

Q&A Session at the Briefing on the News Releases Concerning the Dissolution of the Cooperative Relationship with Harmonic Drive Systems Inc. ("HDS")
Date and Time: Friday, January 29, 2021, 18:30 to 19:15

No	Item	Question	Answer
1	Dissolution of the Cooperative Relationship	What changes do you think dissolution of the cooperative relationship will incur on the competitive environment?	In the industrial robot market, our strength is in precision reduction gears used in the joints of medium- to large-sized robots while HDS's strength is in those used in small robots. However, we also have products for small robots in our product lineup, and OVALO, one of our subsidiaries, has technology for strain wave gears. We would like to make decisions, including whether or not we will utilize this technology toward the future, based on the needs of the market and our customers.
2	Dissolution of the Cooperative Relationship	When did you begin to consider dissolution of the cooperative relationship? Please also give a brief on the background.	In 2018, we subscribed for the share options issued by HDS, which was at that time raising funds to increase its capital. As the 2023 deadline for execution of the options was approaching, we began to consider whether or not it would be an effective use of our assets to execute that right, and as a result, we decided to sell the shares of HDS in our possession.
3	Dissolution of the Cooperative Relationship	When you formed the cooperative relationship, in which field did you plan to generate synergy?	We worked to generate synergy by combining the technologies of the two companies to create new applications for precision reduction gears, which represent an integral component of devices in which motors are used. However, we were unable to make specific achievements.
4	Dissolution of the Cooperative Relationship	Will dissolution of the joint venture in the US have an impact on your business?	It will not have a major impact on our business, as we have few direct transactions with HDS.
5	Business Environment	You have referred to OVALO's technology for small products. Is it because the subsidiary has made a technological breakthrough?	As for small strain wave gears, we obtained the basic technology when acquiring OVALO and have already utilized it in the precision reduction gear business targeting automobiles and robots. As for further use of the technology, we would like to make decisions based on the needs of the market and our customers.
6	Sales of Shares	Did you decide to sell a portion of the shares of HDS in your possession for the purpose of increasing HDS's floating shares?	The proportion of floating shares to outstanding shares of HDS had nothing to do with our decision to sell the shares.
7	Sales of Shares	Did you decide to sell the shares because of the high stock price? Will you sell the remaining shares soon?	We didn't decide to sell the shares because of the high stock price. We discussed many times with HDS about selling the shares, and the decision was not made quickly. We plan to sell the remaining shares in a manner that will minimize the impact on the stock market.
8	Sales of Shares	Will the shares be sold at 8,000 yen?	The sales price has not yet been determined. It will be decided on the day when the sales agreement is concluded.
9	Sales of Shares	When do you plan to complete selling half of the shares?	We plan to complete it by around June 2022 at the latest.
10	Investment for the Future	You have said that you will invest 50 billion yen for the future growth of the company. Specifically, in what project will you invest the money?	We have a long list of M&A targets and conduct related examinations on a daily basis. We will invest in fields that are related to electricity, electrification and systematization.