

# FINANCIAL RESULTS BRIEFING FOR FISCAL 2021

February 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.

# Contents

**I . Financial Results for Fiscal 2021**

**II . Approach toward Achieving  
Management Target**

**III . Financial Forecast for Fiscal 2022**

# I . Financial Results for Fiscal 2021

# Financial Highlights

## Consolidated revenue up 45.3% YoY to 318.1 billion yen

- Close behind China, where economic activity recommenced faster than in other countries, in the face of the ongoing effects of the COVID-19 pandemic, advanced nations and other regions entered a period of real recovery in demand.
- Progress achieved in production capability through additions to factories and improvements in productivity from automation and robotics led to steady increases in sales for the Industrial Machinery Business.
- The Automotive and Transportation Business was affected by reduced vehicle production associated with shortages in elements for semiconductors and other components.

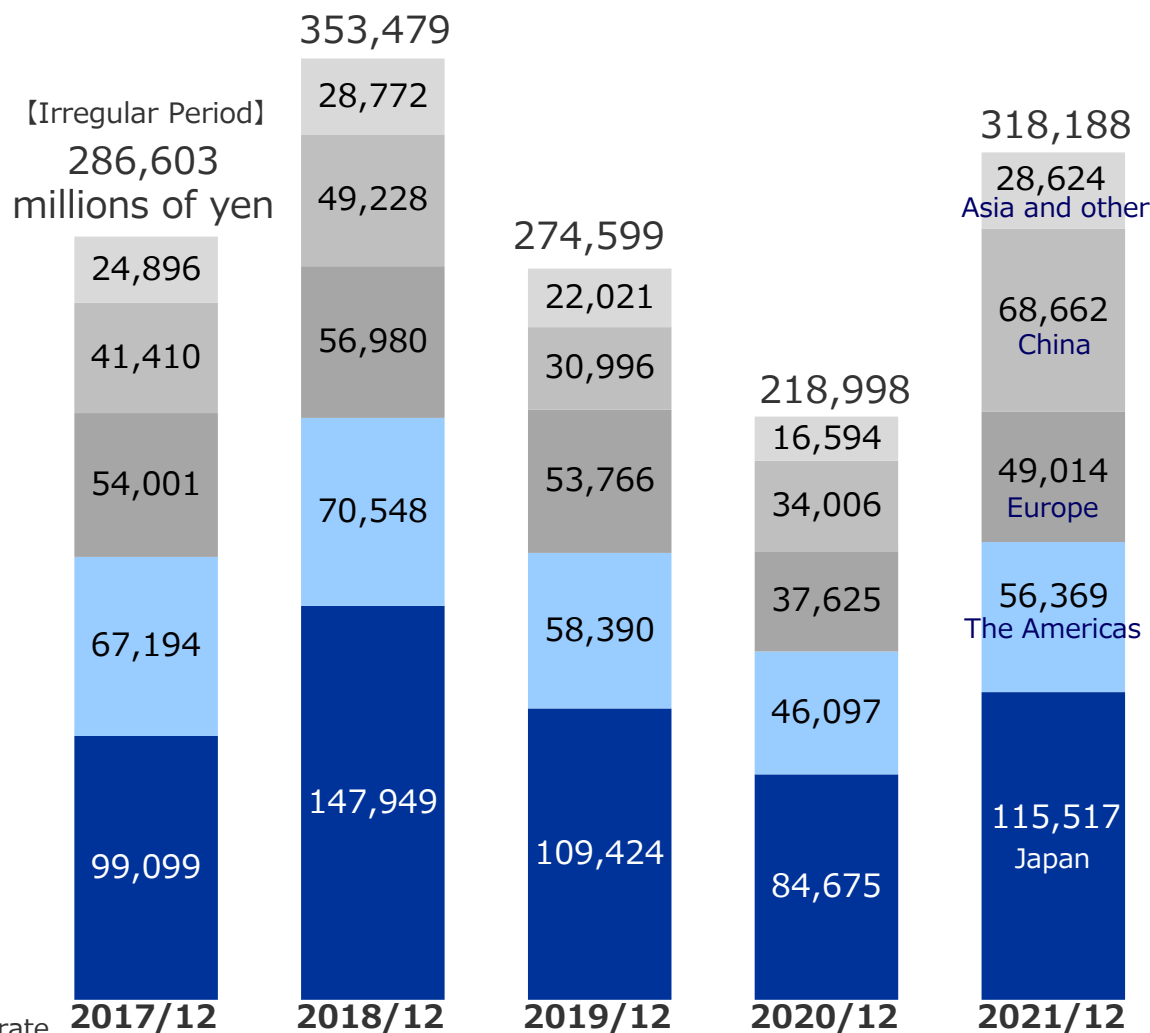
## Consolidated operating income reached 30.2 billion yen

- Transport costs and prices for steel soared with rapid recovery in demand for the Industrial Machinery Business, but the effect of increased numerical sales contributed steadily to increased profit, producing a significant increase in profit.
- 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 were above the plan, which was revised in November 2021

- Revenue and operating income were better than the revised plan announced in November 2021, by 3.1 billion yen and 1.2 billion yen respectively.

# Trend in Net Sales



Asia and other	
● Taiwan	Up 88.6%
● Singapore	Up 139.5%
● India	Up 166.9%

China	
● Machine tools	Up 137.1%
● General machinery	Up 69.6%
● Electronics	Up 92.5%
● Automotive & Transportation	Down 1.6%

Europe	
● Machine tools	Up 60.0%
● General machinery	Up 19.5%
● Electronics	Up 29.6%
● Automotive & Transportation	Up 12.0%

The Americas	
● Machine tools	Up 23.8%
● General machinery	Up 26.2%
● Electronics	Up 82.0%
● Automotive & Transportation	Up 8.5%

Japan	
● Machine tools	Up 98.3%
● General machinery	Up 55.0%
● Electronics	Up 32.4%
● Automotive & Transportation	Up 1.3%

Exchange rate	2017/12	2018/12	2019/12	2020/12	2021/12
1US\$	112.19	110.42	109.04	106.79	109.79
1EUR	126.66	130.36	122.08	121.79	129.85
1CNY	16.62	16.71	15.79	15.47	17.02

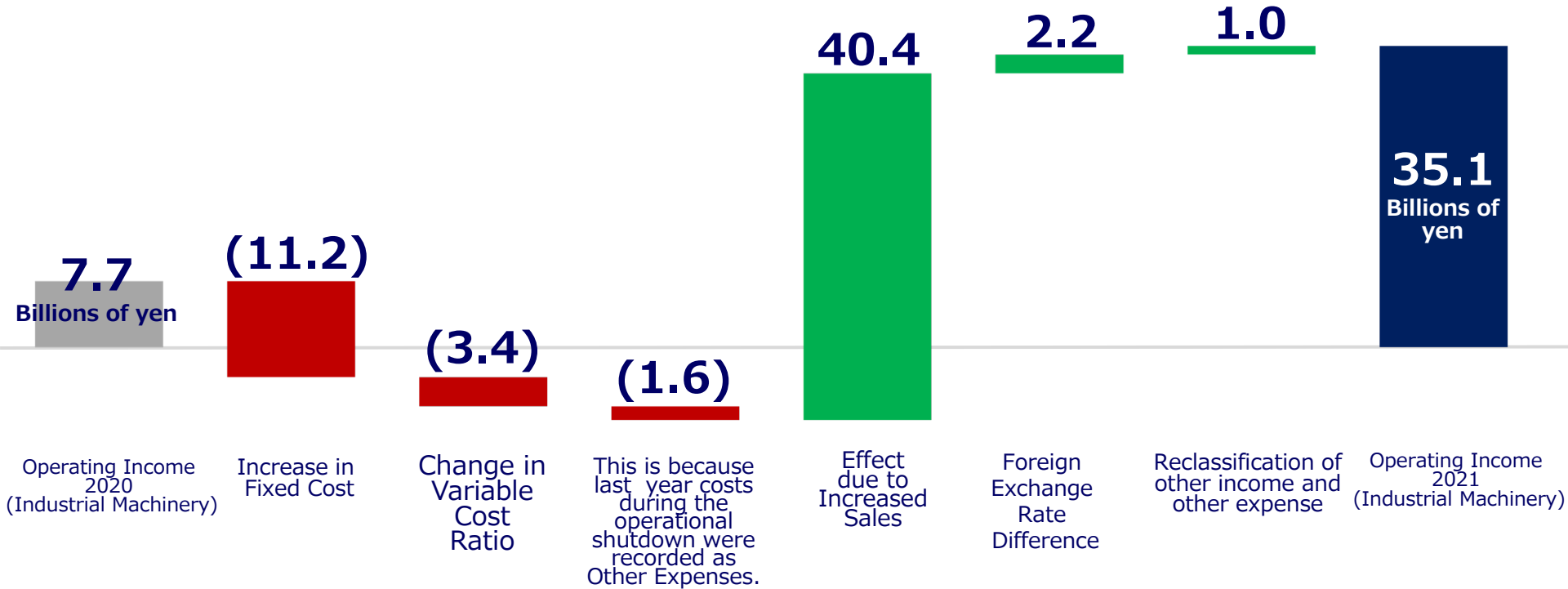
\*Geographic sales is based on where our customers are located.

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

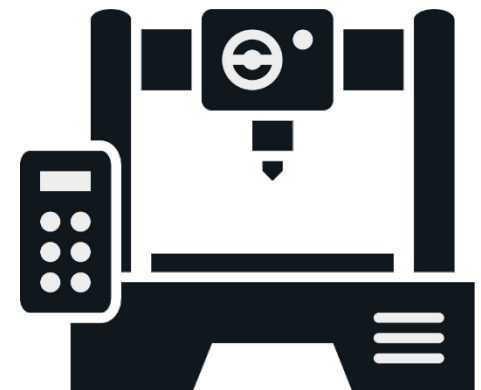
\*Growth rate for Automotive & Transportation was calculated based on the sum of net sales of THK RHYTHM and TRA.

\*The financial results for the fiscal year ending in December 2017 is based on an irregular accounting period: 9 months for Japanese companies and 12 months for overseas companies.  
 \*IFRS-based figures from 2019/12  
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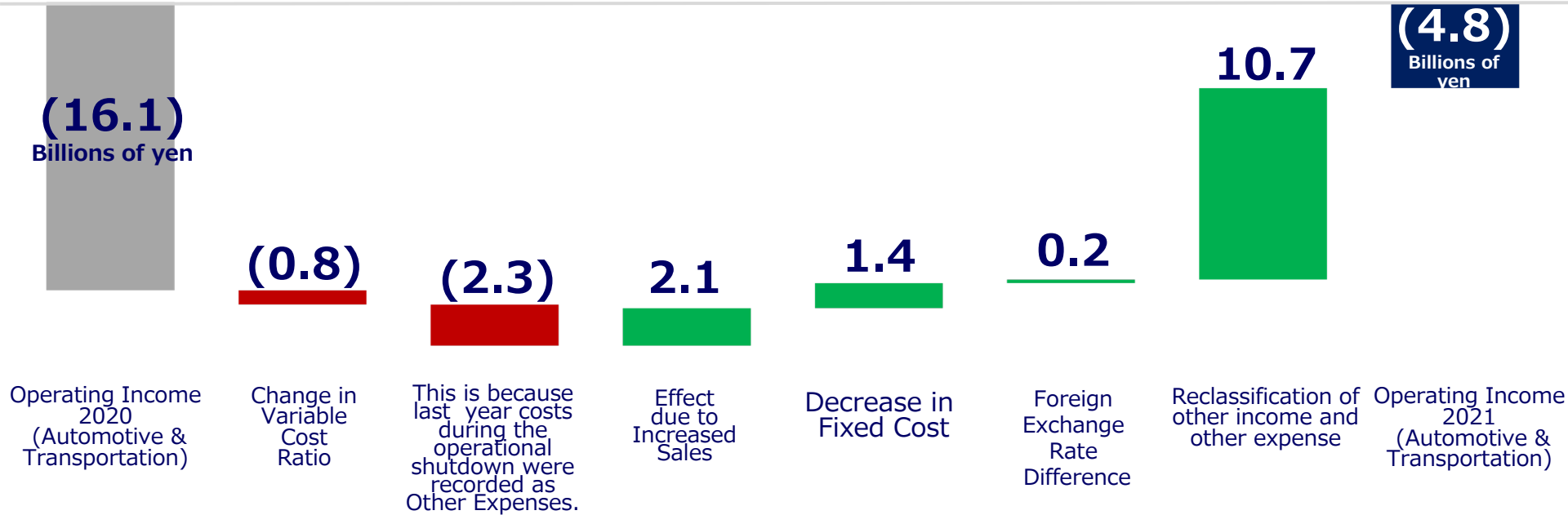
# (Ref.) Operating Income – Change Factors – (Industrial Machinery)



Unit: billions of yen		FY20	FY21
Industrial Machinery	Revenue	144.2	231.9
	Operating Income	7.7	35.1



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



Unit: billions of yen		FY20	FY21
Automotive & Transportation	Revenue	74.7	86.3
	Operating Income	(16.1)	(4.8)



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

# Assets, Liabilities and Equity

**Total Assets 516,086 millions of yen**  
**Up ¥55,912 million from previous period**

## Cash and Cash in Account | Y/Y : Down ¥7,408 million

Cash Flows from Operating Activities :  
¥ 15,643 million  
 Cash Flows from Investing Activities :  
¥(19,125) million  
 Cash Flows from Financing Activities :  
¥(12,725) million  
 Foreign Currency Translation Adjustments  
 on Cash and Cash Equivalents :  
¥ 8,799 million

## Trade and other receivables| Y/Y : Up ¥26,788 million

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

## Inventories | Y/Y : Up ¥17,141 million

Number of months' sales in inventory :  
 Previous period : 2.6 months  
 This period : 2.4 months

## Property, Plant and Equipment | Y/Y : Up ¥12,213 million

■ CAPEX : ¥21,422 million  
 ■ Depreciation : ¥15,824 million

## Deferred tax assets | Y/Y: Up ¥2,592 million

## Current assets

**313,922**

**Up ¥39,427 Million**  
**from previous period**

## Liabilities

**201,796**

**Up ¥16,771 million**  
**from previous period**

## Equity

**314,289**

**Up ¥39,140 million**  
**from previous period**

## Non-current assets

**202,163**

**Up ¥16,484 million**  
**from previous period**

## Current liabilities| Y/Y :

**Up ¥20,098 million**

■ Trade and other payables | Y/Y :  
 Up ¥9,691 million  
 Number of months' notes payable  
 Previous period : 1.9 months  
 This period : 1.6 months

■ Income taxes payable | Y/Y :  
 Up ¥6,962 million

## Non-current liabilities| Y/Y :

**Down ¥3,326 million**

## Profit (Loss) Attributable to Owners of the Parent

**¥23,007 million**

## Dividends Paid :

**¥3,568 million**

## Foreign Currency Translation Adjustments | Y/Y:

**Up ¥21,707 million**

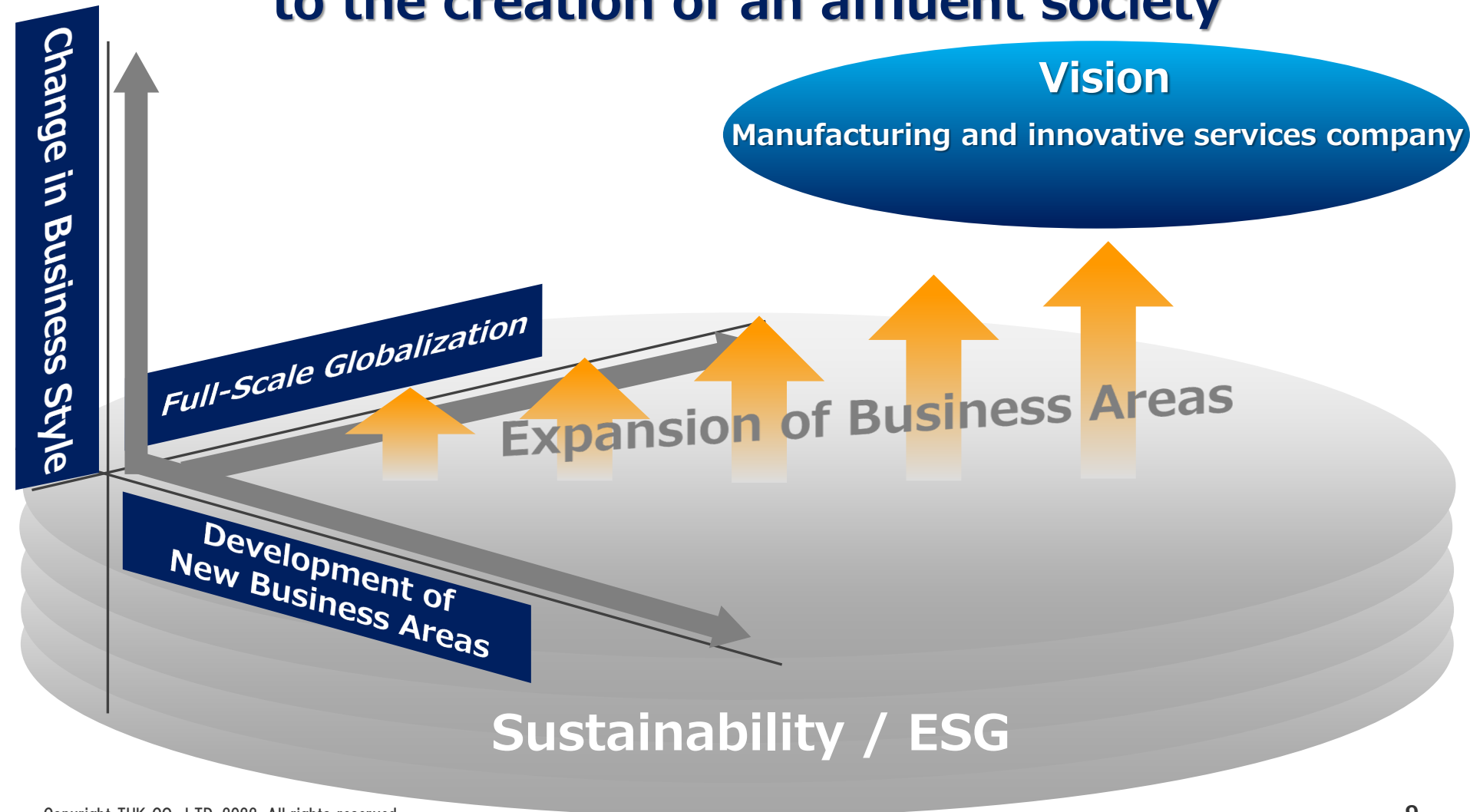


# **II. Approach toward Achieving Management Target**

# THK Management

Corporate Philosophy

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



# Management Targets

## FY2026(5-year plan)

Revenue 500.0 billions of yen    Operating Income 100.0 billions of yen  
EPS ¥590    ROE 17%

### Industrial Machinery business and other

**Targets** Revenue                    365.0 billions of yen  
Operating income 92.0 billions of yen  
Av. market growth                    Approx. 7%

**Environment** Greater demand for semi-conductors  
Progress on automation and robotics  
Greater investment in EV and other environmental initiatives

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

### Automotive & Transportation business

**Targets** Revenue                    135.0 billions of yen  
Operating income 8.0 billions of yen  
Av. market growth                    Approx. 5%

**Environment** Progress on CASE  
Entry from other businesses

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

## Progress on Sustainability / ESG Below are the most recent initiatives

Launch of Sustainability Preparation Meeting  
Compliance with the Medium and Long-Term Targets for Carbon Neutrality

Signature to the UN Global Compact  
Introduction of a Stock Compensation Plan

# Key Initiatives in Business Lines

## 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



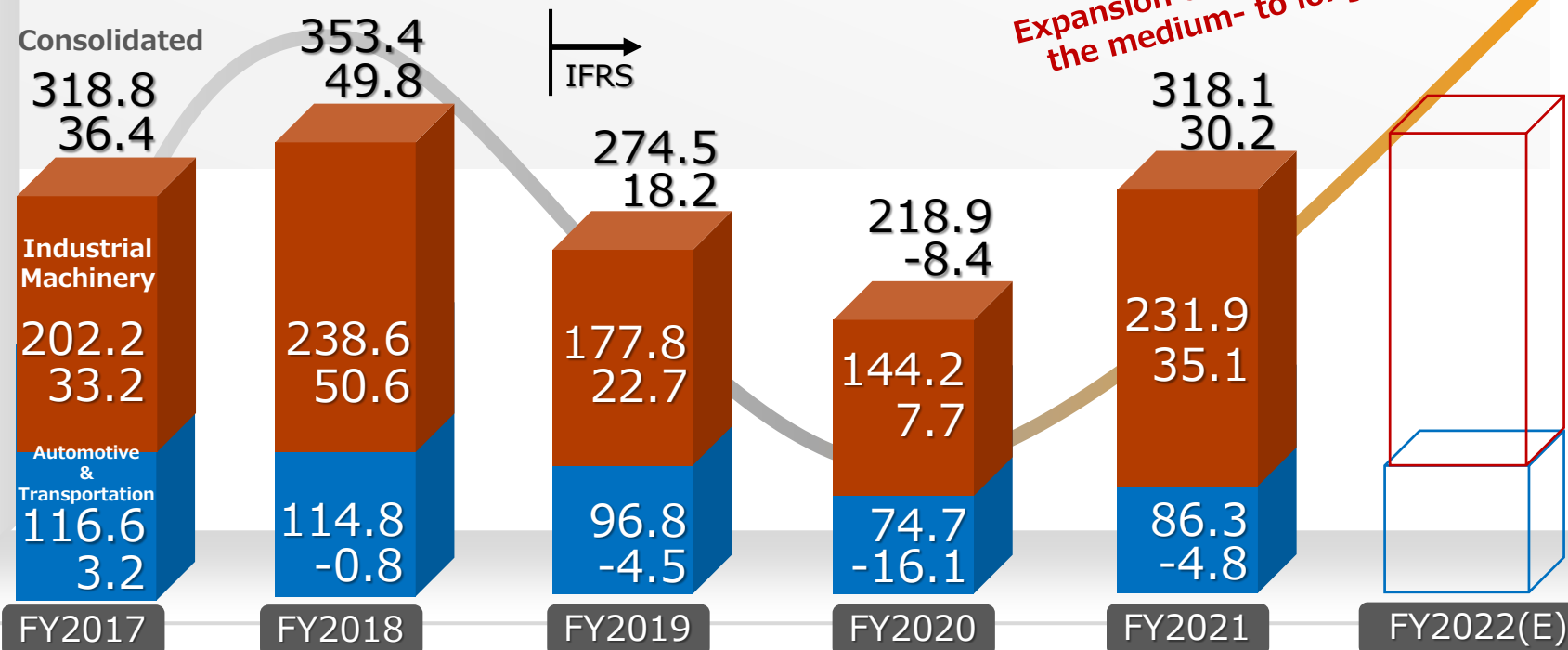
More products for next-generation vehicles

More aluminium products

Improved profitability

Revenue (Upper row : billions of yen)

Operating Income (Lower row : billions of yen)



Expansion of the market over the medium- to long-term

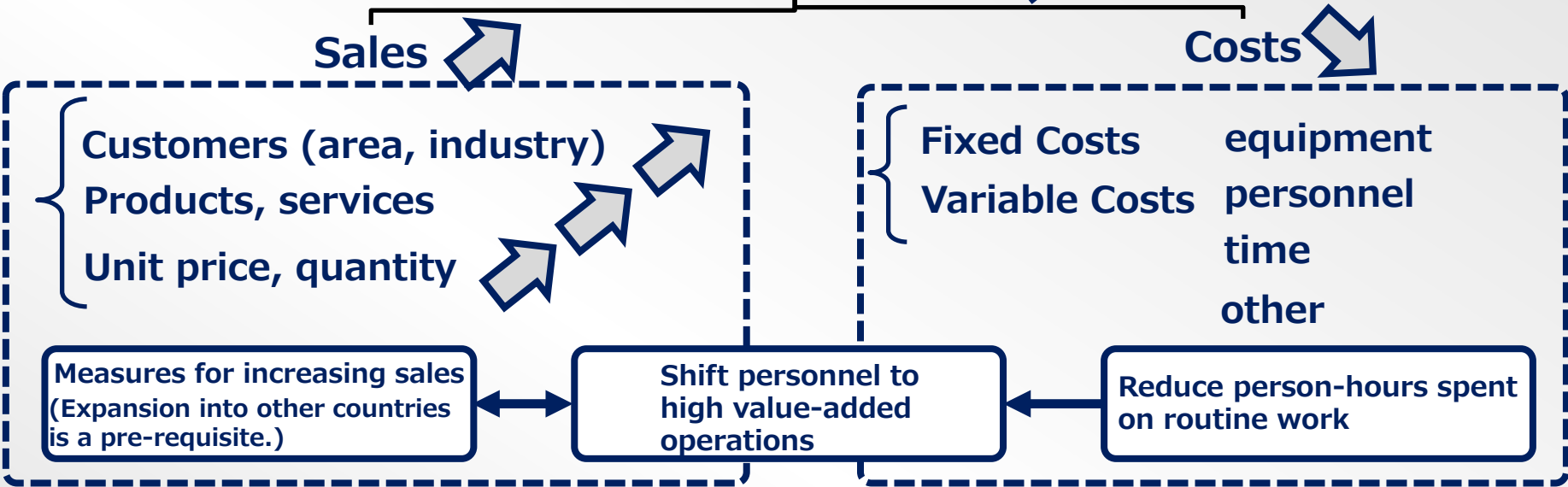
\*The figures for the Automotive & Transportation Business are the combined figures of THK RHYTHM and TRA

# Advances in the THK DX Project and Omni THK

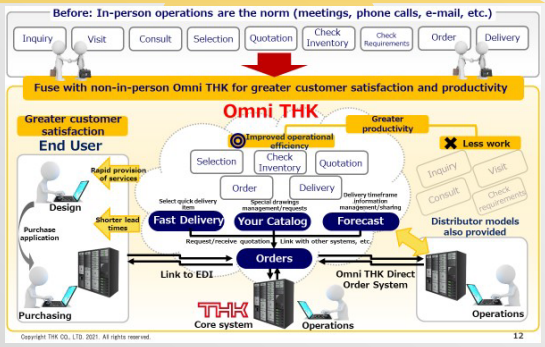
The Mark of Linear Motion

**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

# Developing digital human assets

Further accelerate DX activities through whole-company upskilling

**Upper level**

**Mid level**

**Management**

**Entry level**

**Fundamentals**

**New employees**

**Data use training (from 2019)**

**All staff attend e-learning lectures (from 2021)**

**From statistics to programming (from 2020)**

**Widening the circle by developing human assets**

**Image analysis  
Time series analysis  
OJT training (from 2022)**

**Predictive models using mechanical learning  
Python entry level (from 2021)**

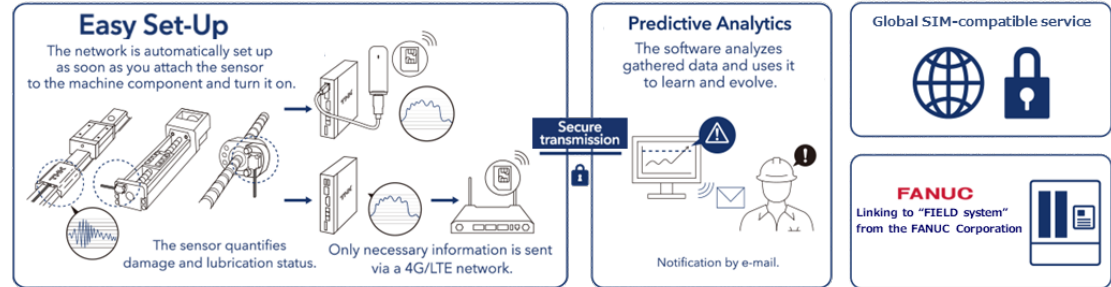
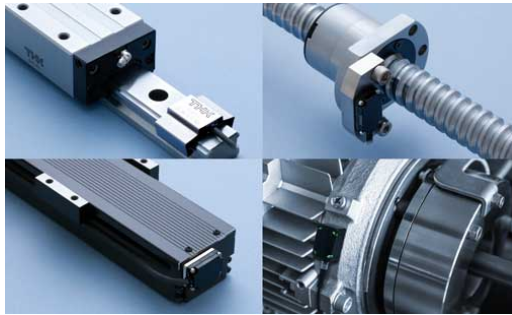
**Developing data utilization specialists**



# OMNIedge IoT Service for the Manufacturing Industry

Supporting smooth achievement of customer production plans

- Possible to retro-fit to currently operating mechanical element components -

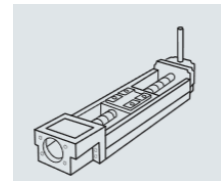
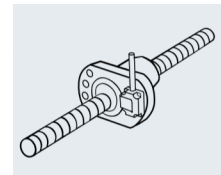
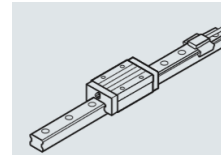


\*For global communications, the optimal service provider is selected for each country.

## Past expansion

### Products

- Jan. 2020  
Launch of LM guide compatibility
- Nov. 2020  
Launch of ball screw compatibility
- Mar. 2021  
Launch of actuator compatibility



### Functions and services

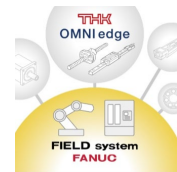
Services in China officially launched

Linking to "FIELD system" from the FANUC Corporation

Global SIM-compatible service (U.S.A, Indonesia, Thailand, Singapore, Taiwan)

Added two reassuring features

The "OMNIedge" IoT service for manufacturing officially launches in China



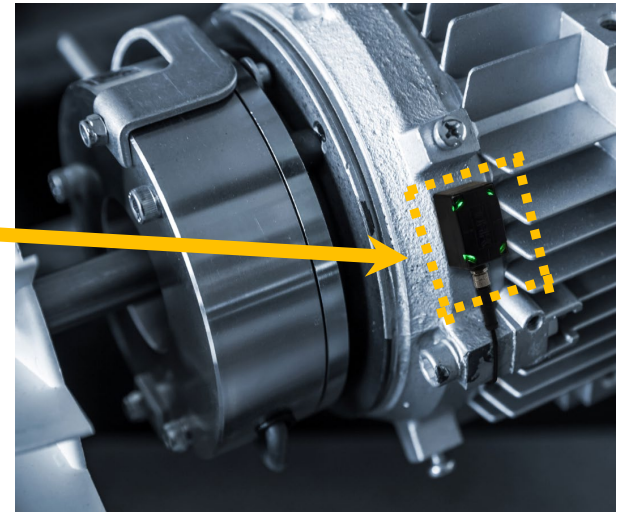


# OMNIedge IoT Service for the Manufacturing Industry

**Additions to rotating parts product line-up**  
**- Signs now detectable in rotating as well as in linear motion parts -**

## Features

- Able to readily use and immediately monitor
- Status clear to see from change in LED color
- Function to prevent things being missed during abnormality occurrences and remote surveillance



Formal orders accepted: February 2022

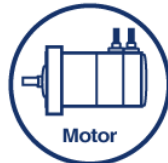
## Eligible products (example)



Support Bearing



Spindle



Motor



Fan



Conveyor

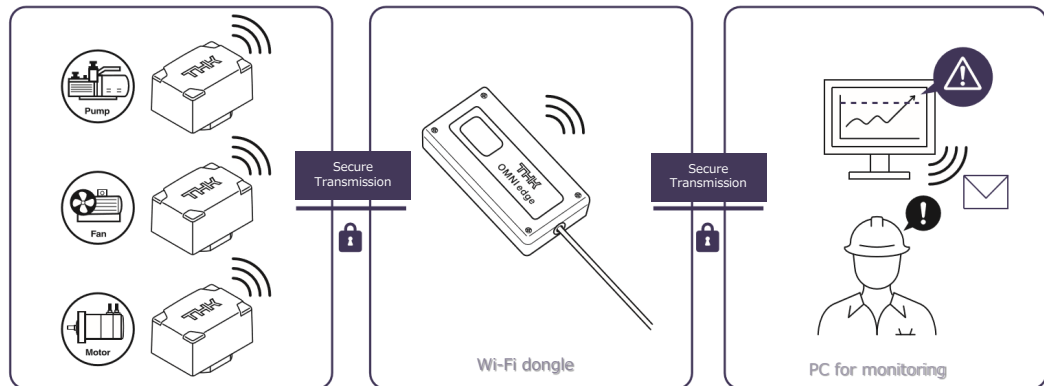


Pump



Components containing rotating and other bearings

## OMNIedge rotating part images





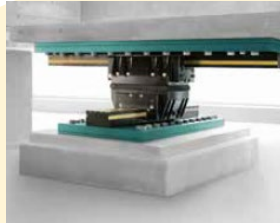
# Development of New Business Areas

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

## Shop



Seismic Isolation  
Home Automation



Medical  
Equipment



## Distribution

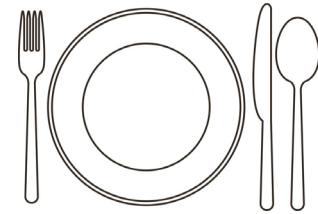


New business  
areas

Renewable  
Energy



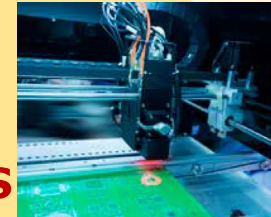
## Restaurant



Machine Tools



Semiconductor  
Manufacturing Equipment



Train / Aircraft



General  
Machinery



Existing Areas

Industrial  
Machinery Robots



Caged Ball LM Guide Model SPR/SPS

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

## Adaptive Hand Series TNH

- Multiple use robot hands which adapt to the nature of the work by adsorbing or gripping and are capable of stable transport
- All-round application, including to foods, medicines, cosmetics, household goods, bags, machine parts, plastic products, pressed plate, casts, ceramics

2021 Monodzukuri Innovative Component Awards

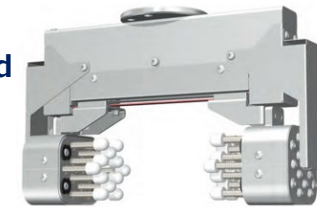
Received the Machinery and Robot Components Award  
(Sponsored by: Monodzukuri Nihon Conference/  
Nikkan Kogyo Shimbun)



Adaptive adsorbing hand



Adaptive unit



Adaptive grip band

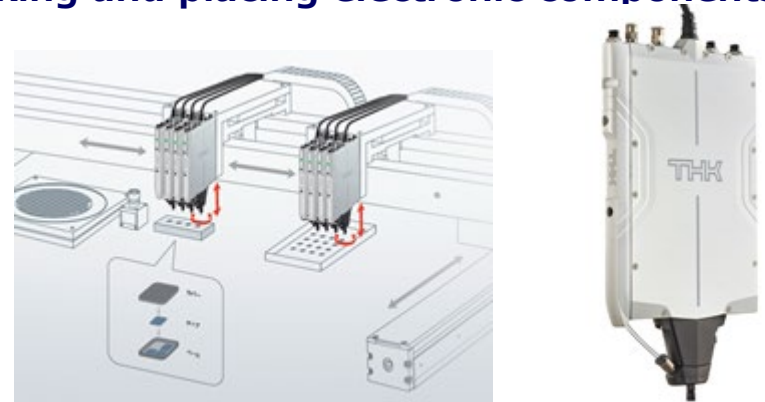
## Picking Robot Hand System Model PRS

Automation of picking items in distribution centers



## Pick and Place Robot Model PPR

Process-optimized robot customized for picking and placing electronic components



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

## THK CHANGZHOU (CHINA)

**New plant extension**  
**To be completed in Mar. 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**

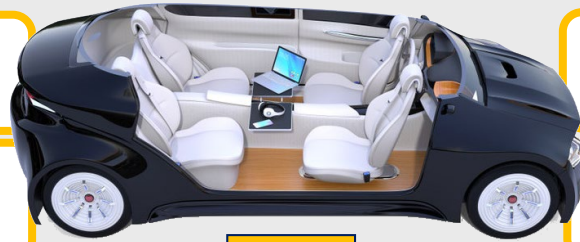
- Target products : LM Guide
- Space of land bought :  
About 50,000m<sup>2</sup>
- Floor space : About 43,000m<sup>2</sup>





**Progress in CASE**

**Entry from other businesses**



**Horizontal division of labor**

**Supply chain changes**



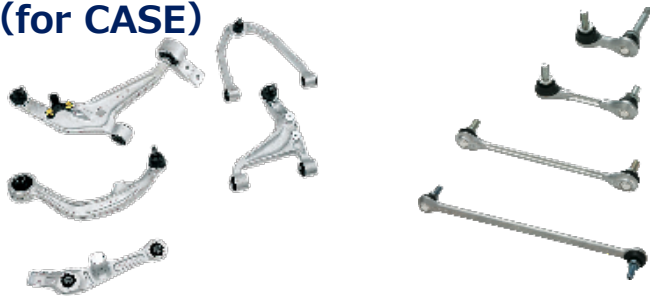
## Automotive and Transportation Business Initiatives

**Response to CASE (particularly response to EVs: e.g. smaller, lighter, less friction)**

**Response to user needs    Range of components extended    Improved quality and productivity**

### Existing products

- Mutual use of factories
- Shared purchase
- Integration of products
- Review of product portfolio
- New product development (for CASE)



### New products for next-generation vehicles

Unit for integrated brake system



Unit for active suspension system



Mechanical level control unit



## 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**



## Medium- and Long-Term Targets for Carbon Neutrality

### Medium-Term Target

**By 2030, reduce CO2 emissions to 50% of 2018 levels**

Scope: THK Japan and Group companies in Japan    2018 emissions: 106,514 tons

### Long-Term Target

**By 2050, achieve net-zero CO2 emissions.**

Scope: Entire THK Group

Contribution from  
products and  
services  
(Enhancing the effect  
of pluses)



Reduction in CO2 from  
business activities  
(Minimizing the effect of  
minuses)

Carbon Neutral  
Promotion Project



## Contribution from products and services (Enhancing the effect of pluses)

**More linear motion products**  
(Contribution through energy conserving and longer lived machinery)



**More renewable energy products**  
(Direct contribution)



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



## Reduction in CO2 from business activities (Minimizing the effect of minuses)

### Major Measures

- Upgraded to LED lighting
- Installed or upgraded equipment for higher efficiency
- Installed renewable energy equipment
- Actively utilized existing renewable energy equipment
- Implemented various creative energy conservation activities
- Monitored our usage of air conditioning and lighting



Solar panels  
(Yamaguchi Plant)



New HVAC unit  
(TMA)



Utilizing small air conditioning equipment  
(Gifu Plant)



Updating HVAC equipment  
(Kofu Plant)

# THK 50th Anniversary Project (THK Education Outreach Program)

Developing next-generation monodzukuri “creative developers” who create from “0” to “1” to develop technology that is useful to people

## 2016-2021 Activities

Promoted interest in and activities involving monodzukuri to junior and senior high school students -

### Development of the Monodzukuri Education Program

No interest in monodzukuri



Interested in monodzukuri

Provided school lesson experiences showcasing the fun of monodzukuri



Results: Delivered in 17 schools to around 900 learners

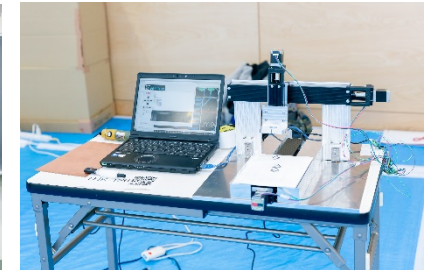
### Science Castle Grant THK Prize

Want to progress monodzukuri



Want to develop useful technology

Provided support in the form of research funds and expert knowledge  
Turned out many creative developers who create from “0” to “1”



Creating a print plate as easily as 3D printing

Results: Involved 50 teams



# THK 50th Anniversary Project (EntSherpa)

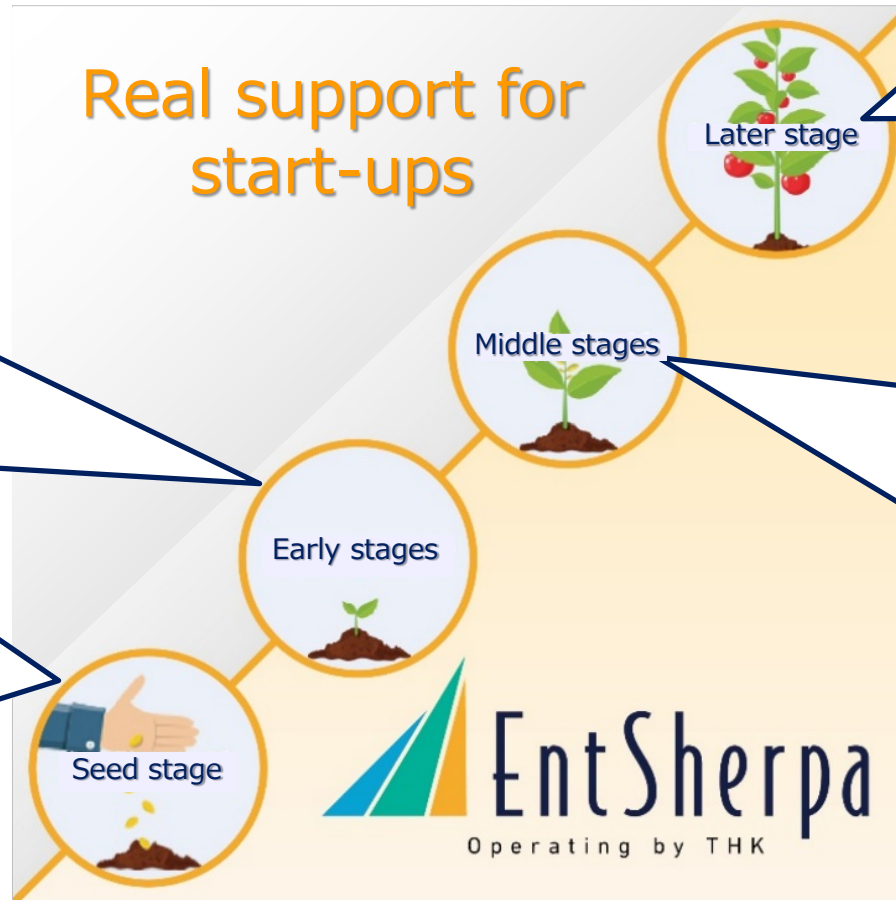
**Technology support services for start-ups**  
**Promptly providing optimum support for each stage**

**Until the new business is up and running**

- Selection of optimum mechanical element components
- Advice on device design
- Providing samples
- Application case studies

**Preparing to launch the venture**

- Advice on device design
- Providing samples



**Business expansion routes**

- Global supply systems
- Field engineering

**Actively rolling out the business with an eye to growth**

- Technological computing and analysis
- Solutions for unique environments
- Customization and modular products
- Problem case studies

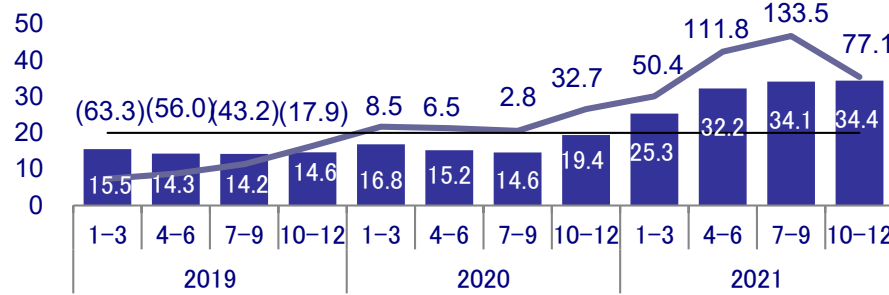
**Non-monetary added value for start-ups**

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

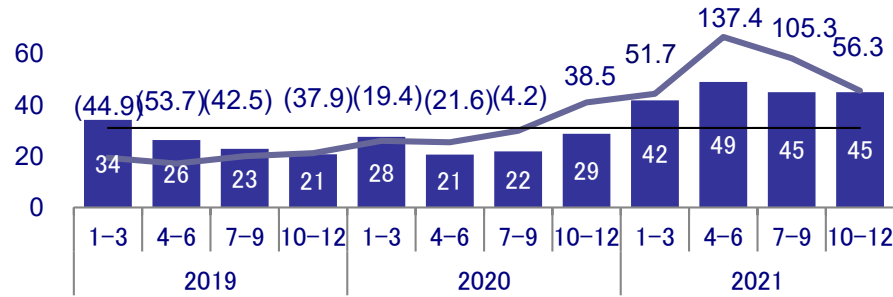
# Orders Received by Region <Industrial Machinery Business>



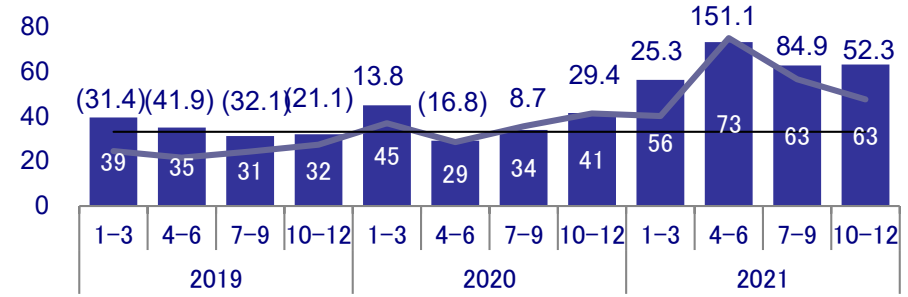
THK CO., LTD. (Japan) \* exclude export  
% Change, Billions of YEN



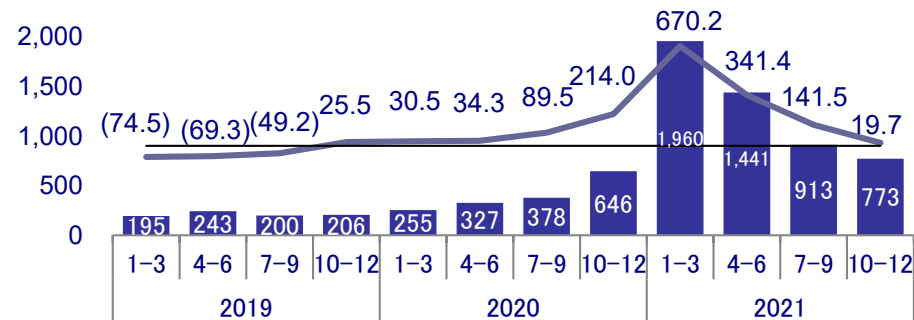
THK Europe % Change, Millions of EUR



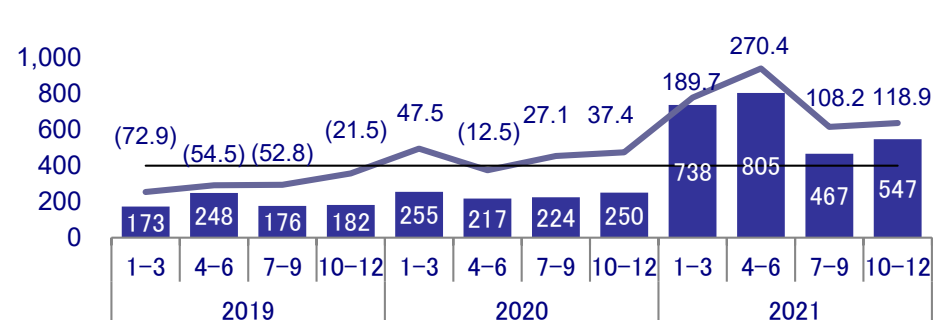
THK Holdings of America % Change, Millions of USD



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



THK TAIWAN % Change, Millions of NTD



# Financial Forecast (Consolidated)



(Millions of Yen)

	2022/12 Forecast	2021/12 Results	2020/12 Results
Revenue	365,000	318,188	218,998
Y/Y	+14.7%	+45.3%	-20.2%
Operating Income	43,000	30,268	-8,499
Y/Y	+42.1%	-	-
Income before income taxes	43,200	29,984	-9,725
Y/Y	+44.1%	-	-
Profit Attributable to Owners of the Parent	30,800	23,007	-9,992
Y/Y	+33.9%	-	-

# Financial Forecast (Unconsolidated)

The Mark of Linear Motion

(Millions of Yen)

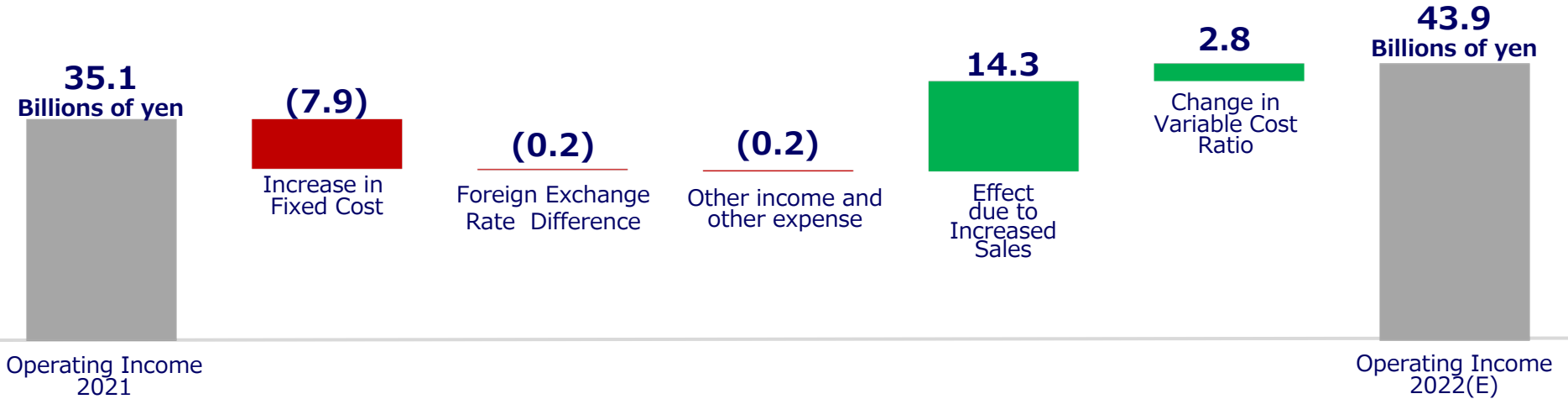
	2022/12 Forecast (Japanese GAAP)	2021/12 Results (Japanese GAAP)	2020/12 Results (Japanese GAAP)
<b>Net Sales</b>	188,000	167,583	102,866
<i>Y/Y</i>	+12.2%	+62.9%	-24.5%
<b>Domestic</b>	116,000	99,637	69,817
<i>Y/Y</i>	+16.4%	+42.7%	-24.8%
<b>Operating Income</b>	20,000	16,718	365
<i>Y/Y</i>	+19.6%	-	-96.9%
<b>Ordinary Income</b>	23,900	21,914	2,118
<i>Y/Y</i>	+9.1%	+934.6%	-86.5%
<b>Net Income</b>	18,100	18,348	-13,183
<i>Y/Y</i>	-1.4%	-	-

# (Ref.) Operating Income (FY2022E) – Change Factors –



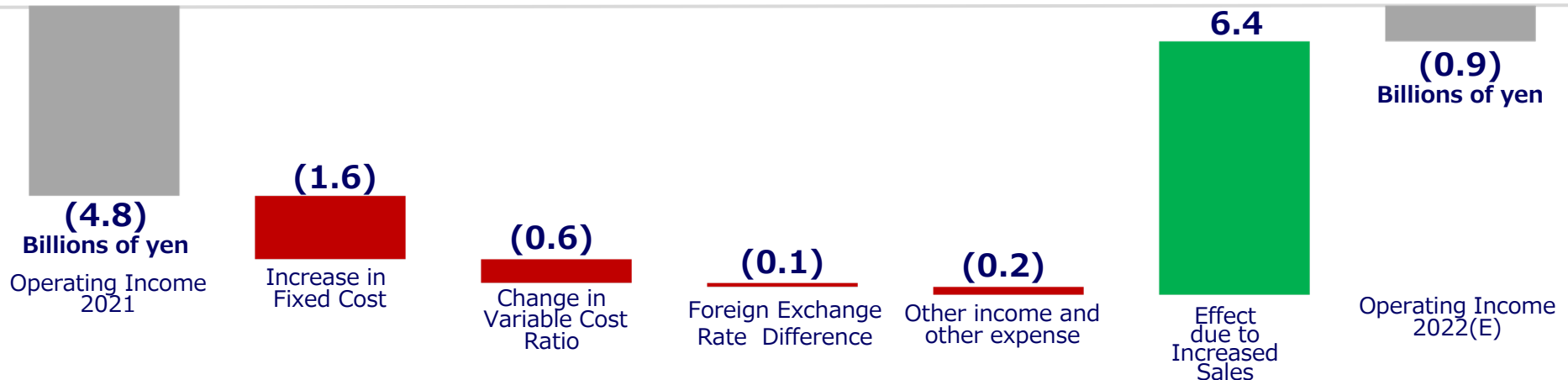
Industrial Machinery

**FY2021** Revenue: 231.9 billions of yen  
Operating Income: 35.1 billions of yen      **FY2022(E)** Revenue: 261.0 billions of yen  
Operating Income: 43.9 billions of yen



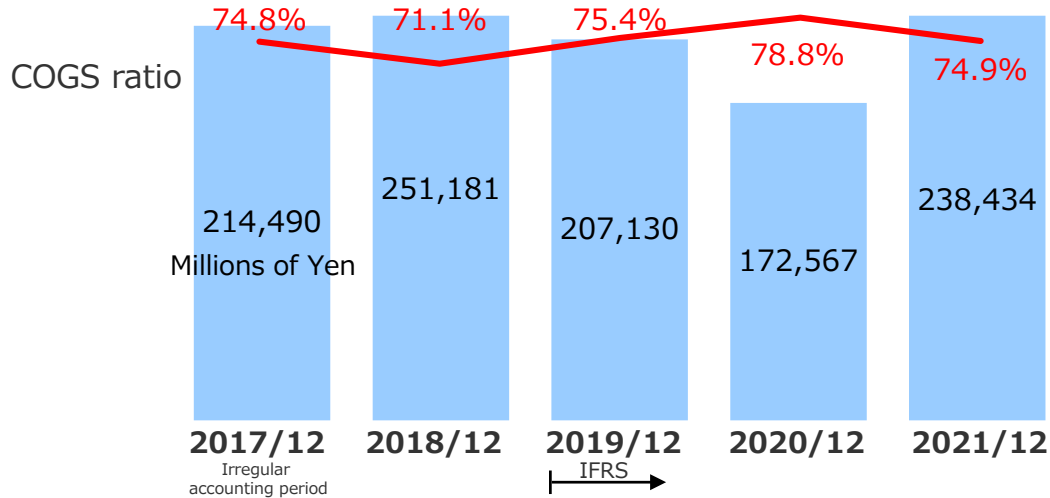
Automotive & Transportation

**FY2021** Revenue: 86.3 billions of yen  
Operating Income: (4.8) billions of yen      **FY2022(E)** Revenue: 104.0 billions of yen  
Operating Income: (0.9) billions of yen



# Trends in COGS and SG&A

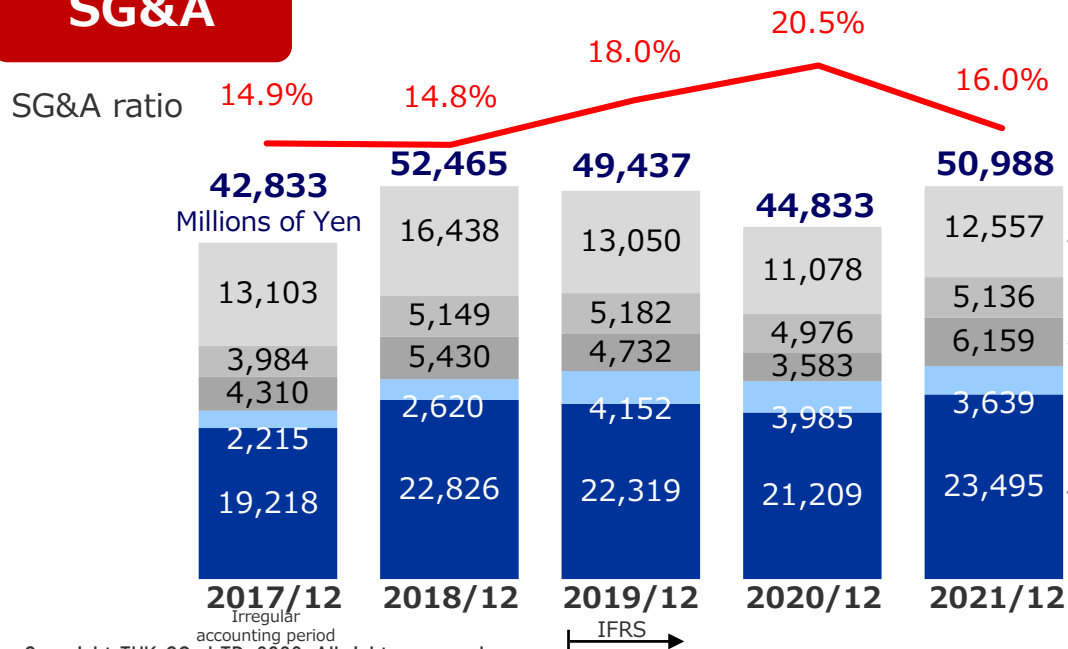
## COGS



Sales-cost ratio decreased by 3.9 points Y/Y

- Due to increase revenue

## SG&A



SG&A ratio decreased by 4.5 points Y/Y

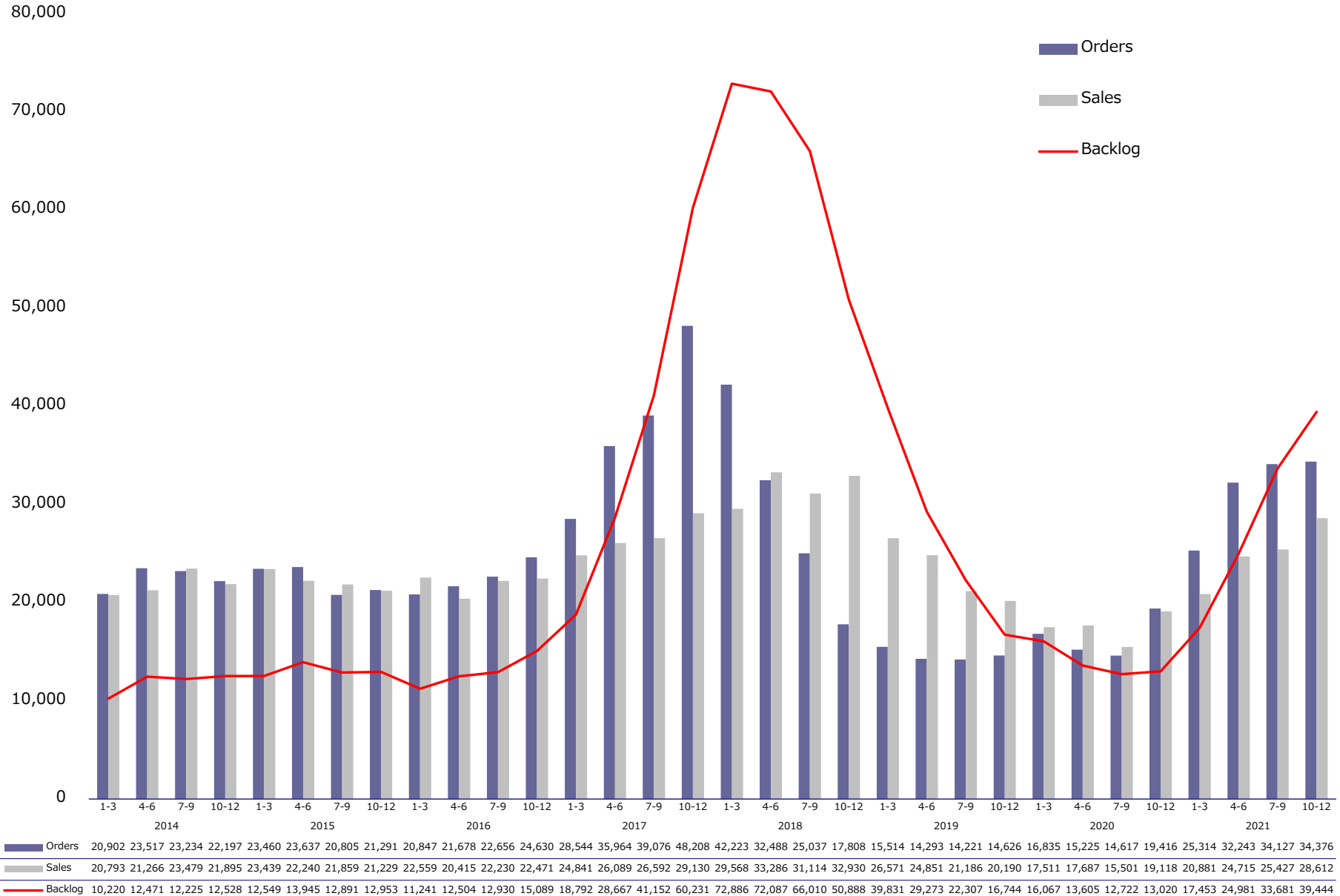
- Due to increase revenue

# 【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

	2014				2015				2016				2017				2018				2019				2020				2021			
	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
<span style="color: red;">—</span> Machine Tool	3,129	4,004	4,188	4,160	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	6,021	5,130	3,391	2,485	1,355	1,324	1,138	1,260	1,350	1,301	2,217	3,123	4,659	4,373	4,515
<span style="color: green;">—</span> General Machinery	3,545	3,908	3,398	3,466	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
<span style="color: blue;">—</span> Electronics	3,492	4,446	4,547	4,177	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