



# INTERIM FINANCIAL RESULTS BRIEFING

**August 6<sup>th</sup> 2021**

**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 2021**

# Financial Highlights

## Consolidated sales revenue: up 46.6% y/y, ¥ 151.0 billion

- Amid the continuing impact of the COVID-19 pandemic, following the recovery in demand since the second half of last year in China where the economy reopened before other countries, the demand in developed nations and other regions also entered a period of full-scale recovery.
- Under such circumstances, in addition to our plant expansion advanced thus far, this demand has clearly led to sales revenue through work to reinforce production capabilities, such as increasing productivity through automation and robot deployment.

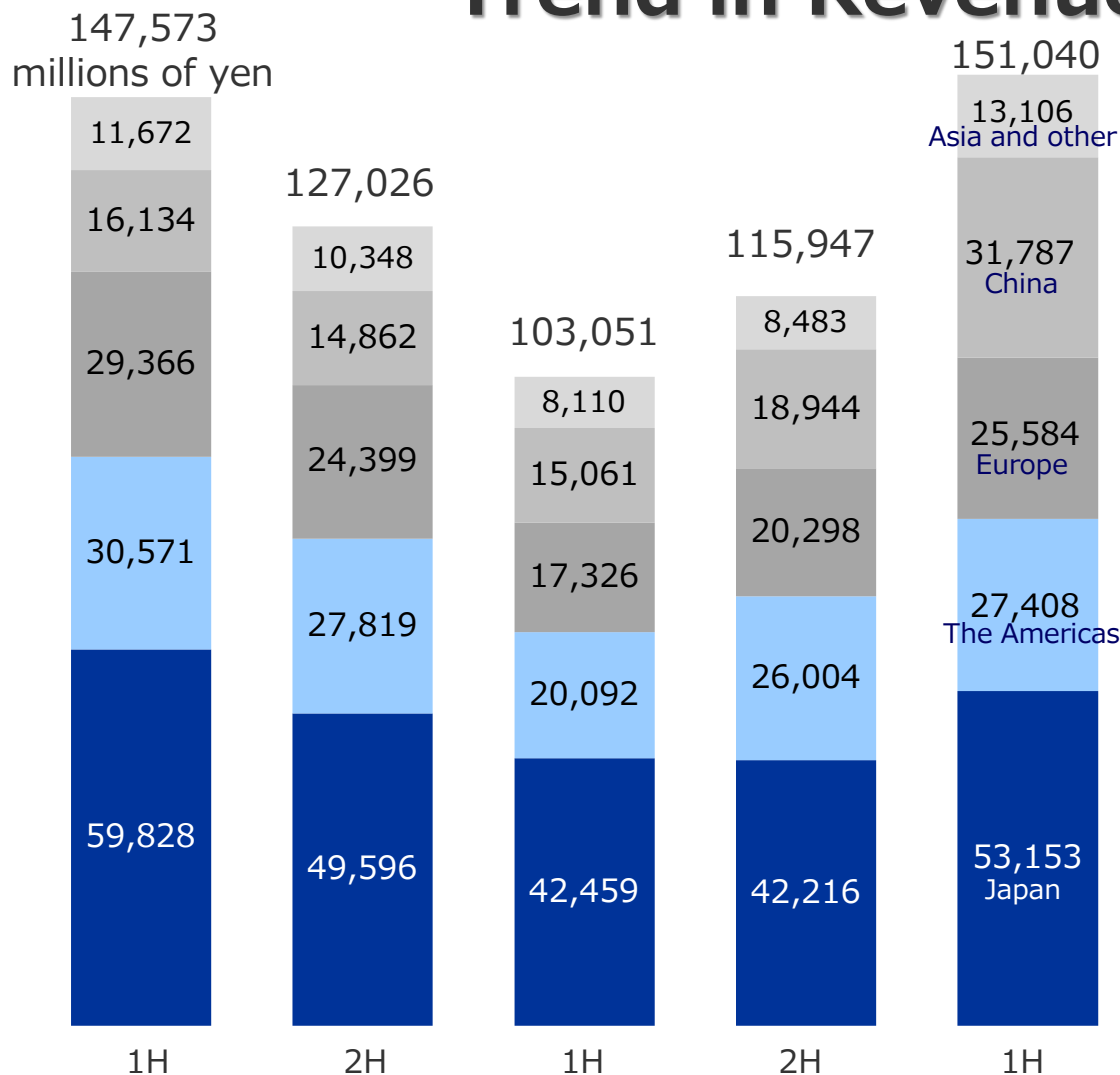
## Consolidated operating income: ¥11.0 billion

- As this demand recovered, fixed costs composed mainly of labor and employment costs did rise due to the increased sales revenue, but a quantity effect clearly contributed to higher profits compared to the same period during the previous year.

## Significant increase in sales and profit year-on-year

- As production rapidly ramped up following the sharp recovery in demand, sales revenue and operating profit diverged from forecasts for the first half of the year due to the state of global distribution and other such factors. However, sales and profit increased significantly compared to the same period during the previous year.

# Trend in Revenue



\*The growth rates are just for reference

## Asia and other

- Taiwan Up 83.5%
- Singapore Up 104.0%
- India Up 276.5%

## China

- Machine tools Up 144.0 %
- General machinery Up 77.3 %
- Electronics Up 96.7 %
- Automotive & Transportation Up 30.6 %

## Europe

- Machine tools UP 26.6%
- General machinery Up 10.8%
- Electronics Up 0.7%
- Automotive & Transportation Up 45.4%

## The Americas

- Machine tools Up 37.2%
- General machinery Up 12.9%
- Electronics Up 74.8%
- Automotive & Transportation Up 36.6%

## Japan

- Machine tools Up 80.9%
- General machinery Up 43.5%
- Electronics Up 18.1%
- Automotive & Transportation Up 25.5%

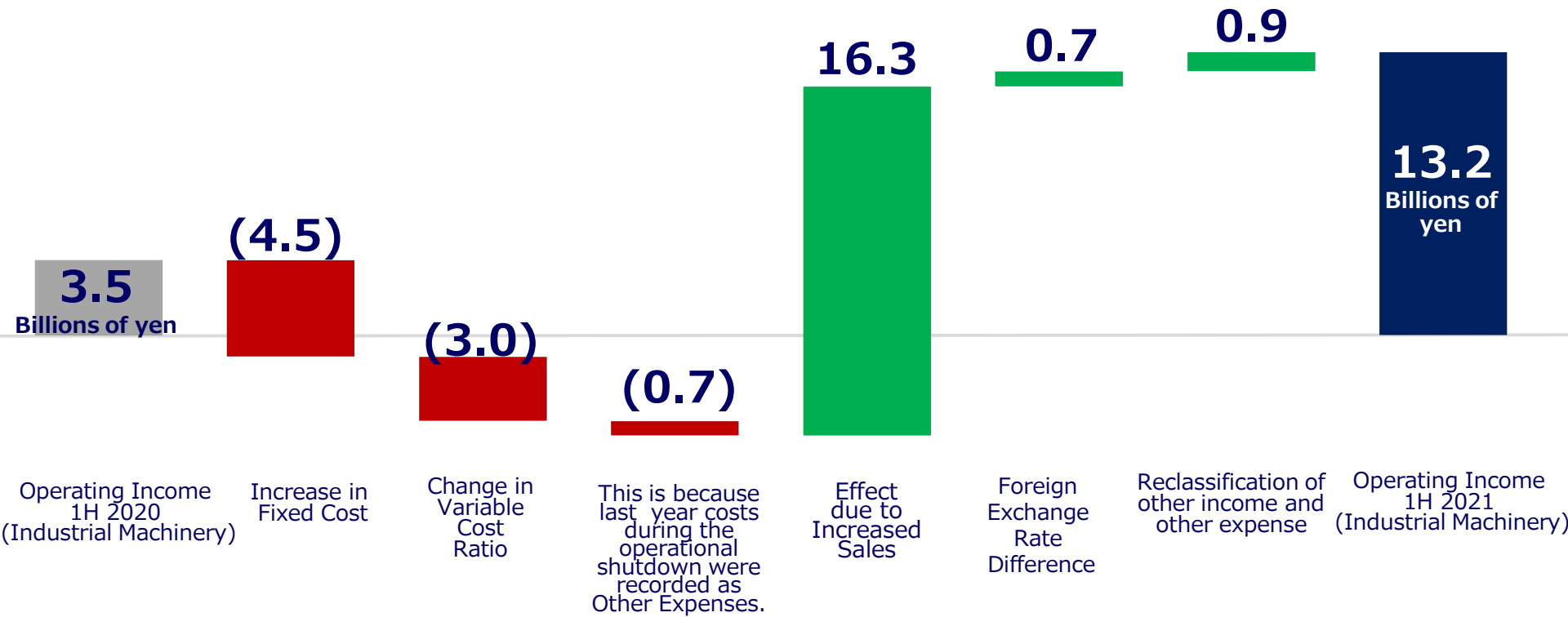
\*Geographic revenue is based on where our customers are located.

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

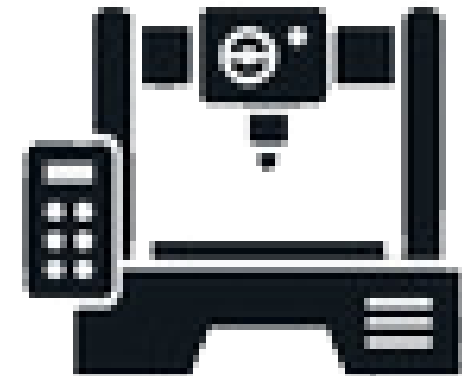
\*Growth rate for Automotive & Transportation was calculated based on the sum of net sales of THK RHYTHM and TRA.

| Exchange rate | 2019/12 |        | 2020/12 |        | 2021/12 |
|---------------|---------|--------|---------|--------|---------|
| 1US\$         | 110.05  | 108.03 | 108.27  | 105.31 | 107.68  |
| 1EUR          | 124.31  | 119.85 | 119.24  | 124.35 | 129.80  |
| 1CNY          | 16.22   | 15.37  | 15.39   | 15.56  | 16.65   |

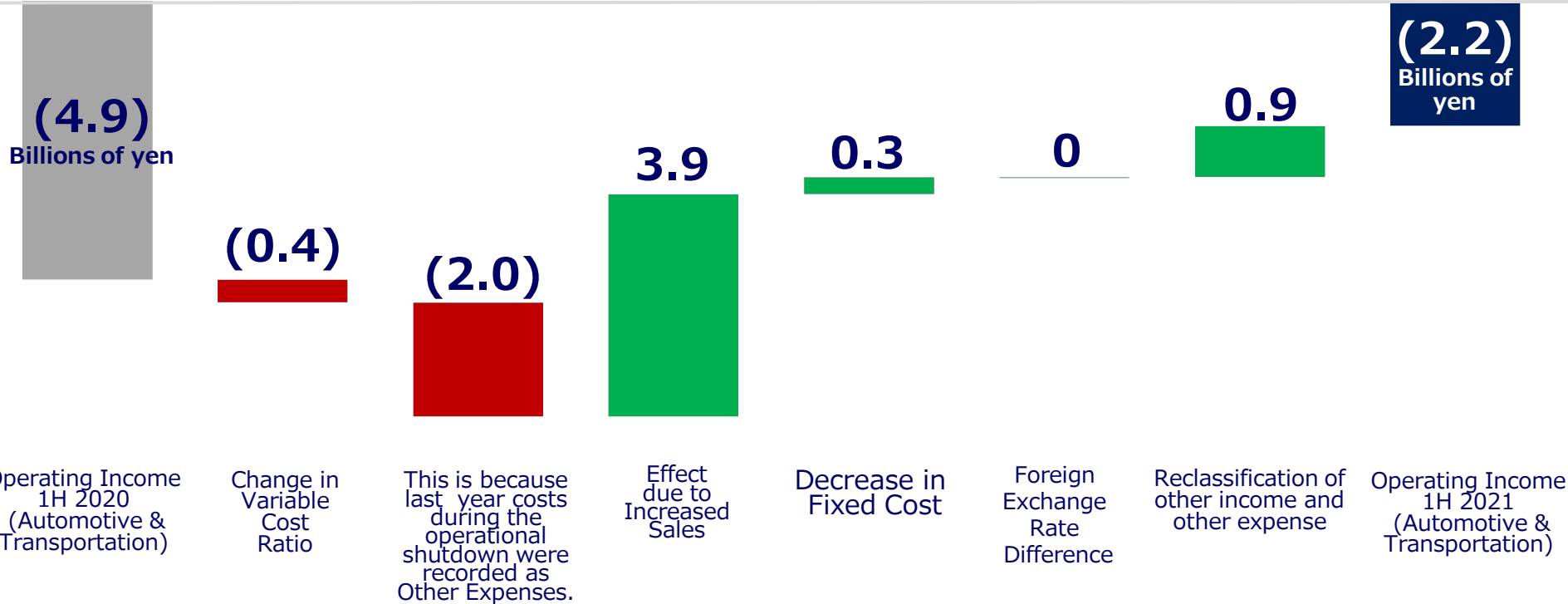
# (Ref.) Operating Income – Change Factors – (Industrial Machinery: January-June)



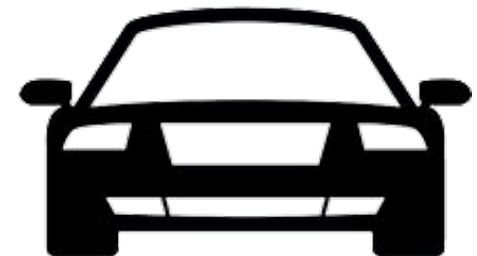
| By type of business<br>Unit: billions of yen |                  | FY20 |      | FY21  |
|--|------------------|------|------|-------|
|  |                  | 1H   | 2H   | 1H    |
| Industrial Machinery                         | Revenue          | 71.9 | 72.3 | 106.1 |
|  | Operating Income | 3.5  | 4.2  | 13.2  |



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



| By type of business<br>Unit: billions of yen |                  | FY20  |        | FY21  |
|--|------------------|-------|--------|-------|
|  |                  | 1H    | 2H     | 1H    |
| Automotive & Transportation                  | Revenue          | 31.1  | 43.6   | 44.9  |
|  | Operating Income | (4.9) | (11.2) | (2.2) |



# Assets, Liabilities and Equity

**Total Assets 502,733 millions of yen**  
**Up ¥42,560 million from previous period**

**Cash and Cash in Account | Y/Y :**  
**Up ¥8,463 million**

Cash Flows from Operating Activities :  
 ¥ 13,981 million  
 Cash Flows from Investing Activities :  
 ¥ (6,925) million  
 Cash Flows from Financing Activities :  
 ¥ (4,074) million  
 Foreign Currency Translation Adjustments  
 on Cash and Cash Equivalents :  
 ¥ 5,481 million

**Trade and other receivables | Y/Y :**  
**Up ¥16,407 million**

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

**Inventories | Y/Y :**  
**Up ¥10,354 million**

Number of months' sales in inventory :  
 Previous period : 2.6 months  
 This period : 2.3 months

**Property, Plant and Equipment | Y/Y :**  
**Up ¥4,655 million**

- CAPEX : ¥ 8,079 million
- Depreciation : ¥ 7,799 million

**Goodwill and intangible assets | Y/Y :**  
**Up ¥342 million**

**Current assets**

**310,333**

**Up ¥35,837 million**  
**from previous period**

**Non-current assets**

**192,400**

**Up ¥6,722 million**  
**from previous period**

**Liabilities**

**206,061**

**Up ¥21,036 million**  
**from previous period**

**Equity**

**296,672**

**Up ¥21,523 million**  
**from previous period**

**Current liabilities | Y/Y :**  
**Up ¥23,101 million**

- Trade and other payables | Y/Y :  
 Up ¥16,081 million  
 Number of months' notes payable  
 Previous period : 1.9 months  
 This period : 1.9 months

- Bonds and borrowings | Y/Y :  
 Up ¥157 million

- Income taxes payable | Y/Y :  
 Up ¥2,833 million

**Non-current liabilities | Y/Y :**  
**Down ¥2,065 million**

- Bonds and borrowings | Y/Y :  
 Down ¥1,445 million

**Profit (Loss) Attributable to  
 Owners of the Parent**  
**¥7,521 million**

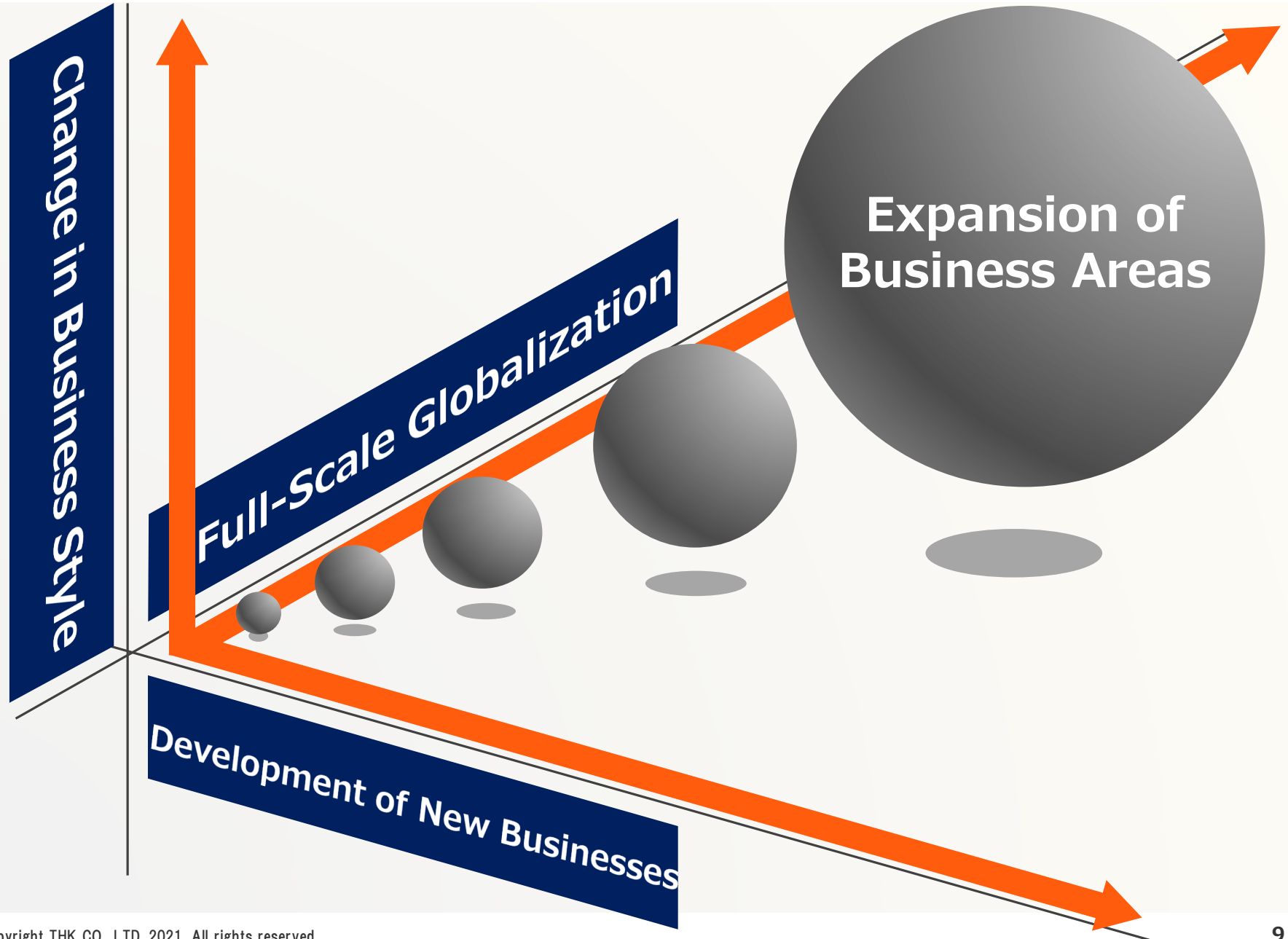
**Dividends Paid :**  
**¥963 million**

**Foreign Currency  
 Translation Adjustments | Y/Y :**  
**Up ¥14,310 million**



# II. Major Measures

# Growth Strategy



## THK's growth potential dramatically expands

### Megatrends

Advances in digital technology

Changes in the global environment  
(Growing momentum of conservation movements)

Changes in macrodynamics  
Labor shortages and prolonged lifespans in developed countries



### Keywords of the Changes

AI · IoT

Energy savings

CASE

Automation / Labor savings

Industry 4.0

5G

Requirements

High-quality parts

Visualization

Motorization

### THK's solution

Products related to semiconductors and FA

Products related to service robots

Products related to medical equipment

Omni THK OMNI edge

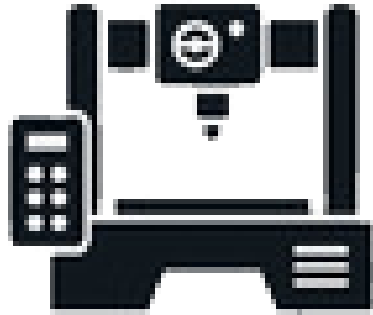
Electric actuators

Next-generation auto parts

# Key Initiatives in Business Lines

## Expansion of Top Line

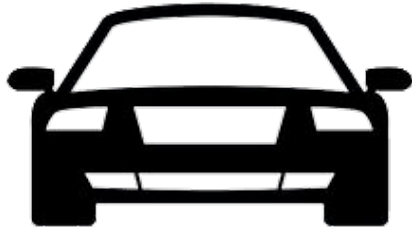
- Strategic sales for a wide range of customers
- Active and efficient sales and marketing activities
- Continuous development of new products
- Development of new business areas
- Enhancement of the global manufacturing structure



**FY2021\_1H**  
**Industrial Machinery**  
Revenue 106.1 billions of yen  
Y/Y +47.6%



**FY2021\_1H**  
**Consolidated**  
**Revenue**  
151.0 billions of yen  
Y/Y +46.6%



**FY2021\_1H**  
**Automotive & Transportation**  
Revenue 44.9 billions of yen  
Y/Y +44.1%

- Expansion of L&S business
- The launch of new products for automobile

## Strengthening of Bottom Line

### 【Industrial Machinery】

1. Robotization and automation
2. Visualization of global production
3. Reduction of various costs
4. Strategy on fair sales prices

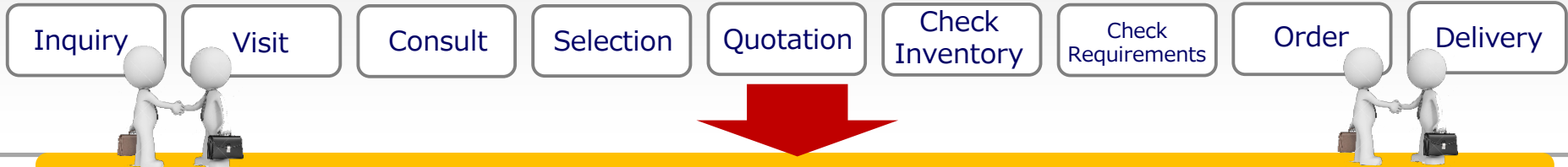
### 【Automotive & Transportation】

1. Mutual use of factories
2. Shared purchase
3. Integration of products

# Realizing Digital Transformation (DX) Through Omni THK

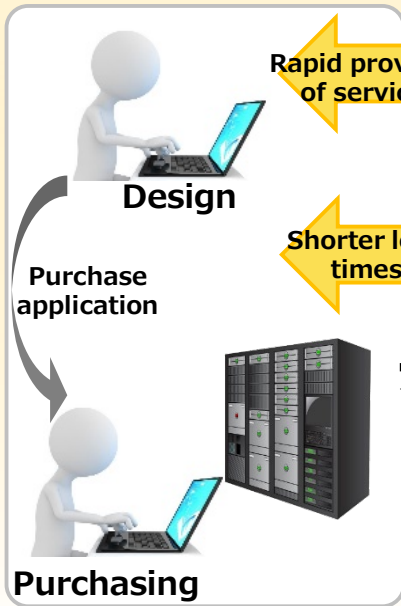
Establishing overall image of Omni THK through promotion of THK DX project

Before: In-person operations are the norm (meetings, phone calls, e-mail, etc.)

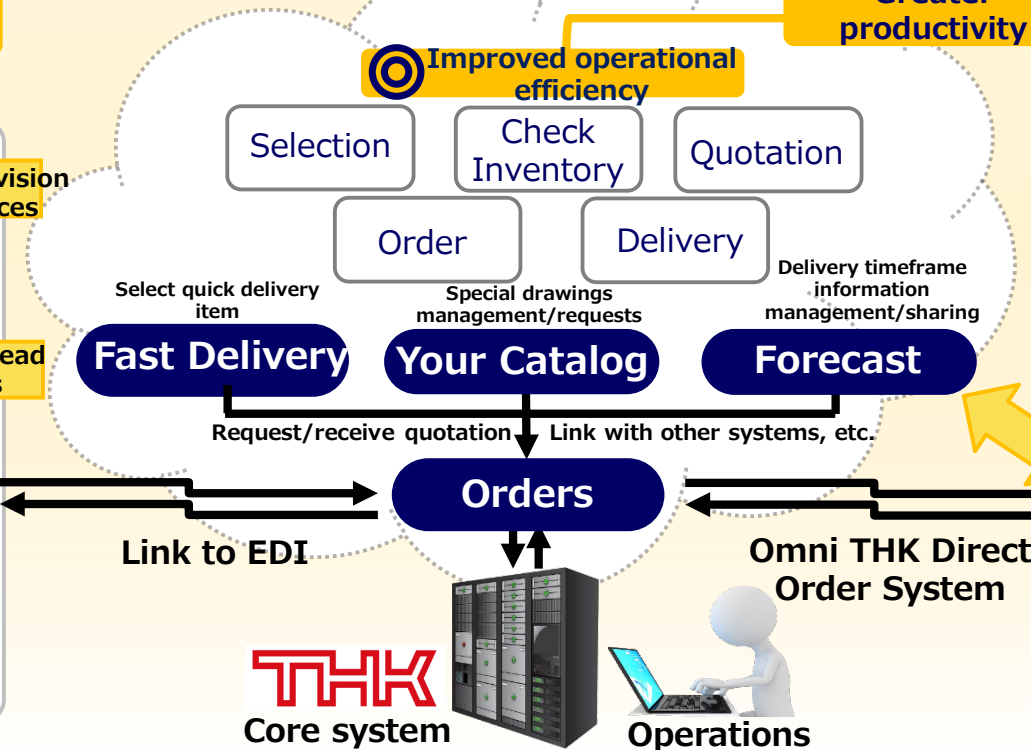


Fuse with non-in-person Omni THK for greater customer satisfaction and productivity

Greater customer satisfaction  
End User

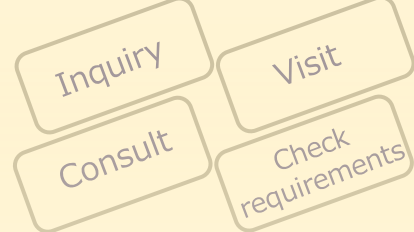


## Omni THK



Greater productivity

✗ Less work

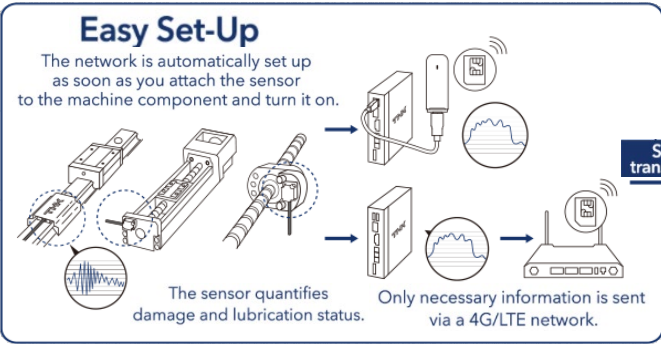


Distributor models also provided



# “OMNI edge” IoT Service for the Manufacturing Industry

## Lineup expansion and solution services roll outs



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

## Past expansion:

- Mar. 2021      Launch of actuator compatibility
- Feb. 2021      Linking to “FIELD system” from the FANUC Corporation
- Feb. 2021      Launch of Global SIM-compatible service
- Nov. 2020      Introduction of free trials for rotary components
- Nov. 2020      Launch of ball screw compatibility
- Jan. 2020      Launch of LM guide compatibility

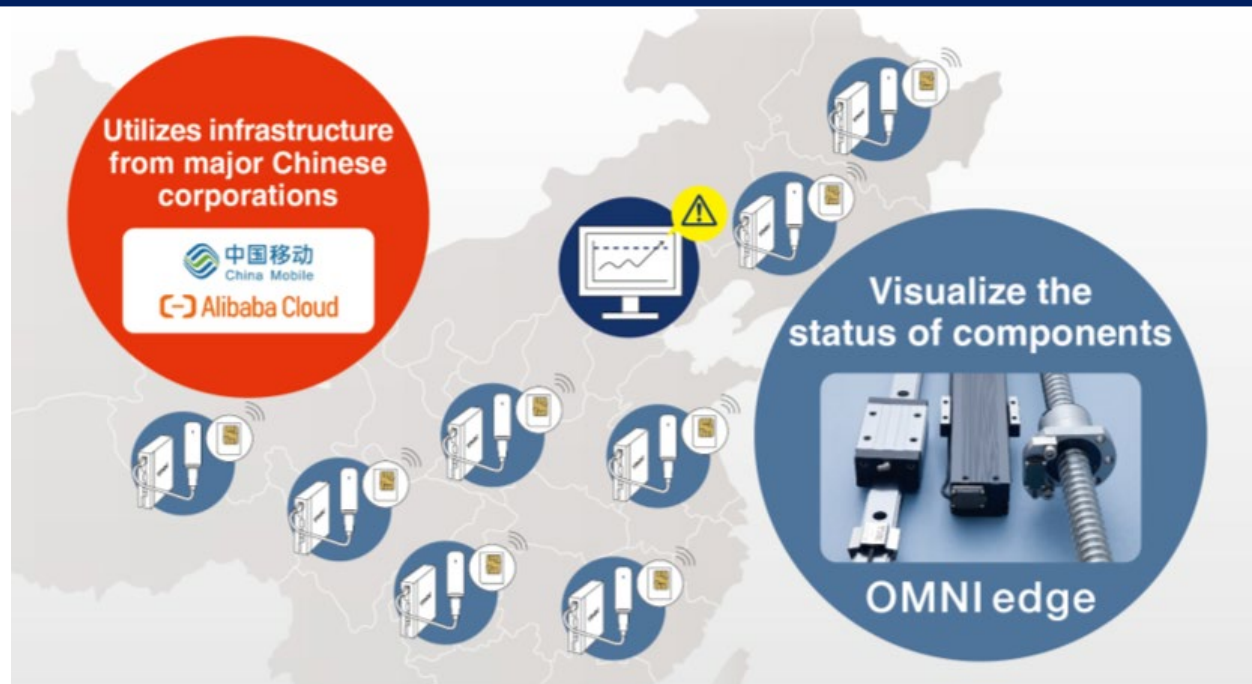
# “OMNI edge” IoT Service for the Manufacturing Industry

**Services in China officially launched in July 2021**

~Utilizing the Infrastructure of Major Chinese Corporations to Provide Predictive Failure Detection~

## 【Features】

- Utilizes infrastructure from major Chinese corporations
- Reliable network of authorized Chinese distributors
- Contract plan tailored to customer needs



# “OMNI edge” IoT Service for the Manufacturing Industry

## Two reassuring benefits added to predictive analytics

IoT risk compensation



NEW



Predictive analytics



No wait manufacturing ticket



NEW



東京海上日動

Only in cases when OMNI edge predictive analytics fails to operate and damage occurs to a machine element part where a sensor is mounted, IoT risk compensation provides indemnification for the price of a machine element part where the problem sensor is mounted as well as the labor costs for replacement.

- Eligible products: LM guides, ball screws, and actuators (THK brand)
- Requirements: Properly mounted sensors, set threshold value, and regular acquisition of data\*
- Compensation: Maximum of ¥1 million per issue

\*Insurance may not pay some claims depending on the warranty.

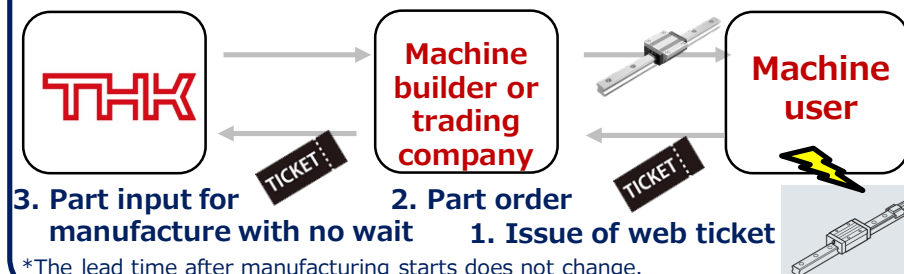
When an alert is triggered for a part exceeding the threshold where OMNI edge is mounted and its replacement is required, the part is input for manufacture and shipping with no wait.

3. Delivery of part manufactured with no wait.



\*The lead time after manufacturing starts does not change.

4. Delivery of part manufactured with no wait



\*The lead time after manufacturing starts does not change.



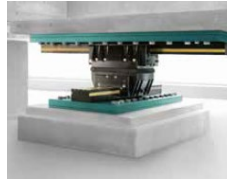
# Development of New Business Areas

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



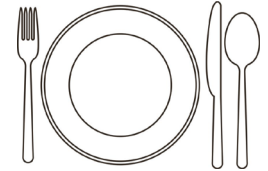
## Distribution



## Renewable Energy



## Restaurant



## Train / Aircraft



## Medical Equipment

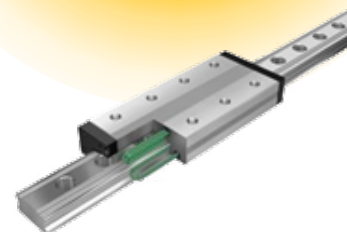


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## New business areas

## Linear Motion Core Technology

## Existing Areas



Caged Ball LM Guide Model SPR/SPS

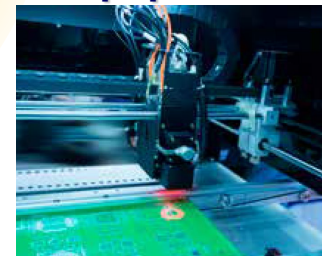
## Industrial Machinery Robots



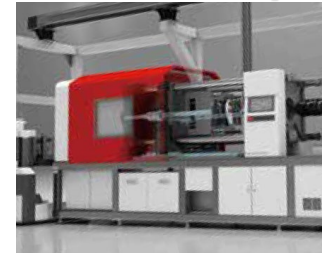
## Machine Tools



## Semiconductor Manufacturing Equipment



## General Machinery



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

# 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 India

**New plant**  
**Planned operation in the fall of 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 : About 50,000m<sup>2</sup>
- Floor space : About 43,000m<sup>2</sup>



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

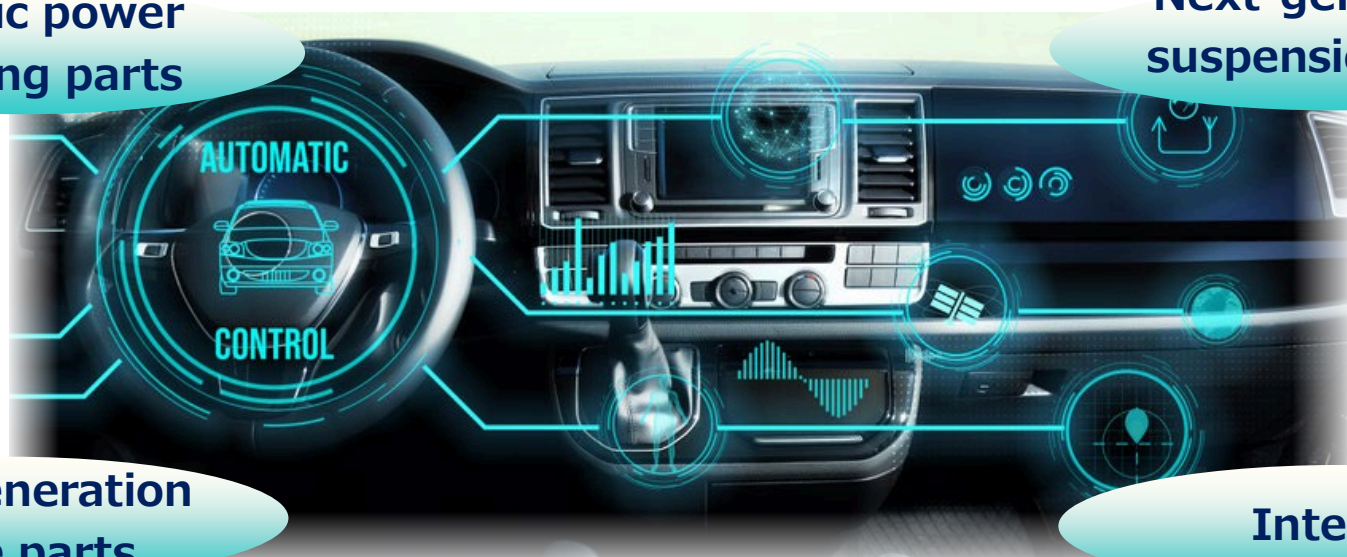


### Mechanical level control unit



### Electric power steering parts

### Next-generation suspension parts



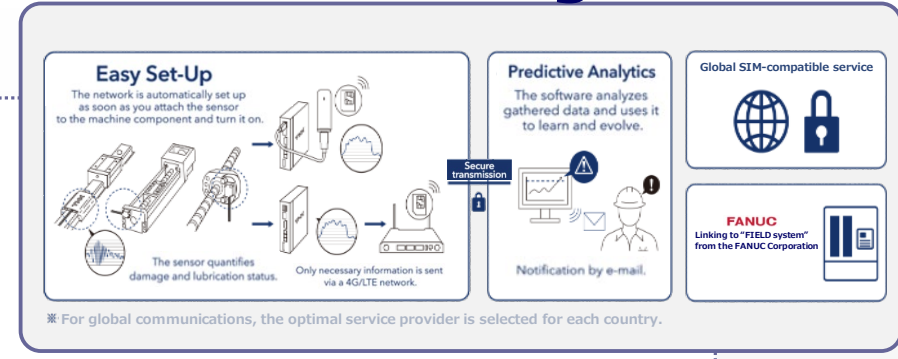
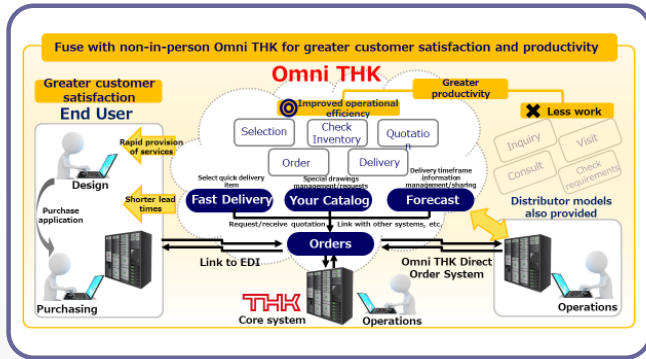
### Next-generation brake parts

### Interior

# Shift from Manufacturing Company to a Manufacturing and Innovative Services Company

THK The Mark of Linear Motion

## Omni THK OMNIedge



## Manufacturing and innovative services company



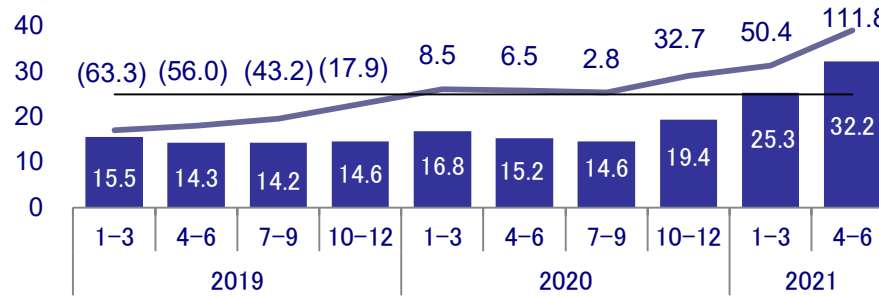
While the core of our business is manufacturing products, we also provide related services as a means to deliver greater value and increase customer satisfaction.

# **Ⅲ. Financial Forecast for Fiscal 2021**

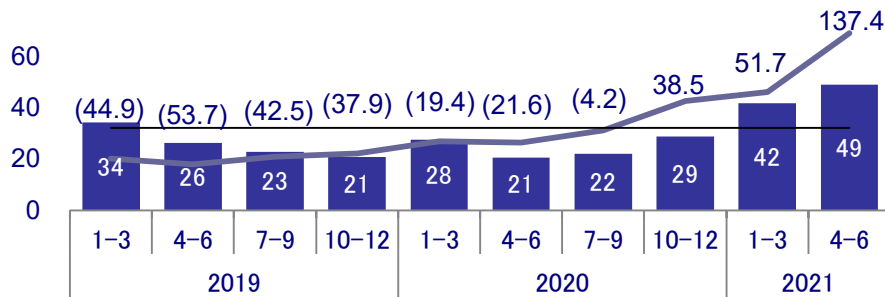
# Orders Received by Region <Industrial Machinery Business>



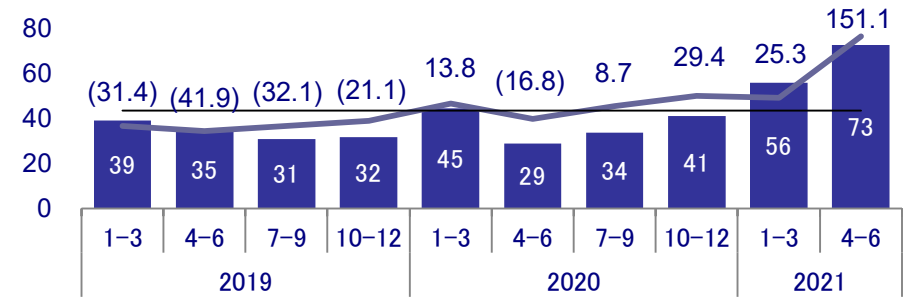
THK CO., LTD. (Japan) \* exclude export  
% Change, Billions of YEN



THK Europe % Change, Millions of EUR

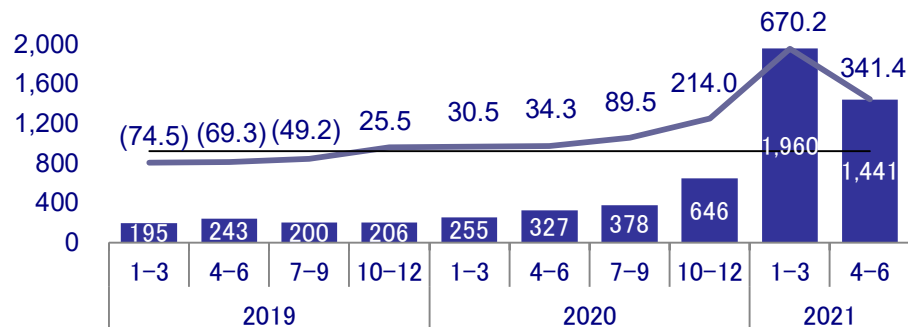


THK Holdings of America % Change, Millions of USD

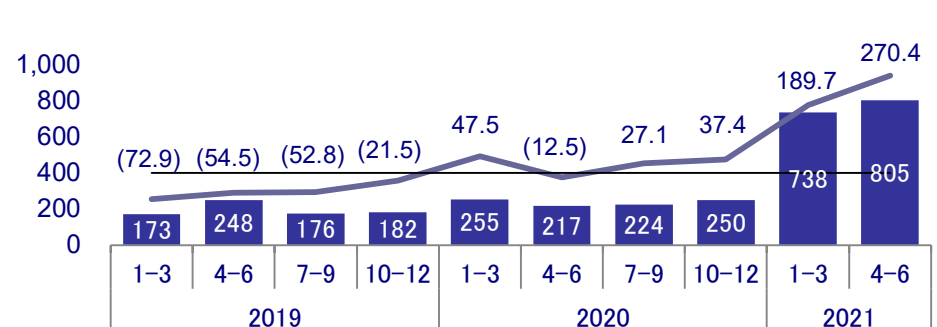


THK (CHINA) CO., LTD. + THK (SHANGHAI)

% Change, Millions of RMB



THK TAIWAN % Change, Millions of NTD



# Financial Forecast (Consolidated)



(Millions of Yen)

|   | 2021/12     |            | 2020/12 |
|---|-------------|------------|---------|
|   | FY Forecast | 1H Results | Results |
| Revenue                                     | 320,000     | 151,040    | 218,998 |
| Y/Y   | +46.1%      | +46.6%     | -20.2%  |
| Operating Income                            | 35,000      | 11,067     | -8,499  |
| Y/Y   | -           | -          | -       |
| Income before income taxes                  | 35,400      | 10,809     | -9,725  |
| Y/Y   | -           | -          | -       |
| Profit Attributable to Owners of the Parent | 25,000      | 7,521      | -9,992  |
| Y/Y   | -           | -          | -       |

# Financial Forecast (Unconsolidated)

The Mark of Linear Motion

(Millions of Yen)

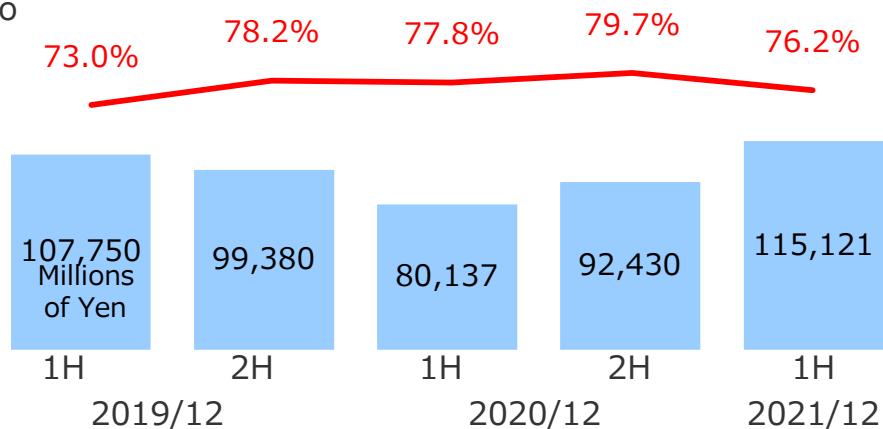
|                         | 2021/12                        |                               | 2020/12                    |
|-------------------------|--------------------------------|-------------------------------|----------------------------|
|                         | FY Forecast<br>(Japanese GAAP) | 1H Results<br>(Japanese GAAP) | Results<br>(Japanese GAAP) |
| <b>Net Sales</b>        | 168,700                        | 76,722                        | 102,866                    |
| <i>Y/Y</i>              | +64.0%                         | +48.1%                        | -24.5%                     |
| <b>Domestic</b>         | 100,000                        | 45,597                        | 69,817                     |
| <i>Y/Y</i>              | +43.2%                         | +29.5%                        | -24.8%                     |
| <b>Operating Income</b> | 18,300                         | 5,049                         | 365                        |
| <i>Y/Y</i>              | -                              | -                             | -96.9%                     |
| <b>Ordinary Income</b>  | 20,500                         | 6,902                         | 2,118                      |
| <i>Y/Y</i>              | +867.8%                        | +493.9%                       | -86.5%                     |
| <b>Net Income</b>       | 14,900                         | 5,368                         | -13,183                    |
| <i>Y/Y</i>              | -                              | +662.5%                       | -                          |



# Trends in COGS and SG&A

## COGS

COGS ratio

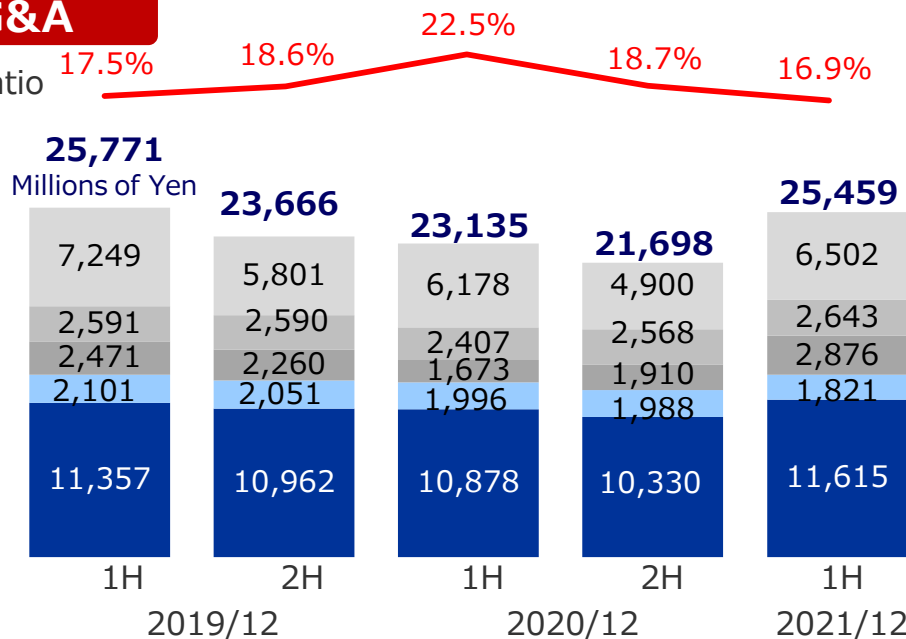


Sales-cost ratio decreased by 1.6 points Y/Y

- Due to increase revenue

## SG&A

SG&A ratio



SG&A ratio decreased by 5.6 points Y/Y

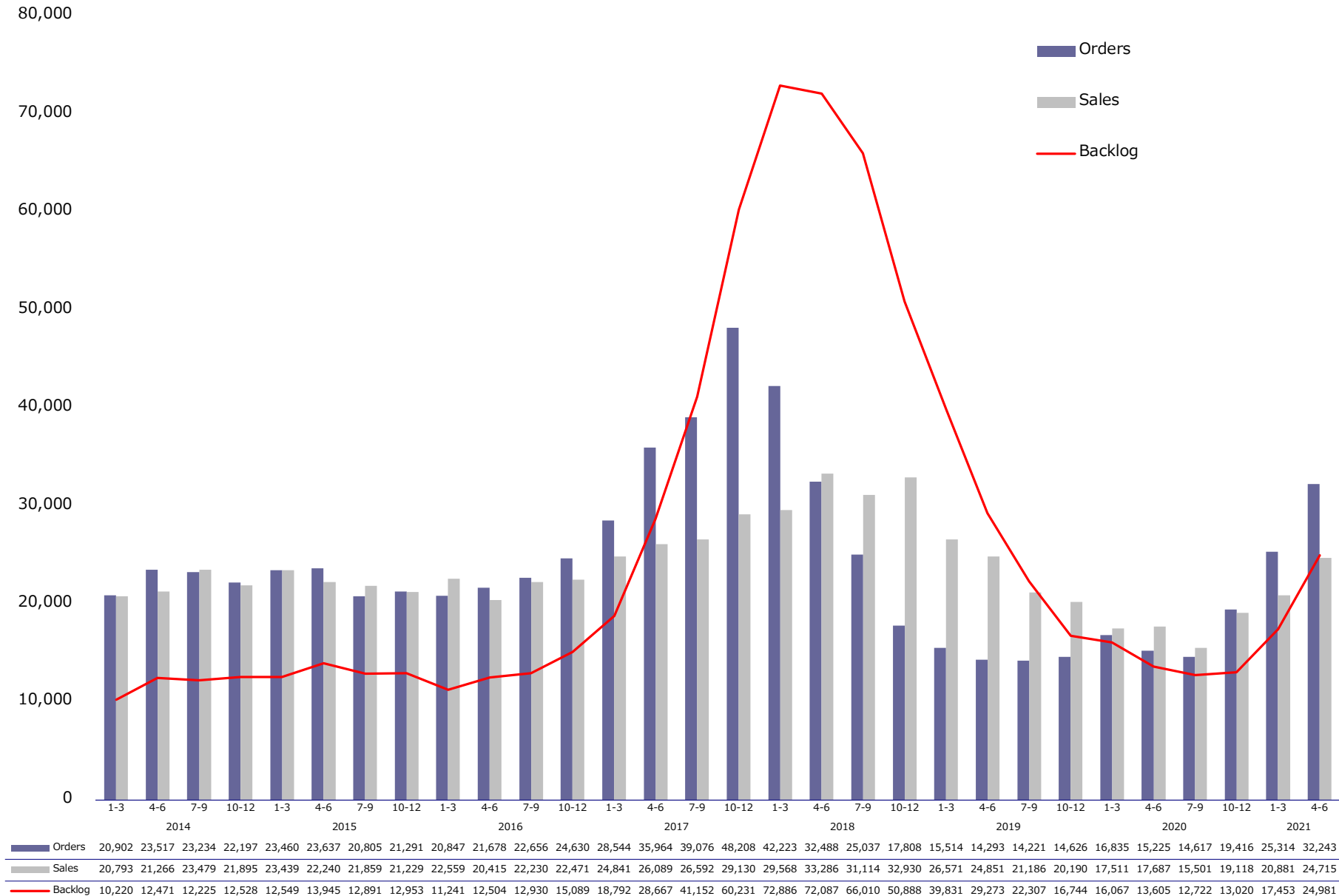
- Due to increase revenue

# [Support Statement]

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



(millions of yen)



# 【Support Statement】

## –Trends in Orders Classified by Industry (Unconsolidated)–



(100万円)

12,000

10,000

— Machine Tool

— General Machinery

— Electronics

8,000

6,000

4,000

2,000

0

|                   | 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   |
| 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 | 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 |
| 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 |
| 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 |