



INTERIM FINANCIAL RESULTS BRIEFING

August 9th 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 1st Half of Fiscal 2023

Consolidated sales revenue declined 0.6% YoY to 185.5 billion yen

- Although the trend toward normalization of economic activity following the COVID-19 pandemic continued in all regions, the global economic outlook remained uncertain due to heightened geopolitical risks such as the Ukraine situation, rising inflation, and financial unease stemming from the collapse of several financial institutions.
- Overall demand slowed in the Industrial Machinery Business, especially for electronics, and although the previously high order backlog fed through to sales, revenue declined. Meanwhile, reduced vehicle production due to parts supply shortages continued to have an impact on the Automotive and Transportation Equipment Business, but sales revenue trended towards recovery compared to the same period of the previous year.

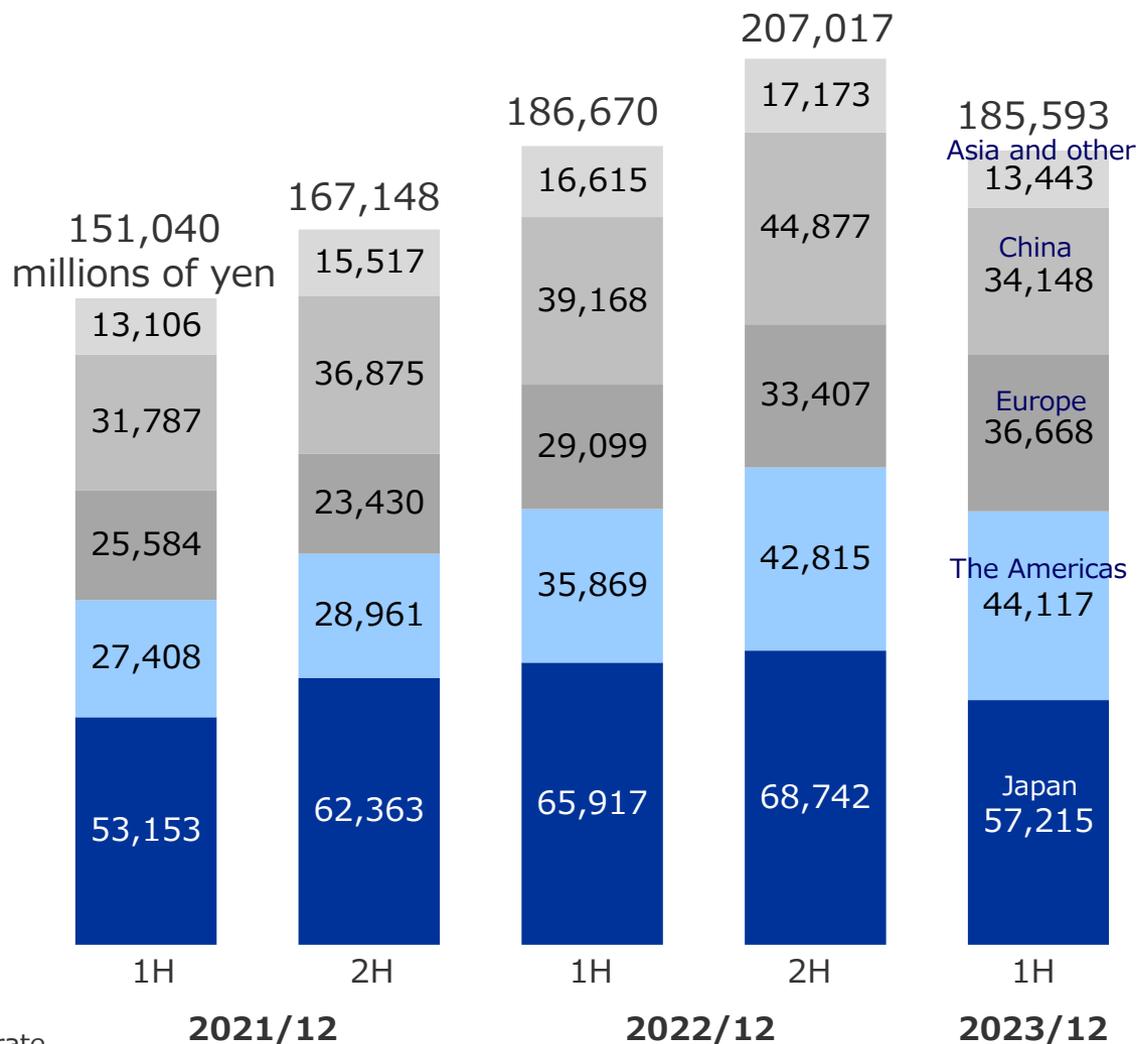
Consolidated operating income declined 21.2% YoY to 16.4 billion yen

- Operating income decreased in the Industrial Machinery Business due to negative impact on volume effects associated with the decline in sales revenue, full-scale launch of various activities aimed at future growth following the COVID-19 pandemic, and increased investment in human capital.
- In the Automotive and Transportation Equipment Business, operating income increased year-on-year and moved into positive territory due to positive impact on volume effects associated with rising sales revenue and various efforts aimed at improving profitability.

Revenue and operating income both exceeded initial plan targets

- Although demand fell in the Industrial Machinery Business, the steady feed-through from the order backlog to sales resulted in revenue of 10.8 billion yen and operating income of 3.9 billion yen, both higher than initial plan targets.

Trend in Revenue



*The growth rates are just for reference

Asia and other

- Taiwan Down 48.8 %
- Singapore Down 21.0 %
- India Down 21.3 %

China

- Machine tools Down 28.8 %
- General machinery Down 6.0 %
- Electronics Down 29.8 %
- Automotive & Transportation Down 26.3 %

Europe

- Machine tools Up 12.3%
- General machinery Down 8.8%
- Electronics Down 8.1%
- Automotive & Transportation Up 21.9%

The Americas

- Machine tools Down 19.6%
- General machinery Up 16.7%
- Electronics Down 51.9%
- Automotive & Transportation Up 26.7%

Japan

- Machine tools Down 13.4%
- General machinery Down 33.5%
- Electronics Down 23.7%
- Automotive & Transportation Up 38.5%

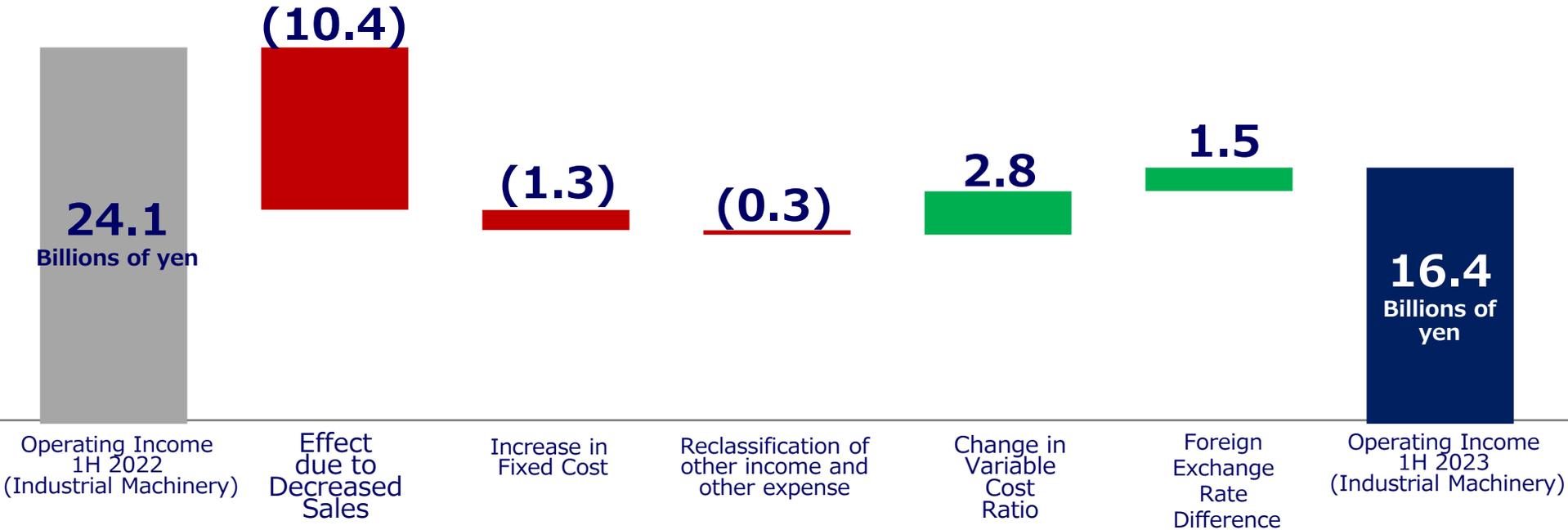
*Geographic revenue is based on where our customers are located.

*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	2021/12		2022/12		2023/12
1US\$	107.68	111.90	122.98	139.88	134.87
1EUR	129.80	129.90	134.30	141.75	145.79
1CNY	16.65	17.40	18.97	20.03	19.47

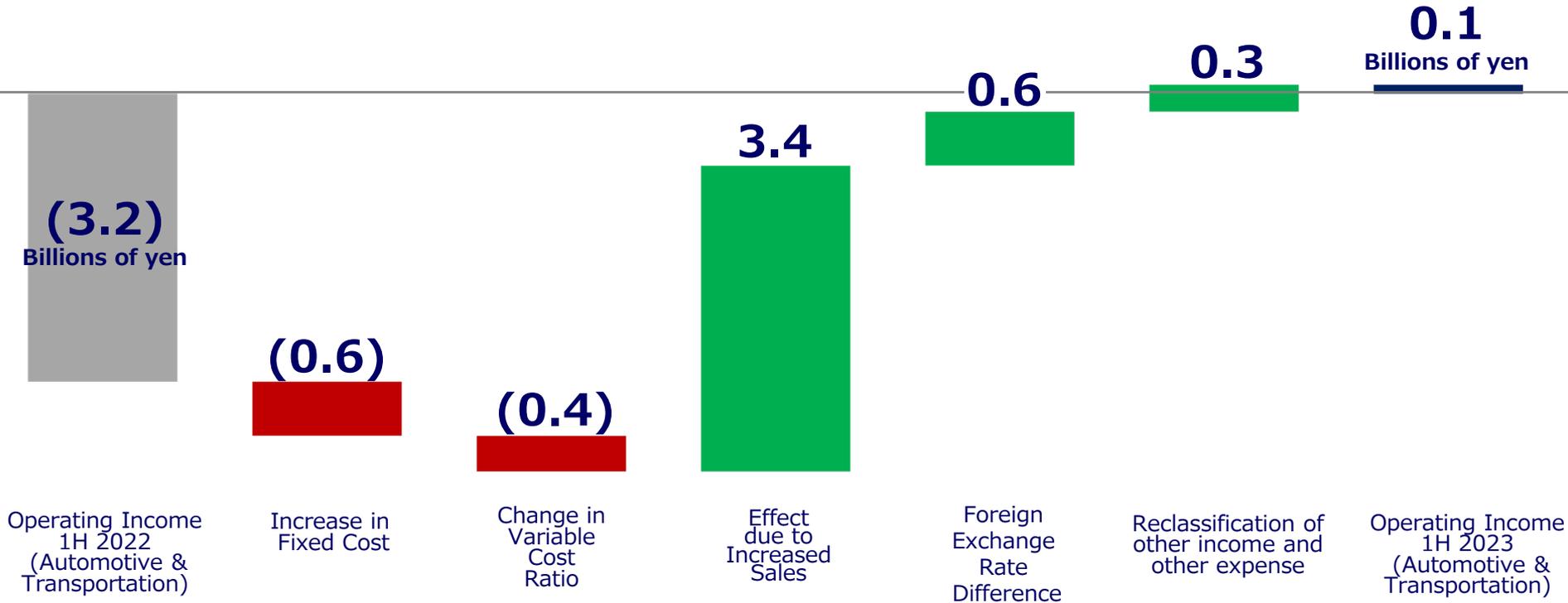
(Ref.) Operating Income – Change Factors – (Industrial Machinery)



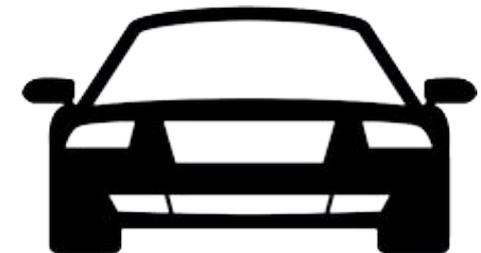
By type of business Unit: billions of yen		FY22		FY23
		1H	2H	1H
Industrial Machinery	Revenue	136.6	145.5	119.1
	Operating Income	24.1	27.0	16.4



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



By type of business Unit: billions of yen		FY22		FY23
		1H	2H	1H
Automotive & Transportation	Revenue	50.1	61.5	66.5
	Operating Income	(3.2)	(13.5)	0.1



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

Assets, Liabilities and Equity

Total Assets 569,464 millions of yen
Up ¥9,159 million from previous period

Cash and Cash in Account | Y/Y :
Down ¥4,193 million

Cash Flows from Operating Activities :
 ¥ 21,132 million
 Cash Flows from Investing Activities :
 ¥(11,793) million
 Cash Flows from Financing Activities :
 ¥(19,598) million
 Foreign Currency Translation Adjustments
 on Cash and Cash Equivalents :
 ¥ 6,066 million

Trade and other receivables| Y/Y :
Down ¥5,158 million

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

Inventories | Y/Y :
Up ¥8,236 million

Number of months' sales in inventory :
 Previous period : 2.4 months
 This period : 2.8 months

Property, Plant and Equipment | Y/Y :
Up ¥10,562 million

■ CAPEX : ¥12,737 million
 ■ Depreciation : ¥9,101 million

Goodwill and intangible assets| Y/Y :
Up ¥695 million

Current assets

349,702

Down ¥3,239 Million
from previous period

Non-current assets

219,761

Up ¥12,399 Million
from previous period

Liabilities

202,906

Down ¥20,117 Million
from previous period

Equity

366,557

Up ¥29,276 Million
from previous period

Current liabilities| Y/Y :
Down ¥8,049 million

■ Trade and other payables | Y/Y :
 Down ¥5,307 million
 Number of months' notes payable
 Previous period : 1.3 months
 This period : 1.3 months

■ Bonds and borrowings | Y/Y :
 Up ¥162 million
 ■ Income taxes payable | Y/Y :
 Down ¥3,947 million

Non-current liabilities| Y/Y :
Down ¥12,067 million

■ Bonds and borrowings| Y/Y :
 Down ¥12,135 million

**Profit Attributable to
 Owners of the Parent**
¥12,042 million

Dividends Paid :
¥6,119 million

**Foreign Currency
 Translation Adjustments | Y/Y :**
Up ¥22,156 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**

Vision

Manufacturing and innovative services company

Change in Business Style

Full-Scale Globalization

Expansion of Business Areas

**Development of
New Business Areas**

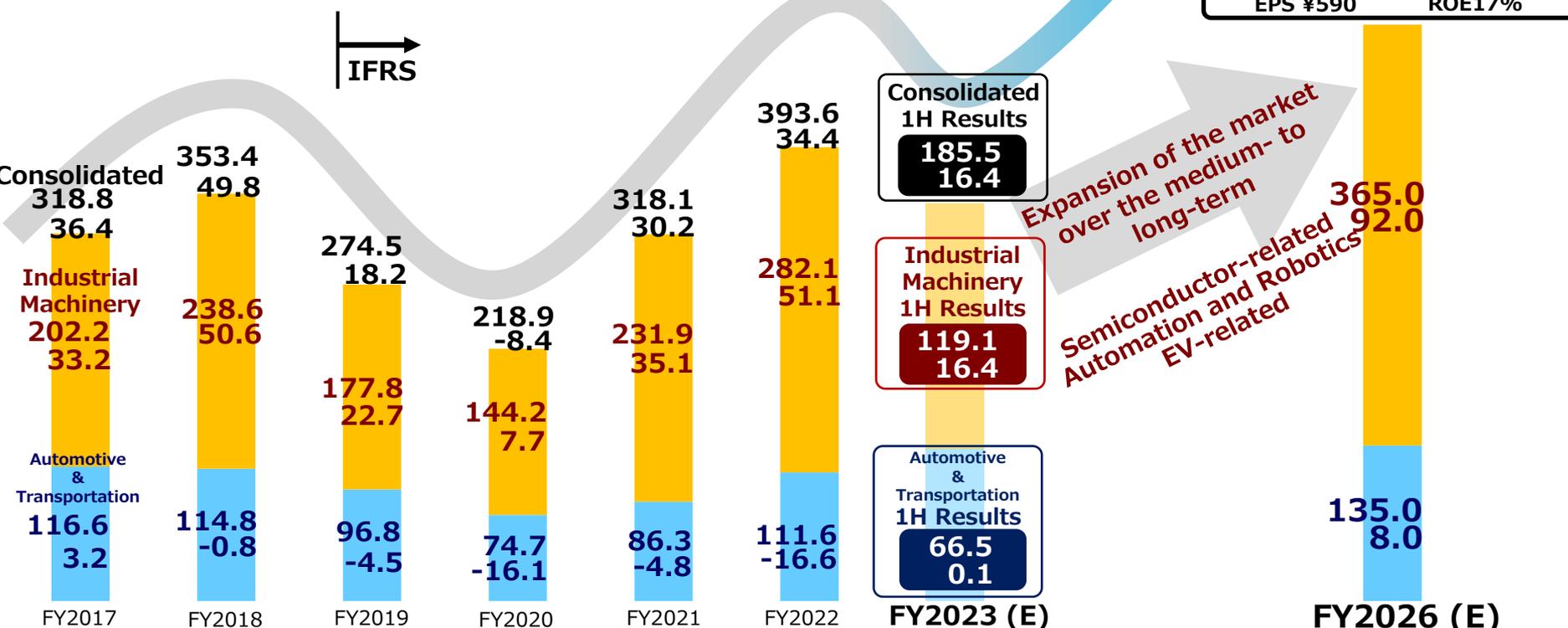
Sustainability / ESG

Key Initiatives in Business Lines

Although adjustments will take place in FY2023, unprecedented levels of demand are anticipated in FY2024 and beyond

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

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



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

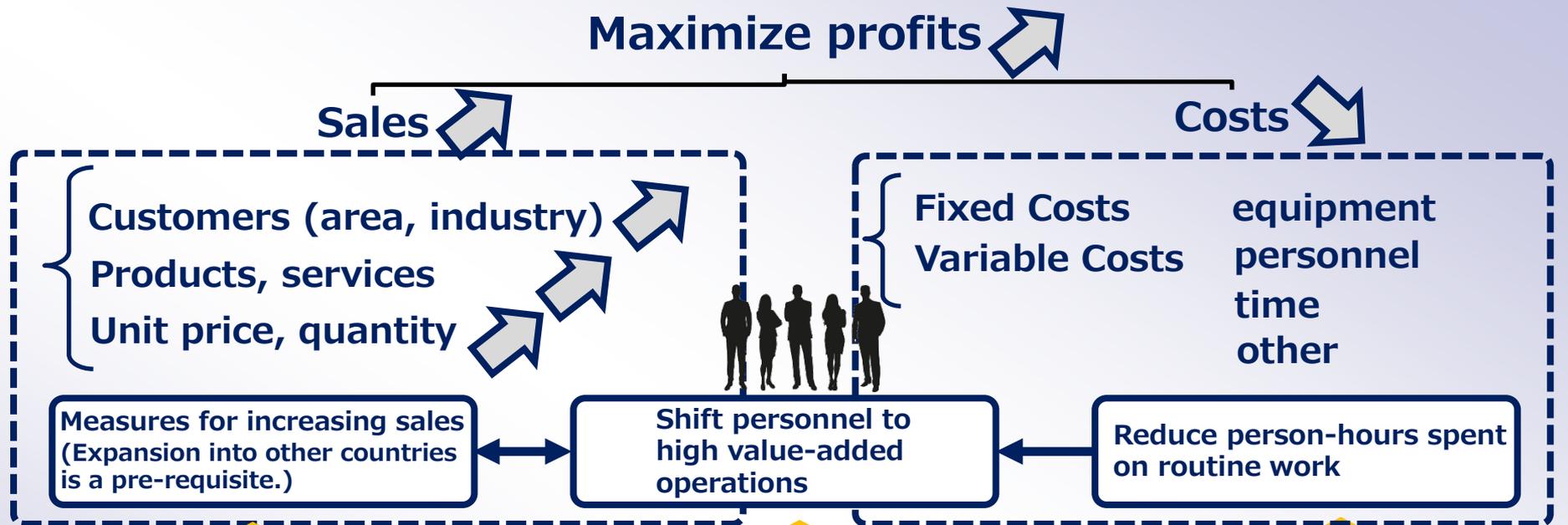
Industrial Machinery business and other

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

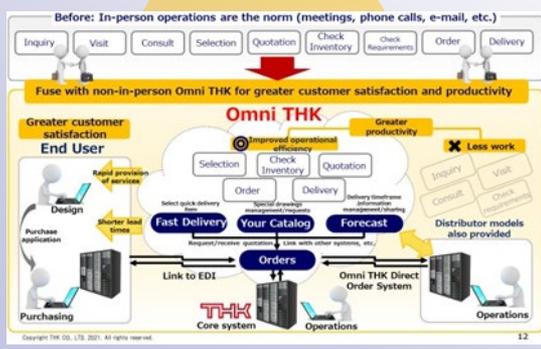
Automotive & Transportation Business

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

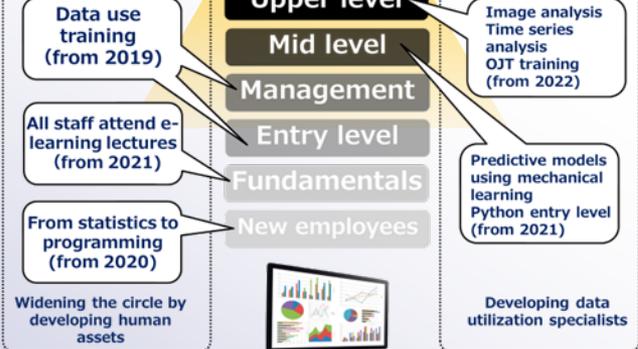
Improved per capita sales and productivity (= profitability)



Advances in the Omni THK



Developing digital human assets



Establishment of structure to introduce various ICT tools



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

Equipment Efficiency Factors (Reducing various losses)

Breakdowns

**Changeovers/
Adjustments**

Tool changes

Setup

**Momentary stops/
idling**

Slowdowns

Defects/rework

Shutdowns

Developments in OMNI edge

Predictive failure detection AI solution
(Linear motion and rotary components)

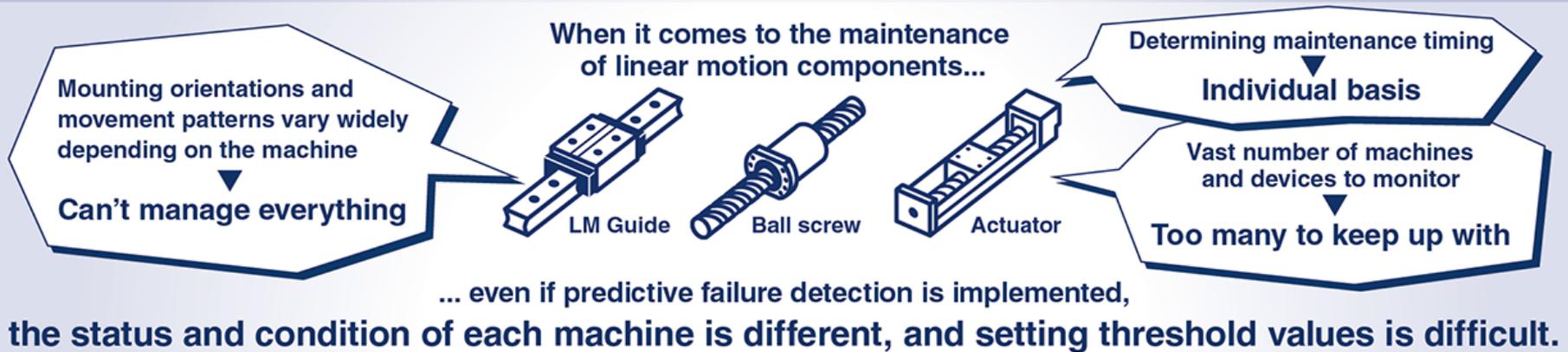


Tool Monitoring AI Solution



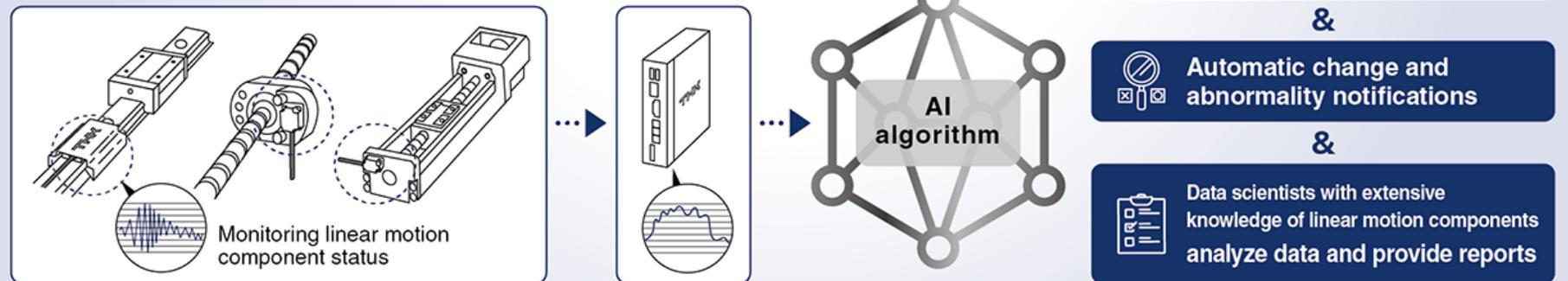
AI Diagnostic Service ADV

Predictive Failure Detection AI (for Linear Motion Components)



With OMNIedge, ADV solves your problems.

AI algorithm calculates abnormality score (damage and lubrication status)



Introduction of OMNIedge (examples of companies adopting OMNIedge)



Steady introduction to customer operations in a wide range of industries



- Notes:
- Only some of the companies adopting OMNIedge are listed
 - Company names are listed in random order

Development of New Business Areas

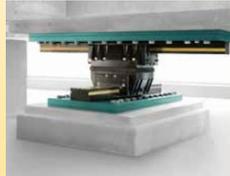
New business areas Helping the service industry promote labor-saving whose demands have been increasing due to a labor shortage, soaring labor costs, and the advance of the IoT

Restaurant



Noodle-cooking robot

Seismic Isolation Home Automation



Distribution



Shop



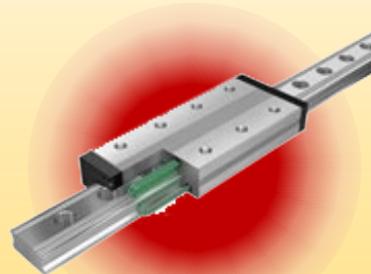
Train / Aircraft



Renewable Energy



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

Expanding use in consumer and commercial fields

Utility slide ATG/ ARG

ATG **ARG**

Railway carriage door **Carriage seat**

Railway carriage maintenance drawer

Automated warehouse equipment

Rod actuator CRES6000

CRES6000

Hoist for hospital and nursing care beds, etc.

Open/close mechanism for smoke extraction windows

Utility slide UGR

UGR

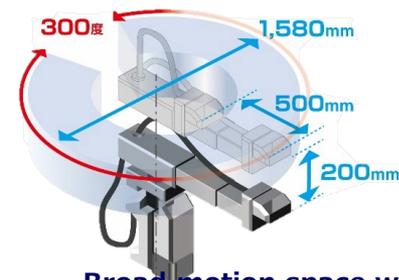
Kitchen lifting mechanism

Assistive vehicle

Contributing to automation and labor-saving

Cylindrical Coordinate Module MLS

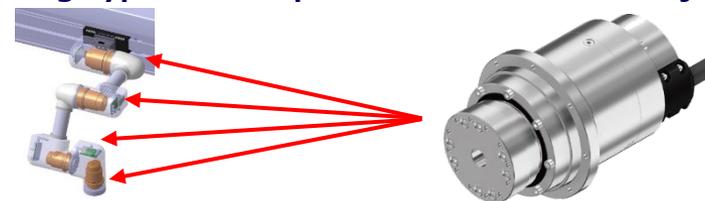
- Module offering simple mechanism for automation of linear movement and rotation
- Ideal for applications such as picking and placing and workpiece removal



Broad motion space with simple mechanism

Rotation Module RMR

Rotating-type module product ideal for robotic joints



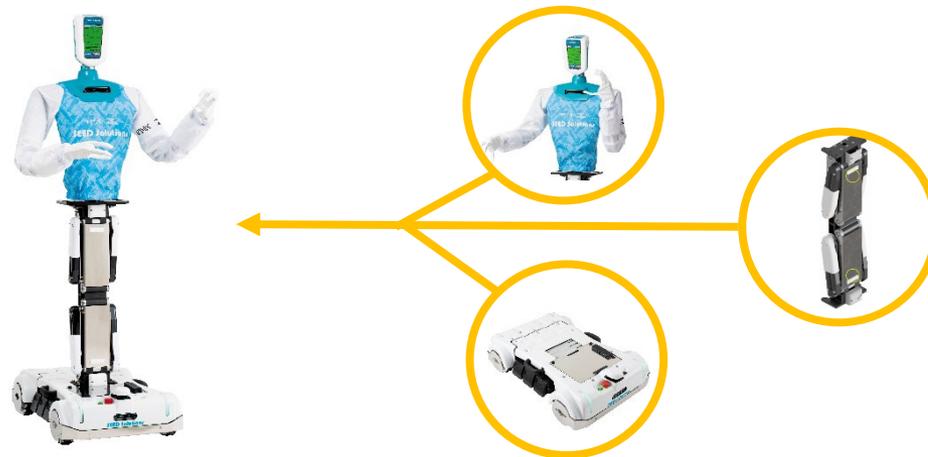
Picking Robot Hand System Model PRS

Automation of picking items in distribution centers



Service robot SEED-R7 Series

These three highly versatile unit types can be used for a variety of purposes, enabling fast, simple, and inexpensive setup of service applications.



Transport robot SIGNAS

- Easy setting with proprietary autonomous movement control system
- Suitable for a variety of applications and environments



SIGNAS



Loading



Driving

Autonomous mobile Signage robot



Swivel 360° even in tight spaces

Used for many different applications, e.g. viewing multimedia contents, temperature measurement monitoring, etc.

Enhancement of the Global Manufacturing Structure (Industrial Machinery Business)

Looking ahead to expansion of demand, especially related to semiconductors, automation and robotization, in anticipation of the next demand peak reaching unprecedented levels, **further augmentation of capacity is being considered, including new plant construction and associated site acquisition.**

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
Started operation Apr. 2023

- 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

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

FY2023 1H results:

Cost reductions totaling approx. 800 million yen



[Existing products]
Improve profitability
Further enhance added value

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

[Industrial Machinery Products]

FY2023 1H results: 40 million yen saved by discontinuing unprofitable products

FY2024 production value:
Approx. 5 bil. yen

Ongoing negotiations for further price pass-through

Examine horizontal expansion to other plants



Production of Industrial Machinery Products



Production at THK RHYTHM

FY2023 1H results: Production value approx. 1.2 billion yen

*Included in Automotive and Transportation Business results and plans

[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

The Mark of Linear Motion

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

Unit for integrated brake system



Unit for active suspension system



Mechanical level control unit

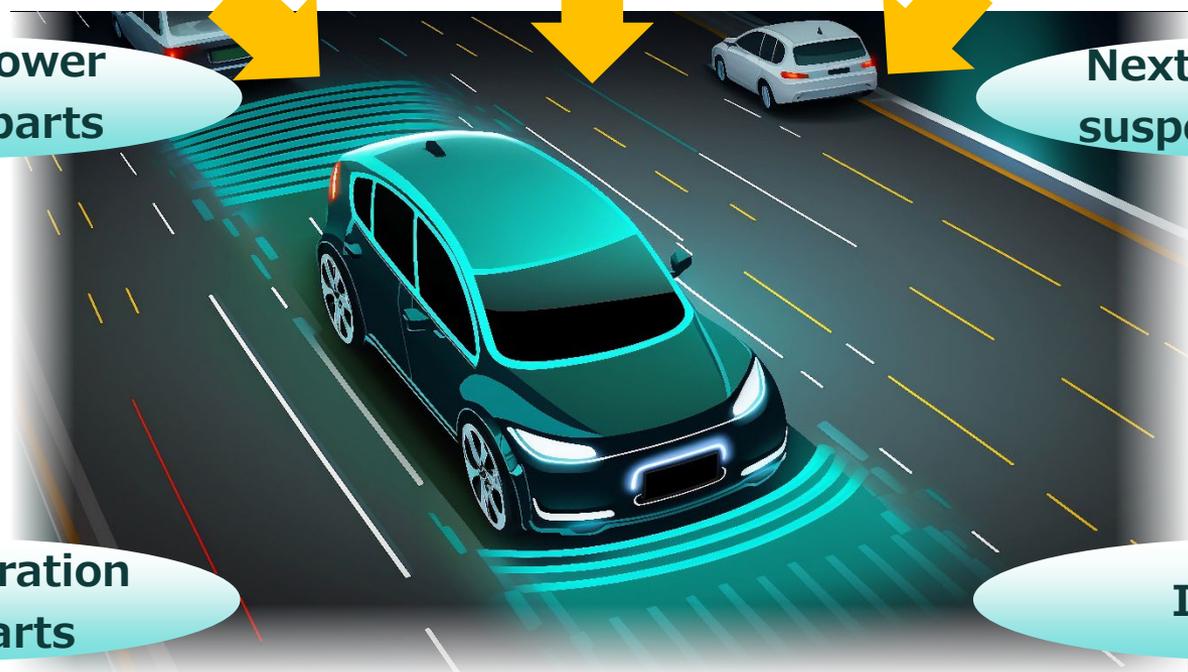


Electric power steering parts

Next-generation suspension parts

Next-generation brake parts

Interior



Enhancing Corporate Value

PBR
(price-to-book value ratio)

=

ROE
(return on equity)

×

PER
(price-to-earnings ratio)

FY2026 target: 17%

Improve further through management with awareness of capital costs

Enhance ROIC in each business

Industrial Machinery Business (top line growth)

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

Automotive and Transportation Equipment Business (profitability improvement)

Continuation and strengthening of recovery plan
Profit-oriented management
More products for next-generation vehicles
More aluminum products

Accelerate efforts in each business

Proactively direct capital to investment and allocate it appropriately to increase return, the numerator of the ROIC calculation

Investment in plant and equipment: approx. 150 billion yen for Industrial Machinery Business and approx. 20 billion yen for Automotive and Transportation Equipment Business over five years (FY2022–FY2026)

Investment in human capital: consider incentive-linked wage increases/expansion of stock compensation system

Dividend payout ratio: maintain at 30% for the time being

Consider treasury stock purchase based on assumption of surplus funds from these efforts

Efforts to expand information disclosure

Full website renewal (March 17, 2023)

* Japanese version

- Multi-device compatibility
- Ability to log in to technical support site
- Seamless usage of tools and services for members (detailed product information, provision of CAD data, etc.)
- Articles on products, industry, etc. in THK Journal



Published Integrated Report (May 31, 2023)

* Japanese version

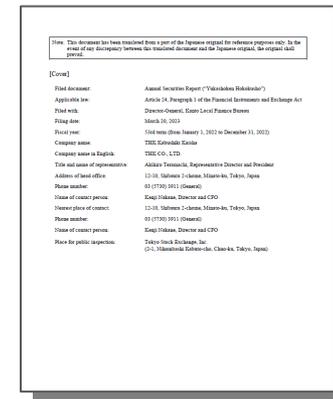
Published in the aim of advocating medium- to long-term value creation from both financial and non-financial perspectives

Note: details of each site's sustainability efforts are posted on the website



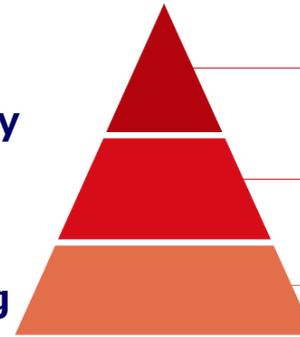
Published English version of annual securities report (June 19, 2023)

Enhanced English-language information disclosure to meet global investor needs



Basic Sustainability Policy

The THK Group aims to both enhance corporate value through its core business and contribute to the creation of a sustainable and affluent society by carrying on its founding spirit, the Corporate Philosophy, from generation to generation, developing business activities that embody the Corporate Basic Policies in good faith and practicing voluntary actions based on the Action Charter.



Corporate Philosophy

Providing innovative products to the world and generating new trends to contribute to the creation of an affluent society.

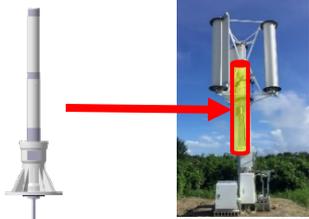
Corporate Basic Policies

1. Creating value and contributing to society
2. Being customer-oriented
3. Compliance with laws and regulations

Action Charter

Ten principles of behavior set forth for the THK Group to promote social and economic development as it becomes invaluable to society and shoulders social responsibility based on high ethical standards to create a sustainable society. These principles cover subjects that form the standard of how we execute our daily work, such as compliance, environmentalism, and respect for human rights.

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

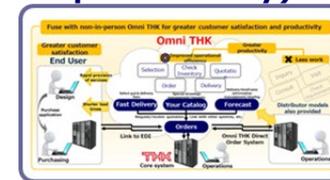


Manufacturing and innovative services company

OMNIedge (Contributes to improved productivity and reduced environmental load)



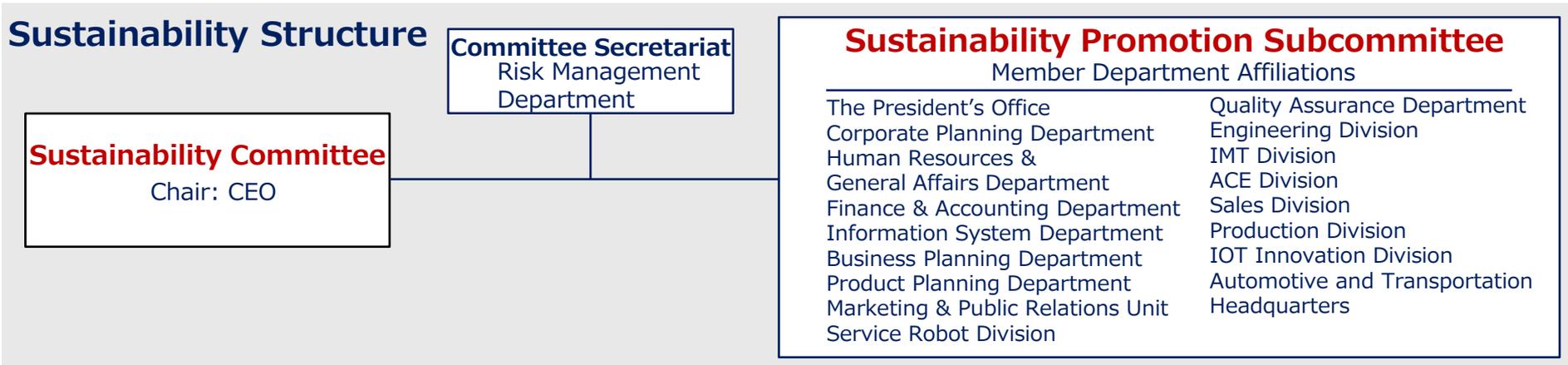
Omni THK (Contributes to improved productivity)



Contribute to sustainability as a manufacturing and innovative services company

Sustainability Structure and Recent Activities

- Setting KPIs/KGIs for re-identified materiality and supporting company-wide efforts (currently examining and implementing)



TCFD Information Disclosure

- Declared support for TCFD recommendations (February 2023)
- Positioned the four themes of governance, strategy, risk management, and metrics and targets as core elements, analyzed impact of climate change, and disclosed information in March 2023

THK Education Outreach Program

METI Kids Day Event (August 2 and 3)

Developing next-generation monozukuri
“creative developers” who develop technology
that is useful to people

THK provides schools across Japan with learning opportunities to cultivate the ability to think, judge, and express themselves through "monozukuri". At the event, children had a chance to experience THK Monozukuri Training Kit* .

*“Let’s make an automatically separates trash can that you want to use!”

“Let's make a trash can that automatically separates empty bottles!”

Distinguish between steel, aluminum, and pet materials and separate each.
Learn and complete programming logic.

“Let's solve social issues through manufacturing!”

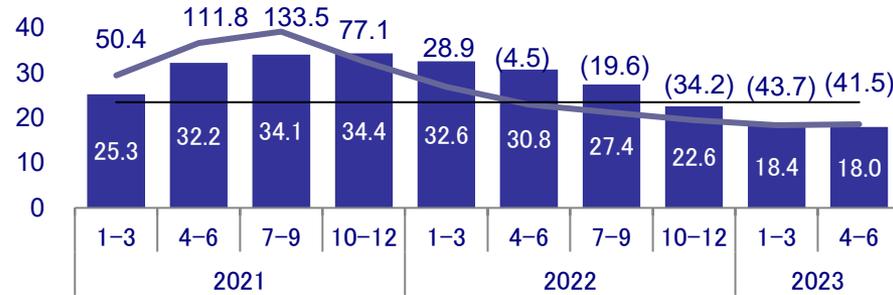


Ⅲ. Financial Forecast for Fiscal 2023

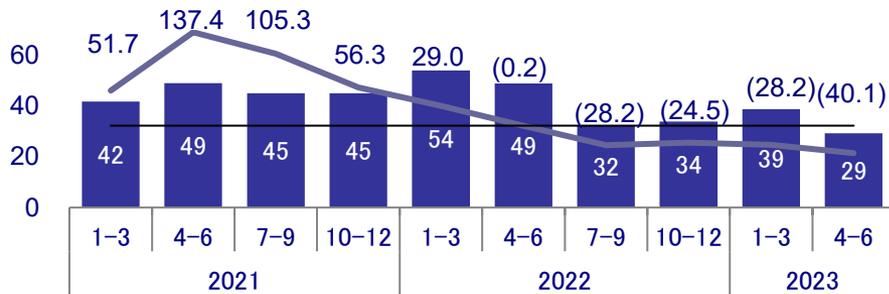
Orders Received by Region <Industrial Machinery Business>



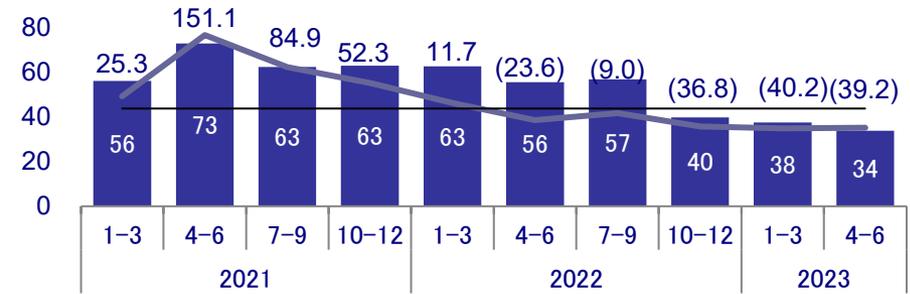
THK CO., LTD. (Japan) * exclude export
% Change, Billions of YEN



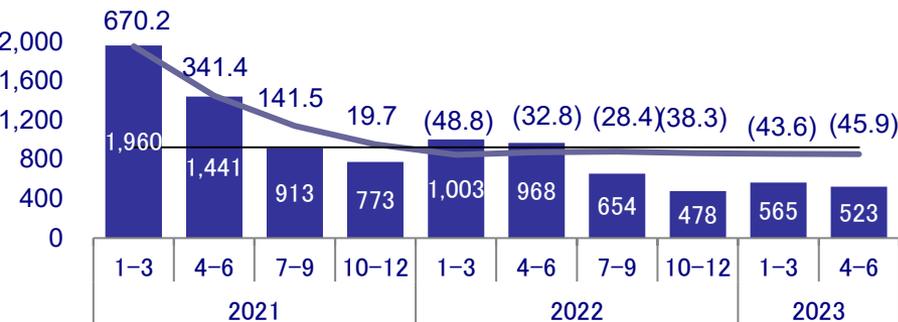
THK Europe % Change, Millions of EUR



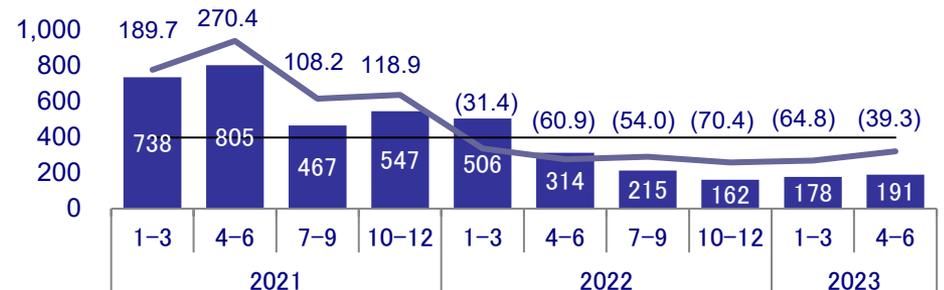
THK America, Inc. % Change, Millions of USD



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



THK TAIWAN % Change, Millions of NTD



Financial Forecast (Consolidated)



(Millions of Yen)

	2023/12			2022/12
	FY Revised Aug. Forecast	FY Feb Forecast	1H Results	Results
Revenue	345,000	360,000	185,593	393,687
<i>Y/Y</i>	-12.4%	-8.6%	-0.6%	+23.7%
Operating Income	21,000	30,000	16,471	34,460
<i>Y/Y</i>	-39.1%	-12.9%	-21.2%	+13.8%
Income before income taxes	22,500	31,600	17,146	35,596
<i>Y/Y</i>	-36.8%	-11.2%	-23.1%	+18.7%
Profit Attributable to Owners of the Parent	16,000	22,400	12,042	21,198
<i>Y/Y</i>	-24.5%	+5.7%	-16.2%	-7.9%

Financial Forecast (Unconsolidated)

The Mark of Linear Motion

Japanese GAAP (Millions of Yen)

	2023/12		2022/12	
	FY Revised Aug. Forecast	FY Feb Forecast	1H Results	Results
Net Sales	146,300	157,500	79,606	197,624
<i>Y/Y</i>	-26.0%	-20.3%	-17.0%	+17.9%
Domestic	90,100	96,000	48,129	117,572
<i>Y/Y</i>	-23.4%	-18.3%	-18.5%	+18.0%
Operating Income	5,700	10,100	5,507	25,722
<i>Y/Y</i>	-77.8%	-60.7%	-51.9%	+53.9%
Ordinary Income	14,500	18,100	13,662	35,105
<i>Y/Y</i>	-58.7%	-48.4%	-32.9%	+60.2%
Net Income	11,700	14,700	11,176	6,094
<i>Y/Y</i>	+92.0%	+141.2%	-30.1%	-66.8%

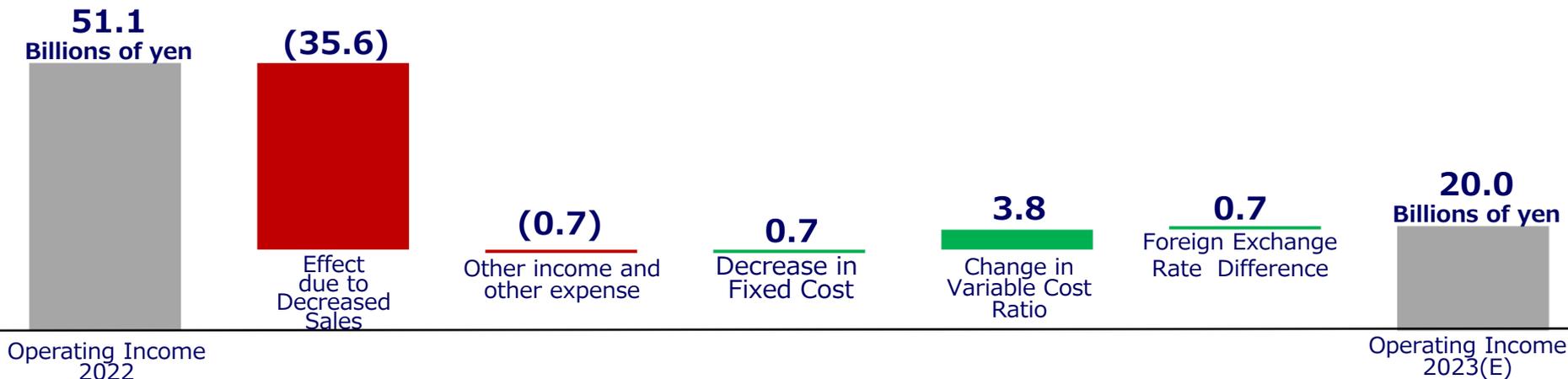
(Ref.) Operating Income (FY2023E) – Change Factors –



Industrial Machinery

FY2022 Revenue: 282.1 billions of yen
Operating Income: 51.1 billions of yen

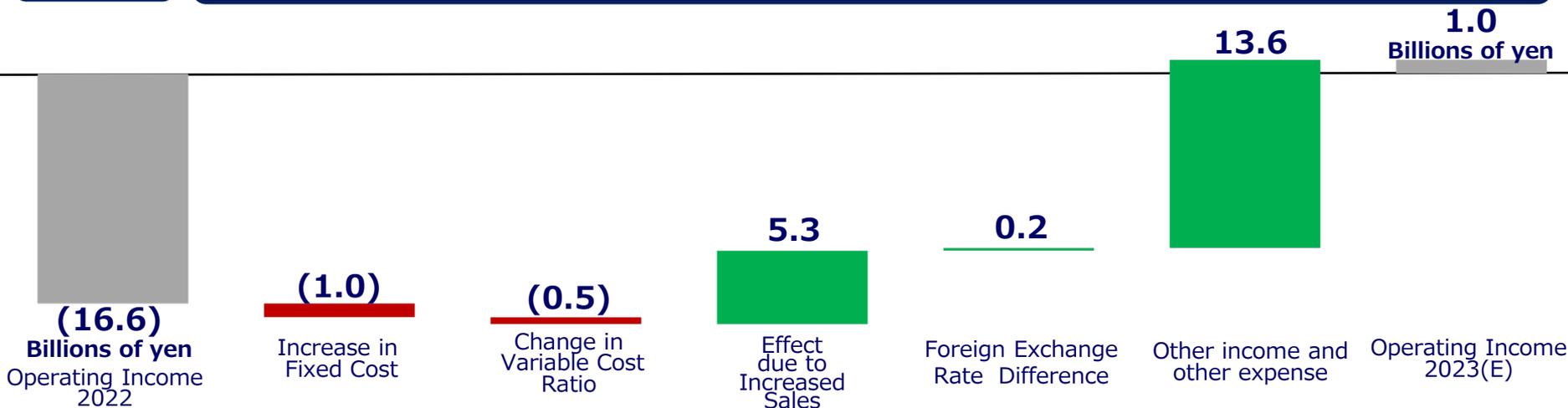
FY2023(E) Revenue: 213.1 billions of yen
Operating Income: 20.0 billions of yen



Automotive & Transportation

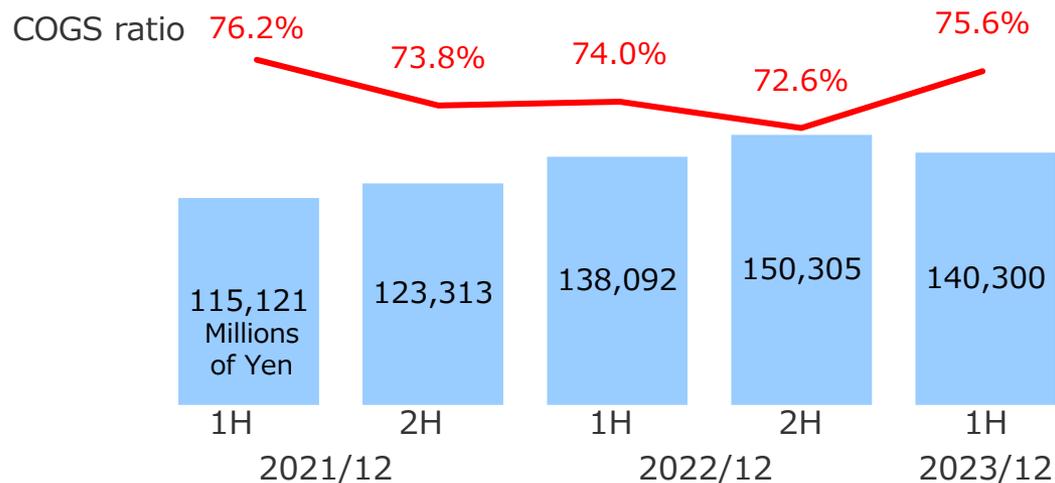
FY2022 Revenue: 111.6 billions of yen
Operating Income: (16.6) billions of yen

FY2023(E) Revenue: 131.9 billions of yen
Operating Income: 1.0 billions of yen



Trends in COGS and SG&A

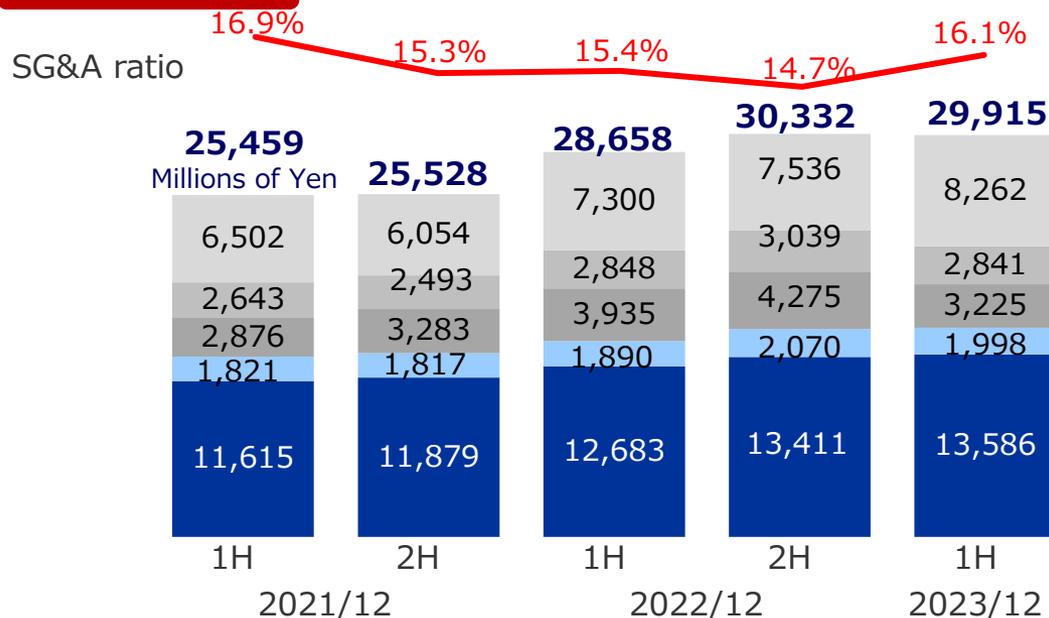
COGS



Sales-cost ratio increased by 1.6 points Y/Y

- Due to the rise of various costs

SG&A



SG&A ratio increased by 0.7 points Y/Y

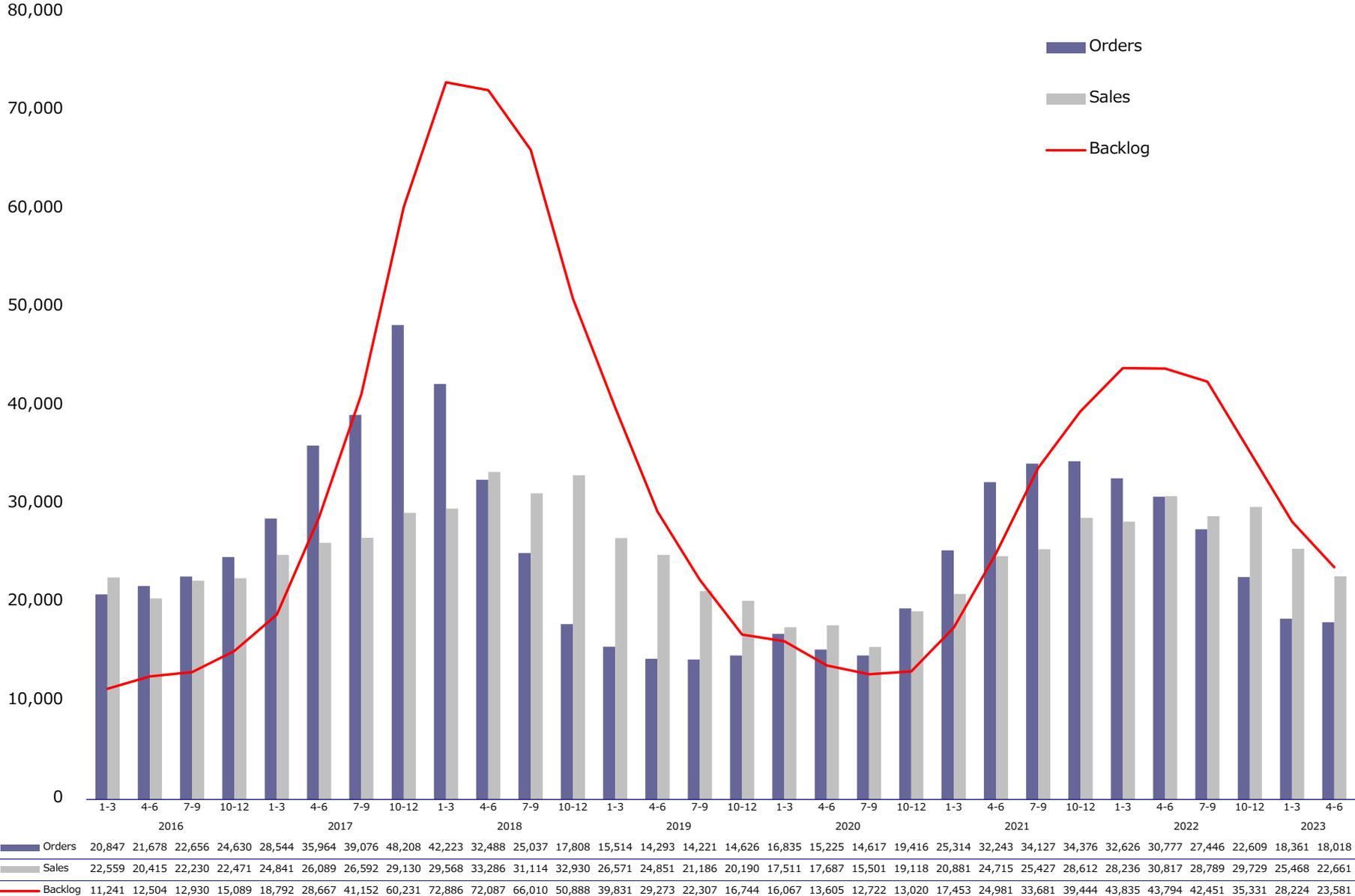
- Due to the rise of various costs

[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

	2016			2017			2018			2019			2020			2021			2022			2023								
	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	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	2,336	2,085
General Machinery	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	2,783	2,547
Electronics	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	4,290	4,597