

## Consolidated Financial Results for the Three Months Ended March 31, 2022 under IFRS

Company Name	THK CO., LTD.
Head Office	Tokyo, Japan (Tel: +81-3-5730-3911)
URL	<a href="https://www.thk.com/">https://www.thk.com/</a>
Stock exchange listing	Tokyo Stock Exchange Prime Market
Code number	6481
Representative	Akihiro Teramachi, President and CEO
Contact	Kenji Nakane, Executive Officer, General Manager of Finance and Accounting Department
Scheduled date of filing quarterly report (Japanese version only)	May 13, 2022
Scheduled starting date of dividend payment	N/A

### 1. Consolidated operating results and financial position as of and for the three months ended March 31, 2022 (January 1, 2022 to March 31, 2022)

#### (1) Consolidated Operating Results

Three Months Ended March 31	Revenue (Millions of Yen)		Operating Income (Millions of Yen)		Profit Before Tax (Millions of Yen)		Profit for the Period (Millions of Yen)		Profit Attributable to Owners of the Parent (Millions of Yen)		Total Comprehensive Income (Millions of Yen)	
2022	¥88,097	24.5%	¥9,760	155.0%	¥10,349	161.5%	¥7,064	156.4%	¥6,894	155.5%	¥18,814	27.2%
2021	70,752	27.6	3,826	—	3,957	—	2,755	—	2,698	—	14,793	—

  

Three Months Ended March 31	Basic Earnings per Share (Yen)	Diluted Earnings per Share (Yen)
2022	¥55.90	—
2021	21.32	—

#### (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
March 31, 2022	¥515,316	¥321,769	¥312,810	60.7%
December 31, 2021	516,086	314,289	304,555	59.0

## 2. Dividends

	Dividend Per Share (Yen)				
	First Quarter end	Second Quarter end	Third Quarter end	Year/Period end	Total
Year ended December 31, 2021 (Actual)	¥—	¥20.50	¥—	¥39.50	¥60.00
Year ending December 31, 2022 (Actual)	—	n/a	n/a	n/a	n/a
Year ending December 31, 2022 (Projected)	n/a	—	—	—	—

(Note 1) Change in dividend projection: None

(Note 2) Dividends for the year ended December 31, 2021 consist of the following ordinary and the 50th anniversary commemorative dividends:

	Ordinary	Commemorative
Interim dividend:	¥18.00	¥2.50
Year-end dividend:	¥37.00	¥2.50

THK's basic dividend policy is to set its payout ratio at 30% on a consolidated basis. The amounts of dividends for the year ending December 31, 2022 are planned to be determined in accordance with this plan and will be announced as soon as they are determined.

## 3. Forecasts for the year ending December 31, 2022 (January 1, 2022 to December 31, 2022)

	Revenue (Millions of Yen)		Operating Income (Millions of Yen)		Profit Before Tax (Millions of Yen)		Profit Attributable to Owners of the Parent (Millions of Yen)		Profit per Share (Yen)
Six-month period ending June 30, 2022	¥177,000	17.2%	¥19,000	71.7%	¥19,200	77.6%	¥13,700	82.2%	¥111.78
Year ending December 31, 2022	365,000	14.7	43,000	42.1	43,200	44.1	30,800	33.9	251.29

(Note) Changes from forecasts most recently announced: None

### Other Financial Information

(1) Significant change in scope of consolidation: None

(2) Changes in accounting policy and estimates, and restatement due to:

- a. Changes in accounting standards: None
- b. Other changes: None
- c. Changes in accounting estimates: None

(3) Number of shares

		(shares)
a. Common stock issued, including treasury stock, as of:	March 31, 2022	129,856,903
	December 31, 2021	129,856,903
b. Treasury stock as of:	March 31, 2022	7,291,186
	December 31, 2021	5,187,536
c. Average number of common stock for the three months ended:	March 31, 2022	123,321,233
	March 31, 2021	126,566,479

# Management's Discussion and Analysis

## 1. Outline of operating results

### (1) Operating results (from January 1, 2022 to March 31, 2022)

In this three months period, while there were strong uncertainties remaining in the outlook for the global economy due to the worldwide COVID-19 pandemic; however, the recovery trend continued in the economies in China and other regions including developed countries.

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 the industrial machinery business, while demand for products related to semiconductor, automation, robotization, and electric vehicles was robust across the board in China and other regions, the THK Group captured such demand and successfully increased revenue by utilizing various measures to improve its productivity and plant expansion that the THK Group has implemented. The transportation equipment business was affected by the automobile production cuts due to shortages in semiconductors and other components. As a result, consolidated revenue amounted to ¥88,097 million, up ¥17,345 million, or 24.5%, compared to the figure a year earlier.

On the cost front, the cost to revenue ratio improved by 4.3% from a year earlier to 73.6% because of the various activities to improve its productivity that THK Group has implemented and the increased revenue.

Selling, general and administrative (SGA) expenses amounted to ¥13,965 million, up ¥1,650 million, or 13.4%, compared to the figure a year earlier due mainly to the increased sales. The ratio to revenue improved by 1.6% from a year earlier to 15.9% because of the THK Group's endeavors to contain costs and improve operating efficiency as well as the increased sales.

As a result, operating income amounted to ¥9,760 million, up ¥5,933 million, or 155.0%, compared to the figure a year earlier. Operating income margin improved by 5.7% from a year earlier to 11.1%.

Finance income and finance costs were ¥798 million and 208 million, respectively.

As a result, income before tax amounted to ¥10,349 million, up ¥6,392 million, or 161.5%, compared to the figure a year earlier. Profit for the period attributable to owners of the parent amounted to ¥6,894 million, up ¥4,195 million, or 155.5%, compared to the figure a year earlier.

## (2) Operating results by segment

### (Japan)

In the industrial machinery business in Japan, demand was strong across the board, particularly in electronics products that has continued its recovery trend. In such a situation, the THK Group stably captured such demand and successfully increased revenue by utilizing various measures to improve its productivity that the THK Group has implemented. As a result, revenue amounted to ¥33,771 million, up ¥7,381 million, or 28.0%, compared to the figure a year earlier. The THK Group recorded operating income (segment income) of ¥6,940 million, up ¥4,311 million, or 164.0%, compared to the figure a year earlier due mainly to the increased revenue.

### (The Americas)

In the industrial machinery business in the Americas, demand was strong across the board, particularly in electronics products. In such a situation, the THK Group stably captured such demand and successfully increased revenue by utilizing various measures to improve its productivity that the THK Group has implemented. As a result, revenue amounted to ¥17,205 million, up ¥3,622 million, or 26.7%, compared to the figure a year earlier. The THK Group recorded operating loss (segment loss) of ¥44 million, which dropped by ¥94 million compared to the figure a year earlier, due to the loss recorded in the transportation equipment business.

### (Europe)

In the industrial machinery business in Europe, while demand was strong across the board, the THK Group stably captured such demand and successfully increased revenue by utilizing various measures to improve its productivity that the THK Group has implemented. As a result, revenue amounted to ¥14,092 million, up ¥854 million, or 6.5%, compared to the figure a year earlier. The THK Group recorded operating loss (segment loss) of ¥548 million, which worsened by ¥173 million compared to the figure a year earlier (operating loss of ¥375 million), due to the loss recorded in the transportation equipment business.

### (China)

In China, while demand was strong across the board, the THK Group captured such demand and successfully increased revenue by utilizing various measures to improve its productivity that the THK Group has implemented. As a result, revenue amounted to ¥17,565 million, up ¥4,395 million, or 33.4%, compared to the figure a year earlier. Operating income (segment income) amounted to ¥3,003 million, up ¥1,160 million, or 62.9%, compared to the figure a year earlier due mainly to the increased revenue.

### (Other)

In other countries and regions, the THK Group continued to expand and deepen transactions with existing customers and to cultivate new customers while demand for THK Group's products was widely expanded in India and the ASEAN countries. In addition, the recovery of demand in China favorably affected the THK Group's revenue in some countries. As a result, revenue amounted to ¥5,463 million, up ¥1,091 million, or 25.0%, compared to the figure a year earlier. Operating income (segment income) amounted to ¥677 million, up ¥124 million or 22.5%, compared to the figure a year earlier due mainly to the increased sales.

## **2. Financial position (as of March 31, 2022)**

Total assets stood at ¥515,316 million, ¥769 million less than the previous fiscal year-end, due mainly to a combined effect of increase in (1) trade and other receivables by ¥4,346 million, (2) inventories by ¥7,062 million, and (3) property, plant and equipment by ¥6,588 million, and decrease in cash and cash equivalents by ¥19,723 million.

Total liabilities stood at ¥193,546 million, ¥8,250 million less than the previous fiscal year-end, due mainly to decrease in bonds and borrowings by ¥1,861 million and decrease in income taxes payable by ¥6,387 million.

Total equity stood at ¥321,769 million, ¥7,480 million more than the previous fiscal year-end, due mainly to a combined effect of decrease owing to purchase of treasury stock by ¥5,957 million and increase in (1) retained earnings by ¥2,043 million and (2) other components of equity by ¥11,183 million.

## **3. Forecast for the fiscal year ending December 31, 2022**

For the six-month period ending June 30, 2022 and the year ending December 31, 2022, THK has not revised the consolidated forecasts announced on February 9, 2022.

## Consolidated Financial Statements

### Consolidated Statements of Financial Position

(Millions of Yen)

	As of December 31, 2021	As of March 31, 2022
<b>Assets:</b>		
Current assets:		
Cash and cash equivalents	¥151,430	¥131,707
Trade and other receivables	86,293	90,640
Inventories	64,378	71,440
Other financial assets	0	1
Other current assets	11,818	13,512
Total current assets	<u>313,922</u>	<u>307,302</u>
Non-current assets:		
Property, plant and equipment	158,135	164,724
Goodwill and intangible assets	18,744	19,291
Investments accounted for using the equity method	6,048	6,182
Other financial assets	10,388	10,242
Deferred tax assets	5,530	4,032
Net defined benefit asset	3,224	3,446
Other non-current assets	90	94
Total non-current assets	<u>202,163</u>	<u>208,013</u>
Total assets	<u><u>516,086</u></u>	<u><u>515,316</u></u>

(Millions of Yen)

	As of December 31, 2021	As of March 31, 2022
<b>Liabilities and equity:</b>		
<b>Liabilities:</b>		
Current liabilities:		
Trade and other payables	¥49,984	¥49,386
Bonds and borrowings	2,545	12,614
Other financial liabilities	2,931	4,251
Provisions	341	249
Income taxes payable	7,964	1,576
Other current liabilities	14,831	14,198
Total current liabilities	<u>78,599</u>	<u>82,276</u>
Non-current liabilities:		
Bonds and borrowings	99,212	87,282
Other financial liabilities	10,128	9,720
Net defined benefit liabilities	5,701	5,715
Provisions	189	178
Deferred tax liabilities	5,396	5,827
Other non-current liabilities	2,569	2,544
Total non-current liabilities	<u>123,197</u>	<u>111,269</u>
Total Liabilities	201,796	193,546
<b>Equity</b>		
Common stock	34,606	34,606
Capital surplus	40,413	41,399
Retained earnings	233,607	235,650
Treasury stock	(11,237)	(17,195)
Other components of equity	7,165	18,349
Total equity attributable to owners of the parent	<u>304,555</u>	<u>312,810</u>
Non-controlling interests	9,733	8,959
Total Equity	<u>314,289</u>	<u>321,769</u>
<b>Total liabilities and equity</b>	<u><u>516,086</u></u>	<u><u>515,316</u></u>

## Consolidated Statements of Profit or Loss

(Millions of Yen)

	Three months Ended March 31, 2021	Three months Ended March 31, 2022
Revenue	¥70,752	¥88,097
Cost of sales	55,096	64,859
Gross profit	15,655	23,238
Selling, general and administrative expenses	12,315	13,965
Other income	627	562
Other expenses	190	214
Share of profit in investments accounted for using the equity method	49	139
Operating income	3,826	9,760
Financial income	1,186	798
Financial costs	1,056	208
Profit before tax	3,957	10,349
Income tax expense	1,202	3,285
Profit for the period	<u>2,755</u>	<u>7,064</u>
Attributable to:		
Owners of the parent	2,698	6,894
Non-controlling interests	57	170
Total	<u>2,755</u>	<u>7,064</u>
Earnings per share:		
Basic(Yen)	21.32	55.90
Diluted(Yen)	—	—



## Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Three months Ended March 31, 2021	Three months Ended March 31, 2022
Profit for the period	¥2,755	¥7,064
Other comprehensive income		
Items that may not be reclassified subsequently to profit or loss:		
Financial assets measured at fair value through other comprehensive income	80	(389)
Remeasurements of defined benefit plans	22	82
Share of other comprehensive income (losses) of associates accounted for using the equity method	0	(5)
Subtotal	103	(312)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	11,765	11,845
Share of other comprehensive income of associates accounted for using the equity method	169	216
Subtotal	11,935	12,062
Other comprehensive income, net of tax	12,038	11,749
Comprehensive income	14,793	18,814
Attributable to:		
Owners of the parent	14,271	18,077
Non-controlling interests	522	736
Total	14,793	18,814

## Consolidated Statements of Changes in Equity

(Millions of Yen)

Three Months Ended March 31, 2021	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	¥40,413	¥219,712	¥(14,006)	¥(16,201)
Profit for the period	—	—	2,698	—	—
Other comprehensive income	—	—	—	—	11,473
Total comprehensive income for the period	—	—	2,698	—	11,473
Purchase of treasury stock	—	—	—	(1)	—
Payment of dividends	—	—	(949)	—	—
Transfer from other components of equity to retained earnings	—	—	18	—	—
Other	—	—	—	—	—
Total transactions with owners	—	—	(930)	(1)	—
Ending balance	34,606	40,413	221,480	(14,007)	(4,727)

	Equity attributable to owners of the parent				Other components of equity	
	Financial assets measured at fair value through other comprehensive income				Non-controlling interests	Total equity
	Remeasurements of defined benefit plans	Subtotal	Total	Total equity		
Beginning balance	¥—	¥(14,235)	¥266,491	¥8,657	¥275,148	
Profit for the period	—	—	2,698	57	2,755	
Other comprehensive income	83	11,572	11,572	465	12,038	
Total comprehensive income for the period	83	11,572	14,271	522	14,793	
Purchase of treasury stock	—	—	(1)	—	(1)	
Payment of dividends	—	—	(949)	—	(949)	
Transfer from other components of equity to retained earnings	(1)	(18)	—	—	—	
Other	—	—	—	44	44	
Total transactions with owners	(1)	(18)	(950)	44	(906)	
Ending balance	2,047	(2,680)	279,811	9,224	289,036	

(Millions of Yen)

Three Months Ended March 31, 2022	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	¥40,413	¥233,607	¥(11,237)	¥5,506
Profit for the period	—	—	6,894	—	—
Other comprehensive income (loss)	—	—	—	—	11,499
Total comprehensive income (loss) for the period	—	—	6,894	—	11,499
Purchase of treasury stock	—	—	—	(5,957)	—
Payment of dividends	—	—	(4,924)	—	—
Changes in ownership interests in subsidiaries without losing control	—	985	—	—	73
Transfer from other components of equity to retained earnings	—	—	73	—	—
Other	—	(0)	—	—	—
Total transactions with owners	—	985	(4,851)	(5,957)	73
Ending balance	34,606	41,399	235,650	(17,195)	17,079

	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	¥1,658	¥—	¥7,165	¥304,555	¥9,733	¥314,289
Profit for the period	—	—	—	6,894	170	7,064
Other comprehensive income (loss)	(389)	73	11,183	11,183	566	11,749
Total comprehensive income (loss) for the period	(389)	73	11,183	18,077	736	18,814
Purchase of treasury stock	—	—	—	(5,957)	—	(5,957)
Payment of dividends	—	—	—	(4,924)	—	(4,924)
Changes in ownership interests in subsidiaries without losing control	—	—	73	1,059	(1,059)	—
Transfer from other components of equity to retained earnings	—	(73)	(73)	—	—	—
Other	—	—	—	(0)	(451)	(451)
Total transactions with owners	—	(73)	(0)	(9,822)	(1,511)	(11,333)
Ending balance	1,269	—	18,349	312,810	8,959	321,769

## Consolidated Statements of Cash Flows

(Millions of Yen)

	Three months Ended March 31, 2021	Three months Ended March 31, 2022
<b>Cash flows from operating activities:</b>		
Profit before tax	¥3,957	¥10,349
Depreciation and amortization	4,608	4,903
Change in net defined benefit assets and liabilities	(62)	(135)
Financial income	(1,186)	(798)
Financial costs	1,192	561
Share of profit in investments accounted for using the equity method	(49)	(139)
Increase in trade and other receivables	(10,792)	(3,731)
Increase in inventories	(5,504)	(5,025)
Increase in trade and other payables	13,537	51
Other	(669)	(2,266)
Subtotal	5,028	3,769
Interests and dividends received	156	197
Interests paid	(86)	(78)
Income taxes paid	(1,251)	(7,072)
Net cash flows from operating activities	3,846	(3,183)
<b>Cash flows from investing activities:</b>		
Purchase of property, plant and equipment	(2,801)	(6,362)
Proceeds from sales of property, plant and equipment	3	104
Purchase of other financial assets	(32)	(39)
Proceeds from sales of other financial assets	4	10
Other	(73)	(214)
Net cash flows from investing activities	(2,899)	(6,502)
<b>Cash flows from financing activities:</b>		
Repayments of long-term borrowings	(2,185)	(2,185)
Purchase of treasury stock	(1)	(5,957)
Dividends paid	(950)	(4,926)
Dividends paid to non-controlling shareholders	—	(450)
Repayments of lease obligations	(451)	(475)
Net cash flows from financing activities	(3,587)	(13,993)
Effects of exchange rate changes on cash and cash equivalents	4,562	3,956
Net increase (decrease) in cash and cash equivalents	1,921	(19,723)
Cash and cash equivalents at the beginning of the period	158,839	151,430
Cash and cash equivalents at the end of the period	160,760	131,707

## 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 is computed based on operating income. 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 three months ended March 31, 2021 (January 1, 2021 to March 31, 2021)

							(Millions of Yen)	
	Japan	The Americas	Europe	China	Other	Total	Adjustments	Consolidated
Revenue:								
Sales to customers	¥26,389	¥13,582	¥13,237	¥13,170	¥4,371	¥70,752	¥-	¥70,752
Inter-segment	14,103	38	48	597	699	15,487	(15,487)	-
Total	40,493	13,620	13,286	13,767	5,070	86,239	(15,487)	70,752
Segment income (loss)	2,628	49	(375)	1,843	553	4,699	(873)	3,826
Financial income	2,361	0	47	103	5	2,519	(1,332)	1,186
Financial costs	963	50	49	5	33	1,103	(47)	1,056
Profit (loss) before tax	4,026	(0)	(376)	1,941	525	6,115	(2,158)	3,957

(Note) All adjustments are intercompany elimination.

#### For the three months ended March 31, 2022 (January 1, 2022 to March 31, 2022)

							(Millions of Yen)	
	Japan	The Americas	Europe	China	Other	Total	Adjustments	Consolidated
Revenue:								
Sales to customers	¥33,771	¥17,205	¥14,092	¥17,565	¥5,463	¥88,097	¥-	¥88,097
Inter-segment	17,485	90	47	980	929	19,533	(19,533)	-
Total	51,256	17,295	14,139	18,546	6,393	107,631	(19,533)	88,097
Segment income (loss)	6,940	(44)	(548)	3,003	677	10,029	(269)	9,760
Financial income	841	9	67	109	10	1,039	(241)	798
Financial costs	203	38	2	5	27	276	(68)	208
Profit (loss) before tax	7,578	(73)	(482)	3,107	661	10,791	(441)	10,349

(Note) All adjustments are intercompany elimination.

## **Subsequent event**

Not applicable.

## **Additional information**

(Accounting estimates on the effect of the novel coronavirus)

There are no significant changes in the assumptions regarding the effect of the COVID-19 pandemic as disclosed in Note 37, "Additional Information on Accounting Estimate Regarding the COVID-19 Pandemic" in THK's Securities Report for the year ended December 31, 2021 (Japanese version only).

**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.