



(Translated)

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To whom it may concern,

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Announcement on Recording of Extraordinary Gains in the Individual Settlement Accounts (Japanese GAAP) associated with the Sale of Shares Held by Nabtesco Corporation and Revision of Non-Consolidated Financial Forecasts for the Fiscal Year Ending December 31, 2022

Nabtesco Corporation (hereinafter, “the Company”) hereby announces that the Company has sold the shares of Harmonic Drive Systems, Inc. (hereinafter, “HDS”) which the Company holds. Accordingly, the Company has recorded extraordinary gains in its non-consolidated financial forecasts (Japanese GAAP) for the fiscal year ending December 31, 2022, and has revised its non-consolidated earnings forecast for the full year as follows.

1. Recording of extraordinary gains in non-consolidated financial statements (Japanese GAAP) due to the sale of shares held by the Company

As of today, the Company has sold all of the shares of HDS because the Company needs to utilize cash to address medium- and long-term challenges and increase its corporate value. Accordingly, the Company expects to record gains on sale of investment securities of approximately JPY45.7 billion as extraordinary gains in its non-consolidated financial statements (under Japanese GAAP) for the fiscal year ending December 31, 2022.

(Outline of the sale of shares)

- (1) Subject shares: Common shares of HDS (6324 Standard Section of the Tokyo Stock Exchange)
- (2) Number of shares sold: 9,160,200 shares
- (3) Total sale price: Approximately JPY47.3 billion
- (4) Status of stockholdings before and after the sale

- Number of shares held before the transfer: 9,160,200 shares

(Ratio to the total number of issued shares: 9.64%) (Note 1)

- Number of shares held after the transfer: 0 shares

(Note 1) It is calculated by subtracting the number of treasury shares (1,251,002 shares) from the total number of issued shares as of September 30, 2022.

(5) Purchaser: Nomura Securities Co., Ltd. and J.P. Morgan Securities plc (Note 2)

(Note 2) The purchasers, Nomura Securities Co., Ltd. and J.P. Morgan Securities plc make it their 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. The both companies intend to sell the shares in a manner that they believe 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. In mid-December 2023, when the market sale by both companies is expected to be completed, the difference between the average of VWAP (Volume Weighted Average Price) on each day during the sale period and the initial sale price will be adjusted.

2. Revision of non-consolidated financial forecasts

(1) Revision to the full-year forecast for non-consolidated FY2022 (January 1, 2022 to December 31, 2022)

	Net sales	Ordinary income	Net income	Net income per share (Yen)
Previously announced forecast (A) (Announced on Oct.31, 2022)	Million yen 171,000	Million yen 19,600	Million yen 15,400	Yen 128.34
Revised forecast (B)	171,000	19,600	47,100	392.52
Change (B-A)	0	0	31,700	—
Rate of Change (%)	0.0	0.0	205.8	—
(Reference) Previous year's results	163,288	18,624	51,529	425.06

(2) Reason for the revision

As mentioned above, the Company expects to exceed its previously announced forecast for the non-consolidated financial results for the fiscal year ending December 31, 2022, due to the recording of extraordinary gains. Accordingly, the Company has revised our non-consolidated earnings forecast.

In the consolidated settlement of accounts (IFRS), with respect to the sale of shares, the Company continues to recognize the shares as its assets because the transfer of risks and economic values of the shares from the Company to the purchasers has not yet been substantially completed. Therefore, from the settlement of accounts for the fiscal year ending December 31, 2022, the HDS shares will be revaluated based on the share price as of the end of each quarter and valuation gains and losses (financial income or financial expenses) will be recognized, if any. This may have an impact on future consolidated earnings.

[End]