

December 25, 2024

Notice Regarding Discontinuation of Production Activities of a Subsidiary

Company Name : THK CO., LTD.
 Representative : Takashi Teramachi, President and COO
 Code number : 6481 (Tokyo Stock Exchange Prime Market)
 Contact : Kenji Nakane, Director and CFO (Tel: +81-3-5730-3911)

THK CO., LTD. ("THK") hereby announces that at the Board of Directors meeting held on December 25, 2024, THK decided to discontinue the production activities of THK RHYTHM MALAYSIA Sdn. Bhd. ("TRMS"), a consolidated subsidiary of THK. Details are as follows:

1. Overview of the subsidiary that discontinues its production activities

(1)	Name	THK RHYTHM MALAYSIA Sdn. Bhd.	
(2)	Address	Prai Industrial Estate Penang, Malaysia	
(3)	Representative	Mr. Hiroyuki Kyotani, President	
(4)	Business	The automotive & transportation business	
(5)	Paid-in capital	MYR 11,464,762	
(6)	Date of establishment	July 30, 1982	
(7)	Major shareholder and shareholding ratio	THK RHYTHM CO., LTD. 80%	
(8)	Relationship between TRMS and THK	Capital relationship	THK holds 80% of the issued shares of TRMS (indirect ownership through THK RHYTHM CO., LTD., a subsidiary of THK)
		Personnel relationship	Two employees of THK concurrently serve as directors of TRMS.
		Business relationship	There are no transactions between THK and TRMS.
		Status being a related party	TRMS is a consolidated subsidiary of THK.

2. Reasons for the discontinuation of production activities

On November 12, 2024, THK issued "Notice Regarding Decision of Basic Policy (Early Realization of ROE of Over 10%) for Revision of the Current 'Management Targets for FY2026 (Five-Year Plan).'" THK has announced that it will implement selection and concentration of its businesses under the policy of "Promotion of Management That Emphasizes Profitability and Capital Efficiency," which is in line with the policy of the revision.

TRMS was established in Malaysia in 1982 as an automotive parts manufacturing and sales company. TRMS became a consolidated subsidiary of THK in 2011 and has been producing mainly steering and suspension-related parts.

However, the profitability of TRMS has been declining due to the deteriorating market environment in recent years, as well as rising steel prices and labor costs. Therefore, THK has determined that it will be difficult to continue production in Malaysia in the future and, in line with the aforementioned revision policy, has decided to discontinue the production activities at the end of December 2025. THK will continue to implement selection and concentration of its businesses based on this policy.

3. Outlook

The impact of the discontinuation of the production activities on THK Group's consolidated operating results was immaterial.