



Harmonic Drive Systems Inc.

- ▶ Mission and Long-term Vision
- ▶ Basic Policy of New Mid-term Management Plan
(FY 03/22 – FY 03/24)

May 14, 2021



1. Mission and Long-term vision

1-1. Mission and Long-term vision

Mission → Contributing to the Innovation in our Industry and Society with our Motion Control Technology

Long-term vision → -In pursuit of total motion control-

Take on the challenge of developing new technologies and skills that capture changes in the environment

Achieve QCDS that goes beyond customer expectations

Contribute to creating a sustainable society through corporate activities

Management Principles

Respect for the Individual

A Meaningful Company

Coexistence and Co-prosperity

Contribution to Society



1-2. Additional initiatives centered on our management philosophy

《Management Principles》

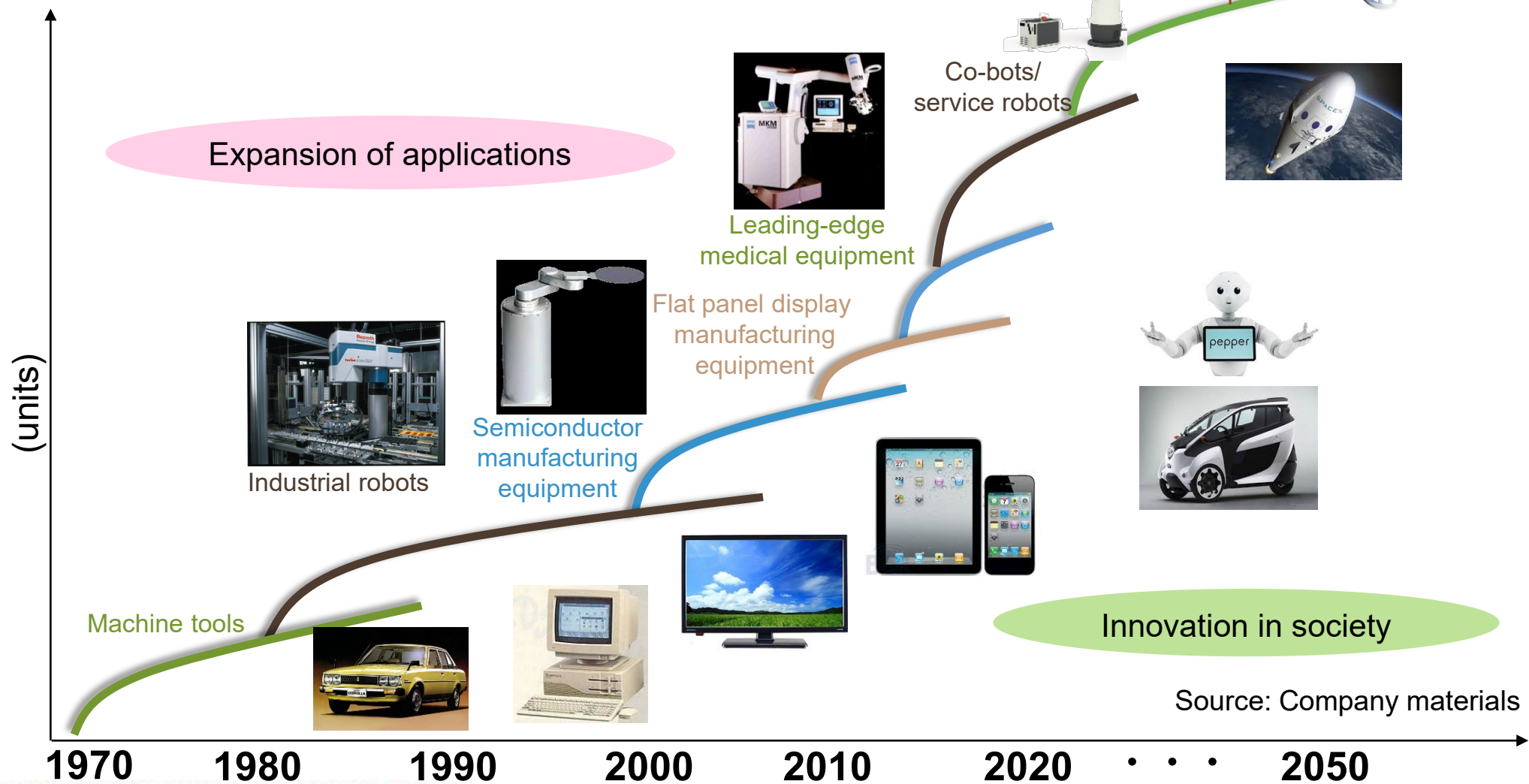
1. Respect for the Individual
2. A Meaningful Company
3. Coexistence and Co-prosperity
4. Contribution to Society

- Our management philosophy remains unchanged
- Reflect in our basic policies
- Contribute to achieving a sustainable society

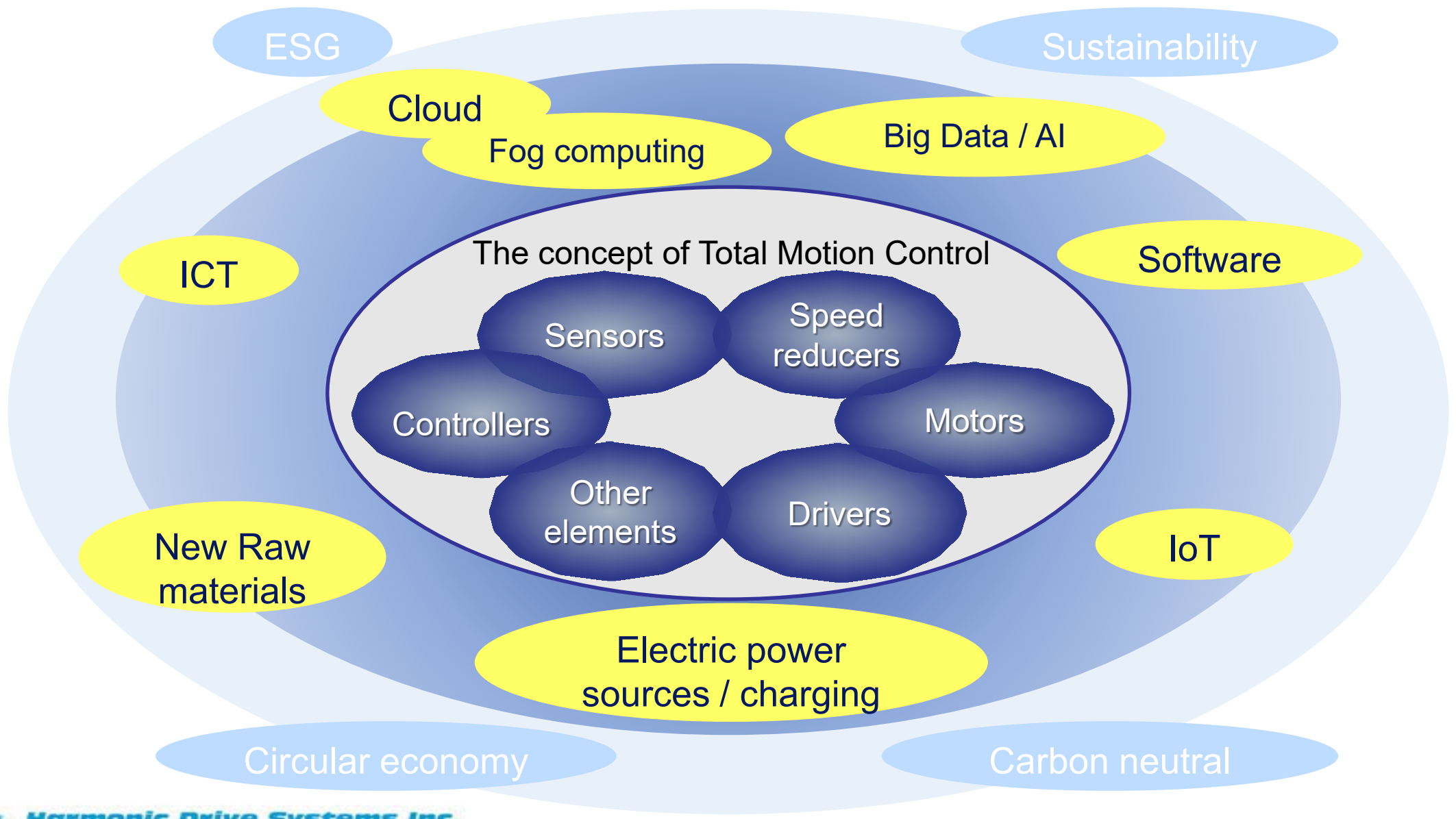
The foundation of our SDG initiatives

1-3. Expansion of applications and our growth

Technological innovation in society and the expansion of applications for our products go hand in hand.



1-4. Our business domain and changes in the surrounding industry



2. Basic Policies of New Mid-term Management Plan

(FY 03/22 – FY 03/24)

2-1. Basic Policies

-Toward the Next 50 Years: Moving to a Solid Growth Stage-

1

Achieve QCDS that meets customer expectations

2

Expand RD, AD, and MT businesses by developing valuable products and enhancing services

3

Build a business foundation that meets the demands of the times

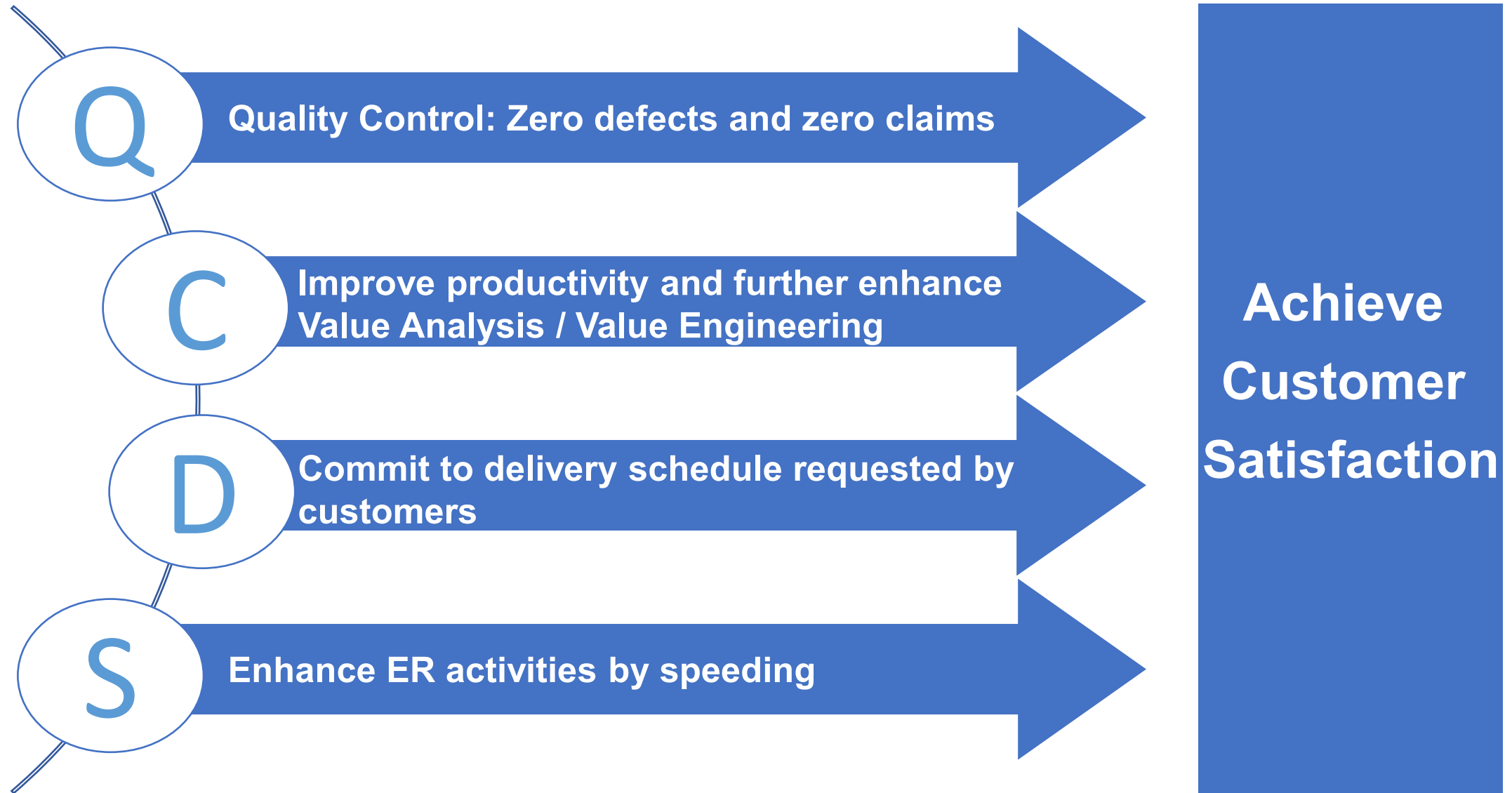
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Strengthen coordination and maximize synergies with overseas group companies and institutions

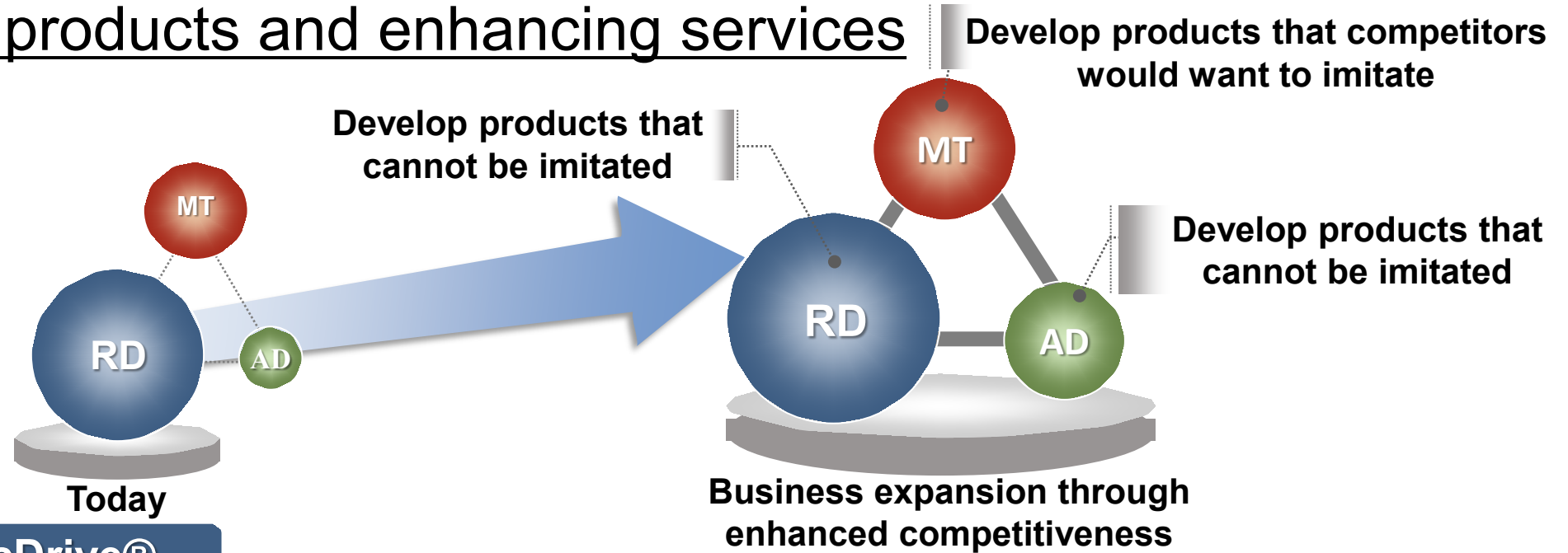
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Create new standards that define the next 50 years through outside-the-box thinking

Basic Policy 1. Achieve QCDS that meets customer expectations



Basic Policy 2. Expand RD, AD, and MT businesses by developing valuable products and enhancing services



RD:HarmonicDrive®

- Create and commercialize new technologies and skills to support next-generation applications

AD:AccuDrive®, HarmonicPlanetary®

- Expand product offerings tailored to regions and various applications through business restructuring

MT:Mechatronics

- Provide products that enable customers to bring their vision to life and further improve problem-solving capabilities

Basic Policy 3. Build a business foundation that meets the demands of the times

- Promote sustainable management (SDGs)
- Develop human resources capable of leading business expansion, and establish personnel systems and work styles that enhance diversity
- Execute IT enhancement strategy and implement our own IoT concept
- Establish a financial base to support growth and strengthen fundraising capabilities

Basic Policy 4. Strengthen coordination and maximize synergies with overseas group companies and institutions

- Maximize utilization of management resources at each site
- Maintain and promote proactive research activities with overseas research institutions
- Establish a global production system

Basic Policy 5. Create new standards that define the next 50 years through outside-the-box thinking

- Proactively take on the challenge of discovering new materials, new principles, new mechanisms, and new production methods
- Make strategic moves toward developing intelligent mechatronics
- Foster a culture that is sensitive to changes in society and accepts variant perspectives

Social demands

- Heightened environmental awareness
- Automation and labor saving
- Creation of new value

Boost our corporate value

- Contribute to the environment
- Achieve industrial growth and a prosperous society
- Enhance our corporate value

Strength of our products: compact, lightweight, precise

Our Challenge

- Near net shape*
- New materials, new production methods
- New principles, new mechanisms (Abacus, etc)
- Intelligent mechatronics

- Reduce materials
- Reduce energy consumption
- Improve energy efficiency
- Contribute to technological innovation



*To make materials in such a way that it does not need to be cut or otherwise processed.

3. Mid-term financial targets

(FY 03/22 – FY 03/24)

3-1. FY 03/22 – FY 03/24 Management targets

		FY 03/21
Growth	Sales growth	¥ 37.0bn
Profitability	Operating margin	2.3%
Efficiency	ROE	0.7%
Stability	Equity ration	73.5%
Shareholder returns	Dividend Payout ration	¥ 10/share
Capital investment	Capital investment (3-year total)	¥ 33.7bn
Technology development	Development Budget (3-year total)	¥ 7.1bn



FY 03/24 Management Targets	
¥ 70.0bn 24% CAGR	Tie market expansion with our growth
20+%	Improve profitability by providing valuable products
10+%	ROE > Cost of equity
70+%	Build a financial base that balances growth and stability
30+%	Maintain stable dividends
¥ 15.0bn	Layout capital investments to support our growth
¥ 9.0bn	Create new technologies and expertise



Harmonic Drive Systems Inc.

