

## Consolidated Financial Results for the Six Months Ended June 30, 2024 under IFRS

Company Name	THK CO., LTD.
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URL	<a href="https://www.thk.com/">https://www.thk.com/</a>
Stock exchange listing	Tokyo Stock Exchange Prime Market
Code number	6481
Representative	Takashi Teramachi, President and COO
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Scheduled starting date of dividend payment	September 12, 2024

### 1. Consolidated operating results and financial position as of and for the six months ended June 30, 2024 (January 1, 2024 to June 30, 2024)

#### (1) Consolidated Operating Results

Six Months Ended June 30	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 (Millions of Yen)	
2024	¥179,851	(3.1)%	¥8,399	(49.0)%	¥10,080	(41.2)%	¥7,367	(40.0)%	¥7,213	(40.1)%	¥42,305	18.6%
2023	185,593	(0.6)	16,471	(21.2)	17,146	(23.1)	12,283	(15.6)	12,042	(16.2)	35,677	(22.2)

  

Six Months Ended June 30	Basic Earnings per Share (Yen)	Diluted Earnings per Share (Yen)
2024	¥58.83	—
2023	98.24	—

#### (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
June 30, 2024	¥586,776	¥403,115	¥396,870	67.6%
December 31, 2023	556,351	362,898	357,264	64.2



# Management's Discussion and Analysis

## 1. Outline of operating results

### (1) Operating results (from January 1, 2024 to June 30, 2024)

In this six months period, the outlook of 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 China's sluggish economy shaken by real estate recession.

The THK Group has identified "Full-Scale Globalization," the "Development of New Business Areas," and "Change in Business Style" as cornerstones of its growth strategy to expand the markets of its products such as LM Guide (Linear Motion Guide). As to Full-Scale Globalization, while the markets in emerging countries such as China are growing by dint of the factory automation progress, which is also spreading to developed-country users, the THK Group endeavors to expand its global sales network to meet such demand. Regarding Development of New Business Areas, while the THK Group's products are getting widely adopted in various business fields, the THK Group is working on expanding sales of not only existing products but also new developed products. Such business fields include automobile parts, medical equipment, aircraft, and robot, which are close to consumer goods, as well as seismic isolation and damping systems and renewable energy, which offer products that reduce risks arising from natural disasters and climate change. In addition to promoting these strategies above, the THK Group is also committed to further expand its business fields by changing its business style enabled by making full use of AI and robot technologies in many ways.

In such a situation, demand for products of the industrial machinery business bottomed out and headed for a moderate recovery trend; however, revenue decreased as compared to the figure a year earlier, when the order backlog was at a high level. In the automotive & transportation business, the recovery trend generally continued along with the recovery of automobile production and sales as the parts supply shortages were moderated. As a result, consolidated revenue amounted to ¥179,851 million, down ¥5,742 million, or 3.1%, compared to the figure a year earlier.

On the cost front, the THK Group continued to implement various activities to improve its productivity. The cost to revenue ratio, however, rose 2.2% from a year earlier to 77.8% due to the decrease in revenue.

Selling, general and administrative (SGA) expenses amounted to ¥32,425 million, up ¥2,509 million, or 8.4%, compared to the figure a year earlier. The ratio to revenue rose by 1.9% from a year earlier to 18.0% despite the THK Group's endeavors to improve operating efficiency.

As a result, operating income amounted to ¥8,399 million, down ¥8,071 million, or 49.0%, compared to the figure a year earlier. Operating income margin dropped by 4.2% from a year earlier to 4.7%.

Finance income and finance costs were ¥1,919 million and ¥238 million, respectively.

As a result, income before tax amounted to ¥10,080 million, down ¥7,065 million, or 41.2%, compared to the figure a year earlier. Profit attributable to owners of the parent amounted to ¥7,213 million, down ¥4,829 million, or 40.1%, compared to the figure a year earlier.

## (2) Operating results by segment

### (Japan)

In Japan, demand for products of the industrial machinery business headed for a moderate recovery trend; however, revenue amounted to ¥54,798 million, down ¥6,333 million, or 10.4%, compared to the figure a year earlier, when the order backlog was at a high level. Segment income (operating income) amounted to ¥4,328 million, down ¥2,973 million, or 40.7%, compared to the figure a year earlier due mainly to the decrease in revenue.

### (The Americas)

In the Americas, revenue amounted to ¥49,723 million, up ¥5,098 million, or 11.4%, compared to the figure a year earlier due mainly to the weak yen compared to the period a year earlier. Segment income (operating income) amounted to ¥1,046 million, down ¥328 million, or 23.9%, compared to the figure a year earlier.

### (Europe)

In Europe, revenue amounted to ¥37,080 million, up ¥60 million, or 0.2%, compared to the figure a year earlier due mainly to the weak yen compared to the period a year earlier. Segment income (operating income) dropped by ¥1,140 million, and consequently turned to ¥194 million of segment loss (operating loss).

### (China)

In China, although demand for the products of the industrial machinery business headed for a moderate recovery trend, revenue amounted to ¥29,832 million, down ¥4,052 million, or 12.0%, compared to the figure a year earlier, when the order backlog was at a high level. Segment income (operating income) amounted to ¥3,402 million, down ¥1,992 million, or 36.9%, compared to the figure a year earlier due mainly to the decrease in 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, demand headed for a moderate recovery trend; however, revenue amounted to ¥8,415 million, down ¥516 million, or 5.8%, compared to the figure a year earlier, when the order backlog was at a high level. Segment income (operating income) amounted to ¥523 million, down ¥201 million or 27.8%, compared to the figure a year earlier due mainly to the decrease in revenue.

## **2. Financial position (as of June 30, 2024)**

Total assets stood at ¥586,776 million, ¥30,424 million up from the previous fiscal year-end, due mainly to a combined effect of decrease in cash and cash equivalents by ¥1,692 million and increase in (1) trade and other receivables by ¥6,981 million, (2) inventories by ¥6,460 million, and (3) property, plant and equipment by ¥17,526 million.

Total liabilities stood at ¥183,661 million, ¥9,791 million down from the previous fiscal year-end, due mainly to a combined effect of increase in income taxes payable by ¥2,113 million and decrease in (1) trade and other payables by ¥3,826 million and (2) in bonds and borrowings by ¥11,946 million.

Total equity stood at ¥403,115 million, ¥40,216 million up from the previous fiscal year-end, due mainly to increase in retained earnings by ¥5,194 million and in other components of equity by ¥34,348 million.

## **3. Forecast for the fiscal year ending December 31, 2024**

For the year ending December 31, 2024, THK has not revised the consolidated forecasts announced on February 14, 2024.

## Consolidated Financial Statements

### Consolidated Statements of Financial Position

(Millions of Yen)

	As of December 31, 2023	As of June 30, 2024
<b>Assets:</b>		
Current assets:		
Cash and cash equivalents	¥156,486	¥154,794
Trade and other receivables	78,621	85,603
Inventories	82,460	88,921
Other financial assets	504	532
Other current assets	15,388	12,984
Total current assets	<u>333,462</u>	<u>342,836</u>
Non-current assets:		
Property, plant and equipment	186,556	204,083
Goodwill and intangible assets	9,492	10,266
Investments accounted for using the equity method	6,960	7,402
Other financial assets	10,724	11,883
Deferred tax assets	5,891	6,567
Retirement benefit asset	3,182	3,613
Other non-current assets	80	122
Total non-current assets	<u>222,889</u>	<u>243,940</u>
Total assets	<u><u>556,351</u></u>	<u><u>586,776</u></u>

(Millions of Yen)

	As of December 31, 2023	As of June 30, 2024
<b>Liabilities and equity:</b>		
<b>Liabilities:</b>		
Current liabilities:		
Trade and other payables	¥40,881	¥37,055
Bonds and borrowings	13,123	13,598
Other financial liabilities	4,352	4,516
Provisions	114	9
Income taxes payable	849	2,962
Other current liabilities	14,320	17,929
Total current liabilities	<u>73,643</u>	<u>76,072</u>
Non-current liabilities:		
Bonds and borrowings	95,639	83,217
Other financial liabilities	8,491	7,932
Retirement benefit liabilities	6,278	6,555
Provisions	171	65
Deferred tax liabilities	6,488	6,811
Other non-current liabilities	2,740	3,006
Total non-current liabilities	<u>119,810</u>	<u>107,588</u>
Total Liabilities	193,453	183,661
<b>Equity</b>		
Common stock	34,606	34,606
Capital surplus	40,102	40,120
Retained earnings	253,440	258,635
Treasury stock	(17,130)	(17,085)
Other components of equity	46,245	80,593
Total equity attributable to owners of the parent	<u>357,264</u>	<u>396,870</u>
Non-controlling interests	5,633	6,244
Total Equity	<u>362,898</u>	<u>403,115</u>
<b>Total liabilities and equity</b>	<u><u>556,351</u></u>	<u><u>586,776</u></u>

## Consolidated Statements of Profit or Loss

(Millions of Yen)

	Six months ended June 30, 2023	Six months ended June 30, 2024
Revenue	¥185,593	¥179,851
Cost of sales	140,300	139,975
Gross profit	45,292	39,876
Selling, general and administrative expenses	29,915	32,425
Other income	1,393	1,433
Other expenses	394	509
Share of profit in investments accounted for using the equity method	94	25
Operating income	16,471	8,399
Financial income	1,126	1,919
Financial costs	451	238
Profit before tax	17,146	10,080
Income tax expense	4,862	2,713
Profit	<u>12,283</u>	<u>7,367</u>
Profit attributable to:		
Owners of the parent	12,042	7,213
Non-controlling interests	241	153
Profit	<u>12,283</u>	<u>7,367</u>
Earnings per share:		
Basic earnings per share (yen)	98.24	58.83
Diluted earnings per share (yen)	—	—



## Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Six months ended June 30, 2023	Six months ended June 30, 2024
Profit	¥12,283	¥7,367
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Financial assets measured at fair value through other comprehensive income	678	434
Remeasurements of defined benefit plans	179	(45)
Share of other comprehensive income (loss) of associates accounted for using the equity method	154	(12)
Total of items that will not be reclassified to profit or loss	1,012	377
Items that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	22,010	34,048
Share of other comprehensive income of investments accounted for using the equity method	370	512
Total of items that may be reclassified to profit or loss	22,380	34,561
Other comprehensive income, net of tax	23,393	34,938
Comprehensive income	35,677	42,305
Comprehensive income attributable to:		
Owners of the parent	35,212	41,504
Non-controlling interests	465	801
Comprehensive income	35,677	42,305

## Consolidated Statements of Changes in Equity

(Millions of Yen)

Six Months Ended June 30, 2023	Equity attributable to owners of the parent				Other components of equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	Exchange
					differences on translating foreign operations
Beginning balance	¥34,606	¥40,094	¥245,941	¥(17,160)	¥27,234
Profit	—	—	12,042	—	—
Other comprehensive income	—	—	—	—	22,156
Total comprehensive income	—	—	12,042	—	22,156
Purchase of treasury stock	—	—	—	(0)	—
Disposal of treasury stock	—	8	—	31	—
Dividends	—	—	(6,129)	—	—
Transfer from other components of equity to retained earnings	—	—	336	—	—
Other	—	—	—	—	—
Total transactions with owners	—	8	(5,792)	31	—
Ending balance	34,606	40,102	252,191	(17,129)	49,390

	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	¥1,171	¥—	¥28,406	¥331,887	¥5,393	¥337,281
Profit	—	—	—	12,042	241	12,283
Other comprehensive income	683	329	23,169	23,169	224	23,393
Total comprehensive income	683	329	23,169	35,212	465	35,677
Purchase of treasury stock	—	—	—	(0)	—	(0)
Disposal of treasury stock	—	—	—	40	—	40
Dividends	—	—	—	(6,129)	—	(6,129)
Transfer from other components of equity to retained earnings	(7)	(329)	(336)	—	—	—
Other	—	—	—	—	(311)	(311)
Total transactions with owners	(7)	(329)	(336)	(6,089)	(311)	(6,400)
Ending balance	1,848	—	51,239	361,010	5,547	366,557

(Millions of Yen)

Six Months Ended June 30, 2024	Equity attributable to owners of the parent				Other components of equity	
	Common stock	Capital surplus	Retained earnings	Treasury stock	Exchange differences on translating foreign operations	
Beginning balance	¥34,606	¥40,102	¥253,440	¥(17,130)	¥44,825	
Profit	—	—	7,213	—	—	
Other comprehensive income	—	—	—	—	33,914	
Total comprehensive income	—	—	7,213	—	33,914	
Purchase of treasury stock	—	—	—	(1)	—	
Disposal of treasury stock	—	17	—	47	—	
Dividends	—	—	(1,961)	—	—	
Transfer from other components of equity to retained earnings	—	—	(56)	—	—	
Other	—	—	—	—	—	
Total transactions with owners	—	17	(2,018)	45	—	
Ending balance	<u>34,606</u>	<u>40,120</u>	<u>258,635</u>	<u>(17,085)</u>	<u>78,739</u>	

	Equity attributable to owners of the parent				Other components of equity	
	comprehensive income	Remeasurements of defined benefit plans	Subtotal	Total	Non-controlling interests	
					Total equity	
Beginning balance	¥1,419	¥—	¥46,245	¥357,264	¥5,633	¥362,898
Profit	—	—	—	7,213	153	7,367
Other comprehensive income	433	(56)	34,291	34,291	647	34,938
Total comprehensive income	433	(56)	34,291	41,504	801	42,305
Purchase of treasury stock	—	—	—	(1)	—	(1)
Disposal of treasury stock	—	—	—	65	—	65
Dividends	—	—	—	(1,961)	—	(1,961)
Transfer from other components of equity to retained earnings	—	56	56	—	—	—
Other	—	—	—	—	(191)	(191)
Total transactions with owners	—	56	56	(1,898)	(191)	(2,089)
Ending balance	<u>1,853</u>	<u>—</u>	<u>80,593</u>	<u>396,870</u>	<u>6,244</u>	<u>403,115</u>

## Consolidated Statements of Cash Flows

(Millions of Yen)

	Six months ended June 30, 2023	Six months ended June 30, 2024
<b>Cash flows from operating activities :</b>		
Profit before tax	¥17,146	¥10,080
Depreciation and amortization	10,521	11,765
Change in retirement benefit assets or liabilities	(365)	(371)
Financial income	(31)	(816)
Financial costs	451	238
Share of profit of investments accounted for using the equity method	(94)	(25)
(Increase) decrease in trade and other receivables	9,266	(2,508)
(Increase) decrease in inventories	(3,455)	(341)
Increase (decrease) in trade and other payables	(6,179)	(3,344)
Other	1,317	2,653
Subtotal	28,576	17,330
Interests and dividends received	1,072	1,494
Interests paid	(210)	(262)
Income taxes paid	(8,306)	(47)
Net cash provided by (used in) operating activities	21,132	18,514
<b>Cash flows from investing activities:</b>		
Purchase of property, plant and equipment	(12,046)	(14,214)
Proceeds from sales of property, plant and equipment	75	82
Purchase of other financial assets	(162)	(139)
Proceeds from sales of other financial assets	13	—
Payments for transfer of receivables	—	(2,600)
Proceeds from acquisition of a subsidiary	—	13
Other	325	(635)
Net cash provided by (used in) investing activities	(11,793)	(17,494)
<b>Cash flows from financing activities:</b>		
Repayments of long-term borrowings	(2,185)	(2,185)
Payments for redemption of bonds	(10,000)	(10,000)
Purchase of treasury stock	(0)	(1)
Dividends paid	(6,119)	(1,961)
Dividends paid to non-controlling interests	(343)	(184)
Repayments of lease liabilities	(950)	(967)
Net cash provided by (used in) financing activities	(19,598)	(15,300)
Effects of exchange rate changes on cash and cash equivalents	6,066	12,588
Net increase (decrease) in cash and cash equivalents	(4,193)	(1,692)
Cash and cash equivalents at the beginning of the period	163,835	156,486
Cash and cash equivalents at the end of the period	159,641	154,794

## 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, and transportation equipment-related parts such as link balls and suspension ball joints. 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.

Segment income or loss is computed based on operating income or loss. 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 six months ended June 30, 2023 (January 1, 2023 to June 30, 2023)

	(Millions of Yen)							Adjust	Consoli
	Japan	The Americas	Europe	China	Other	Total	-ments	-dated	
Revenue:									
Revenue from external customers	¥61,131	¥44,624	¥37,019	¥33,884	¥8,931	¥185,593	¥-	¥185,593	
Intersegment revenue	32,342	42	153	2,678	2,259	37,476	(37,476)	-	
Total	93,473	44,667	37,173	36,563	11,191	223,069	(37,476)	185,593	
Segment income	7,301	1,374	946	5,395	725	15,744	727	16,471	
Financial income	5,852	660	892	244	37	7,687	(6,561)	1,126	
Financial costs	519	182	826	12	60	1,601	(1,149)	451	
Profit before tax	12,634	1,853	1,012	5,627	703	21,830	(4,684)	17,146	

(Note) All adjustments are intercompany elimination.

#### For the six months ended June 30, 2024 (January 1, 2024 to June 30, 2024)

	(Millions of Yen)							Adjust	Consoli
	Japan	The Americas	Europe	China	Other	Total	-ments	-dated	
Revenue:									
Revenue from external customers	¥54,798	¥49,723	¥37,080	¥29,832	¥8,415	¥179,851	¥-	¥179,851	
Intersegment revenue	27,768	106	412	3,222	2,145	33,655	(33,655)	-	
Total	82,567	49,829	37,493	33,055	10,560	213,507	(33,655)	179,851	
Segment income (loss)	4,328	1,046	(194)	3,402	523	9,106	(707)	8,399	
Financial income	6,544	837	1,187	421	90	9,082	(7,163)	1,919	
Financial costs	283	270	1,554	22	195	2,326	(2,087)	238	
Profit (loss) before tax	10,589	1,613	(560)	3,802	419	15,863	(5,782)	10,080	

(Note) All adjustments are intercompany elimination.

## **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.