

INTERIM FINANCIAL RESULTS BRIEFING

August 8th 2024

**THK CO., LTD.
President & COO
TAKASHI 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 1st Half of Fiscal 2024

Financial Highlights

Consolidated sales revenue declined 3.1% YoY to 179.8 billion yen

- The outlook for the global economy remains uncertain, with matters for concern including heightening geopolitical risks, notably in Ukraine and the Middle East, ongoing inflation, and the sluggish Chinese economy rocked by a real estate market downturn.
- In this situation, while orders in the Industrial Machinery Business bottomed out in the second half of the past fiscal year and demand is slowly recovering, revenue declined year on year from the high order backlog a year ago.
The Automotive and Transportation Business continued to recover, as the impact from curtailed vehicle production due to parts supply shortages has eased.

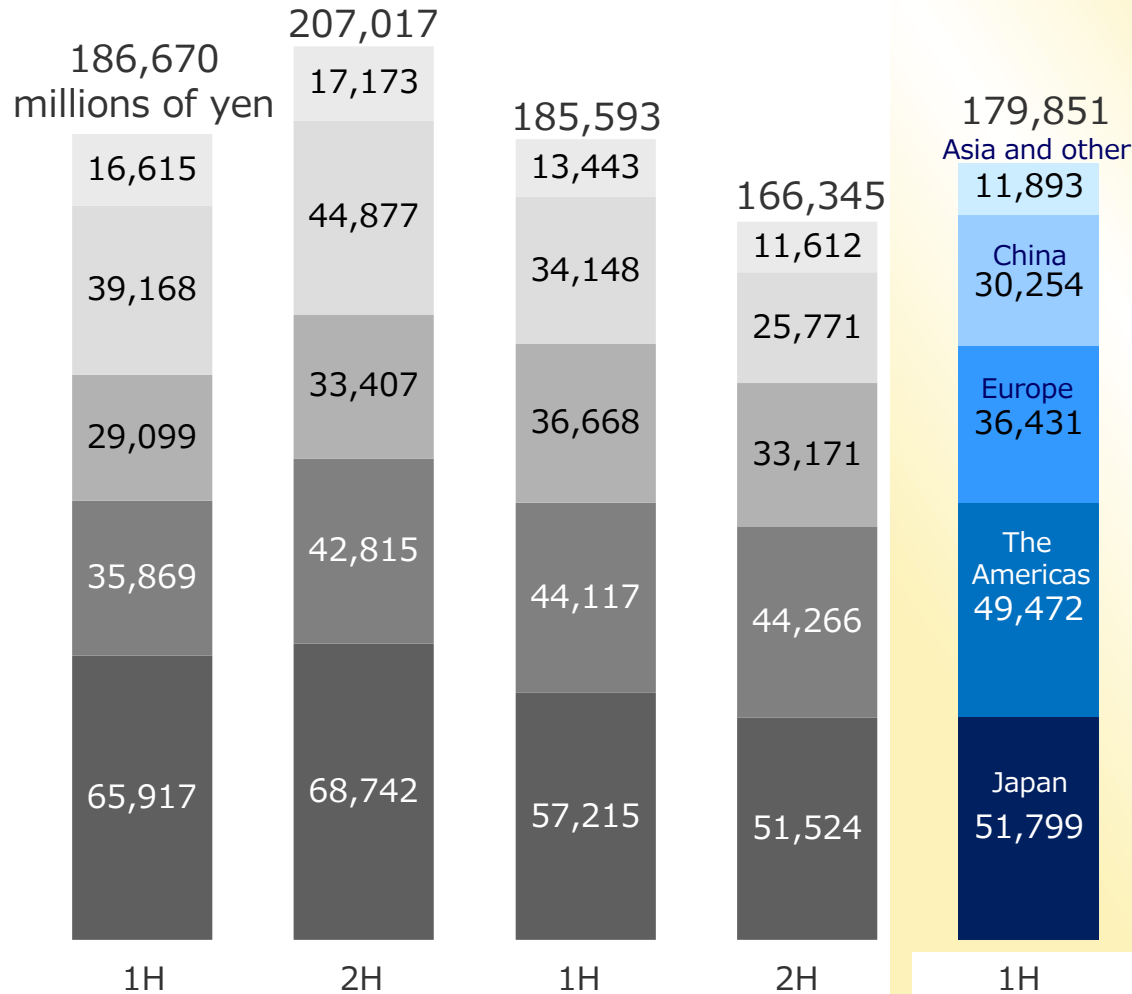
Consolidated operating income declined 49.0% YoY to 8.3 billion yen

- Operating income decreased in the Industrial Machinery Business due to the negative impact on volume effects associated with the decline in sales revenue, along with the impact of various investments in future growth, including investment in human capital.
- In the Automotive and Transportation Business, operating income increased thanks to the impact of various efforts aimed at improving profitability, despite the negative impact of 700 million yen in one-time costs booked in the first quarter.

Revenue and operating income both exceeded initial plan targets

- Sales revenue was 10.8 billion yen higher and operating income also 2.1 billion yen higher than the initial plan targets, as the gradual recovery in demand in the Industrial Machinery Business was effectively turned into sales revenue and the yen trended lower on the forex market.

Trend in Revenue



*The growth rates are just for reference

Asia and other

● Taiwan	Down 27.7%
● Singapore	Down 29.2%
● India	Up 12.0%

China

● Machine tools	Up 3.5 %
● General machinery	Down 32.5 %
● Electronics	Up 8.2 %
● Automotive & Transportation	Up 14.2 %

Europe

● Machine tools	Down 31.7%
● General machinery	Down 25.4%
● Electronics	Up 1.4%
● Automotive & Transportation	Down 0.3%

The Americas

● Machine tools	Down 9.5%
● General machinery	Down 36.4%
● Electronics	Up 18.5%
● Automotive & Transportation	Up 3.1%

Japan

● Machine tools	Down 33.2%
● General machinery	Down 19.5%
● Electronics	Down 5.5%
● Automotive & Transportation	Up 3.9%

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

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

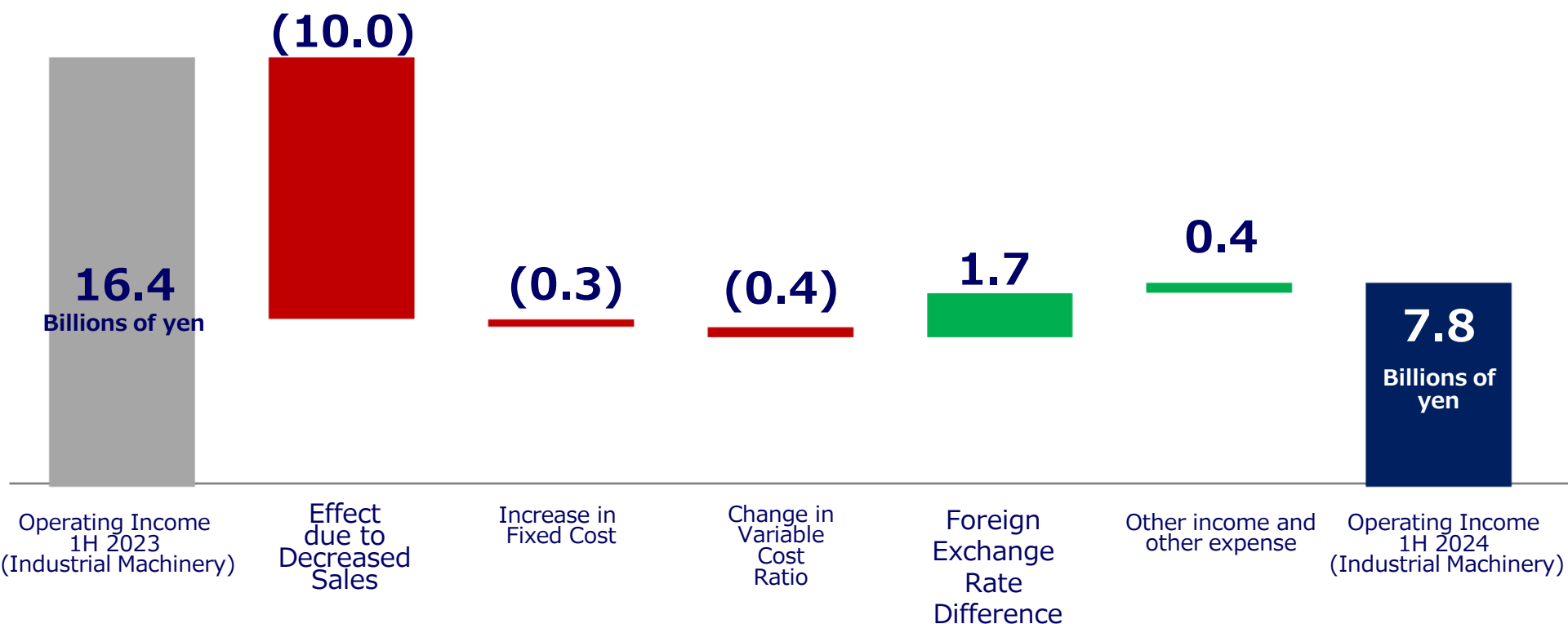
*Growth rate for Automotive & Transportation was calculated based on the sum of net sales of THK RHYTHM and TRA.

Exchange rate	2022/12		2023/12		2024/12
1US\$	122.98	139.88	134.87	146.17	152.21
1EUR	134.30	141.75	145.79	158.12	164.51
1CNY	18.97	20.03	19.47	20.20	21.09

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



By type of business Unit: billions of yen		FY23		FY24
		1H	2H	1H
Industrial Machinery	Revenue	119.1	98.4	105.5
	Operating Income	16.4	5.8	7.8

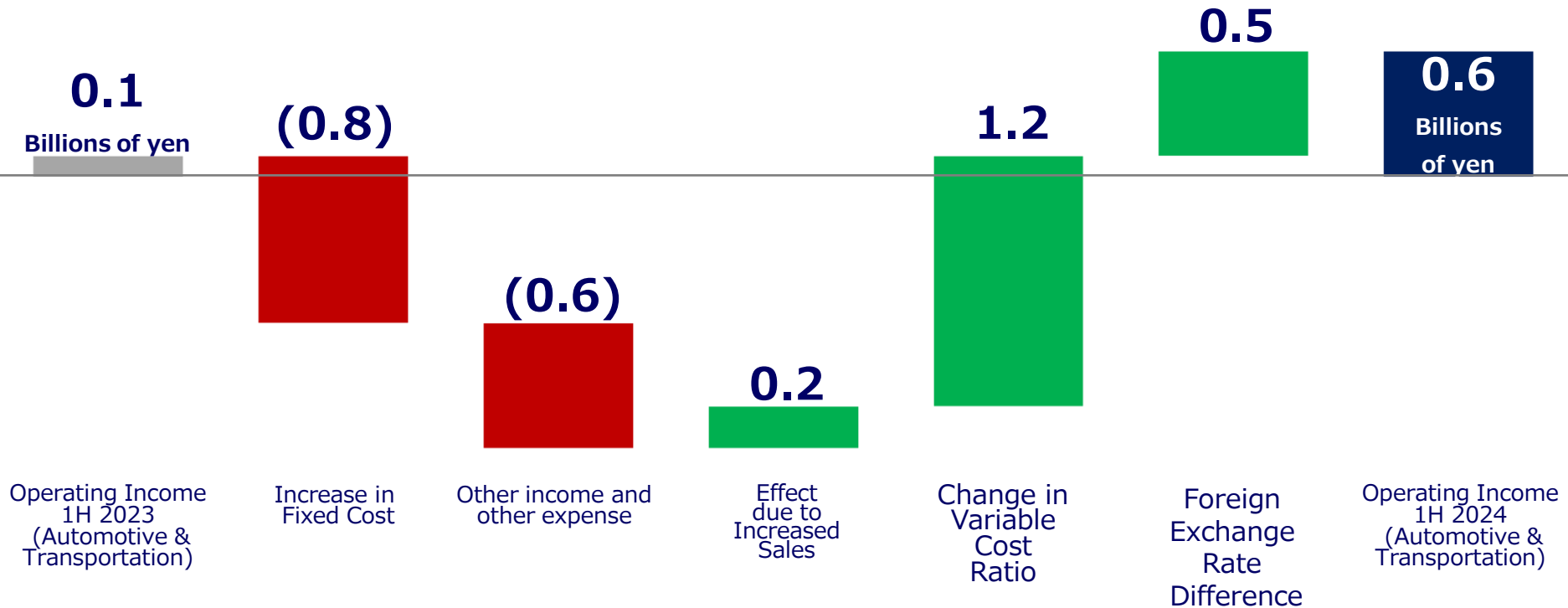


(Ref.) Operating Income – Change Factors – (Automotive & Transportation)



By type of business Unit: billions of yen		FY23		FY24
		1H	2H	1H
Automotive & Transportation	Revenue	66.5	67.9	74.3
	Operating Income	0.1	1.5	0.6

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



Assets, Liabilities and Equity

Total Assets 586,776 millions of yen
Up ¥30,424 million from previous period

**Cash and Cash in Account | Y/Y :
Down ¥1,692 million**

Cash Flows from Operating Activities :
¥18,514 million
Cash Flows from Investing Activities :
¥(17,494) million
Cash Flows from Financing Activities :
¥(15,300) million
Foreign Currency Translation Adjustments
on Cash and Cash Equivalents :
¥12,588 million

**Trade and other receivables| Y/Y :
Up ¥6,981 million**

Number of months' sales receivables :
Previous period : 2.7 months
This period : 2.9 months

Inventories | Y/Y : Up ¥6,460 million

Number of months' sales in inventory :
Previous period : 2.8 months
This period : 3.0 months

**Property, Plant and Equipment | Y/Y :
Up ¥17,526 million**

■ CAPEX : ¥14,493 million
■ Depreciation : ¥10,206 million

**Goodwill and intangible assets| Y/Y :
Up ¥773 million**

Current assets

342,836

**Up ¥9,373 million
from previous period**

Non-current assets

243,940

**Up ¥21,050 million
from previous period**

Liabilities

183,661

**Down ¥9,791 million
from previous period**

Equity

403,115

**Up ¥40,216 million
from previous period**

**Current liabilities| Y/Y :
Up ¥2,429 million**

■ Trade and other payables | Y/Y :
Down ¥3,826 million
Number of months' notes payable
Previous period : 1.2 months
This period : 1.0 months

■ Bonds and borrowings| Y/Y :
Up ¥475 million

■ Income taxes payable | Y/Y :
Up ¥2,113 million

■ Other current liabilities | Y/Y :
Up ¥3,608 million

**Non-current liabilities| Y/Y :
Down ¥12,221 million**

■ Bonds and borrowings| Y/Y :
Down ¥12,422 million

**Profit Attributable to
Owners of the Parent
¥7,213 million**

**Dividends Paid :
¥1,961 million**

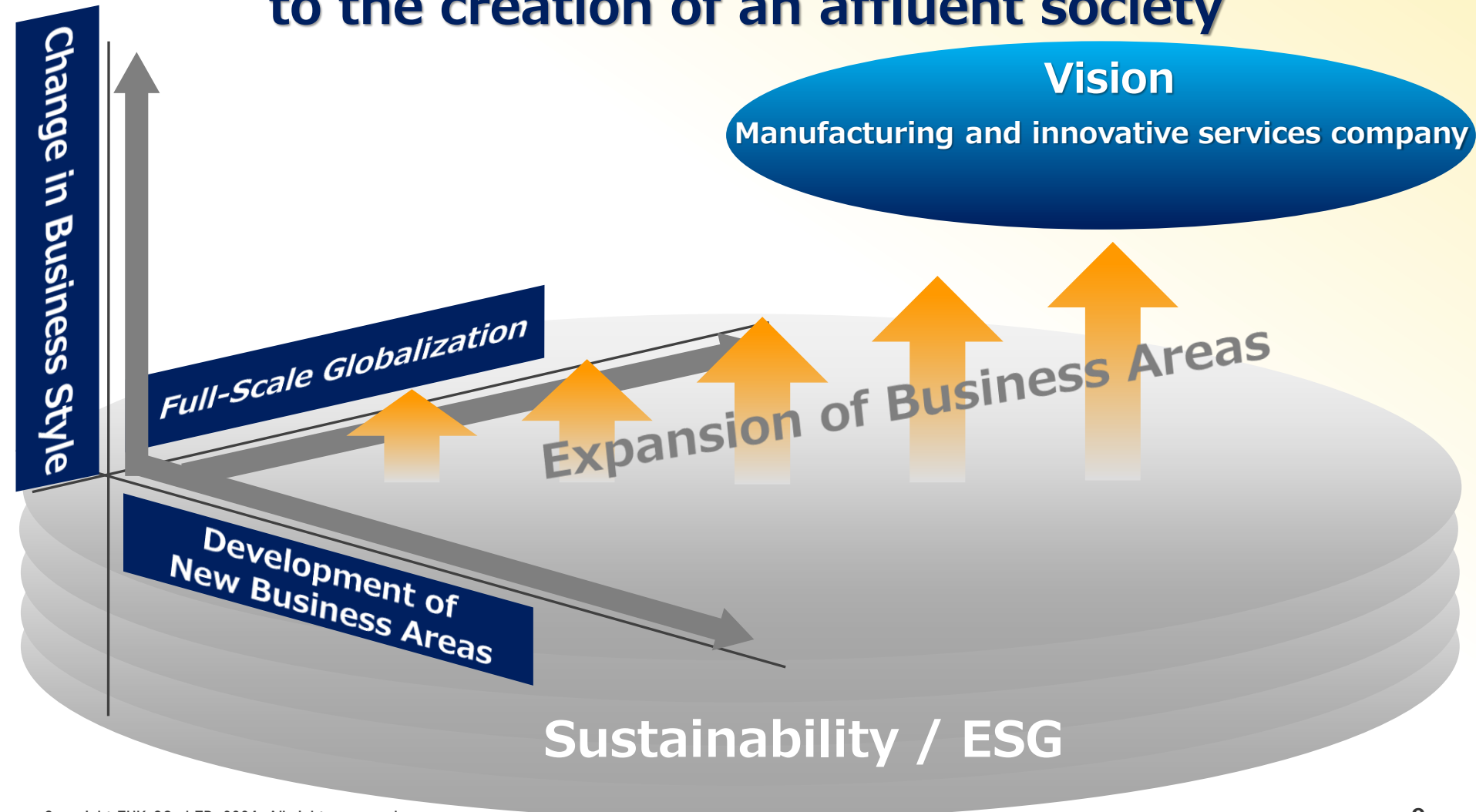
**Foreign Currency
Translation Adjustments | Y/Y:
Up ¥33,914 million**

II. Major Measures

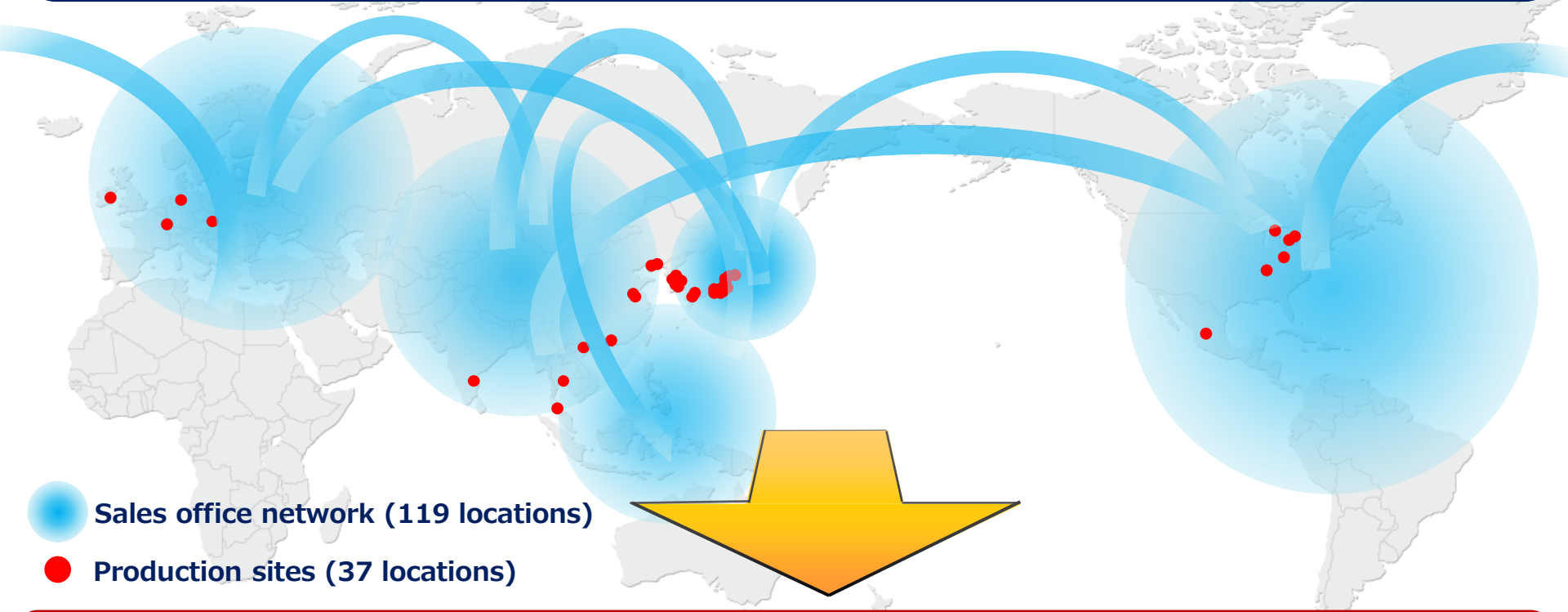
THK Management

Corporate Philosophy

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



Because production is becoming more decentralized as a result of supply chain disruption during the coronavirus pandemic and the manifestation of geopolitical risks, equipment design, component procurement, and MRO are becoming more decentralized in the industrial machinery and automotive and transportation business area.



“Strengthening global business” + “Strengthening local business”

Meeting these changes with “Glocal Support” as keyword

Enhancement of the Global Manufacturing Structure



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



Enhancing Corporate Value

P
B
R

=

R
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E

×

P
E
R

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%
Profit-oriented management
More products for next-generation vehicles
More aluminum products



Return to shareholders (current)

Dividend payout ratio: 30%
Actively consider also stock buy-back

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

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

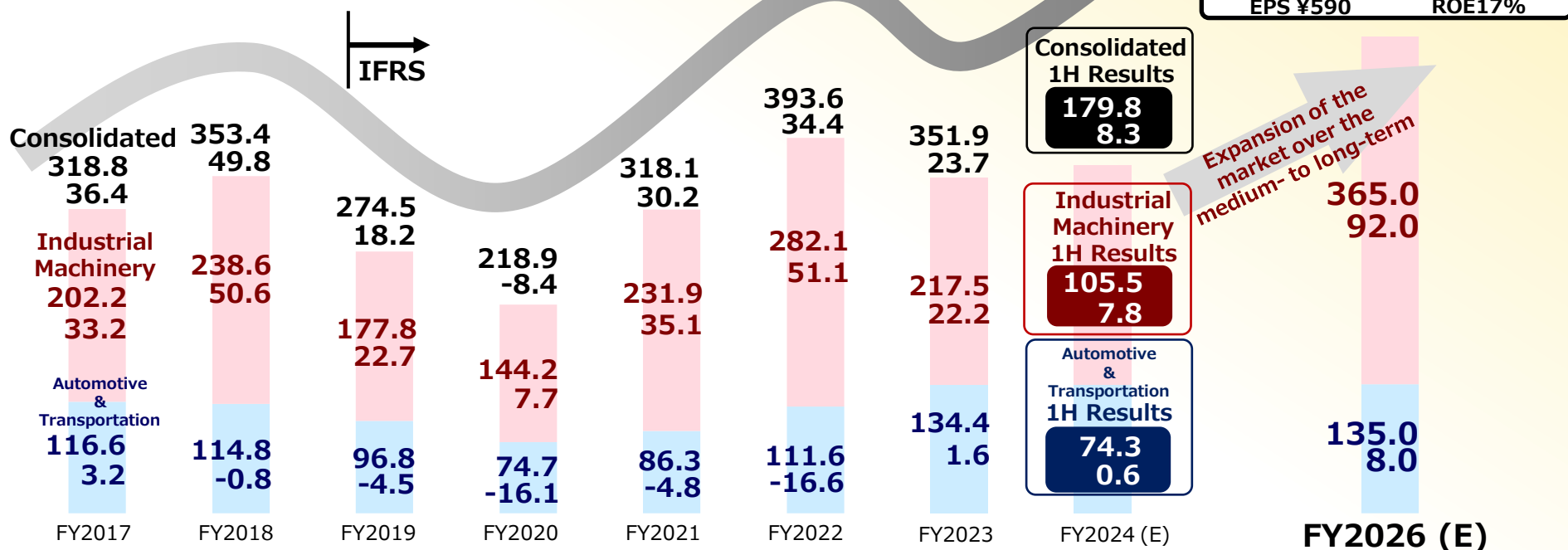
Expansion of stock compensation system

Accelerate efforts in each business

Key Initiatives in Business Lines

Medium- to long-term markets are growing

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



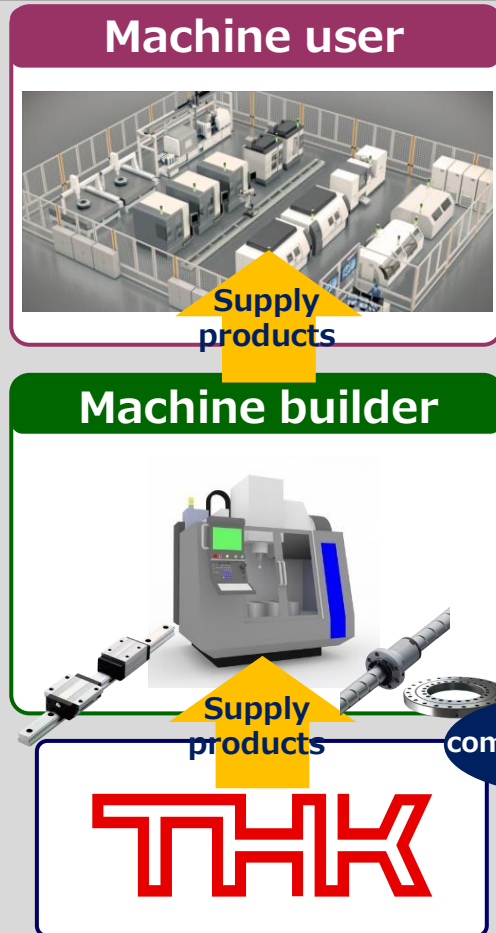
More products for next-generation vehicles
More aluminum products
Improved profitability

Evolution of the Industrial Machinery Business

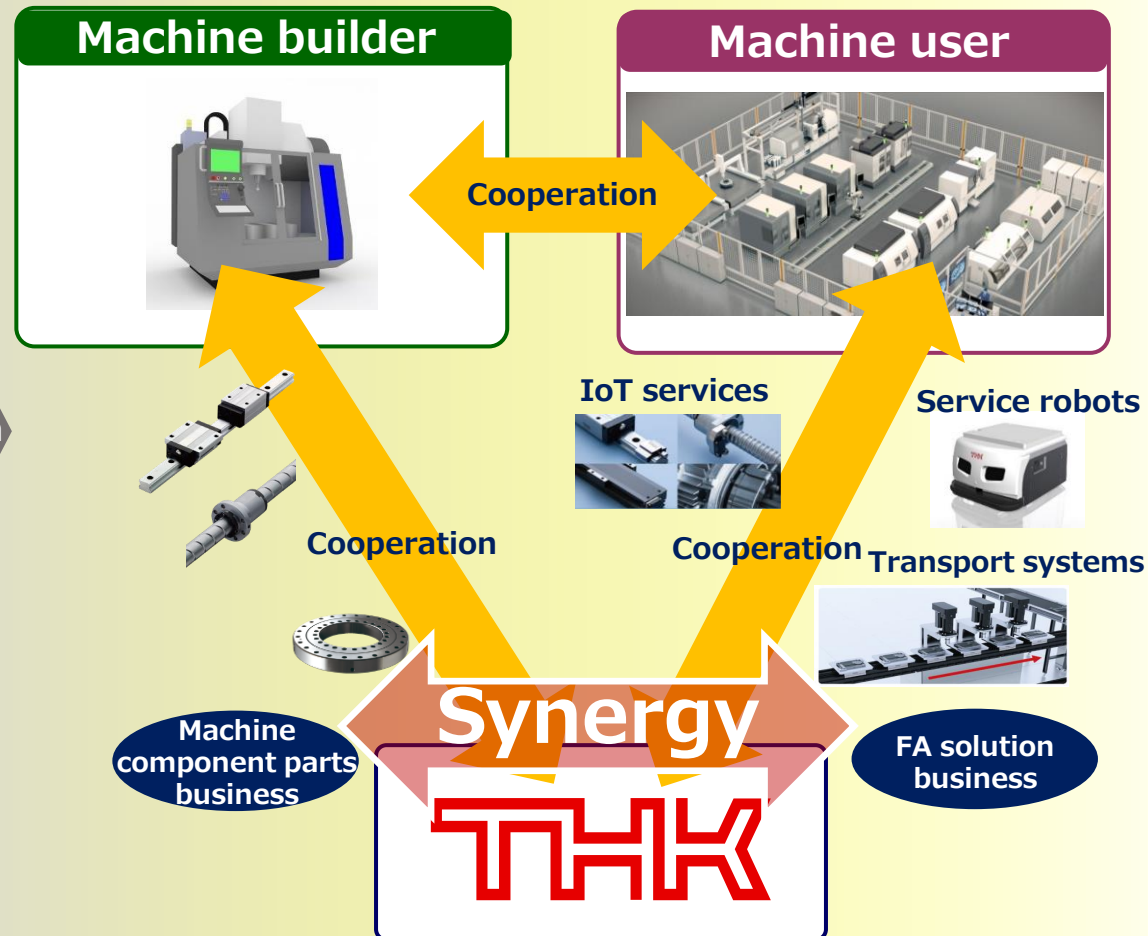
Automation, labor shortages, and sustainability

Supply Chain (Past)

Ecosystem (Future)

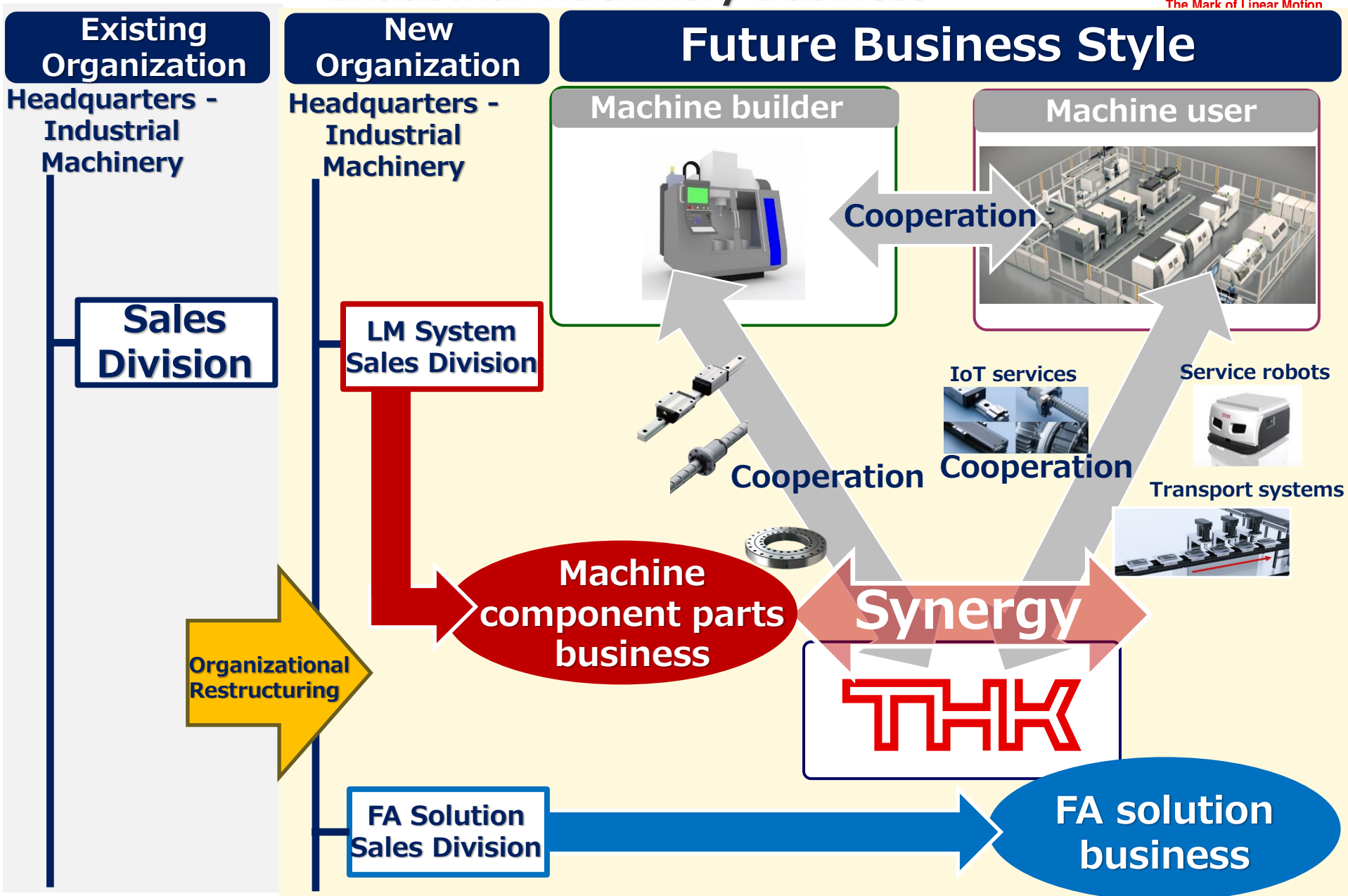


Evolution



We will increase our points of contact with machine users to diversify the customers we sell to, utilize the information we gather through these activities to develop and produce products, and both strengthen our development of products for growing fields and bolster the foundation of our business.

Reorganization Aimed at Advancement of the Industrial Machinery Business



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 Warehousing



Industrial Machinery Robots



EV / Battery



General Machinery



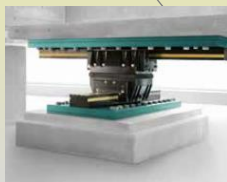
Train / Aircraft



Shop



Seismic Isolation Home Automation



Machine Tools



Semiconductor Manufacturing Equipment



Renewable Energy



Linear Motion Core Technology



Forming task forces in each of the areas where particularly strong growth is seen, work to ensure demand is captured

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

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.



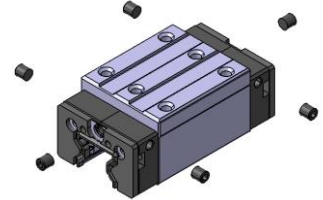
Ball Screw with Nut Cooling

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.



Six-Hole Type Added for Interchangeable LM Guide Model HDR

- Easy to use
- Quick delivery



Cross-Roller Guide Model VRG

- Expanded lineup
- Center rail type Model VRG-W released



High-Speed Roller Ring RT

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



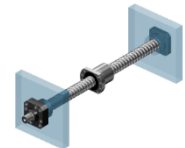
Precession Type Reduction Gear: Astral Motion Gear

This proprietary reduction gear uses precession to achieve a large torque with a compact size.



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



Wheel Guide Model CWG

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



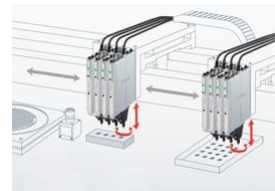
Utility Slide Model AWG

Optimal for railway cars or logistics (automated warehouse)



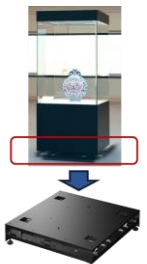
High-Speed Transfer Robot for Electronic Components Model PPR-LR3-LF1

Lifter, rotator, pneumatics, and sensors all included



Seismic Isolation Table Model VIT for Display Cases

Protects important cultural assets and works of art from the risk of toppling or breaking from an earthquake



Introducing FA Solution Business



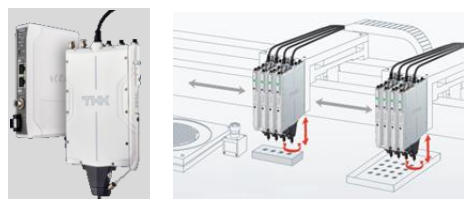
OEE Optimization System OMNIedge

Past expansion

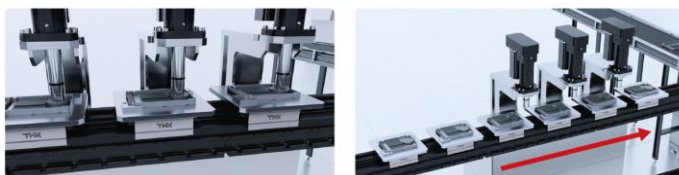
	Service name	Launch date
Phase 1	Predictive failure detection AI solution for linear motion components	January 2020
Phase 2	Predictive failure detection AI solution for rotary components	February 2022
Phase 3	Tool Monitoring AI Solution	November 2022
Phase 4	Skill Management AI Solution	December 2023
	Centralized Maintenance Management Tool	December 2023



Motion Control



High-Speed Transfer Robot for Electronic Components Model PPR



Next-generation linear transport system

Mobile Robots



Next-generation Transport robot SIGNAS



Winner of 2023 JSME Excellent Product Award

Total provision of hardware and software leading to improved productivity even in flexible manufacturing

OMNIedge package for multi-unit introduction

Functional blocks that can be added or removed to facilitate multi-unit introduction



Note: Photos are for illustration purposes

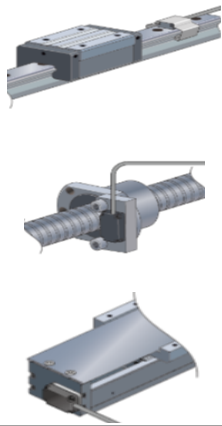
Block (2) AI diagnosis service, cloud storage
Service by THK data scientists



Router+SIM



Freely
combined



Sensor

Sensor

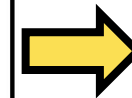
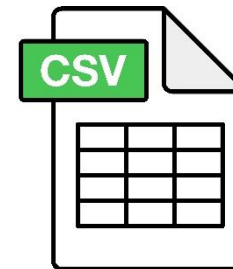
Sensor



AI controller

Block (1) Basic package

A hardware-only block for introducing many units at once



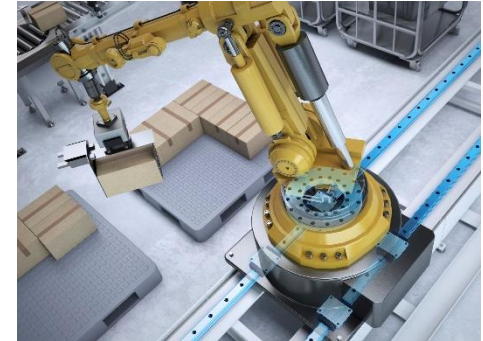
Block (3) File data transmission

Direct sending of data to PLC, IPC, etc. on manufacturing floor

OMNIedge AI diagnosis service (ADV) with growing use cases

Realizes predictive failure detection by merging digital and analog services, drawing on AI and THK data scientists

- Linear motion part AI ■ Industry: Automotive
- Equipment: Robotic cart (linear motion components)
- Trend: Continued rise in AI abnormality rate
- Advice: A component on one of the robot traveling axes may be damaged
- Result: Damage was found in a linear motion component, enabling detection before breakage and averting sudden stoppage.



- Linear motion part AI ■ Industry: Food
- Equipment: Molding machine (linear motion components)
- Trend : Sudden rise in AI abnormality rate, after which large fluctuation was seen.
- Comments: A part making up the linear motion component may be damaged.
- Result: Early maintenance could be performed, winning appreciation.



- Rotary motion part AI ■ Industry: Materials
- Installed location: Blower fan
- Diagnosis result: Abnormal vibrations suggest some kind of problem.
- Advice: Check the coupling and alignment between motor and fan.
- Result: Early maintenance was performed in time to avert a major accident.



Mobile robots: Multi-unit control easily realized

Next-generation transport robot SIGNAS integrated control system

Besides installing access points, communication capability in SIGNAS itself can be used to operate multiple units.

Since signposts are used for route navigation, the transport route can be changed without altering the plant layout, for flexible operation.



A wide range of linkages and options are available for solving problems in realizing multi-unit introduction

Solving operational problems

Linkage to shutter



Equipment linkage



Crossing control



Towing jig



Progress on Reorganization of Automotive and Transportation Business

FY2020– Business restructuring → FY2023 Turned profitable → FY2024– Achieve profit growth

Continuation and strengthening of recovery plan

Manufacturing restructuring / Organizational restructuring

FY2024 1H

Cost reductions totaling approx. 1.1 billion yen

Profit-oriented management (downsizing aggressively as needed)
Consider discontinuing unprofitable products/
downsizing or closing production bases

- Discontinuing unprofitable products
- Ongoing negotiations for further price pass-through

Production of Industrial Machinery Products
Production at THK RHYTHM

FY2024 1H

Production value approx. 1.0 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

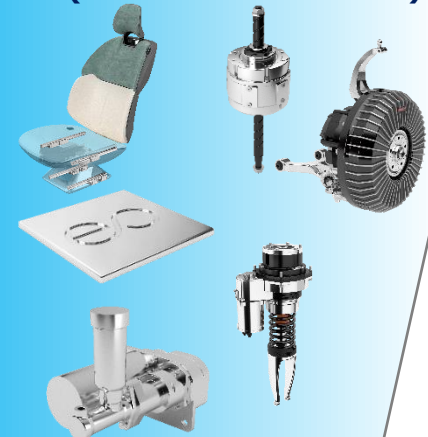
Examine horizontal expansion to other plants

[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

Accelerate next-generation product development propelled by "CASE"

Next-Generation Components



MR Fluid Active Damper
Tube **MROT™**



Active Level Control
Suspension **ALCS™**



Electric Service Brake **ESB™**



Ball Screw for Electric Integrated
Brake Control



Stealth Seat-Slide
System **SLES™**



Variable Magnetic Flux In-
Wheel Motor **enemo™**



Ball Screw for
Active Suspension Units

Linkage and Suspension



Suspension arms



Suspension ball joints



Height sensor joints



Stabilizer connecting rods



Contactless Power
Supply System **CLPS™**



Steering linkages



Steering tie rods (rack and pinion type)



Next-generation new technology
(being developed)



Next-generation new products
(being sold)

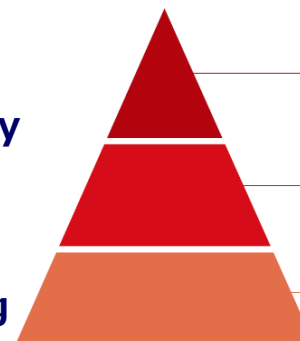


Existing products

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.

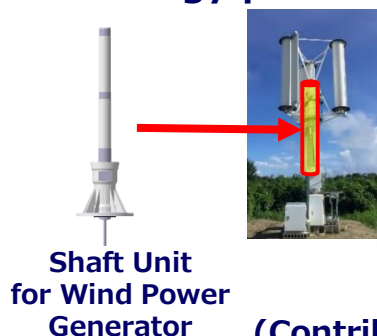
Corporate Basic Policies

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



More linear motion products (Contribute to energy saving)



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

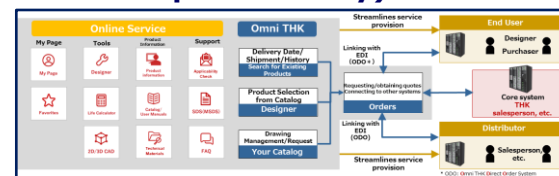


Manufacturing and innovative services company

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

Third-Party Certification (ISO 14064)

We have received third-party verification that our Scope 1*1 and Scope 2*2 GHG emissions calculations during the 2023 fiscal year (January 1 to December 31, 2023) are in accordance with the ISO 14064-3 calculation rules stipulated by the Japan Quality Assurance Organization (at a limited level of assurance for the ISO 14064-3 verification standard).


2023 THK CO., LTD. GHG Emissions Calculation Report 【Scope】

Six factories (Yamaguchi, Yamagata, Kofu, Mie, Gifu, and THK NIIGATA)
【Target items】

CO2 created by Scope 1 and 2 energy consumption

Scope1	7,816 t-CO ₂
Scope2	60,423 t-CO ₂
Total	68,239 t-CO ₂

- * 1 Scope1 : Direct greenhouse gas emissions that a business generates itself
- * 2 Scope2 : Indirect emissions that accompany the use of electricity, heat, or steam supplied by other companies
- * 3 Excluding THK Kiryu

No. 1811004729

Greenhouse Gas Emissions
Verification Report

To: THK CO., LTD.

1. Objective and Scope

Japan Quality Assurance Organization (hereafter "JQA") was engaged by THK CO., LTD. (hereafter "the Company") to provide an independent verification on "FY2023* GHG Emissions Calculation Report" (hereafter "the Report"). The content of our verification was to express our conclusion, based on our verification procedures, on whether the statement of information regarding the FY2023 GHG emissions in the Report was correctly measured and calculated, in accordance with the "TSS-G00-00001: GHG Emissions Calculation Rules (Scope 1, 2) ver.4" established by the Company, and the "TS-GHG-00001: GHG Emissions Calculation Rules (Scope 1, 2) ver.1" established by THK NIIGATA CO., LTD. (hereafter "the Rules"). The purpose of the verification is to evaluate the Report objectively and to enhance the credibility of the Report.

*The fiscal year 2023 of the Company ended on December 31, 2023.

2. Procedures Performed

JQA conducted verification in accordance with "ISO 14064-3". The scope of this verification assignment covers energy-derived CO2 emissions from Scope 1 and 2. The verification was conducted to a limited level of assurance, and quantitative materiality was set at 5 percent of the total emissions in the Report. The organizational boundaries of this verification are THK Group's 6 domestic production sites in Japan.

Our verification procedures included:


- Performing validation of integrated functions to check the Rules prior to the Site Visit.
- Holding on-site verification at the Company's two sites: Kofu Plant and Mie Plant.
- The sampling sites for on-site assessment were selected by the Company.
- On-site assessment to check the Report boundaries, GHG sources, monitoring points, monitoring and calculation system and its controls.
- Vouching: Cross-checking the GHG emissions data against evidence.

3. Conclusion

Based on the procedures described above, nothing has come to attention that caused us to believe that the information regarding the Company's FY2023 GHG emissions in the Report is not materially correct, or has not been prepared in accordance with the Rules.

4. Consideration

The Company was responsible for preparing the Report, and JQA's responsibility was to conduct verification of GHG emissions in the Report only. There is no conflict of interest between the Company and JQA.



Sumio Asada, Board Director
For and on behalf of Japan Quality Assurance Organization
1-25, Kandaonodacho, Chiyoda-ku, Tokyo, Japan
March 25, 2024

*Please refer to the annex in the next page.

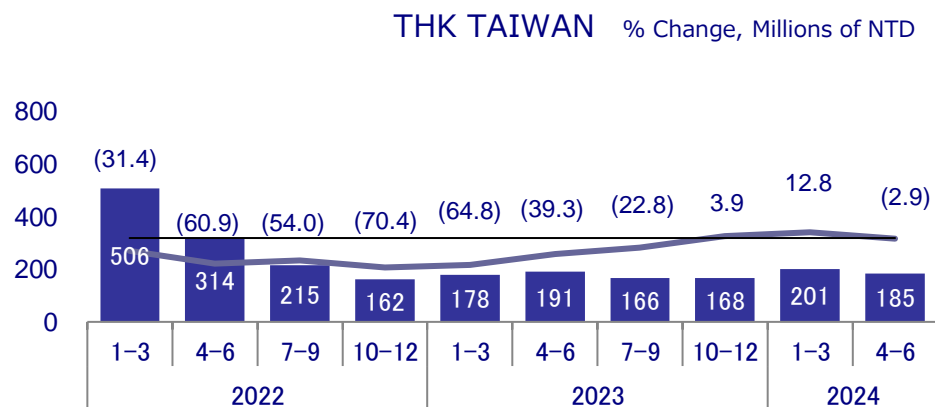
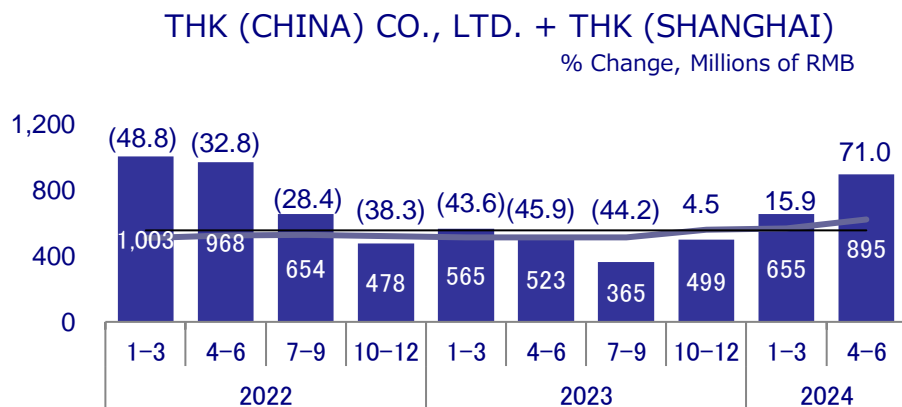
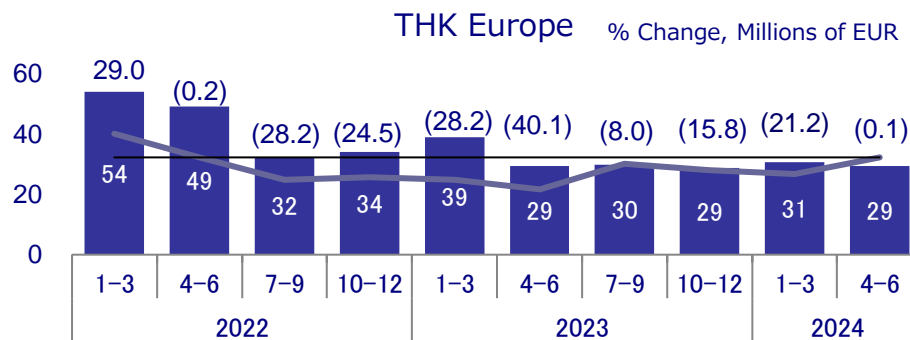
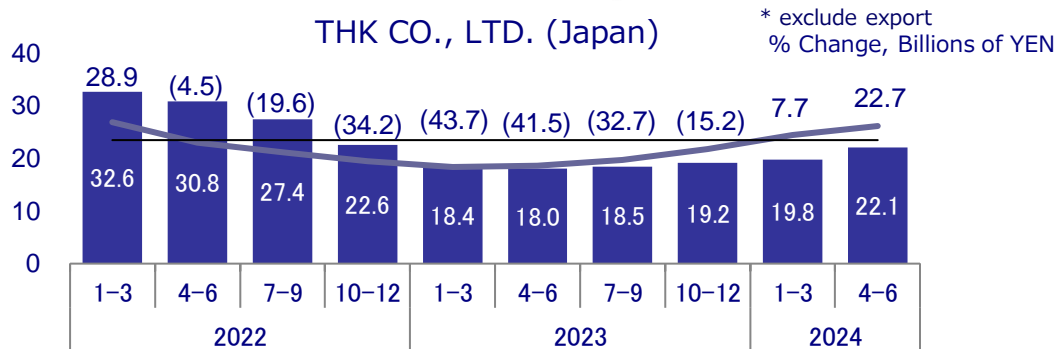
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Greenhouse Gas Emissions Verification Report

Certification is expected to be acquired in FY2024 for production sites in Japan ^{*3}

Ⅲ. Financial Forecast for Fiscal 2024

Orders Received by Region <Industrial Machinery Business>



Financial Forecast (Consolidated)

	2024/12		2023/12
	FY Forecast	1H Results	Results
Revenue	365,000	179,851	351,939
Y/Y	+3.7%	-3.1%	-10.6%
Operating Income	27,000	8,399	23,707
Y/Y	+13.9%	-49.0%	-31.2%
Income before income taxes	28,800	10,080	25,289
Y/Y	+13.9%	-41.2%	-29.0%
Profit Attributable to Owners of the Parent	20,800	7,213	18,398
Y/Y	+13.1%	-40.1%	-13.2%

Financial Forecast (Unconsolidated)

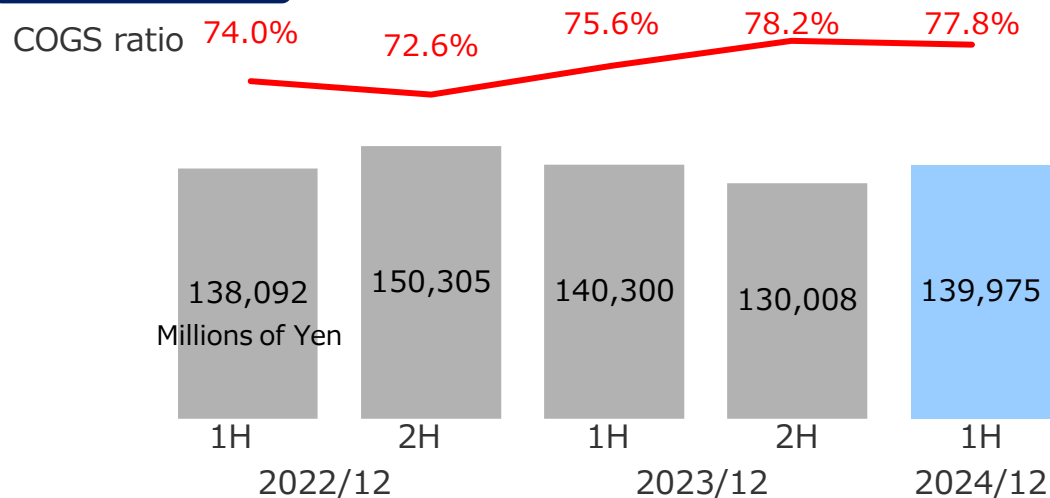


Japanese GAAP (Millions of Yen)

		2024/12		2023/12
		FY Forecast	1H Results	Results
Net Sales		151,000	67,606	144,227
	Y/Y	+4.7%	-15.1%	-27.0%
	Japan	98,000	42,415	89,121
	Y/Y	+10.0%	-11.9%	-24.2%
Operating Income		7,000	1,544	7,138
	Y/Y	-1.9%	-72.0%	-72.2%
Ordinary Income		11,000	9,177	15,905
	Y/Y	-30.8%	-32.8%	-54.7%
Net Income		8,800	8,258	13,037
	Y/Y	-32.5%	-26.1%	+113.9%

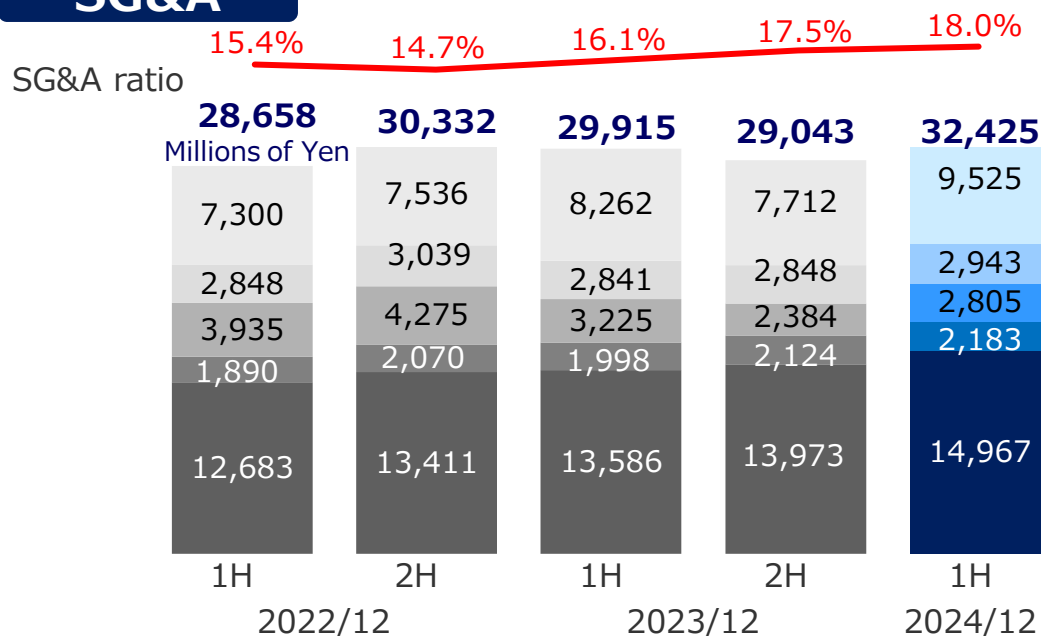
Trends in COGS and SG&A

COGS

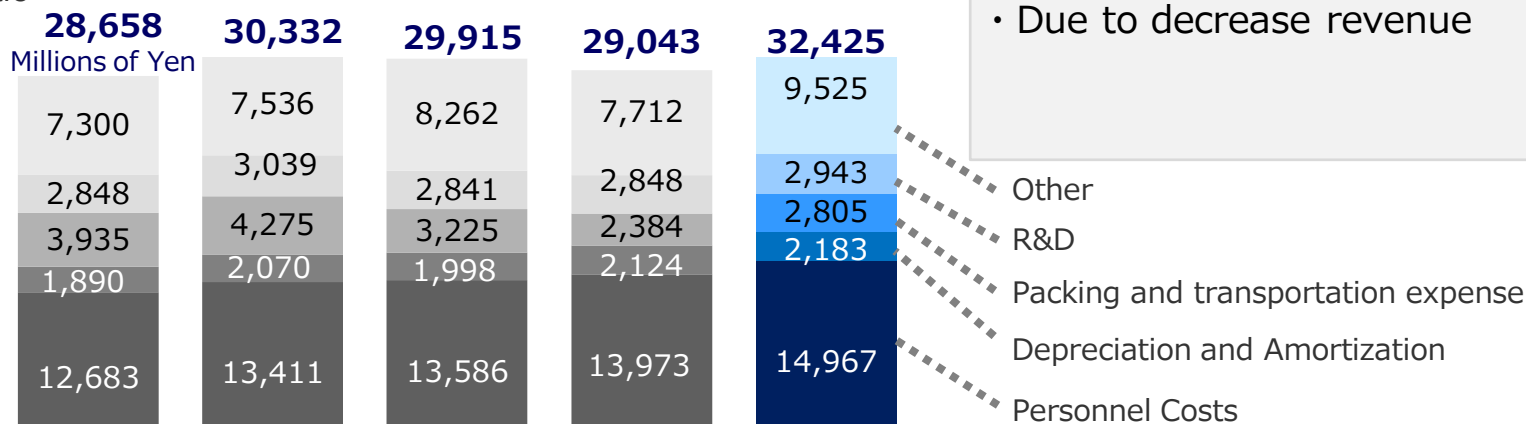


Sales-cost ratio increased by 2.2 points Y/Y
• Due to decrease revenue

SG&A

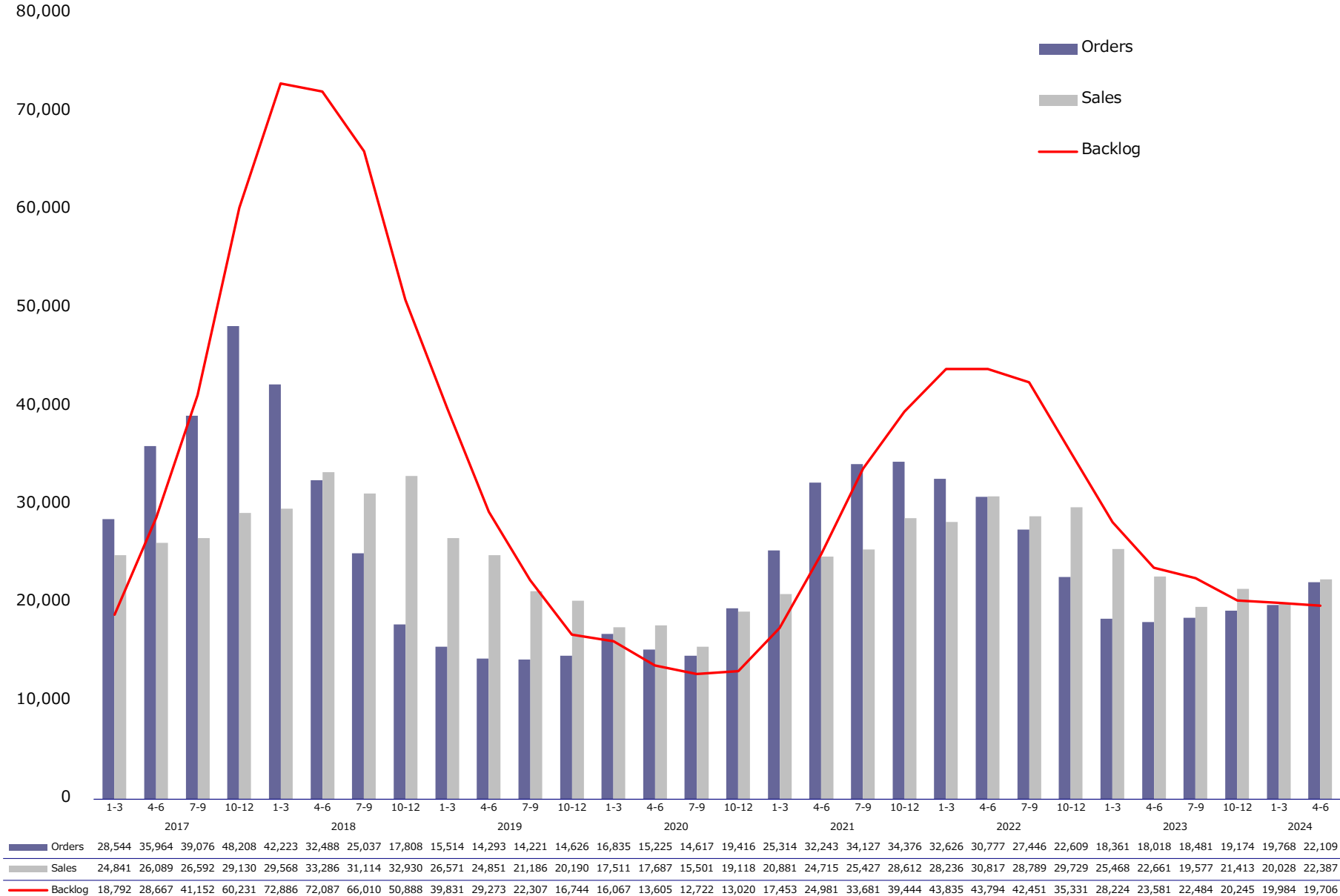


SG&A ratio increased by 1.9 points Y/Y
• Due to decrease revenue



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

(millions of yen)



【Support Statement】

–Trends in Orders Classified by Industry (Unconsolidated)–



(millions of yen)

