

FINANCIAL RESULTS BRIEFING FOR FISCAL 2022

February 14th 2023
THK CO.,LTD.
President & CEO
AKIHIRO TERAMACHI

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

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I . Financial Results for Fiscal 2022

Consolidated revenue up 23.7 % YoY to 393.6 billion yen

- Even as the impact of the Covid-19 pandemic continued to be felt, demand in all regions trended favorably, against the backdrop of growing semiconductor-related demand, progress on automation and robotics, and increased investment related to electric vehicles.
- The Industrial Machinery Business, by boosting production capacity through plant expansion and productivity improvement measures, was able to take decisive advantage of this demand to achieve increased sales revenue.
- The Automotive and Transportation Business was impacted by the decline in vehicle production resulting from the shortage of semiconductors and other parts, as well as lockdowns in parts of China and supply chain issues due to the Ukraine situation.

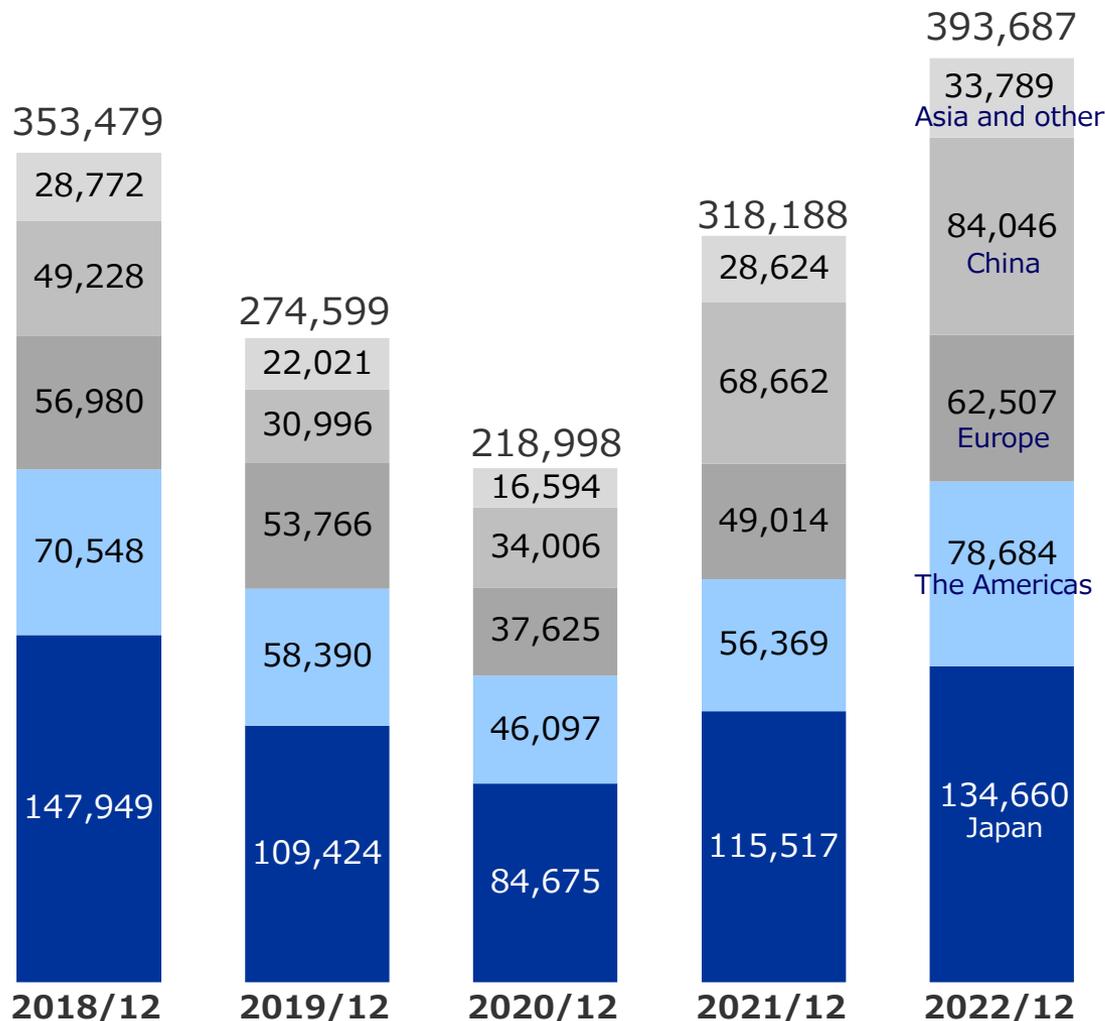
Consolidated operating income up 13.8 % YoY to 34.4 billion yen

- Amid strong demand in the Industrial Machinery Business, although rising transportation costs and steel prices had some negative impact, operating income rose sharply due to volume effects in conjunction with rising revenue and the impact of yen depreciation.
- The Automotive and Transportation Business recorded an operating loss due to the impacts of rising steel prices and lower volumes stemming from reduced automobile production, as well as the posting of an impairment loss accompanying these factors.

Excluding impairment loss, results exceeded initial targets

- Although the Automotive and Transportation Business faced a challenging operating environment, the Industrial Machinery Business steadily generated revenue from strong demand. As a result, excluding the above-mentioned impairment loss, revenue and operating income both exceeded initial targets, by 28.6 billion yen and 5.1 billion yen, respectively.

Trend in Net Sales



Asia and other

- Taiwan Down 1.6%
- Singapore Up 3.0%
- India Up 52.0%

China

- Machine tools Up 4.1%
- General machinery Up 9.8%
- Electronics Up 8.7%
- Automotive & Transportation Down 17.3%

Europe

- Machine tools Up 34.0%
- General machinery Up 17.1%
- Electronics Up 18.9%
- Automotive & Transportation Up 13.9%

The Americas

- Machine tools Up 12.2%
- General machinery Up 10.1%
- Electronics Up 21.6%
- Automotive & Transportation Up 22.6%

Japan

- Machine tools Up 21.6%
- General machinery Up 12.4%
- Electronics Up 26.3%
- Automotive & Transportation Up 12.9%

Exchange rate	2018/12	2019/12	2020/12	2021/12	2022/12
1US\$	110.42	109.04	106.79	109.79	131.43
1EUR	130.36	122.08	121.79	129.85	138.03
1CNY	16.71	15.79	15.47	17.02	19.50

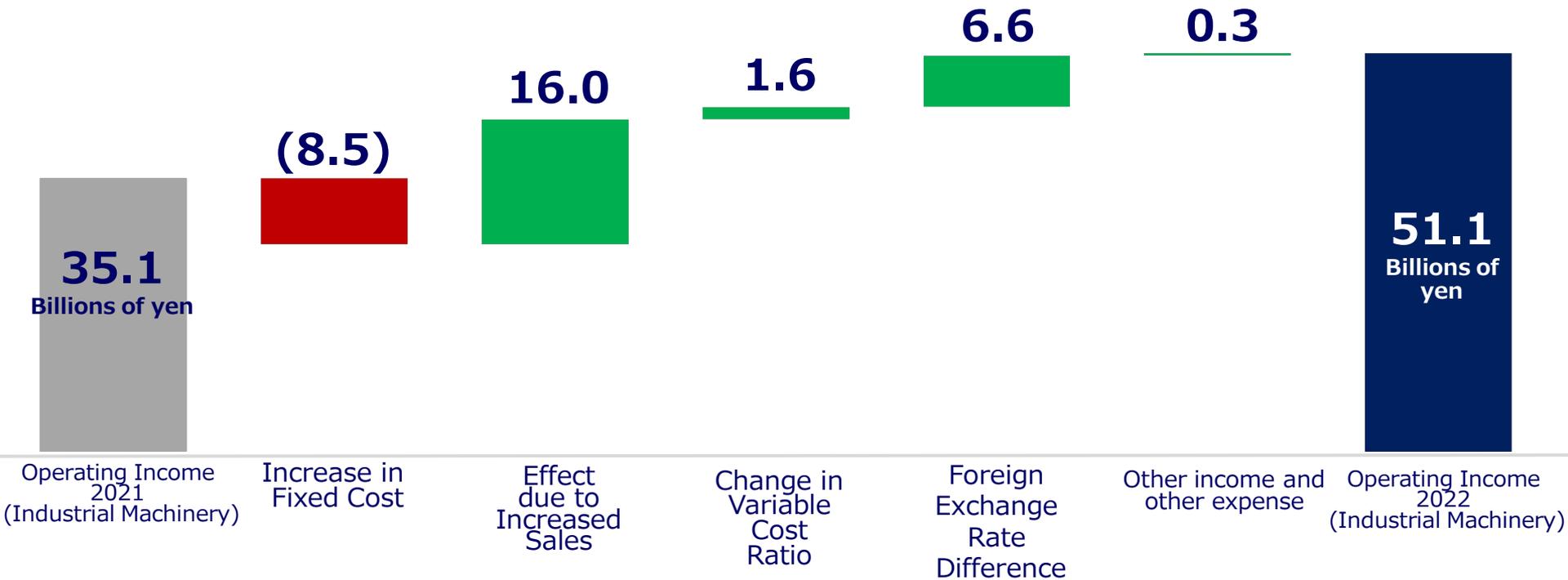
*Geographic sales is based on where our customers are located.

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

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

*IFRS-based figures from 2019/12

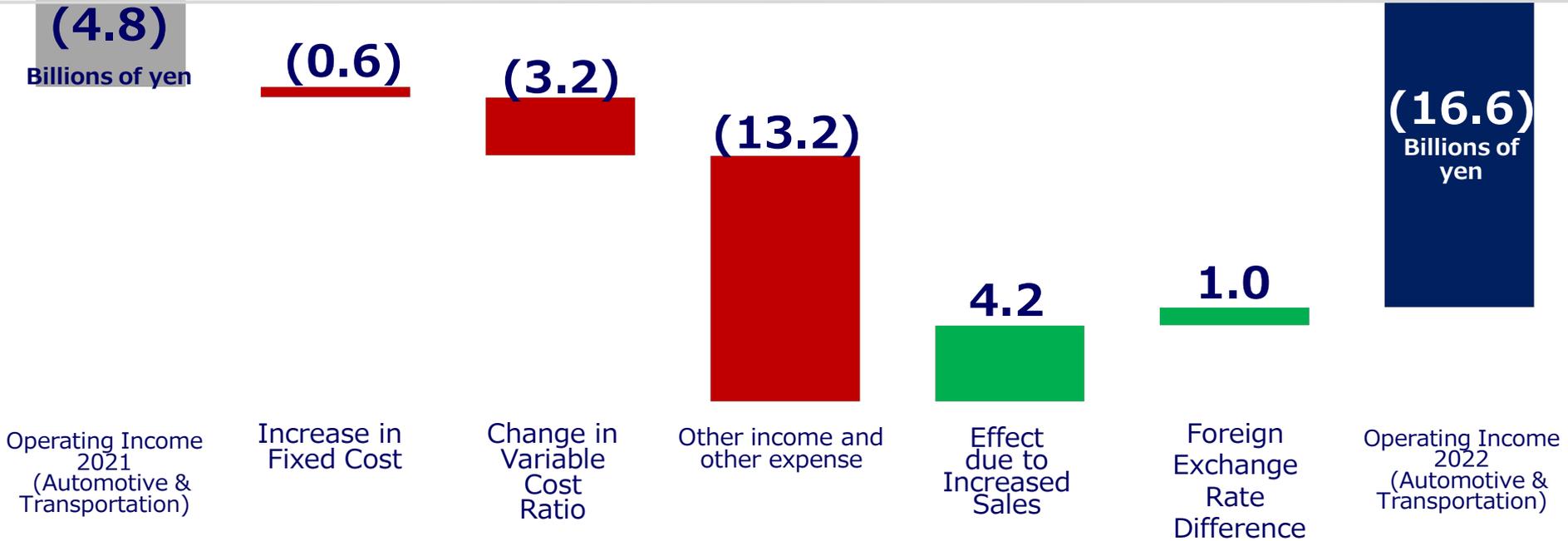
(Ref.) Operating Income – Change Factors – (Industrial Machinery)



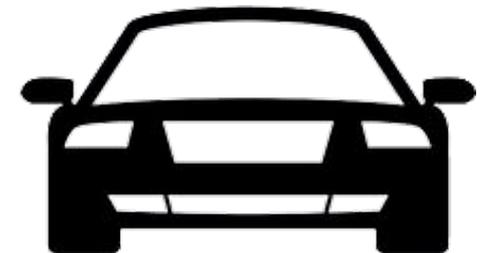
		FY21	FY22
Unit: billions of yen			
Industrial Machinery	Revenue	231.9	282.1
	Operating Income	35.1	51.1



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



Unit: billions of yen		FY21	FY22
Automotive & Transportation	Revenue	86.3	111.6
	Operating Income	(4.8)	(16.6)



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

Assets, Liabilities and Equity

Total Assets 560,304 millions of yen
Up ¥44,218 million from previous period

Cash and Cash in Account | Y/Y :
Up ¥12,404 million

Cash Flows from Operating Activities :
 ¥ 37,561 million
 Cash Flows from Investing Activities :
 ¥(30,081) million
 Cash Flows from Financing Activities :
 ¥(3,649) million
 Foreign Currency Translation Adjustments
 on Cash and Cash Equivalents :
 ¥ 8,573 million

Trade and other receivables| Y/Y :
Up ¥10,372 million

Number of months' sales receivables :
 Previous period : 3.3 months
 This period : 3.0 months

Inventories | Y/Y :
Up ¥13,252 million

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

Property, Plant and Equipment | Y/Y :
Up ¥14,206 million

■ CAPEX : ¥31,428 million
 ■ Depreciation : ¥17,577 million

Goodwill and intangible assets| Y/Y :
Down ¥9,423 million

Current assets

352,942

Up ¥39,019 Million
from previous period

Liabilities

223,023

Up ¥21,226 million
from previous period

Equity

337,281

Up ¥22,991 million
from previous period

Non-current assets

207,361

Up ¥5,198 million
from previous period

Current liabilities| Y/Y :
Up ¥24,562 million

■ Trade and other payables | Y/Y :
 Up ¥1,647 million

Number of months' notes payable
 Previous period : 1.6 months
 This period : 1.3 months

■ Bonds and borrowings| Y/Y :
 Up ¥20,415 million

Non-current liabilities| Y/Y :
Down ¥3,336 million

**Profit (Loss) Attributable to
 Owners of the Parent**
¥21,198 million

Dividends Paid :
¥9,582 million

Increase in treasury stock
¥5,922 million

Non-controlling interests
Down ¥4,340 million

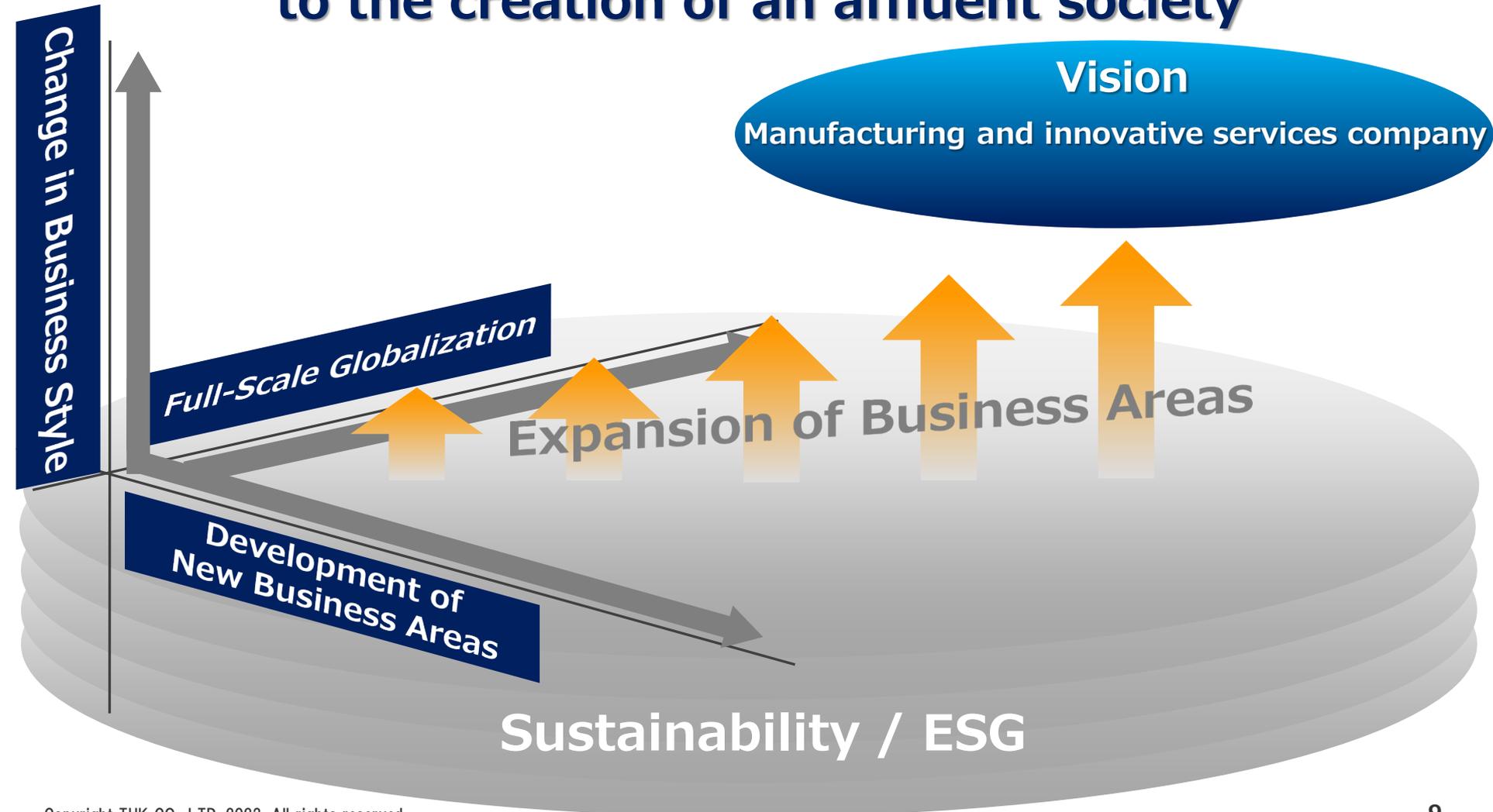
**Foreign Currency
 Translation Adjustments | Y/Y:**
Up ¥21,727 million

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**

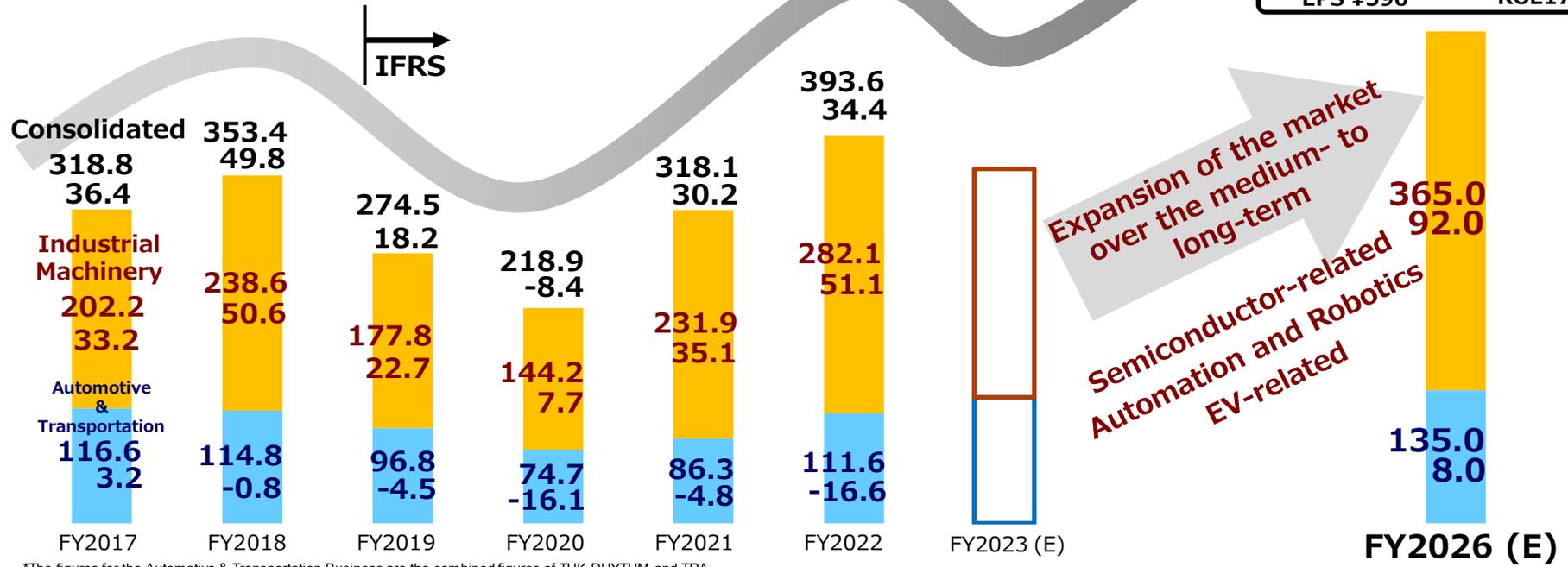


Key Initiatives in Business Lines

Despite adjustments in FY2023, the market will expand in the medium to long term

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

Management Targets
 Revenue : 500.0 billions of yen
 Operating Income : 100.0 billions of yen
 EPS ¥590 ROE17%



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

Industrial Machinery business and other

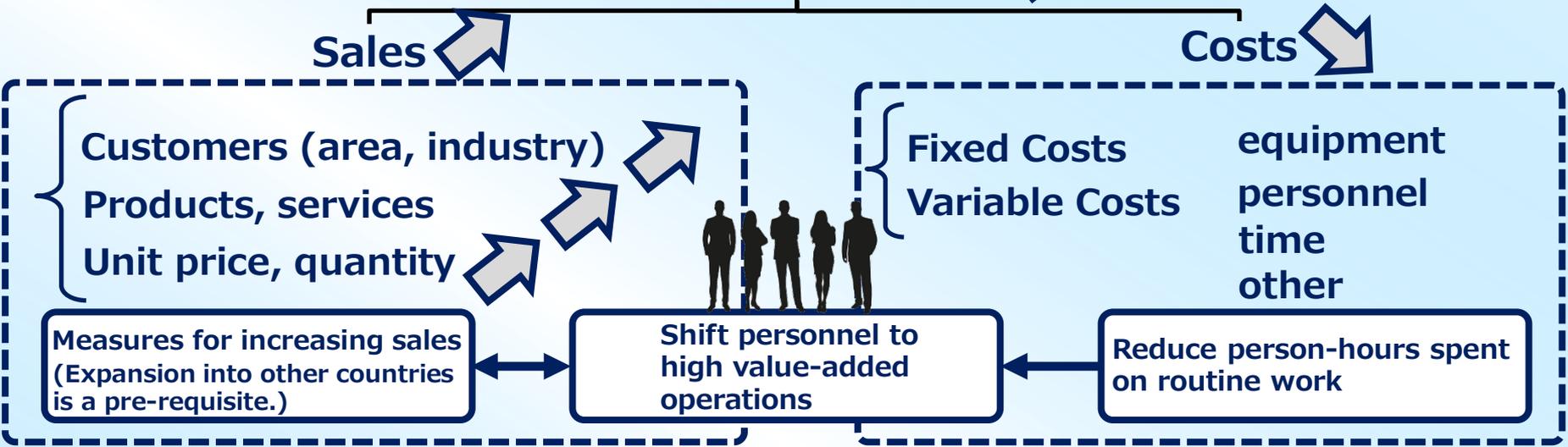
Greater market share and a robust global production system
 Progress on DX (Omni THK, OMNIedge)
 Development and acceleration of new products

Automotive & Transportation Business

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

Improved per capita sales and productivity (=profitability)

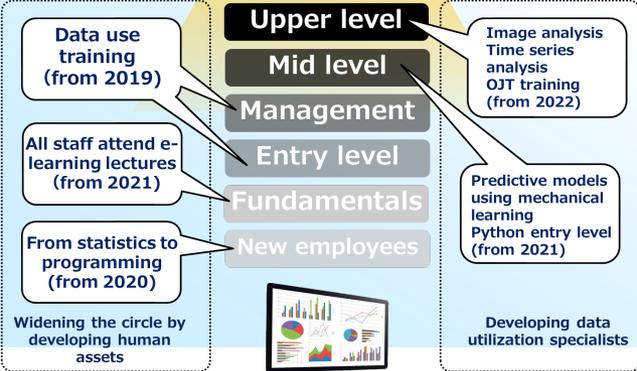
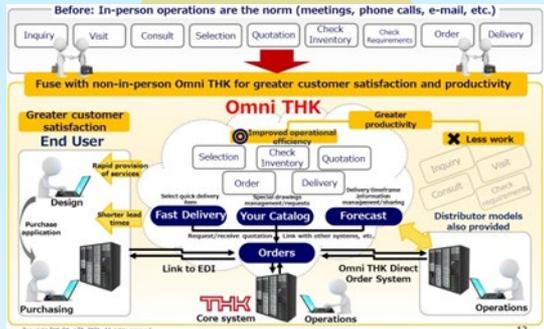
Maximize profits 



Advances in the Omni THK

Developing digital human assets

Establishment of structure to introduce various ICT tools



- BI tools
- CRM
- RPA/OCR
- AI, IoT
- Data warehouses
- Marketing automation
- etc.

Maximizing Overall Equipment Effectiveness (OEE) through OMNIedge

OEE evaluation indicators

Availability



Performance



Quality

Loss reduction

Loss reduction

Loss reduction

OMNIedge Development

Phase 1

Predictive failure detection AI solution
(linear motion components)



Reduce losses from breakdowns and parts replacement

Phase 2

Predictive failure detection AI solution
(rotary motion components)



Reduce losses from breakdowns and parts replacement

NEW

Phase 3 Tool Monitoring AI Solution

Reduce losses from parts replacement, defects,
and repairs

To maximize OEE, develop and implement new solutions that will contribute to reducing various losses from FY2023 onward

OMNIedge Tool Monitoring AI Solution



An IoT service for the manufacturing industry

OMNI edge Tool Monitoring AI Solution

Eliminate loss from tool changes, defects, and rework **with AI that evolves!**

Installing Sensors onto Existing Equipment Is Easy

To install, all you have to do is clamp a CT (current sensor) onto the motor cable. A CNC connection is not required, so it is compatible with machine tools regardless of the model year or manufacturer.

Ready-to-Use Software

The setting tool does not require any difficult configuration, so you can begin monitoring and collecting data from the day you install it.

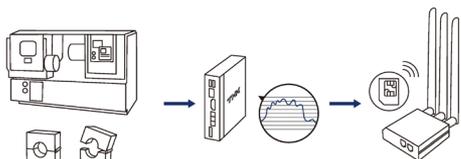
AI Evolves to Rapidly Improve Accuracy

The AI analyzes data automatically to detect abnormalities, so it becomes smarter the more it is used.

THK provides all the infrastructure you need, from the sensor to the communication environment, including the SIM card.

Easy Set-Up

The network is automatically set up as soon as you install the CT on the machine tool and turn it on.

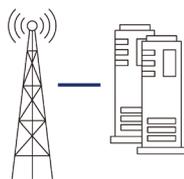


The sensor visualizes the tool's status.

Edge AI extracts the feature values and transmits them over a 4G/LTE network.

Secure Operation

Securely collect data via a closed network.



Global expansion is also supported.

Tooling Management

AI estimates the amount of damage, chipping, and wear on the tool.



Notifications are provided by rotating light. (Status can also be monitored by tablet.)

Development of New Business Areas

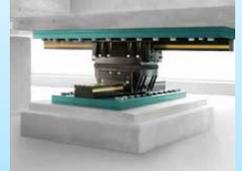
New business areas Helping the service industry promote labor-saving whose demands have been increasing due to a labor shortage, soaring labor costs, and the advance of the IoT

Restaurant



Noodle-cooking robot

Seismic Isolation Home Automation



Distribution



Train / Aircraft



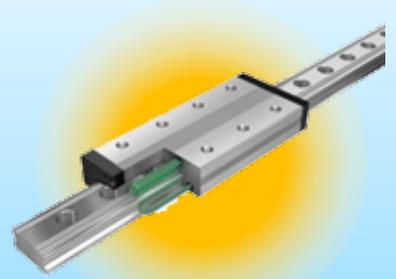
Renewable Energy



Shop



Medical Equipment

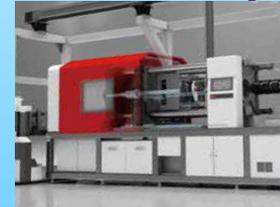


Linear Motion Core Technology

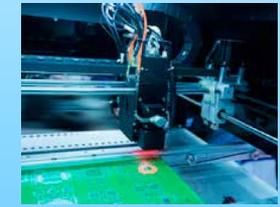
Industrial Machinery Robots



General Machinery



Semiconductor Manufacturing Equipment



Machine Tools



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

Utility slide ATG/ ARG

ATG
ARG

Railway carriage door

Carriage seat

Automated warehouse equipment

Railway carriage maintenance drawer

The image displays two types of utility slides: ATG (a thin, long profile) and ARG (a wider, more robust profile). A yellow arrow points from these components to four application scenarios: 1) Railway carriage doors, showing the slide mechanism within the door frame. 2) Carriage seats, showing the slide mechanism used for seat adjustment. 3) Automated warehouse equipment, showing a blue robotic unit on a slide. 4) Railway carriage maintenance drawers, showing a drawer being pulled out from a carriage floor.

Utility slide UGR

UGR

Kitchen lifting mechanism

Assistive vehicle

The image shows the UGR utility slide component. A yellow arrow points to two application scenarios: 1) Kitchen lifting mechanism, showing a kitchen sink and counter being raised and lowered. 2) Assistive vehicle, showing a person in a wheelchair using the slide mechanism to move a tray or table.

Rod actuator CRES6000

CRES6000

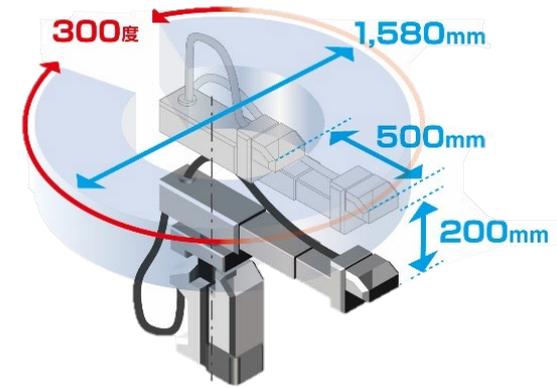
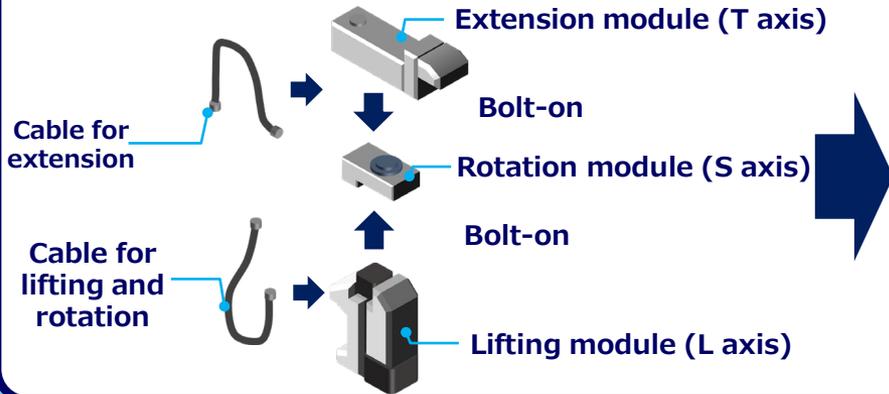
Hoist for hospital and nursing care beds, etc.

Open/close mechanism for smoke extraction windows

The image shows the CRES6000 rod actuator. A yellow arrow points to two application scenarios: 1) Hoist for hospital and nursing care beds, showing the actuator used to lift a patient in a bed. 2) Open/close mechanism for smoke extraction windows, showing the actuator used to raise and lower a window frame.

Cylindrical Coordinate Module MLS

- Module offering simple mechanism for automation of linear movement and rotation
- Ideal for applications such as picking and placing and workpiece removal



Broad motion space with simple mechanism

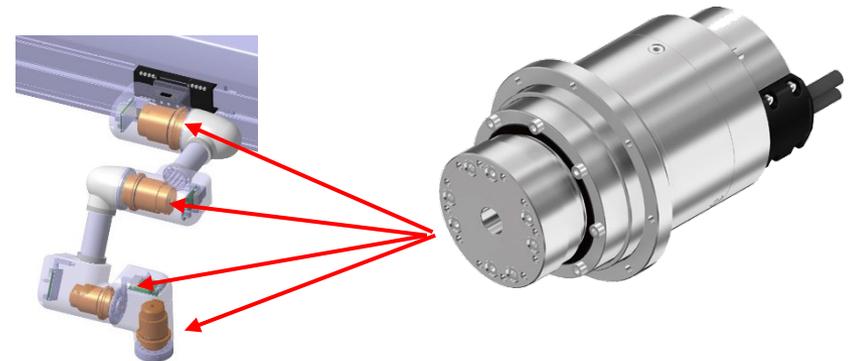
Picking Robot Hand System Model PRS

Automation of picking items in distribution centers



Rotation Module RMR

Rotating-type module product ideal for robotic joints



Enhancement of the Global Manufacturing Structure (Industrial Machinery Business)

THK CHANGZHOU (CHINA)

New plant extension
Started operation Jun. 2022

- Target products :
Electric Actuator
Unit, etc

■ Floor space : About 15,000m²



THK LIAONING (CHINA)

New plant extension
Completed Dec. 2022

- Target products :
LM Guide
Electric Actuator, etc

■ Floor space : About 25,000m²



THK India

New plant
Started operation Nov. 2021

- Target products : LM Guide

■ Space of land bought :
About 205,000m²

■ First term floor space :
About 37,000m²



THK NIIGATA (JAPAN)

New plant extension
Started operation Nov. 2022

- Target products : Ball Spline

■ Floor space : About 7,500m²



Progress on Reorganization of Automotive and Transportation Business

FY2022–FY2023

Reorganization of business to place it on a profitable footing

FY 2024 and beyond Achieve profit growth

Continuation and strengthening of recovery plan
Manufacturing restructuring / Organizational restructuring

FY2022 results: Reduced costs by 1.7 billion yen

***Continue and strengthen cost reduction efforts in FY2023**

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

FY2022 results: 40 million yen saved by discontinuing unprofitable products
Success in price pass-through negotiations displaying willingness to withdraw

***Continue and strengthen cost reduction efforts in FY2023**



Production of Industrial Machinery Products
Start production at THK RHYTHM

FY2022 results: Production value approx. 1.1 billion yen

***Further expand production value in FY2023**
***Included in Automotive and Transportation Business results and plans**



[Existing products]
Improve profitability
Further enhance added value

[Industrial Machinery Products]
FY2024 production value: Approx. 5 bil. yen
Examine horizontal expansion to other plants

[Next-generation products]
Accelerate development and expand shipment



Extend to next-generation products

Accelerate development/Expand new orders

Existing products

Next-generation products

Automotive and Transportation Business Initiative

Backed by the trend of "CASE" accelerating the development of linear motion products for automobiles

Electric power steering parts

Next-generation suspension parts



Next-generation brake parts

Interior



Unit for integrated brake system



Unit for active suspension system



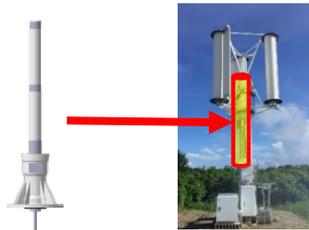
Mechanical level control unit

About Sustainability Management

Basic Thinking

Minimizing the effect of minuses on corporate activity and enhancing the effect of pluses to create social and corporate shared value, as typified by sustainability, behaving in a way that not only optimizes the one, but optimizes the whole

More renewable energy products



Shaft Unit for Wind Power Generator

More linear motion products (Contribute to energy saving)

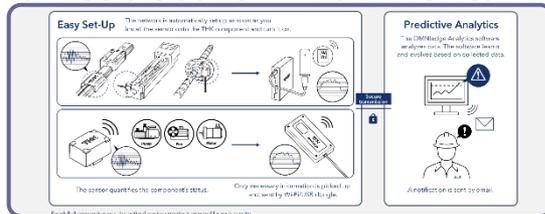


More products contributing to smaller, lighter vehicles from move to EVs

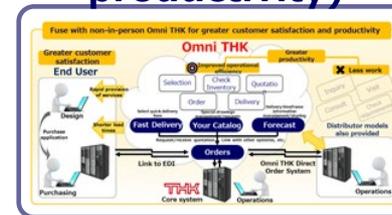


Manufacturing and innovative services company

OMNIedge
(Contributes to improved productivity and reduced environmental load)



Omni THK
(Contributes to improved productivity)



Contribute to sustainability as a manufacturing and innovative services company

Latest Sustainability Activities

Establishment of Sustainability Committee (October 21, 2022)

Established Sustainability Committee to act as advisors to the Board of Directors with the aim of establishing, instilling, and maintaining a sustainability promotion structure in order to improve our corporate values and create a sustainable society.



Latest activities of the Sustainability Promotion Subcommittee

Examined proposal for information disclosure aligned with TCFD recommendations

- Conducted analysis with reference to 1.5°C and 4°C scenarios
- Internally examined governance, risk management, indicators, and goals

Re-identified materiality (completed)

Examine actions and KPIs for resolving materiality issues (under way)

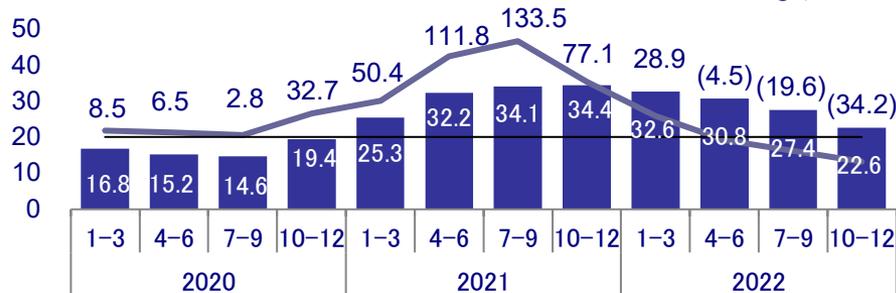


Ⅲ. Financial Forecast for Fiscal 2023

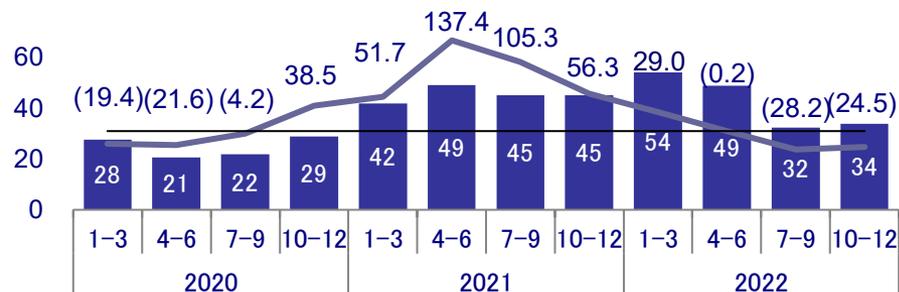
Orders Received by Region <Industrial Machinery Business>



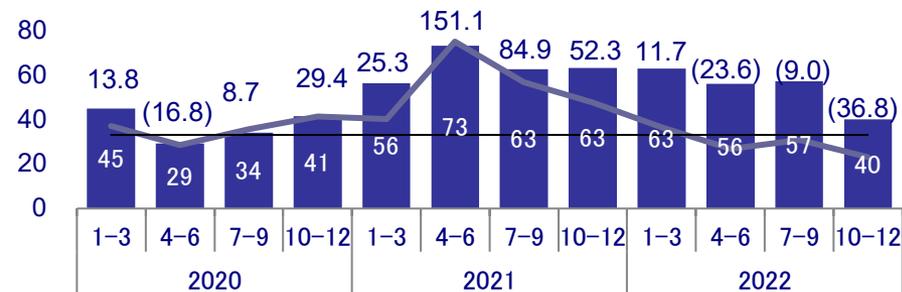
THK CO., LTD. (Japan) * exclude export
 % Change, Billions of YEN



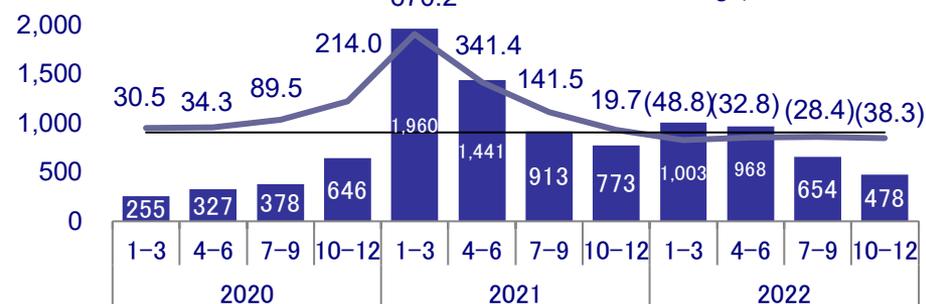
THK Europe % Change, Millions of EUR



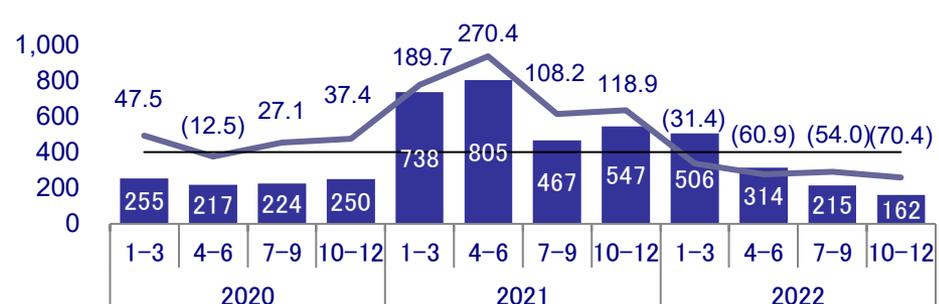
THK Holdings of America % Change, Millions of USD



THK (CHINA) CO., LTD. + THK (SHANGHAI) % Change, Millions of RMB



THK TAIWAN % Change, Millions of NTD



Financial Forecast (Consolidated)

	2023/12 Forecast	2022/12 Results	2021/12 Results
Revenue	360,000	393,687	318,188
Y/Y	-8.6%	+23.7%	+45.3%
Operating Income	30,000	34,460	30,268
Y/Y	-12.9%	+13.8%	-
Income before income taxes	31,600	35,596	29,984
Y/Y	-11.2%	+18.7%	-
Profit Attributable to Owners of the Parent	22,400	21,198	23,007
Y/Y	+5.7%	-7.9%	-

Financial Forecast (Unconsolidated)

The Mark of Linear Motion

(Millions of Yen)

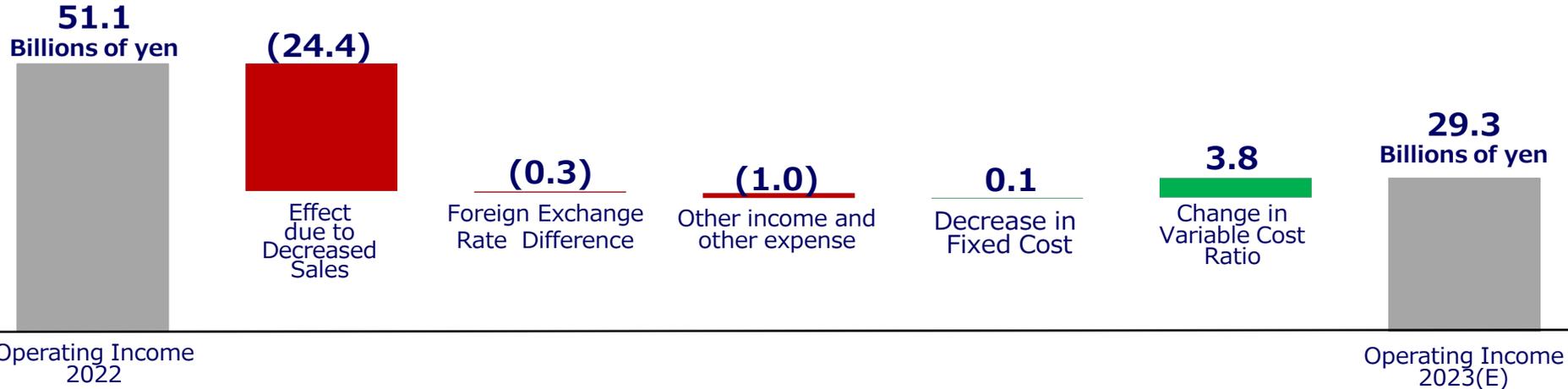
	2023/12	2022/12	2021/12
	Forecast (Japanese GAAP)	Results (Japanese GAAP)	Results (Japanese GAAP)
Net Sales	157,500	197,624	167,583
<i>Y/Y</i>	-20.3%	+17.9%	+62.9%
Domestic	96,000	117,572	99,637
<i>Y/Y</i>	-18.3%	+18.0%	+42.7%
Operating Income	10,100	25,722	16,718
<i>Y/Y</i>	-60.7%	+53.9%	-
Ordinary Income	18,100	35,105	21,914
<i>Y/Y</i>	-48.4%	+60.2%	+934.6%
Net Income	14,700	6,094	18,348
<i>Y/Y</i>	+141.2%	-66.8%	-

(Ref.) Operating Income (FY2023E) – Change Factors –



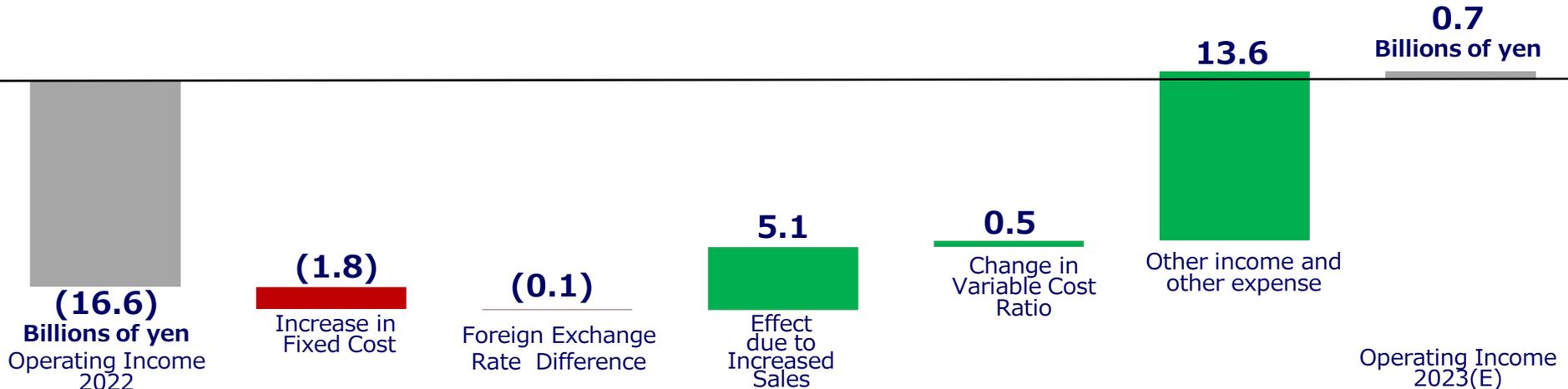
Industrial Machinery

FY2022 Revenue: 282.1 billions of yen
Operating Income: 51.1 billions of yen **FY2023(E)** Revenue: 232.0 billions of yen
Operating Income: 29.3 billions of yen



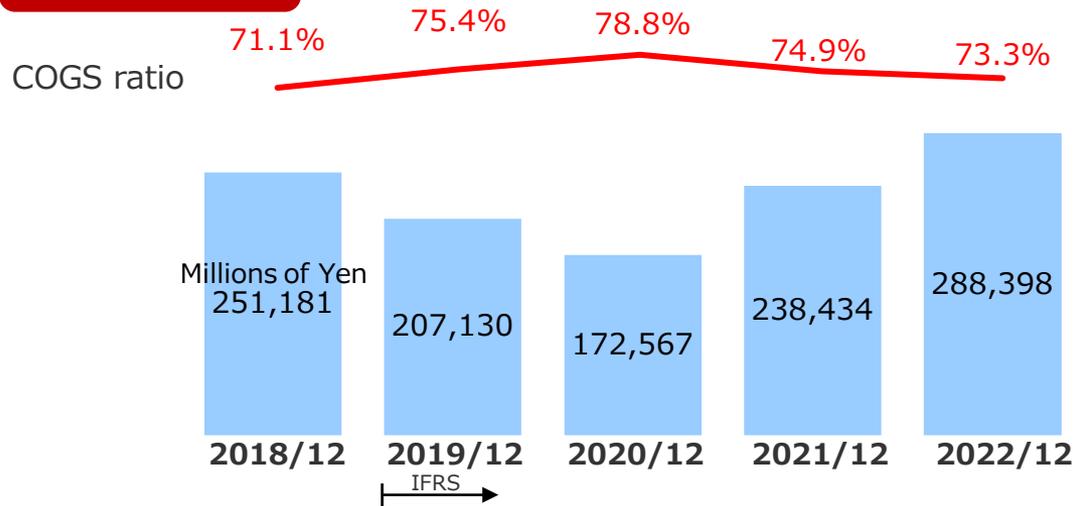
Automotive & Transportation

FY2022 Revenue: 111.6 billions of yen
Operating Income: (16.6) billions of yen **FY2023(E)** Revenue: 128.0 billions of yen
Operating Income: 0.7 billions of yen



Trends in COGS and SG&A

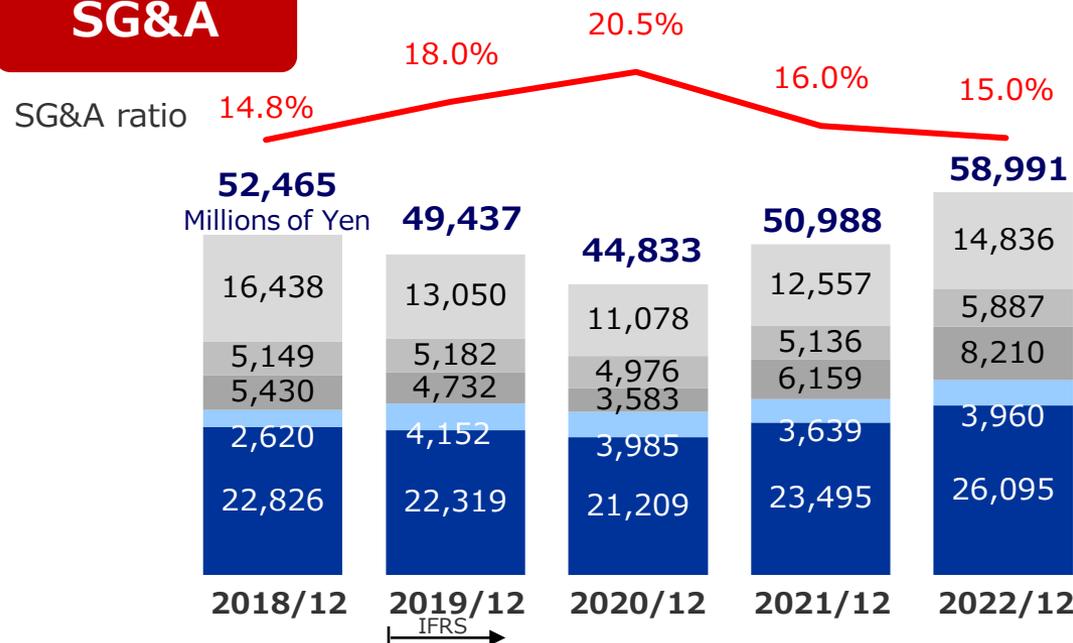
COGS



Sales-cost ratio decreased by 1.6 points Y/Y

- Due to increase revenue

SG&A



SG&A ratio decreased by 1.0 points Y/Y

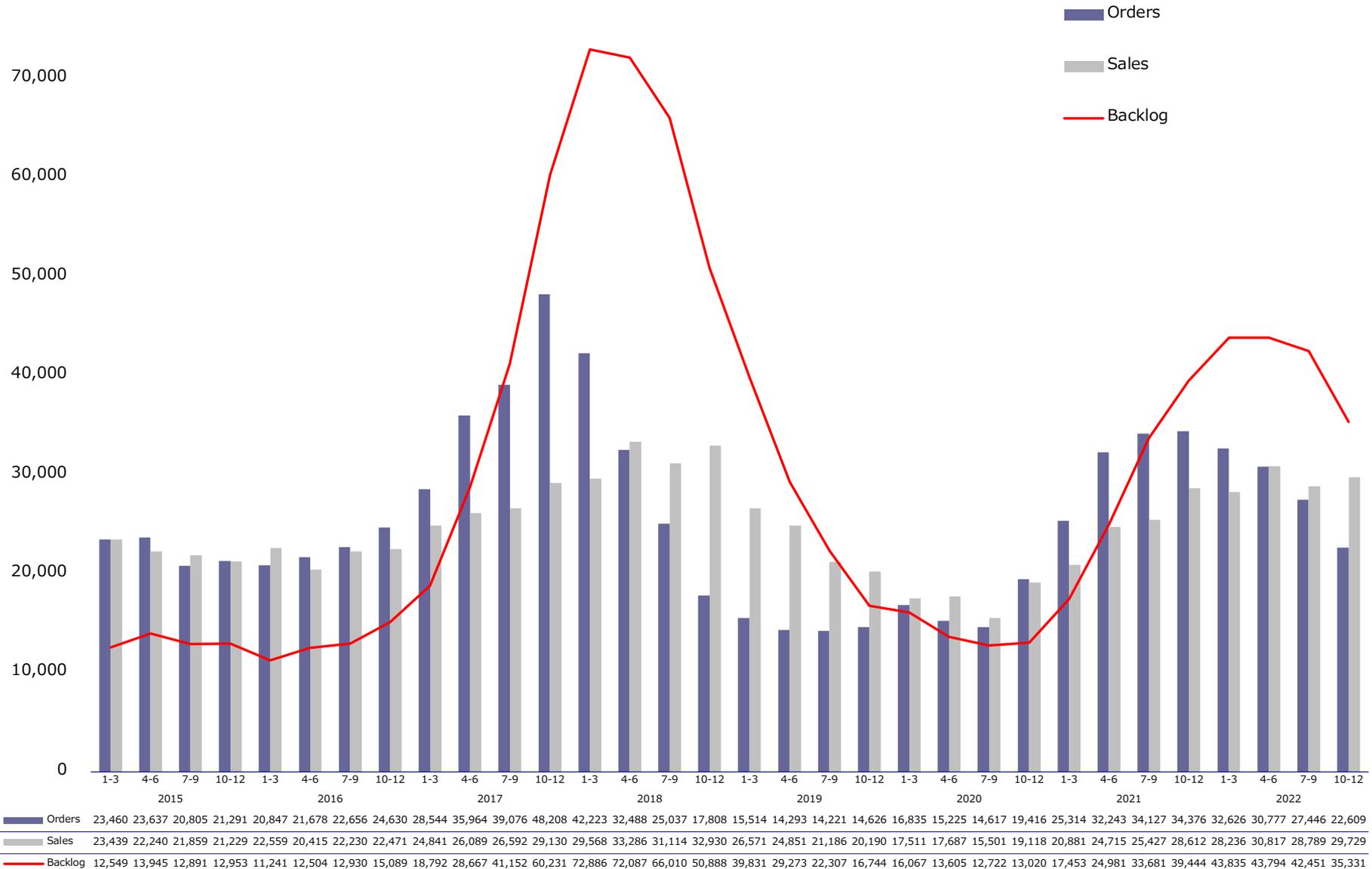
- Due to increase revenue

【Support Statement】

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



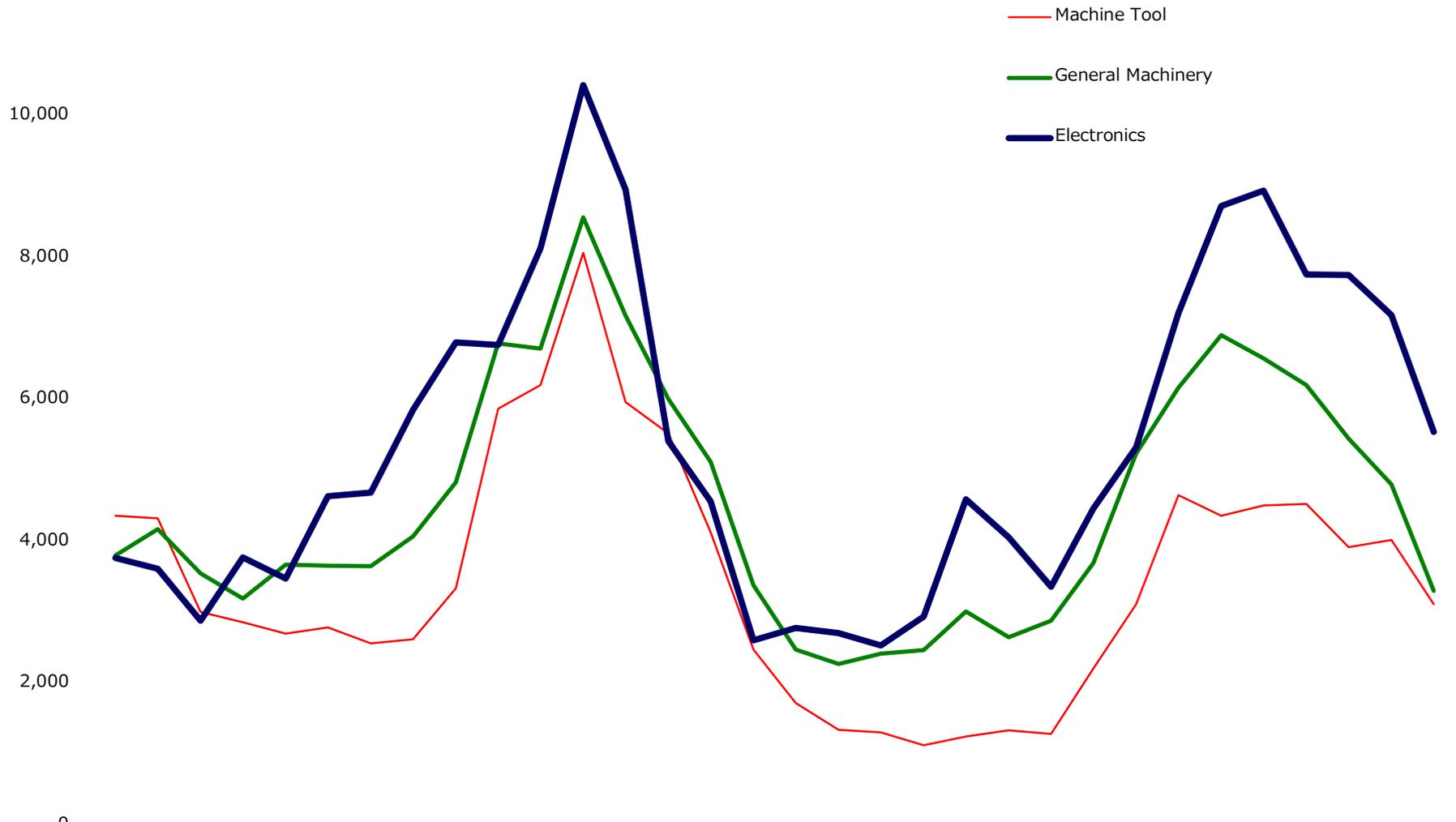
(millions of yen)
80,000



【Support Statement】 -Trends in Orders Classified by Industry (Unconsolidated)-



(millions of yen)
12,000



	2015				2016				2017				2018				2019				2020				2021				2022			
	1-3	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3	4-6	7-9	10-12
Machine Tool	4,370	4,339	3,014	2,875	2,715	2,800	2,575	2,630	3,353	5,879	6,213	8,076	5,976	5,534	4,139	2,489	1,737	1,355	1,324	1,138	1,260	1,350	1,301	2,217	3,123	4,659	4,373	4,515	4,539	3,933	4,033	3,125
General Machinery	3,813	4,183	3,561	3,203	3,682	3,671	3,662	4,083	4,846	6,798	6,730	8,573	7,193	6,021	5,130	3,391	2,485	2,287	2,431	2,482	3,024	2,659	2,891	3,706	5,249	6,175	6,915	6,587	6,210	5,458	4,812	3,313
Electronics	3,779	3,628	2,896	3,784	3,485	4,649	4,697	5,867	6,816	6,780	8,142	10,442	8,967	5,425	4,575	2,618	2,793	2,717	2,542	2,950	4,601	4,067	3,369	4,472	5,337	7,230	8,739	8,956	7,773	7,762	7,198	5,553