

## Consolidated Financial Results for the Nine Months Ended September 30, 2023 under IFRS

|   |   |
|---|---|
| Company Name  | THK CO., LTD.   |
| Head Office   | Tokyo, Japan (Tel: +81-3-5730-3911)                     |
| URL   | <a href="https://www.thk.com/">https://www.thk.com/</a> |
| Stock exchange listing  | Tokyo Stock Exchange Prime Market                       |
| Code number   | 6481  |
| Representative  | Akihiro Teramachi, President and CEO                    |
| Contact   | Kenji Nakane, Director and CFO                          |
| Scheduled date of filing quarterly report (Japanese version only) | November 13, 2023                                       |
| Scheduled starting date of dividend payment                       | n/a   |

### 1. Consolidated operating results and financial position as of and for the nine months ended September 30, 2023 (January 1, 2023 to September 30, 2023)

#### (1) Consolidated Operating Results

| Nine Months Ended<br>September 30 | Revenue           |        | Operating Income  |         | Profit Before Tax |         | Profit            |         | Profit Attributable to Owners of the Parent |         | Total Comprehensive Income |         |
|-----------------------------------|-------------------|--------|-------------------|---------|-------------------|---------|-------------------|---------|---|---------|----------------------------|---------|
|                                   | (Millions of Yen) | (%)    | (Millions of Yen) | (%)     | (Millions of Yen) | (%)     | (Millions of Yen) | (%)     | (Millions of Yen)                           | (%)     | (Millions of Yen)          | (%)     |
| 2023                              | ¥268,119          | (6.8)% | ¥19,199           | (43.9)% | ¥20,201           | (42.4)% | ¥14,383           | (39.1)% | ¥14,074                                     | (39.6)% | ¥44,105                    | (29.1)% |
| 2022                              | 287,536           | 24.9   | 34,229            | 78.3    | 35,072            | 86.5    | 23,615            | 82.3    | 23,314                                      | 80.5    | 62,190                     | 123.0   |

| Nine Months Ended<br>September 30 | Basic Earnings per Share (Yen) | Diluted Earnings per Share (Yen) |
|-----------------------------------|--------------------------------|----------------------------------|
|                                   | 2023                           | ¥114.81                          |
| 2022                              | 189.82                         | —                                |

#### (2) Consolidated Financial Position

|                    | Total Assets<br>(Millions of Yen) | Total Equity<br>(Millions of Yen) | Equity Attributable to Owners of the Parent<br>(Millions of Yen) | Ratio of Equity Attributable to Owners of the Parent |
|--------------------|-----------------------------------|-----------------------------------|--|--|
| September 30, 2023 | ¥556,783                          | ¥371,307                          | ¥365,541   | 65.7%  |
| December 31, 2022  | 560,304                           | 337,281                           | 331,887  | 59.2   |

## 2. Dividends

|  | Dividend Per Share (Yen) |                    |                   |                 |        |
|--|--------------------------|--------------------|-------------------|-----------------|--------|
|  | First Quarter end        | Second Quarter end | Third Quarter end | Year/Period end | Total  |
| Year ended December 31, 2022<br>(Actual)     | ¥—                       | ¥37.00             | ¥—                | ¥50.00          | ¥87.00 |
| Year ending December 31, 2023<br>(Actual)    | —                        | 30.00              | —                 | n/a             | n/a    |
| Year ending December 31, 2023<br>(Projected) | n/a                      | n/a                | n/a               | —               | —      |

(Note) Change in dividend projection: None

THK's basic dividend policy is to set its payout ratio at 30% on a consolidated basis. The amounts of dividends for the year ending December 31, 2023 are planned to be determined in accordance with this plan and will be announced as soon as they are determined.

## 3. Forecasts for the year ending December 31, 2023 (January 1, 2023 to December 31, 2023)

|                                  | Revenue<br>(Millions of Yen) |         | Operating Income<br>(Millions of Yen) |         | Profit Before Tax<br>(Millions of Yen) |         | Profit Attributable to<br>Owners of the Parent<br>(Millions of Yen) |         | Profit per<br>Share (Yen) |
|----------------------------------|------------------------------|---------|---------------------------------------|---------|--|---------|---|---------|---------------------------|
| Year ending<br>December 31, 2023 | ¥345,000                     | (12.4)% | ¥21,000                               | (39.1)% | ¥22,500                                | (36.8)% | ¥16,000   | (24.5)% | ¥130.51                   |

(Note) Changes from the forecasts most recently announced: None

### Other Financial Information

(1) Significant change in scope of consolidation: None

(2) Changes in accounting policy and estimates, and restatement due to:

- |                                    |   |
|------------------------------------|---|
| a. Changes in accounting standards | Please refer to "Change in accounting policy" |
| b. Other changes                   | None  |
| c. Changes in accounting estimates | None  |

(3) Number of shares

|  |                    | (shares)    |
|--|--------------------|-------------|
| a. Common stock issued, including treasury stock, as of:     | September 30, 2023 | 129,856,903 |
|  | December 31, 2022  | 129,856,903 |
| b. Treasury stock as of:                                     | September 30, 2023 | 7,263,477   |
|  | December 31, 2022  | 7,276,353   |
| c. Average number of common stock for the nine months ended: | September 30, 2023 | 122,588,541 |
|  | September 30, 2022 | 122,826,643 |

# Management's Discussion and Analysis

## 1. Outline of operating results

### (1) Operating results (from January 1, 2023 to September 30, 2023)

In this nine months period, while the trend toward normalization of economic activities from the COVID-19 pandemic continued in various regions, the outlook of the global economy remained uncertain amid concerns such as rising geopolitical risks including the situation in Ukraine, rising inflation, financial instability triggered by the failure of some financial institutions in the U.S., and China's sluggish economy shaken by real estate recession.

The THK Group has identified "Full-Scale Globalization," the "Development of New Business Areas," and "Change in Business Style" as cornerstones of its growth strategy to expand the markets of its products such as LM Guide (Linear Motion Guide). As to Full-Scale Globalization, while the markets in emerging countries such as China are growing by dint of the factory automation progress, which is also spreading to developed-country users, the THK Group endeavors to expand its global sales network to meet such demand. Regarding Development of New Business Areas, while the THK Group's products are getting widely adopted in various business fields, the THK Group is working on expanding sales of not only existing products but also new developed products. Such business fields include automobile parts, medical equipment, aircraft, and robot, which are close to consumer goods, as well as seismic isolation and damping systems and renewable energy, which offer products that reduce risks arising from natural disasters and climate change. In addition to promoting these strategies above, the THK Group is also committed to further expand its business fields by changing its business style enabled by making full use of AI and robot technologies in many ways.

In the industrial machinery business, THK successfully recorded revenue from the order backlog, which had remained at a high level; however, demand decreased overall including those related to electronics products. In the automotive & transportation business, revenue headed for recovery despite the lingering impact of automobile production cuts due to parts supply shortages and other factors. As a result, consolidated revenue amounted to ¥268,119 million, down ¥19,416 million, or 6.8%, compared to the figure a year earlier.

On the cost front, the THK Group continued to implement various activities to improve its productivity. The cost to revenue ratio, however, rose 3.3% from a year earlier to 76.8% due to the rise of various costs.

Selling, general and administrative (SGA) expenses amounted to ¥44,209 million, up ¥634 million, or 1.5%, compared to the figure a year earlier due to the full-fledged activities that THK has implemented in various fields for future growths after the COVID-19 pandemic. The ratio to revenue rose by 1.3% from a year earlier to 16.5% despite the THK Group's endeavors to contain costs and improve operating efficiency.

As a result, operating income amounted to ¥19,199 million, down ¥15,030 million, or 43.9%, compared to the figure a year earlier. Operating income margin dropped by 4.7% from a year earlier to 7.2%.

Finance income and finance costs were ¥1,877 million and 875 million, respectively.

As a result, income before tax amounted to ¥20,201 million, down ¥14,870 million, or 42.4%, compared to the figure a year earlier. Profit attributable to owners of the parent amounted to ¥14,074 million, down ¥9,240 million, or 39.6%, compared to the figure a year earlier.

## (2) Operating results by segment

### (Japan)

In the industrial machinery business in Japan, THK successfully recorded revenue from the order backlog, which had remained at a high level; however, demand decreased particularly for electronics products. As a result, revenue amounted to ¥87,037 million, down ¥19,026 million, or 17.9%, compared to the figure a year earlier. The THK Group recorded operating income (segment income) of ¥9,041 million, down ¥15,471 million, or 63.1%, compared to the figure a year earlier due mainly to the decrease in revenue.

### (The Americas)

In the industrial machinery business in the Americas, although demand was decreasing particularly in electronics products, THK successfully recorded revenue from the order backlog, which had remained at a high level. In the automotive & transportation business, revenue headed for recovery as compared to a year earlier. As a result, along with the depreciation of yen as compared to a year earlier, revenue amounted to ¥67,497 million, up ¥8,962 million, or 15.3%, compared to the figure a year earlier. The THK Group recorded operating income (segment income) of ¥1,754 million, up ¥2,083 million compared to the figure a year earlier (operating loss of ¥328 million), due mainly to the increase in revenue.

### (Europe)

In the industrial machinery business in Europe, although demand was decreasing overall, THK successfully recorded revenue from the order backlog, which had remained at a high level. In the automotive & transportation business, revenue headed for recovery as compared to a year earlier. As a result, along with the depreciation of yen as compared to a year earlier, revenue amounted to ¥53,448 million, up ¥8,964 million, or 20.2%, compared to the figure a year earlier. The THK Group recorded operating income (segment income) of ¥797 million, up ¥2,502 million compared to the figure a year earlier (operating loss of ¥1,705 million), due mainly to the increase in revenue.

### (China)

In the industrial machinery business in China, while demand was decreasing overall, revenue amounted to ¥47,031 million, down ¥14,353 million, or 23.4%, compared to the figure a year earlier. Operating income (segment income) amounted to ¥6,729 million, down ¥4,395 million, or 39.5%, compared to the figure a year earlier due mainly to the decrease in revenue.

### (Other)

In other countries and regions, the THK Group continued to expand and deepen transactions with existing customers and to cultivate new customers while demand for THK Group's products was widely expanded in India and the ASEAN countries. However, due to the impact of decrease in demand in China in some regions, revenue amounted to ¥13,104 million, down ¥3,963 million, or 23.2%, compared to the figure a year earlier. Operating income (segment income) amounted to ¥860 million, down ¥1,284 million or 59.9%, compared to the figure a year earlier due mainly to the decrease in revenue.

## **2. Financial position (as of September 30, 2023)**

Total assets stood at ¥556,783 million, ¥3,520 million down from the previous fiscal year-end, due mainly to a combined effect of increase in (1) inventories by ¥9,113 million and (2) property, plant and equipment by ¥14,840 million and decrease in (1) cash and cash equivalents by ¥16,782 million, (2) trade and other receivables by ¥13,140 million, and (3) deferred tax assets by ¥1,105 million.

Total liabilities stood at ¥185,476 million, ¥37,546 million down from the previous fiscal year-end, due mainly to decrease in (1) trade and other payables by ¥9,211 million, (2) income taxes payable by ¥6,123 million, and (3) bonds and borrowings by ¥21,756 million.

Total equity stood at ¥371,307 million, ¥34,025 million up from the previous fiscal year-end, due mainly to increase in (1) retained earnings by ¥4,870 million and (2) other components of equity by ¥28,745 million.

## **3. Forecast for the fiscal year ending December 31, 2023**

No revision has been made to the consolidated forecasts for the year ending December 31, 2023, which were reported in the announcement dated August 8, 2023.

## Consolidated Financial Statements

### Consolidated Statements of Financial Position

(Millions of Yen)

|  | As of December 31, 2022 | As of September 30, 2023 |
|--|-------------------------|--------------------------|
| <b>Assets:</b>                                       |                         |                          |
| Current assets:                                      |                         |                          |
| Cash and cash equivalents                            | ¥163,835                | ¥147,053                 |
| Trade and other receivables                          | 96,665                  | 83,525                   |
| Inventories  | 77,630                  | 86,744                   |
| Other financial assets                               | 1,500                   | 501                      |
| Other current assets                                 | 13,309                  | 15,725                   |
| Total current assets                                 | <u>352,942</u>          | <u>333,550</u>           |
| Non-current assets:                                  |                         |                          |
| Property, plant and equipment                        | 172,342                 | 187,182                  |
| Goodwill and intangible assets                       | 9,321                   | 9,882                    |
| Investments accounted for using<br>the equity method | 6,814                   | 7,132                    |
| Other financial assets                               | 10,571                  | 11,335                   |
| Deferred tax assets                                  | 5,305                   | 4,199                    |
| Retirement benefit asset                             | 2,926                   | 3,429                    |
| Other non-current assets                             | 80                      | 71                       |
| Total non-current assets                             | <u>207,361</u>          | <u>223,233</u>           |
| Total assets   | <u><u>560,304</u></u>   | <u><u>556,783</u></u>    |

(Millions of Yen)

As of December 31, 2022

As of September 30, 2023

**Liabilities and equity:****Liabilities:**

## Current liabilities:

|                                  |                |               |
|----------------------------------|----------------|---------------|
| Trade and other payables         | ¥51,631        | ¥42,419       |
| Bonds and borrowings             | 22,961         | 13,152        |
| Other financial liabilities      | 3,732          | 5,030         |
| Provisions                       | 129            | 230           |
| Income taxes payable             | 7,169          | 1,045         |
| Other current liabilities        | 17,538         | 16,019        |
| <b>Total current liabilities</b> | <b>103,162</b> | <b>77,899</b> |

## Non-current liabilities:

|                                      |                |                |
|--------------------------------------|----------------|----------------|
| Bonds and borrowings                 | 97,917         | 85,969         |
| Other financial liabilities          | 9,130          | 8,568          |
| Retirement benefit liabilities       | 4,256          | 4,086          |
| Provisions                           | 179            | 171            |
| Deferred tax liabilities             | 5,939          | 5,998          |
| Other non-current liabilities        | 2,437          | 2,783          |
| <b>Total non-current liabilities</b> | <b>119,860</b> | <b>107,576</b> |

## Total Liabilities

223,023 185,476

**Equity**

|  |                |                |
|--|----------------|----------------|
| Common stock   | 34,606         | 34,606         |
| Capital surplus  | 40,094         | 40,102         |
| Retained earnings  | 245,941        | 250,811        |
| Treasury stock   | (17,160)       | (17,130)       |
| Other components of equity                                   | 28,406         | 57,151         |
| <b>Total equity attributable to owners<br/>of the parent</b> | <b>331,887</b> | <b>365,541</b> |
| Non-controlling interests                                    | 5,393          | 5,765          |
| <b>Total Equity</b>  | <b>337,281</b> | <b>371,307</b> |
| <b>Total liabilities and equity</b>                          | <b>560,304</b> | <b>556,783</b> |

## Consolidated Statements of Profit or Loss

(Millions of Yen)

|   | Nine months ended<br>September 30, 2022 | Nine months ended<br>September 30, 2023 |
|---|---|---|
| Revenue   | ¥287,536                                | ¥268,119                                |
| Cost of sales   | 211,256                                 | 205,879                                 |
| Gross profit  | 76,279                                  | 62,240                                  |
| Selling, general and administrative expenses                            | 43,575                                  | 44,209                                  |
| Other income  | 1,448                                   | 1,799                                   |
| Other expenses  | 417                                     | 753                                     |
| Share of profit in investments accounted for using<br>the equity method | 495                                     | 122                                     |
| Operating income  | 34,229                                  | 19,199                                  |
| Financial income  | 3,265                                   | 1,877                                   |
| Financial costs   | 2,423                                   | 875                                     |
| Profit before tax   | 35,072                                  | 20,201                                  |
| Income tax expense  | 11,456                                  | 5,818                                   |
| Profit  | <u>23,615</u>                           | <u>14,383</u>                           |
| Profit attributable to:   |   |   |
| Owners of the parent  | 23,314                                  | 14,074                                  |
| Non-controlling interests   | 301                                     | 309                                     |
| Profit  | <u>23,615</u>                           | <u>14,383</u>                           |
| Earnings per share:   |   |   |
| Basic earnings per share (yen)  | 189.82                                  | 114.81                                  |
| Diluted earnings per share (yen)  | —                                       | —                                       |



## Consolidated Statements of Comprehensive Income

(Millions of Yen)

|  | Nine months ended<br>September 30, 2022 | Nine months ended<br>September 30, 2023 |
|--|---|---|
| Profit   | ¥23,615                                 | ¥14,383                                 |
| Other comprehensive income   |   |   |
| Items that will not be reclassified<br>to profit or loss:                                      |   |   |
| Financial assets measured at fair value through<br>other comprehensive income                  | (618)                                   | 695                                     |
| Remeasurements of defined benefit plans  | 191                                     | 197                                     |
| Share of other comprehensive income of<br>associates accounted for using the equity<br>method  | (20)                                    | 149                                     |
| Total of items that will not be reclassified to<br>profit or loss                              | (447)                                   | 1,042                                   |
| Items that may be reclassified to profit or loss:  |   |   |
| Exchange differences on translation of foreign<br>operations                                   | 38,732                                  | 28,240                                  |
| Share of other comprehensive income of<br>investments accounted for using the equity<br>method | 289                                     | 439                                     |
| Total of items that may be reclassified to profit<br>or loss                                   | 39,022                                  | 28,680                                  |
| Other comprehensive income, net of tax   | 38,574                                  | 29,722                                  |
| Comprehensive income   | <u>62,190</u>                           | <u>44,105</u>                           |
| Comprehensive income attributable to:  |   |   |
| Owners of the parent   | 60,509                                  | 43,422                                  |
| Non-controlling interests  | 1,680                                   | 683                                     |
| Comprehensive income   | <u>62,190</u>                           | <u>44,105</u>                           |

## Consolidated Statements of Changes in Equity

(Millions of Yen)

| Nine Months Ended September 30,<br>2022                               | Equity attributable to owners of the parent |                 |                   |                | Other components of equity                    |
|---|---|-----------------|-------------------|----------------|---|
|   | Common stock                                | Capital surplus | Retained earnings | Treasury stock | Exchange                                      |
|   |   |                 |                   |                | differences on translating foreign operations |
| Beginning balance   | ¥34,606                                     | ¥40,413         | ¥233,607          | ¥(11,237)      | ¥5,506  |
| Profit  | —   | —               | 23,314            | —              | —   |
| Other comprehensive income  | —   | —               | —                 | —              | 37,650  |
| Total comprehensive income  | —   | —               | 23,314            | —              | 37,650  |
| Purchase of treasury stock  | —   | —               | —                 | (5,958)        | —   |
| Disposal of treasury stock  | —   | —               | —                 | 36             | —   |
| Dividends   | —   | —               | (9,460)           | —              | —   |
| Changes in ownership interests in subsidiaries without losing control | —   | 985             | —                 | —              | 73  |
| Transfer from other components of equity to retained earnings         | —   | —               | 167               | —              | —   |
| Other   | —   | 3               | —                 | —              | —   |
| Total transactions with owners  | —   | 989             | (9,292)           | (5,922)        | 73  |
| Ending balance  | 34,606                                      | 41,403          | 247,629           | (17,160)       | 43,230  |

|   | Equity attributable to owners of the parent |   |          |          | Other components of equity |              |
|---|---|---|----------|----------|----------------------------|--------------|
|   | comprehensive income                        | Remeasurements of defined benefit plans | Subtotal | Total    | Non-controlling interests  | Total equity |
|   |   |   |          |          |                            |              |
| Beginning balance   | ¥1,658                                      | ¥—                                      | ¥7,165   | ¥304,555 | ¥9,733                     | ¥314,289     |
| Profit  | —   | —                                       | —        | 23,314   | 301                        | 23,615       |
| Other comprehensive income  | (622)                                       | 167                                     | 37,194   | 37,194   | 1,379                      | 38,574       |
| Total comprehensive income  | (622)                                       | 167                                     | 37,194   | 60,509   | 1,680                      | 62,190       |
| Purchase of treasury stock  | —   | —                                       | —        | (5,958)  | —                          | (5,958)      |
| Disposal of treasury stock  | —   | —                                       | —        | 36       | —                          | 36           |
| Dividends   | —   | —                                       | —        | (9,460)  | —                          | (9,460)      |
| Changes in ownership interests in subsidiaries without losing control | —   | —                                       | 73       | 1,059    | (1,059)                    | —            |
| Transfer from other components of equity to retained earnings         | —   | (167)                                   | (167)    | —        | —                          | —            |
| Other   | —   | —                                       | —        | 3        | (768)                      | (764)        |
| Total transactions with owners  | —   | (167)                                   | (94)     | (14,319) | (1,827)                    | (16,146)     |
| Ending balance  | 1,036                                       | —                                       | 44,266   | 350,745  | 9,587                      | 360,332      |

(Millions of Yen)

| Nine Months Ended September 30,<br>2023                       | Equity attributable to owners of the parent |                 |                   |                | Other components of equity                             |
|---|---|-----------------|-------------------|----------------|--|
|   | Common stock                                | Capital surplus | Retained earnings | Treasury stock | Exchange differences on translating foreign operations |
|   |   |                 |                   |                |  |
| Beginning balance   | ¥34,606                                     | ¥40,094         | ¥245,941          | ¥(17,160)      | ¥27,234  |
| Profit  | —   | —               | 14,074            | —              | —  |
| Other comprehensive income                                    | —   | —               | —                 | —              | 28,306   |
| Total comprehensive income                                    | —   | —               | 14,074            | —              | 28,306   |
| Purchase of treasury stock                                    | —   | —               | —                 | (1)            | —  |
| Disposal of treasury stock                                    | —   | 8               | —                 | 31             | —  |
| Dividends   | —   | —               | (9,807)           | —              | —  |
| Transfer from other components of equity to retained earnings | —   | —               | 603               | —              | —  |
| Other   | —   | —               | —                 | —              | —  |
| Total transactions with owners                                | —   | 8               | (9,204)           | 30             | —  |
| Ending balance  | 34,606                                      | 40,102          | 250,811           | (17,130)       | 55,540   |

|   | Equity attributable to owners of the parent                                |       |   |          | Other components of equity |                           |              |
|---|--|-------|---|----------|----------------------------|---------------------------|--------------|
|   | Financial assets measured at fair value through other comprehensive income |       | Remeasurements of defined benefit plans | Subtotal | Total                      | Non-controlling interests | Total equity |
|   |  |       |   |          |                            |                           |              |
| Beginning balance   | ¥1,171   | ¥—    | ¥28,406                                 | ¥331,887 | ¥5,393                     | ¥337,281                  |              |
| Profit  | —  | —     | —                                       | 14,074   | 309                        | 14,383                    |              |
| Other comprehensive income                                    | 697  | 344   | 29,348                                  | 29,348   | 373                        | 29,722                    |              |
| Total comprehensive income                                    | 697  | 344   | 29,348                                  | 43,422   | 683                        | 44,105                    |              |
| Purchase of treasury stock                                    | —  | —     | —                                       | (1)      | —                          | (1)                       |              |
| Disposal of treasury stock                                    | —  | —     | —                                       | 40       | —                          | 40                        |              |
| Dividends   | —  | —     | —                                       | (9,807)  | —                          | (9,807)                   |              |
| Transfer from other components of equity to retained earnings | (258)  | (344) | (603)                                   | —        | —                          | —                         |              |
| Other   | —  | —     | —                                       | —        | (311)                      | (311)                     |              |
| Total transactions with owners                                | (258)  | (344) | (603)                                   | (9,768)  | (311)                      | (10,079)                  |              |
| Ending balance  | 1,610  | —     | 57,151                                  | 365,541  | 5,765                      | 371,307                   |              |

## Consolidated Statements of Cash Flows

(Millions of Yen)

|  | Nine months ended<br>September 30, 2022 | Nine months ended<br>September 30, 2023 |
|--|---|---|
| <b>Cash flows from operating activities:</b>                         |   |   |
| Profit before tax  | ¥35,072                                 | ¥20,201                                 |
| Depreciation and amortization  | 15,351                                  | 16,075                                  |
| Change in retirement benefit assets or liabilities                   | (348)                                   | (505)                                   |
| Financial income   | (3,265)                                 | (1,877)                                 |
| Financial costs  | 2,269                                   | 2,034                                   |
| Share of profit of investments accounted for using the equity method | (495)                                   | (122)                                   |
| (Increase) decrease in trade and other receivables                   | (9,731)                                 | 18,110                                  |
| (Increase) decrease in inventories                                   | (9,264)                                 | (3,354)                                 |
| Increase (decrease) in trade and other payables                      | 1,275                                   | (9,993)                                 |
| Other  | (508)                                   | (1,344)                                 |
| Subtotal   | 30,354                                  | 39,222                                  |
| Interests and dividends received                                     | 663                                     | 1,702                                   |
| Interests paid   | (245)                                   | (327)                                   |
| Income taxes paid  | (12,415)                                | (13,490)                                |
| Net cash provided by (used in) operating activities                  | 18,356                                  | 27,107                                  |
| <b>Cash flows from investing activities:</b>                         |   |   |
| Purchase of property, plant and equipment                            | (20,741)                                | (19,023)                                |
| Proceeds from sales of property, plant and equipment                 | 234                                     | 89                                      |
| Purchase of other financial assets                                   | (443)                                   | (165)                                   |
| Proceeds from sales of other financial assets                        | 10                                      | 387                                     |
| Other  | (373)                                   | (102)                                   |
| Net cash provided by (used in) investing activities                  | (21,314)                                | (18,814)                                |
| <b>Cash flows from financing activities:</b>                         |   |   |
| Repayments of long-term borrowings                                   | (2,185)                                 | (2,185)                                 |
| Proceeds from issuance of bonds                                      | 10,000                                  | —                                       |
| Payments for redemption of bonds                                     | —                                       | (20,000)                                |
| Purchase of treasury stock   | (5,958)                                 | (1)                                     |
| Dividends paid   | (9,557)                                 | (9,774)                                 |
| Dividends paid to non-controlling interests                          | (764)                                   | (346)                                   |
| Repayments of lease liabilities                                      | (1,424)                                 | (1,449)                                 |
| Net cash provided by (used in) financing activities                  | (9,889)                                 | (33,757)                                |
| Effects of exchange rate changes on cash and cash equivalents        | 14,817                                  | 8,682                                   |
| Net increase (decrease) in cash and cash equivalents                 | 1,969                                   | (16,782)                                |
| Cash and cash equivalents at the beginning of the period             | 151,430                                 | 163,835                                 |
| Cash and cash equivalents at the end of the period                   | 153,400                                 | 147,053                                 |

## Change in Accounting Policy

The significant accounting policies applied to the accompanying condensed quarterly consolidated financial statements are the same as those applied to the consolidated financial statements for the previous fiscal year, except for Amendments to IAS 12, "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction." The application of Amendments to IAS 12 did not have a significant impact on the accompanying condensed quarterly consolidated financial statements.

## Segment Information

### 1. Outline of reportable segments

THK's reportable segments are components of THK Group for which respective financial information is separately available. Operating results of each segment is reviewed periodically by the Board of Directors to determine allocation of operating resources and evaluate its performance.

THK Group's main products are machinery parts such as LM (linear motion) guides and ball screws, and transportation equipment-related parts such as link balls and suspension ball joints. In each country, local subsidiaries establish their comprehensive business strategies and conduct their business activities in a similar way that THK and domestic subsidiaries do in Japan.

Therefore, the reportable segments consist of the five geographical segments, namely; (1) Japan, (2) The Americas (the United States and others), (3) Europe (Germany, France and others), (4) China, and (5) Other (Taiwan, Singapore and others) based on the THK Group's production/sales structure.

Segment income or loss is computed based on operating income or loss. The reportable segment information is prepared under the same accounting policies as those used in consolidation. Inter-segment sales and transfer are stated at amounts based on their fair market values. All adjustments in the following tables are intersegment elimination on consolidation.

### 2. Reportable segments

#### For the nine months ended September 30, 2022 (January 1, 2022 to September 30, 2022)

|                                 |          |              |         |         |         |          | (Millions of Yen) |               |
|---------------------------------|----------|--------------|---------|---------|---------|----------|-------------------|---------------|
|                                 | Japan    | The Americas | Europe  | China   | Other   | Total    | Adjust-ments      | Consoli-dated |
| Revenue:                        |          |              |         |         |         |          |                   |               |
| Revenue from external customers | ¥106,064 | ¥58,534      | ¥44,483 | ¥61,384 | ¥17,068 | ¥287,536 | ¥—                | ¥287,536      |
| Inter-segment revenue           | 58,266   | 137          | 305     | 3,841   | 2,975   | 65,526   | (65,526)          | —             |
| Total                           | 164,331  | 58,672       | 44,789  | 65,225  | 20,043  | 353,062  | (65,526)          | 287,536       |
| Segment income (loss)           | 24,512   | (328)        | (1,705) | 11,124  | 2,144   | 35,748   | (1,518)           | 34,229        |
| Financial income                | 7,983    | 305          | 357     | 602     | 37      | 9,287    | (6,021)           | 3,265         |
| Financial costs                 | 1,199    | 173          | 1,384   | 17      | 168     | 2,943    | (519)             | 2,423         |
| Profit (loss) before tax        | 31,296   | (195)        | (2,732) | 11,709  | 2,013   | 42,092   | (7,020)           | 35,072        |

(Note) All adjustments are intercompany elimination.

#### For the nine months ended September 30, 2023 (January 1, 2023 to September 30, 2023)

|                                 |         |              |         |         |         |          | (Millions of Yen) |               |
|---------------------------------|---------|--------------|---------|---------|---------|----------|-------------------|---------------|
|                                 | Japan   | The Americas | Europe  | China   | Other   | Total    | Adjust-ments      | Consoli-dated |
| Revenue:                        |         |              |         |         |         |          |                   |               |
| Revenue from external customers | ¥87,037 | ¥67,497      | ¥53,448 | ¥47,031 | ¥13,104 | ¥268,119 | ¥—                | ¥268,119      |
| Inter-segment revenue           | 46,146  | 125          | 259     | 3,417   | 3,059   | 53,007   | (53,007)          | —             |
| Total                           | 133,184 | 67,622       | 53,708  | 50,448  | 16,164  | 321,127  | (53,007)          | 268,119       |
| Segment income                  | 9,041   | 1,754        | 797     | 6,729   | 860     | 19,183   | 15                | 19,199        |
| Financial income                | 5,856   | 1,012        | 1,450   | 357     | 100     | 8,777    | (6,899)           | 1,877         |
| Financial costs                 | 396     | 279          | 1,612   | 18      | 104     | 2,411    | (1,536)           | 875           |
| Profit before tax               | 14,500  | 2,488        | 636     | 7,067   | 856     | 25,549   | (5,347)           | 20,201        |

(Note) All adjustments are intercompany elimination.

## **Subsequent event**

Not applicable.

## **Additional notes:**

All the figures in this report except per share information are rounded down to the nearest million.

This information is summarized and translated from the original Japanese version submitted to the Tokyo Securities Exchange in accordance with its disclosure rules and presentation manners, which are different from those applied in the annual reports of THK due to reclassification and rearrangement made therein. This English translation is intended solely for the convenience of readers, and not intended in any way to substitute or replace the original Japanese version. If there is any discrepancy between the original Japanese version and this translation, the original Japanese version shall supersede all information in this translation. All the figures in this report are unaudited.