

FINANCIAL RESULTS BRIEFING FOR FISCAL 2023

February 15th 2024

THK CO.,LTD.

Chairman & CEO

AKIHIRO TERAMACHI

This presentation material contains forward looking statements that reflect the Company's business plans, performance projections, and management strategy. Such statements are based on information currently available to the Company. However, changes in the operating environment may cause actual results and achievements to differ from those anticipated in this corporate presentation material. Also, please let you know that this presentation material includes reference information that are not exactly accounts indication matters.

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I . Financial Results for Fiscal 2023

Financial Highlights

Consolidated sales revenue declined 10.6% YoY to 351.9 billion yen

- While economic activities in each region continue returning to normal (pre-pandemic) levels, the outlook for the global economy remains uncertain, given heightening geopolitical risks in areas including Ukraine and the Mideast, rising inflation, and the sluggish Chinese economy rocked by the real estate market downturn.
- In this situation, with demand in the Industrial Machinery Business overall trending low, although the high level of pending orders in the first half of the fiscal year led to higher sales revenue, demand failed to recover in the second half, resulting in a decline in revenue. As for the Automotive and Transportation Equipment Business, thanks to the declining influence of the COVID-19 pandemic and an easing of parts supply shortages, automotive vehicle production and sales have been recovering, leading to increased revenue.

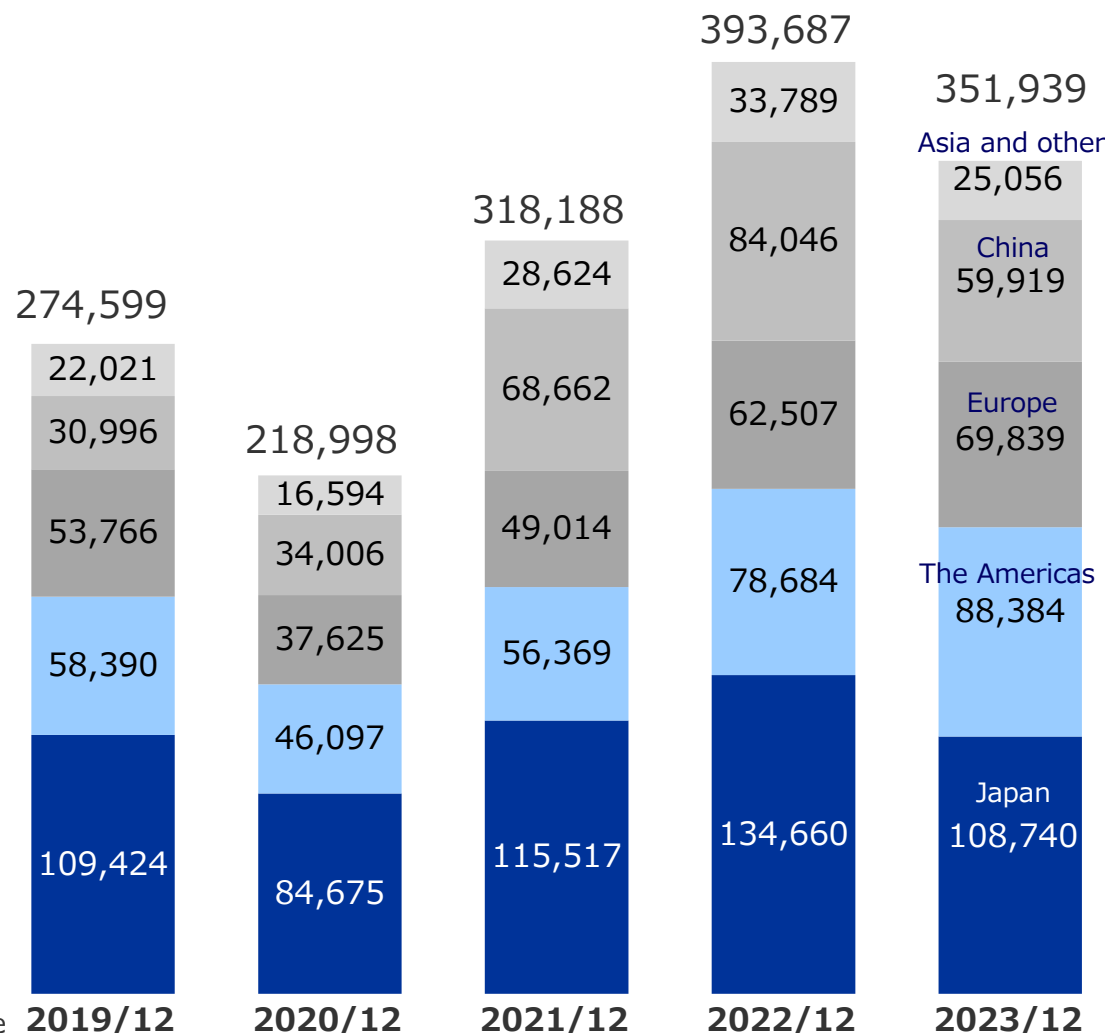
Consolidated operating income declined 31.2% YoY to 23.7 billion yen

- Operating income decreased in the Industrial Machinery Business due to negative impact on volume effects associated with the decline in sales revenue.
- In the Automotive and Transportation Equipment Business, operating income increased year-on-year and moved into positive territory due to positive impact on volume effects associated with rising sales revenue and various efforts aimed at improving profitability.

Both revenue and operating income were above the plan, which was revised in August 2023

- Compared to the revised plan announced in August 2023, sales revenue was 6.9 billion yen higher and operating income 2.7 billion yen higher, as the yen trended lower on the forex market along with cost control strengthening.

Trend in Net Sales



Asia and other

● Taiwan	Down 46.3%
● Singapore	Down 38.8%
● India	Down 9.9%

China

● Machine tools	Down 33.2%
● General machinery	Down 29.6%
● Electronics	Down 41.1%
● Automotive & Transportation	Down 15.7%

Europe

● Machine tools	Down 5.7%
● General machinery	Down 16.5%
● Electronics	Down 8.0%
● Automotive & Transportation	Up 5.6%

The Americas

● Machine tools	Down 14.2%
● General machinery	Down 2.9%
● Electronics	Down 52.9%
● Automotive & Transportation	Up 18.0%

Japan

● Machine tools	Down 25.2%
● General machinery	Down 39.1%
● Electronics	Down 26.2%
● Automotive & Transportation	Up 24.9%

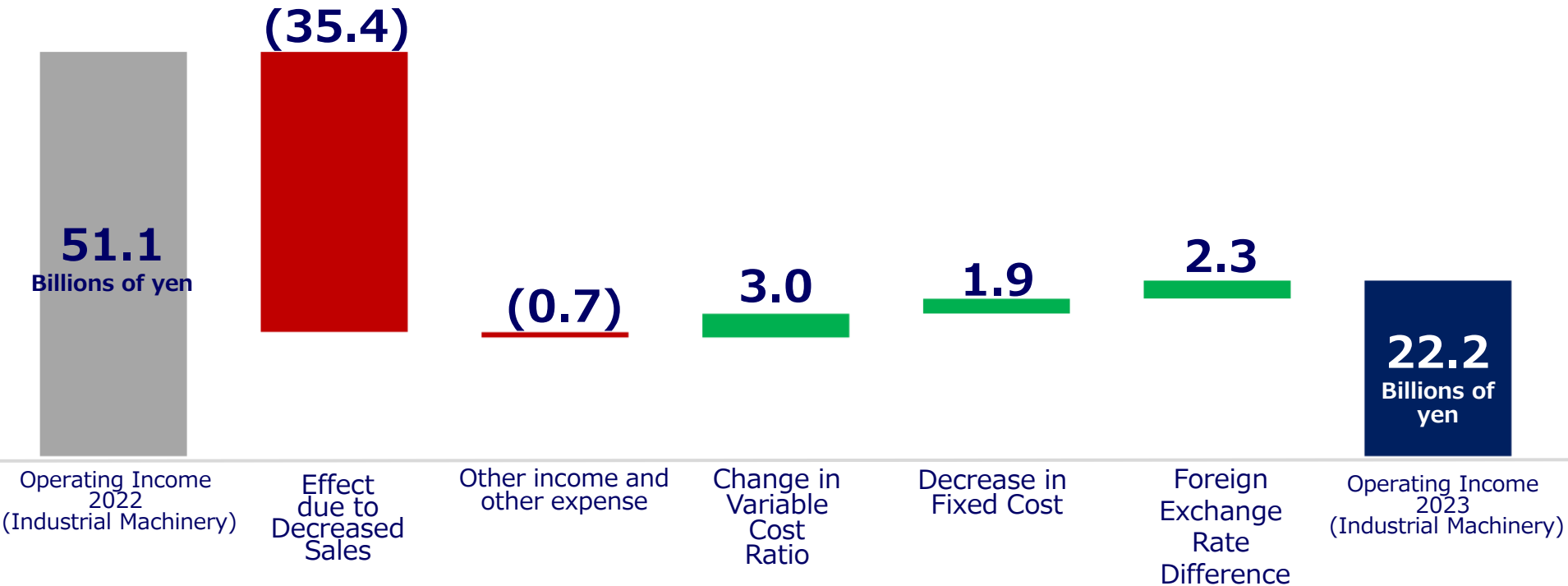
*Geographic sales is based on where our customers are located.

*Growth rate by industry is based on the figures in local currency from January to December.

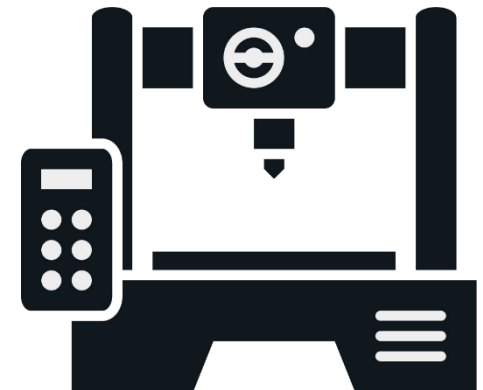
*Growth rate for Automotive & Transportation was calculated based on the sum of net sales of THK RHYTHM and TRA.

Exchange rate	2019/12	2020/12	2021/12	2022/12	2023/12
1US\$	109.04	106.79	109.79	131.43	140.52
1EUR	122.08	121.79	129.85	138.03	151.95
1CNY	15.79	15.47	17.02	19.50	19.83

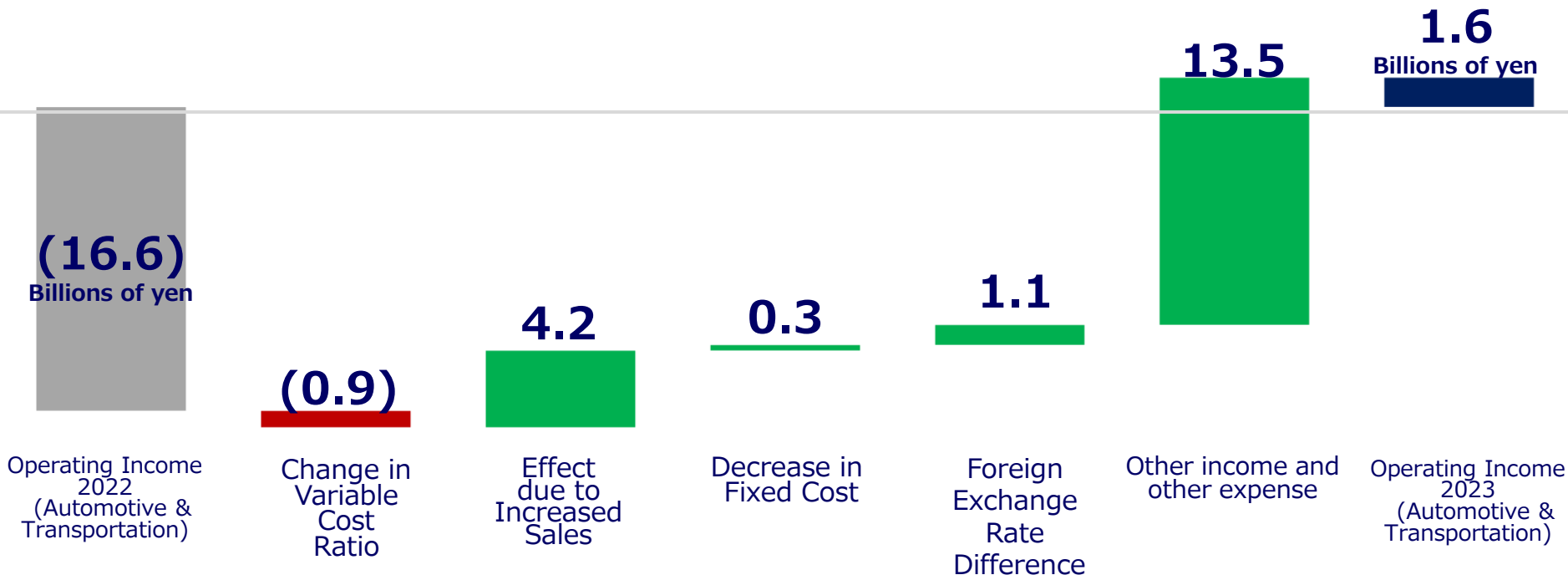
(Ref.) Operating Income – Change Factors – (Industrial Machinery)



Unit: billions of yen		FY22	FY23
Industrial Machinery	Revenue	282.1	217.5
	Operating Income	51.1	22.2



(Ref.) Operating Income – Change Factors – (Automotive & Transportation)



Unit: billions of yen		FY22	FY23
Automotive & Transportation	Revenue	111.6	134.4
	Operating Income	(16.6)	1.6



*The figures for the Automotive & Transportation Business are the combined figures of THK RHYTHM and TRA

Assets, Liabilities and Equity

Total Assets 556,351 millions of yen
Down ¥3,952 million from previous period

Cash and Cash in Account | Y/Y :

Down ¥7,348million

Cash Flows from Operating Activities :
¥39,332 million

Cash Flows from Investing Activities :
¥(27,094) million

Cash Flows from Financing Activities :
¥(24,266) million

Foreign Currency Translation Adjustments
on Cash and Cash Equivalents :
¥4,680 million

Trade and other receivables| Y/Y :

Down ¥18,043 million

Number of months' sales receivables :
Previous period : 3.0 months
This period : 2.7 months

Inventories | Y/Y : Up ¥4,829 million

Number of months' sales in inventory :
Previous period : 2.4 months
This period : 2.8 months

Property, Plant and Equipment | Y/Y : Up ¥14,214 million

■ CAPEX : ¥ 28,757million
■ Depreciation : ¥ 18,898million

Goodwill and intangible assets| Y/Y : Up ¥171 million

Current assets

333,462

**Down ¥19,480 Million
from previous period**

Non-current assets

222,889

**Up ¥15,527 million
from previous period**

Liabilities

193,453

**Down ¥29,570 million
from previous period**

Equity

362,898

**Up ¥25,617 million
from previous period**

Current liabilities| Y/Y :

Down ¥29,519 million

■ Trade and other payables | Y/Y :
Down ¥10,750 million

Number of months' notes payable
Previous period : 1.3 months
This period : 1.2 months

■ Bonds and borrowings| Y/Y :
Down ¥9,837 million

■ Income taxes payable | Y/Y :
Down ¥6,319 million

Non-current liabilities| Y/Y :

Down ¥50 million

**Profit Attributable to
Owners of the Parent
¥18,398 million**

**Dividends Paid :
¥9,795 million**

**Foreign Currency
Translation Adjustments | Y/Y:
Up ¥17,590 million**

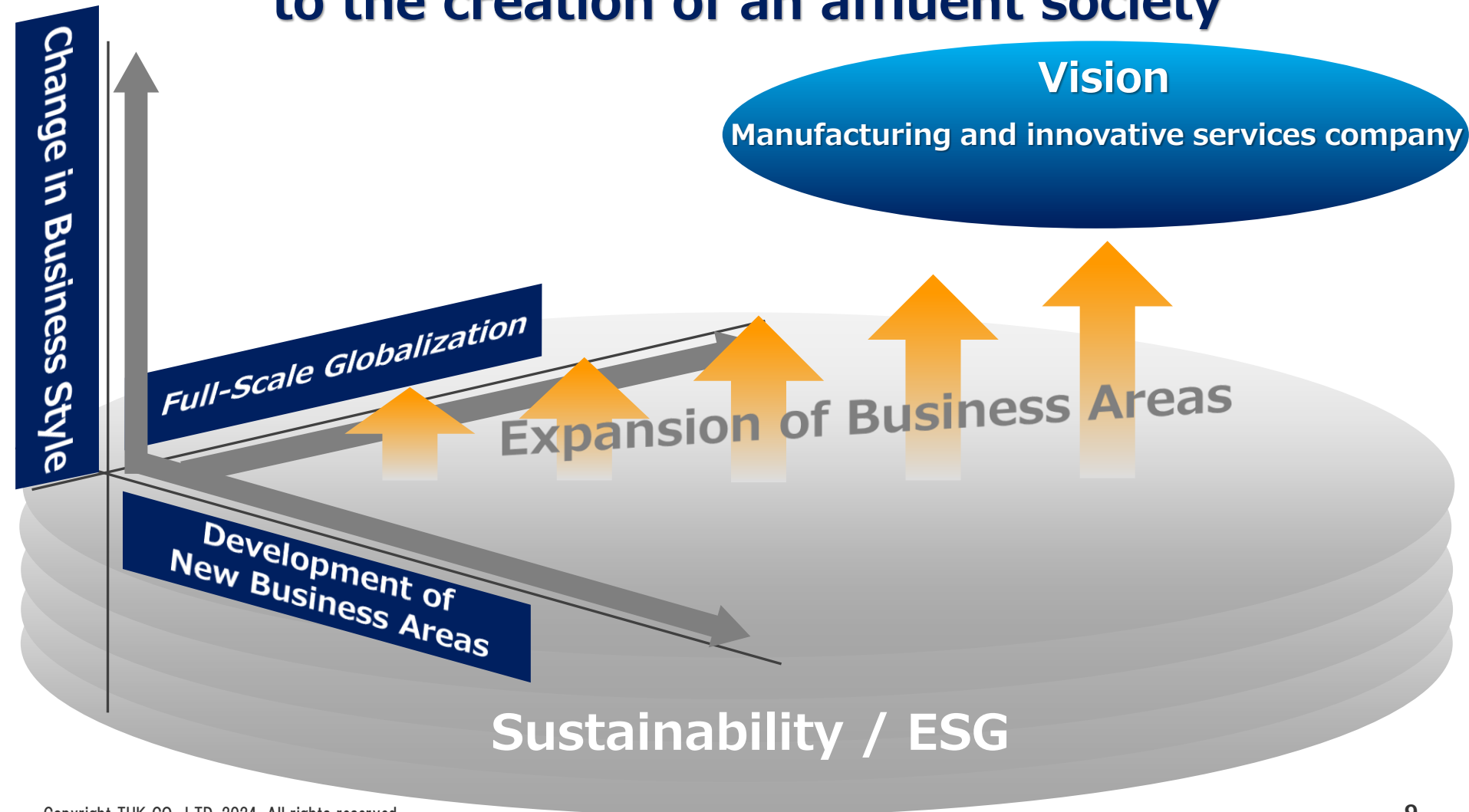
II. Major Measures

THK Management

Corporate Philosophy



**Providing innovative products to the world and
generating new trends to contribute
to the creation of an affluent society**



Enhancing Corporate Value

$$\text{PBR (price-to-book value ratio)} = \text{ROE (return on equity)} \times \text{PER (price-to-earnings ratio)}$$

Improve further through management with awareness of capital costs

Management Targets FY2026

Revenue : 500.0 billions of yen Operating Income : 100.0 billions of yen ROE 17% EPS ¥590

Enhance ROIC in each business

Industrial Machinery Business (top line growth)

Revenue : 365.0 billions of yen
Operating income : 92.0 billions of yen

Av. market growth Approx. 7%

Greater market share and a
robust global production system
Progress on DX (Omni THK, OMNIedge)
Development and
acceleration of new products

Automotive and Transportation Equipment Business (profitability improvement)

Revenue : 135.0 billions of yen
Operating income : 8.0 billions of yen
Av. market growth Approx. 5%

Continuation and strengthening of recovery plan
Profit-oriented management
More products for next-
generation vehicles
More aluminum products

Accelerate efforts in each business

Proactively direct capital to investment and allocate it appropriately
to increase return, the numerator of the ROIC calculation

Investment in plant and equipment: approx. 150 billion yen for Industrial Machinery Business and approx. 20 billion yen for Automotive and Transportation Equipment Business over five years (FY2022–FY2026)

Research and development: development of new products and services and expansion of applications

Investment in human capital: consider incentive-linked wage increases/expansion of stock compensation system

Dividend payout ratio: maintain at 30% for the time being

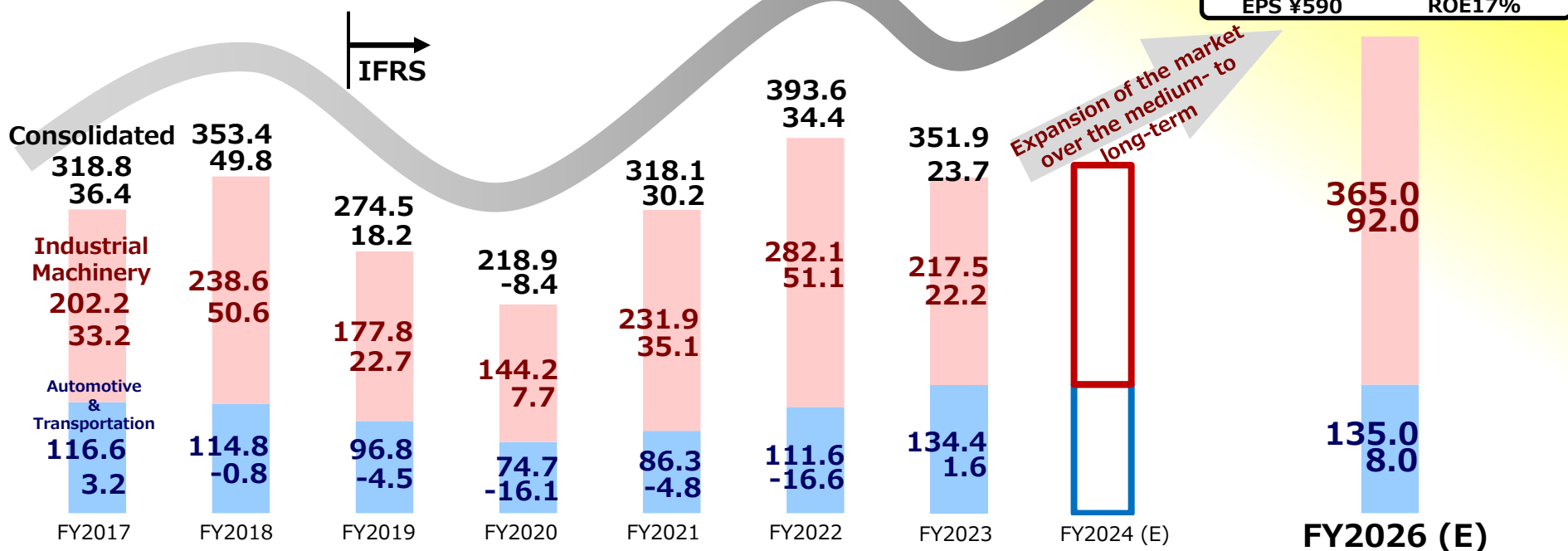
Consider treasury stock purchase based on assumption of surplus funds from these efforts

Key Initiatives in Business Lines



Medium- to long-term markets are growing: FY2024 from adjustments to recovery

Revenue (Upper row : billions of yen)
Operating Income (Lower row : billions of yen)



*The figures for the Automotive & Transportation Business are the combined figures of THK RHYTHM and TRA

Industrial Machinery business and other



Greater market share and a robust global production system
Progress on DX (Omni THK, OMNIedge)
Development and acceleration of new products

Automotive & Transportation Business



More products for next-generation vehicles
More aluminum products
Improved profitability

Expanding applications through the Linear Motion Core Technology

Existing areas

Bring high-precision products to increasingly high-precision semiconductor manufacturing equipment

New business areas

Helping the service industry promote labor-saving whose demands have been increasing due to a labor shortage, soaring labor costs, and the advance of the IoT

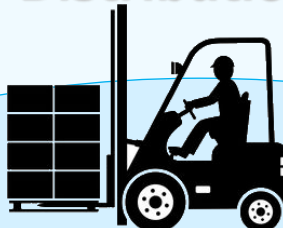
Restaurant



Medical Equipment



Distribution



Shop



Train / Aircraft



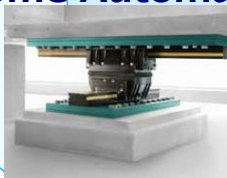
General Machinery



Industrial Machinery Robots



Seismic Isolation Home Automation



Machine Tools



Renewable Energy



Semiconductor Manufacturing Equipment



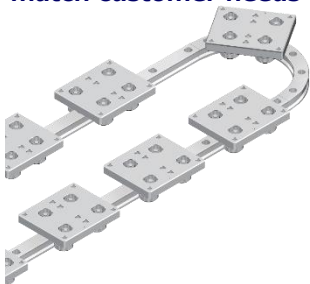
Linear Motion Core Technology



New Products/Products Under Development Among Linear Motion and Rotary Components Contributing to the Cutting Edge of Automation

Wheel Guide Model CWG

Conveyor routes can be configured by combining straight lines and curves to match customer needs



Miniature LM Guide Model AHR for semiconductor assembly bonder

Increased semiconductor chip production capacity



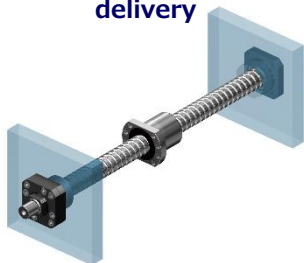
Ultra-Low Waving Caged Ball LM Guide with ISO-Compliant Dimensions

This model can be used in fields where nanometer-level movement precision is required.



Precision Ball Screws with Finished Shaft Ends SDA-VZ/BNK

Screw shafts and ball screw nuts, standardized for space-saving design, are kept in inventory to enable quick delivery



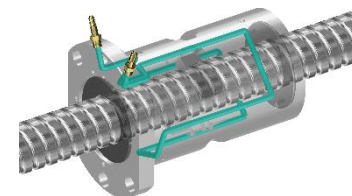
Utility Slide Model AWG

Optimal for railway cars or logistics (automated warehouse)



Ball Screw with Nut Cooling

This type of ball screw has a coolant channel inside of the nut. Coolant reduces the amount of heat generated by the nut, making it possible to effectively cool the ball screw. As a result, it is possible to keep the ball screw at an optimal temperature during high-speed operation, thus stabilizing positioning accuracy and preload torque.



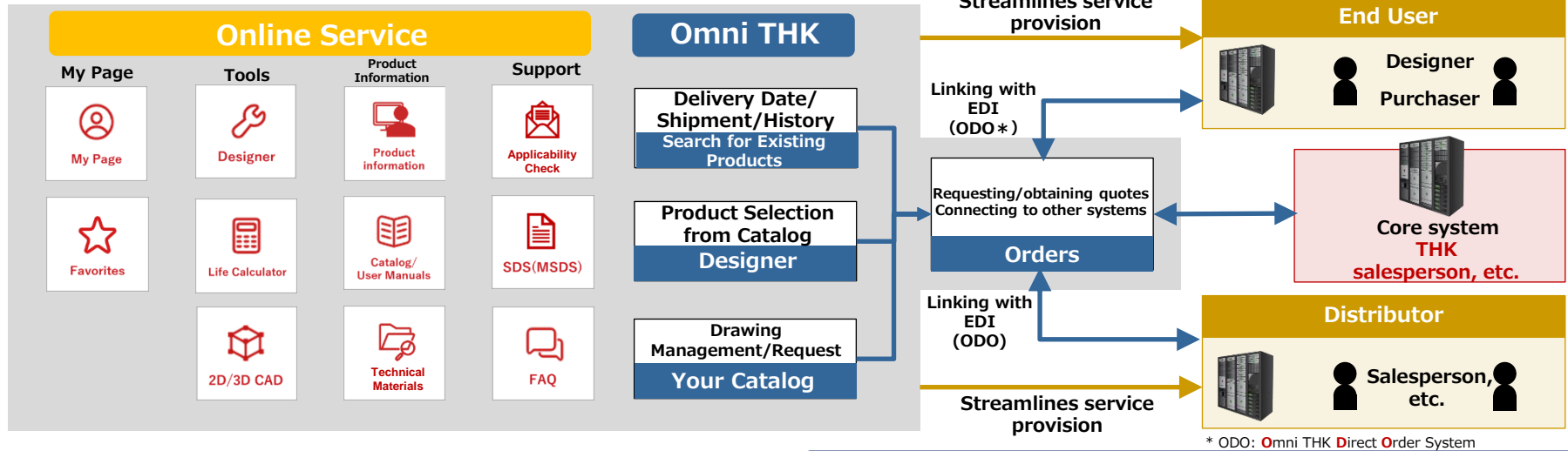
High-Speed Roller Ring RT

It contributes to shortening cycle times by increasing the rotational speed of rotary tables in multi-functional machines.

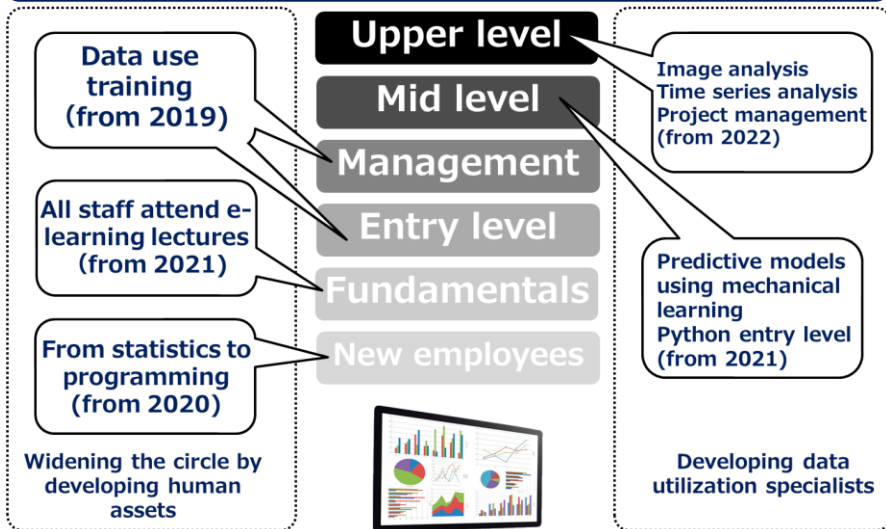


Advancing DX for Improved Productivity

Fusion with Omni THK (digital tool) to boost customer satisfaction and productivity







Developing digital human assets



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Smart Factory Project

Diverse digital solutions are being rolled out

Man	 <p>Worker assist system SmartFollow Links equipment operating status to wearable terminal. Instantly reports incidents to managers and workers. Analyzes causes of momentary or long stoppages and improves countermeasures to achieve 24/365 normal, stable operation</p>
Machine	 <p>Production equipment operation monitoring system E-Grouping SYSTEM Real-time monitoring of operating data for production equipment and robots. Enables dashboard and KPI analysis Equipment and device maintenance and management systems TenKenSystem/HelpLink Use smartphone to inspect equipment and to enter and store repair request data. Trouble warning notifications</p>
Method	 <p>Cloud-based IoT measurement solution Smartmeasure System Collects and stores digital inspection data extracted from measurement work on the production floor and automated devices. Strengthens data real-time monitoring, trouble monitoring and analysis, usage and traceability management Deployment of work analysis/process optimization software Enables use of video for movement analysis, improvement, and digital standardization. Helps with technology handover and successor problem Use of digital production line 3D simulator Semi-automatic generation of plant layout and flow of products and other items. Can predict process line plan in advance.</p>
Material	 <p>THK core system/strengthening management of product lot allocation Switch from paper-based product information management to traceability management by core system RFID solution "Hunter SYSTEM" Achieves visualization by linking RFID tags and product information in the system. Work improvement and product flow review</p>

Maximizing Overall Equipment Effectiveness (OEE) through OMNIedge

Skill Management AI Solution



Raising human efficiency

- ◎ **Management loss**
- Movement loss
- Formation loss
- Automation replacement loss
- Measurement/adjustment loss

Predictive failure detection AI solution (Linear motion and rotary components)



Equipment Efficiency Factors

- | | |
|-------------------------|-------------------------|
| ◎ Breakdowns | Momentary stops/idling |
| Changeovers/Adjustments | Slowdowns |
| ◎ Tool changes | ◎ Defects/rework |
| Setup | Shutdowns |

Tool Monitoring AI Solution



To maximize OEE, develop and implement new solutions that will contribute to reducing various losses

New solution from OMNIedge - Skill Management AI Solution -

Centralized Management and Visualization of Personnel Skill Data to Dramatically Boost Efficiency of Skill Management

Centralize and visualize
employee skills

Plan out talent
development

Optimally
arrange staff



Introduction of OMNIedge (examples of companies adopting OMNIedge)



Steady introduction to customer operations in a wide range of industries



Notes:

- Only some of the companies adopting OMNIedge are listed
- Company names are listed in random order

Transport robot SIGNAS

New type added with towing weight of 1 ton

- Easy setting with proprietary autonomous movement control system
- Suitable for a variety of applications and environments

NEW



Loading

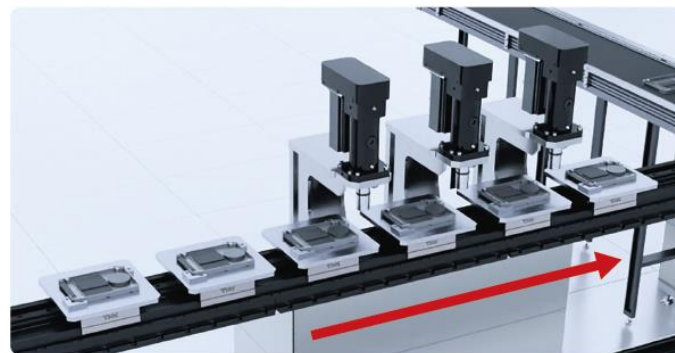
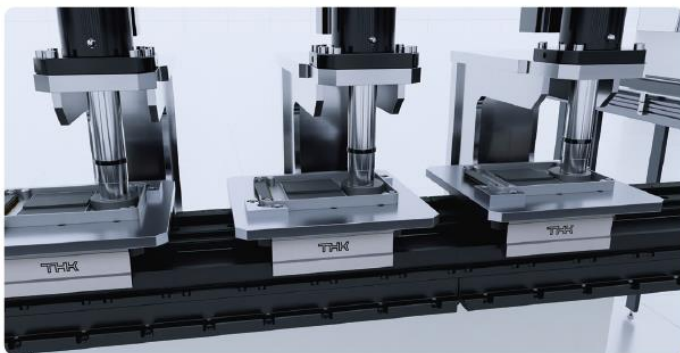


Driving

Next-generation linear transport system

- Linear transport raising the productivity and flexibility of manufacturing lines
- The sliders carrying workpieces cycle at high speed, greatly shortening transport time
- Enabling a flexible response to multiproduct manufacturing

NEW



Enhancement of the Global Manufacturing Structure

Thoroughgoing cost reductions are being carried out by introducing automation and robotics at each production site



Progress on Reorganization of Automotive and Transportation Business

FY2023

Reorganization of business to place it on a profitable footing

FY2024 and beyond

Achieve profit growth

Continuation and strengthening of recovery plan

Manufacturing restructuring / Organizational restructuring

Cost reductions totaling approx. 2 billion yen

Profit-oriented management (downsizing aggressively as needed)

Consider discontinuing unprofitable products / downsizing or closing production bases

- 60 million yen saved by discontinuing unprofitable products
- Ongoing negotiations for further price pass-through

Production of Industrial Machinery Products

Production at THK RHYTHM

Production value approx. 2.1 billion yen

*Included in Automotive and Transportation Business results and plans

**[Existing products]
Improve profitability
More aluminum products**

[Industrial Machinery Products]

FY2024 production value:

Approx. 3.3 billion yen

Examine horizontal expansion to other plants

[Next-generation products]

Accelerate development and expand shipment

New Products

**New Technologies
(announced in 2023)**



Extend to next-generation products

Accelerate development/Expand new orders

EV Prototype LSR-05 Developed by THK -- Announced at Japan Mobility Show 2023 --



ステルスシートスライドシステム: SLES
Stealth Seat-slide System



アクティブサスペンション: ALCs
Active Level Control Suspension



MR流体減衰力可変ダンパー: MRDT
MR fluid Active Damper Tube



可変磁束型インホイールモーター: enemo
Variable Magnetic flux In-wheel motor



電動ブレーキ: ESB
Electric Service Brake



非接触給電システム: CLPS
Contactless Power Supply



As “CASE” advances in the automotive industry, this prototype embodies our thinking about the way forward for automotive technology

About Sustainability Management

Basic Sustainability Policy

The THK Group aims to both enhance corporate value through its core business and contribute to the creation of a sustainable and affluent society by carrying on its founding spirit, the Corporate Philosophy, from generation to generation, developing business activities that embody the Corporate Basic Policies in good faith and practicing voluntary actions based on the Action Charter.



Corporate Philosophy

Providing innovative products to the world and generating new trends to contribute to the creation of an affluent society.

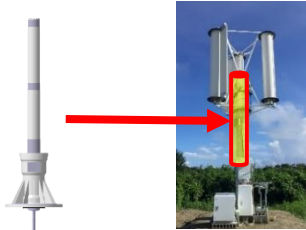
Corporate Basic Policies

1. Creating value and contributing to society
2. Being customer-oriented
3. Compliance with laws and regulations

Action Charter

Ten principles of behavior set forth for the THK Group to promote social and economic development as it becomes invaluable to society and shoulders social responsibility based on high ethical standards to create a sustainable society. These principles cover subjects that form the standard of how we execute our daily work, such as compliance, environmentalism, and respect for human rights.

More renewable energy products



Shaft Unit
for Wind Power
Generator

More linear motion products (Contribute to energy saving)



More products contributing to smaller, lighter vehicles from move to EVs

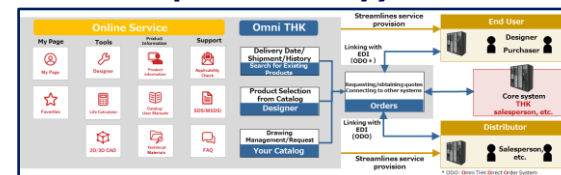


Manufacturing and innovative services company

OMNIedge (Contributes to improved productivity and reduced environmental load)



Omni THK (Contributes to improved productivity)




Contribute to sustainability as a manufacturing and innovative services company

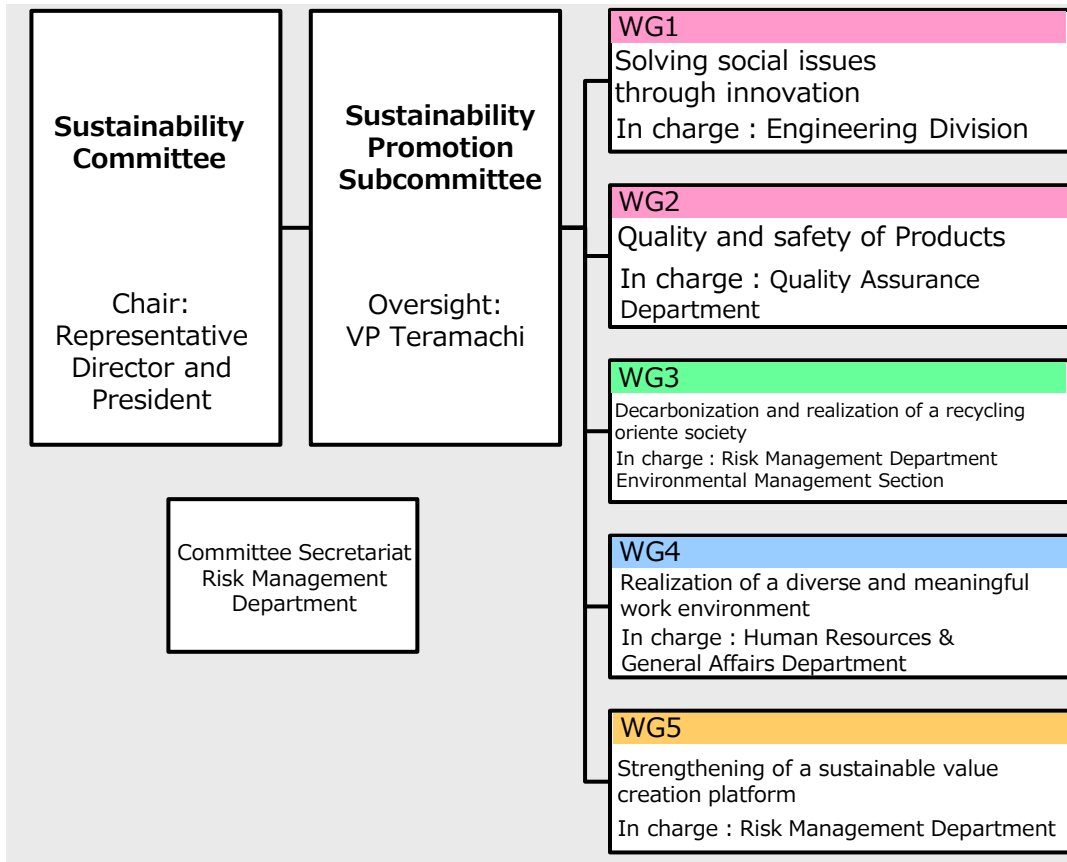
Sustainability Structure and Recent Activities

- Toward concrete materiality initiatives, five working groups have been formed for each theme and have been carrying on discussions
- Indicators and targets corresponding to each materiality item to be announced in March
- Progress on response to TCFD recommendations and information on human capital to be disclosed in March

Materiality themes and items

Topic	Item
 Creating an affluent society and solving social issues through innovation	Solving social issues through innovation
	Quality and safety of Products
 Decarbonization and realization of a recycling oriente society	Climate change
	Sustainable procurement
	Recycling and conserving Resources
	Managing harmful substances
 Realization of a diverse and meaningful work environment	Respecting human rights
	Promoting diversity
	Occupational health and safety
	Talent development
 Strengthening of a sustainable value creation platform	Corporate governance
	Compliance
	Risk management

Sustainability Structure



Working to Promote Carbon Neutrality

Medium- and Long-Term Targets for Carbon Neutrality

Medium-Term Target

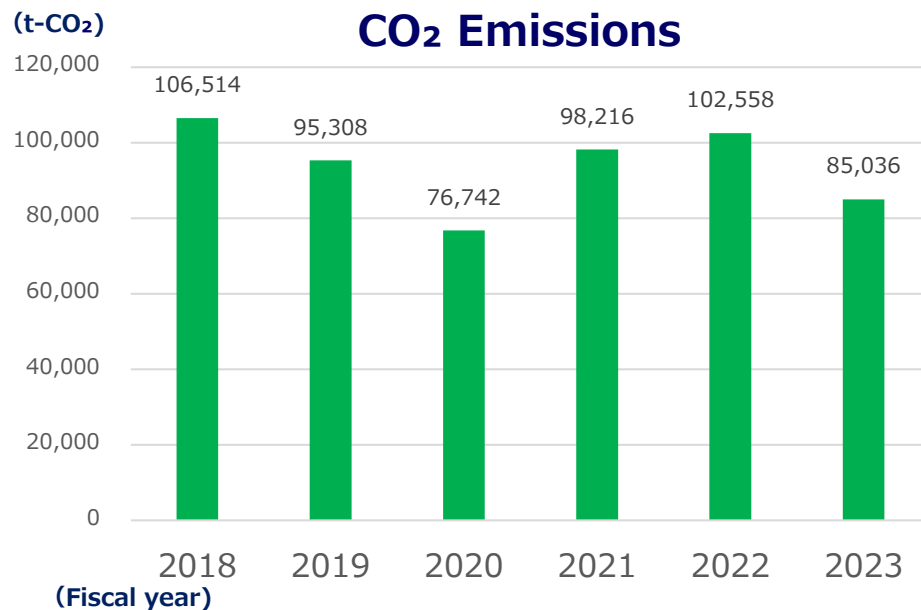
By 2030, reduce CO₂ emissions to 50% of 2018 levels

Scope: THK Japan and Group companies in Japan 2018 emissions: 106,514 tons

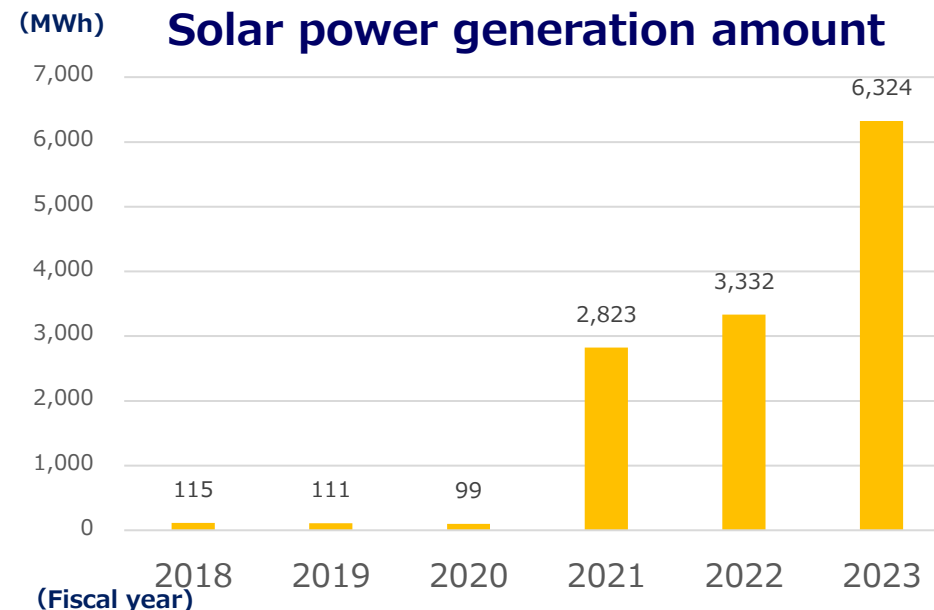
Long-Term Target

By 2050, achieve net-zero CO₂ emissions.

Scope: Entire THK Group



*Data includes THK Japan and Group companies in Japan.



*Data was collected from seven facilities: Toyota branch, Yamaguchi plant, Yamagata plant, THK INTECHS Mishima plant, THK RHYTHM Hamamatsu plant, THK RHYTHM Kyushu plant, and THK Niigata

Through efforts such as the early adoption of LED lighting, expanding our installation of solar power generation systems, and transitioning to non-fossil energy alongside our continued development of products that further contribute to energy and labor savings, we are continuing to conduct business with greater consideration for the environment and contributing to the creation of an affluent and sustainable society.

Working to Promote Carbon Neutrality (overseas)

Solar Power Generation (THK Changzhou Plant)



Solar Power Generation (THK LIAONING Plant)



Solar Power Generation (THK RHYTHM THAILAND)



Utilization of Electric Vehicles
(THK Changzhou Plant)



Electric Forklifts
(THK Changzhou Plant)



An inverter function was
added to the mist
collectors(THK Wuxi Plant)

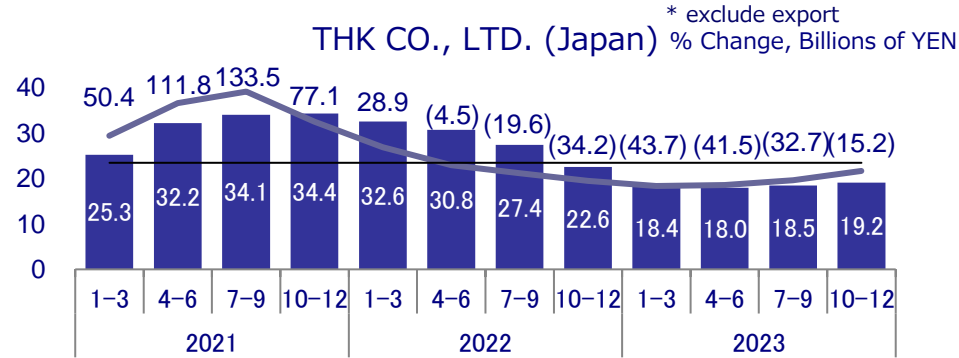


Compressor exhaust
heat being utilized
(TRA Czech)

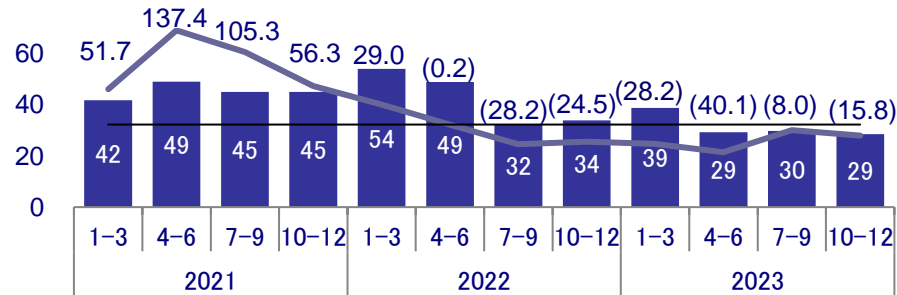


Ⅲ. Financial Forecast for Fiscal 2024

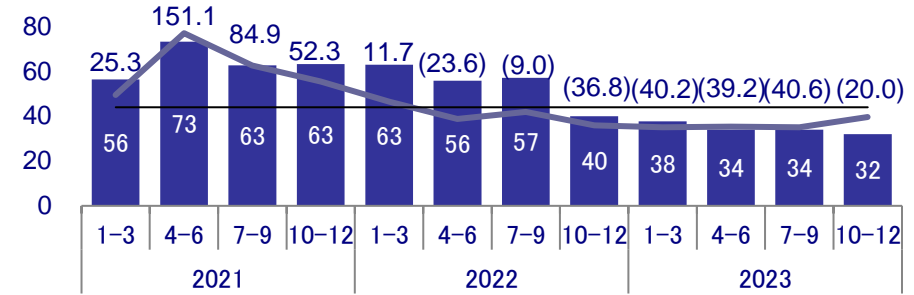
Orders Received by Region <Industrial Machinery Business>



THK Europe % Change, Millions of EUR

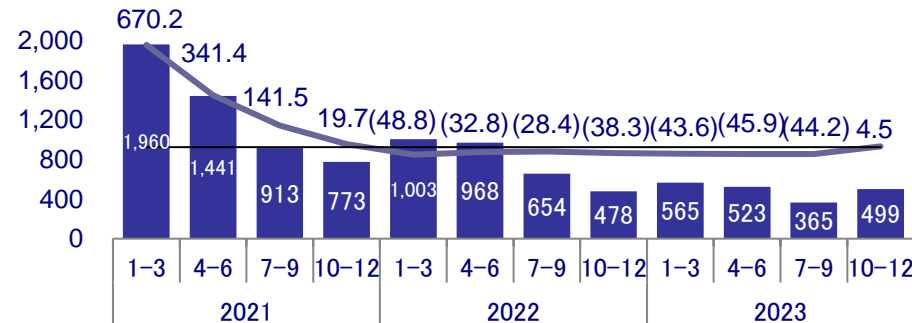


THK America, Inc. % Change, Millions of USD

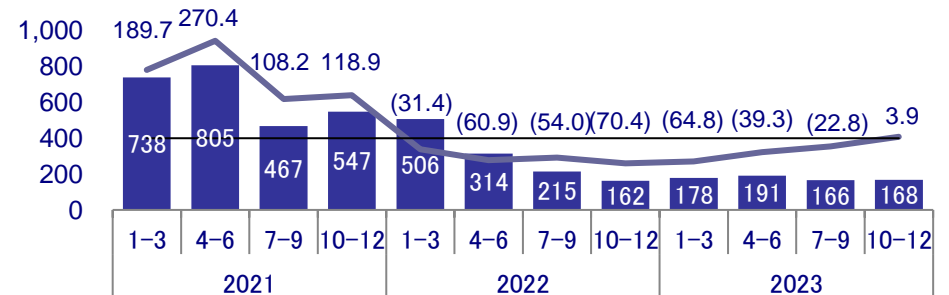


THK (CHINA) CO., LTD. + THK (SHANGHAI)

% Change, Millions of RMB

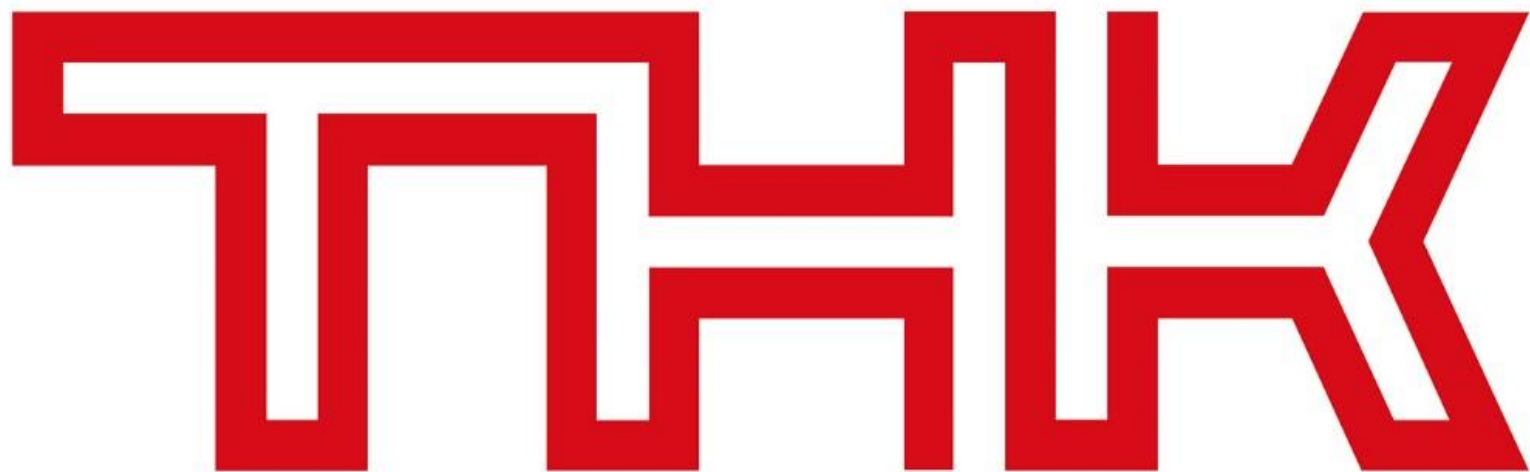


THK TAIWAN % Change, Millions of NTD



Financial Forecast (Consolidated)

	2024/12 Forecast	2023/12 Results	2022/12 Results
Revenue	365,000	351,939	393,687
Y/Y	+3.7%	-10.6%	+23.7%
Operating Income	27,000	23,707	34,460
Y/Y	+13.9%	-31.2%	+13.8%
Income before income taxes	28,800	25,289	35,596
Y/Y	+13.9%	-29.0%	+18.7%
Profit Attributable to Owners of the Parent	20,800	18,398	21,198
Y/Y	+13.1%	-13.2%	-7.9%



The Mark of Linear Motion

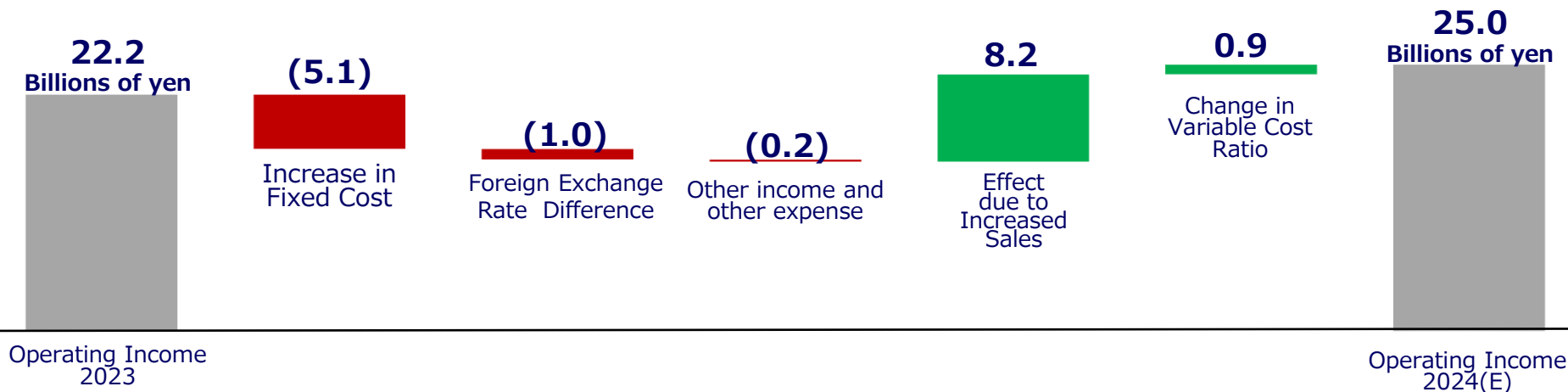
Website www.thk.com

(Ref.) Operating Income (FY2024E) – Change Factors –



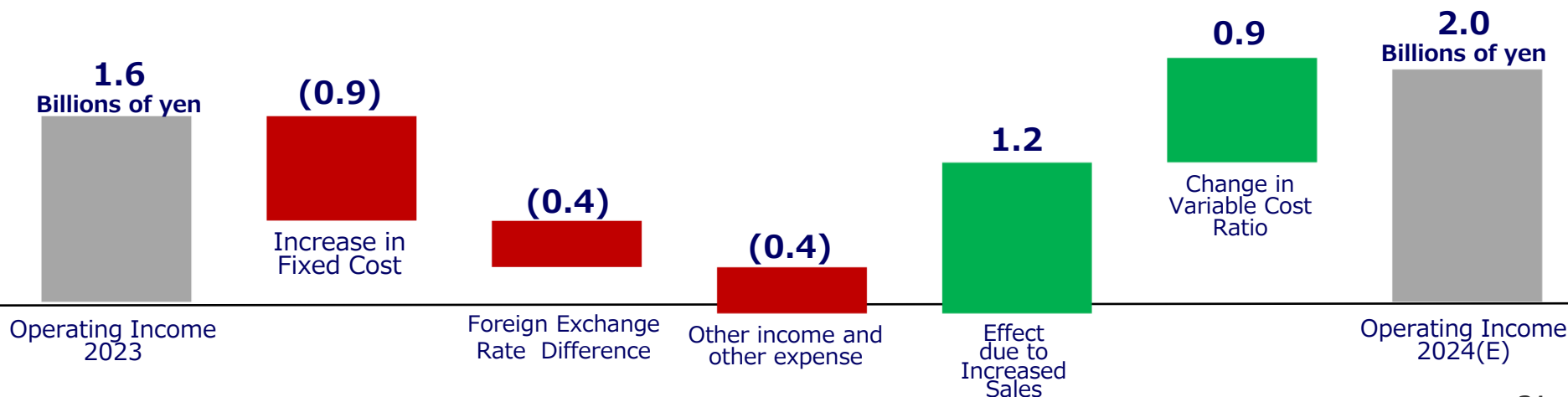
Industrial
Machinery

FY2023 Revenue: 217.5 billions of yen
Operating Income: 22.2 billions of yen **FY2024(E)** Revenue: 230.0 billions of yen
Operating Income: 25.0 billions of yen



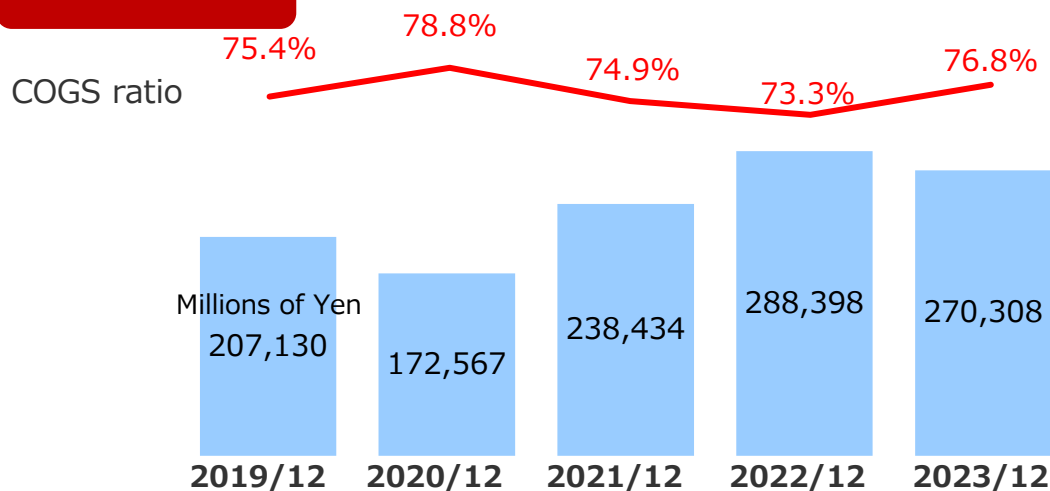
Automotive
&
Transportation

FY2023 Revenue: 134.4 billions of yen
Operating Income: 1.6 billions of yen **FY2024(E)** Revenue: 135.0 billions of yen
Operating Income: 2.0 billions of yen



Trends in COGS and SG&A

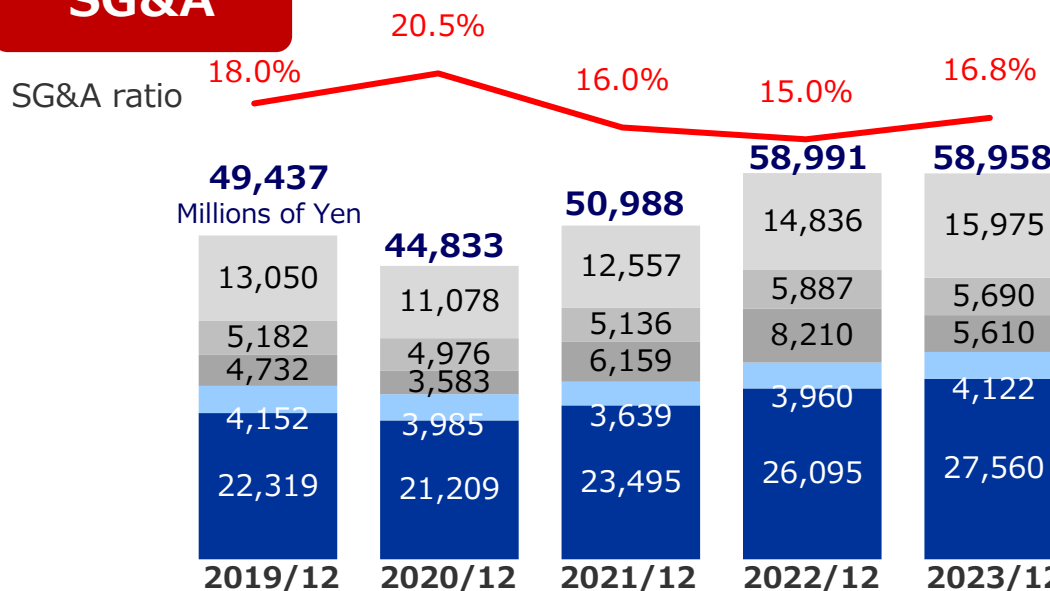
COGS



Sales-cost ratio increased by 3.5 points Y/Y

- Due to decrease revenue

SG&A



SG&A ratio increased by 1.8 points Y/Y

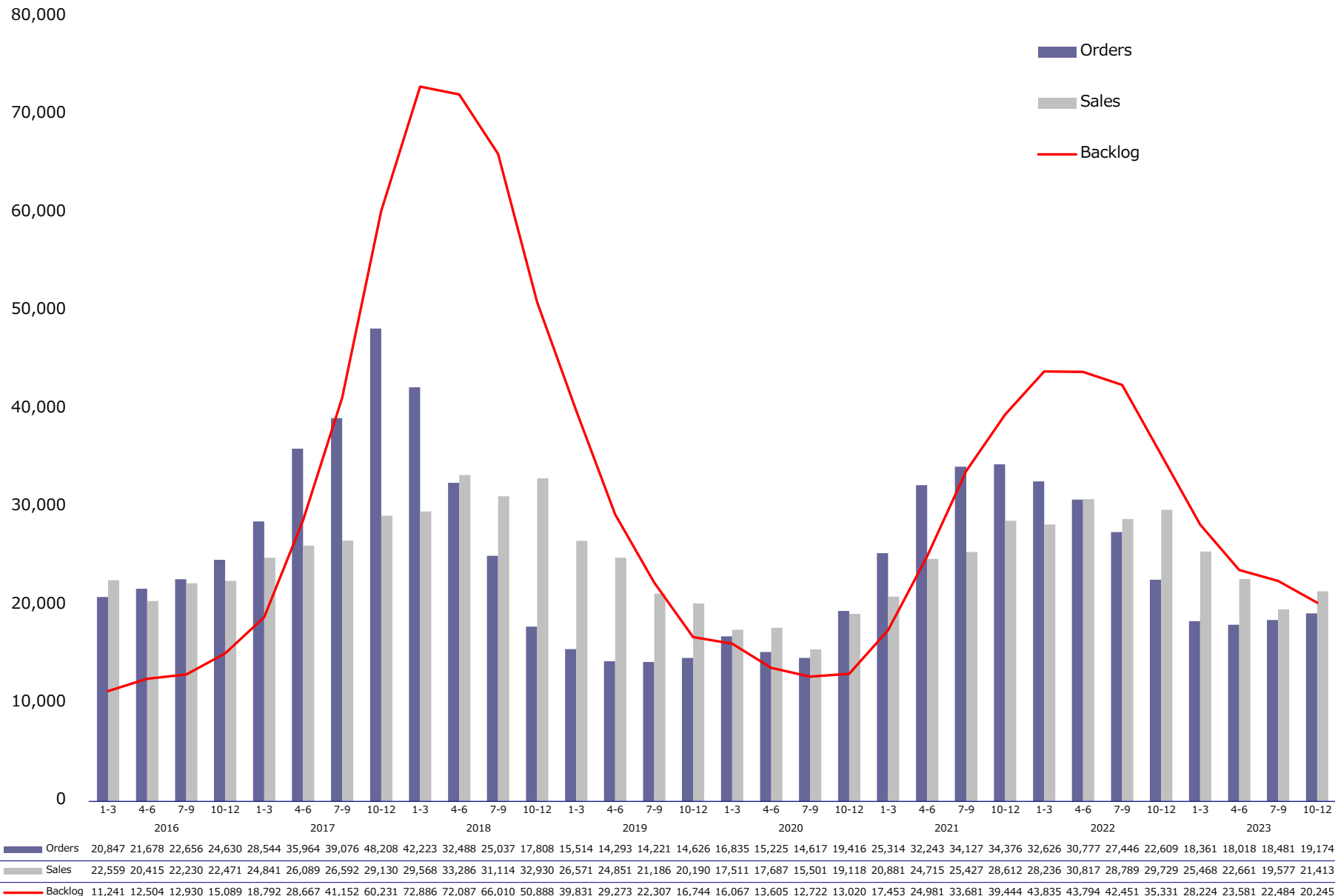
- Due to decrease revenue

【Support Statement】

– Trends in Orders, Sales and Backlog(Japan – Unconsolidated) –



(millions of yen)



(millions of yen)

