	2,784,223	4,079,729	15,241,601	(2,242,647)	12,998,954
Segment profit (loss)	314,801	55,870	100,890	84,283	555,845	(690,580)	(134,734)

(Notes) 1. The segment profit (loss) adjustment of ¥(690,580) thousand consists of the eliminated inter-segment transaction profit of ¥(55,384) thousand, and the general administrative expenses that are not allocated to any reportable segment, totaling ¥(635,195) thousand. The general administrative expenses that are not allocated to any reportable segment include 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 Asian markets, in addition to the Japanese market.
3. The “North America” segment includes net sales of ¥2,337,618 thousand originating from the United States of America, which represents 10% or more of net sales recorded on the consolidated statements of income.
4. The “Europe” segment includes net sales of ¥1,670,784 thousand originating from Germany, which represents 10% or more of net sales recorded on the consolidated statements of income.
5. Segment profit (loss) is adjusted to ordinary loss in the quarterly consolidated statements of income.

II For the three months ended June 30, 2025 (from April 1, 2025 to June 30, 2025)

1. Information on net sales and profit (loss) by reportable segment, and information on disaggregation of revenue

(Thousands of yen)

	Reportable segment					Adjustment	Consolidated
	Japan	China	North America	Europe	Total		
Net sales Revenue from contracts with customers	7,750,993	1,234,465	2,704,697	3,634,427	15,324,583	(1,828,547)	13,496,036
Net sales to third parties	5,939,628	1,234,043	2,699,765	3,622,599	13,496,036	–	13,496,036
Inter-segment net sales or transfers	1,811,364	422	4,932	11,828	1,828,547	(1,828,547)	–
Total	7,750,993	1,234,465	2,704,697	3,634,427	15,324,583	(1,828,547)	13,496,036
Segment profit (loss)	699,652	257,567	3,135	(57,097)	903,258	(771,572)	131,685

(Notes) 1. The segment profit (loss) adjustment of ¥(771,572) thousand consists of the eliminated inter-segment transaction profit of ¥(157,159) thousand, and the general administrative expenses that are not allocated to any reportable segment, totaling ¥(614,412) thousand. The general administrative expenses that are not allocated to any reportable segment include 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 Asian markets, in addition to the Japanese market.
3. The “North America” segment includes net sales of ¥2,336,378 thousand originating from the United States of America, which represents 10% or more of net sales recorded on the consolidated statements of income.
4. Segment profit (loss) is adjusted to ordinary profit in the quarterly consolidated statements of income.

2. Information on impairment loss of non-current assets or goodwill by reportable segment

Not applicable.

3. Information on changes to reportable segments, etc.

Effective from the six months ended September 30, 2024, “China,” which was previously included in “Japan,” has been changed to a reportable segment due to its increased quantitative importance.

Segment information for the three months ended June 30, 2024 is stated based on the reporting segment classification after the change.

(Notes on consolidated statements of cash flows)

Quarterly consolidated statements of cash flows are not prepared for the three months ended June 30, 2025. Depreciation (including amortization of intangible assets) for the three months ended June 30 are as follows.

	For the three months ended June 30, 2024	For the three months ended June 30, 2025
Depreciation	¥1,921,896 thousand	¥1,743,874 thousand

(Significant subsequent events)

(Disposal of treasury shares as restricted share-based remuneration)

Harmonic Drive Systems Inc. (hereinafter “the Company”), at the Board of Directors meeting held on July 18, 2025, resolved to dispose of its treasury shares as restricted share-based remuneration (hereinafter, “the Disposal of Treasury Shares”) as follows.

1. Overview of the disposal

Payment date	August 5, 2025
Class and number of shares subject to disposal	28,137 shares of common stock of the Company
Disposal price	¥2,661 per share
Total value of disposal	¥74,872,557
Scheduled allottees	5 Directors of the Company (*), 28,137 shares *Excluding Outside Directors

2. Purposes and reasons for the disposal

At the Ordinary General Meeting of Shareholders for Fiscal 2021 held on June 22, 2022, the Company obtained approval for introducing a restricted share-based remuneration plan (hereinafter “the Plan”) to grant restricted shares to the Company’s Directors (excluding Outside Directors, hereinafter “the Eligible Directors”), for the purpose of sharing the benefits and risks of stock price changes between the Eligible Directors and the shareholders, and motivating the Eligible Directors to contribute to the improvement of the medium- to long-term business performance and corporate value. It was also approved at the same Ordinary General Meeting of Shareholders, among others, that the total amount of annual monetary remuneration claim to be granted to the Eligible Directors as remuneration, etc. in connection with restricted shares is capped at ¥100 million, that the total number of restricted shares to be allocated to the Eligible Directors per each fiscal year is capped at 35,000 shares, and that the restriction on transferring these shares lasts from the date of their delivery to the date the Eligible Directors resign from the office of Director of the Company.

3. Other Matters

(1) Status of Production, Orders Received and Sales

a. Production

Production results by segment for the three months ended June 30, 2025 (April 1, 2025 to June 30, 2025) are as follows:

Segment name		Production output (thousands of yen)	YoY change (%)
Japan	Speed reducers	7,448,998	21.3
	Mechatronic products	1,308,431	66.5
China	Speed reducers	–	–
	Mechatronic products	–	–
North America	Speed reducers	1,396,714	44.8
	Mechatronic products	783,316	(35.8)
Europe	Speed reducers	2,298,071	(12.1)
	Mechatronic products	880,634	(30.0)
Total		14,116,166	8.7

- (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, China, North America, and Europe).
 4. Although the Group is solely engaged in handling the same types and series of precision speed reducers and its business operations fall within a single industry segment based on the similarities in the types, natures, manufacturing methods and markets of their products, the above table presents figures by product for each segment.
 5. The production results of Harmonic Winbel Inc., a subsidiary engaged in the development, manufacturing, and sales of magnetic application equipment, are classified, counted, and presented as mechatronic products.

b. Orders received

The results of orders received by segment for the three months ended June 30, 2025 (April 1, 2025 to June 30, 2025) are as follows:

Segment name		Orders received (thousands of yen)	YoY change (%)	Order backlog (thousands of yen)	YoY change (%)
Japan	Speed reducers	5,853,424	28.8	4,127,462	18.7
	Mechatronic products	751,701	38.3	912,379	8.5
China	Speed reducers	1,359,583	2.4	1,036,809	(11.0)
	Mechatronic products	111,921	205.3	96,976	155.2
North America	Speed reducers	2,125,457	72.5	4,078,717	(3.4)
	Mechatronic products	1,012,558	58.6	1,930,105	(32.1)
Europe	Speed reducers	3,409,552	26.9	6,120,052	(1.2)
	Mechatronic products	877,269	3.5	1,928,552	(15.5)
Total		15,501,468	30.8	20,231,055	(3.9)

- (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, China, North America, and Europe).
 4. Although the Group is solely engaged in handling the same types and series of precision speed reducers and its business operations fall within a single industry segment based on the similarities in the types, natures, manufacturing methods and markets of their products, the above table presents figures by product for each segment.
 5. The results of orders received of Harmonic Winbel Inc., a subsidiary engaged in the development, manufacturing, and sales of magnetic application equipment, are classified, counted, and presented as mechatronic products.
 6. The order backlog excludes ¥220,959 thousand of order cancellations. The cancellations took place during the three months ended June 30, 2025.

c. Sales

Sales results by segment for the three months ended June 30, 2025 (April 1, 2025 to June 30, 2025) are as follows:

Segment name		Sales volume (thousands of yen)	YoY change (%)
Japan	Speed reducers	5,255,887	23.0
	Mechatronic products	683,740	35.0
China	Speed reducers	1,174,299	(12.0)
	Mechatronic products	59,743	12.4
North America	Speed reducers	1,740,725	25.1
	Mechatronic products	959,039	(30.8)
Europe	Speed reducers	2,633,056	(3.8)
	Mechatronic products	989,542	(24.7)
Total		13,496,036	3.8

(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	Three months ended June 30, 2024		Three months ended June 30, 2025	
	Sales (thousands of yen)	Ratio (%)	Sales (thousands of yen)	Ratio (%)
Nissan Motor Co., Ltd.	1,552,781	11.9	–	–

The sales to Nissan Motor Co., Ltd. are not presented for the three months ended June 30, 2025, since the ratio of the sales to the total sales is less than ten hundredths.

3. The above amounts exclude consumption taxes.

4. The Group's reportable segments are classified on a location basis (Japan, China, 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 Harmonic Winbel Inc., a subsidiary engaged in the development, manufacturing, and sales of magnetic application equipment, are classified, counted, and presented as mechatronic products.

(2) Net Sales outside Japan

Net sales outside Japan for the three months ended June 30, 2025 (April 1, 2025 to June 30, 2025) are as follows:

	China	North America	Europe	Other regions	Total
I Net sales outside Japan (thousands of yen)	1,234,043	2,699,765	3,622,599	635,724	8,192,132
II Consolidated net sales (thousands of yen)	–	–	–	–	13,496,036
III Ratio of net sales outside Japan to consolidated net sales (%)	9.1	20.0	26.8	4.7	60.7

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

2. Primary countries or regions that belong to each category

(1) China: China

(2) North America: the U.S.

(3) Europe: Germany

(4) Other regions: South Korea, Taiwan and Oceania

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