

Consolidated Financial Results for the Fiscal Year Ended December 31, 2025 under IFRS

Company Name	THK CO., LTD.
Head Office	Tokyo, Japan (Tel: +81-3-5730-3911)
URL	https://www.thk.com/
Stock exchange listing	Tokyo Stock Exchange Prime Market
Code number	6481
Representative	Takashi Teramachi, President and CEO
Contact	Kenji Nakane, Director and CFO
Date of the ordinary general meeting of shareholders	March 20, 2026
Scheduled date of commencing dividend payments	March 23, 2026
Date of filing the Securities Report (Japanese version only)	March 18, 2026

1. Consolidated Operating Results and Financial Position as of and for the Fiscal Year Ended December 31, 2025 (January 1, 2025 to December 31, 2025)

(1) Consolidated Operating Results

Year Ended December 31	Revenue (Millions of Yen)		Operating Income (Millions of Yen)		Profit Before Tax (Millions of Yen)		Profit (Loss) Attributable to Owners of the Parent (Millions of Yen)		Total Comprehensive Income (Loss) (Millions of Yen)	
2025	¥240,444	7.9%	¥14,436	(9.3)%	¥15,746	(11.9)%	¥(69,891)	—%	¥(56,495)	—%
2024	222,737	—	15,923	—	17,870	—	10,439	(43.3)	35,212	(1.4)

Year Ended December 31	Basic Earnings (Loss) per Share (Yen)	Diluted Earnings per Share (Yen)	Profit (Loss) Ratio to Equity Attributable to Owners of the Parent	Profit Before Tax Ratio to Total Assets	Operating Margin
2025	¥(618.66)	—	(21.7)%	3.0%	6.0%
2024	85.17	—	2.8	3.2	7.1

(For Reference) Share of profit (loss) in investments accounted for using the equity method: Year ended December 31, 2025 ¥(1,587) million
Year ended December 31, 2024 55 million

Note: Effective from the current fiscal year, the automotive & transportation business has been classified as a discontinued operation. Therefore, revenue, operating income, and profit before tax in the table above represent amounts from continuing operations and exclude amounts from the discontinued operation, whereas profit (loss) attributable to owners of the parent is presented at the total amount of the continuing operations and discontinued operation. Since the comparative prior-year figures are presented in the same manner, the year-on-year percentage points of revenue, operating income, and profit before tax are not presented.

(2) Consolidated Financial Position

As of December 31	Total Assets (Millions of Yen)	Total Equity (Millions of Yen)	Equity Attributable to Owners of the Parent (Millions of Yen)	Ratio of Equity Attributable to Owners of the Parent	Equity Attributable to Owners of the Parent per Share (Yen)
2025	¥472,992	¥265,749	¥261,333	55.3%	¥2,332.92
2024	567,418	389,795	383,645	67.6	3,157.34

(3) Consolidated Cash Flows

Year Ended December 31	Net Cash Flows from Operating Activities (Millions of Yen)	Net Cash Flows from Investing Activities (Millions of Yen)	Net Cash Flows from Financing Activities (Millions of Yen)	Cash and Cash Equivalents at the End of Year (Millions of Yen)
2025	¥42,748	¥(19,798)	¥(42,055)	¥120,534
2024	28,412	(34,223)	(22,652)	138,293

2. Dividends

	Dividend Per Share (Yen)				Total
	First Quarter end	Second Quarter end	Third Quarter end	Year/Period end	
Year ended December 31, 2024	¥—	¥18.00	¥—	¥128.50	¥146.50
Year ended December 31, 2025	—	123.00	—	123.00	246.00
Year ending December 31, 2026 (Projected)	—	92.00	—	92.00	184.00

	Total Amount of Dividends for the Year/Period (Millions of Yen)	Payout Ratio (Consolidated)	Cash Dividends / Equity Attributable to Owners of the Parent (Consolidated)
Year ended December 31, 2024	¥17,821	172.0%	4.8%
Year ended December 31, 2025	27,558	—	9.0
Year ending December 31, 2026 (Projected)	n/a	95.9	n/a

Note: THK's basic dividend policy is to set its DOE (dividend on equity ratio) at 8%. The dividends for the year ending December 31, 2026 are planned to be paid in accordance with this policy.

3. Forecasts for the Year Ending December 31, 2026 (January 1, 2026 to December 31, 2026)

	Revenue (Millions of Yen)		Operating Income (Millions of Yen)		Profit Before Tax (Millions of Yen)		Profit Attributable to Owners of the Parent (Millions of Yen)		Profit per Share (Yen)
Six-month period ending June 30, 2026	¥127,000	—%	¥10,200	—%	¥10,500	—%	¥8,300	—%	¥74.09
Year ending December 31, 2026	260,000	8.1	26,000	80.1	26,500	68.3	21,500	—	191.93

Note: Effective from the current fiscal year, the automotive & transportation business has been classified as a discontinued operation. Therefore, revenue, operating income, and profit before tax in the table above represent amounts from continuing operations and exclude amounts from the discontinued operation, whereas profit attributable to owners of the parent is presented at the total amount of the continuing operations and discontinued operation. The year-on-year percentage points for the year ending December 31, 2026 are calculated based on the actual results of the continuing operations for the previous year.

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 policies required by IFRS | None |
| b. Changes in accounting policies due to other reasons | None |
| c. Changes in accounting estimates | None |

(3) Number of shares

		(shares)
a. Common stock issued, including treasury stock, as of:	December 31, 2025	119,099,803
	December 31, 2024	129,856,903
b. Treasury stock as of:	December 31, 2025	7,080,022
	December 31, 2024	8,347,674
c. Average number of common stock for the year ended:	December 31, 2025	112,971,858
	December 31, 2024	122,577,759

For Reference: Outline of Non-consolidated Financial Statements under Japanese GAAP

1. Non-Consolidated Operating Results and Financial Position as of and for the Year Ended December 31, 2025 (January 1, 2025 to December 31, 2025)

(1) Operating Results

Year Ended (Millions of Yen)	Revenue		Operating Income		Ordinary Income		Net Income (Loss)	
December 31, 2025	¥145,070	0.2 %	¥4,235	2.8 %	¥45,103	150.3 %	¥(24,701)	— %
December 31, 2024	144,737	0.4	4,121	(42.3)	18,020	13.3	15,495	18.9

Year Ended (Yen)	Net Income (Loss) Per Share-Basic	Net Income Per Share-Diluted
December 31, 2025	¥(218.65)	¥ —
December 31, 2024	126.41	—

(2) Financial Position

	Total Assets (Millions of Yen)	Net Assets (Millions of Yen)	Net Worth Ratio (%)	Net Assets Per Share (Yen)
December 31, 2025	¥345,917	¥152,223	44.0 %	¥1,358.85
December 31, 2024	365,869	240,909	65.8	1,982.59

(Note) Net worth ratio is defined as net worth divided by total assets. Net worth consists of shareholders' equity and adjustment/valuation items in net assets.

Net worth	As of December 31, 2025:	¥152,223 million
	As of December 31, 2024:	240,909 million

2. Non-Consolidated Forecasts for the Year Ending December 31, 2026 (January 1, 2026 to December 31, 2026)

	Revenue (Millions of Yen)		Operating Income (Millions of Yen)		Ordinary Income (Millions of Yen)		Net Income (Millions of Yen)		Net Income per Share(Yen)
Six-month period ending June 30, 2026	¥78,200	15.1%	¥3,100	—%	¥10,400	(68.5)%	¥9,000	(72.3)%	¥80.34
Year ending December 31, 2026	158,000	8.9	7,100	67.6	14,900	(67.0)	13,400	—	119.62

Management's Discussion and Analysis

1. Outline of operating results

(1) Operating results (from January 1, 2025 to December 31, 2025)

In this fiscal year, the outlook for the global economy remained uncertain amid concerns such as rising geopolitical risks including the situation in Ukraine and in the Middle East, continuing inflation, and the U.S. tariff policy.

THK has established "Early Realization of ROE Over 10%" as its new management policy and announced its management indicator targets and measures to achieve them at the announcement of financial results in February 2025. In addition to the "structural reform" in the industrial machinery business and the "selection and concentration" in the automotive & transportation business, the new management policy places greater emphasis on controlling shareholders' equity, which is the denominator of ROE. In light of these circumstances, for the automotive & transportation business, THK conducted a thorough examination of the expected cost of capital and return on invested capital (ROIC) at present and in the future as well. As a result, THK has determined that transferring the automotive & transportation business is the most appropriate option. Consequently, on February 2, 2026, THK decided to transfer the automotive & transportation business to a special purpose company indirectly funded by investment funds serviced by Advantage Partners, Inc., and entered into a basic agreement concerning transfer of shares and assignment of receivables of subsidiaries engaging in the automotive & transportation business. Since the requirements of classification of assets as held for sale in accordance with IFRS 5, "Non-current Assets Held for Sale and Discontinued Operations" have been met in the current fiscal year, the automotive & transportation business has been classified as a discontinued operation and the related consolidated financial statements and notes thereto for the previous year have been reclassified to align with the current year presentation.

In the industrial machinery business, the continuing operations of THK, demand was in a recovery trend, primarily in China and the United States. As a result, consolidated revenue amounted to ¥240,444 million, up ¥17,707 million, or 7.9%, compared to the figure a year earlier.

Costs were impacted by expenses associated with structural reforms under the new management policy and the effects of U.S. tariffs. In such a situation, the cost to revenue ratio rose by 1.3% from a year earlier to 70.7%.

Selling, general and administrative (SGA) expenses amounted to ¥54,341 million, up ¥702 million, or 1.3%, compared to the figure a year earlier. The ratio to revenue was 22.6%, down 1.5% from a year earlier. In addition, SAMICK THK CO., LTD., an equity-method affiliate, experienced deteriorating market conditions and recorded an expected loss associated with implemented investment projects. Consequently, the THK Group recorded ¥1,587 million of share of loss in investments accounted for using the equity method.

As a result, operating income amounted to ¥14,436 million, down ¥1,487 million, or 9.3%, compared to the figure a year earlier. Operating income margin dropped by 1.1% from a year earlier to 6.0%.

Finance income and finance costs were ¥3,048 million and ¥1,738 million, respectively. Profit before tax amounted to ¥15,746 million, down ¥2,123 million, or 11.9%, compared to the figure a year earlier.

In addition, THK recorded a loss on business liquidation amounting to ¥81,639 million in relation to the transfer of shares and assignment of receivables of consolidated subsidiaries engaging in the automotive & transportation business. As a result, THK recorded a loss attributable to owners of the parent, which is the total of the continuing and discontinued operation, amounting to ¥69,891 million, down ¥80,331 million compared to the figure a year earlier (profit attributable to owners of the parent of ¥10,439 million).

(2) Operating results by segment

Operating results by segment are summarized as follows. The figures in the description below include amounts from both the industrial machinery business and the automotive & transportation business. For the details of classification of the discontinued operation, please refer to "Segment Information."

(Japan)

In Japan, demand in the industrial machinery business (the continuing operations) was generally flat; however, revenue amounted to ¥110,859 million, down ¥2,046 million, or 1.8%, compared to the figure a year earlier. THK recorded a segment loss (operating loss) amounting to ¥3,618 million, down ¥11,464 million compared to the figure a year earlier, due mainly to a loss on business liquidation of ¥9,738 million in relation to the transfer of shares and assignment of receivables of consolidated subsidiaries engaging in the automotive & transportation business (the discontinued operation) and ¥1,587 million of share of loss in investments accounted for using the equity method attributable to SAMICK THK CO., LTD.

(The Americas)

In the Americas, revenue amounted to ¥90,248 million, down ¥1,508 million, or 1.6%, compared to the figure a year earlier due mainly to weak demand in the automotive & transportation business (the discontinued operation). THK recorded a segment loss (operating loss) amounting to ¥36,279 million, down ¥38,687 million compared to the figure a year earlier, due mainly to a loss on business liquidation of ¥38,899 million in relation to the transfer of shares and assignment of receivables of consolidated subsidiaries engaging in the automotive & transportation business (the discontinued operation).

(Europe)

In Europe, revenue amounted to ¥67,516 million, down ¥83 million, or 0.1%, compared to the figure a year earlier due mainly to weak demand in both the industrial machinery business (the continuing operations) and the automotive & transportation business (the discontinued operation). THK recorded a segment loss (operating loss) amounting to ¥26,219 million, down ¥25,811 million compared to the figure a year earlier, due mainly to a loss on business liquidation of ¥24,504 million in relation to the transfer of shares and assignment of receivables of consolidated subsidiaries engaging in the automotive & transportation business (the discontinued operation).

(China)

In China, while demand in the industrial machinery business (the continuing operations) was in a recovery trend, revenue amounted to ¥76,034 million, up ¥13,508 million, or 21.6%, compared to the figure a year earlier. Segment income (operating income) amounted to ¥1,874 million, down ¥5,328 million, or 74.0%, compared to the figure a year earlier, due mainly to a loss on business liquidation of ¥7,233 million in relation to the transfer of shares and assignment of receivables of consolidated subsidiaries engaging in the automotive & transportation business (the discontinued operation).

(Other)

In the industrial machinery business (the continuing operations) in the other countries and regions, the THK Group expanded its sales channels and implemented aggressive sales activities to cultivate new customers while demand for THK Group's products was widely expanded in India and the ASEAN countries. In such a situation, revenue amounted to ¥21,603 million, up ¥3,631 million, or 20.2%, compared to the figure a year earlier. Segment income (operating income) amounted to ¥111 million, down ¥634 million, or 85.0%, compared to the figure a year earlier, due mainly to a loss on business liquidation of ¥1,263 million in relation to the transfer of shares and assignment of receivables of consolidated subsidiaries engaging in the automotive & transportation business (the discontinued operation).

2. Financial position (as of December 31, 2025)

Total assets stood at ¥472,992 million, ¥94,426 million down from the previous fiscal year-end, due mainly to decrease in (1) cash and cash equivalents by ¥28,285 million, (2) trade and other receivables by ¥17,945 million, (3) inventories by ¥26,483 million, (4) property, plant and equipment by ¥40,881 million, and (5) goodwill and intangible assets by ¥6,010 million, and (6) Retirement benefit asset by ¥4,114 million.

In addition, in relation to a basic agreement concerning transfer of the automotive & transportation business, assets of the automotive & transportation business expected to be transferred amounting to ¥36,126 million have been reclassified to assets held for sale.

Total liabilities stood at ¥207,242 million, ¥29,619 million up from the previous fiscal year-end, due mainly to a combined effect of decrease in (1) trade and other payables by ¥15,454 million and (2) retirement benefit liabilities by ¥4,450 million, and increase in bonds and borrowings by ¥26,691 million.

In addition, in relation to a basic agreement concerning transfer of the automotive & transportation business, liabilities of the automotive & transportation business expected to be assigned amounting to ¥28,377 million have been reclassified to liabilities directly associated with assets held for sale.

Total equity stood at ¥265,749 million, ¥124,045 million down from the previous fiscal year-end, due mainly to decrease in retained earnings by ¥131,904 million, decrease in other components of equity by ¥2,669 million, decrease in noncontrolling interests by ¥1,733 million, and purchase of treasury stock by ¥1,341 million.

For reference: Cash Flow Indices (Consolidated)

	Year ended December 31				
	2021	2022	2023	2024	2025
Ratio of equity attributable to shareholders of the parent (%)	59.0	59.2	64.2	67.6	55.3
Ratio of equity attributable to shareholders of the parent at market value (%)	69.8	58.3	64.5	84.2	100.9
Interest-bearing Debt /Operating Cash Flow (years)	7.2	3.5	3.0	3.7	3.1
Operating Cash Flow /Interest Paid (times)	48.6	109.0	97.6	62.8	56.5

3. Outlook

Considering the latest demand situation in the industrial machinery business (the continuing operations) and the future outlook, THK expects ¥260,000 million of revenue for the year ending December 31, 2026. In terms of profitability, based on the expected increase in revenue and other factors, THK expects ¥26,000 million of operating income, ¥26,500 million of profit before tax, and ¥21,500 million of profit for the year attributable to the owners of the parent.

Revenue, operating income, and profit before tax in the table below represent amounts from continuing operations and exclude amounts from the discontinued operation, whereas profit attributable to owners of the parent is presented at the total amount of the continuing operations and discontinued operation.

Year ending December 31, 2026 (Consolidated)

	Millions of Yen	Component Ratio	Percentage Change
Revenue	¥260,000	100.0%	8.1%
Operating income	26,000	10.0	80.1
Profit before tax	26,500	10.2	68.3
Profit attributable to owners of the parent	21,500	8.3	—

The average exchange rates used for the calculation of the forecasts are as follows:

U.S. dollar 1=¥150.00

Euro 1=¥175.00

4. Basic policies regarding distribution of profits and dividends

THK has established "Early Realization of ROE Over 10%" as its management policy. Under this policy, for the purpose of improving capital efficiency, THK has set its dividend policy to maintain a dividend on equity (DOE) ratio of 8% with the aim of more actively returning profits to shareholders until THK achieves "Early Realization of ROE of Over 10%."

Based on this dividend policy, THK has decided to pay the year-end dividend of ¥123 per share. As a result, cash dividends applicable for the year ended December 31, 2025 will be ¥246 per share, including the interim dividends of ¥123 per share.

THK will continue to strive for stable shareholder returns by raising ROE above the cost of equity even after achieving "Early Realization of ROE of Over 10%."

Consolidated Financial Statements

Consolidated Statements of Financial Position

(Millions of Yen)

	As of December 31, 2024	As of December 31, 2025
Assets:		
Current assets:		
Cash and cash equivalents	¥138,293	¥110,008
Trade and other receivables	81,474	63,528
Inventories	91,660	65,177
Other financial assets	2,002	2,001
Other current assets	13,375	7,526
Subtotal	326,804	248,241
Assets held for sale	—	36,126
Total current assets	326,804	284,367
Non-current assets:		
Property, plant and equipment	203,783	162,901
Goodwill and intangible assets	9,207	3,197
Investments accounted for using the equity method	6,709	5,347
Other financial assets	11,152	10,880
Deferred tax assets	5,142	6,005
Retirement benefit asset	4,243	129
Other non-current assets	374	162
Total non-current assets	240,613	188,624
Total assets	567,418	472,992

(Millions of Yen)

	As of December 31, 2024	As of December 31, 2025
Liabilities and equity:		
Liabilities:		
Current liabilities:		
Trade and other payables	¥34,040	¥18,585
Bonds and borrowings	23,371	33,205
Other financial liabilities	4,315	2,884
Provisions	425	99
Income taxes payable	3,013	3,057
Other current liabilities	15,763	14,157
Subtotal	80,929	71,990
Liabilities directly associated with assets held for sale	—	28,377
Total current liabilities	80,929	100,368
Non-current liabilities:		
Bonds and borrowings	73,143	90,000
Other financial liabilities	7,891	6,621
Retirement benefit liabilities	5,859	1,408
Provisions	65	65
Deferred tax liabilities	6,827	6,174
Other non-current liabilities	2,906	2,605
Total non-current liabilities	96,693	106,874
Total Liabilities	177,623	207,242
Equity		
Common stock	34,606	34,606
Capital surplus	40,120	39,580
Retained earnings	260,638	128,734
Treasury stock	(21,104)	(22,445)
Other components of equity	69,384	66,715
Other components of equity associated with a disposal group held for sale	—	14,142
Total equity attributable to owners of the parent	383,645	261,333
Non-controlling interests	6,149	4,416
Total Equity	389,795	265,749
Total liabilities and equity	567,418	472,992

Consolidated Statements of Profit or Loss

(Millions of Yen)

	Year Ended December 31, 2024	Year Ended December 31, 2025
Continuing operations		
Revenue	¥222,737	¥240,444
Cost of sales	154,487	169,949
Gross profit	68,249	70,495
Selling, general and administrative expenses	53,639	54,341
Other income	2,091	1,450
Other expenses	833	1,581
Share of profit (loss) in investments accounted for using the equity method	55	(1,587)
Operating income	15,923	14,436
Finance income	3,036	3,048
Finance costs	1,089	1,738
Profit before tax	17,870	15,746
Income tax expense	6,659	5,185
Profit from continuing operations	11,210	10,561
Discontinued operation		
Loss from discontinued operation	(552)	(80,040)
Profit (loss)	10,657	(69,479)
Profit (loss) attributable to:		
Owners of the parent	10,439	(69,891)
Non-controlling interests	217	412
Profit (loss)	10,657	(69,479)
Earnings (loss) per share:		
Basic earnings (loss) per share (yen):		
Continuing operations	88.30	89.85
Discontinued operation	(3.14)	(708.52)
Basic earnings (loss) per share	85.17	(618.66)
Diluted earnings per share (yen):		
Continuing operations	—	—
Discontinued operation	—	—
Diluted earnings per share	—	—

Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Year Ended December 31, 2024	Year Ended December 31, 2025
Profit (loss)	¥10,657	¥(69,479)
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Financial assets measured at fair value through other comprehensive income	248	836
Remeasurements of defined benefit plans	846	1,157
Share of other comprehensive income (loss) of associates accounted for using the equity method	(123)	187
Total of items that will not be reclassified to profit or loss	971	2,181
Items that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	23,763	10,715
Share of other comprehensive income (loss) of associates accounted for using the equity method	(179)	86
Total of items that may be reclassified to profit or loss	23,583	10,802
Other comprehensive income, net of tax	24,554	12,984
Comprehensive income (loss)	35,212	(56,495)
Comprehensive income (loss) attributable to:		
Owners of the parent	34,505	(57,093)
Non-controlling interests	706	598
Comprehensive income	35,212	(56,495)

Consolidated Statements of Changes in Equity

(Millions of Yen)

Year Ended December 31, 2024	Equity attributable to owners of the parent				Other components of equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	Exchange differences on translation of foreign operations
Beginning balance	¥34,606	¥40,102	¥253,440	¥(17,130)	¥44,825
Profit	—	—	10,439	—	—
Other comprehensive income	—	—	—	—	23,094
Total comprehensive income	—	—	10,439	—	23,094
Purchase of treasury stock	—	—	—	(4,020)	—
Disposal of treasury stock	—	17	—	47	—
Dividends	—	—	(4,168)	—	—
Transfer from other components of equity to retained earnings	—	—	926	—	—
Other	—	—	—	—	—
Total transactions with owners	—	17	(3,241)	(3,973)	—
Ending balance	34,606	40,120	260,638	(21,104)	67,919

	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	¥1,419	¥—	¥46,245	¥357,264	¥5,633	¥362,898
Profit	—	—	—	10,439	217	10,657
Other comprehensive income	250	721	24,065	24,065	488	24,554
Total comprehensive income	250	721	24,065	34,505	706	35,212
Purchase of treasury stock	—	—	—	(4,020)	—	(4,020)
Disposal of treasury stock	—	—	—	65	—	65
Dividends	—	—	—	(4,168)	—	(4,168)
Transfer from other components of equity to retained earnings	(205)	(721)	(926)	—	—	—
Other	—	—	—	—	(191)	(191)
Total transactions with owners	(205)	(721)	(926)	(8,124)	(191)	(8,315)
Ending balance	1,464	—	69,384	383,645	6,149	389,795

(Millions of Yen)

Year Ended December 31, 2025	Equity attributable to owners of the parent					Other components of equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	Exchange differences on translation of foreign operations	Exchange
Beginning balance	¥34,606	¥40,120	¥260,638	¥(21,104)		¥67,919
Loss	—	—	(69,891)	—		—
Other comprehensive income	—	—	—	—		10,616
Total comprehensive income	—	—	(69,891)	—		10,616
Purchase of treasury stock	—	(369)	—	(35,986)		—
Disposal of treasury stock	—	87	—	527		—
Cancellation of treasury stock	—	(117)	(33,999)	34,117		—
Dividends	—	—	(29,393)	—		—
Changes in ownership interests in subsidiaries without losing control	—	(140)	—	—		55
Transfer from other components of equity to retained earnings	—	—	1,380	—		—
Transfer to other components of equity associated with a disposal group held for sale	—	—	—	—		(14,142)
Other	—	—	—	—		—
Total transactions with owners	—	(540)	(62,012)	(1,341)		(14,086)
Ending balance	34,606	39,580	128,734	(22,445)		64,449

	Equity attributable to owners of the parent						
	Other components of equity			Other components of equity associated with a disposal group held for sale		Non-controlling interests	Total equity
	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Subtotal	Total	Total		
Beginning balance	¥1,464	¥—	¥69,384	¥—	¥383,645	¥6,149	¥389,795
Loss	—	—	—	—	(69,891)	412	(69,479)
Other comprehensive income	856	1,325	12,798	—	12,798	185	12,984
Total comprehensive income	856	1,325	12,798	—	(57,093)	598	(56,495)
Purchase of treasury stock	—	—	—	—	(36,356)	—	(36,356)
Disposal of treasury stock	—	—	—	—	615	—	615
Cancellation of treasury stock	—	—	—	—	—	—	—
Dividends	—	—	—	—	(29,393)	—	(29,393)
Changes in ownership interests in subsidiaries without losing control	—	—	55	—	(84)	(119)	(204)
Transfer from other components of equity to retained earnings	(55)	(1,325)	(1,380)	—	—	—	—
Transfer to other components of equity associated with a disposal group held for sale	—	—	(14,142)	14,142	—	—	—
Other	—	—	—	—	—	(2,212)	(2,212)
Total transactions with owners	(55)	(1,325)	(15,467)	14,142	(65,219)	(2,331)	(67,550)
Ending balance	2,265	—	66,715	14,142	261,333	4,416	265,749

Consolidated Statements of Cash Flows

(Millions of Yen)

	Year Ended December 31, 2024	Year Ended December 31, 2025
Cash flows from operating activities:		
Profit before tax	¥17,870	¥15,746
(Profit) Loss from discontinued operation	912	(79,871)
Depreciation and amortization	23,981	24,301
Loss recognized on the measurement to fair value less costs to sell of the disposal group held for sale	—	81,639
Change in retirement benefit assets or liabilities	(857)	(876)
Finance income	(3,116)	(1,333)
Finance costs	763	1,586
Share of (profit) loss of investments accounted for using the equity method	(55)	1,587
(Increase) decrease in trade and other receivables	(570)	(1,394)
(Increase) decrease in inventories	(5,391)	5,481
Increase (decrease) in trade and other payables	(6,805)	(81)
Other	2,439	1,459
Subtotal	29,170	48,245
Interests and dividends received	2,889	1,556
Interests paid	(473)	(755)
Income taxes paid	(3,174)	(6,298)
Net cash provided by (used in) operating activities	28,412	42,748
Cash flows from investing activities:		
Purchase of property, plant and equipment	(29,563)	(18,895)
Proceeds from sales of property, plant and equipment	428	198
Purchase of other financial assets	(156)	(196)
Proceeds from sales of other financial assets	394	130
Purchases of receivables	(2,600)	—
Acquisition of a subsidiary's shares	13	—
Other	(2,740)	(1,035)
Net cash provided by (used in) investing activities	(34,223)	(19,798)
Cash flows from financing activities:		
Repayments of long-term borrowings	(2,185)	(2,185)
Proceeds from short-term borrowings	—	20,000
Proceeds from issuance of bonds	—	30,000
Payments for redemption of bonds	(10,000)	(20,000)
Purchase of treasury stock	(4,020)	(36,519)
Dividends paid	(4,167)	(29,359)
Dividends paid to non-controlling interests	(184)	(2,192)
Repayments of lease liabilities	(2,096)	(2,140)
Other	—	340
Net cash provided by (used in) financing activities	(22,652)	(42,055)
Effects of exchange rate changes on cash and cash equivalents	10,270	1,346
Net increase (decrease) in cash and cash equivalents	(18,193)	(17,758)
Cash and cash equivalents at the beginning of the year	156,486	138,293
Cash and cash equivalents at the end of the year	138,293	120,534

Changes in Presentation

On February 2, 2026, THK entered into a basic agreement concerning a business transfer of THK's automotive & transportation business with AP87 Co., Ltd., a special purpose company indirectly funded by investment funds serviced by Advantage Partners, Inc.

Since the requirements of classification of assets as held for sale in accordance with IFRS 5, "Non-current Assets Held for Sale and Discontinued Operations" have been met, the automotive & transportation business has been classified as a discontinued operation since the current fiscal year. Consequently, the consolidated statement of profit or loss, the consolidated statement of cash flows, and the related notes to the consolidated financial statements for the previous year have been reclassified to align with the current year presentation.

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. 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.

On February 2, 2026, THK entered into a basic agreement concerning a business transfer of THK's automotive & transportation business with AP87 Co., Ltd., a special purpose company indirectly funded by investment funds serviced by Advantage Partners, Inc. Since the requirements of classification of assets as held for sale in accordance with IFRS 5, "Non-current Assets Held for Sale and Discontinued Operations" have been met, the amounts of each reportable segment in the following tables are stated at the total amount of the industry machinery business and the automotive & transportation business, with reconciliation of the automotive & transportation business as a discontinued operation. The segment information for the previous year has been reclassified to align with the current year presentation.

Segment income is computed based on operating income. 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 year ended December 31, 2024 (January 1, 2024 to December 31, 2024)

(Millions of Yen)

	Reportable Segments						Adjustments	Consolidated	Reclassification to	Consolidated
	Japan	The Americas	Europe	China	Other	Total		(Before Reclassification to Discontinued Operation)	Discontinued Operation	(After Reclassification to Discontinued Operation)
Revenue:										
Revenue from external customers	¥112,905	¥91,756	¥67,599	¥62,525	¥17,972	¥352,759	¥-	¥352,759	¥(130,022)	¥222,737
Inter-segment revenue	60,752	189	813	3,634	4,643	70,034	(70,034)	-	-	-
Total	173,658	91,945	68,413	66,160	22,615	422,793	(70,034)	352,759	(130,022)	222,737
Segment income (loss)	7,845	2,408	(407)	7,202	746	17,795	(446)	17,349	(1,426)	15,923
Finance income	12,210	1,639	2,394	650	169	17,063	(13,947)	3,116	(79)	3,036
Finance costs	541	709	3,036	46	56	4,390	(2,707)	1,683	(593)	1,089
Profit (loss) before tax	19,515	3,337	(1,049)	7,805	858	30,468	(11,685)	18,782	(912)	17,870
Segment assets	428,762	95,393	126,646	106,215	56,432	813,450	(246,032)	567,418	-	567,418
Other items:										
Depreciation and amortization	9,535	4,252	2,995	5,272	1,624	23,681	(193)	23,488	(7,047)	16,440
Investments accounted for using the equity method	6,709	-	-	-	-	6,709	-	6,709	-	6,709
Share of profit in investments accounted for using the equity method	55	-	-	-	-	55	-	55	-	55
Capital investments	14,879	3,667	1,830	5,742	5,723	31,843	-	31,843	(4,551)	27,291

For the year ended December 31, 2025 (January 1, 2025 to December 31, 2025)

(Millions of Yen)

	Reportable Segments					Total	Adjustments	Consolidated (Before Reclassification to Discontinued Operation)	Reclassification to Discontinued Operation	Consolidated (After Reclassification to Discontinued Operation)
	Japan	The Americas	Europe	China	Other					
Revenue:										
Revenue from external customers	¥110,859	¥90,248	¥67,516	¥76,034	¥21,603	¥366,262	¥-	¥366,262	¥(125,817)	¥240,444
Inter-segment revenue	63,352	247	1,116	2,150	4,908	71,775	(71,775)	-	-	-
Total	174,212	90,495	68,632	78,184	26,512	438,037	(71,775)	366,262	(125,817)	240,444
Segment income (loss)	(3,618)	(36,279)	(26,219)	1,874	111	(64,130)	(912)	(65,042)	79,478	14,436
Finance income	40,090	303	1,448	330	126	42,300	(39,161)	3,138	(90)	3,048
Finance costs	1,800	617	248	62	65	2,794	(572)	2,221	(482)	1,738
Profit (loss) before tax	34,671	(36,592)	(25,019)	2,142	172	(24,624)	(39,500)	(64,125)	79,871	15,746
Segment assets	423,015	32,511	81,983	106,944	55,226	699,682	(226,690)	472,992	-	472,992
Other items:										
Depreciation and amortization	10,229	3,921	2,942	5,001	1,686	23,782	(188)	23,593	(6,088)	17,505
Investments accounted for using the equity method	5,347	-	-	-	-	5,347	-	5,347	-	5,347
Share of loss in investments accounted for using the equity method	(1,587)	-	-	-	-	(1,587)	-	(1,587)	-	(1,587)
Capital investments	9,557	3,710	2,177	2,746	3,313	21,505	-	21,505	(4,299)	17,205

(Note) All adjustments are intersegment elimination.

Cash and Cash Equivalents

Cash and cash equivalents on the consolidated statements of cash flows include the following:

	(Millions of Yen)	
	Year Ended December 31, 2024	Year Ended December 31, 2025
Cash and cash equivalents on the consolidated statements of financial position	¥138,293	¥110,008
Cash and cash equivalents included in assets held for sale	—	10,526
Cash and cash equivalents on the consolidated statements of cash flows	138,293	120,534

Assets Held for Sale and Liabilities Directly Associated with Them

Assets classified as assets held for sale and liabilities directly associated with them are as follows:

	(Millions of Yen)	
	As of December 31, 2024	As of December 31, 2025
Assets held for sale:		
Current assets:		
Cash and cash equivalents	¥—	¥10,526
Trade and other receivables	—	21,842
Inventories	—	3,757
Total	—	36,126
Liabilities directly associated with assets held for sale:		
Trade and other payables	—	15,501
Other financial liabilities	—	2,299
Provisions	—	31
Income taxes payable	—	120
Retirement benefit liabilities	—	3,785
Deferred tax liabilities	—	2,181
Other current liabilities	—	3,875
Other non-current liabilities	—	580
Total	—	28,377

On February 2, 2026, THK entered into a basic agreement concerning a business transfer of THK's automotive & transportation business with AP87 Co., Ltd., a special purpose company indirectly funded by investment funds serviced by Advantage Partners, Inc. Since the requirements of classification of assets as held for sale in accordance with IFRS 5, "Non-current Assets Held for Sale and Discontinued Operations" have been met, THK Group's assets and liabilities related to the automotive & transportation business have been classified as a disposal group held for sale since the current fiscal year.

Assets held for sale are measured at the fair values less costs to sell since they are less than the carrying amounts of the assets held for sale. In relation to this measurement, THK recorded a loss on business liquidation amounting to ¥81,639 million, which is included in the "Loss from discontinued operation" in the consolidated statements of profit or loss.

Per Share Information

	Year Ended December 31, 2024	Year Ended December 31, 2025
Profit (loss) attributable to owners of the parent (millions of yen)	¥10,439	¥(69,891)
Continuing operations	10,824	10,150
Discontinued operation	(384)	(80,042)
Weighted-average number of issued shares (thousands of shares)	122,577	112,971
Basic earnings (loss) per share (yen)	85.17	(618.66)
Continuing operations	88.30	89.85
Discontinued operation	(3.14)	(708.52)

(Note) THK did not have any shares with potentially-dilutive effects for the years ended December 31, 2024 and 2025.

Discontinued Operation

(1) Outline of discontinued operation

On February 2, 2026, THK entered into a basic agreement concerning a business transfer of THK's automotive & transportation business with AP87 Co., Ltd., a special purpose company indirectly funded by investment funds serviced by Advantage Partners, Inc. As a result, the profit and loss from the automotive & transportation business have been classified as those from a discontinued operation, and those for the previous fiscal year are presented in the same manner.

(2) Profit and loss from the discontinued operation

	(Millions of Yen)	
	Year Ended December 31, 2024	Year Ended December 31, 2025
Revenue	¥130,022	¥125,817
Cost of sales	116,487	112,721
Gross profit	13,534	13,095
Selling, general and administrative expenses	10,999	10,260
Other income	462	615
Other expenses	1,570	82,930
Operating income (loss)	1,426	(79,478)
Finance income	79	90
Finance costs	593	482
Profit (loss) before tax	912	(79,871)
Income tax expense	1,465	168
Loss from discontinued operation	(552)	(80,040)

(Note) Other expenses for the year ended December 31, 2025 include loss on business liquidation of ¥81,639 million recognized in relation to the measurement of assets held for sale at fair values less costs to sell.

(3) Cash flows from discontinued operation

Cash flows from discontinued operation are as follows:

	(Millions of Yen)	
	Year Ended December 31, 2024	Year Ended December 31, 2025
Cash flows from operating activities	¥5,030	¥2,583
Cash flows from investing activities	(5,047)	(4,286)
Cash flows from financing activities	629	4,438

Subsequent event

Transfer of the automotive & transportation business

On February 2, 2026, THK entered into a basic agreement concerning transfer of shares and assignment of receivables associated with THK's automotive & transportation business with AP87 Co., Ltd., a special purpose company indirectly funded by investment funds serviced by Advantage Partners, Inc. The transfer is planned to be completed on June 1, 2026.

(1) Reasons of transfer

THK has established "Early Realization of ROE Over 10%" as its new management policy and announced its management indicator targets and measures to achieve them at the announcement of financial results in February 2025. In addition to the "structural reform" in the industrial machinery business and the "selection and concentration" in the automotive & transportation business, the new management policy places greater emphasis on controlling shareholders' equity, which is the denominator of ROE. In light of these circumstances, for the automotive & transportation business, THK conducted a thorough examination of the expected cost of capital and return on invested capital (ROIC) at present and in the future as well. As a result, THK has determined that transferring the automotive & transportation business is the most appropriate option.

(2) Name of transferee

AP87 Co., Ltd.

(3) Date of transfer

June 1, 2026 (Scheduled)

(4) Names, businesses and transactions with THK of consolidated subsidiaries that are subject to transfer

<u>Name of Subsidiaries</u>	<u>Businesses</u>	<u>Transactions</u>
TRA Holdings, CO., LTD.	A holding company of the automotive & transportation business	THK and this subsidiary have entered loan agreements and other transactions.
THK RHYTHM AUTOMOTIVE CANADA LIMITED	Manufacturing and sales of the automotive & transportation business in the Americas	No items to report.
THK RHYTHM AUTOMOTIVE MICHIGAN CORPORATION	Manufacturing and sales of the automotive & transportation business in the Americas	No items to report.
THK RHYTHM AUTOMOTIVE CZECH a.s.	Manufacturing and sales of the automotive & transportation business in Europe	No items to report.
THK RHYTHM AUTOMOTIVE GmbH	Manufacturing and sales of the automotive & transportation business in Europe	No items to report.

(Note) TRA Holdings, CO., LTD. directly or indirectly holds 100% of the shares in the following six companies. As a result of the transfers of shares, all the shares of these six subsidiaries will be transferred.

<u>Name of Subsidiaries</u>	<u>Businesses</u>	<u>Transactions</u>
THK RHYTHM CO., LTD.	Manufacturing and sales of the automotive & transportation business	THK and this subsidiary have entered loan agreements and other transactions.
THK RHYTHM NORTH AMERICA CO., LTD.	Manufacturing and sales of the automotive & transportation business in the Americas	No items to report.
THK RHYTHM MEXICANA, S.A. DE C.V.	Manufacturing and sales of the automotive & transportation business in the Americas	No items to report.
THK RHYTHM (GUANGZHOU) CO., LTD.	Manufacturing and sales of the automotive & transportation business in China	No items to report.
THK RHYTHM (CHANGZHOU) CO., LTD.	Manufacturing and sales of the automotive & transportation business in China	No items to report.
THK RHYTHM (THAILAND) CO., LTD.	Manufacturing and sales of the automotive & transportation business in other Asian areas	No items to report.

(5) Number of shares to be transferred, transfer price and number of holding shares before and after the transfers of shares

1. TRA Holdings, CO., LTD.

(a)	Number of shares held before the transfer	200,000 shares (voting rights: 200,000 rights, 100%)
(b)	Number of shares to be transferred	200,000 shares (voting rights: 200,000 rights)
(c)	Number of shares after the transfer	0 shares (voting rights: 0 rights, 0%)

2. THK RHYTHM AUTOMOTIVE CANADA LIMITED

(a)	Number of shares held before the transfer	500,000 shares (voting rights: 500,000 rights, 100%)
(b)	Number of shares to be transferred	500,000 shares (voting rights: 500,000 rights)
(c)	Number of shares after the transfer	0 shares (voting rights: 0 rights, 0%)

3. THK RHYTHM AUTOMOTIVE MICHIGAN CORPORATION

(a)	Number of shares held before the transfer	510 shares (voting rights: 510 rights, 100%)
(b)	Number of shares to be transferred	510 shares (voting rights: 510 rights)
(c)	Number of shares after the transfer	0 shares (voting rights: 0 rights, 0%)

4. THK RHYTHM AUTOMOTIVE CZECH a.s.

(a)	Number of shares held before the transfer	335,479 shares (voting rights: 335,479 rights, 100%)
(b)	Number of shares to be transferred	335,479 shares (voting rights: 335,479 rights)
(c)	Number of shares after the transfer	0 shares (voting rights: 0 rights, 0%)

5. THK RHYTHM AUTOMOTIVE GmbH

(a)	Number of shares held before the transfer	1,000,000 shares (voting rights: 1,000,000 rights, 100%)
(b)	Number of shares to be transferred	1,000,000 shares (voting rights: 1,000,000 rights)
(c)	Number of shares after the transfer	0 shares (voting rights: 0 rights, 0%)

Due to non-disclosure obligations, the transfer price of the shares presented above is not disclosed.

Appointment/resignation of directors
(Scheduled effective date: March 20, 2026)

1. Appointment/resignation of representative

Not applicable

2. Director to be newly nominated

<u>Name</u>	<u>Current position</u>
Nobufumi Sato	Managing Executive Officer President of THK America, Inc.

3. Director to retire

<u>Name</u>	<u>Current position</u>
Hiroshi Imano	Executive Vice President

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.