



(Translated)

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To whom it may concern,

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Announcement on Partial Sale (Planned) of Shares and the Other Assets Held by Nabtesco Corporation

Nabtesco Corporation (hereinafter, “the Company”) hereby announces that the Company has decided to sell half of the shares of Harmonic Drive Systems, Inc. (hereinafter, “HDS”) which the Company holds and transfer the Company’s interest in the U.S. joint venture (Harmonic Drive L.L.C.) as follows:

1. Reason for sale of shares

In order to strengthen the Company’s financial foundation under current circumstances and increase its corporate value through solving the mid-to-long term challenges, the Company needs to utilize cash. Considering the streamlining of its assets, the Company has decided to sell half of the shares of HDS held by the Company.

Please refer to the "Announcement on the Dissolution of Cooperative Relationship with Harmonic Drive Systems, Inc., and Change in Equity-method Affiliates and Recording of Associated Gains (as of the fiscal year ending December 31, 2021)" dated January 29, 2021 with respect to the reason for the dissolution of the cooperative relationship with HDS.

2. Scheduled sale of shares

- (1) Subject Shares: Common shares of HDS (JASDAQ 6324)
- (2) Number of shares to be sold: 9,160,200 shares
(50% of the shares held by the Company, Ratio to the total number of issued shares: 9.51%)
- (3) Purchaser: To be scheduled to transfer to Nomura Securities Co., Ltd. (Note 1)

(Note 1) In the sale of the shares, the Company believes it is important to avoid, as much as possible, the deterioration in the market supply and demand and the impact on the stock price for HDS's shares in the event that a considerable quantity of shares is released to the market at one time. Nomura Securities Co., Ltd., which expects to become the purchaser, makes it a principle to sell the shares in the market over time in order to avoid the impact on the market supply and demand as much as possible. Nomura Securities Co., Ltd. intends to sell the shares in a manner that it believes will avoid the impact on the stock prices as much as possible, with taking into consideration to resale to investors who intend to hold them for a long period of time.

(4) Scheduled date of sale: The Company will make an announcement separately once determined.

(5) Status of stockholdings before and after the sale

- Number of shares held before the transfer: 18,320,400 shares
(Ratio to the total number of issued shares: 19.03%) (Note 2)
- Number of shares held after the transfer (planned): 9,160,200 shares
(Ratio to the total number of issued shares: 9.51%)

(Note 2) It is calculated by subtracting the number of treasury shares (52,270 shares) from the total number of issued shares as of September 30, 2020.

3. Scheduled transfer of interest in the U.S. joint venture (Harmonic Drive L.L.C.)

The U.S. subsidiary of the Company (Nabtesco USA Inc.) expects to transfer to HD Systems, Inc. 49% equity interest in Harmonic Drive L.L.C., a joint venture with HDS's U.S. subsidiary (HD Systems, Inc.), as set forth in the Joint Venture Agreement.

4. Future Outlook

As a result of the sales stated above, the Company expects to record gains on the sale of the shares in affiliated companies as extraordinary income in its non-consolidated settlement of accounts (Japanese GAAP) for the fiscal year ending December 31, 2021.

In the consolidated settlement of accounts (IFRS), as announced in the "Announcement on Dissolution of Cooperative Relationship with Harmonic Drive Systems, Inc., and Change in Equity-method Affiliates and Recording of Associated Gains (as of the fiscal year ending December 31, 2021)" dated January 29, 2021, the Company has recognized approximately JPY130.6 billion (based on the closing price of the previous day, January 28, 2021) as valuation gains accompanying the exclusion of HDS from the scope of application of the equity-method as of January 29, 2021, including valuation

gains on the remaining half of the HDS shares held by the Company.

The Company also plans to sell the remaining half of the shares of HDS held by the Company, but would consider details including the timing and method with taking into account the impact on stock prices and market supply and demand.

[End]