



# INTERIM FINANCIAL RESULTS BRIEFING

**August 10<sup>th</sup> 2022**

**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 1st Half of Fiscal 2022**

# Financial Highlights

## Consolidated sales revenue: up 23.6% y/y, ¥ 186.6 billion

- 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.

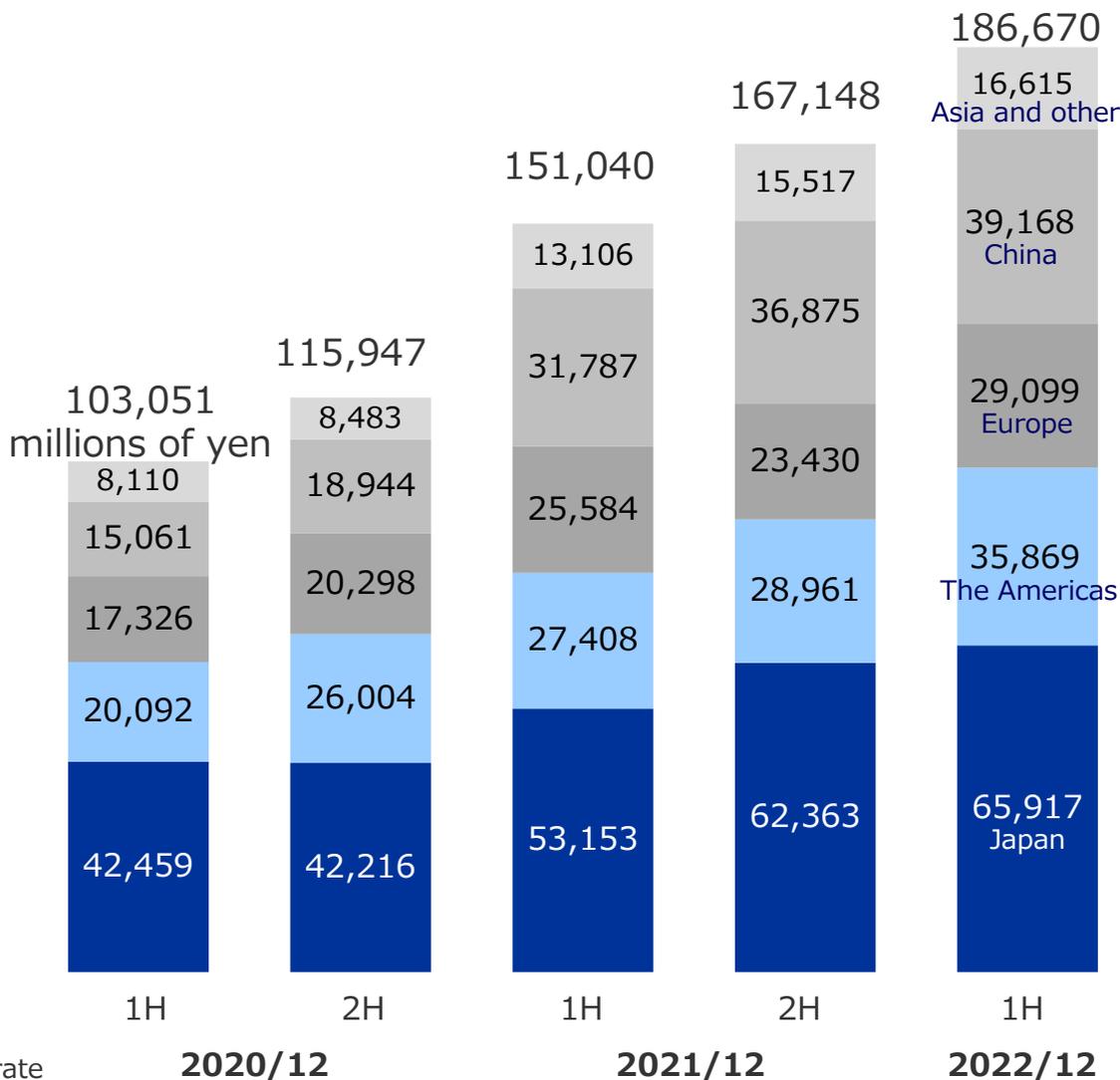
## Consolidated operating income: up 88.9% y/y, ¥ 20.9 billion

- The Industrial Machinery Business benefited from favorable demand trends to achieve a large rise in operating income, as the impact of higher transport and steel costs was more than offset by the solid contribution to income of volume effects with the increase in sales revenue.
- The Automotive and Transportation Equipment Business recorded an operating loss from the effects of falling vehicle production and soaring steel prices.

## Both revenue and operating income above plan targets, for a y/y increase

- While the Automotive and Transportation Business was faced with a difficult business environment, the success of the Industrial Machinery Business in taking advantage of excellent demand, leading to higher revenue, resulted in sales revenue 9.6 billion yen higher, and operating income 1.9 billion yen higher, than the initial plan targets at the start of the period, for a large increase in revenue and income.

# Trend in Revenue



\*The growth rates are just for reference

## Asia and other

- Taiwan Up 20.6 %
- Singapore Up 7.6 %
- India Up 47.2 %

## China

- Machine tools Up 20.3 %
- General machinery Up 2.8 %
- Electronics Up 10.0 %
- Automotive & Transportation Down 18.7 %

## Europe

- Machine tools Up 46.8%
- General machinery Up 20.2%
- Electronics Up 31.5%
- Automotive & Transportation Down 5.1%

## The Americas

- Machine tools Up 37.0%
- General machinery Up 12.5%
- Electronics Up 36.2%
- Automotive & Transportation Up 16.2%

## Japan

- Machine tools Up 33.4%
- General machinery Up 22.7%
- Electronics Up 45.4%
- Automotive & Transportation Down 10.9%

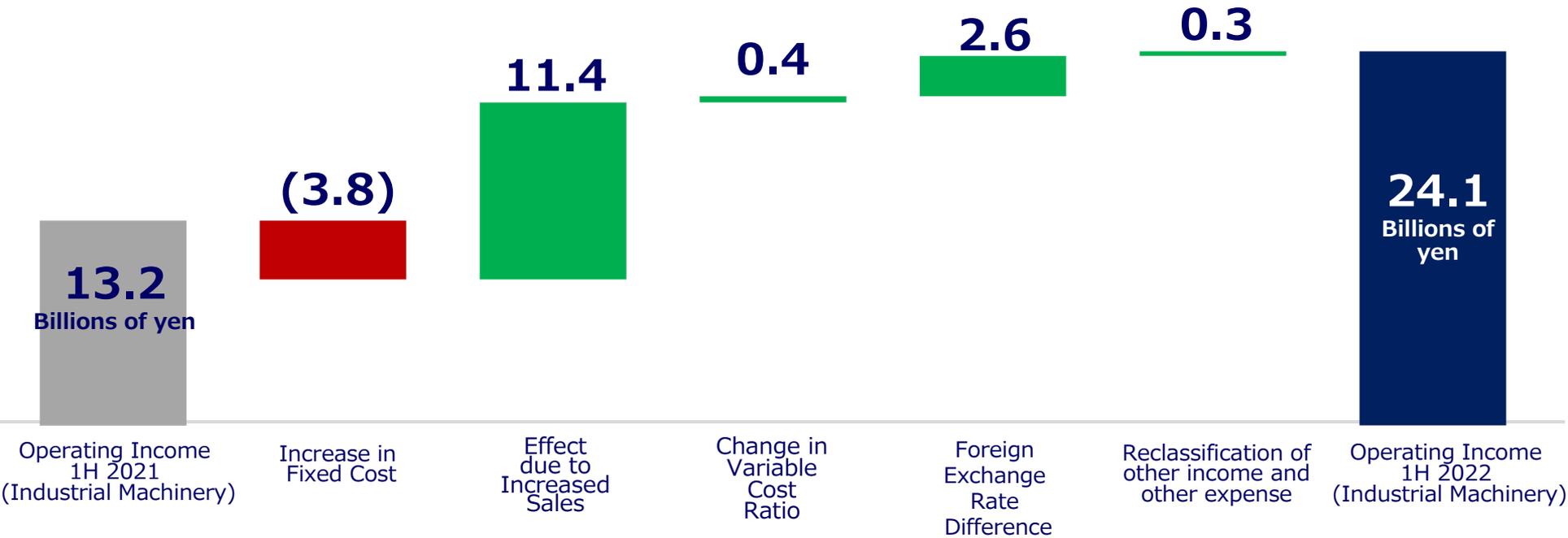
\*Geographic revenue is based on where our customers are located.

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

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

Exchange rate	2020/12		2021/12		2022/12
1US\$	108.27	105.31	107.68	111.90	122.98
1EUR	119.24	124.35	129.80	129.90	134.30
1CNY	15.39	15.56	16.65	17.40	18.97

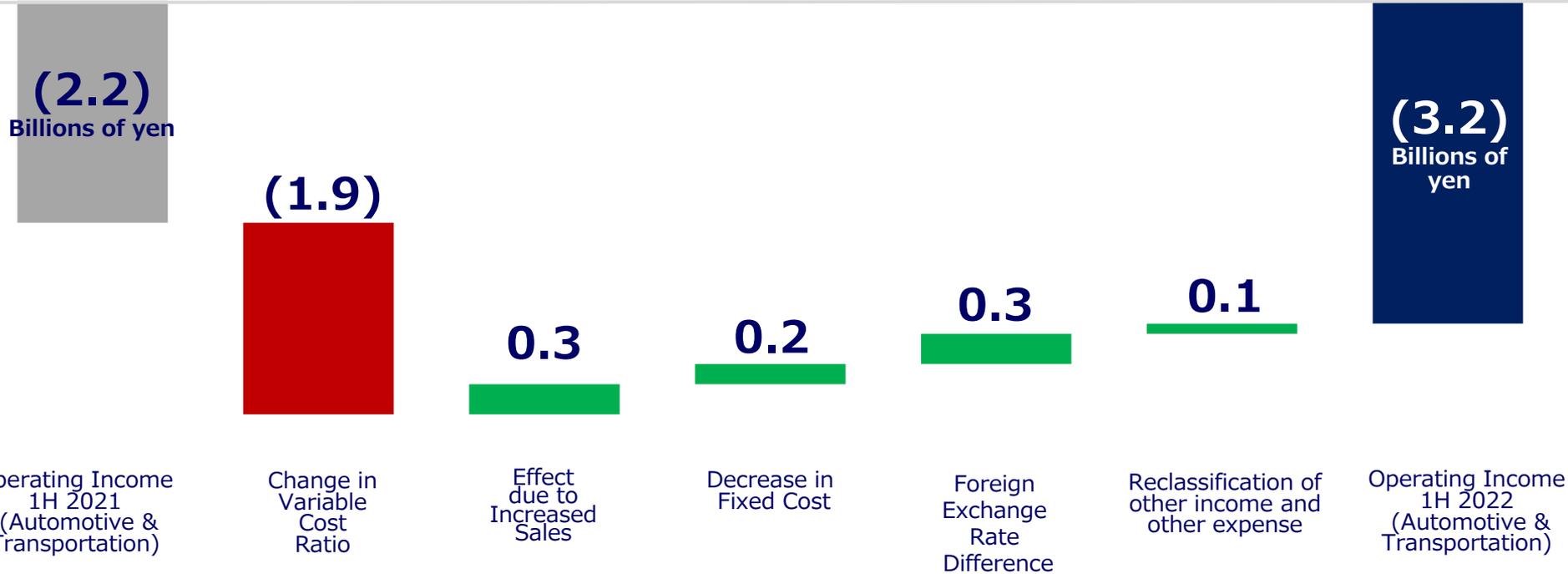
# (Ref.) Operating Income – Change Factors – (Industrial Machinery: January-June)



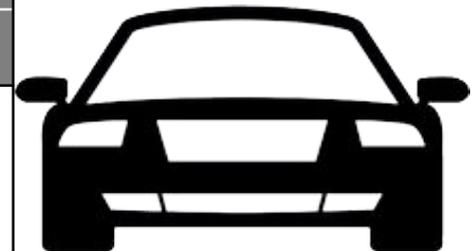
By type of business Unit: billions of yen		FY21		FY22
		1H	2H	1H
Industrial Machinery	Revenue	106.1	125.7	136.6
	Operating Income	13.2	21.8	24.1



# (Ref.) Operating Income – Change Factors – (Automotive & Transportation: January-June)



By type of business Unit: billions of yen		FY21		FY22
		1H	2H	1H
Automotive & Transportation	Revenue	44.9	41.4	50.1
	Operating Income	(2.2)	(2.6)	(3.2)



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

# Assets, Liabilities and Equity

**Total Assets 550,599 millions of yen**  
**Up ¥34,513 million from previous period**

**Cash and Cash in Account | Y/Y :**  
**Down ¥8,626 million**

Cash Flows from Operating Activities :  
 ¥8,826 million  
 Cash Flows from Investing Activities :  
 ¥(13,329) million  
 Cash Flows from Financing Activities :  
 ¥(14,869) million  
 Foreign Currency Translation Adjustments  
 on Cash and Cash Equivalents :  
 ¥10,745 million

**Trade and other receivables| Y/Y :**  
**Up ¥13,126 million**

Number of months' sales receivables :  
 Previous period : 3.3 months  
 This period : 3.2 months

**Inventories | Y/Y :**  
**Up ¥10,969 million**

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

**Property, Plant and Equipment | Y/Y :**  
**Up ¥15,449 million**

■ CAPEX : ¥14,393 million  
 ■ Depreciation : ¥8,475 million

**Goodwill and intangible assets| Y/Y :**  
**Up ¥1,311 million**

**Current assets**  
**331,764**

**Up ¥17,841 Million**  
**from previous period**

**Non-current assets**  
**218,834**

**Up ¥16,671 Million**  
**from previous period**

**Liabilities**  
**202,140**

**Up ¥343 Million**  
**from previous period**

**Equity**  
**348,458**

**Up ¥34,169 Million**  
**from previous period**

**Current liabilities| Y/Y :**  
**Up ¥11,027 million**

■ Trade and other payables | Y/Y :  
 Up ¥496 million  
 Number of months' notes payable  
 Previous period : 1.6 months  
 This period : 1.3 months

■ Bonds and borrowings | Y/Y :  
 Up ¥10,407 million

■ Income taxes payable | Y/Y :  
 Down ¥2,578 million

**Non-current liabilities| Y/Y :**  
**Down ¥10,683 million**

■ Bonds and borrowings| Y/Y :  
 Down ¥11,061 million

**Profit (Loss) Attributable to  
 Owners of the Parent**  
**¥14,366 million**

**Dividends Paid :**  
**¥5,018 million**

**Increase in treasury stock**  
**¥5,921 million**

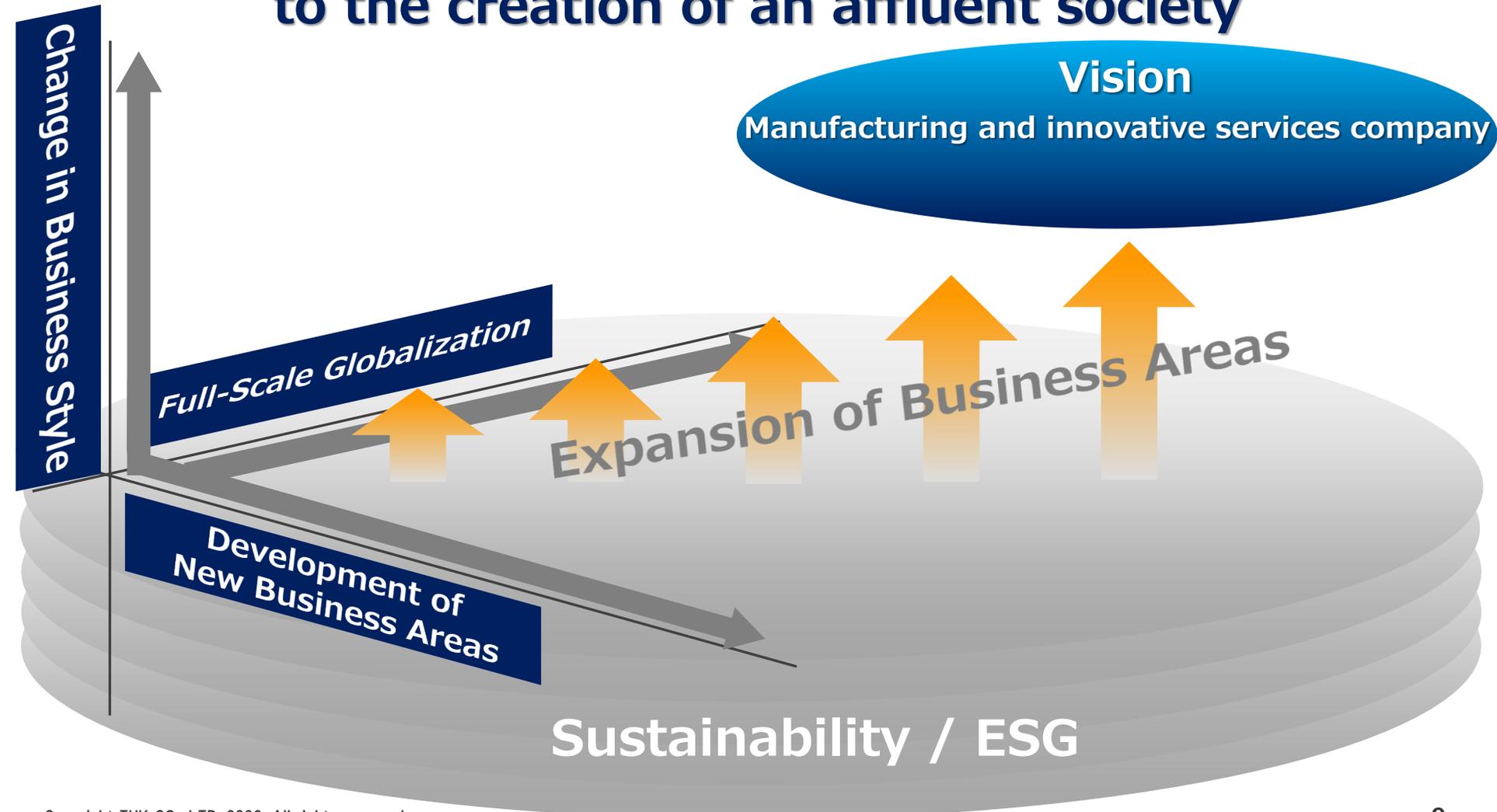
**Foreign Currency  
 Translation Adjustments | Y/Y:**  
**Up ¥30,457 million**

# 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

## Industrial Machinery business and other



Greater market share and a robust global production system

Development and acceleration of new products

Progress on DX (Omni THK, OMNIedge)

**FY2022\_1H**

Industrial Machinery  
business and other  
Revenue 136.6 billions of yen  
Y/Y +28.7%

**FY2022\_1H**  
Consolidated Revenue  
186.6 billions of yen  
Y/Y +23.6%

**FY2022\_1H**

Automotive & Transportation  
Business  
Revenue 50.1 billions of yen  
Y/Y +11.6%

More products for next-generation vehicles

More aluminium products

Improved profitability



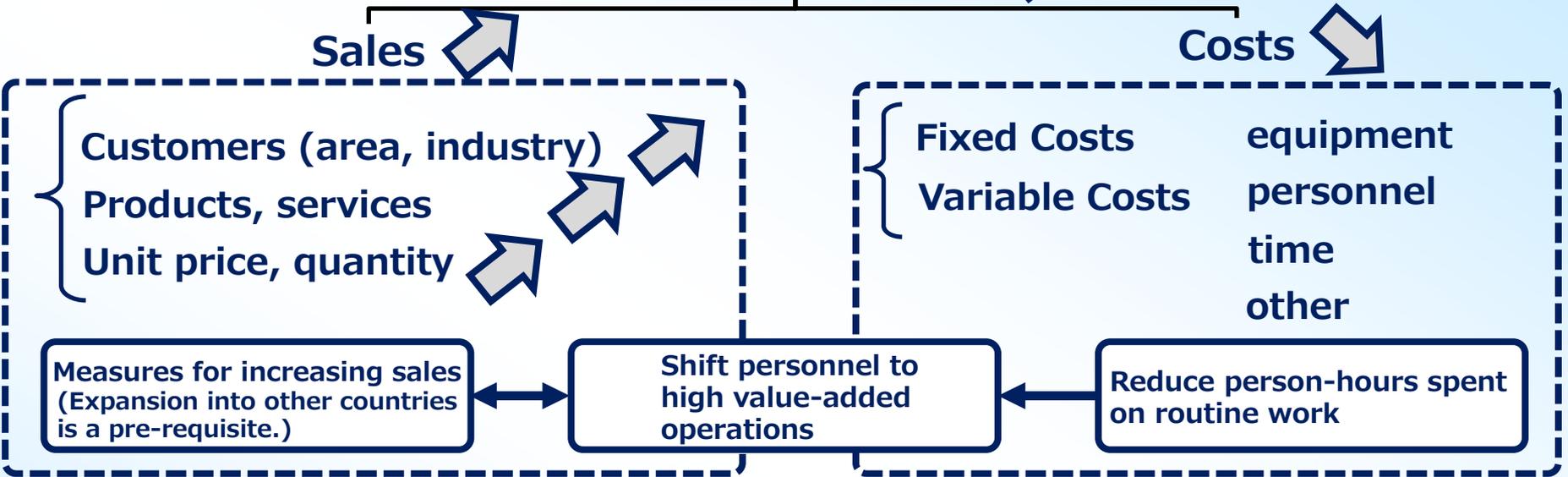
## Automotive & Transportation Business

# Advances in the THK DX Project and Omni THK

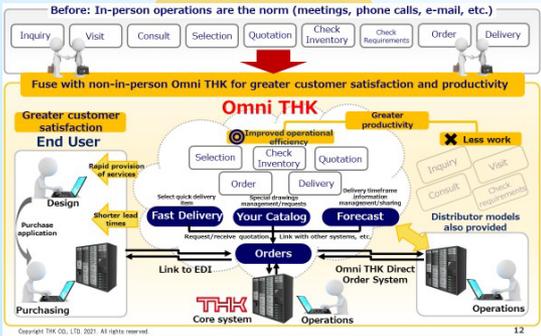
The Mark of Linear Motion

## 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

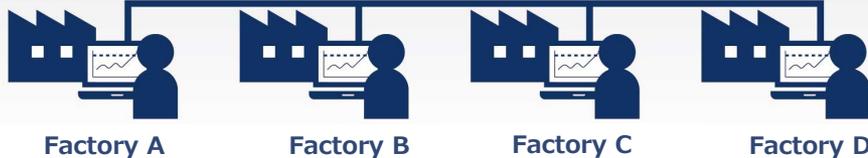
# “OMNI edge” IoT Service for the Manufacturing Industry

## Start of Support for Private Cloud



High security, availability, and extensibility to multiple units provided at reasonable cost

IoT Service for the Manufacturing Industry  
**OMNI edge**



### Up-front advantages

- No burden from installing on customer's existing network
- Excellent scalability, not only for test operation but assuming full-scale introduction

### Advantages in operation

- Ensure high levels of security and availability
- Minimize customer running costs including server maintenance and security costs



**Powerful support for large-scale expansion, from test operation on a few units to large numbers of units on multiple production lines**

# 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**



**Distribution**

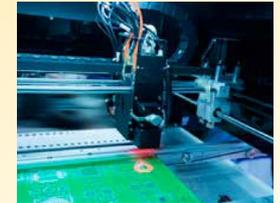


**Medical Equipment**

**Shop**



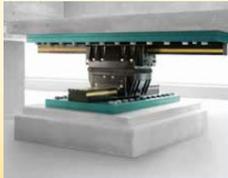
**Semiconductor Manufacturing Equipment**



**Train / Aircraft**



**Seismic Isolation Home Automation**



**Industrial Machinery Robots**



**General Machinery**



**Machine Tools**



**Linear Motion Core Technology**

**Existing Areas**

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

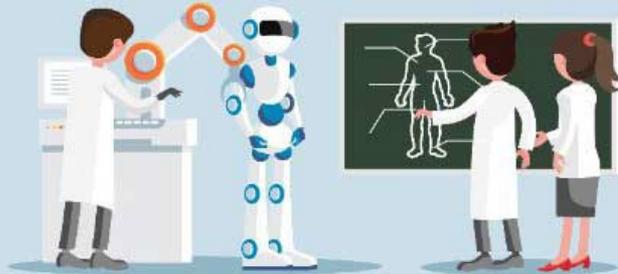
Making the service robot field into a sustainable growth business

## Service Robot Research Center

Lab  
No. 1

Lab  
No. 2

Lab  
No. 3



Basic research  
Accumulating core  
technologies

## Service Robot Business

PRS Company

MR Company

\*PRS: Picking Robot Hand System

\*MR: Mobile Robot

PRS

SIGNAS

SEED-Mover



Developing solutions and expanding business  
Strengthening the quality assurance system

# Launch of Fukuoka Solution Center (August 2)



A problem-solving support center where the latest in automation technology can be experienced up close



On permanent display are demonstration models of our mainstream linear motion products, OMNI edge, service robots, collaborative robots, transport robots and other examples of leading-edge automation technology, helping customers find solutions for their needs

# Enhancement of the Global Manufacturing Structure (Industrial Machinery Business)

## THK CHANGZHOU (CHINA)

**New plant extension**  
**Completed in Jun. 2022**

- Target products :  
Electric Actuator  
Unit, etc
- Floor space : About 15,000m<sup>2</sup>



## THK LIAONING (CHINA)

**New plant extension**  
**To be completed in Dec. 2022**

- Target products :  
LM Guide  
Electric Actuator, etc
- Floor space : About 25,000m<sup>2</sup>



## THK NIIGATA (JAPAN)

**New plant extension**  
**To be completed in Nov. 2022**

- Target products : Ball Spline
- Floor space : About 7,500m<sup>2</sup>



## THK India

**New plant**  
**Completed in Nov. 2021**

- Target products : LM Guide
- Space of land bought :  
About 205,000m<sup>2</sup>
- First term floor space :  
About 37,000m<sup>2</sup>



## SAMICK-THK Daegu Technopolis Plant (KOREA)

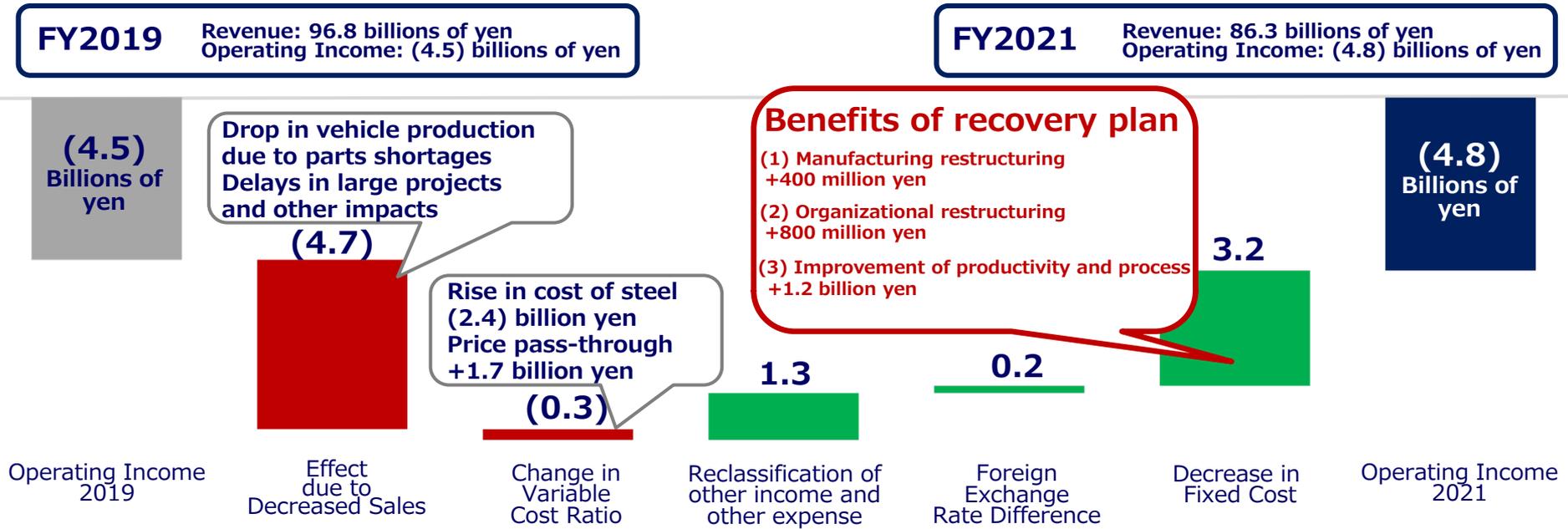
**New plant**  
**Completed in Nov. 2020**

- Target products : LM Guide
- Space of land bought :  
About 50,000m<sup>2</sup>
- Floor space : About 43,000m<sup>2</sup>



# Progress in Implementing Automotive and Transportation Business Recovery Plan

## Benefits of recovery plan (based on revenue/income change factors in FY2019 vs. FY2021)



## Steady and ongoing implementation of recovery plan

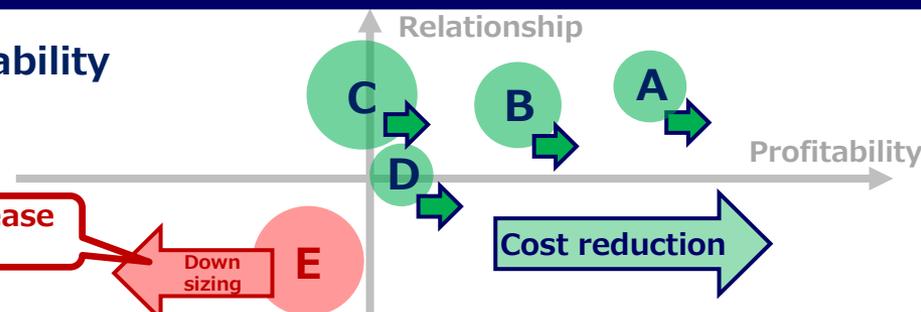
\*The figures for the Automotive & Transportation Business are the combined figures of THK RHYTHM and TRA

## Review of Automotive & Transport business product portfolio

● Product range A,B,C,D ⇒ Improved profitability

● Product range E ⇒ Reduction in scale

Greater benefit expected in FY2022 (+100 million yen increase in operating income)



## Changes in environment of the automotive industry

New manufacturers in the automotive industry

Horizontal specialization

Development of CASE

Decline in units produced

Changes in the supply chain

The Automotive and Transportation Business will be restructured in light of the challenging environmental changes, putting in place a profitable structure

Existing products

Continuation and strengthening of recovery plan

Manufacturing restructuring / Organizational restructuring

Profit-oriented management (downsizing aggressively as needed)

Consider discontinuing unprofitable products / downsizing or closing production bases

Production of Industrial Machinery Products

Start production at THK RHYTHM (FY2024 production value: Approx. 5 bil. yen)

Extend to next-generation products

Next-generation products

Accelerate development / Expand new orders

Existing products



Industrial Machinery Products



Next-generation products



## Basic Thinking

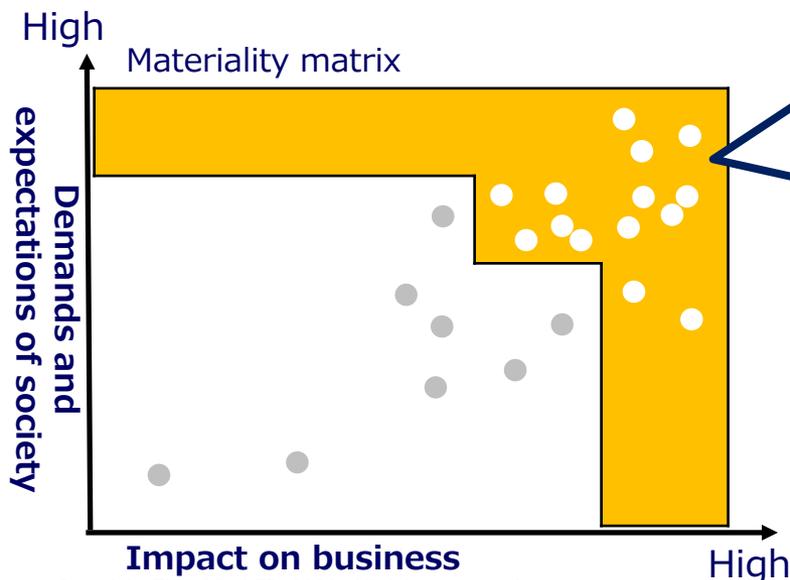
**Minimizing the effect of minuses on corporate activity and enhancing the effect of pluses to create social and corporate shared value, as typified by sustainability, behaving in a way that not only optimizes the one, but optimizes the whole**

### Most recent initiatives

- **Launched Sustainability Preparation Meeting**
- **Signature to the UN Global Compact**
- **Establishment of the THK Group Human Rights Policy**
- **Established THK Group Guidelines for Preventing Increased Incidence of Bribes**
- **Set the Medium- and Long-Term Targets for Carbon Neutrality**
- **Launched Carbon Neutral Promotion Project**
- **Introduction of a Stock Compensation Plan**



## Through the following process, re-identifying materiality



### Re-identified materiality

- Solving issues of society through creation of an affluent society and innovation
- Realizing decarbonization and a recycling-oriented society
- Realizing a diverse and rewarding working environment
- Strengthening the base for sustainable value creation

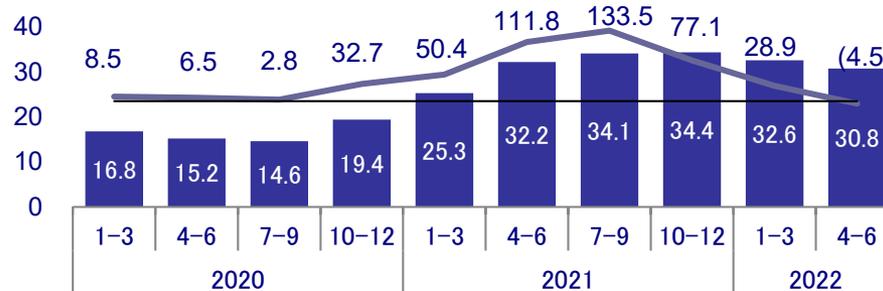
# **Ⅲ. Financial Forecast for Fiscal 2022**

# Orders Received by Region <Industrial Machinery Business>

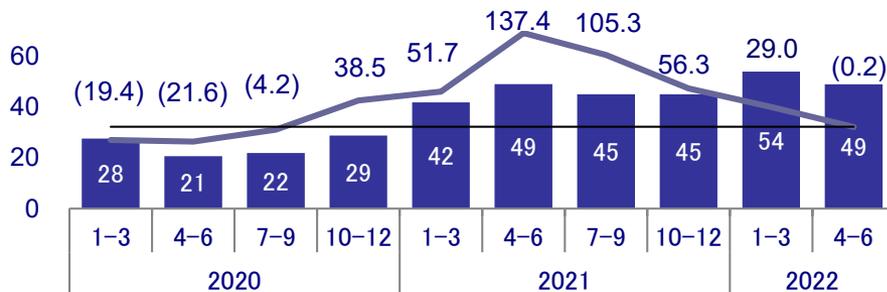


THK CO., LTD. (Japan)

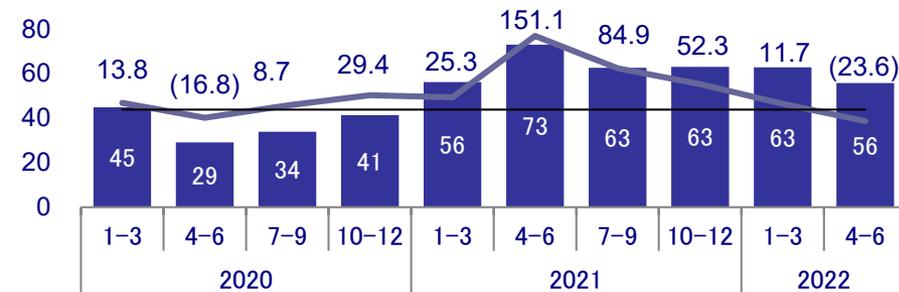
\* exclude export  
 % Change, Billions of YEN



THK Europe % Change, Millions of EUR

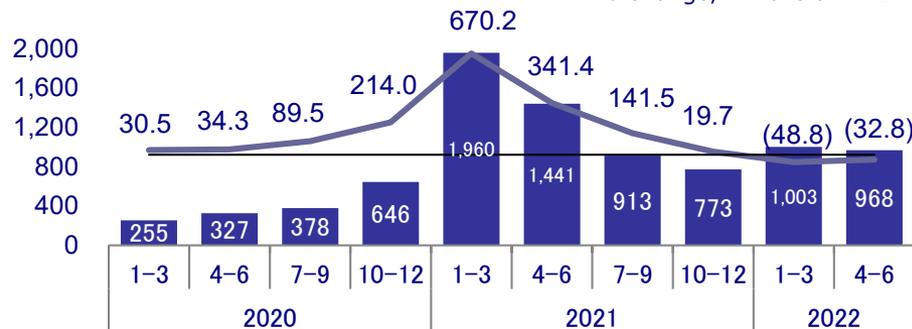


THK Holdings of America % Change, Millions of USD

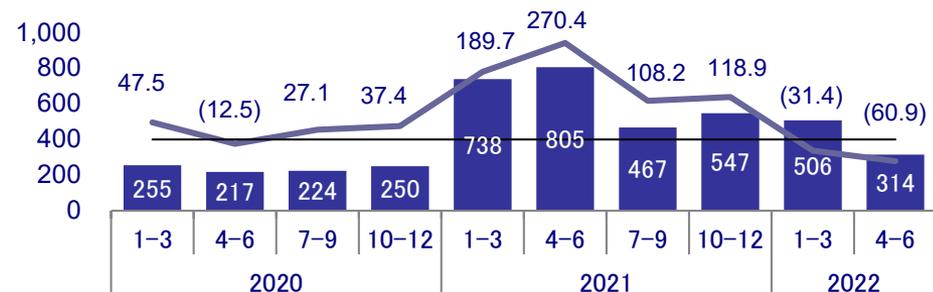


THK (CHINA) CO., LTD. + THK (SHANGHAI)

% Change, Millions of RMB



THK TAIWAN % Change, Millions of NTD



# Financial Forecast (Consolidated)



(Millions of Yen)

	2022/12		2021/12
	FY Forecast	1H Results	Results
Revenue	365,000	186,670	318,188
Y/Y	+14.7%	+23.6%	+45.3%
Operating Income	43,000	20,905	30,268
Y/Y	+42.1%	+88.9%	-
Income before income taxes	43,200	22,291	29,984
Y/Y	+44.1%	+106.2%	-
Profit Attributable to Owners of the Parent	30,800	14,366	23,007
Y/Y	+33.9%	+91.0%	-

# Financial Forecast (Unconsolidated)

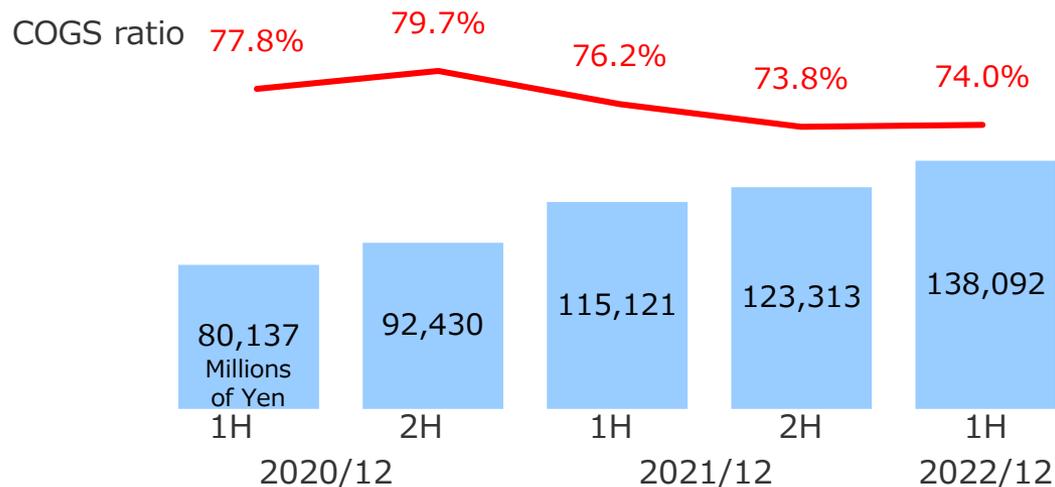
The Mark of Linear Motion

Japanese GAAP (Millions of Yen)

	2022/12		2021/12
	FY Revised Aug. Forecast	1H Results	Results
<b>Net Sales</b>	188,000	95,961	167,583
<i>Y/Y</i>	+12.2%	+25.1%	+62.9%
<b>Domestic</b>	116,000	59,054	99,637
<i>Y/Y</i>	+16.4%	+29.5%	+42.7%
<b>Operating Income</b>	20,000	11,443	16,718
<i>Y/Y</i>	+19.6%	+126.6%	-
<b>Ordinary Income</b>	29,600	20,369	21,914
<i>Y/Y</i>	+35.1%	+195.1%	+934.6%
<b>Net Income</b>	23,300	15,988	18,348
<i>Y/Y</i>	+27.0%	+197.8%	-

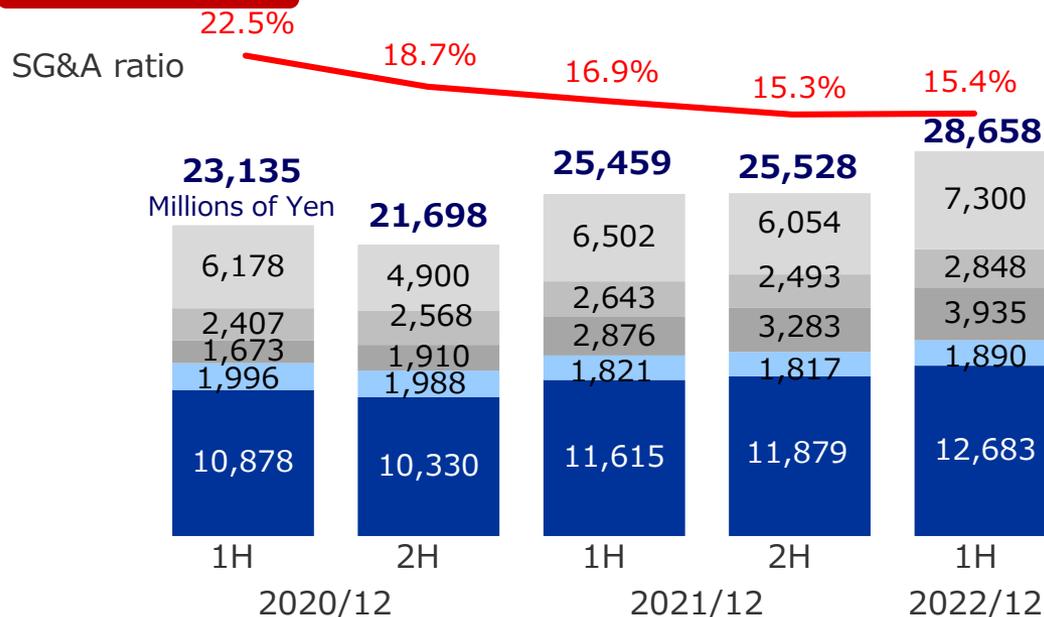
# Trends in COGS and SG&A

## COGS



Sales-cost ratio decreased by 2.2 points Y/Y  
 • Due to increase revenue

## SG&A



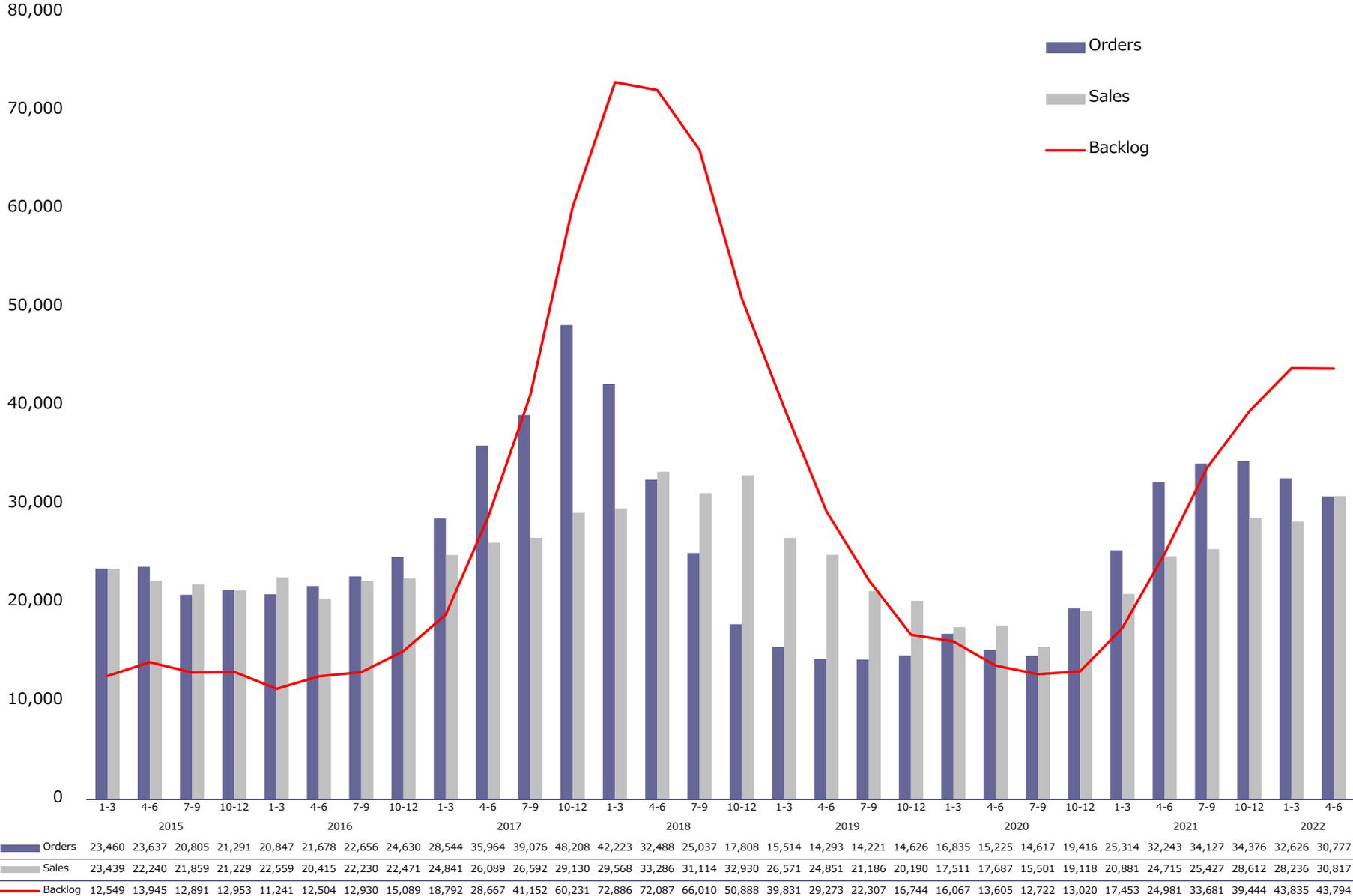
SG&A ratio decreased by 1.5 points Y/Y  
 • Due to increase revenue

# [Support Statement]

## - Trends in Orders, Sales and Backlog(Domestic - Unconsolidated) -



(millions of yen)



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



(millions of yen)

12,000

10,000

8,000

6,000

4,000

2,000

0

— Machine Tool

— General Machinery

— Electronics

	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								
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
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
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