

Consolidated Financial Results for the Three Months Ended March 31, 2026 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
Scheduled starting date of dividend payment	N/A

1. Consolidated operating results and financial position as of and for the three months ended March 31, 2026 (January 1, 2026 to March 31, 2026)

(1) Consolidated Operating Results

Three Months Ended March 31	Revenue (Millions of Yen)		Operating Income (Millions of Yen)		Profit Before Tax (Millions of Yen)		Profit (Millions of Yen)		Profit Attributable to Owners of the Parent (Millions of Yen)		Total Comprehensive Income (Loss) (Millions of Yen)	
2026	¥69,043	27.4%	¥7,620	364.4%	¥6,702	291.5%	¥4,584	871.6%	¥4,491	—%	¥7,300	—%
2025	54,181	—	1,640	—	1,712	—	471	(76.6)	319	(83.7)	(10,676)	—

Three Months Ended March 31	Basic Earnings per Share (Yen)	Diluted Earnings per Share (Yen)
2026	¥40.09	—
2025	2.75	—

Note: Effective from the fourth quarter period of the previous 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 and profit 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

	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
March 31, 2026	¥480,619	¥252,705	¥252,683	52.6%
December 31, 2025	472,992	265,749	261,333	55.3

2. Dividends

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

Note: Change in dividend projection: None

THK's dividend policy is to pay dividends based on a dividend on equity (DOE) ratio of 8%. The dividends for the year ending December 31, 2026 will be paid based on 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)		Basic Earnings per Share (Yen)
Six-month period ending June 30, 2026	¥138,000	—%	¥15,400	—%	¥14,500	—%	¥10,500	—%	¥93.73
Year ending December 31, 2026	276,000	14.8	31,000	114.7	29,800	89.2	22,700	—	202.64

Note: Changes from forecasts most recently announced: The forecasts announced on February 12, 2026 have been amended to as in the above table.

Effective from the fourth quarter period of the previous 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 previous-year operating results after classification to the continuing operations.

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:	March 31, 2026	119,099,803
	December 31, 2025	119,099,803
b. Treasury stock as of:	March 31, 2026	7,080,072
	December 31, 2025	7,080,022
c. Average number of common stock for the three months ended:	March 31, 2026	112,019,778
	March 31, 2025	115,851,240

Management's Discussion and Analysis

1. Outline of operating results

(1) Operating results (from January 1, 2026 to March 31, 2026)

In this three months period, 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 AP87 Co., Ltd., 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, the automotive & transportation business has been classified as a discontinued operation since the fourth quarter period of the previous fiscal year, and the related consolidated financial statements and notes thereto for the corresponding period of 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 for electronics-related products. As a result, revenue amounted to ¥69,043 million, up ¥14,862 million, or 27.4%, compared to the figure a year earlier.

Costs were impacted by expenses associated with structural reforms of the industrial machinery business under the new management policy and the effects of U.S. tariffs. In such a situation, the cost to revenue ratio decreased by 4.2% from a year earlier to 66.9%. Selling, general and administrative expenses amounted to ¥14,536 million, up ¥607 million, or 4.4%, compared to the figure a year earlier. The ratio to revenue was 21.1%, down 4.6% from a year earlier.

In addition, the THK recorded ¥740 million of costs associated with implementing the Next Career Support Program announced on February 12, 2026.

As a result, operating income amounted to ¥7,620 million, up ¥5,979 million, or 364.4%, compared to the figure a year earlier. Operating income margin rose by 8.0% from a year earlier to 11.0%.

Finance income and finance costs were ¥278 million and ¥1,196 million, respectively.

As a result, income before tax amounted to ¥6,702 million, up ¥4,990 million, or 291.5%, compared to the figure a year earlier. Profit attributable to owners of the parent amounted to ¥4,491 million, up ¥4,171 million, compared to the figure a year earlier.

(2) Operating results by segment

(Japan)

In Japan, revenue amounted to ¥29,801 million, up ¥3,361 million, or 12.7%, compared to the figure a year earlier due mainly to the recovery of demand for electronics-related products. Segment income (operating income) amounted to ¥3,161 million, up ¥2,186 million, or 224.2%, compared to the figure a year earlier, due mainly to the increased revenue.

(The Americas)

In the Americas, revenue amounted to ¥24,476 million, up ¥2,952 million, or 13.7%, compared to the figure a year earlier due mainly to the recovery of demand for electronics-related products. Segment income (operating income) amounted to ¥424 million, up ¥297 million, or 233.6%, compared to the figure a year earlier, due mainly to the increased revenue.

(Europe)

In Europe, revenue amounted to ¥19,425 million, up ¥2,664 million, or 15.9%, compared to the figure a year earlier due mainly to the overall recovery of demand and the weaker yen as compared to the period a year earlier. Segment loss (operating loss) worsened by ¥367 million from the figure a year earlier to ¥678 million.

(China)

In China, while demand was strong overall, revenue amounted to ¥22,111 million, up ¥6,763 million, or 44.1%, compared to the figure a year earlier. Segment income (operating income) amounted to ¥3,227 million, up ¥1,674 million, or 107.8%, compared to the figure a year earlier due to the increased revenue.

(Other)

In 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 ¥6,474 million, up ¥1,600 million, or 32.8%, compared to the figure a year earlier. Segment income (operating income) amounted to ¥694 million, up ¥539 million or 347.6%, compared to the figure a year earlier.

2. Financial position (as of March 31, 2026)

Total assets stood at ¥480,619 million, ¥7,627 million up from the previous fiscal year-end, due mainly to a combined effect of decrease in (1) cash and cash equivalents by ¥16,513 million and (2) property plant and equipment by ¥1,351 million, and increase in (1) assets held for sale by ¥17,727 million associated with the automotive & transportation business that is planned to be transferred pursuant to the basic agreement concerning the business transfer that the Company has entered into, (2) trade and other receivables by ¥3,829 million, and (3) inventories by ¥3,182 million.

Total liabilities stood at ¥227,914 million, ¥20,671 million up from the previous fiscal year-end, due mainly to increase in (1) bonds and borrowings by ¥16,794 million and (2) trade and other payables by ¥2,966 million.

Total equity stood at ¥252,705 million, ¥13,043 million down from the previous fiscal year-end, due mainly to a combined effect of increase in other components of equity by ¥1,987 million and decrease in (1) capital surplus by ¥1,101 million, (2) retained earnings by ¥9,433 million, and (3) non-controlling interests by ¥4,394 million due to changes in ownership interests in subsidiaries without losing control.

3. Forecast for the fiscal year ending December 31, 2026

For details of the financial forecasts for the year ending December 31, 2026, please refer to “Notice Regarding the Revision of Financial Forecasts” announced on today, May 11, 2026.

Consolidated Financial Statements

Consolidated Statements of Financial Position

(Millions of Yen)

	As of December 31, 2025	As of March 31, 2026
Assets:		
Current assets:		
Cash and cash equivalents	¥110,008	¥93,494
Trade and other receivables	63,528	67,357
Inventories	65,177	68,359
Other financial assets	2,001	2,027
Other current assets	7,526	8,942
Subtotal	248,241	240,182
Assets held for sale	36,126	53,854
Total current assets	284,367	294,036
Non-current assets:		
Property, plant and equipment	162,901	161,550
Goodwill and intangible assets	3,197	3,457
Investments accounted for using the equity method	5,347	4,910
Other financial assets	10,880	10,253
Deferred tax assets	6,005	6,131
Retirement benefit asset	129	113
Other non-current assets	162	166
Total non-current assets	188,624	186,583
Total assets	472,992	480,619

(Millions of Yen)

	As of December 31, 2025	As of March 31, 2026
Liabilities and equity:		
Liabilities:		
Current liabilities:		
Trade and other payables	¥18,585	¥21,552
Bonds and borrowings	33,205	60,000
Other financial liabilities	2,884	4,382
Provisions	99	740
Income taxes payable	3,057	2,527
Other current liabilities	14,157	12,778
Subtotal	71,990	101,981
Liabilities directly associated with assets held for sale	28,377	29,240
Total current liabilities	100,368	131,221
Non-current liabilities:		
Bonds and borrowings	90,000	80,000
Other financial liabilities	6,621	6,348
Retirement benefit liabilities	1,408	1,414
Provisions	65	65
Deferred tax liabilities	6,174	6,291
Other non-current liabilities	2,605	2,572
Total non-current liabilities	106,874	96,692
Total Liabilities	207,242	227,914
Equity		
Common stock	34,606	34,606
Capital surplus	39,580	38,479
Retained earnings	128,734	119,300
Treasury stock	(22,445)	(22,445)
Other components of equity	66,715	68,702
Other components of equity associated with a disposal group held for sale	14,142	14,041
Total equity attributable to owners of the parent	261,333	252,683
Non-controlling interests	4,416	22
Total Equity	265,749	252,705
Total liabilities and equity	472,992	480,619

Consolidated Statements of Profit or Loss

(Millions of Yen)

	Three months Ended March 31, 2025	Three months Ended March 31, 2026
Continuing operations		
Revenue	¥54,181	¥69,043
Cost of sales	38,528	46,161
Gross profit	15,653	22,882
Selling, general and administrative expenses	13,929	14,536
Other income	367	407
Other expenses	210	935
Share of profit (loss) in investments accounted for using the equity method	(239)	(196)
Operating income	1,640	7,620
Finance income	1,337	278
Finance costs	1,266	1,196
Profit before tax	1,712	6,702
Income tax expense	1,110	1,606
Profit from continuing operations	601	5,095
Discontinued operation		
Loss from discontinued operation	(130)	(511)
Profit	471	4,584
Profit attributable to:		
Owners of the parent	319	4,491
Non-controlling interests	152	93
Profit	471	4,584
Earnings (loss) per share:		
Basic earnings (loss) per share (yen):		
Continuing operations	3.85	44.66
Discontinued operation	(1.09)	(4.57)
Basic earnings (loss) per share	2.75	40.09
Diluted earnings per share (yen):		
Continuing operations	—	—
Discontinued operation	—	—
Diluted earnings per share	—	—

Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Three months Ended March 31, 2025	Three months Ended March 31, 2026
Profit	¥471	¥4,584
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Financial assets measured at fair value through other comprehensive income	105	153
Remeasurements of defined benefit plans	(244)	(169)
Share of other comprehensive income of associates accounted for using the equity method	9	14
Total of items that will not be reclassified to profit or loss	(129)	(2)
Items that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	(10,672)	2,972
Share of other comprehensive income (loss) of associates accounted for using the equity method	(347)	(253)
Total of items that may be reclassified to profit or loss	(11,019)	2,718
Other comprehensive income (loss), net of tax	(11,148)	2,716
Comprehensive income (loss)	(10,676)	7,300
Comprehensive income (loss) attributable to:		
Owners of the parent	(10,564)	7,089
Non-controlling interests	(112)	210
Comprehensive income	(10,676)	7,300

Consolidated Statements of Changes in Equity

(Millions of Yen)

Three Months Ended March 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
	Beginning balance	¥34,606	¥40,120	¥260,638	¥(21,104)
Profit	—	—	319	—	—
Other comprehensive income (loss)	—	—	—	—	(10,754)
Total comprehensive income	—	—	319	—	(10,754)
Purchase of treasury stock	—	(369)	—	(35,983)	—
Dividends	—	—	(15,614)	—	—
Transfer from other components of equity to retained earnings	—	—	(236)	—	—
Other	—	—	—	—	—
Total transactions with owners	—	(369)	(15,850)	(35,983)	—
Ending balance	34,606	39,751	245,107	(57,087)	57,165

	Equity attributable to owners of the parent				Other components of equity		
	Financial assets measured at fair value through other comprehensive income		Remeasurements of defined benefit plans	Subtotal	Total	Non-controlling interests	Total equity
	Beginning balance	¥1,464	¥—	¥69,384	¥383,645	¥6,149	¥389,795
Profit	—	—	—	319	152	471	
Other comprehensive income (loss)	107	(236)	(10,883)	(10,883)	(264)	(11,148)	
Total comprehensive income	107	(236)	(10,883)	(10,564)	(112)	(10,676)	
Purchase of treasury stock	—	—	—	(36,353)	—	(36,353)	
Dividends	—	—	—	(15,614)	—	(15,614)	
Transfer from other components of equity to retained earnings	—	236	236	—	—	—	
Other	—	—	—	—	(0)	(0)	
Total transactions with owners	—	236	236	(51,967)	(0)	(51,968)	
Ending balance	1,571	—	58,736	321,113	6,036	327,150	

(Millions of Yen)

Three Months Ended March 31, 2026	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	¥39,580	¥128,734	¥(22,445)	¥64,449
Profit	—	—	4,491	—	—
Other comprehensive income	—	—	—	—	2,601
Total comprehensive income	—	—	4,491	—	2,601
Purchase of treasury stock	—	—	—	(0)	—
Dividends	—	—	(13,778)	—	—
Changes in ownership interests in subsidiaries without losing control	—	(1,101)	—	—	(858)
Transfer from other components of equity to retained earnings	—	—	(145)	—	—
Transfer to other components of equity associated with a disposal group held for sale	—	—	—	—	101
Other	—	—	(0)	—	—
Total transactions with owners	—	(1,101)	(13,924)	(0)	(757)
Ending balance	34,606	38,479	119,300	(22,445)	66,293

	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	¥2,265	¥—	¥66,715	¥14,142	¥261,333	¥4,416	¥265,749
Profit	—	—	—	—	4,491	93	4,584
Other comprehensive income	142	(145)	2,598	—	2,598	117	2,716
Total comprehensive income	142	(145)	2,598	—	7,089	210	7,300
Purchase of treasury stock	—	—	—	—	(0)	—	(0)
Dividends	—	—	—	—	(13,778)	—	(13,778)
Changes in ownership interests in subsidiaries without losing control	—	—	(858)	—	(1,960)	(4,603)	(6,563)
Transfer from other components of equity to retained earnings	—	145	145	—	—	—	—
Transfer to other components of equity associated with a disposal group held for sale	—	—	101	(101)	—	—	—
Other	—	—	—	—	(0)	(1)	(1)
Total transactions with owners	—	145	(611)	(101)	(15,739)	(4,604)	(20,344)
Ending balance	2,408	—	68,702	14,041	252,683	22	252,705

Consolidated Statements of Cash Flows

(Millions of Yen)

	Three months Ended March 31, 2025	Three months Ended March 31, 2026
Cash flows from operating activities:		
Profit before tax	¥1,712	¥6,702
Loss from discontinued operation	(151)	(453)
Depreciation and amortization	6,085	6,184
Change in retirement benefit assets or liabilities	(264)	(298)
Finance income	(1,165)	(1,067)
Finance costs	1,205	1,195
Share of loss (profit) of investments accounted for using the equity method	239	196
(Increase) decrease in trade and other receivables	(1,036)	(6,037)
(Increase) decrease in inventories	969	(4,063)
Increase (decrease) in trade and other payables	2,066	5,336
Other	(1,091)	(2,752)
Subtotal	8,567	4,942
Interests and dividends received	593	295
Interests paid	(120)	(283)
Income taxes paid	(2,261)	(1,959)
Net cash provided by (used in) operating activities	6,778	2,995
Cash flows from investing activities:		
Purchase of property, plant and equipment	(4,695)	(3,005)
Proceeds from sales of property, plant and equipment	19	121
Purchase of other financial assets	(231)	(124)
Other	(279)	(537)
Net cash provided by (used in) investing activities	(5,187)	(3,546)
Cash flows from financing activities:		
Repayments of long-term borrowings	(2,185)	(2,185)
Proceeds from short-term borrowings	15,000	30,000
Proceeds from issuance of bonds	10,000	—
Payments for redemption of bonds	(10,000)	(10,000)
Purchase of treasury stock	(36,516)	(0)
Dividends paid	(15,504)	(13,495)
Dividends paid to non-controlling interests	(0)	(1)
Payments for a capital reduction to non-controlling interests	—	(6,563)
Repayments of lease liabilities	(503)	(477)
Net cash provided by (used in) financing activities	(39,709)	(2,722)
Effects of exchange rate changes on cash and cash equivalents	(3,945)	1,618
Net increase (decrease) in cash and cash equivalents	(42,063)	(1,655)
Cash and cash equivalents at the beginning of the period	138,293	120,534
Cash and cash equivalents at the end of the period	96,229	118,878

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 fourth quarter period of the previous 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 first quarter period have been reclassified to align with the presentation of the current first quarter period.

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 effective from the fourth quarter period of the previous fiscal year, 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 first quarter period has been reclassified to align with the presentation of the current first quarter period.

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 three months ended March 31, 2025 (January 1, 2025 to March 31, 2025)

(Millions of Yen)

	Reportable Segments						Adjustments	Consolidated (Before Reclassification to Discontinued Operation)	Reclassification to Discontinued Operation	Consolidated (After Reclassification to Discontinued Operation)
	Japan	The Americas	Europe	China	Other	Total				
Revenue:										
Revenue from external customers	¥26,439	¥21,523	¥16,761	¥15,347	¥4,874	¥84,946	¥-	¥84,946	¥(30,765)	¥54,181
Inter-segment revenue	14,161	25	207	352	1,395	16,142	(16,142)	-	-	-
Total	40,601	21,549	16,969	15,700	6,269	101,089	(16,142)	84,946	(30,765)	54,181
Segment income (loss)	975	127	(311)	1,553	155	2,499	(796)	1,702	(61)	1,640
Finance income	32,163	113	328	86	91	32,782	(31,660)	1,122	215	1,337
Finance costs	1,284	227	125	16	4	1,659	(394)	1,264	1	1,266
Profit (loss) before tax	31,853	12	(108)	1,623	241	33,623	(32,062)	1,560	151	1,712

(Note) All adjustments are intercompany elimination.

For the three months ended March 31, 2026 (January 1, 2026 to March 31, 2026)

(Millions of Yen)

	Reportable Segments						Adjustments	Consolidated (Before Reclassification to Discontinued Operation)	Reclassification to Discontinued Operation	Consolidated (After Reclassification to Discontinued Operation)
	Japan	The Americas	Europe	China	Other	Total				
Revenue:										
Revenue from external customers	¥29,801	¥24,476	¥19,425	¥22,111	¥6,474	¥102,289	¥-	¥102,289	¥(33,246)	¥69,043
Inter-segment revenue	18,326	31	175	362	1,151	20,047	(20,047)	-	-	-
Total	48,128	24,508	19,600	22,474	7,626	122,337	(20,047)	102,289	(33,246)	69,043
Segment income (loss)	3,161	424	(678)	3,227	694	6,830	221	7,051	569	7,620
Finance income	804	159	273	65	32	1,335	(940)	394	(116)	278
Finance costs	1,278	141	593	14	111	2,138	(940)	1,197	(0)	1,196
Profit (loss) before tax	2,687	443	(997)	3,279	615	6,027	221	6,248	453	6,702

(Note) All adjustments are intercompany elimination.

Cash and Cash Equivalents

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

	(Millions of Yen)	
	Three months Ended March 31, 2025	Three months Ended March 31, 2026
Cash and cash equivalents on the consolidated statements of financial position	¥96,229	¥93,494
Cash and cash equivalents included in assets held for sale	—	25,383
Cash and cash equivalents on the consolidated statements of cash flows	96,229	118,878

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, 2025	As of March 31, 2026
Assets held for sale:		
Current assets:		
Cash and cash equivalents	¥10,526	¥25,383
Trade and other receivables	21,842	24,997
Inventories	3,757	3,472
Total	36,126	53,854
Liabilities directly associated with assets held for sale:		
Trade and other payables	15,501	15,191
Other financial liabilities	2,299	2,117
Provisions	31	31
Income taxes payable	120	137
Retirement benefit liabilities	3,785	3,707
Deferred tax liabilities	2,181	2,189
Other current liabilities	3,875	5,281
Other non-current liabilities	580	584
Total	28,377	29,240

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 in the fourth quarter period of the previous fiscal year. Since the business transfer of the automotive & transportation business is planned to be conducted on June 1, 2026, the automotive & transportation business has been classified as a disposal group held for sale and as a discontinued operation for the current first quarter period as well.

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. 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 effective from the fourth quarter period of the previous fiscal year, the profit and loss from the automotive & transportation business have been classified as those from a discontinued operation, and those for the previous first quarter period are presented in the same manner.

(2) Profit and loss from the discontinued operation

	(Millions of Yen)	
	Three months Ended March 31, 2025	Three months Ended March 31, 2026
Revenue	¥30,765	¥33,246
Cost of sales	27,926	30,841
Gross profit	2,838	2,404
Selling, general and administrative expenses	2,853	2,822
Other income	160	152
Other expenses	83	304
Operating income (loss)	61	(569)
Finance income	17	116
Finance costs	231	0
Loss before tax	(151)	(453)
Income tax expense	(21)	58
Loss from discontinued operation	<u>(130)</u>	<u>(511)</u>

(3) Cash flows from discontinued operation

Cash flows from discontinued operation are as follows:

	(Millions of Yen)	
	Three months Ended March 31, 2025	Three months Ended March 31, 2026
Cash flows from operating activities	¥1,607	¥(149)
Cash flows from investing activities	(623)	(1,215)
Cash flows from financing activities	(1,628)	16,424

Subsequent event

No items to report.

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.