

THK Posts Net Loss—No Immediate Impact on the Rating

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on the financial results of THK CO., LTD. (security code: 6481) for the fiscal year ended December 2025 (FY2025).

- (1) THK CO., LTD. (the "Company") announced on February 12 that it posted an operating income (IFRS) of 14.4 billion yen and a loss attributable to owners of the parent of 69.8 billion yen for FY2025, falling 9.3% from the previous year and turning negative from the previous year's 10.4 billion yen in profit, respectively. As a negative factor behind this, it recorded a loss on business liquidation of 81.6 billion yen in relation to the transfer of shares and assignment of receivables of consolidated subsidiaries engaging in the automotive & transportation business. As per the announcement made on the same date, however, it projects an operating income of 26.0 billion yen for FY2026 as it expects a turnaround in the industrial machinery business. On a separate note, the automotive & transportation business has been classified as a discontinued operation since FY2025.
- (2) JCR does not believe that the aforementioned results will have an immediate impact on the rating. Despite the posting of net loss, the Company still maintains financial soundness, as evidenced by equity attributable to owners of the parent of 261.3 billion yen and equity ratio of 55.3% as of the end of FY2025. Moreover, the transfer of the automotive & transportation business will likely have only a limited impact on the earnings base. Even though this business accounts for a large part of revenue, its profit contribution is insignificant, putting the Company in a situation where it was difficult to achieve sufficient returns commensurate with the investment. JCR will continue closely watching recovery in demand in the industrial machinery business and outcomes of structural reforms, as well as the Company's future financial management policy.

Hiroaki Sekiguchi, Seiya Nagayasu

<Reference>

Issuer: THK CO., LTD.

Long-term Issuer Rating: A+ Outlook: Stable

Japan Credit Rating Agency, Ltd.

Jiji Press Building, 5-15-8 Ginza, Chuo-ku, Tokyo 104-0061, Japan
Tel. +81 3 3544 7013, Fax. +81 3 3544 7026

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