

This is an English translation of the original Semi-Annual Securities Report (“Hanki Hokokusho”) filed with the Director-General of the Kanto Local Finance Bureau via Electronic Disclosure for Investors’ NETwork (“EDINET”) pursuant to the Financial Instruments and Exchange Act of Japan. In the event of any discrepancy between Hanki Hokokusho and this English translation, Hanki Hokokusho shall prevail.

# Semi-Annual Securities Report

The first half of the 38th Term  
(From April 1, 2025 to September 30, 2025)

***Harmonic Drive Systems Inc.***

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The Independent Auditor's report that is included in Hanki Hokokusho is not translated to English.

## [Cover Page]

[Document Title]	Semi-annual Securities Report
[Clause of Stipulation]	Item 1 of the table in Article 24-5, Paragraph 1 of the Financial Instruments and Exchange Act
[Place of Filing]	Director-General of the Kanto Local Finance Bureau
[Filing Date]	November 13, 2025
[Semi-annual Period]	First half of the 38th Fiscal Year (From April 1, 2025 to September 30, 2025)
[Company Name]	Kabushiki Kaisha Harmonic Drive Systems
[Company Name in English]	Harmonic Drive Systems Inc.
[Title and Name of Representative]	Akira Maruyama, President and Representative Director
[Address of Registered Head Office]	6-25-3 Minami-Oi, Shinagawa-ku, Tokyo, Japan
[Telephone Number]	+81-3-5471-7810
[Name of Contact Person]	Tetsuya Shiokawa, Executive Officer
[Nearest Place of Contact]	6-25-3 Minami-Oi, Shinagawa-ku, Tokyo, Japan
[Telephone Number]	+81-3-5471-7810
[Name of Contact Person]	Tetsuya Shiokawa, Executive Officer
[Place for Public Inspection]	Tokyo Stock Exchange, Inc.  (2-1 Nihonbashi Kabutocho, Chuo-ku, Tokyo, Japan)

## Part I [Company Information]

### I [Overview of Company]

#### 1 [Key financial data]

Fiscal year		37th First half	38th First half	37th
Accounting period		April 1, 2024 to September 30, 2024	April 1, 2025 to September 30, 2025	April 1, 2024 to March 31, 2025
Net sales	(Thousands of yen)	26,559,485	27,838,688	55,645,940
Ordinary profit (loss)	(Thousands of yen)	(828,363)	502,737	151,197
Profit (loss) attributable to owners of parent	(Thousands of yen)	(850,004)	317,072	3,473,539
Comprehensive income	(Thousands of yen)	2,391,166	(438,116)	1,757,549
Net assets	(Thousands of yen)	80,917,200	76,821,178	78,943,066
Total assets	(Thousands of yen)	118,372,605	107,193,796	113,621,682
Basic earnings (loss) per share	(Yen)	(8.95)	3.35	36.57
Diluted earnings per share	(Yen)	—	—	—
Equity ratio	(%)	68.4	71.7	69.5
Net cash provided by (used in) operating activities	(Thousands of yen)	3,161,824	3,880,996	7,516,235
Net cash provided by (used in) investing activities	(Thousands of yen)	(3,501,964)	(2,897,089)	1,480,063
Net cash provided by (used in) financing activities	(Thousands of yen)	(2,600,778)	(5,074,522)	(5,874,183)
Cash and cash equivalents at end of period	(Thousands of yen)	17,254,763	18,579,473	22,923,012

- (Notes) 1. Key financial data of the reporting company is not presented as the Company has prepared semi-annual consolidated financial statements.  
2. Diluted earnings per share is not stated because dilutive shares did not exist.

2 [Description of business]

There have been no material changes to the description of the business conducted by the Harmonic Drive Systems Group (the Company together with its affiliated companies, hereinafter the “Group”).

There have also been no changes regarding the Company’s main affiliated companies engaged in this business.

## **II [Overview of Business]**

### **1 [Operational risks]**

During the semi-annual period ended September 30, 2025 (April 1, 2025 to September 30, 2025; hereinafter the “semi-annual period under review”), among the matters related to Overview of Business, Financial Information, and other information stated in this semi-annual securities report, there were no events that may have a significant impact on investors’ decision-making nor major changes in business risks described in the annual securities report for the previous fiscal year.

There have also been no significant events.

## 2 [Management analysis of financial position, operating results and cash flows]

### (1) Status of business performance

During the semi-annual period under review (April 1, 2025 to September 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 prolonged situation in Ukraine and rising tensions in the Middle East, and a continuation of the China-U.S. standoff structure. Under such external circumstances, in terms of the business environment surrounding 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 of 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 semi-annual period under review increased 4.8% year on year to ¥27,838 million.

In terms of profit and loss, operating profit amounted to ¥465 million (operating loss of ¥637 million in the same period of the previous fiscal year), primarily due to an improved cost ratio resulting from higher factory operating rates in the Japan segment. In addition, profit attributable to owners of parent of ¥317 million (loss attributable to owners of parent of ¥850 million in the same period of the previous fiscal year) was recorded due primarily to the increase in operating profit.

In terms of net sales by product group, speed reducers totaled ¥21,904 million, up 10.0% year on year, and mechatronic products totaled ¥5,934 million, down 10.8% year on year. They accounted for 78.7% and 21.3% of the total net sales, respectively.

Financial results by segment are as follows.

#### (Japan)

Despite a decrease in net sales for automotive applications, orders received from customers for industrial robots and semiconductor manufacturing equipment increased. As a result, net sales increased 27.1% year on year to ¥12,369 million. Segment profit (ordinary profit) increased by 705.3% year on year to ¥1,472 million due to an improvement in the cost ratio resulting from a higher factory operating rate.

#### (China)

Net sales decreased by 24.2% year on year to ¥2,276 million due to a fall in sales for industrial robots applications. However, segment profit (ordinary profit) increased by 418.6% year on year to ¥437 million as a result of an increase in the gross profit ratio due to changes in the sales mix and an increase in foreign exchange gains due to the strong yen.

#### (North America)

Net sales decreased by 5.0% year on year to ¥5,496 million due to a fall in sales for amusement equipment applications. Segment profit (ordinary profit) turned to segment loss (ordinary loss) of ¥33 million (segment profit of ¥277 million in the same period of the previous fiscal year) due to an increase in one-off expenses accompanying the updates to our core systems.

#### (Europe)

Net sales decreased by 4.3% year on year to ¥7,695 million due to a fall in sales for industrial robots applications. Segment profit (ordinary profit) improved to ¥71 million (segment loss of ¥127 million in the same period of the previous fiscal year), due to a higher gross profit ratio resulting from changes in the sales mix, despite the amortization cost of ¥484 million on intangible assets posted at the time of acquisition of shares in Harmonic Drive SE.

(2) Analysis of financial position

Total assets at the end of the semi-annual period under review decreased by ¥6,427 million, down 5.7% from the end of the previous fiscal year to ¥107,193 million. This was primarily due to a ¥4,344 million decrease in cash and deposits (down 17.4% year on year) and a ¥1,267 million decrease in other current assets (down 48.6% year on year).

Liabilities decreased by ¥4,305 million, down 12.4% from the end of the previous fiscal year to ¥30,372 million. This was primarily due to a ¥1,999 million decrease in short-term borrowings (down 74.0% year on year), a ¥998 million decrease in income taxes payable (down 77.7% year on year), and a ¥945 million decrease in long-term borrowings (down 8.6% year on year), all resulting from the progress of payment for borrowings.

Net assets decreased by ¥2,121 million, down 2.7% from the end of the previous fiscal year to ¥76,821 million. This was primarily due to a ¥1,366 million decrease in total shareholders' equity (down 2.2% year on year) resulting from the acquisition of treasury shares and the payment of a year-end dividend, and a ¥607 million decrease in foreign currency translation adjustment (down 3.9% 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 71.7%.

(3) Status of cash flows

Cash and cash equivalents at the end of the semi-annual period under review totaled ¥18,579 million, down ¥4,343 million from the end of the previous fiscal year.

The status of cash flows by category for the semi-annual period under review is as follows.

(Cash flows from operating activities)

Operating activities in the semi-annual period under review provided net cash of ¥3,880 million, compared with net cash provided of ¥3,161 million in the same period of the previous fiscal year.

This was primarily because of recording depreciation of ¥3,547 million, while the Company recorded income taxes paid of ¥1,337 million.

(Cash flows from investing activities)

Investing activities in the semi-annual period under review used net cash of ¥2,897 million, compared with net cash used of ¥3,501 million in the same period of the previous fiscal year.

This was primarily because of ¥1,075 million provided by proceeds from withdrawal of time deposits, despite ¥3,779 million used for purchase of property, plant and equipment.

(Cash flows from financing activities)

Financing activities in the semi-annual period under review used net cash of ¥5,074 million, compared with net cash used of ¥2,600 million in the same period of the previous fiscal year.

This was primarily because of ¥3,320 million used for repayments of short-term borrowings, ¥948 million used for dividends paid, and ¥945 million used for repayments of long-term borrowings.

(4) Business and financial issues to be addressed

There have been no material changes to the Company's business and financial issues to be addressed, on a consolidated basis, and no new issues have arisen during the semi-annual period under review.

(5) Research and development activities

Research and development expenses during the semi-annual period under review totaled ¥1,879 million. There were no material changes in the Group's research and development activities during the semi-annual period under review.



3 [Material contracts, etc.]

No material contracts, etc. were decided or concluded during the semi-annual period under review.

### III [Information about Reporting Company]

#### 1 [Company's shares, etc.]

##### (1) [Total number of shares]

##### (i) [Total number of shares]

Class	Total number of authorized shares (Shares)
Common shares	356,400,000
Total	356,400,000

##### (ii) [Issued and outstanding shares]

Class	As of the end of the period September 30, 2025 (Shares)	As of the filing date November 13, 2025 (Shares)	Listed financial instruments exchange or registered approved financial instruments firms association	Details
Common shares	96,315,400	96,315,400	Standard Market, Tokyo Stock Exchange	Number of shares constituting one unit is 100 shares
Total	96,315,400	96,315,400	—	—

##### (2) [Share acquisition rights]

##### (i) [Employee share option plans]

Not applicable.

##### (ii) [Share acquisition rights for other uses]

Not applicable.

##### (3) [Exercise of moving strike convertible bonds, etc.]

Not applicable.

##### (4) [Changes in total number of issued and outstanding shares, share capital and legal capital surplus]

Date	Changes in total number of issued and outstanding shares (Shares)	Balance of total number of issued and outstanding shares (Shares)	Changes in share capital (Thousands of yen)	Balance of share capital (Thousands of yen)	Changes in legal capital surplus (Thousands of yen)	Balance of legal capital surplus (Thousands of yen)
September 30, 2025	—	96,315,400	—	7,100,036	—	9,697,431

## (5) [Major shareholders]

As of September 30, 2025

Name	Address	Number of shares held (Shares)	Shareholding ratio (excluding treasury shares) (%)
KODEN Holdings Co., Ltd.	2-13-24 Tamagawa, Ota-ku, Tokyo	33,490,700	35.37
Norimitsu Ito	Minato-ku, Tokyo	3,041,600	3.21
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12, Harumi, Chuo-ku, Tokyo	2,478,300	2.61
Government of Norway (standing proxy: Custody Operations Division, Citibank, N.A., Tokyo Branch)	BANKPLASSEN 2, 0107 OSLO 1 OSLO 0107 NO (6-27-30, Shinjuku, Shinjuku-ku, Tokyo)	2,396,600	2.53
UBS AG LONDON ASIA EQUITIES (standing proxy: Custody Services Division, Citibank, N.A., Tokyo Branch)	5 BROADGATE LONDON EC2M 2QS UK (6-27-30, Shinjuku, Shinjuku-ku, Tokyo)	2,249,106	2.37
Control trust (A030) trustee, SMBC Trust Bank Ltd.	1-3-2, Marunouchi, Chiyoda-ku, Tokyo	2,176,800	2.29
Morgan Stanley MUFG Securities Co., Ltd.	1-9-7, Otemachi, Chiyoda-ku, Tokyo	1,883,142	1.98
GOLDMAN SACHS INTERNATIONAL (standing proxy: Goldman Sachs Japan Co. Ltd.)	PLUMTREE COURT, 25 SHOE LANE, LONDON EC4A 4AU, U.K. (2-6-1, Toranomom, Minato-ku, Tokyo)	1,872,456	1.97
STATE STREET BANK AND TRUST COMPANY 505001 (standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	ONE CONGRESS STREET, SUITE 1, BOSTON, MASSACHUSETTS (2-15-1 Konan, Minato-ku, Tokyo)	1,721,727	1.81
STATE STREET BANK WEST CLIENT - TREATY 505234 (standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	1776 HERITAGE DRIVE, NORTH QUINCY, MA 02171, U.S.A. (2-15-1 Konan, Minato-ku, Tokyo)	1,350,400	1.42
Total	—	52,660,831	55.62

(Note) Besides the above, there are 1,648,579 shares of treasury shares held by the Company.

## (6) [Voting rights]

## (i) [Issued and outstanding shares]

As of September 30, 2025

Categories	Number of shares (Shares)	Number of voting rights	Details
Shares with no voting rights	—	—	—
Shares with restricted voting rights (treasury shares, etc.)	—	—	—
Shares with restricted voting rights (others)	—	—	—
Shares with full voting rights (treasury shares, etc.)	(Treasury shares) Common shares 1,648,500	—	Standard shares of the Company without any restrictions
Shares with full voting rights (others)	Common shares 94,643,100	946,431	Same as above
Shares less than one unit	Common shares 23,800	—	—
Total number of issued and outstanding shares	96,315,400	—	—
Number of voting rights held by all shareholders	—	946,431	—

(Note) There are no shares in the name of Japan Securities Depository Center, Inc.

## (ii) [Treasury shares, etc.]

As of September 30, 2025

Name of shareholder	Address of shareholder	Number of shares held in own name (Shares)	Number of shares held under different names (Shares)	Total number of shares held (Shares)	Ratio of shares held to total number of shares issued and outstanding (%)
(Treasury shares) Harmonic Drive Systems Inc.	6-25-3 Minami-Oi, Shinagawa-ku, Tokyo, Japan	1,648,500	—	1,648,500	1.71
Total	—	1,648,500	—	1,648,500	1.71

2 [Directors and corporate auditors]

Not applicable.

## **IV [Financial Information]**

### **1. Preparation methods of semi-annual consolidated financial statements**

The Company's semi-annual consolidated financial statements are prepared based on the "Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements" (Ministry of Finance Order No. 28 of 1976; hereinafter the "Regulation on Consolidated Financial Statements").

In addition, the Company falls under the definition of a company listed in the upper column of Item 1 of the table in Article 24-5, Paragraph 1 of the Financial Instruments and Exchange Act and prepares type 1 semi-annual consolidated financial statements pursuant to the provisions of parts 1 and 3 of the Regulation on Consolidated Financial Statements.

### **2. Note on independent audit**

Pursuant to the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, the Company's semi-annual consolidated financial statements for the semi-annual period (April 1, 2025 to September 30, 2025) have been subject to an interim review by PricewaterhouseCoopers Japan LLC.

## 1 [Semi-annual consolidated financial statements]

## (1) [Semi-annual consolidated balance sheets]

(Thousands of yen)

	As of March 31, 2025	As of September 30, 2025
<b>Assets</b>		
Current assets		
Cash and deposits	24,900,137	20,555,871
Notes receivable - trade	3,591,560	3,565,445
Accounts receivable - trade	9,544,240	9,049,820
Securities	52,789	84,548
Merchandise and finished goods	2,026,216	2,148,429
Work in process	4,115,787	3,900,784
Raw materials and supplies	6,362,096	6,320,057
Other	2,606,529	1,338,603
Allowance for doubtful accounts	(34,577)	(36,667)
Total current assets	53,164,779	46,926,892
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	18,323,983	17,625,679
Machinery, equipment and vehicles, net	13,806,937	13,466,536
Tools, furniture and fixtures, net	1,471,354	1,465,369
Other, net	12,357,478	13,336,894
Total property, plant and equipment	45,959,753	45,894,479
Intangible assets		
Software	810,422	734,966
Customer related assets	8,856,669	9,136,468
Technical assets	2,365,486	2,440,217
Other	126,357	168,336
Total intangible assets	12,158,936	12,479,988
Investments and other assets		
Investment securities	409,931	55,242
Shares of subsidiaries and associates	20,228	16,049
Investments in capital of subsidiaries and associates	89,507	79,141
Long-term loans receivable from subsidiaries and associates	270,000	270,000
Retirement benefit asset	1,275,214	1,303,292
Deferred tax assets	165,301	61,780
Other	113,630	112,529
Allowance for doubtful accounts	(5,600)	(5,600)
Total investments and other assets	2,338,213	1,892,436
Total non-current assets	60,456,902	60,266,904
Total assets	113,621,682	107,193,796

(Thousands of yen)

	As of March 31, 2025	As of September 30, 2025
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	3,184,623	2,983,494
Short-term borrowings	2,701,653	702,386
Current portion of long-term borrowings	1,890,516	1,890,516
Lease liabilities	741,555	757,699
Income taxes payable	1,284,547	286,192
Provision for bonuses	1,030,221	891,042
Provision for bonuses for directors (and other officers)	84,564	76,388
Provision for loss on compensation for after-care of products	37,409	159,492
Other	2,941,610	3,021,597
Total current liabilities	13,896,702	10,768,810
Non-current liabilities		
Long-term borrowings	11,015,584	10,070,326
Lease liabilities	4,390,974	4,097,349
Deferred tax liabilities	3,715,935	3,795,380
Provision for retirement benefits for directors (and other officers)	26,400	31,200
Other provisions	126,374	139,829
Retirement benefit liability	954,909	956,299
Other	551,735	513,423
Total non-current liabilities	20,781,914	19,603,808
Total liabilities	34,678,616	30,372,618
<b>Net assets</b>		
Shareholders' equity		
Share capital	7,100,036	7,100,036
Capital surplus	22,786,269	22,753,025
Retained earnings	39,052,598	38,420,635
Treasury shares	(5,633,171)	(6,334,663)
Total shareholders' equity	63,305,732	61,939,034
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	146,568	26,788
Foreign currency translation adjustment	15,532,687	14,925,041
Remeasurements of defined benefit plans	(41,922)	(69,685)
Total accumulated other comprehensive income	15,637,333	14,882,143
Total net assets	78,943,066	76,821,178
Total liabilities and net assets	113,621,682	107,193,796



(2) [Semi-annual consolidated statements of income and comprehensive income]  
[Semi-annual consolidated statements of income]

(Thousands of yen)

	For the six months ended September 30, 2024	For the six months ended September 30, 2025
Net sales	26,559,485	27,838,688
Cost of sales	19,832,342	19,873,436
Gross profit	6,727,142	7,965,252
Selling, general and administrative expenses	*1 7,364,715	*1 7,499,797
Operating profit (loss)	(637,572)	465,454
Non-operating income		
Interest income	152,302	105,220
Dividend income	133,533	3,803
Foreign exchange gains	—	9,183
Other	163,947	130,967
Total non-operating income	449,783	249,174
Non-operating expenses		
Interest expenses	104,776	127,487
Share of loss of entities accounted for using equity method	13,640	14,544
Foreign exchange losses	450,765	—
Other	71,392	69,859
Total non-operating expenses	640,574	211,891
Ordinary profit (loss)	(828,363)	502,737
Extraordinary income		
Gain on sale of non-current assets	737	1,580
Gain on sale of investment securities	—	85,674
Subsidy income	2,000	—
Total extraordinary income	2,737	87,255
Extraordinary losses		
Loss on sale of non-current assets	1,548	5
Loss on retirement of non-current assets	31,693	6,202
Loss on tax purpose reduction entry of non-current assets	2,000	—
Total extraordinary losses	35,241	6,208
Profit (loss) before income taxes	(860,867)	583,784
Income taxes - current	185,855	319,022
Income taxes - deferred	(196,718)	(52,310)
Total income taxes	(10,863)	266,711
Profit (loss)	(850,004)	317,072
Profit attributable to non-controlling interests	—	—
Profit (loss) attributable to owners of parent	(850,004)	317,072

[Semi-annual consolidated statements of comprehensive income]

(Thousands of yen)

	For the six months ended September 30, 2024	For the six months ended September 30, 2025
Profit (loss)	(850,004)	317,072
Other comprehensive income		
Valuation difference on available-for-sale securities	(252,638)	(119,780)
Foreign currency translation adjustment	3,552,221	(607,646)
Remeasurements of defined benefit plans, net of tax	(58,413)	(27,763)
Total other comprehensive income	3,241,170	(755,189)
Comprehensive income	2,391,166	(438,116)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,391,166	(438,116)
Comprehensive income attributable to non-controlling interests	—	—

## (3) [Semi-annual consolidated statements of cash flows]

(Thousands of yen)

	For the six months ended September 30, 2024	For the six months ended September 30, 2025
<b>Cash flows from operating activities</b>		
Profit (loss) before income taxes	(860,867)	583,784
Depreciation	3,936,592	3,547,370
Increase (decrease) in allowance for doubtful accounts	7,833	2,112
Increase (decrease) in retirement benefit liability	27,399	(49,558)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	7,200	4,800
Increase (decrease) in provision for operating officers' retirement benefits	8,170	13,454
Increase (decrease) in provision for bonuses for directors (and other officers)	(21,175)	(9,981)
Increase (decrease) in provision for loss on compensation for after-care of products	18,185	120,307
Interest income	(152,302)	(105,220)
Dividend income	(133,533)	(3,803)
Interest expenses	104,776	127,487
Share of loss (profit) of entities accounted for using equity method	13,640	14,544
Subsidy income	(2,000)	—
Loss (gain) on sale of investment securities	—	(85,674)
Loss (gain) on sale of non-current assets	811	(1,575)
Loss on retirement of non-current assets	31,693	6,202
Loss on tax purpose reduction entry of non-current assets	2,000	—
Decrease (increase) in trade receivables	230,454	363,227
Decrease (increase) in inventories	(283,813)	6,992
Increase (decrease) in trade payables	175,675	(92,677)
Other, net	(399,123)	604,654
Subtotal	2,711,616	5,046,449
Interest and dividends received	286,557	133,874
Payments of retirement benefits for directors (and other officers)	(725,515)	—
Subsidies received	2,000	—
Interest paid	(111,077)	(124,500)
Income taxes paid	(413,877)	(1,337,128)
Income taxes refund	1,412,120	162,301
Net cash provided by (used in) operating activities	3,161,824	3,880,996
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(2,310,214)	(3,779,606)
Proceeds from sale of property, plant and equipment	3,806	2,192
Purchase of intangible assets	(211,341)	(73,430)
Purchase of investment securities	—	(4,735)
Proceeds from sale of investment securities	—	327,494
Payments into time deposits	(1,486,016)	(446,545)
Proceeds from withdrawal of time deposits	500,000	1,075,715
Payments of leasehold and guarantee deposits	(1,497)	(461)
Proceeds from refund of leasehold and guarantee deposits	2,567	2,285
Short-term loan advances	(88)	—
Proceeds from collection of short-term loans receivable	14	—
Long-term loan advances	—	(400)
Proceeds from collection of long-term loans receivable	—	83
Other, net	805	318
Net cash provided by (used in) investing activities	(3,501,964)	(2,897,089)

(Thousands of yen)

	For the six months ended September 30, 2024	For the six months ended September 30, 2025
Cash flows from financing activities		
Proceeds from short-term borrowings	1,320,000	1,320,000
Repayments of short-term borrowings	(1,320,213)	(3,320,000)
Repayments of long-term borrowings	(1,281,026)	(945,258)
Repayments of lease liabilities	(369,582)	(370,708)
Purchase of treasury shares	—	(809,608)
Dividends paid	(949,956)	(948,948)
Net cash provided by (used in) financing activities	(2,600,778)	(5,074,522)
Effect of exchange rate change on cash and cash equivalents	1,253,970	(252,922)
Net increase (decrease) in cash and cash equivalents	(1,686,948)	(4,343,538)
Cash and cash equivalents at beginning of period	18,941,712	22,923,012
Cash and cash equivalents at end of period	*1 17,254,763	*1 18,579,473

[Notes]

(Notes - Going concern assumption)

Not applicable.

(Notes - Semi-annual consolidated statements of income)

\*1. Among selling, general and administrative expenses, major expense items and amounts are as follows:

	(Thousands of yen)	
	For the six months ended September 30, 2024	For the six months ended September 30, 2025
Salaries and allowances	1,488,669	1,569,156
Provision for bonuses	323,683	277,967
Provision for bonuses for directors (and other officers)	47,468	46,960
Retirement benefit expenses	(13,438)	22,007
Provision for retirement benefits for directors (and other officers)	28,748	28,574
Provision for retirement benefits for operating officers	15,020	13,454
Research and development expenses	1,887,240	1,842,807
Depreciation	870,602	901,845

(Notes - Semi-annual consolidated statements of cash flows)

\*1. Relationship between cash and cash equivalents at end of semi-annual period under review and the amount of items shown on the semi-annual consolidated balance sheets

	(Thousands of yen)	
	For the six months ended September 30, 2024	For the six months ended September 30, 2025
Cash and deposits	19,748,002	20,555,871
Short-term securities (with maturity within three months)	49,248	84,548
Time deposits with a deposit period over three months	(2,542,487)	(2,060,946)
Cash and cash equivalents	17,254,763	18,579,473

(Notes - Shareholders' equity)

For the six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

1. Dividends paid

Resolution	Class of shares	Total dividends (Thousands of yen)	Dividends per share (Yen)	Record date	Effective date	Source of dividends
June 21, 2024 Ordinary General Meeting of Shareholders	Common shares	949,763	10	March 31, 2024	June 24, 2024	Retained earnings

2. Dividends for which record date is in the semi-annual period under review with effective date after the end of the semi-annual period under review

Resolution	Class of shares	Total dividends (Thousands of yen)	Dividends per share (Yen)	Record date	Effective date	Source of dividends
November 12, 2024 Board of Directors meeting	Common shares	949,931	10	September 30, 2024	December 5, 2024	Retained earnings

For the six months ended September 30, 2025 (from April 1, 2025 to September 30, 2025)

1. Dividends paid

Resolution	Class of shares	Total dividends (Thousands of yen)	Dividends per share (Yen)	Record date	Effective date	Source of dividends
June 20, 2025 Ordinary General Meeting of Shareholders	Common shares	949,035	10	March 31, 2025	June 23, 2025	Retained earnings

2. Dividends for which record date is in the semi-annual period under review with effective date after the end of the semi-annual period under review

Resolution	Class of shares	Total dividends (Thousands of yen)	Dividends per share (Yen)	Record date	Effective date	Source of dividends
November 12, 2025 Board of Directors meeting	Common shares	946,668	10	September 30, 2025	December 5, 2025	Retained earnings

(Notes - Segment information, etc.)

[Segment information]

I For the six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

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

(Thousands of yen)

	Reportable segment					Adjustment	Semi-annual Consolidated
	Japan	China	North America	Europe	Total		
Net sales							
Revenue from contracts with customers	14,222,502	3,006,478	5,790,924	8,134,118	31,154,023	(4,594,537)	26,559,485
Net sales to third parties	9,732,568	3,005,324	5,783,721	8,037,870	26,559,485	—	26,559,485
Inter-segment net sales or transfers	4,489,933	1,154	7,202	96,247	4,594,537	(4,594,537)	—
Total	14,222,502	3,006,478	5,790,924	8,134,118	31,154,023	(4,594,537)	26,559,485
Segment profit (loss)	182,821	84,426	277,649	(127,767)	417,130	(1,245,494)	(828,363)

(Notes) 1. The segment profit (loss) adjustment of ¥(1,245,494) thousand consists of the eliminated inter-segment transaction profit of ¥3,680 thousand and the general administrative expenses that are not allocated to any reportable segment, totaling ¥(1,249,175) 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 market, in addition to the Japanese market.
3. The “North America” segment includes net sales of ¥4,986,416 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 ¥3,281,677 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 semi-annual consolidated statements of income.

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

Not applicable.

II For the six months ended September 30, 2025 (from April 1, 2025 to September 30, 2025)

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

(Thousands of yen)

	Reportable segment					Adjustment	Semi-annual Consolidated
	Japan	China	North America	Europe	Total		
Net sales							
Revenue from contracts with customers	15,909,874	2,279,033	5,509,725	7,733,130	31,431,764	(3,593,076)	27,838,688
Net sales to third parties	12,369,705	2,276,924	5,496,881	7,695,177	27,838,688	—	27,838,688
Inter-segment net sales or transfers	3,540,169	2,109	12,843	37,953	3,593,076	(3,593,076)	—
Total	15,909,874	2,279,033	5,509,725	7,733,130	31,431,764	(3,593,076)	27,838,688
Segment profit (loss)	1,472,324	437,834	(33,775)	71,492	1,947,876	(1,445,139)	502,737

(Notes) 1. The segment profit (loss) adjustment of ¥(1,445,139) thousand consists of the eliminated inter-segment transaction profit of ¥(208,800) thousand and the general administrative expenses that are not allocated to any reportable segment, totaling ¥(1,236,338) 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 market, in addition to the Japanese market.
3. The “North America” segment includes net sales of ¥4,839,604 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 semi-annual consolidated statements of income.

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

Not applicable.

(Notes - Revenue recognition)

Information on the disaggregation of revenue from contracts with customers is as presented in “(Notes - Segment information, etc.).”



(Notes - Per share information)

The basis for the calculation of profit (loss) per share is as follows.

Items	For the six months ended September 30, 2024	For the six months ended September 30, 2025
Profit (loss) per share	¥(8.95)	¥3.35
(Basis for calculation)		
Profit (loss) attributable to owners of parent recorded on the consolidated statements of income (Thousands of yen)	(850,004)	317,072
Amount not attributable to common shareholders (Thousands of yen)	—	—
Profit (loss) attributable to owners of parent relating to common shares (Thousands of yen)	(850,004)	317,072
Average number of common shares outstanding during the period	94,981,940	94,690,405

(Note) The amount of diluted earnings per share is not stated because dilutive shares did not exist.

(Notes - Significant subsequent events)

(Sale of non-current assets)

HD Systems Inc., a subsidiary whose fiscal year-end differs from the consolidated closing date, resolved to sell certain non-current assets and concluded a sale and purchase agreement on September 18, 2025.

(1) Reason for the sale

In order to make more effective use of management resources, it was decided to sell non-current assets (land and buildings held as idle assets).

(2) Details of the assets to be sold

- (i) Details and location of the assets: land and buildings in Massachusetts, U.S.A.
- (ii) Use prior to the sale: former plant (idle assets) currently not in use
- (iii) Gain on the sale: undetermined

(Note) As the sale price is expected to exceed the book value, a gain on the sale is anticipated. However, as the sale price and associated costs may change, the amount of the gain is yet to be determined at this time.

(3) Outline of the purchaser

Although the purchaser is a U.S. company, its name is not disclosed at its request. There are no capital, personnel, or business relationships between HD Systems Inc. and the purchaser. In addition, there are no material matters to be noted concerning related-party relationships.

(4) Sale period

The sale period is yet to be determined at this time.

(5) Impact of the sale on profit (loss)

The impact of the sale on the performance for the current fiscal year is yet to be determined at this time.

## 2 [Other]

At the meeting of the Board of Directors held on November 12, 2025, the Company resolved to pay an interim dividend for the 38th fiscal year (from April 1, 2025 to March 31, 2026) to shareholders who are registered in the shareholder registry as of September 30, 2025, as shown below.

- |   |                   |
|---|-------------------|
| 1) Total dividends:   | ¥946,668 thousand |
| 2) Dividends per share:   | ¥10               |
| 3) Effective date of right to claim payment and date<br>when dividend payments will commence: | December 5, 2025  |

## **Part II [Information About Reporting Company's Guarantor, Etc.]**

Not applicable.