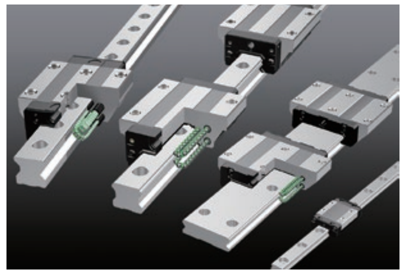
THK CO., LTD.

CATALOG NO.42-18E
20250716

Integrated Report 2025

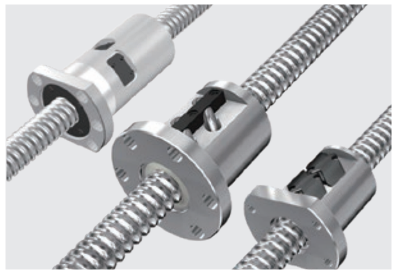
A Review of the 2024 Fiscal Year

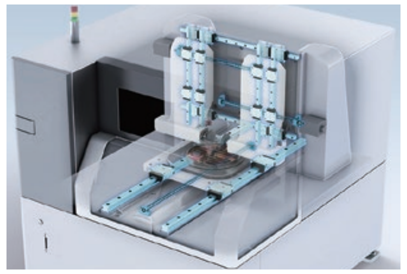


LM Guide

THK's mainstay products, which were the world's first guides to use rolling motion to achieve linear motion. They are critical components that are indispensable to a variety of industrial machinery.
Example: Machine tools (machining centers)

Ball Screws

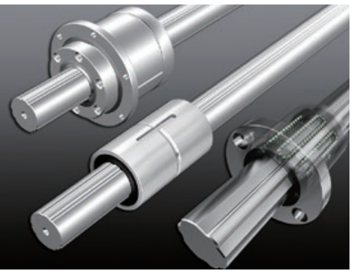


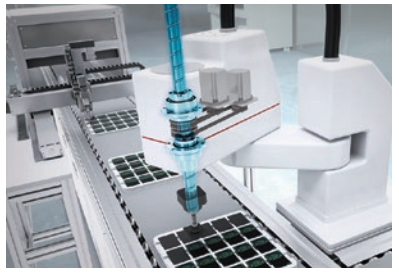


Components that efficiently convert rotary motion to linear motion to enable high-precision positioning.
Example: Semiconductor manufacturing equipment (dicing saws)

Actuators

Hybrid products combining an LM Guide as a linear guide component with a ball screw, linear motor, or other drive component. They reduce design and assembly time.
Example: Pick-and-place robots





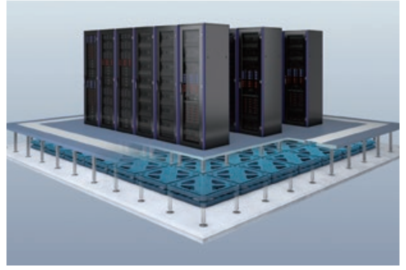
Ball Splines

Precursors to the LM Guide that were first developed in 1971, the same year that THK was established. They improve the performance of industrial machinery.
Example: SCARA robots

Cross-Roller Rings

Roller bearings with high rotational accuracy that can bear loads in every direction. They are used in the joints and rotating elements of robots.
Example: Transfer robots

Seismic Isolation and Damping Systems



Products that adopt linear motion technology. They are utilized in diverse fields to protect everything from buildings to various types of equipment through seismic isolation and damping.
Example: Seismic isolation systems (for servers)

◀ IoT Solutions

Robot Solutions ▶

IoT solutions that reduce loss occurring on the manufacturing floor and improve OEE (overall equipment effectiveness).

Robot products that contribute to cutting-edge automation, such as the transfer robot SIGNAS® and pick-and-place robot PPR.

Automotive Parts

Primarily L&S (linkage and suspension) automotive suspension components. Expanded applications for linear motion products, such as ball screws for automatic braking systems and active suspension systems.

Introduction

The Pioneer of Linear Motion Technology Benefiting Society through Manufacturing

THK's lineup of products has been bolstered by high added value stemming from technical expertise and reliability, an integrated sales and production structure that spans global markets, and robust sales capabilities in growing markets. These strengths have made it possible for THK products to dominate the market for every product category and to be adopted in a diverse array of fields.

Section 01 Vision and Process

Section 02 Strategy and Execution

Section 03 Contributions and Framework

Section 04 Data

Overview

01 Vision and Process: We have reflected on our value creation process in light of our philosophy of generating new trends as a company focused on creation and development. In addition to verifying the strengths and challenges associated with each type of capital we possess, we have also clarified our progress toward KPIs related to material issues.

02 Strategy and Execution: We have reevaluated our business objectives from 2022 in response to sudden changes in our surrounding environment. This section touches on the industrial machinery business, the automotive and transportation business, and measures being promoted as part of our new management policy of achieving an ROE greater than 10% as quickly as possible.

03 Contributions and Framework: Strengthening ESG initiatives like governance, the foundation of our business activities, is essential to making our new management policy a reality. This section includes messages from four outside directors that outline THK's challenges for the path ahead and covers prior structural improvements and 2024 activities related to strengthening our ESG structures.

04 Data: The target years and representations of data (tables and graphs) on the Financial and Non-Financial Highlights page of the Integrated Report 2024 were inconsistent and difficult for readers to navigate. To rectify this, the Integrated Report 2025 presents all of this data in a table in the Financial and Non-Financial Summary.

Contents

Basic Sustainability Policy

The THK Group aims to both enhance corporate value through its core business and contribute to the creation of a sustainable and affluent society by carrying on its founding spirit, the Corporate Philosophy, from generation to generation, developing business activities that embody the Corporate Basic Policies in good faith and practicing voluntary actions based on the Action Charter.

Report Overview

Reporting period:	January 1, 2024, to December 31, 2024 (including activities before and after this period)
Published:	Annually in Q3
Scope:	THK CO., LTD. and its consolidated and unconsolidated subsidiaries (individual data scopes are given in the report)
References:	This Integrated Report was compiled in accordance with the International Integrated Reporting Framework developed by the International Financial Reporting Standards (IFRS) Foundation; the Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation formulated by the Japanese Ministry of Economy, Trade and Industry; and the GRI Standards. A detailed table cross-referencing our reports against the GRI Standards is available on the THK website.

Business Overview

2024 Consolidated Revenue: ¥352.7 billion Year-on-Year: +0.2%

Industrial Machinery Business

Revenue: ¥216.6 billion
Year-on-Year: –0.4%

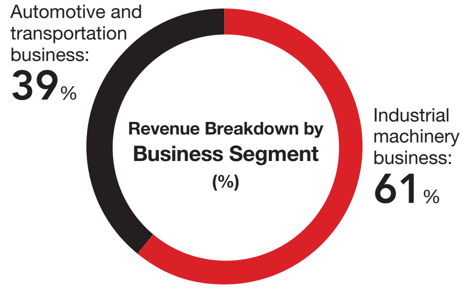
The industrial machinery business supplies the LM Guide and other products that are essential components of industrial machinery such as machine tools and semiconductor manufacturing equipment. With a focus on product development, this segment contributes to increasing the precision, rigidity, and high-speed performance of industrial machinery while also addressing the automation needs of production lines.

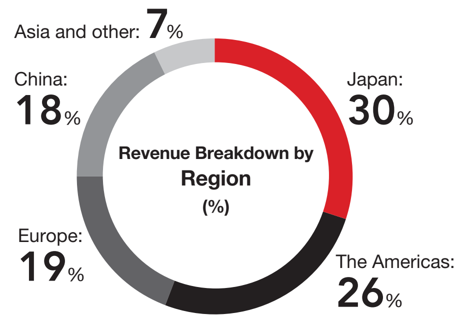
Automotive and Transportation Business

Revenue: ¥136.1 billion
Year-on-Year: +1.3%

The automotive and transportation business segment proposes and adds new products in line with CASE and MaaS in addition to its traditional L&S (linkage and suspension) business. It provides new, next-generation products and solutions that fully capitalize on the technology and know-how that THK has cultivated since its founding.

* The numbers for the automotive and transportation business are the combined values from THK RHYTHM and THK RHYTHM AUTOMOTIVE.





Value Creation Process

Generating New Trends as a Company Focused on Creation and Development

THK aspires to create a sustainable and affluent future while striving to develop products that meet society's needs and working to solve society's problems.

Corporate Philosophy

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

History

Providing the world with the indispensable LM Guide and continuing to develop new products to help solve society's problems

p. 7-8

Management Capital and Strengths p. 9-14

Human Capital
As we develop talent that can succeed across our global business, we are also enhancing the ways we grow digital talent that can make use of the latest technologies.

Manufacturing Capital
By bolstering our production structure in each region to produce in areas of demand, we continue to build our brand by providing customers around the world with a stable supply of high-quality products.

Financial Capital
We drive greater shareholder returns through profitability enhanced by structural reform and growth investments and through strong cash flow generation.

Technology and Intellectual Capital
We secure our competitive advantage through a thorough, customer-focused design cycle; adapting our core technologies to give rise to products and services with new and better functionality; and judicious management of our intellectual property rights.

- Brand strength backed by products with high quality, long service life, high rigidity, and high accuracy
- Strong development and sales expertise offering new value-added products that match market needs
- A globally integrated sales and production structure responsive to environmental changes and customer needs

THK's Business Model

Business p. 31-34

Industrial Machinery Business

■ Machine component business
- Products for machines
- Products that adapt core technology for new business areas

■ FA solution business
- Mechatronic and modular products
- IoT services

Automotive and Transportation Business
- Next-generation auto parts
- Linkage and suspension parts

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Value Chain p. 15-16

- Development/Design
- Procurement/Purchasing
- Production/Logistics
- Sales

Vision, Growth Strategies, and Management Policy p. 27-30

Vision:
■ Transform into a manufacturing and innovative services company

Growth Strategies:
- Full-scale globalization
- Development of new business areas
- Change in business style

New Management Policy:
■ Achieve an ROE greater than 10% as quickly as possible
- Promote management that emphasizes profitability and capital efficiency
  - Review of business portfolio in consideration of capital costs
  - Highly disciplined investments to bolster business competitiveness for the sake of sustainable growth
  - Review of capital policies
- Strengthening of corporate governance

Material Issues p. 17-18

- Creating an affluent society and solving social issues through innovation
- Decarbonization and realization of a recycling-oriented society
- Realization of a diverse and meaningful work environment
- Strengthening of a sustainable value creation platform

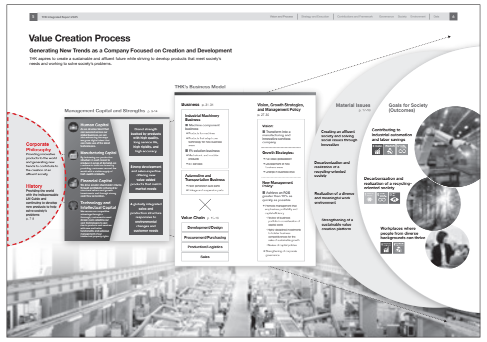
Goals for Society (Outcomes)

Contributing to industrial automation and labor savings

Decarbonization and realization of a recycling-oriented society

Workplaces where people from diverse backgrounds can thrive

Value Creation Process



Corporate Philosophy and History

Working to Create a Sustainable Society by Increasing Corporate Value through Product Development

Guided by our Corporate Philosophy, which spurred the advent of rolling motion for linear motion in machines and continues to drive ongoing development of new products tailored to customer needs, we have preserved the principles on which our company was founded all the way to the present day.

1970 — Invention and Launch of the LM Guide

1980 — Global Development

1990 — New Product Developments with Compact Models and Caged Ball Technology

2000 — Products Developed to Reduce Environmental Impact, Solve Social Problems, and Provide Labor Savings

2010

2020 — Transforming into a Manufacturing and Innovative Services Company

1971: Founded in Meguro, Tokyo

1971: LBS

This ball spline in the form of a rolling guide spline bearing set the stage for later LM Guide developments.
It won the Grand Prize from the Japan Society for the Advancement of Inventions in 1979.

1972: LSR

This was the first LM Guide to achieve high accuracy, high rigidity, and smooth motion.
It was registered in the National Museum of Nature and Science's database of materials on the history of industrial technology in 2021.

1981: Established THK America, Inc.

1982: Established THK Europe GmbH

1989: Initial public stock offering

1990: KR

This fusion of an electric actuator, an LM Guide, and a ball screw is compact, highly rigid, and easy to work with.

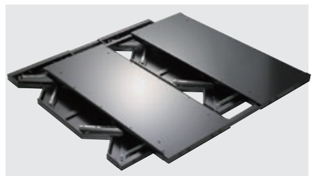
1996: SSR

In this Caged Ball LM Guide, balls are covered by a resin cage and hold grease between them. The SSR provides long service life, long-term maintenance-free operation, and low noise.
It won the Technology Award from the Japan Society for Precision Engineering in 2000.

2001: Listed in the First Section of the Tokyo Stock Exchange

2007: Seismic Isolation Table

Seismic isolation tables deflect earthquake tremors to minimize damage.



2011: SPR/SPS

Featuring eight ball raceways, these LM Guide models rival static pressure guides.
They won the Technology Award from the Japan Society for Precision Engineering in 2009.

2017: Headquarters relocated to Minato, Tokyo

2016: General-Purpose Gripper

This compact, lightweight, general-purpose gripper has a built-in controller and can grip objects of various sizes.
In 2016, it won the Review Committee's Special Award at the Nikkan Kogyo Shimbun's 46th Industrial Machinery Design Awards.

2017: WLS Low-Torque Shaft Unit

Spun by even light winds, this shaft unit for wind turbines offers highly efficient power generation.
It won the New Energy Award and Chairman's Award from the New Energy Foundation in 2018.

2020: OMNI edge

OMNI edge is an IoT solution for reducing loss that occurs on the manufacturing floor and maximizing OEE (overall equipment effectiveness).

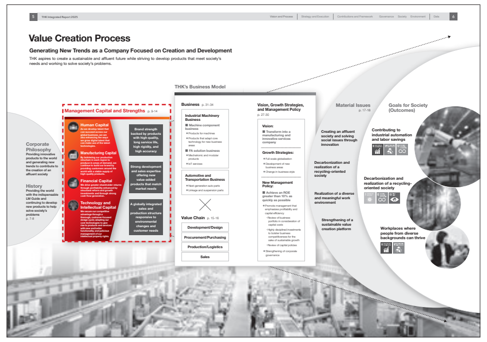
2020: Transfer Robot SIGNAS®

The SIGNAS® transfer robot does away with route tape thanks to built-in cameras that identify signposts that serve as guides.
It received the Invention Incentive Award at the Japan Institute of Invention and Innovation's 2024 Kanto Region Commendation for Invention.

2020: PPR Pick-and-Place Robot

This lifting and rotating robot possesses a force-sensing function for shortening cycle times and reducing damage often incurred during transfer and inspection in semiconductor post-processing and electronic component assembly.

Value Creation Process



Management Capital and Strengths

Strengthening Capital Cultivated since Our Founding

We strive to bolster our business foundation through effective use of various forms of capital cultivated since our founding.

Management Capital

Human Capital

As we develop talent that can succeed across our global business, we are also enhancing the ways we grow digital talent that can make use of the latest technologies.

➡ p. 11

Manufacturing Capital

By bolstering our production structure in each region to produce in areas of demand, we continue to build our brand by providing customers around the world with a stable supply of high-quality products.

➡ p. 12

Financial Capital

We drive greater shareholder returns through profitability enhanced by structural reform and growth investments and through strong cash flow generation.

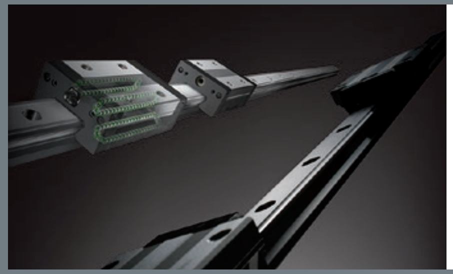
➡ p. 13

Technology and Intellectual Capital

We secure our competitive advantage through a thorough, customer-focused design cycle; adapting our core technologies to give rise to products and services with new and better functionality; and judicious management of our intellectual property rights.

➡ p. 14

Our strength lies in our ability to leverage our management capital to create products that help solve social problems.



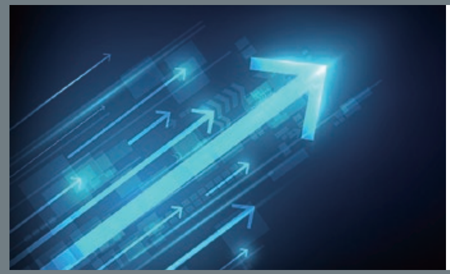
Brand strength backed by products with high quality, long service life, high rigidity, and high accuracy

In the global market for linear motion guides, our LM Guide holds the leading share.

Strong development and sales expertise offering new value-added products that match market needs

With the OEE Optimization System OMNI edge, transfer robot SIGNAS®, and next-generation linear transfer systems, we provide more than just machine parts.

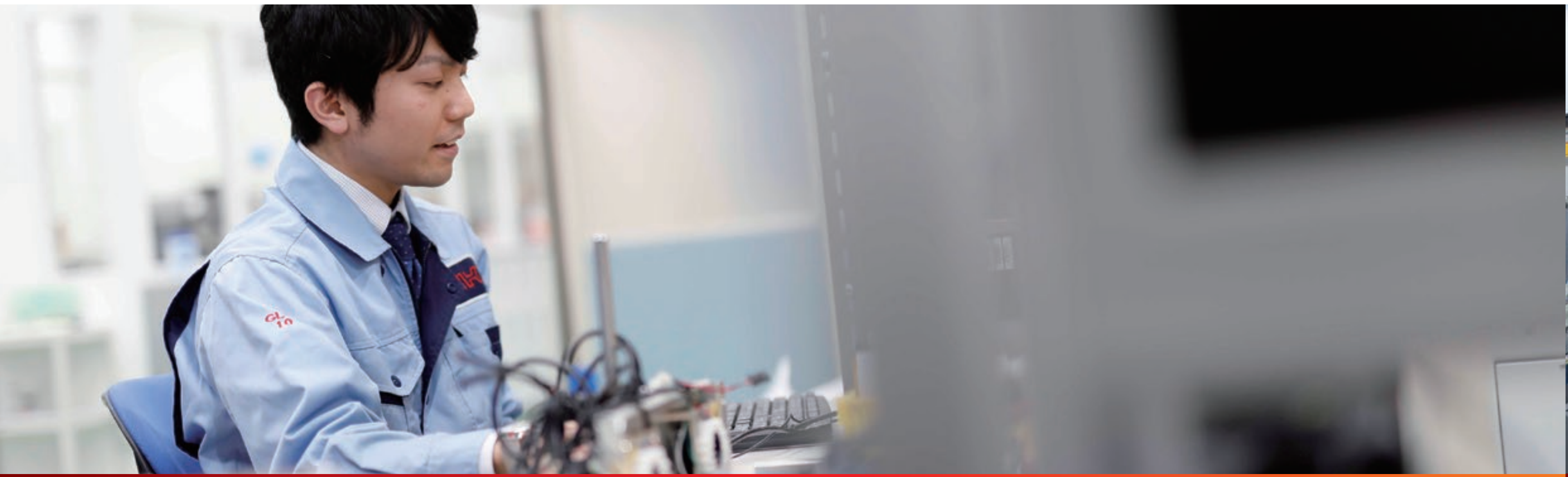
We develop numerous new solutions.



A globally integrated sales and production structure responsive to environmental changes and customer needs

Ratio of revenue from outside of Japan: **70%**

Global presence: **25 countries**
Sales offices: 22 countries
Production facilities: 14 countries
Development bases: 3 countries



Human Capital

As we develop talent that can succeed across our global business, we are also enhancing the ways we grow digital talent that can make use of the latest technologies.

Features of THK's capital	With over 50% of our sales revenue coming from outside of Japan, we have implemented a number of training programs to develop global talent. At the same time, we are concentrating on the development of digital talent that will be indispensable for our transformation into a manufacturing and innovative services company.	**Supporting data**	2024 results · Participants in the international trainee system: 3 · English lesson participants: 119 · See our website for information on digital talent training participation · Started the "Do-it!" initiative · Talent hired from outside of Japan: 3
Challenges to overcome	· Empowering women and promoting diversity throughout the company · Developing the next generation of management · Implementation of diverse working styles · Maintenance and promotion of employee health	**Responses to these challenges (measures being taken)**	· Diversity training throughout the company · Expansion of training to develop the next generation of management · Establishing remote work and flexible shift systems · Initiatives for health management

In order to achieve an ROE greater than 10% as quickly as possible in our transformation into a manufacturing and innovative services company, it is essential that each and every employee faces their work with a goal-oriented mindset to create added value. As a foundation to accomplish this, it is absolutely critical to provide our employees with flexible ways to work, improve work-life balance, create an environment and culture that respects diversity, and strengthen the relationship of trust between employees.

Furthermore, as we continue to maintain a stable working environment for our employees, it is important that we maintain and improve both their mental and physical health. In addition to these initiatives, THK is striving to develop global talent, digital talent, and the next generation of management.

Manufacturing Capital

By bolstering our production structure in each region to produce in areas of demand, we continue to build our brand by providing customers around the world with a stable supply of high-quality products.

Features of THK's capital	Increasing customer satisfaction is the number-one priority for our production divisions. As we strive for this with the high-quality products we produce, we continue to build upon our production structures in areas where demand exists so that we can quickly respond to the needs of customers around the world. For example, we have been producing at our plant in India, where demand is expected to grow, since 2021.	**Supporting data**	2024 Results · Capital investments: ¥30.7 billion · Production facilities: 37 13 in Japan, 6 in the Americas, 4 in Europe, 6 in China, 8 in Asia and other regions
Challenges to overcome	· Increasing productivity per person · Workforce development (DX, operation of robots and automated equipment, and application of technical knowledge to production)	**Responses to these challenges (measures being taken)**	· Establishing a 24-hour production structure through the installation of automated equipment · Data utilization training and on-the-job training

In order to achieve an ROE greater than 10% as quickly as possible, it is crucial that we work to increase productivity per person by efficiently maximizing utilization of our automated equipment. For this reason, we are installing robots and automated equipment to extend unmanned operating time and, ultimately, to realize a 24-hour production structure with fewer people. Furthermore, in addition to having employees actively participate in external trainings to learn how to use new equipment effectively, we are also promoting innovation in the 5 M's of our manufacturing process (Man, Machine, Method, Material, and Measurement) and driving sustainable improvements to product quality and productivity through a variety of DX activities made possible by the Smart Factory project currently being rolled out on our production floors.

Financial Capital

We drive greater shareholder returns through profitability enhanced by structural reform and growth investments and through strong cash flow generation.

Features of THK's capital

In keeping with our new management policy to achieve an ROE greater than 10% as quickly as possible, we will reduce shareholders' equity and increase corporate value by expanding shareholder returns backed by our capital holdings and robust cash flow generation capabilities while maintaining financial soundness.

Supporting data

2024 results

- Equity capital ratio: 67.6%
- Sales cash flow: ¥28.4 billion
- Current cash: ¥138.2 billion
- Payout ratio: 172.0%

Challenges to overcome

- ROE stagnation (2.8% in 2024)
- Promotion of management that emphasizes profitability and capital efficiency
- Continuing to provide appropriate shareholder returns consistent with appropriate levels of shareholders' equity

Responses to these challenges (measures being taken)

- Structural reform of the industrial machinery business
- Successful execution of a strategy of selection and concentration for the automotive and transportation business
- Implementation of an 8% dividend on equity ratio (DOE) (until an ROE greater than 10% is achieved)
- ¥40 billion purchase of treasury stocks (from December 2024 to March 2025)

THK has reviewed its entire suite of capital policies with the aim of achieving an ROE greater than 10% as quickly as possible. With the immediate requirement for equity capital, the denominator of ROE, set at approximately ¥300 billion, we have adopted a dividend on equity ratio (DOE) of 8% and are working to reduce equity capital by purchasing ¥40 billion of treasury stock. For the numerator of the ROE equation, profit, we will drive wholesale structural reform while allocating generated profits towards strengthening competitiveness and investments in our growth. In these ways, we will not only achieve an ROE greater than 10%, but push beyond that point to raise our ROE beyond our capital stock costs for the sake of increasing corporate value to ensure that we can continue to provide stable returns to our shareholders.

Technology and Intellectual Capital

We secure our competitive advantage through a thorough, customer-focused design cycle; adapting our core technologies to give rise to products and services with new and better functionality; and judicious management of our intellectual property rights.

Features of THK's capital

We provide individually optimized products based on our expertise and experience in achieving smooth, high-precision linear motion in the rolling components of machines and an extensive foundational platform.

Supporting data

2024 Results

- R&D expenses: ¥6.4 billion
- Intellectual property holdings (entire THK Group):
  Registered: 2,471, Published: 440
- R&D facilities: 3 (1 in Japan, 1 in Europe, 1 in China)

Challenges to overcome

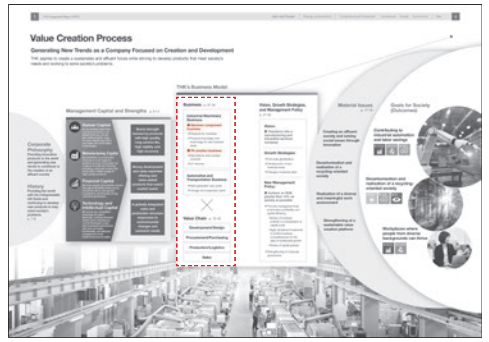
- Price competition with similar products in emerging countries

Responses to these challenges (measures being taken)

- Further cultivating our core technology of rolling machine components and developing new products
- Developing services to visualize component status based on extensive performance data

As price competition with similar products intensifies, THK may be forced to go toe-to-toe with companies making products that may or may not be reliable. In anticipation of this, we are working to establish test- and research-based evidence of the reliability of THK products and, as a manufacturing and innovative services company, making further advances with the technical services we offer as well as with the quality of our products.

Value Creation Process



Sustainability in the Value Chain

Implementation of Initiatives That Take Sustainability into Account from Development and Design to Sale

In order to enhance our sustainability activities, which aim to both increase corporate value and solve social and environmental issues, we are implementing various initiatives with the cooperation of our stakeholders.

Development/Design

Understanding market requirements
- Hosting technical information exchanges
- Cooperation with start-ups

Industrial automation and labor-saving activities
- Development of the OEE Optimization System OMNI edge
- Development of service robots

Environmental activities
- Development and improvement of products that contribute to energy savings (LM Guide, electric actuators, unit products, etc.)

Talent development
- Promotion of basic technical training
- Hosting technoforums for knowledge sharing among engineers

Procurement/Purchasing

Sustainable procurement
- Establishment of the THK Group Business Partner Helpline
- Partnership Building Declaration
- Distributing THK Group Supplier CSR Procurement Guidelines
- Conducting sustainability surveys
- Confirming supplier sustainability status (3 companies visited)
- Deepening understanding of secondary and upstream suppliers

Environment
- Distributing the THK Group Green Procurement Guidelines
- Obtaining certificates of non-use

Human rights
- Performing due diligence concerning human rights (scope: primary suppliers)

Production/Logistics

Strengthening supply structure
- Establishing manufacturing structures in areas of demand
- Extending unmanned operating time through the installation of robots
- Implementing the Smart Factory Project

Maintaining high quality
- Responsible operation of the quality management system

Environmental activities
- Adoption of renewable energy (solar power generation systems and renewable energy options)
- Energy-saving measures (updating machinery and installing insulating sheets)
- Utilization of modal shifts

Talent development
- Proactive support for obtaining the National Trade Skill Test & Certification

Preventing workplace accidents from occurring
- Information sharing when incidents occur
- Expansion of countermeasures to other facilities

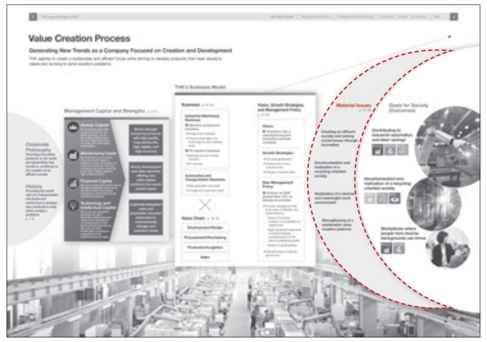
Sales

Strengthening sales structure
- Establishment of a global sales structure
- Strengthening support structures with Omni THK

Pursuing customer satisfaction
- Participation in exhibitions
- Hosting private shows
- Delving deeper into transforming into a manufacturing and innovative services company
- Expansion of the FA solution business

Proactive information disclosure
- Disclosure through the Integrated Report and other means

Value Creation Process



Material Issues and KPIs

Committed to Sustainability Initiatives in Development, Design, Production, and Sales

As part of strengthening the sustainability management of the THK Group, an interdepartmental project to review material issues in light of the most recent state of society and changes to THK's internal environment was launched in 2021. Specifically, project members deliberated together about the social issues that surround the THK Group, evaluating and examining these issues based on two axes: impact on business (horizontal axis) and societal demands and expectations (vertical axis). The result was graphed into a matrix, and 13 topics under four themes received final approval by the Board of Directors.

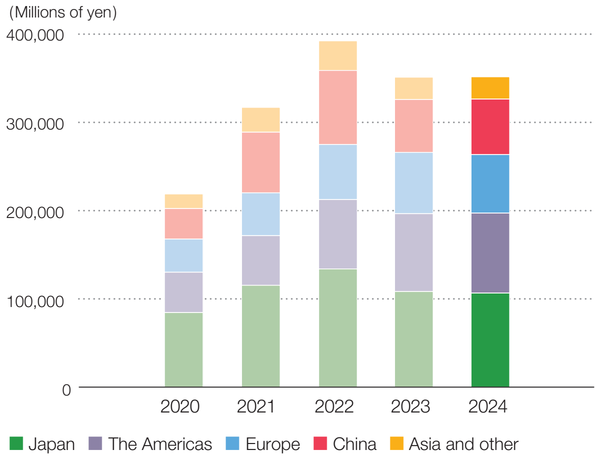
Theme	Topic	Head department	Metric and target	Scope	Target year	2024 results
Creating an affluent society and solving social issues through innovation	Solving social issues through innovation	Engineering Division	Develop and provide new products and services (including DX and other solutions) for aerospace, automotive, logistics, medical, and other consumer fields	THK Japan, Group companies in Japan, Group companies outside of Japan	2026	• Developed new OMNIedge solutions and engaged in activities to expand OMNIedge sales • Developed and proposed next-generation automotive components that are compact, low-cost, and suited to extreme environments • Engaged in activities to expand sales of transfer robots to logistics centers • Released a slide unit for aircraft galley container retrieval systems • Released remote monitoring and control system for small sluice gates
	Quality and safety of products	Quality Assurance Department	Promote the appropriate operation of quality management systems, including ISO 9001 and IATF 16949, and the maintenance of certifications at relevant locations	THK Japan	2026	• For ISO 9001: Upper management reviews and internal quality audits (at five plants) were performed and Japan Quality Assurance Organization (JQA) certification was renewed • For IATF 16949: Regular IATF audit was performed (Automotive & Transportation Headquarters)
Decarbonization and realization of a recycling-oriented society	Climate change	Risk Management Department	Reduce Scope 1 and 2 CO_2 emissions to 50% of 2018 levels (2018 emissions: 106,514 tons, 2030 target: 53,257 tons)	THK Japan, Group companies in Japan	2030	• Scope 1 and 2 CO_2 emissions: 80,406 tons Specific activities: Installed solar power generation systems, upgraded to more efficient production equipment, introduced insulation panels and insulation paint, and took countermeasures against air leaks
	Sustainable procurement	Risk Management Department	Distribute sustainable procurement guidelines to suppliers and conduct interviews and surveys through questionnaires	THK Japan	2026	• Currently drafting sustainable procurement guidelines
	Recycling and conserving resources	Risk Management Department	Maintain zero emissions[1]	THK Japan, Group companies in Japan (Production Division)	2026	• Emissions rate less than 0.50% Specific activities: Continued waste sorting and reduction initiatives, recycled waste oil and other fluids, recycled steel material (cut remnants and shavings), and selected appropriate waste disposal contractors and managed them with regular audits
	Managing harmful substances	Risk Management Department	Distribute green procurement guidelines and obtain certificates of non-use	THK Japan, Group companies in Japan, Group companies outside of Japan	2026	• Obtained certificates of non-use that conformed with our green procurement guidelines from 258 companies
Realization of a diverse and meaningful work environment	Respecting and considering human rights	Human Resources & General Affairs Department	Achieve a 100% completion rate for online human rights training	THK Japan	2026	• Completion rate: 98.86% Specific activities: Issued company-wide notices, invited all members in leadership positions to mandatory trainings, contacted all locations and departments concerning training completion status, and sent reminders to those who had not yet completed the training
	Promoting diversity	Human Resources & General Affairs Department	Achieve a ratio where women constitute 20% or more of new hires in the sales, administrative, and engineering divisions	THK Japan	2026	• Female employee ratio: 24.5% Specific activities: Continued to publish details about our system of shortened working hours for accommodating childcare and the number of individuals on childcare leave in job postings
	Occupational health and safety	Human Resources & General Affairs Department	Achieve and maintain a severity rate of 0.01 or less and an incident rate of 0.50 or less	THK Japan (Production Division)	2026	• Severity rate: 0.00, Incident rate: 0.60[2] Specific activities: Established standards and implemented training for irregular work
	Talent development	Human Resources & General Affairs Department	Maintain a 95% or higher completion rate for basic data utilization training	THK Japan	2026	• Completion rate: 97.67% Specific activities: Invited mid-career hires and new graduates to trainings, organized completion status information, and sent reminders to those who had not yet completed the training
Strengthening of a sustainable value creation platform	Corporate governance	Risk Management Department	Continue conducting annual evaluations of the effectiveness of the Board of Directors	THK Japan	2026	• Annual evaluation performed by a third-party organization
	Compliance	Risk Management Department	Strengthen the diversity of internal reporting contacts and investigators	THK Japan	2026	• Designated and trained female reporting contacts
	Risk management	Risk Management Department	Continue conducting annual risk assessments	THK Japan, Group companies in Japan, Group companies outside of Japan	2026	• Annual assessment performed for 31 departments within THK Japan and 29 Group companies within and outside of Japan

[1] Zero emissions: An emissions rate (volume of waste disposed/total discharged) of less than 0.50%.
[2] Severity rate: The number of lost workdays multiplied by 1,000 and divided by the total number of hours worked.
Incident rate: The number of deaths or injuries multiplied by 1,000,000 and divided by the total number of hours worked.

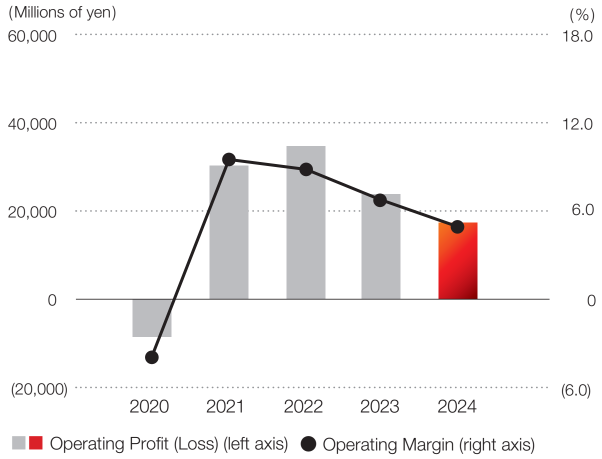
Financial and Non-Financial Highlights

(For fiscal years ending in December)

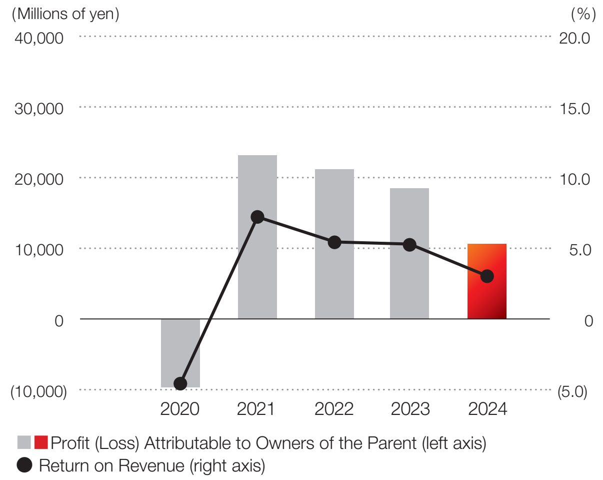
Revenue[1]



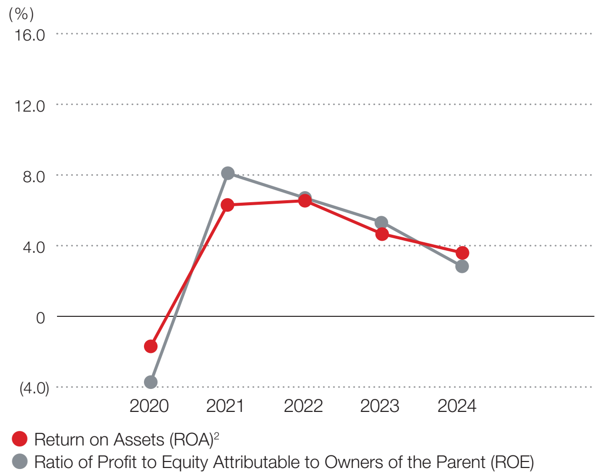
Operating Profit (Loss)/Operating Margin



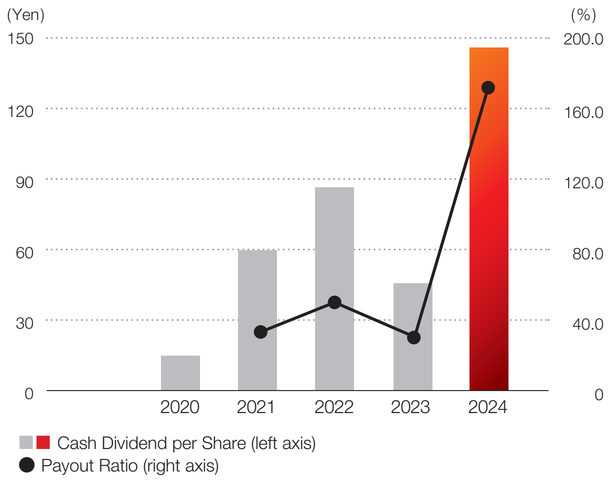
Profit (Loss) Attributable to Owners of the Parent/ Return on Revenue



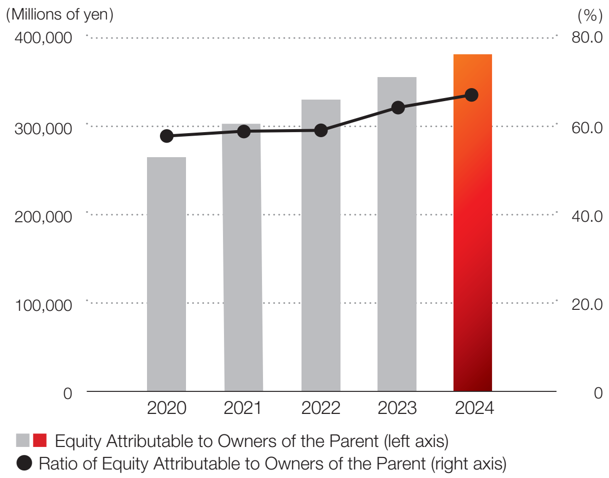
Return on Assets (ROA)[2]/Ratio of Profit to Equity Attributable to Owners of Parent (ROE)



Cash Dividend per Share/Payout Ratio

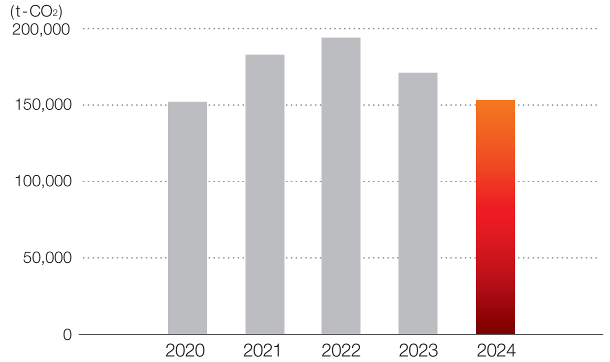


Equity Attributable to Owners of the Parent/ Ratio of Equity Attributable to Owners of the Parent

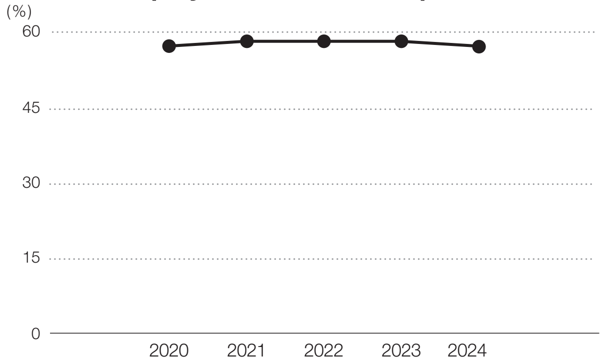


[1] Segments are based on the country or region where THK's customers are located.
[2] Return on assets (ROA) represents operating profit (loss) plus interest and dividend income as a percentage of average total assets.

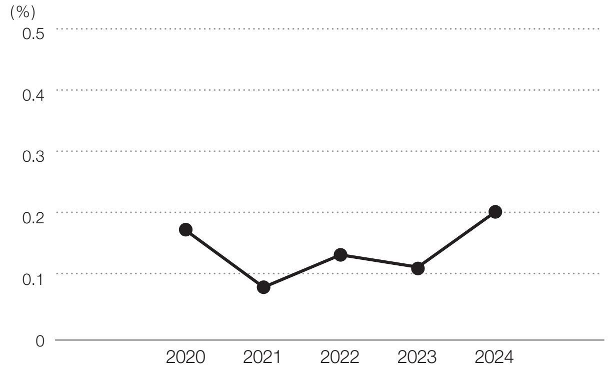
CO_2 Emissions[1]



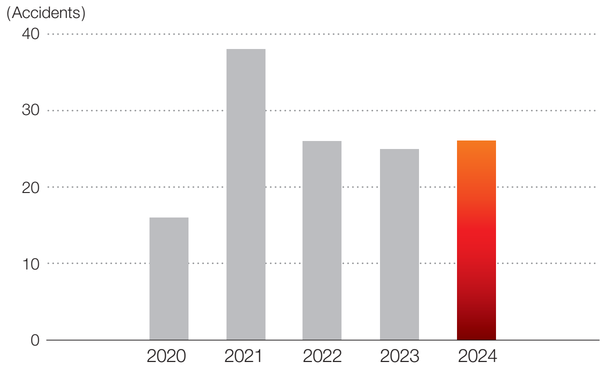
Ratio of Employees Outside of Japan



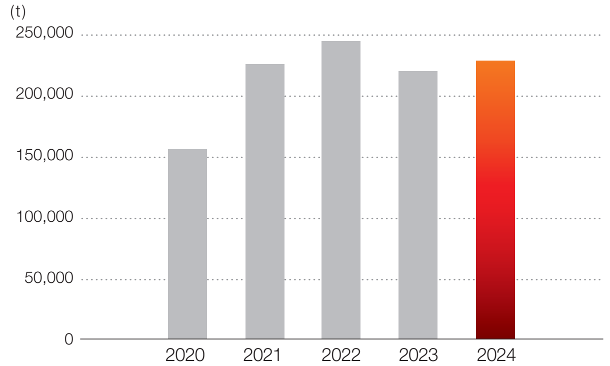
Emissions Rate[2]



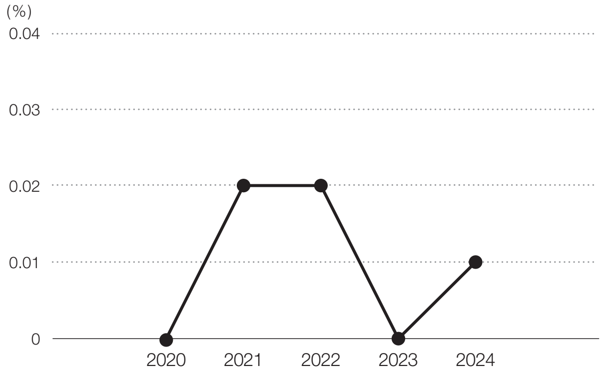
Number of Labor Accidents[2]



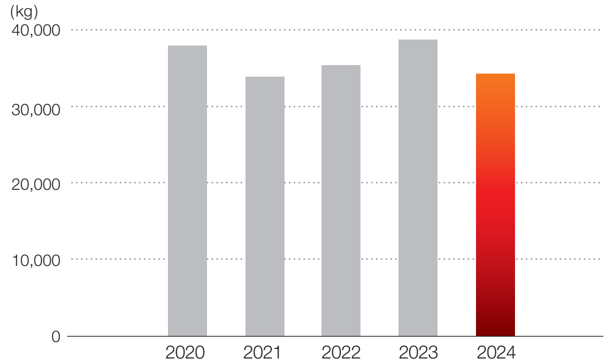
Total Waste[1]



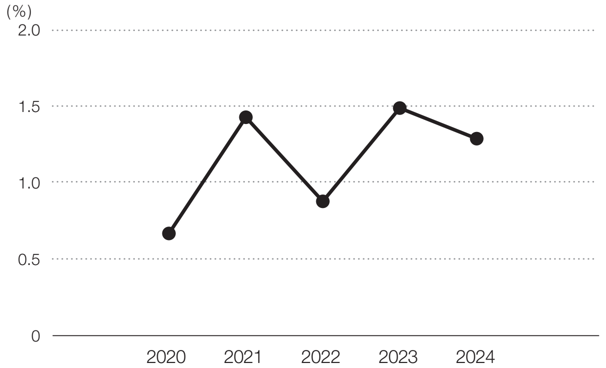
Severity Rate[2]



PRTR Substance Use[2]



Incident Rate[2]



[1] Five production facilities in Japan (Yamagata, Kofu, Gifu, Mie, and Yamaguchi), seven Group company production facilities in Japan (THK NIIGATA; THK INTECHS Sendai and Mishima; THK RHYTHM headquarters (Hamamatsu), Inasa, and Kyushu; NIPPON SLIDE CO., LTD.), eight Group company production facilities outside of Japan (TMA (USA), TME (France), TMI (Ireland), THK Liaoning (China), THK Wuxi (China), DALIAN THK (China), THK Changzhou (China), and TMV (Vietnam))
[2] Five production facilities in Japan (Yamagata, Kofu, Gifu, Mie, and Yamaguchi) and seven Group company production facilities in Japan (THK NIIGATA; THK INTECHS Sendai and Mishima; THK RHYTHM headquarters (Hamamatsu), Inasa, and Kyushu; NIPPON SLIDE CO., LTD.)

Message from the President

Thoroughly Strengthen What Needs to Be Strengthened and Bravely Change What Needs to Be Changed

Chairman
Akihiro Teramachi

President and CEO
Takashi Teramachi

Year One: Engaging Earnestly with Stakeholders and Actively Exchanging Opinions

Over a year has passed since I, Takashi Teramachi, assumed the role of President in January 2024 in order to strengthen our management structure for the next generation. Looking back, it was a year of trial and error as I did my best to fulfill my duty as COO, a position previously held by Chairman Akihiro Teramachi (the former president). I'm still learning much from him about how to look at things from a global perspective and gain foresight.

When I assumed the role of President, I announced my policy of thoroughly strengthening what needs to be strengthened and bravely changing what needs to be changed even as we hold on to what makes us THK. Our spirit as a company is encapsulated in our corporate philosophy of providing innovative products to the world and generating new trends to contribute to the creation of an affluent society. Employees of all ages in every department have accomplished great things in their effort to make this philosophy a reality by engaging with a new manufacturing paradigm. If we continue to adapt to changes in the industry and every individual obtains new knowledge and has the courage to change what needs to be changed, I firmly believe that THK will continue to be a company that is indispensable to the world.

In the little over a year I have served as President, I have actively sought out opportunities to exchange opinions with our shareholders, investors, customers, employees, and suppliers. I aim to engage in those conversations in the same spirit of earnestness I had when I first joined THK. I have also been mindful of ensuring information transparency in order to accurately convey how various systems are operating and what our organization is working on. This earnestness and transparency, I believe, are critical for building and maintaining trust with stakeholders.

Shifting Gears toward Efficiency-Focused Management

Looking at the environment surrounding us, we are faced with numerous challenges such as the advancement of digital technology, growing momentum for protecting the earth's environment, and declining working-age populations in developed countries. At the same time, our growth potential is expanding thanks to a heightened need for the various solutions to these challenges we offer alongside increasing demand for semiconductors, automation, and robotization. Under these circumstances, we established our 2026 management targets in February 2022 and made active upfront investments in our industrial machinery business, based on an assumed 7% average market growth rate, while focusing on first achieving and then increasing profit in our automotive and transportation business in light of shrinking profitability.

However, the business environment has completely transformed since then under an atmosphere of increasing uncertainty fueled by the rise of geopolitical risks, inflation, and the slowdown of the Chinese economy. In more concrete terms, up to this point, we were used to seeing major and repeated fluctuations in demand under the global economic system. In response, our approach was to build up a framework that could flexibly handle the next peak in demand that we anticipated would suddenly rush in. Now, though, thanks to the rapid segmentation of the global economy into trade blocs, a shift in demand toward emerging nations, and the dispersal of once-concentrated areas of production that has taken place over the past one to two years, demand is no longer surging in one global wave. It has become a combination of large peaks happening randomly throughout several regions and industries. Therefore, rather than waiting for one large peak to come to us, we now need to shift our posture to go out and seize the waves happening in all directions.

Under these circumstances, we determined that it would be difficult to achieve our previous management targets, as the investments that we had made ahead of time, knowing that bringing new machines fully online would lag about two years behind deciding to install them, were putting pressure on our profits. Furthermore, as our return on equity (ROE) stagnated, we continued to be in a situation where we were unable to meet the expectations of our shareholders. Based on these factors, I felt that we needed to shift gears to focus more on efficiency in our operations.

Therefore, in November 2024, we announced our new basic policy of achieving an ROE greater than 10% as quickly as possible, as that amount will exceed our shareholder's equity costs. In February 2025, we then announced our course of action to achieve that goal. We have set forth multifarious challenges for our business involving our profitability, capitalization strategies, and corporate governance to work toward this goal. In terms of profitability, we will resolutely carry out structural reform, holding nothing sacred, and transform into a lean business. We will achieve our target primarily under our own power, without relying on increases in demand to boost our operating income. In addition, we will expand over the medium to long term by making highly disciplined investments in the growing fields of the future.

There are three keys to achieving our new management target. The first is human capital. We have been around for over half a century, and during that time, a number of incidents have occurred that rocked the industry or general society. The thing that has allowed us to weather those storms has been the power of our people. I am proud of how we have engaged with our customers' struggles as needed and generated new trends as a company focused on creation and development. That is why I have faith that our employees will work together to overcome even the challenging business environment we are currently facing. The other thing our people excel at is their willingness to sincerely accept the reasoning behind and goals of this structural reform and change their own mindset and behaviors, which is thanks to their high level of trust in the company and desire to contribute. As we work to achieve an ROE greater than 10%, we are also introducing an employee stock ownership system and bonuses linked to consolidated operating income.

The second key is the competitive advantage of our products and services. We are the pioneers of the LM Guide produced by our industrial machinery business, and we hold the top global market share. The superiority of our products is bolstered by our integrated sales and production structure, in which we handle our own sales and production activities in various locales. We built up our supply chain with the primary aim of being able to swiftly prepare ourselves for the next peak in demand, but as the world's economy becomes more segmented and demand shifts toward emerging nations, we need to rebuild our framework and reduce our fixed and variable costs through cumulative, detailed measures at the facility level. As we execute our strategy, we will rigorously monitor results, implementing further actions where these fall short as part of a PDCA cycle that will increase our effectiveness and transform us into a leaner business. Furthermore, we will strengthen our structures and mechanisms for obtaining a clear and direct picture of what our customers' needs are in each region and pass that information on to our engineering and development divisions for the sake of developing new products and solutions. Our ability to successfully execute this cycle is indispensable to maintaining our competitive advantage.

Finally, the third key is our capitalization strategies. As I touched on earlier, we are working on increasing our profitability even as we seek to control our equity, which is the denominator of our ROE. We will continue to execute strategies such as our policy of adopting a dividend on equity ratio (DOE) of 8% until we achieve an ROE greater than 10%. Between December 2024 and March 2025, we purchased ¥40 billion of treasury stocks, and we will continue to consider the agile acquisition of more in light of our progress toward our target.

Promoting a Strategy Based on the Characteristics of Our Main Markets, Including the Americas, Europe, and China

I would like to give an overview of our market strategies for each region. The Americas are continuing their momentum as the global center of high-tech revolution. We can continue to anticipate growth in this market, where opportunities present themselves from the new demand accompanying developments in cutting-edge semiconductor manufacturing machines, aerospace, and humanoid robots as well as investments in automation throughout the automotive, medical, logistics, and other fields. We will meticulously address the unique needs of each customer there.

In Europe, Germany may be struggling currently, but we are receiving more inquiries driven by the shift of production away from there into Eastern Europe in addition to the automation needs of distribution centers in Southern Europe. Going forward, we will launch our own e-commerce from Germany and collaborate with our distributors to capture an even broader portion of the region's demand.

China, as always, continues to be a key region with an extremely large market. Recently, demand for replacing consumer products and machinery has arisen, which has caused an upward trend in orders.

In other Asian countries, demand has been increasing as production operations move into that region. India, in particular, has the world's highest population and is an attractive area for manufacturing that holds an important position in the global supply chain, so we have been focusing our efforts there.

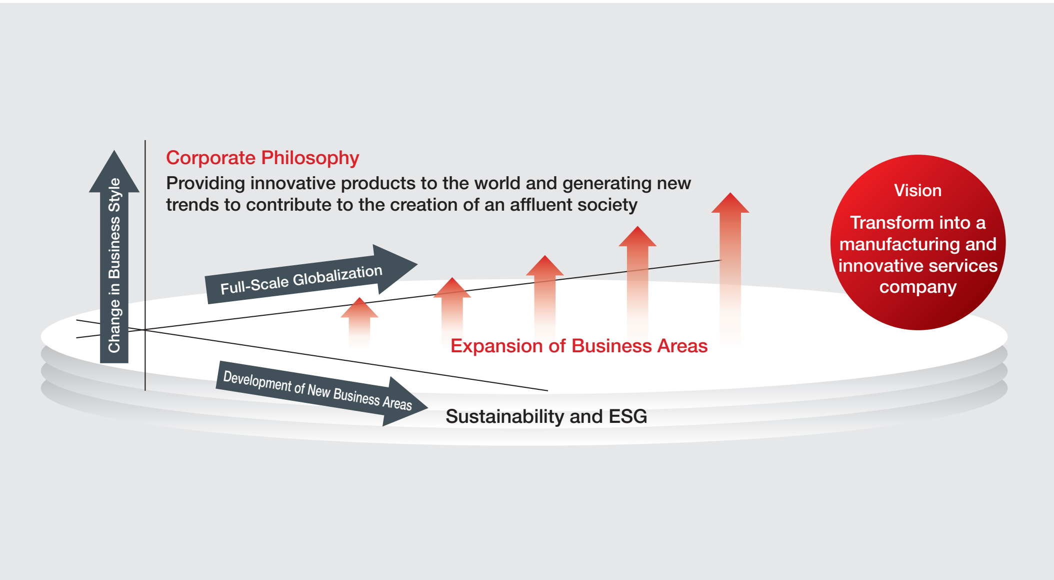
The manufacturing industry in Japan, in contrast, is struggling with labor shortages. Now is the time for companies to automate, and that presents an opportunity for us. Naturally, we ourselves will continue to actively pursue automation at all of our production facilities.

Creating a Peerless Business as a Manufacturing and Innovative Services Company

I feel that the challenges facing our customers have been evolving and diversifying over the past decade. They span everything from digitalization and environmental regulations to labor shortages. In the midst of these changes, THK must continue to make itself indispensable. That is why, in 2022, we established our vision to transform into a manufacturing and innovative services company.

Even before then, we had a history of applying our primary expertise in linear motion not only to traditional fields, but to new ones such as medical devices and railways. However, our business was still focused on physical goods. Since the late 2010s, though, it became possible to remotely monitor equipment through the IoT, and our business was no longer constrained by the need for physical objects. We made it possible to visualize the operational status of equipment, which then enabled us to provide services that utilize that data. In the future, we will leverage both our physical manufacturing and the digital services we offer to adapt to the changing needs of our customers.

Our vision includes advancing the manufacturing and linear motion technology that constitute our principal business. For instance, our OMNI edge IoT service, which helps maximize OEE (overall equipment effectiveness) by monitoring the status of components, is aimed at not only machine builders, but an even broader spectrum of machine users. Optimizing the timing of replacing components by predicting when they will fail has the primary benefit of minimizing opportunity losses for our customers. Secondary benefits we foresee include the ability to accommodate labor shortages in maintenance and decrease resource consumption and greenhouse gas emissions by reducing defects. We will continue to develop application services that help resolve the societal challenges that our customers face. Already, more direct interactions with machine users are revealing new needs for machine components and actuators, prompting a number of product development projects.



Our LM Guide and other machine component business is the bedrock of our company. I regret that we were not able to completely fulfill our responsibility to meet growing demand in the face of the drastically fluctuating global economic cycles of the past 10 years. This was the reason we prioritized cultivating the agility to adapt to fluctuating demand and increasing revenue, actively making advance investments in equipment and building a supply chain suited to the demand volume. However, as the global economy has been segmenting into distinct trade blocs over the past one to two years and the timing of demand for machine components has varied by region, we will now shift toward a manufacturing structure that allows us to optimize the equipment and supply chain we have already invested in and satisfy the needs of our customers while at the same time boosting our profitability. We will also focus our efforts on high-growth industries, emerging fields, and the development of new applications to expand our machine component business. Furthermore, we will soundly launch our FA (factory automation) solution business to respond to the expected growth in demand for control and other mechatronic modules and IoT/AI services in this new era of automation, AI, the IoT, and robotics. In addition, we will create further synergy between our machine component and FA solution businesses to develop THK-exclusive lines of business that no other companies can equal.

At the same time, as the ROIC (return on invested capital) of our automotive and transportation business remains below our capital expenses, our shareholders and investors have been asking us to elect a course of action with clear deadlines. To meet their expectations, we will conclude a process of selection and concentration to an unprecedented degree by the end of our structural reform period in 2026.

Developing Next-Generation Talent and Driving THK's Evolution through Individual Growth

Up to this point, I have primarily explained how we will focus our management on profitability and capital efficiency to achieve an ROE greater than 10% as quickly as possible, but over the medium to long term, we are also endeavoring to construct a foundation for sustainably growing our corporate value. At the core of this effort is the development of the next-generation talent who will inherit our manufacturing and innovative services company.

To strengthen our human capital, we have been working to cultivate global and digital talent, expand training and other development opportunities, promote diversity, and improve work-life balance. Furthermore, in thinking about coexistence with AI, I believe that "talent of the heart" will be critical. This is a concept that Masayo Imura, a Japanese artistic swimming coach, has referenced in speeches, and it is one that both our Chairman and our organization hold dear. It refers to the ability to avoid limiting yourself, to believe in your potential, and to accept things with a positive, honest attitude without blaming other people or the environment. To enable our employees to grow on their own through this talent of the heart, we are giving them more opportunities to gain diverse experiences, discover their hidden potential, and actively learn new things. I hope that, through individual growth, we can achieve an evolution of our entire organization.

Our society 20 to 30 years from now will likely be one in which AI and robots coexist with humans, learning and acting on their own. As a manufacturing and innovative services company, THK will skillfully employ such technologies as they progress, even as we strive to be a company where people seize initiative and continue to work on solutions for customers' problems.

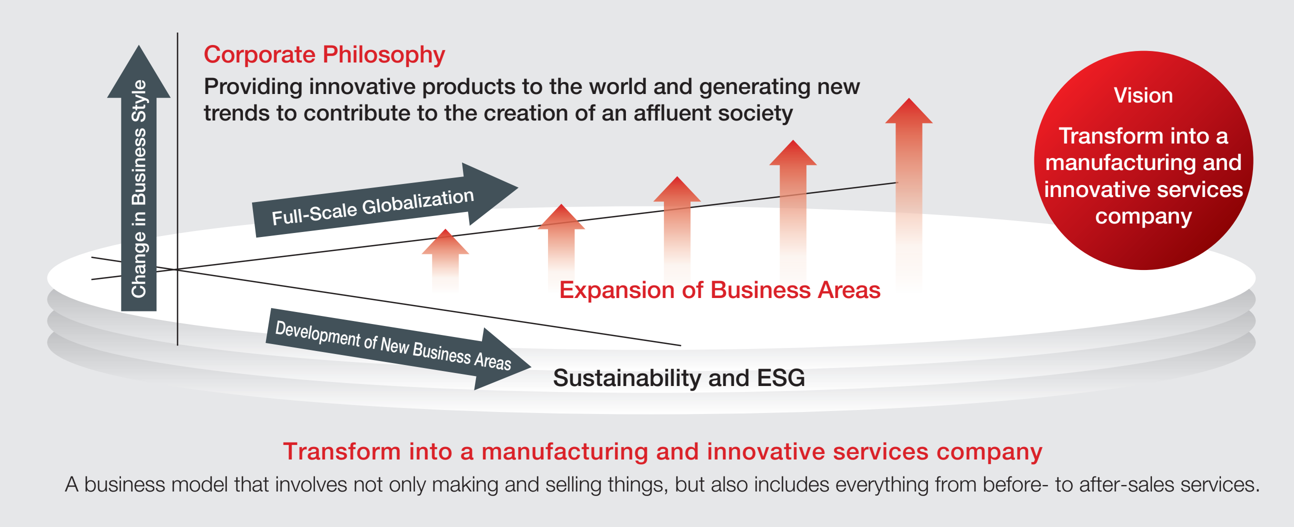
With an initial target of achieving an ROE greater than 10% as quickly as possible, as outlined in our new management policy, we will construct a foundation for sustainably increasing our corporate value. Please look forward to even greater things from THK.

New Management Policy: Achieve an ROE Greater than 10% as Quickly as Possible

Thoroughly Strengthen What Needs to Be Strengthened and Bravely Change What Needs to Be Changed

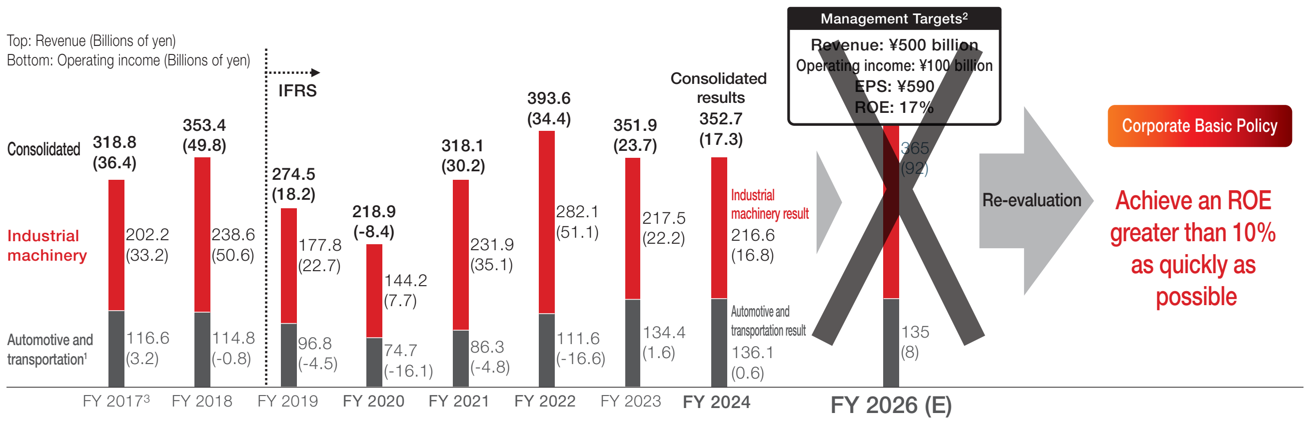
Corporate Philosophy and Vision

THK's corporate philosophy is *providing innovative products to the world and generating new trends to contribute to the creation of an affluent society*. According to this philosophy, THK exists for the purpose of contributing to the creation of a more affluent society by providing products and solutions that solve society's problems. As we hold to our vision of transforming into a manufacturing and innovative services company in order to fulfill this purpose, we are working to further expand our business domains through our growth strategies of full-scale globalization, the development of new business areas, and a change in business style. At the same time, we continue to strengthen our sustainability and ESG activities as well.



Reflecting on THK's 2026 Management Targets (the Five-Year Plan)

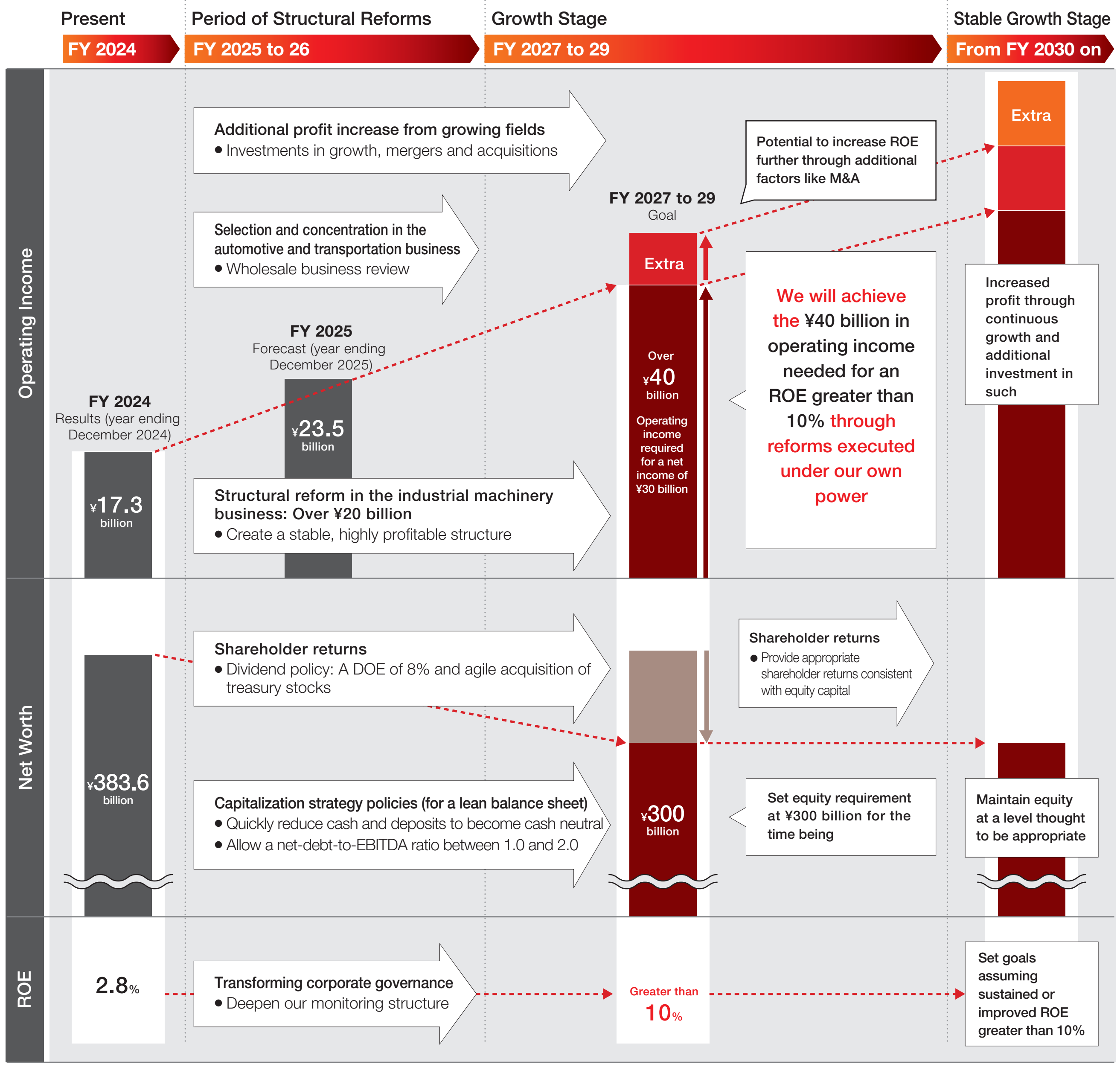
The current environment of escalating geopolitical risks, ongoing inflation, a slowing Chinese economy, and a major revolution in the automotive industry is drastically different from the one in which we set our original management targets to serve as milestones in our transformation into a manufacturing and innovative services company. In this context, these targets were in need of revision. For one, THK was unable to respond to the changes in our environment quickly and sufficiently, making it very difficult to achieve these targets. Additionally, our low return on equity (ROE) meant we still were not meeting shareholder expectations. These factors demanded a shift toward efficiency-based management with a new management policy of achieving an ROE greater than 10% as quickly as possible and various measures for doing so.



¹ The numbers for the automotive and transportation business are the combined values from THK RHYTHM and TRA.
² Set in February 2022.
³ The results for the 2017 fiscal year reflect reference values from a modified reporting period from January to December.

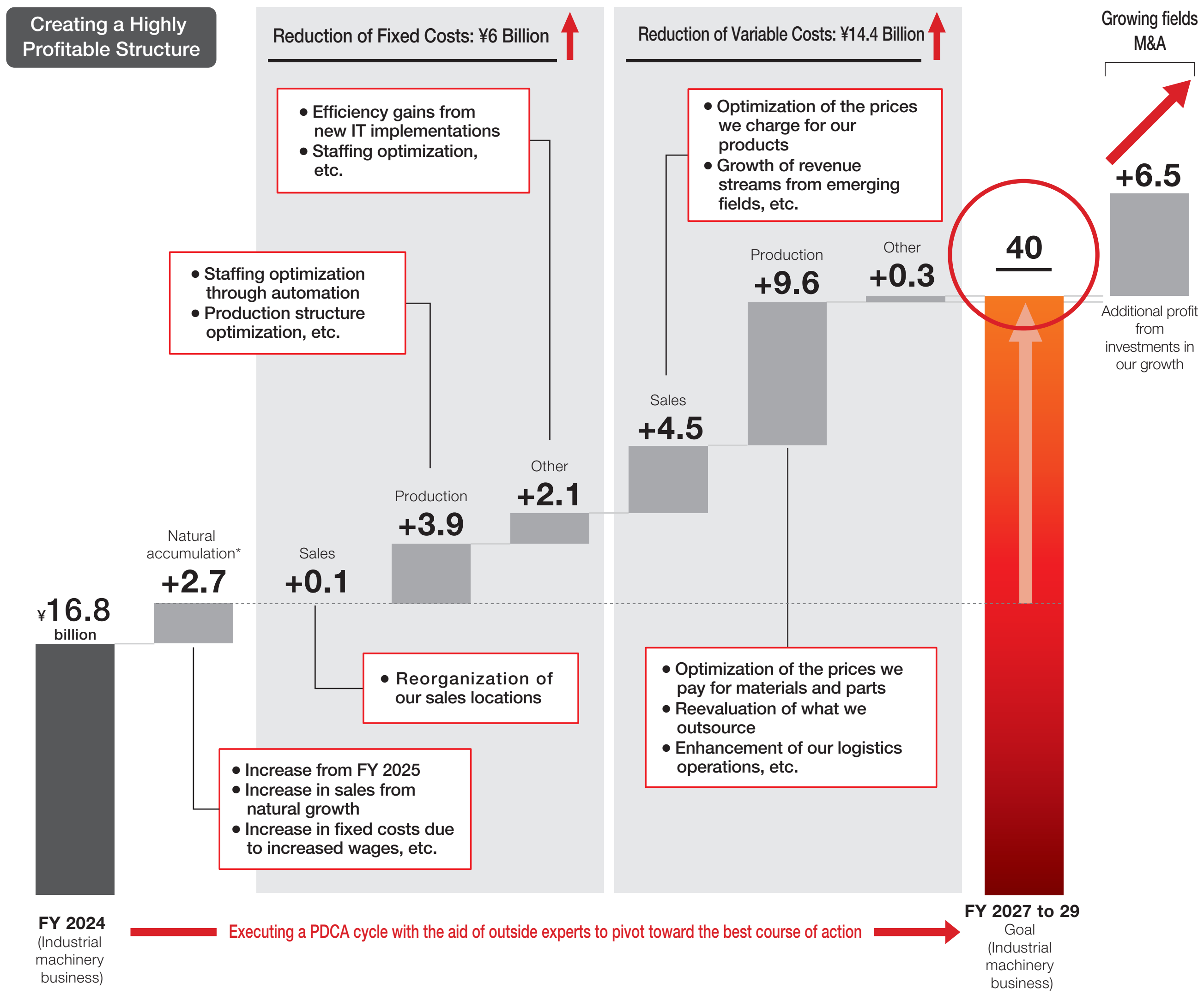
Roadmap for an ROE Greater than 10%

In terms of business metrics, our goal is to secure the ¥40 billion in operating income we need to reach ¥30 billion in net income (the numerator of the ROE equation) and to have ¥300 billion in equity (the denominator). To promote management that emphasizes profitability and capital efficiency in order to achieve these targets, we will employ a strategy of selection and concentration based on capital costs, make highly disciplined investments to bolster competitiveness for the sake of sustainable growth, and review our capitalization strategies. We will also transform our corporate governance structure to further augment these efforts. Furthermore, we will achieve these targets primarily under our own power, without relying on market growth to increase sales revenue, by driving wholesale reform in both the industrial machinery and automotive and transportation businesses. Over the next two years, we will be driving structural reforms at all levels to become a lean, highly profitable business. Then, between 2027 and 2029, we will achieve an ROE greater than 10%.



Achieving an Operating Income of Over ¥40 Billion

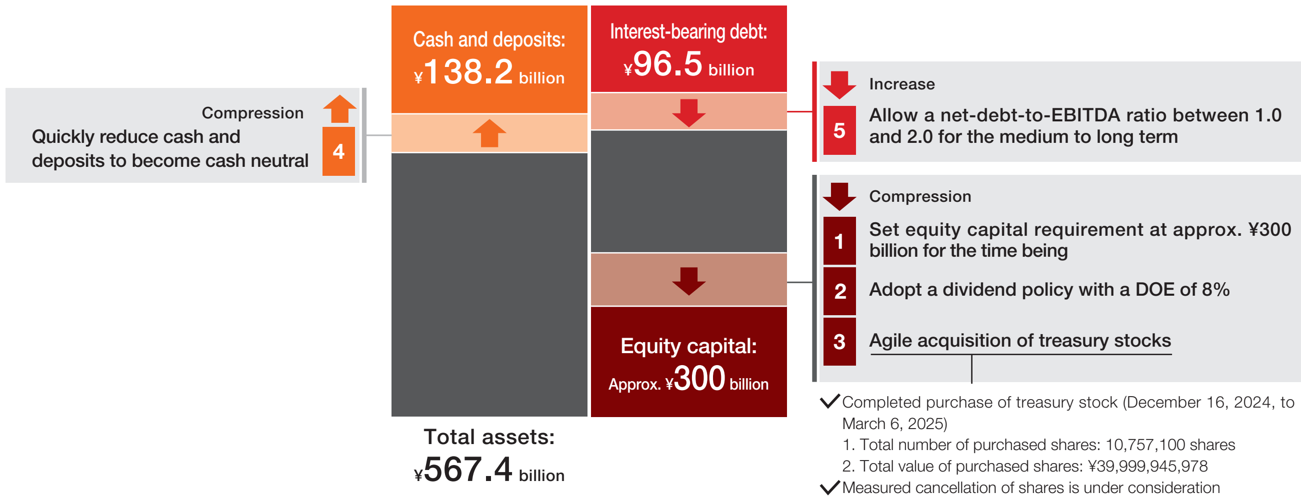
Rather than depend on increasing sales, we will achieve an operating income of over ¥40 billion through structural reforms to the industrial machinery business executed under our own power. First, we will assume a natural accumulation of ¥2.7 billion to result from a combination of our forecast results for 2025, forecast sales revenue for 2026 to 2029 that assumes an average growth rate of 2% per year, and projected labor costs assumed to increase by just over 4% per year. By reorganizing our sales locations, optimizing production staffing through automation, and optimizing our production structure overall, we will add a further ¥6 billion to this sum as a result of lower fixed costs. As we improve our variable cost ratio by optimizing the prices we charge for our products and the prices we pay for materials and parts, growing revenue streams from emerging fields, reevaluating what we outsource, and enhancing our logistics operations, we will secure a further ¥14.4 billion. Aided by outside expertise, we will execute our strategy using a PDCA cycle that includes rigorous validation and prompt incorporation of new measures to address anything found wanting. While these structural reforms in themselves will allow us to achieve an operating income of ¥40 billion, we will target growing fields and employ mergers and acquisitions to take us even higher. While the automotive and transportation business is pursuing an unprecedented level of selection and concentration during its own period of structural reform, profit trends for that part of our business will not be disclosed here.



* This natural accumulation value combines our forecast results for 2025, forecast sales revenue for 2026 to 2029 that assumes an average growth rate of 2% per year, and projected labor costs assumed to increase by just over 4% per year, on average.
Note: Values shown may be slightly different from actual sums due to rounding.

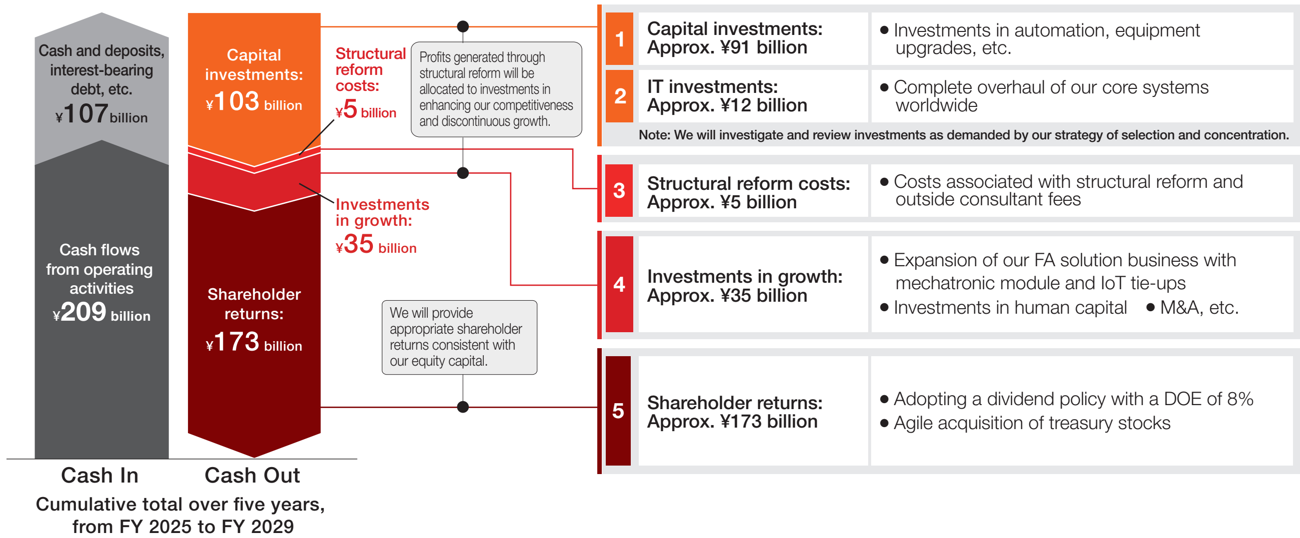
Balance Sheet Management That Emphasizes Capital Efficiency

In light of additional financial simulations confirming that we have built up sufficient internal reserves to fund future investments in our growth, that we currently do not need to add to these reserves further, and that enhancing our capital efficiency requires more proactively providing returns to our shareholders and a leaner approach to our balance sheets, we undertook a sweeping review of our capitalization strategies. As a result, it was resolved that we will continue to pursue policies 1 through 5 in the figure below until we have achieved an ROE greater than 10%.



Capital Allocation

From now through the 2029 fiscal year, we will ensure returns for our shareholders by allocating ¥91 billion for automation and the most essential capital investments (primarily equipment upgrades), ¥12 billion for a complete overhaul of our core systems and other IT investments, ¥5 billion for structural reforms, and ¥35 billion for investments in our growth, including M&A to expand our FA solution business and investments in our human capital. The capital for these investments will come from converting cash flows from operating activities and funds for things like external procurement into capital in such a way that it maintains the financial health of our organization.

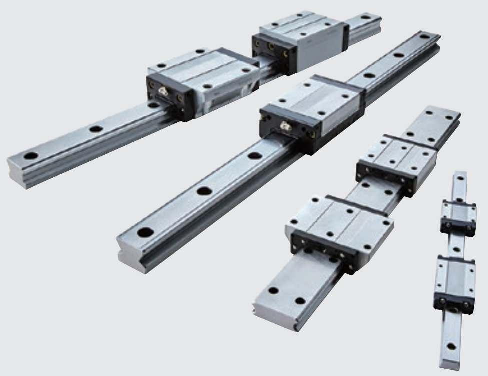


Beyond an ROE Greater than 10%

In these ways, we will not only achieve an ROE greater than 10% as quickly as possible, but push further to raise our ROE beyond our capital stock costs for the sake of increasing corporate value to ensure that we can continue to provide stable returns to our shareholders.

Business Strategy

Industrial Machinery Business



Reflecting on the 2024 Fiscal Year

The industrial machinery business saw revenue and profit both dip in 2024 compared to 2023, with revenue down 0.4% at ¥216.6 billion and operating income down 24.2% at ¥16.8 billion. This was in part due to the large volume of orders on the books in the first half of 2023, which offset the modest recovery of demand we saw in 2024. While demand related to semiconductor manufacturing equipment continued its upward trend from 2023, riding a wave of investments spurred by the continued spread of AI, investments in manufacturing equipment for the general-purpose memory used in smartphones and PCs were slower to return, resulting in lower demand than what was forecast at the beginning of the year. Even in the Chinese market, where the first half of the year saw steady orders and revenue buoyed by grants and other economic stimulus measures from the Chinese government, demand was sluggish in the second half.

Our operating income was reduced both by the volume effect that accompanied our reduced revenue and our proactive investments in equipment and personnel made in anticipation of future growth in demand. Both revenue and operating income, however, exceeded our revised forecasts for November 2024.

Though the machine component business has not seen demand return as strongly as expected, for development and sales departments, our proactive approach to breaking into new markets has yielded new customers and new development proposals, which indicates a positive outlook for the future. In addition, the sales division itself was restructured in April 2024 with the consolidation of the FA solution business, which brings together previously disparate FA solution resources to focus on creating more technologically advanced sales approaches in pursuit of greater growth. This has actually led to increased revenue from new products like **OMNIedge**.

For our production departments, we continued to actively dedicate resources to the automation of our production lines. Going forward, in keeping with the structural reforms announced in February 2025, we will be creating even more advanced line automation. Looking ahead, where previously we focused on building up capacity to meet predicted growth in demand, we are now working to achieve the true goals of automation: bolstering cost competitiveness and increasing sales and profit per person. That is why we aim to achieve a lean business structure that weaves production equipment, robots, and human knowledge together organically to generate and maintain a high degree of profitability.

Aligning Strategy and Action with the New Management Policy

Traditionally, the industrial machinery business has seen profitability grow as a result of the volume effect of increased revenue driven by the twin growth strategies of full-scale globalization and the development of new business areas. However, in the face of massive fluctuations in demand during extreme booms and busts, the likes of which we first saw from 2017 to 2018 and from 2021 to 2022, we have prioritized the ability to respond quickly and preemptively bolstered production capacity, because it takes about two years for production to start after making the decision to ramp up. In the last couple of years, however, the global economy segmented into trade blocs, emerging countries took the fore as areas of demand, and areas of production went from being centralized to being scattered. Demand started coming in disparate waves from individual regions rather than all at once. To reach an operating income above ¥40 billion for the sake of achieving an ROE greater than 10% as quickly as possible in this environment, we will make the most of the tangible and intangible assets we've invested in to both meet customer needs and improve profitability.

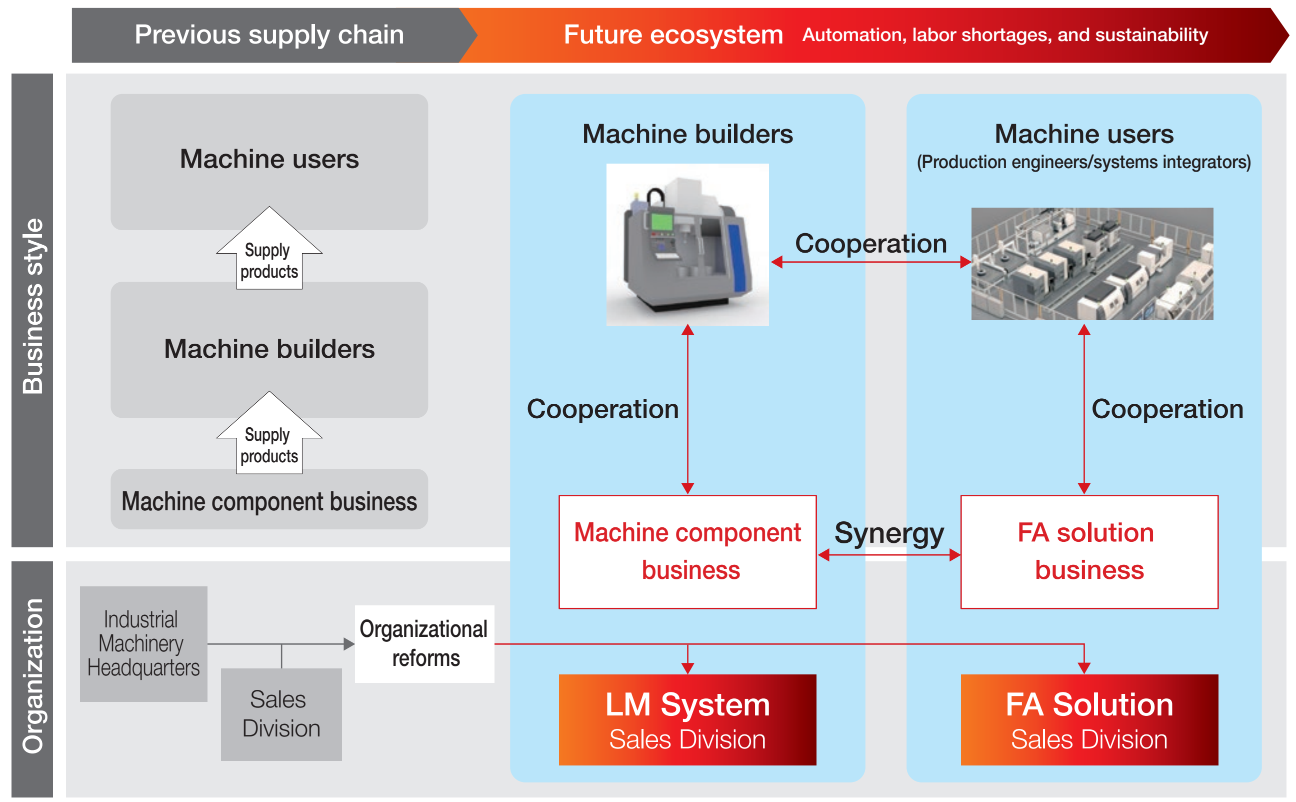
In concrete terms, as part of structural reforms launching in 2025, we will reduce fixed costs by optimizing our production structure and reaping efficiency gains provided by implementing new IT systems. This alone will secure close to ¥6 billion in profit. We will also improve our variable cost ratio by optimizing the price we pay for materials and parts and the price we charge for our products, netting an additional ¥14.4 billion. As we execute our strategy, we will rigorously monitor results, implementing further actions where these fall short as part of a PDCA cycle that will increase our effectiveness and transform us into a leaner business.

In light of the changing shape of the industry, the machine component business will bolster sales of the LM Guide and other products in seven key fields expected to grow on the global market. We will maximize profits in these fields by more accurately analyzing the needs and growth potential of each and by optimizing our development, production, and sales resources to achieve the right profit composition.

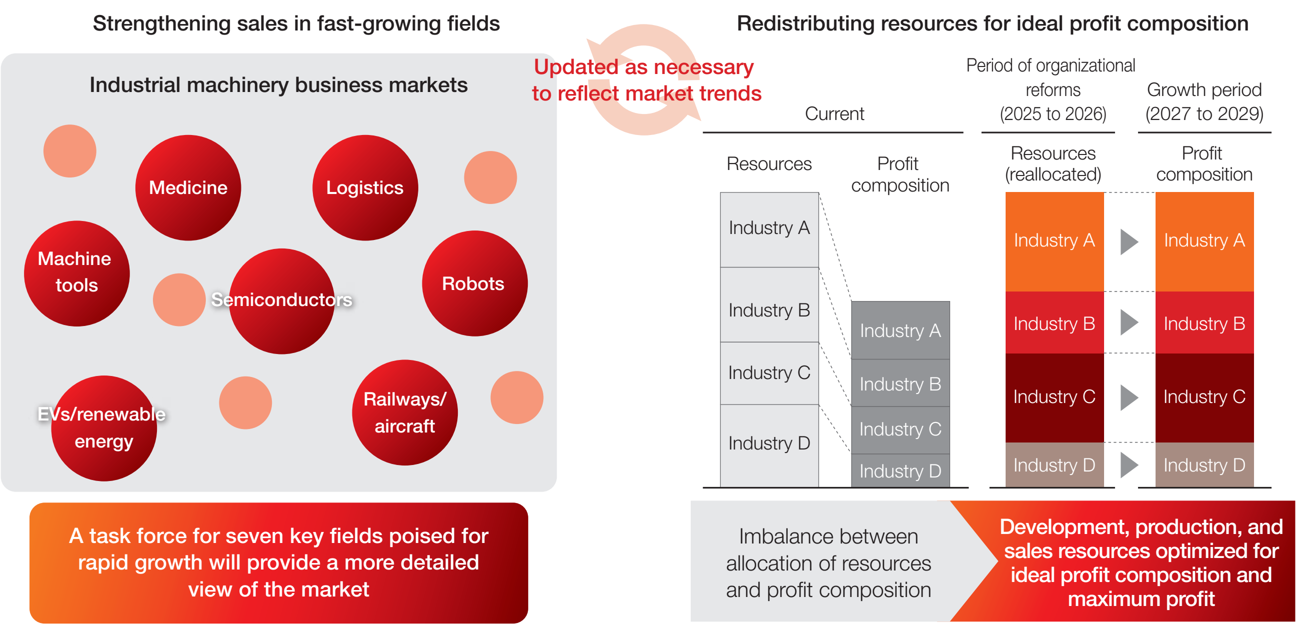
The FA solution business, on the other hand, is focused on helping both machine builders and a wide array of machine users overcome challenges in the context of production floors made ever more complex by social issues like automation, labor shortages, and sustainability. In 2025, we are reinforcing this business by reorganizing personnel from FA product development and other areas into groups based on their technical fields and the projects they are participating in as a way to further enhance the added value of our products and solutions. We will also leverage the wealth of data we have collected from the production floor to continually develop and release new problem solving solutions for our customers through the **OMNIedge** platform. These efforts will allow us to increase our ¥30 billion revenue from 2024 by a factor of 1.5 to ¥45 billion or more by 2029 with our mechatronic module offerings and our IoT and AI solutions. Ultimately, we will transform into a manufacturing and innovative services company by structuring our business around supplementary services incorporated into a release cycle for new products and solutions that reflect the current challenges and potential needs of customers.

If we are to achieve these goals, it is important that everyone is moving in the same direction, from the management level to the members keeping things running on the production floor. To this end, President Teramachi has made time to visit our main locations around the world in person to explain the aims and activities associated with our new management policy. As we create mechanisms to encourage employees to change their perspectives and behavior, we are also considering incorporating a structure for objective evaluations of changes in employee behavior into our personnel system. By aligning employee perspectives and company structures, we will create synergies that will assist in transforming our business.

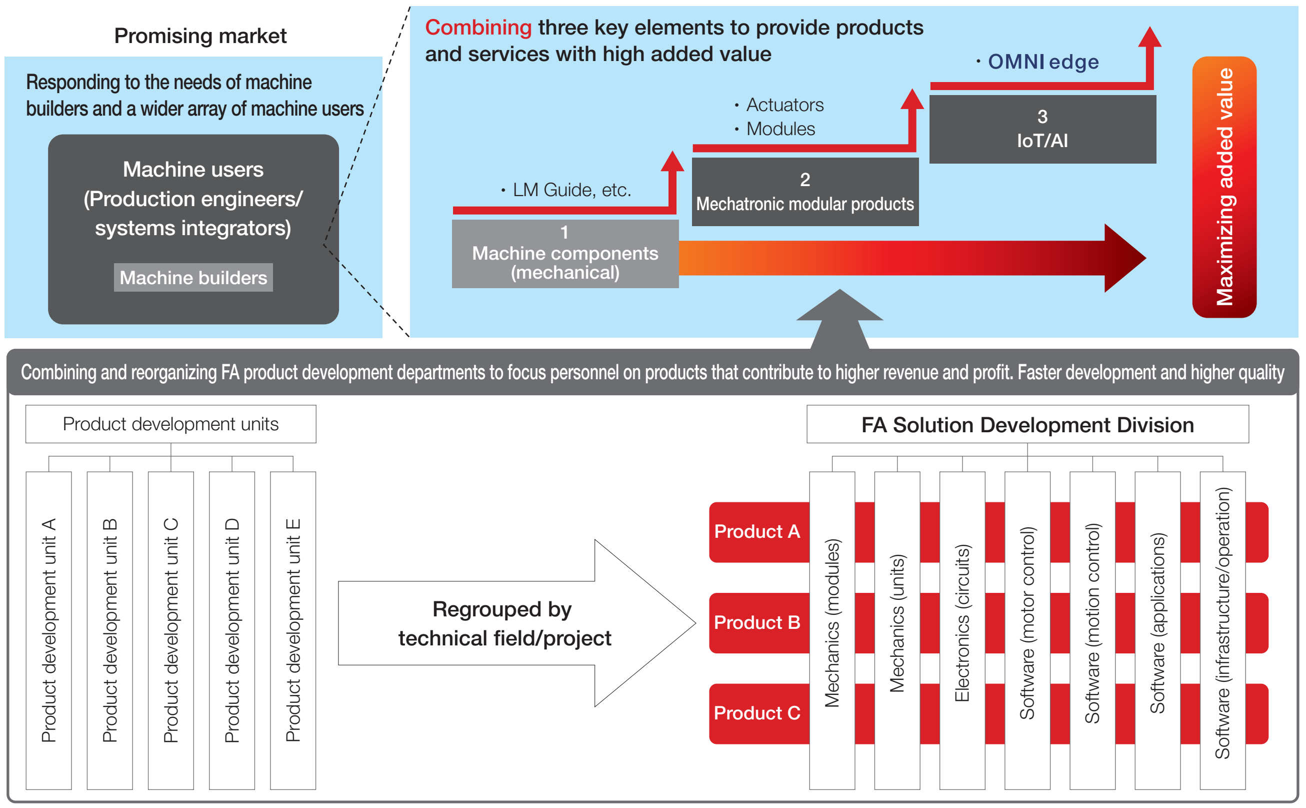
■ Organizational Reforms for the Evolution of the Industrial Machinery Business



Redistribution of Machine Component Business Resources

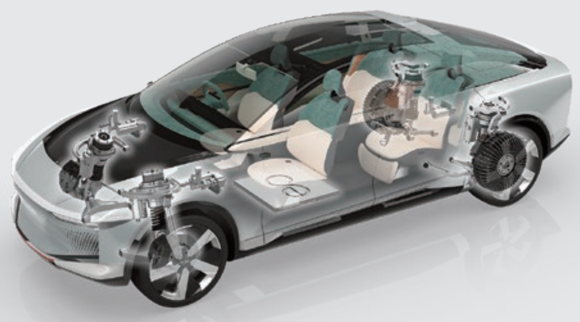


Growth of the FA Solution Business



Business Strategy

Automotive and Transportation Business



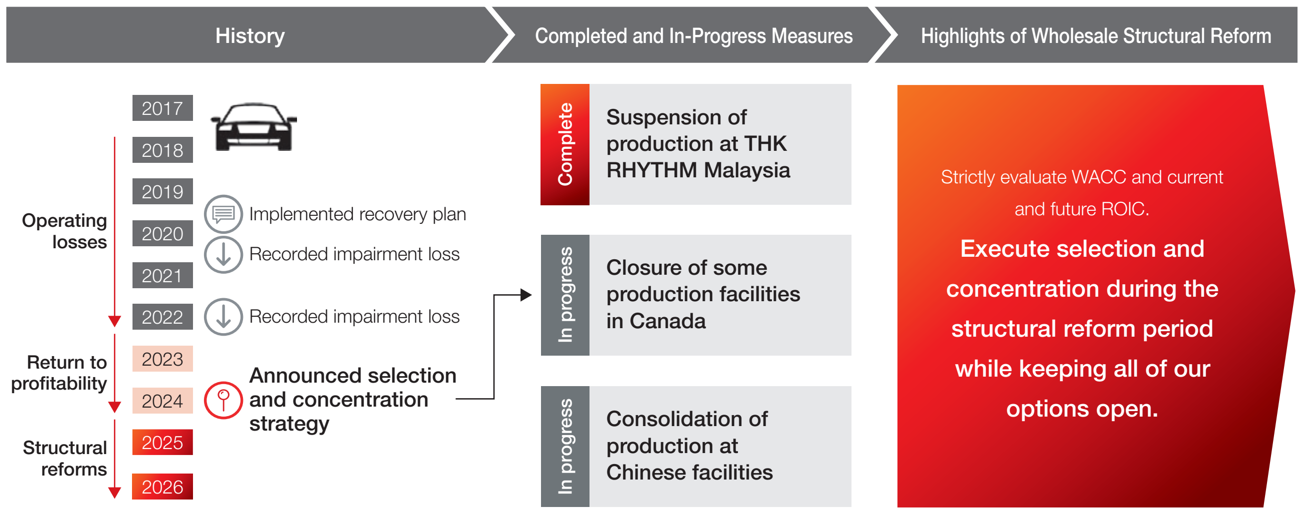
A Look Back at 2024 and a Preview of the Future

The automotive and transportation business makes a variety of components needed for self-driving technologies, such as linkage and suspension (L&S) components and ball screws for automatic braking systems that utilize our core linear motion technology.

We came in strong in the first half of fiscal year 2024 due to a recovery from component shortages in the automotive industry, but as production and sales of vehicles softened throughout the latter half of the year, and in part as a result of a decline in the value of the yen, while revenue came in at ¥136.1 billion (a 1.3% increase year-on-year), our operating income was ¥600 million (a 64.5% decrease year-on-year), resulting in reduced revenue despite our staying in the black.

Looking back at recent history, the years between 2018 and 2022 were marked by ongoing operating losses, in the midst of which we experienced impairment loss twice. These circumstances prompted us to establish a recovery plan and drive efforts to improve profitability, which enabled us to turn a profit in the 2023 fiscal year. However, our return on invested capital (ROIC) still did not exceed our weighted average cost of capital (WACC), which further eroded the confidence of our investors and shareholders. We believe this is less the result of external factors such as drastic changes in the automotive industry and disruptions caused by the coronavirus pandemic, and more the result of internal ones, such as our not implementing radical countermeasures to improve profitability as these changes were occurring.

In light of all these factors, in addition to our new management policy to achieve an ROE greater than 10% as quickly as possible, we have decided to closely examine our WACC and our current and future ROIC in the automotive and transportation business to drive selection and concentration. In addition to the December 2024 decision to close the THK RHYTHM Malaysia plant, we have also decided to close a portion of our Canadian production facilities. We are also currently consolidating production at our facilities in China. Throughout this period of structural reform, we will achieve a completely new level of selection and concentration while keeping all of our options open in order to meet the expectations of all our shareholders and investors.



Messages from Outside Directors

Outside Director
Junko Kai

Continue to be the market's favorite, THK.

Creating products that become market favorites is essential to executing and achieving THK's new management policy. This requires dedicating resources to the development, production, and sale of competitive products with high added value. Improvements that increase profit and profit margin as well as sales are also important.

So that all employees share a sense of urgency and come up with creative solutions together, it is crucial that THK foster a company culture where all can share their thoughts freely and have their opinions respected.

I want THK to develop all aspects of its business by constantly re-evaluating set practices and unflinchingly pivoting away from those that do not adequately serve their purpose. Share information about growing markets, face barriers to entry together, strengthen Group-wide collaboration, and seize opportunities in various fields beyond traditional customers and markets. A company-wide infrastructure for accessing important data and information will likely be necessary for this.

As a legal expert and a voice from outside the company on the Board of Directors, I promote comprehensive discussion of critical decisions. I listen attentively to the candid perspectives that arise in other forums to gain a broader view of THK's challenges and risks.

The Board of Directors will need to make increasingly crucial decisions to achieve the goals of the new business policy. While evaluations of the Board's effectiveness have laid the foundation for discussions that take risk into account, closing the information gap between internal and outside directors is essential to increasing its effectiveness further.

Information has increasingly been shared promptly with outside directors, so I anticipate that the Board of Directors will continue to evolve as a forum for deeper deliberations, questions, and answers arising from a broader shared awareness of THK's options and their pros and cons, and I myself would also like to contribute to that evolution.

Parties within and outside of THK will expect the company to flexibly navigate this period of drastic change with a steady gaze on the challenges it will engage with over the next 10 years and the 10 after that. I personally find the current management both extremely reliable and deeply passionate about cultivating sustainable growth.

Finally, my hope is that THK will remain the market favorite by reevaluating long-held norms; repeatedly choosing which to keep and which to discard; pursuing more efficient, dynamic activities; and growing into a company where employees Group-wide can work with passion toward their hopes for the future.

Outside Director
Masakatsu Hioki

Make THK an even more satisfying place to be.

Until now, THK has worked toward its new management policy of achieving an ROE greater than 10% as quickly as possible by focusing on fiscal activities that shrink the denominator of the ROE equation. In addition to this, the goals outlined in this year's management plan and in the path to an ROE greater than 10% call for pursuing increased profitability to grow the numerator of that equation. Achieving this will require the proactive efforts of each employee. When THK decides on a goal, it takes action quickly, so it is important that upper management explain things concretely in a way that all employees can understand and that they follow through with their stated intentions. Of course, not all employees have the same role. Specifically, I think spurring more lively middle-up and middle-down management by getting middle management's buy-in is key.

Directors have a duty to share their thoughts and opinions. These must reflect the realities of the company seen not from outside or above, but from within, from the perspective of employees.

With a Chairman who previously served many years as President, THK as a whole seems to think that, as long as the President's orders are followed, everything will be fine. The leaders on site at each location, however, are the ones who are most aware of and best able to respond to the realities their departments face. Just as there are things only the President can do, there are things only those on site can do. My fervent hope is for these individuals to act with a sense of pride in their unique position.

I believe the most valuable corporate resources are employees who work enthusiastically in lively workplaces. While upper management is clearly moving toward this vision, bringing out the best in employees requires an approach to human resources that incorporates their perspectives as well as the administrative one. As the role of President changes hands, there is a chance for great strides to be made toward this employee-centered approach. Ultimately, I want to see approaches to HR that center less on human capital and more on employee engagement and making THK a company that offers even greater satisfaction from being part of the organization.

As Chair of the Nomination Advisory Committee, I'm involved in reviewing the executive compensation system and the makeup of the Board of Directors. I think involving outside directors in selecting upper management and determining their compensation is necessary to ensure fairness and objectivity. However, having outside parties involved in personnel and performance evaluations is a difficult proposition, and may actually prove unfair in certain ways. Executive bodies should discuss their own staffing needs, performance evaluations, and compensation and be able to explain their decisions to external stakeholders. This is where outside perspectives are needed. It is difficult for outside directors to truly see things from inside a company, but we bring information from outside it along with years of experience. Use us as a resource, fully and without hesitation.

Outside Director
Tomitoshi Omura

May the new management policy be a turning point for THK.

For THK to grow as a business, it must use its machine components as a foundation to expand its mechatronic module offerings while rapidly creating a maintenance service structure that utilizes OMNIedge and other tools. It should combine generative AI with the wealth of knowledge it has amassed by problem solving across many industries to provide more optimal, high-level solutions and drive customer satisfaction ever higher.

THK will need to build a diverse customer portfolio and a stable profit base by looking beyond its traditional, less-predictable machine tool, semiconductor, and robot markets so that it can also concentrate resources in emerging fields like medicine, railways, aircraft, EVs, renewable energy, and logistics. It must also shore up production facilities outside of Japan in areas of low geopolitical risk, localize more of its material procurement, and reduce production costs to increase cost competitiveness.

Achieving sustainable growth requires a reevaluation of THK's business portfolio through the lenses of profitability and capital efficiency as well as a strategy of selection and concentration for effective allocation of resources to critical products and technological development. To bolster sales and reduce production costs, THK must also consider proactive use of M&A, expand its approach to managerial accounting, and establish a structure for making business decisions based on an accurate understanding of each venture's profitability. Increasing productivity per person by implementing generative AI, automating production, optimizing internal and external production structures, reducing material cost ratio, and reskilling excess support and management staff will also be crucial.

As an outside director with years of experience and specialist knowledge in the field of accounting, I am responsible for reviewing THK's profitability and capital efficiency and monitoring how it promotes the strategy of selection and concentration. With this in mind, I do my utmost to assure fiscal due diligence in corporate acquisitions while also overseeing the managerial accounting and controls of THK and its subsidiaries.

Shareholders and investors have praised THK's fiscal strategy to this point, from forward-thinking investments for future demand on the industrial machinery business side and profitability improvement initiatives on the automotive and transportation business side to the adoption of IFRS and a unified fiscal year and the transition to a consolidated capital management structure. I believe the new management policy of achieving an ROE greater than 10% and an operating income greater than ¥40 billion, which arose from the deliberations of the Board of Directors, has the potential to be a major turning point in THK's history in its own right. As a director, I look forward to seeing THK turn this new policy into a reality.

Outside Director
Yoshiki Ueda

Hasten change today to shape the THK of tomorrow.

As part of achieving the new management policy goal of an ROE greater than 10%, I want to see THK's core industrial machinery business engage in sweeping discussions of revising its product offerings and optimizing its production processes from a profitability perspective, evolving its business model while carving out a dominant position in its field. On the other hand, the automotive and transportation business, which is facing market changes and challenges to securing profit consummate with its large investments of capital, has entered a period in which it must carry out a strategy of selection and concentration on a level not seen before and set a timeline for the execution of that strategy, even as it keeps its options open. Resources should be focused to favor growing fields and high-profit business by establishing shared quantitative standards that answer questions like: "Can we use our limited corporate resources here to increase profit enough to offset capital expenditures?" or "Do we see potential for growth here?" THK should forget its past successes for the time being and focus on envisioning what it needs to look like 10 and 20 years from now, charting a course in that direction, boldly executing selection and concentration, and moving toward its vision faster.

We outside directors are expected to help THK become a better, stronger company in the eyes of its stakeholders. To this end, we use meetings of the Board of Directors to prompt discussions for creating sustainable growth and increasing long-term corporate value, to offer our perspectives, and to help align management priorities as well as for regular resolutions and reports. THK's outside directors together bring a breadth and depth of specialist knowledge and extensive experience in their respective fields. We will continue to exercise sound governance to support THK's further development.

In my previous work at a trading company, we dealt with so many different business areas that it was a struggle to optimize how we allocated corporate resources. But we broke out of this model, setting company-wide quantitative standards, clarifying our stance with each type of business, and embracing a strategy of selection and concentration according to set rules. As a result, our profits soared. While trading and manufacturing approach some things differently, I will use that experience to support change at THK as much as I can. From that vantage, I see THK's management of business risk to be a bit wanting still. With geopolitical risks escalating everywhere in today's world, plans and preparations for business risk scenarios are needed in addition to a BCP. A fiscal strategy to deal with maximum foreseeable loss is also essential. The Board of Directors should take these up as critical management issues going forward.

I also serve as chair of the Remuneration Advisory Committee. The performance-based compensation rate for executive compensation was increased a while back, but achieving an ROE greater than 10% as quickly as possible will require aligning employee goals and sense of purpose. This is why I want to propose a scheme that awards performance-based bonuses to all employees when the company achieves its goals. THK has the excellent business philosophy of being a company focused on creation and development as well as a capacity for rapid action. I want it to see change as an opportunity, accelerate the work to bring it about, and launch itself to the next level.

Governance

Basic Policy

We strive to maintain solid corporate governance in order to maximize our corporate value by sustaining growth through appropriate cooperation with our shareholders and other stakeholders.

Structure

In conjunction with our establishment of an Audit and Supervisory Committee, THK instituted a non-mandatory Nomination Advisory Committee and a Remuneration Advisory Committee, each with an outside director majority, to ensure further transparency and fairness in management personnel and remuneration.

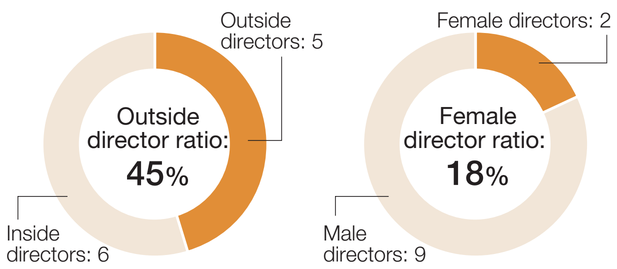
In addition, through our executive officer system, we have strengthened the auditing functions of the Board of Directors in addition to bringing greater speed and efficiency to management-related decision-making and the management of corporate affairs.

Board of Directors

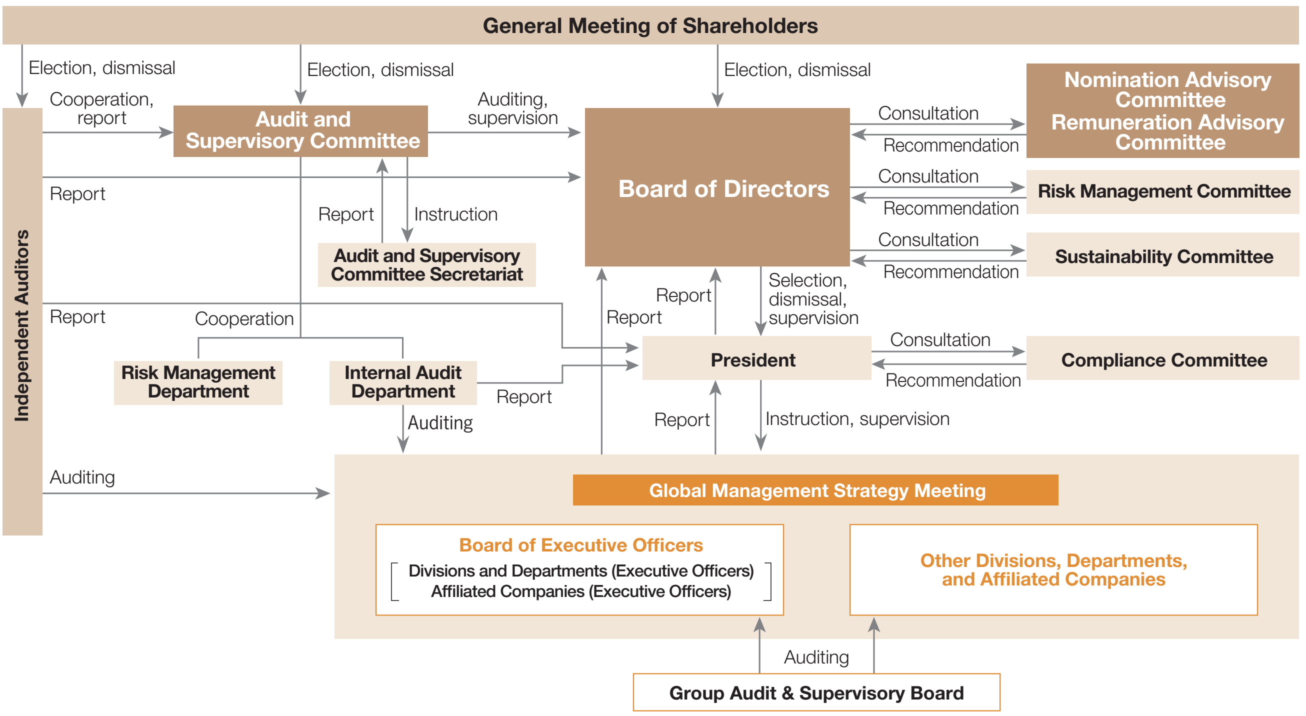
THK's Board of Directors comprises a total of eight directors—including two outside directors—who are not members of the Audit and Supervisory Committee in addition to three outside directors who are Audit and Supervisory Committee members. The Board of Directors makes decisions on important matters of general management and carries out the oversight of directors and executive officers in the execution of their duties.

THK's five outside directors, whose independence meets the evaluation criteria stipulated by the Tokyo Stock Exchange and THK, possess specialized professional knowledge and qualifications related to corporate accounting and general management. Accounting for over a third of our directors overall, they have further enhanced management neutrality, legality, and validity while improving the board's management oversight function.

Director Composition



Governance Structure



Audit and Supervisory Committee

Comprising three outside directors who are Audit and Supervisory Committee members, the Audit and Supervisory Committee utilizes the internal control system to audit and supervise directors and executive officers with regard to the current status of the execution of their duties. The committee enhances the effectiveness of audits through its partnerships with an accounting auditor, the Internal Audit Department, and the Risk Management Department, which maintains and implements internal controls.

Additionally, an Audit and Supervisory Committee Secretariat has been established to assist in the smooth functioning of the committee by supporting its members and their work. The secretariat follows the instructions of the Audit and Supervisory Committee, coordinates with each department, and conveys instructions to the Internal Audit Department and the Risk Management Department.

Nomination Advisory Committee and Remuneration Advisory Committee

The Nomination Advisory Committee and Remuneration Advisory Committee are each composed of three directors, two of which are outside directors. This is in accordance with the rules for both committees, which stipulate that outside directors must make up more than half of the members and that each must also be chaired by an outside director.

As advisory bodies to the Board of Directors, both committees review and deliberate on director candidates and remuneration proposals, and they propose the content and outcomes of those deliberations to the Board of Directors. The Board of Directors conducts its own deliberations based on their proposals before deciding on a resolution.

Executive Officer System

By introducing the executive officer system, we have endeavored to accelerate decision-making and operational execution in addition to improving the management oversight function of the Board of Directors and clarifying roles and responsibilities relating to the management of corporate affairs.

THK has established both a Board of Executive Officers, attended by directors and executive officers, and a Global Management Strategy Meeting, attended by members of the Board of Executive Officers in addition to those in charge of each division, department, and affiliate company. These serve as forums for directors, executive officers, and other members of management to collaborate to share information across the Group and improve our corporate governance.

To clarify the roles and responsibilities of executive officers relating to the management of corporate affairs, an executive officer's term in office is deemed to be one year.

Evaluating the Effectiveness of the Board of Directors

We conduct an annual survey on the capabilities of the Board of Directors in order to ensure its effectiveness and improve its performance.

In 2024, a third-party organization conducted the survey and interviews with each director.

Background of the 2024 Evaluation

- THK has determined that developing our corporate governance to promote management that emphasizes profitability and capital efficiency, in accordance with basic policy, requires specialized, objective evaluation of the effectiveness of each of our activities.
- In 2024, we enlisted a third-party organization to evaluate the effectiveness of the Board of Directors in an effort to deepen its substantive deliberations and translate these into increased corporate value.

Overview of the 2024 Evaluation

People being evaluated	All 12 directors
Evaluator	Third-party organization
Evaluation method	Individual interviews and a survey
Evaluation period	October to December 2024 (including preparation period)
Evaluation items	① Matters addressed and measures taken in 2023 ② Structure of the Board of Directors ③ Operation of the Board of Directors ④ Content of Board of Director discussions and proposals ⑤ Information sharing with outside directors ⑥ Nomination Advisory Committee and Remuneration Advisory Committee ⑦ Director contributions and self-evaluations ⑧ Overall evaluation of the Board of Directors

2024 Evaluation Process

(1) October to November 2024: Evaluation and analysis by third-party organization

- The selection of evaluation items and drafting of survey questions were left to a third party to ensure transparency and objectivity.
- The survey responses from each director were analyzed and used as the basis for the individual interviews that followed (about an hour each).
- Effectiveness was evaluated based on analysis of survey and interview results.
- A list of significant challenges and future policy actions were derived along with the evaluation results.

(2) November to December 2024: Discussion by the Board of Directors

- The third-party organization reported the evaluation results to the Board of Directors on November 29, 2024, whereupon the Board discussed these results and future policy responses.
- The Board of Directors decided on what aspects of the evaluation would be made public at their meeting on December 25, 2024.

2024 Results and Policy Responses

Evaluation results	• It was confirmed that embracing the challenge of revising the criteria for discussion in Board of Directors meetings in 2023 had expanded the range of topics the Board discussed and made their meetings more lively. • However, revisions made to spur improvement brought new significant challenges to light. • The Board of Directors determined significant challenges as well as policy responses and main activities in response thereto in light of these analyses and evaluation results.

Policy response	Activity details
Discussing and building shared understanding of the state of the Board of Directors	• Redefining the vision for the Board of Directors and directors' expectations of the roles they should serve • Consideration of the topics that should be discussed in Board of Director meetings (ongoing) • Granting further executive authority to facilitate more timely business decisions
Strengthening THK's monitoring structure and accelerating strategic discussions	• Creating a road map with clear milestones for responding to medium- to long-term challenges to execution • Setting KPIs for sustainably growing corporate value
Elevating the operational and secretarial functions of the Board of Directors, including how topics for discussion are decided upon	• Discussion of strategic themes that demand deeper consideration for the medium to long term • Creation of an annual debate schedule for deepening discussion • Creation of appropriate monitoring documentation and presentation methods
Expansion of planning and discussion around systematic development plans for management candidates	• Clarifying the skills, personality traits, and other qualities required of management in light of THK's vision for the future • Appropriate contribution to the formulation and implementation of company-wide policies related to candidate assessment, appointment, and development

Executive Compensation

Basic Policy

It is our basic policy that the remuneration structure for directors (excluding directors who are Audit and Supervisory Committee members and outside directors) will be tied to shareholder interests in order to ensure that such compensation functions effectively as a continued incentive to improve corporate value, and decisions on remuneration for individual directors are based on an appropriate standard in consideration of their duties.

Base Salaries

Base salaries are determined based on the results of the previous fiscal year, with the combined sum of director salaries not to exceed ¥1.2 billion. Directors are evaluated based on their individual duties and both their current and expected contributions, and their base salaries are accordingly determined and allotted from the aforementioned collective sum.

The annual base salaries of outside directors must remain under ¥120 million, and the amount is determined based on compensation standards for companies of a similar size, industry, and type of business.

Performance-Based Incentives

The upper limit for performance-based incentives is the sum of 3% of the profit for the year attributable to owners of the parent for that period plus 3% of the average value of the profit for the year attributable to owners of the parent for the past four years, including the current fiscal year, which is factored in to level out the variances in the demand trends for our business when determining the total amount of compensation for each fiscal year. Each director is evaluated, and their compensation is determined within that limit in consideration of their duties and degree of contribution.

Performance-based incentives are not provided to outside directors.

Restricted Stocks

As an incentive to continuously improve THK's corporate value, restricted stocks are provided to directors (excluding directors who are Audit and Supervisory Committee members and outside directors). In order to align the interests of directors with those of shareholders, these stocks may not be transferred except under specific circumstances, and when such conditions are met, they will be allocated as common stocks, which are subject to restrictions such as being allotted without contribution.

Furthermore, based on a resolution by THK's Board of Directors, the annual sum when combined with the base salary shall not exceed ¥1.2 billion (no more than ¥120 million of which may go to outside directors), and no more than 270,000 common shares may be allocated to directors (excluding directors who are Audit and Supervisory Committee members and outside directors).

Compensation Structure Policy

Based on a clear outline of business results and role-specific performance and responsibilities, base salaries are reevaluated on an annual basis and factor in company performance. Taking this amount into consideration, the ratio between base salary and performance-based incentives is then determined based on the performance during the current fiscal year, performance during the past four years, and contributions to overall management. The number of restricted stocks is calculated at around 5% of the sum of the applicable directors' base salaries at the beginning.

2025 and Beyond

To further incentivize contributions to increased corporate value, THK is reducing the proportion of director compensation accounted for by base salary and increasing the proportion composed of performance-based incentives, compensation tied to ROE, and long-term incentives in the form of restricted stocks.

Participation in Board of Director and Committee Meetings

	Board of Directors (16/year)	Audit and Supervisory Committee (13/year)	Nomination Advisory Committee (2/year)	Remuneration Advisory Committee (2/year)	Risk Management Committee (1/year)	Sustainability Committee (3/year)	Compliance Committee (4/year)
Akihiro Teramachi	100%	-	100%[2]	100%[2]	100%	100%	100%
Takashi Teramachi	100%	-	100%	100%	100%	100%	100%
Hiroshi Imano	100%	-	-	-	-	100%	100%
Toshihiro Teramachi[1]	100%	-	-	-	-	100%	100%
Nobuyuki Maki	100%	-	-	-	100%	100%	-
Junji Shimomaki[1]	100%	-	-	-	-	100%	-
Kenji Nakane	100%	-	-	-	100%	100%	-
Masaaki Kainosho[1]	100%	-	100%	100%	-	100%	-
Junko Kai	100%	-	-	-	-	100%	100%
Masakatsu Hioki	100%	100%	100%	-	100%	100%	100%
Tomitoshi Omura	100%	100%	-	-	-	100%	-
Yoshiki Ueda	100%	100%	-	100%	100%	100%	100%

[1] Toshihiro Teramachi, Junji Shimomaki, and Masaaki Kainosho resigned on March 15, 2025.
[2] Akihiro Teramachi resigned from these committees on November 12, 2024, having participated once in each for the year.

Principal Risks and THK's Response

Risk Management

In order to gain an accurate understanding of risks related to THK Group business activities and to respond to them appropriately, THK created a Group-wide risk management structure based on rules related to risk management.

Based on our customer-focused approach where we think, act, and verify results from the customer's perspective, THK has established an integrated sales and production structure with facilities and operations close to centers of demand. As of December 31, 2024, our business comprises 116 sales offices (47 in Japan and 69 outside of Japan) and 37 production facilities (13 in Japan and 24 outside of Japan). In order to fulfill our mission and responsibility to supply products as an essential business in this environment, we carry out risk management activities against all kinds of risks, from natural disasters to acts of terrorism.

Risk Management Structure

THK has established a Risk Management Committee headed by the President. The committee establishes and formulates countermeasures to selected risks related to the THK Group's business activities and verifies whether the risk management structure is functioning in an effective manner. Furthermore, we consider risk to be an uncertainty that affects the revenue of the organization, which may be negative or positive in nature. We believe that hedging risks as appropriate to deal with the negative possibilities while actively taking positive risks will lead to sustained future growth.

Defining and Responding to Risks

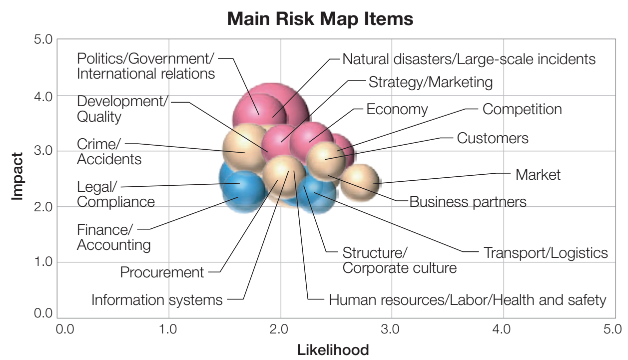
1. Each Group company in and outside of Japan and each department at THK Japan identifies the risks they are aware of.
2. Each company and department ranks the identified risks into five levels along the two axes of likelihood and impact.
3. The results of these assessments are reported to the Risk Management Committee Secretariat.
4. Based on these results, the averages of the likelihood and impact are calculated to create a risk map.
5. The risk score for each risk is calculated and represented through the size of the circle on the map.
6. In consultation with the Risk Management Committee, we develop countermeasures and verify the effectiveness of our management structure.

By taking the steps outlined above, we work to prevent risks before they occur. Furthermore, we have created a framework that enables us to launch a task force in response and promptly determine countermeasures in order to minimize the impact to our business in the event that a risk becomes a reality.

As a result of our risk assessments, we have identified 11 items with high severity. For each of these risks, we are constructing internal frameworks to strengthen the positive impact and expand our business (opportunities) in addition to minimizing the negative impact and taking mitigating measures (countermeasures).

■ Risk Assessment Process

■ Risk Map



■ Risk Factors and Countermeasures

Item		Risk	THK's Response
Governance	Compliance	• Application of laws and regulations in each country where THK is active • Loss of trust in THK due to a legal violation	• Established the Compliance Committee • Prepared the Fundamentals for the THK Group Employees in 12 languages and distributed it to all employees • Established the THK Group Helpline with three internal and external reporting lines (Risk Management Department, Audit and Supervisory Committee, and legal counsel) • Established a system for locations in each region to share information about legal and regulatory trends
	Information security	• Skilled, sophisticated cyberattack • Destruction or modification of data due to illegal access • Information leak due to system malfunction	• Established the Information Security Committee • Responded to regulations in and outside of Japan regarding the protection of personal information • Performed targeted e-mail attack drills
	Major disasters (including infectious diseases)	• Negative impact on sales due to production stoppages • Disruption in component provision due to suppliers or distribution networks suffering from a disaster	• Implemented a crisis management service to understand the scope of the impact from a disaster • Established an alternate production structure that includes global production facilities • Transferred headquarters functions when affected by a disaster • Developed robots that can enter collapsed buildings and those that provide contactless service to prevent the spread of disease
Society	Competitors	• Price competition with similar products • Recruitment of THK employees by other companies	• Proposing electric and labor-saving products • Using Omni THK to understand market needs • Developing products and services such as OMNI edge that meet market requirements • Developing new products and cultivating new markets • Strengthening global collaboration
	Global business development	• Current events in locations where THK or its suppliers do business, including political and economic trends, terrorism, and international conflicts	• Established BCP measures to minimize harm • Using a risk management service to quickly obtain local information
	Raw material and component procurement	• Insufficient production capabilities, quality defects, or compliance violations on the part of suppliers • Lockdowns in the countries where THK does business • Supply chain disruptions due to a major disaster • Sharp hikes in the prices of raw materials	• Distributed the THK Group Green Procurement Guidelines • Supplier audits • Developing new technology through VA proposals and 14 THK Association idea exchanges held throughout the year • Expanding our global procurement network • Promoting recycling and reusing
	Currency exchanges	• Drastic fluctuations in exchange rates • Estimated value of financial statements from subsidiaries outside of Japan	• Foreign exchange contracts • Expanding local procurement
	Interest rates	• Increased interest rates • Estimated value of assets	• Derivative transactions such as interest rate swaps
	Talent	• Intense competition to secure excellent talent • Worsened labor/management relations	• Creating a work environment that welcomes diverse talent • Training program that utilizes e-learning • Creating an environment where women can thrive • Talent development program • Various benefit programs
	Quality	• Major quality incidents • Worsened supplier quality	• Conducting supplier quality audits • Obtained ISO 9001, JIS Q 9100, and IATF 16949 certification
Environment	Environment	• Stricter environmental regulations • Major environmental incidents	• Distributed the THK Group Green Procurement Guidelines • Obtained ISO 14001 certification • Complying with the RoHS Directive, REACH Regulation, and PRTR Law • Developing products related to renewable energy • Developing products to achieve carbon neutrality

Compliance

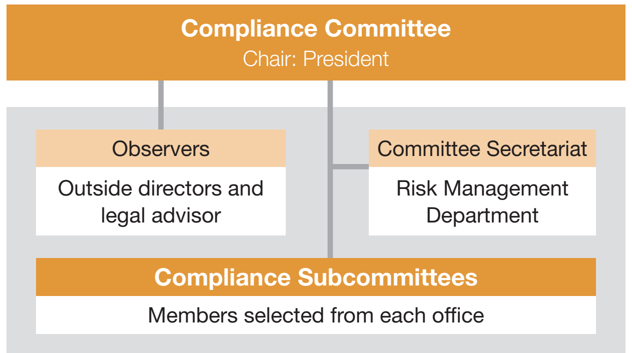
Policy | **Thoroughly instill compliance awareness and create a work environment that does not allow wrongful acts.**

With the aim of complying with relevant laws and regulations and acting in accordance with internal regulations and ethical norms, the THK Group maintains structures and promotes various initiatives for the sake of increasing awareness around matters related to compliance.

Compliance Structure

The THK Group has a Compliance Committee that is headed by our President and convenes four times a year. This committee, which includes outside directors and a legal advisor, approves the annual activity plan, reports on the execution of those activities, and discusses responses to employee compliance violations and other matters reported internally.

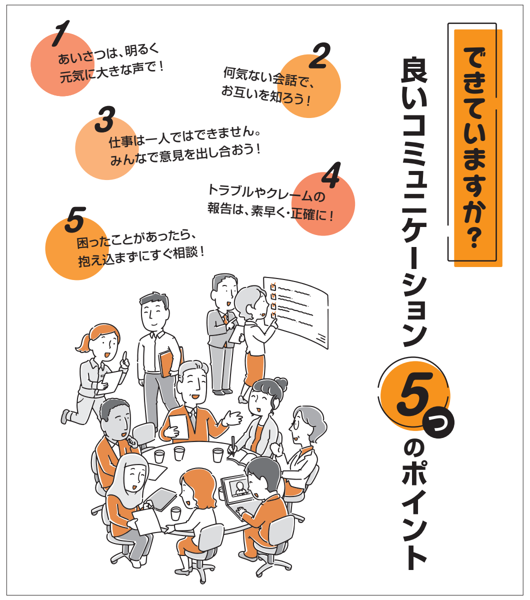
Compliance Structure



THK Group Helpline (Internal Reporting System)

The THK Group Helpline was established to facilitate prompt detection of and response to employee compliance violations and behavior related to such violations. There are two internal contacts (the Risk Management Department and the Audit and Supervisory Committee) and one external contact (our legal advisor) for reporting, and reports can be made anonymously. We ensure that employees are aware of these systems by regularly advertising them in internal newsletters, on informational posters, and elsewhere. Furthermore, we diligently enforce our rules ensuring the confidentiality of all reports and prohibiting retaliation.

There were 15 cases reported in 2024, and we worked with the relevant divisions to take the necessary measures to address each of them. Additionally, in November 2024, we established the THK Group Business Partner Helpline. This service is available to executives and staff at companies that regularly do business with the THK Group (including those who have retired or resigned within the last year) and allows reports to be submitted via a form on our company website, a dedicated e-mail address, or the postal service. As with our internal helpline, reports made through this service are thoroughly safeguarded to prevent retaliation. By responding in good faith to all consultations that our helplines receive, we are continually enhancing our compliance readiness.



5 Tips for Good Communication:
1: Give others a bright and cheerful greeting!
2: Get to know others through casual conversation!
3: It takes a team to get work done. Share ideas as a group!
4: Communicate problems quickly and accurately!
5: Don't struggle alone. Ask for help!

Breakdown of 2024 Reports

Description	Number
Harassment (all forms)	8
Violation of internal rules	3
HR issues	3
Health, safety, and workplace environment	1
Total	15

Distribution of the Fundamentals for the THK Group Employees

The Fundamentals for the THK Group Employees contain our Corporate Philosophy; Corporate Basic Policies (creating value and contributing to society, being customer-oriented, and compliance with laws and regulations); and The THK Group Action Charter. This booklet is distributed to all employees in an effort to ensure they always perform their work appropriately without losing sight of their mission.

It is available in a total of 12 languages: Japanese, English, Traditional and Simplified Chinese, German, French, Czech, Portuguese, Spanish, Thai, Malay, and Vietnamese.

Prior Structural Improvements and 2024 Initiatives

Prior Structural Improvements	2024 Initiatives
• Established the Compliance Committee. • Established the THK Group Helpline. • Distributed the Fundamentals for the THK Group Employees (available in 12 languages) to all employees within and outside of Japan. • Held various seminars (on compliance, harassment, the Act Against Delay in Payment of Subcontract Proceeds, and bribery). • Engaged in activities for raising awareness (provided e-learning resources, published quarterly "Compliance Tips," and distributed compliance posters). • Conducted compliance surveys.	January • Chinese compliance committee convened. January, April, May, June, July, September, and October • Held compliance seminars for 2,316 employees from THK Japan production facilities and Group companies in Japan. February • Distributed compliance posters. February, May, August, and November • Compliance committee convened. March, June, September, and December • Published "Compliance Tips." April • Performed basic training for 141 new employees. May • Established new compliance committees at five THK Japan production facilities. • Held new manager training for 43 individuals from throughout THK Japan. June • Added new e-learning materials. June, July, and December • Compliance committees at five THK Japan production facilities convened. July, October, and November • Held anti-bribery seminars for 170 individuals from throughout THK Japan. October • Conducted a compliance survey for employees (including those at Group companies in Japan). November • Established a new compliance committee at THK RHYTHM. • Held a seminar taught by an external instructor for 53 compliance subcommittee members and other attendees. • Established the THK Group Business Partner Helpline. December • THK RHYTHM compliance committee convened.

Information Security

Policy | **Establish, instill, and maintain the THK Group information security structure.**

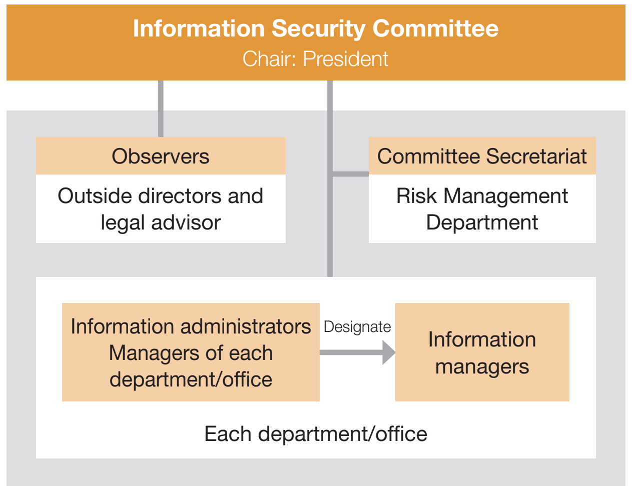
While information utilization is indispensable for corporate growth in modern society, security risks associated with that same information are also steadily growing. Companies can lose a significant amount of trust and experience extensive losses from even a single information leak.

In accordance with the THK Group Information Security Policy, we strive to strengthen our company-wide information security structure and work to increase employee awareness.

Information Security Structure

We have established an Information Security Committee, which is chaired by the President and convenes four times per year. This committee, which is attended by outside directors and legal counsel, makes decisions concerning policies related to the establishment of an information security structure and discusses responses to information security concerns.

Information Security Structure



Prior Structural Improvements and 2024 Initiatives

Prior Structural Improvements	2024 Initiatives
• Established the Information Security Committee. • Conducted regular self-surveys. • Performed information security audits. • Strengthened infrastructure by setting up new data and backup servers. • Established a privacy policy and internal rules in alignment with the GDPR*.	February, May, August, and November • Convened Information Security Committee. May • Conducted seminars for 53 employees on information security fundamentals and how to handle personal information across borders as part of the sales division's Global Talent Training Program. June and November • Performed information security audits at two locations (Kofu plant and Hamamatsu branch). September • Released self-survey on information security for all employees. • To prevent photographs being taken within the facility, Chinese factories (in Dalian, Wuxi, Liaoning, and Changzhou) began requiring external contractors to place their smartphones in a special locked case at the security gate when entering the premises, and the phones were unlocked when they left. November • Performed e-mail attack drills targeting 234 employees.

* GDPR stands for General Data Protection Regulation. The GDPR is a law adopted by each country within the EU that outlines the specifics of the protection and handling of personal data.

Risk Management

Policy | **We facilitate assertive governance with elements of bold risk-taking.**

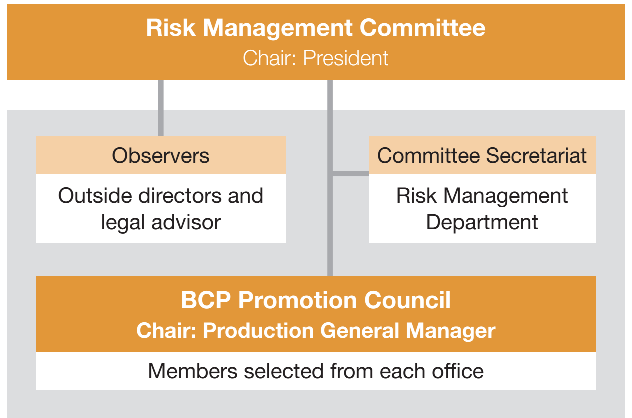
We maintain a forward-looking risk management structure that actively involves management in order to support risk-taking by executive staff.

Risk Management Structure

The Risk Management Department was established directly beneath the President as a means to control and respond to risk throughout the company. This department is split into legal, internal control, security export control, compliance, and environmental management sections, which develop measures for avoidance, mitigation, and transfer of every foreseeable risk in their respective areas.

Furthermore, we have established a Risk Management Committee, which convenes annually and is headed by the President. The committee, which is attended by outside directors and legal counsel, approves an annual activity plan; controls risks throughout the entire scope of the THK Group's business activities; and works to establish, promote, and maintain the risk management structure.

Risk Management Structure



Prior Structural Improvements and 2024 Initiatives

Prior Structural Improvements	2024 Initiatives
• Established the Compliance Committee. • Established the THK Group Helpline. • Established the Information Security Committee. • Established the Risk Management Committee. • Established the THK Group Human Rights Policy. • Established the THK Group Anti-Bribery Policy.	• Performed a risk assessment of 31 departments within THK Japan and 29 Group companies within and outside of Japan. • Mapped risk assessment results by probability and impact, evaluated the severity of each risk, and determined the priority for implementing countermeasures. • Reported the results of the risk assessments to the Risk Management Committee and Board of Directors. • Verified the medium- to long-term financial sense and future outlook of primary cross-held stocks.

BCP

Policy

As an essential business, the THK Group has a responsibility to supply parts even in the event of an incident that could potentially disrupt our operations. In order to fulfill that responsibility, the THK Group engages in a number of activities meant to ensure our business continuity.

1. **We value the lives of our executives; our employees and their families; our business partners, customers, and suppliers; and other related parties above all else.**
2. **We work to prevent any disruptions to our operations and, if operations are disrupted, restore them in as little time as possible.**
3. **We cooperate with organizations that maintain and oversee regional infrastructure to assist in regional recovery efforts.**

BCP Activities

With the number of natural disasters drastically impacting business continuity increasing from year to year, the THK Group considers information gathering to be critical for sustaining operations even in the face of an emergency. In keeping with this stance, THK Japan and Group companies in Japan have implemented a system that maps out and provides information about disasters happening across the country to facilitate timely awareness of how these affect our company and our business partners. We have also implemented a safety confirmation system for employees and their families that allows for quick determination of whether these individuals are in danger or out of harm's way.

BCP Measures and 2025 Activity Plan

When an earthquake hit the Hyuga Sea off the coast of Miyazaki Prefecture in August 2024, the Japan Meteorological Agency issued its first ever Nankai Trough Earthquake Extra Information (Major Earthquake Warning) protocol. In response, the THK Group instructed all sales offices and production facilities in Japan to verify that all of their equipment was secured in place and that they each had an adequate stock of necessary supplies and directed all employees to double check the earthquake-proofing of evacuation areas and their own residences.

Additionally, each sales office and production facility has also performed drills with satellite phones provided at each location to prepare against the possibility of other types of emergencies, such as heavy rain and flooding. As a result, each location has been able to confirm its ability to maintain communications in such an event. In light of the planned discontinuation of this satellite phone service, the THK Group is currently exploring alternative forms of emergency communication.

Prior Structural Improvements and 2024 Initiatives

Prior Structural Improvements	2024 Initiatives
• Formulated BCP for Group sales offices and production facilities in Japan. • Identified business impacts. • Established an alternative production structure. • Secured communication methods for use during disasters. • Designated people in charge of the BCP and convened the BCP Promotion Council. • Transferred part of headquarters functions. • Surveyed production facilities of secondary and tertiary suppliers and added records to the management system.	• In light of the Nankai Trough Earthquake Extra Information protocol, THK Japan and Group companies in Japan verified that all of their equipment was secured in place and that they had an adequate stock of necessary supplies. • Verified the earthquake-proofing of evacuation areas and the residences of all employees. • Performed drills with satellite phones provided at each sales office and production facility for use during emergencies.

Internal Audits and Internal Controls

Internal Audits

As a matter of basic policy, the Internal Audit Department conducts internal audits that contribute to management and the departments being audited. Internal auditors monitor the business activities of each department as a group directly reporting to the CEO that is independent from any other department.

The Internal Audit Department carries the dual responsibilities of conducting internal audits and evaluating internal controls.

During internal audits, the business activities of each department and Group company are audited. These audits are generally performed on-site every year, and the results are summarized in an internal audit report and distributed to both management and the departments under audit. In 2024, these audits were instead conducted through a combination of virtual and on-site visits at 75 offices and departments.

During evaluations of internal controls, internal controls related to financial reporting are evaluated based on the Financial Instruments and Exchange Act. With the release of internal control reports, management evaluates the effectiveness of internal controls and undergoes an audit by accounting auditors on an annual basis. In 2024, the overall internal controls were evaluated at 22 locations, and the internal controls related to business processes were evaluated at 14 locations.

Internal Controls

In accordance with the Companies Act and the Ordinance for Enforcement of the Companies Act, we stipulate the following in our Basic Policy for Internal Controls and maintain and operate an internal control system.

1. Controls to ensure that the execution of duties among THK Group directors and employees conform to laws and the articles of incorporation
2. Matters concerning the storage and management of information related to the execution of director duties
3. Regulations and other controls concerning the risk of loss for the THK Group
4. Controls to ensure the efficient execution of duties among THK Group directors
5. Controls to ensure the appropriateness of THK Group operations
6. Matters related to ensuring the effectiveness of structures relating to employees whose appointment was requested to assist the Audit and Supervisory Committee, the independence of those individuals from directors (excluding directors who are Audit and Supervisory Committee members), and directions issued to those individuals
7. Structure for directors, employees, or individuals receiving a notification from such persons to report to the Audit and Supervisory Committee
8. Controls for ensuring that no one receives unfavorable treatment on the basis of their having made a report to the Audit and Supervisory Committee
9. Matters relating to the policy for advance payment or reimbursement of expenses arising from the execution of duties among directors who are Audit and Supervisory Committee members and the processing of expenses or debts arising from the execution of other such duties
10. Other controls for ensuring effective auditing by the Audit and Supervisory Committee

Furthermore, the operational status of the internal control system is reported to the Board of Directors annually, and that information is included in business reports and the Annual Securities Report. The current version of the Basic Policy for Internal Controls can be viewed on the THK website.

Directors and Executive Officers

Board of Directors and Executive Officers (As of March 15, 2025)

Directors

Akihiro Teramachi
Chairman

Takashi Teramachi
President and CEO

Hiroshi Imano
Executive Vice President

Nobuyuki Maki
Director and Senior Managing Executive Officer
Senior General Manager of Automotive & Transportation Headquarters

Naoki Kinoshita
Director and Senior Managing Executive Officer
General Manager of Industrial Machinery Headquarters
Executive Vice Chairman and President of THK (CHINA) CO., LTD.

Kenji Nakane
Director, CFO, and Executive Officer
General Manager of Finance & Accounting Department, Corporate Strategy Headquarters
General Manager of Indirect Material Procurement Department, Corporate Strategy Headquarters

Junko Kai
Outside Director (Independent)

Hiroko Kawasaki
Outside Director (Independent)

Masakatsu Hioki
Outside Director (Independent)
(Audit and Supervisory Committee Member)

Tomitoshi Omura
Outside Director (Independent)
(Audit and Supervisory Committee Member)

Yoshiki Ueda
Outside Director (Independent)
(Audit and Supervisory Committee Member)

Executive Officers

Managing Executive Officers

Nobufumi Sato
President of THK America, Inc.

Takanobu Hoshino
General Manager of IMT Division, Industrial Machinery Headquarters
Director and Executive Vice Chairman of THK INTECHS CO., LTD.

Toshiki Matsuda
Representative Director and President of THK Europe B.V.
Representative Director and President of THK GmbH
Representative Director and President of THK France S.A.S.
Representative Director and President of THK Manufacturing of Europe S.A.S.

Toshihiro Takahashi
Senior General Manager of Production Division, Industrial Machinery Headquarters

Yutaka Nakano
Senior General Manager of LM System Sales Division, Industrial Machinery Headquarters

Takuya Sakamoto
Senior General Manager of FA Solution Sales Division, Industrial Machinery Headquarters
General Manager of FA Sales Department, FA Solution Sales Division, Industrial Machinery Headquarters
Senior General Manager of FA Solution Development Division, Industrial Machinery Headquarters

Katsuya Iida
Senior General Manager of LM System Planning and Development Division, Industrial Machinery Headquarters

Executive Officers

Kaoru Hoshide
Head of Research Center, Industrial Machinery Headquarters
Head of Mobility Development Research Center, Industrial Machinery Headquarters

Yukio Yamada
General Manager of LM System Sales Division, Industrial Machinery Headquarters
General Manager of International Sales Department, LM System Sales Division, Industrial Machinery Headquarters

Takehiro Nakanishi
General Manager of Production Division, Industrial Machinery Headquarters
General Manager of Global Procurement Department, Production Division, Industrial Machinery Headquarters
General Manager of Global Sales & Production Management Division, Industrial Equipment Headquarters

Masaki Kimura
Head of The President's Office
Head of Corporate Planning Department, Corporate Strategy Headquarters

Katsumi Fujita
General Manager of Human Resources & General Affairs Department, Corporate Strategy Headquarters

Akira Furihata
Representative Director and President of THK RHYTHM CO., LTD.
Representative Director and President of TRA Holdings CO., LTD.

Toshihiko Enomoto
General Manager of Production Division, Industrial Machinery Headquarters
General Manager of Production Engineering Department, Production Division, Industrial Machinery Headquarters
Director of THK INTECHS CO., LTD.
Director of THK MANUFACTURING OF CHINA (CHANGZHOU) CO., LTD.

The Selection of Outside Directors

Director		
Junko Kai March 2022 Became Outside Director of THK **Significant concurrent positions:** Partner at Hamani, Takahashi & Kai Law Firm Outside Director of Narita International Airport Corporation	Reason for selection	We believe that Junko Kai possesses a wealth of experience and insight in legal and compliance matters from her long years of experience as an attorney and that she will contribute to the effective strengthening of the decision-making and supervisory functions of our Board of Directors from the perspective of management reform related to sustainability and diversity, risk management, and compliance with laws and regulations in order to promote our sustainable growth and enhance our corporate value over the medium to long term.
	Independent status and additional comments	There are no particular conflicts of interest concerning the relationship between Junko Kai and THK. As with other outside directors, she is registered with the Tokyo Stock Exchange as an independent director according to its regulations.
Hiroko Kawasaki March 2025 Became Outside Director of THK **Significant concurrent positions:** Outside Director and Chairperson of the Board of Directors of ENEOS Holdings, Inc. Outside Director at Mitsubishi Shokuhin Co., LTD.	Reason for selection	We believe that Hiroko Kawasaki's strong leadership in driving DX, CSR, and talent development at a global company as well as her experience serving as the chair of a board of directors at a public company equip her to contribute to the effective strengthening of the decision-making and supervisory functions of our Board of Directors from the perspective of DX and sustainability with respect to management reform for deepening our governance in order to promote our sustainable growth and enhance our corporate value over the medium to long term.
	Independent status and additional comments	There are no particular conflicts of interest concerning the relationship between Hiroko Kawasaki and THK. As with other outside directors, she is registered with the Tokyo Stock Exchange as an independent director according to its regulations.
Masakatsu Hioki June 2014 Became Outside Director of THK June 2016 Became Outside Director of THK and Audit and Supervisory Committee Member **Significant concurrent positions:** Outside Director of SUKIYA Co., Ltd. Outside Director and Audit and Supervisory Committee Member of ZUIKO Corporation	Reason for selection	We believe that Masakatsu Hioki has cultivated a wealth of experience, achievements, and insight as a person in charge of management divisions, mainly human resources and general affairs, at a global corporation and in the manufacturing industry and that he will contribute to the effective strengthening of the decision-making and supervisory functions of our Board of Directors from the perspective of management reform related to next-generation talent development and risk management in our global strategy in order to promote our sustainable growth and enhance our corporate value over the medium to long term.
	Independent status and additional comments	Masakatsu Hioki began his career with Komatsu Ltd. Although THK and Komatsu do have a business relationship that includes the sale of THK products, the sum value of those transactions equals less than 1% of THK's and Komatsu's consolidated net sales for the corresponding fiscal year. Therefore, he is considered to be independent.
Tomitoshi Omura June 2016 Became Outside Director of THK and Audit and Supervisory Committee Member **Significant concurrent positions:** Certified Public Accountant Managing Director of Omura Accounting Office	Reason for selection	We believe that Tomitoshi Omura possesses knowledge and extensive experience in corporate accounting accumulated over many years as a certified public accountant and that he will contribute to the effective strengthening of the decision-making and supervisory functions of our Board of Directors from the perspective of finance governance with respect to management reform for managing our business portfolio with an awareness of capital costs in order to promote sustainable growth and increase corporate value over the medium to long term.
	Independent status and additional comments	There are no particular conflicts of interest concerning the relationship between Tomitoshi Omura and THK. As with other outside directors, he is registered with the Tokyo Stock Exchange as an independent director according to its regulations.
Yoshiki Ueda June 2016 Became Outside Director of THK and Audit and Supervisory Committee Member **Significant concurrent positions:** Outside Director and Chairman of SINTOKOGIO, LTD.	Reason for selection	As Yoshiki Ueda possesses many years of experience in the machinery-related business field at a global company and he is well-versed in corporate management, we believe that he will contribute to the effective strengthening of the decision-making and supervisory functions of our Board of Directors from the perspective of global management and risk management with respect to management reform for increasing profitability in order to promote sustainable growth and increase corporate value over the medium to long term.
	Independent status and additional comments	Yoshiki Ueda is an External Director of SINTOKOGIO, LTD. Although THK and SINTOKOGIO do have a business relationship that includes the purchase of SINTOKOGIO products, the sum value of those transactions equals less than 1% of THK's and SINTOKOGIO's consolidated net sales for the corresponding fiscal year. Therefore, he is considered to be independent.

Board of Directors Skill Matrix

	Corporate management	Finance and accounting	Governance and risk management	Global business	Sales and marketing	DX and IT	Development, engineering, and manufacturing
Akihiro Teramachi	●		●	●	●	●	●
Takashi Teramachi	●				●	●	●
Hiroshi Imano	●	●	●	●			●
Nobuyuki Maki	●			●	●		●
Naoki Kinoshita	●			●	●		
Kenji Nakane		●				●	
Junko Kai			●				
Hiroko Kawasaki			●		●	●	
Masakatsu Hioki			●	●			
Tomitoshi Omura		●	●				
Yoshiki Ueda	●		●	●	●		

Talent Development and Support for a Safe and Healthy Workplace

Strategy

THK sees each and every one of its employees as an irreplaceable asset. They are the talent responsible for our company's growth.

With the aim of creating a workplace environment defined by liveliness and mutual respect, we have taken the realization of a diverse and meaningful work environment to be one of our material issues, and in keeping with this stance, we continue to pursue activities related to respecting and considering human rights, the promotion of diversity, occupational health and safety, and talent development. With respect to talent development and the promotion of diversity in particular, we consider it necessary to further strengthen the way we build our talent portfolio and develop our talent in order to adapt to the changing times in which we find ourselves.

Going forward, we will continue executing our company growth strategies and putting our corporate philosophy into practice by promoting initiatives in the context of succession planning, hiring, mental and physical health, and childcare leave* in addition to material issues in the way that we manage our human capital.

* These issues were selected on the basis of being considered the most important of the 19 listed in the Guidelines for Visualizing Human Capital issued by the Cabinet Secretariat of Japan.

Talent Development Policies

1. Developing global talent

With more than 50% of our sales revenue coming from outside of Japan, the THK Group requires talent that can succeed globally. For this reason, we strive to elevate the level of language proficiency in our organization by providing employees in Japan with speaking tests and e-learning opportunities to support them in their study of English.

To further accelerate our development of global talent, we also have an international trainee system that allows younger employees to spend about a year working at a facility outside of Japan. In 2024, a total of three employees participated, with one being stationed in China and two in India.

2. Developing digital talent

Our vision is to transform into a manufacturing and innovative services company. Because we see the utilization of digital technology as a critical element of achieving this vision, THK has committed itself to the development of digital talent among its employees.

By leveraging the latest technology to drive innovation in our company's structure and in the way we do business, THK aims to improve customer satisfaction and operational efficiency and, in the long term, to contribute to the realization of a recycling-oriented society and to solve social issues such as those posed by labor shortages. More specifically, we have been conducting data utilization training for all employees in Japan, including those at our production facilities, with the goal of having each location be able to utilize data autonomously. To further enhance the data science skills our employees possess, we also hold internal competitions that provide a forum for individual members to announce the results of their research.

In 2024, over 90% of employees completed the basic data utilization course, and nearly all employees in their 20s completed the beginner-level course. Going forward, we will be driving participation in the intermediate and advanced data utilization courses in order to accelerate our efforts to achieve more advanced data utilization such as demand forecasting and image recognition powered by machine learning.

3. Expanding training activities for all employees

THK is ever reviewing and expanding its ongoing activities in order to continue supporting employees as they hone their skills and build their careers. We maintain a compensation system that rewards each person for their expertise and capabilities and are currently considering how to expand this system even further.

Training Course System

Training	Overview
Level-specific training	Different trainings are performed to provide knowledge and skills pertinent to each level of the organization's hierarchy, from new employees to the managers of each location and department. A total of 17 department heads and 43 section heads participated in new manager training in 2024.
Department-specific training	Trainings led by veteran employees with specialist knowledge are provided to impart knowledge and expertise to employees involved in sales, engineering (research and development), production, and other departments.
Miscellaneous training	Includes courses for improving the instructional and listening skills of on-the-job trainers, classes on language and cross-cultural understanding for members assigned to locations outside of Japan, compliance training for increased awareness of legal compliance, and data utilization training. In 2024, 104 people participated in the beginner-level data utilization course, and 109 participated in the intermediate-level course.

4. Developing candidates for the next generation of management

THK recognizes that securing and developing talent with corporate management skills is essential for the ongoing development of the company. To this end, we identify positions that are critical to our business strategy and succession candidates for those positions. We then strive to develop these employees from an early stage in their careers. In addition, we hold reviews to discuss how candidates are progressing and perform assessments of their fitness for the roles they are meant to fill. Furthermore, with an eye to the medium- to long-term development of management candidates, we are considering expanding this program to include younger employees as well.

THK performed 360-degree assessments of and provided management training to 15 succession candidates in 2024. We are currently considering further measures, such as rotating job placements, to provide candidates with opportunities to acquire necessary skills and experience over the medium to long term.

5. Promoting diversity

THK considers the promotion of diversity to be crucial to the creation of corporate value in the medium to long term. Our work to empower women to thrive in the workplace is a first step in this direction.

Specifically, we are considering implementing career training specifically for female employees, employee round table discussions related to childcare issues, and trainings on unconscious bias for managers, among other initiatives. Our present goal is to have female employees account for 3.0% or more of management and 20% or more of new graduate hires in the sales, administrative, and engineering divisions.

6. Expanding hiring of foreign talent

Recognizing that collaborations among employees with diverse backgrounds and experiences lead to new business ideas and drive the medium- to long-term development of existing business, THK is actively engaged in hiring talent from outside of Japan.

In addition to proactively taking on foreign interns with backgrounds in the sciences, THK also sets up booths at job fairs hosted by colleges in other countries as part of our hiring efforts. In 2024, these efforts led to the hiring of three individuals.

Policies for Supporting a Safe and Healthy Workplace

1. Improving occupational health and safety

At THK, we believe that occupational health and safety are foundational to an organization's operations. For this reason, the Production Division has taken up the challenge of creating a safe, pleasant environment that is easy to work in as one of its most important tasks, and it works to eliminate any harmful elements of the workplace environment that could contribute to illness or injury.*

* See Health and Safety (p. 55) for details about specific activities.

2. Promoting healthy management practices

THK promotes a number of initiatives to support employee mental and physical health as part of our efforts to create the vibrant and healthy workplace environments that are foundational to talent development. As part of our efforts to improve our employees' work-life balance, we also offer support for balancing work with childcare and elderly care.

Main Activities

Activity	Overview
Promoting mental health	Conducted stress checks of all employees.
Receiving guidance from industrial physicians and implementing disease prevention activities	Had an industrial physician inspect the workplace and provide guidance at the health and safety committee meeting.
Performing regular and special health checks	Conducted regular health checks in addition to special health checks for specific individuals at each production facility.
Managing long work hours (excessive overtime)	Work hours were managed by each location and monitored by the headquarters.
Support for balancing work with childcare and elderly care	Created a support handbook for balancing work with childcare and elderly care.

Metrics and Targets

Below are the metrics and targets for our talent development policies and our policies for supporting a safe and healthy workplace.

Metric	Result (2024)	Target (2026)
Percentage of new graduate hires in the sales, administrative, and engineering divisions who are women	24.5%	20.0% or more
Percentage of men who receive childcare leave	62%	50% or more
Percentage of individuals who return to work after taking childcare leave	100%	100%
Severity rate: Number of lost workdays multiplied by 1,000 and divided by the total number of hours worked	0.00	0.01 or less
Incident rate: Number of deaths or injuries multiplied by 1,000,000 and divided by the total number of hours worked	0.60	0.50 or less

These metrics and targets apply to THK Japan.

Health and Safety

Policy

- Prevent health hazards and promote healthy practices
- Create a safe and comfortable working environment

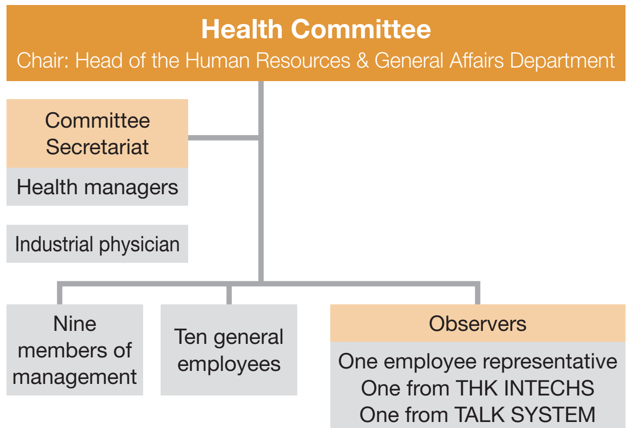
Goals

- Perform 100% of legally mandated health checks
- Prevent new cases of extended leave caused by injury and illness
- Reduce rate of health findings
- Zero workplace accidents

Health and Safety Structure

The Headquarters Health Committee, chaired by the Head of the Human Resources & General Affairs Department, consists of representatives from each floor and an employee representative. It convenes monthly to perform audits, give reports, and deliberate on health-related issues, and its meeting minutes are shared with all employees by the various representatives in attendance.

Health and Safety Structure



ISO 45001 Initiatives

Having obtained ISO 45001 occupational safety and health management system certification, THK pursues activities while following the PDCA cycle for the annual plan.

Our 2024 results included 26 labor accidents (5 that were lost-time accidents and 21 that were not), meaning that we could not reach a new accident-free record.

	2022	2023	2024
Incident rate	0.88	1.49	1.29
Severity rate	0.02	0.00	0.01

Applicable locations:
Five production facilities in Japan (Yamagata, Kofu, Gifu, Mie, and Yamaguchi)
Seven Group company production facilities in Japan (THK NIIGATA; THK INTECHS Sendai and Mishima; THK RHYTHM Headquarters (Hamamatsu), Inasa, and Kyushu; and NIPPON SLIDE)

Prior Structural Improvements and 2024 Initiatives

Prior Structural Improvements	2024 Initiatives
• Health management offices established at several locations (Yamaguchi, Yamagata, Kofu, and Gifu). • Medical office established at THK NIIGATA. • Industrial physician assigned to various locations (Yamagata, Kofu, Gifu, Mie, Yamaguchi, and THK NIIGATA). • Health office with permanent staff established at headquarters. • Headquarters industrial physician and nurse staff at each production facility held industrial health staff meetings. • Several locations certified with ISO 45001 (Yamagata, Kofu, Gifu, Mie, Yamaguchi, and THK Changzhou). • TALK SYSTEM recognized as Silver-Rank Company for Excellence in Health Promotion by the National Federation of Health Insurance Societies Tokyo Federation. • Kofu plant recognized as Yamanashi Company with Excellence in Health Management. • THK RHYTHM earned Kurumin Certification.	Injuries and illness prevention: • Risk identification and countermeasures, health and safety training, and near-miss activities. Improving occupational health and safety: • Meetings to review changes to laws and regulations conducted by an external expert, Health and Safety Committee meetings, traffic safety activities, and workplace patrols conducted by health managers and industrial physicians. Providing a safe and healthy workplace environment: • Mental health and stress checks, air quality testing, regular physicals (with options for both medical and cancer screenings), specific health guidance provided during work hours, flu vaccines, monthly announcements and postings of materials from health offices and industrial physician lectures, guidance and illness prevention activities courtesy of industrial physicians, safe driving training for Japanese Group company managers (50 participants).

Human Rights

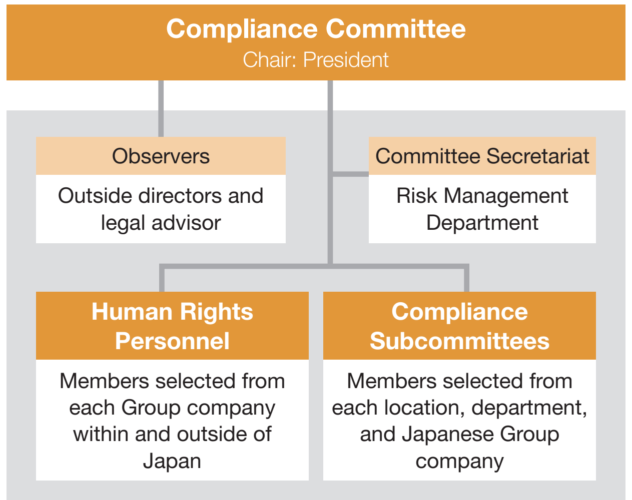
The THK Group conducts activities to promote respect for human rights company-wide in accordance with the THK Group Human Rights Policy. Through these activities, we will continue to carry out our responsibility to uphold human rights, which is one of the areas of the UN Global Compact, to which THK became a signatory in 2020.

THK Group Helpline
The THK Group provides an internal helpline for matters concerning wrongful acts, unethical behavior, and human rights issues. We also provide a separate, dedicated harassment helpline (managed by the Human Resources & General Affairs Division) and a helpline for companies that do business with us.

Structure

Compliance Committee
THK has established a Compliance Committee that is chaired by the president, and this group works together with its subordinate Compliance Subcommittees as well as human rights personnel that have been selected at each Group company within and outside of Japan in order to foster smooth communication.

Compliance Structure



Human Rights Efforts

Training
Using a variety of methods, including in-person training, e-learning materials, and the company intranet, the THK Group regularly disseminates valuable information and conducts training about human rights topics.

Anti-Corruption
The THK Group engages in coordinated efforts to prevent corruption throughout the entire Group in accordance with the THK Group Anti-Bribery Policy.

Raising Awareness
By distributing the THK Group Supplier CSR Procurement Guidelines, the THK Group has requested cooperation from each of our suppliers with regard to our human rights efforts.

These activities are shared in the form of the THK Group's Statement on Modern Slavery Acts below.

https://www.thk.com/jp/en/sustainability/social/humanrights/statement/

Prior Structural Improvements and 2024 Initiatives

Prior Structural Improvements	2024 Initiatives
• Established the THK Group Supplier CSR Procurement Guidelines (2018). ⇒ This document is distributed to primary suppliers to promote understanding of the THK Group's human rights efforts (within and outside of Japan). • Signed the UN Global Compact (2020). • Established the THK Group Human Rights Policy (2020). • Established the THK Group Anti-Bribery Policy (2021).	• Eliminating discrimination: Conducted human rights and harassment seminars (within and outside of Japan) as well as a compliance subcommittee seminar concerning harassment and the job functions of helpline workers (Japan). • Improving the labor environment: Conducted seminars and subcommittee seminars covering the same content as well as a compliance survey (Japan). • Ethical material procurement: Identified primary suppliers and distributed the THK Group Human Rights Handbook (within and outside of Japan) and investigated the risk of human rights violations related to procured materials (Japan). • Responding to the laws and regulations of each country: Responded to the UK Modern Slavery Act (enacted in 2015) and similar or related laws and regulations.

Procurement

Policy

The THK Group communicates with suppliers and pursues improvement activities to optimize our procurement processes and enhance our ability to create competitively priced products.
1. Global procurement and optimizing procurement locations
2. Increasing productivity through DX utilization and improved work efficiency
3. Establishing a structure with suppliers to increase production and promoting improvement activities

Procurement Structure

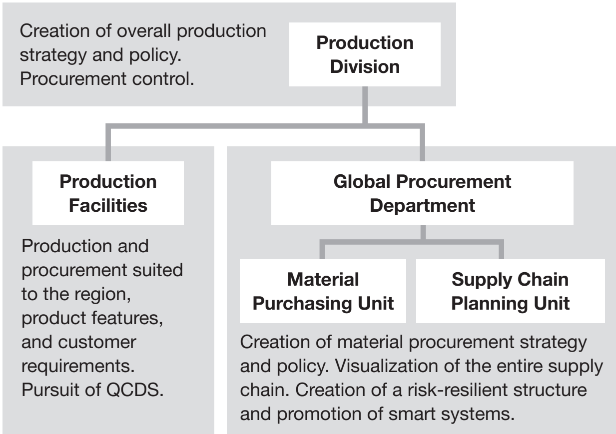
Alongside its efforts to promote global procurement to strengthen its cost competitiveness and market access, THK strives to build healthy relationships with its suppliers through fair business dealings that comply with national and regional laws.

We clarify and, as necessary, regularly review the terms of the business we conduct with our suppliers such that every choice we make reflects quality and cost considerations based on the economic viability and risk profile of each region. The progress we make each year in our global procurement efforts brings with it greater challenges for risk management; however, we convene regular meetings and conduct semi-annual surveys with our suppliers to facilitate sustained communication through the sharing of information.

Internally, THK trains its employees in legal compliance and contract management in accordance with clear terms and conditions as well as the Act Against Delay in Payment of Subcontract Proceeds. Externally, we work to enhance the efficiency and reliability of the supply chain as a whole by regularly convening meetings with outside parties to solicit new ideas and improvement proposals in addition to exchanging information on procurement policies, market trends, and changes to laws.

Going forward, we will continue to build a stronger supply chain through the promotion of digitization and risk distribution.

Procurement Structure



Partnership Building Declaration

THK considers suppliers to be valuable partners for ensuring mutual growth. As we share the common goal of continuing to provide customers with satisfying products, we provide forums for sharing information about new technology, production methods, and materials and build collaborative frameworks to promote product improvements.

パートナーシップ構築宣言

Partnership Building Declaration

Prior Structural Improvements and 2024 Initiatives

Prior Structural Improvements	2024 Initiatives
• Distributed the THK Group Green Procurement Guidelines. • Eliminated substances specified by the European Union (EU) Restriction of Hazardous Substances (RoHS) Directive.* • Published the Partnership Building Declaration. • Integrated a master transaction agreement, quality assurance agreement, and memorandums related to the rejection of dealings with criminal organizations. • Implemented electronic contract service.	• Convened 14 THK Association meetings. • Generated 1,589 VA (value analysis) proposals (Goal: 1,230). • Examples of improvements from VA proposals: Transitioned from cut products to molded products (converted to dies). Reviewed processing methods and materials. • Confirmed die status at 13 companies. • Confirmed supplier promotion of sustainability (3 companies).

* The RoHS Directive concerns the restriction of the use of certain hazardous substances in electrical and electronic equipment.

Quality Assurance: Trust, Reliability, and Safety

Policy

We supply reliable and safe products of superior quality to all customers and provide a complete quality assurance system with global considerations in mind.

Quality Assurance Structure

THK has established a quality assurance structure in which each production facility in and outside of Japan is certified with the ISO 9001 Quality Management System. We also work with each of our suppliers to accomplish environmentally conscious manufacturing that takes ESG and the SDGs into consideration.

In order to continue improving the quality of our products, we perform the following ongoing activities.

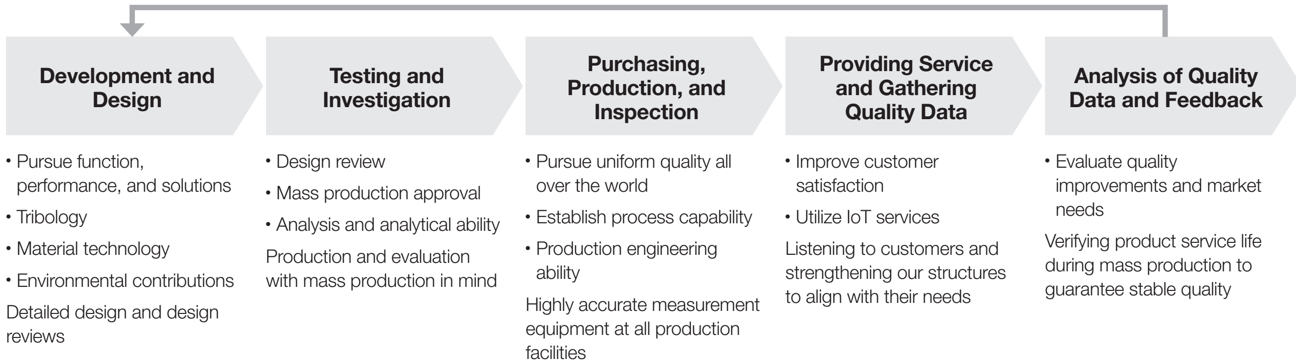
1. Strengthening design quality
As part of managing our product development process, we review the solutions implemented for any issues during the planning, design, prototype, trial, and mass-production stages, and we work to manage the stability and maintenance of quality levels after mass production.

2. Strengthening product quality
We have established a system that allows quality data to be shared globally. Additionally, we gather feedback from customers in each region and analyze it to provide rapid and appropriate service as a manufacturing and innovative services company. In all, we endeavor to develop products that meet market needs and improve quality.

3. Strengthening production quality
We endeavor to enhance the quality of the measurements we take, keeping error to a minimum, by implementing optimal measuring equipment necessary for maintaining product quality.

4. Strengthening talent development
In order to make products that are reliable and safe, we strive to develop talent in the areas of product knowledge (technology), equipment handling (technique), and optimal production (quality).

Quality Management Process



Quality Assurance Structure and 2024 Initiatives

Quality Assurance Structure		2024 Initiatives
ISO 9001	Japan: Kofu, Yamaguchi, Yamagata, Mie, Gifu, THK NIIGATA, THK INTECHS,[1] THK RHYTHM,[2] TALK SYSTEM (TPS business)[3] The Americas: THK America,[3] TMA (USA) Europe: TME (France), TMI (Ireland) China: DALIAN THK, THK Wuxi, THK Liaoning, THK Changzhou Asia: TMV (Vietnam), THK RHYTHM Thailand	• Renewal of ISO 9001, JIS Q 9100, and IATF 16949 certifications • Product seminars for new employees and engineers (30/year) • Promoting certification in measuring for employees involved in quality assurance functions • Seminars on quality management methods from other industries and quality improvement information sharing among production facilities for quality assurance leadership
JIS Q 9100	Japan: THK NIIGATA	
IATF 16949	Japan: Yamagata, THK RHYTHM[2] The Americas: TMA (USA), THK RHYTHM North America China: THK RHYTHM Changzhou, THK RHYTHM Guangzhou Asia: THK RHYTHM Thailand, THK RHYTHM Malaysia	

[1] Sendai and Mishima plants [2] Headquarters (Hamamatsu), Inasa, and Kyushu plants [3] Sales office (all others are production facilities)

Shareholders and Investors

Our Philosophy

THK engages in IR activities in an effort to disclose information in a manner that is fair, impartial, expedient, accurate, and easy to understand. We strive to provide more thorough and valuable information through events such as financial results briefings and IR meetings, the investor relations section of our website, and the Integrated Report.

In 2024, alongside an extensive review of challenges facing THK, we announced our new policy of achieving an ROE greater than 10% as quickly as possible and specific measures for bringing the policy to fruition.

IR Activities

In an aim to have open meetings where more shareholders can participate, THK holds its General Meeting of Shareholders in mid-March to avoid having it overlap with multiple such meetings typically held concurrently by other companies. An exhibition of THK products is held after the meeting to deepen shareholder knowledge of our business.

In addition, an IR Department established directly beneath the President's Office serves to reduce management risks and strengthen the dialogue between THK and capital markets. As a specific example of their efforts, in addition to having the top executives present the company's results and strategy at a semiannual financial results briefing, THK has made a routine practice of having those executives visit institutional investors outside of Japan since 2000. This has resulted in the percentage of foreign-owned shares increasing from 23.2% in the 1999 fiscal year to 42.1% in the 2024 fiscal year.

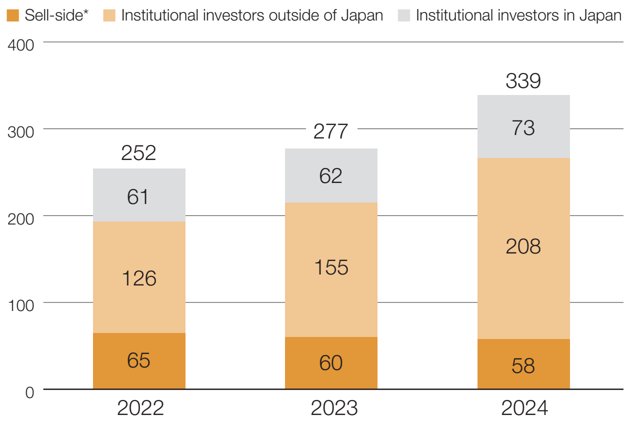
THK will continue striving to be a company that is evaluated highly on a global stage through its various IR activities.

Constructive Dialogue with Shareholders and Investors

THK strives to enhance dialogue with shareholders and investors through its IR activities and to increase corporate value by leveraging what those conversations bring to light. The perspectives we receive this way are shared widely among management and related departments and contribute to improvements to our management and IR activities.

As interest in the feasibility of our new management policy of achieving an ROE greater than 10% as quickly as possible increases, we will continue to keep our investors informed about our initiatives for achieving that goal by ensuring thorough information disclosure and dialogue.

Dialogues Held



* Sell-side: Analysts involved in selling stock at a brokerage or other firm are called sell-side analysts. They generate reports for their customers' investors.

2024 Activities Report

Activity	Result	Details
Financial results briefings	2 briefings	Held semiannually to brief analysts and institutional investors on financial results.
Individual analyst and institutional investor meetings	339 meetings	Conducted partially online.
Held SR meetings with voting representatives from institutional investors	6 meetings	Held annually as a shareholder relations initiative.
IR outside of Japan	15 visits	The President and CEO visited institutional investors in the United Kingdom and North America personally to brief them on business matters.
Feedback provided during IR meetings	Approx. 90 comments (in total)	Scope: All directors and both executive officers and department leaders from related departments.
General Meeting of Shareholders	1 meeting	Held in mid-March to avoid period when many other shareholder meetings are scheduled. A product exhibition is held in conjunction with the meeting.
Reports issued to shareholders	2 reports	Reports created to share information about activities and results with shareholders.
IR information e-mail delivery service (RIMSNET)	As necessary	This service sends an electronic newsletter announcing financial results to registrants, who are primarily individual investors. Register at: https://rims.tr.mufg.jp/?sn=6481 * The IR information e-mail delivery service is managed by Mitsubishi UFJ Trust and Banking Corporation.
Information sharing via the IR website	As necessary	Includes "Investor Information" compiled from summaries of financial results and detailed financial data, the Integrated Report, and videos of financial results briefings.

Environmental Management

Policy

In the belief that it is a company's social responsibility to leave the global environment in a healthy state for the next generation, the THK Group endeavors to continuously reduce its environmental impact and sustain and improve the natural environment in tandem with its efforts to contribute to social and economic life through its business.

Structure for the Promotion of Environmental Activities

THK Japan and Group companies in Japan have developed a structure that promotes various initiatives aimed at reducing the environmental impact of its business activities.

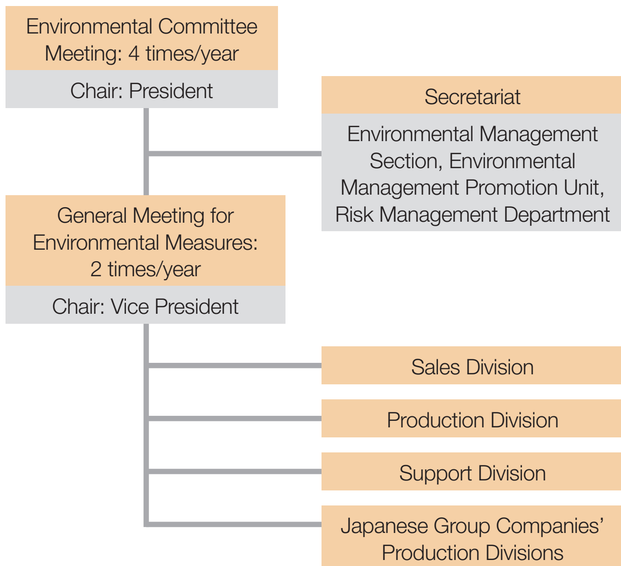
Environmental Committee

The Environmental Committee, chaired by the President, convenes quarterly and approves each year's environmental targets and environmental promotion schedule. In addition to reporting on the state of energy conservation activities, the management of hazardous materials, and the status of compliance with various other environmental laws and regulations, it also considers necessary improvements as appropriate.

General Meeting for Environmental Measures

Headed by the Vice President and attended by designated promoters of environmental activities from each production facility and office department, the General Meeting for Environmental Measures is held twice a year. Members reaffirm the necessity of efforts toward reducing environmental impact; share useful data, such as the status of energy use at each facility and examples of the results of energy-saving projects; and connect this information to improvement initiatives.

Structure for the Promotion of Environmental Activities



ISO 14001 Certified Facilities

Japan

Production facility	Country	Certifying body
Five THK facilities (Yamagata, Kofu, Gifu, Mie, and Yamaguchi) and THK NIIGATA	Japan	JQA
THK RHYTHM headquarters (Hamamatsu), Inasa, and Kyushu		JIA
THK INTECHS headquarters, Sendai, and Mishima		ClassNK

Europe

Production facility	Country	Certifying body
THK Manufacturing of Europe	France	AFAQ
THK RHYTHM AUTOMOTIVE GmbH	Germany	DQS
THK RHYTHM AUTOMOTIVE CZECH	Czech Republic	DQS

The Americas

Production facility	Country	Certifying body
THK Manufacturing of America	USA	SAI GLOBAL
THK RHYTHM NORTH AMERICA		SQA
THK RHYTHM AUTOMOTIVE MICHIGAN		DQS
THK RHYTHM AUTOMOTIVE CANADA (Tillsonburg) and THK RHYTHM AUTOMOTIVE CANADA (St. Catharines)	Canada	DQS

Asia

Production facility	Country	Certifying body
THK MANUFACTURING OF CHINA (LIAONING), THK MANUFACTURING OF CHINA (WUXI), and DALIAN THK	China	TÜV
THK MANUFACTURING OF CHINA (CHANGZHOU)		CQC
THK RHYTHM (CHANGZHOU)		BUREAU VERITAS
THK RHYTHM (GUANGZHOU)		SGS
THK RHYTHM (THAILAND)	Thailand	URS
THK RHYTHM MALAYSIA	Malaysia	DQS

Countermeasures against Climate Change

The THK Group has established medium- to long-term goals for the reduction of greenhouse gas (GHG) emissions as a countermeasure against climate change. Accordingly, we have revised our carbon neutrality promotion project structure and expanded the scope to include production facilities of Group companies in Japan.

We began creating a roadmap for carbon neutrality in 2024. Going forward, we will follow this roadmap to drive future initiatives in conjunction with the carbon neutrality promotion project.

GHG Emissions Reduction Goals

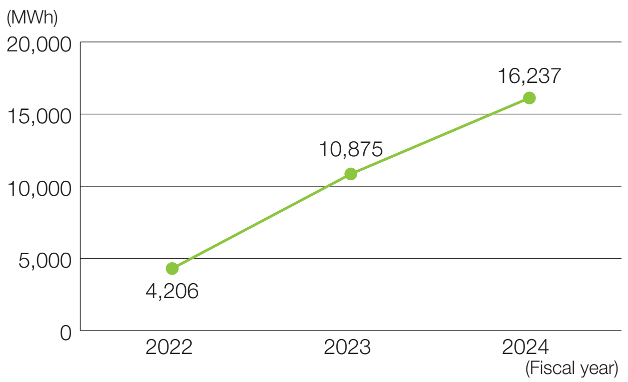
Metric	Medium-term target (by 2030)	Long-term target (by 2050)
Scope 1, Scope 2	**Reduce to 50%** of 2018 levels Scope: THK Japan and Group companies in Japan	**Net-zero** Scope: Entire THK Group

2024 Results

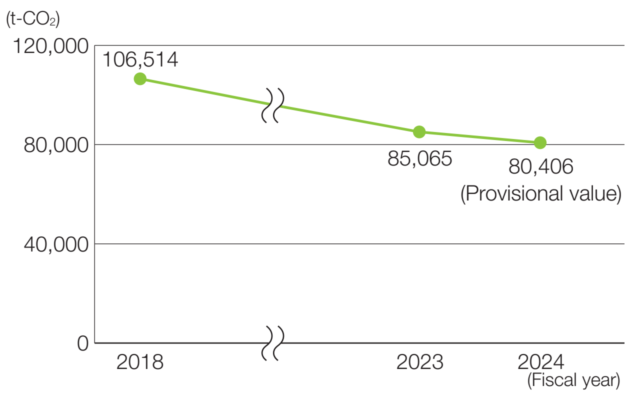
One of our initiatives is the installation of solar power generation systems. In 2024, these generated 16,237 MWh, a 49% increase compared to 2023. In addition to that, production equipment was updated to more efficient types.

As a result, THK Japan and Group companies in Japan saw CO_2 emissions drop to 80,406 tons, which was a 25% reduction from the baseline year of 2018.

Solar Power Generated



CO_2 Emissions



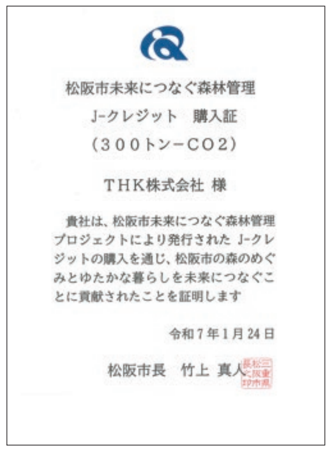
J-Credit Purchases

THK Japan purchased Matsusaka City Forest Management for the Future J-Credits sold by Matsusaka, Mie Prefecture.

J-Credit is a system in which the Japanese government certifies carbon credits in proportion to the reduction of CO_2 emissions due to installation of energy saving equipment, utilization of renewable energy, or absorption of CO_2 through responsible forest management.

The city of Matsusaka decided to sell the J-Credits that it acquired to local businesses, and as the Mie plant is located in Matsusaka, THK Japan purchased credits equaling 300 tons of CO_2.

These credits account for approximately 5% of the Mie plant's total 2023 emissions (Scope 1 and 2) and will be used to achieve our GHG reduction goals.



松阪市未来につなぐ森林管理
J-クレジット　購入証
（３００トン−ＣＯ２）

ＴＨＫ株式会社 様

貴社は、松阪市未来につなぐ森林管理プロジェクトにより発行された J-クレジットの購入を通じ、松阪市の森のめぐみとゆたかな暮らしを未来につなぐことに貢献されたことを証明します

令和７年１月24日

松阪市長　竹上 真人

J-Credit Purchase Certificate

External Verification

ISO14064 Third-Party Verification

The calculations for Scope 1 and Scope 2 emissions generated by energy consumption at THK Japan and Japanese Group company production facilities in the 2024 fiscal year (January 1 to December 31, 2024) received third-party verification (limited level of assurance) based on ISO 14064-3 by the Japan Quality Assurance Organization.

Greenhouse Gas Emissions Verification Report

Hazardous Material Management Activities

Environmentally hazardous materials are defined as materials that may be harmful to the human body or ecosystems when contained in a product. In principle, we prohibit the use of such materials in our components and raw materials. For hazardous substances that may be present as impurities, we have established tolerances and handle such materials accordingly.

In order to comply with each country and region's laws and regulations on hazardous substances, we follow the THK Group Green Procurement Guidelines at THK Japan, Group companies in Japan, and the production facilities of Group companies outside of Japan and provide necessary information to customers upon request. In addition, we submit reports to the relevant authorities as appropriate.

We stringently manage chemicals specified in the PRTR Law[1] and are working to switch to products that do not contain such substances.

[1] PRTR Law: The Act on the Assessment of Releases of Specified Chemical Substances in the Environment and the Promotion of Management Improvement

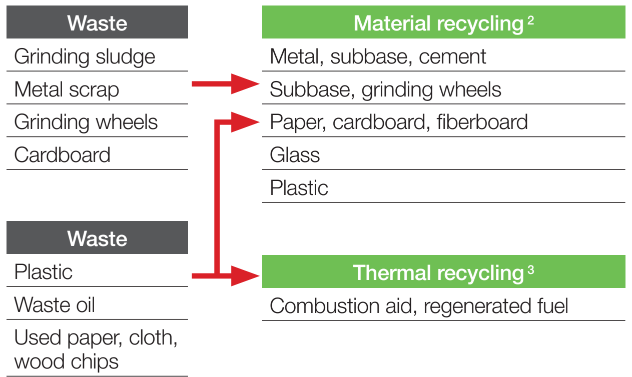
Initiatives for Achieving Zero Emissions

With our zero emissions activities, we aim to reduce all forms of waste we generate to zero. We promote zero emissions activities through controlling the use of direct and indirect materials, emissions and final waste, and reusing and recycling.

The waste produced by our business activities includes metal scrap, oil and liquid waste, grinding sludge, packaging, and plastic waste. By thoroughly separating our waste, we reuse or transform it into usable materials, such as steel-making material, cement material, and recycled fuel. Reducing plastic waste has garnered particular attention in recent years. THK is making steady strides in reducing the amount of plastic waste we generate by reusing and recycling plastics used in our production processes and utilizing returnable boxes that can be reused.

THK Japan aims for an emissions rate (volume of waste disposed/total discharged) of less than 0.50%. Continuing from the successful achievement of this goal in 2023, we met this goal again in 2024 with an emissions rate of 0.21%.

Waste Recycling Methods



[2] Material recycling: Reusing waste as raw material for another product
[3] Thermal recycling: Using waste as combustion material

TCFD

TCFD Strategy

Recognizing climate change as a material issue, the THK Group analyzes scenarios in accordance with TCFD (Task Force on Climate-Related Financial Disclosures) recommendations. As part of our strategy, one of the four core elements of these recommendations, we have been analyzing scenarios primarily with regard to our Japanese industrial machinery and automotive and transportation businesses in consideration of our long-term impact up to 2050 based on the 1.5°C and 4°C climate change scenarios proposed by the IEA (International Energy Agency) and IPCC (International Panel on Climate Change).

■ Primary Climate Change Risks/Opportunities and Responses

Scenario	Cause	Change	Risk/ Opportunity	Level	Impact on THK	THK's Response
1.5°C	Introduction of carbon taxes	Increased procurement costs	Risk	Major	The introduction of carbon taxes will cause raw material price increases to be passed on to THK, and procurement costs will rise.	• Reduce raw material input • Switch to raw materials with low carbon taxes
		Increased operating costs	Risk	Major	The introduction of carbon taxes will cause carbon tax payments to increase based on Japanese Scope 1 and Scope 2 emissions.	• Develop energy-saving production technology • Transition to low-carbon, non-fossil fuel energy
	Change to renewable energy	Increased energy procurement costs	Risk	Minor	The change to renewable energy will increase energy procurement costs.	• Procure renewable energy internally by installing solar power generation systems
	Increased need for energy savings	Increased demand for environmentally friendly technology solutions	Opportunity	Major	There will be more equipment designs, fabrications, modifications, and product demand for automation and efficiency improvements for the purpose of boosting energy efficiency.	• Strengthen provision of THK products that contribute to energy savings (LM Guide, electric actuators, unit products, etc.)
		Increased business opportunities in semiconductors	Opportunity	Major	Business opportunities will increase for the manufacture of semiconductor manufacturing equipment components, particularly involving power semiconductors, which form the core of energy savings.	• Establish a development, production, and sales structure that can respond promptly and flexibly
		Increased demand for failure diagnosis/ predictive failure detection service	Opportunity	Minor	Demand will increase for a failure diagnosis/predictive failure detection service that utilizes the IoT and helps boost productivity and reduces energy loss.	• Expand IoT services that boost productivity and strengthen sales activities and solutions that utilize such services
	Advancement of electric vehicles	Increased demand for electric vehicle components	Opportunity	Major	As more vehicles become electric, new types of products become required, and demand for THK products will increase.	• Establish a development, production, and sales structure that can respond promptly and flexibly • Plan new business
	Expansion of environmental business	Increased ESG investment	Opportunity	Minor	Expanding THK's business in environmental fields will capture the attention of investors and make them evaluate THK more favorably, and ESG investment will increase.	• Establish a development, production, and sales structure that can respond promptly and flexibly • Actively disclose information and strengthen communication with stakeholders
4°C	Serious damage from weather-related disasters	Supply chain interruptions	Risk	Minor	Supply of raw materials will be interrupted if the supplier suffers a disaster.	• Decentralize raw material suppliers • Secure alternative suppliers
		Increased costs from global warming	Risk	Minor	Rising temperatures will cause air conditioning costs to increase for factories, distribution centers, and offices.	• Improve heat insulation performance of buildings

Environmental Impact Overview

THK Group Business Activity Environmental Impact Overview[1]

(Data collection period: January to December of each year)

INPUT

■ Material Procurement

Production Materials Used

	2023	2024	Change
Main raw materials (t)	78,590	83,851	7%
Main indirect materials (t)	1,597	1,931	21%
Packaging materials (t)	6,163	6,537	6%

■ Production

Energy Consumption

		2023	2024	Change
Bunker A fuel oil (kL)		2,427	2,336	-4%
Liquefied natural gas (t)		220	312	42%
Propane (t)		1,501	1,632	9%
Kerosene (kL)		12	9	-29%
Electricity (MWh)		275,105	277,028	1%
Water intake (1,000 m³)	Surface water	630	554	-12%
	Groundwater	55	47	-15%
	Sea water	—	—	—
	Industrial water	—	—	—

Renewable Energy

	2023	2024	Change
Solar power generated (MWh)	10,875	16,237	49%

■ Logistics[2]

Fuel for Vehicles

	2023	2024	Change
Gasoline (kL)	84	85	2%
Diesel (kL)	1,225	1,002	-18%

■ Main Management Items[3]

	2023		2024	
	Goals	Results	Goals	Results
Energy intensity	0.705	0.690	0.775	0.673
Emissions rate (%)	Less than 0.50	0.12	Less than 0.50	0.21
PRTR substances (kg)	—	38,816	—	34,347

OUTPUT

Production Volume

	2023	2024	Change
Production volume (t)	70,050	70,091	0%

Waste

	2023	2024	Change
Total waste (t)	21,862	22,742	4%
Recycled (t)	18,888	17,441	-8%
Disposed (t)	2,210	4,913	122%

Air Emissions

	2023	2024	Change
CO_2 emissions (t-CO_2)	172,013	153,663	-11%

Water Discharge

		2023	2024	Change
Water discharge (1,000 m³)	Surface water	325	290	-11%
	Groundwater	—	—	—
	Sea water	—	—	—

Air Emissions

	2023	2024	Change
CO_2 emissions (t-CO_2)	3,363	2,790	-17%

[1] Five production facilities in Japan (Yamagata, Kofu, Gifu, Mie, and Yamaguchi), seven Group company production facilities in Japan (THK NIIGATA; THK INTECHS Sendai and Mishima; THK RHYTHM headquarters (Hamamatsu), Inasa, and Kyushu; NIPPON SLIDE CO., LTD.), eight Group company production facilities outside of Japan (TMA (USA), TME (France), TMI (Ireland), THK Liaoning (China), THK Wuxi (China), DALIAN THK (China), THK Changzhou (China), and TMV (Vietnam))

[2] Five THK Japan production facilities (Yamagata, Kofu, Gifu, Mie, and Yamaguchi); two distribution centers (Chubu and Yamaguchi); and three factory centers (Yamagata, Kofu, and Mie)

[3] Five production facilities in Japan (Yamagata, Kofu, Gifu, Mie, and Yamaguchi) and seven Group company production facilities in Japan (THK NIIGATA; THK INTECHS Sendai and Mishima; THK RHYTHM headquarters (Hamamatsu), Inasa, and Kyushu; NIPPON SLIDE CO., LTD.)

Financial and Non-Financial Summary

In an effort to better facilitate the global comparison of financial information in the capital market and to strengthen its global financial management by standardizing accounting processes, the THK Group decided to adopt the International Financial Reporting Standards (IFRS) beginning with the 2019 fiscal year.
To facilitate comparison with the 2019 fiscal year, the results from the 2018 fiscal year are also noted in accordance with IFRS.

	3/2014	3/2015	3/2016	3/2017	12/2017[3]	12/2018	12/2019	12/2020	12/2021	12/2022	12/2023	12/2024
Financial Metrics (Millions of yen)												
Revenue[1]	185,466	217,678	240,478	273,577	286,603	344,718	274,599	218,998	318,188	393,687	351,939	352,759
Japan	101,052	113,361	110,498	112,061	99,099	145,238	109,424	84,675	115,517	134,660	108,740	106,692
The Americas	28,900	34,856	50,343	63,025	67,194	59,792	58,390	46,097	56,369	78,684	88,384	91,211
Europe	18,427	20,456	30,424	46,004	54,001	57,540	53,766	37,625	49,014	62,507	69,839	66,390
China	19,351	28,302	27,967	29,513	41,410	48,554	30,996	34,006	68,662	84,046	59,919	63,042
Asia and Other	17,734	20,700	21,243	22,971	24,896	33,592	22,021	16,594	28,624	33,789	25,056	25,423
Gross Profit	52,903	67,024	67,766	70,464	72,112	101,985	67,469	46,430	79,753	105,288	81,630	81,784
Operating Profit (Loss)	17,370	28,388	23,169	24,653	29,279	52,848	18,277	(8,499)	30,268	34,460	23,707	17,349
Profit (Loss) Before Taxes	24,004	33,501	19,612	23,057	31,034	52,262	18,168	(9,725)	29,984	35,596	25,289	18,782
Profit (Loss) Attributable to Owners of the Parent	15,590	22,705	13,575	16,731	25,729	36,100	11,690	(9,992)	23,007	21,198	18,398	10,439
Total Assets	336,416	373,610	407,808	414,931	436,664	471,369	468,945	460,173	516,086	560,304	556,351	567,418
Total Equity	222,148	250,498	250,540	251,540	281,754	289,278	291,132	275,148	314,289	337,281	362,898	389,795
Per Share (Yen)												
Profit (Loss) — Basic	123.16	179.36	107.24	132.18	203.28	285.23	92.37	(78.95)	181.97	172.67	150.08	85.17
Profit (Loss) — Diluted	—	—	—	—	—	—	—	—	—	—	—	—
Equity Attributable to Owners of the Parent	1,736.51	1,957.48	1,953.97	1,966.80	2,140.71	2,198.17	2,214.98	2,105.54	2,442.90	2,707.51	2,914.23	3,157.34
Cash Dividend	26	50	50	41	62	85	32	15	60	87	46	146.5
Ratio of Revenue from Outside of Japan (%)	45.5	47.9	54.1	59.0	65.4	57.9	60.2	61.3	63.7	65.8	69.1	69.8
Operating Margin (%)	9.4	13.0	9.6	9.0	10.2	15.3	6.7	(3.9)	9.5	8.8	6.7	4.9
Ratio of Profit to Equity Attributable to Owners of the Parent (ROE) (%)	7.7	9.7	5.5	6.7	9.9	13.3	4.2	(3.7)	8.1	6.7	5.3	2.8
Return on Assets (ROA)[2] (%)	5.7	8.2	6.1	6.1	7.0	11.2	4.1	(1.7)	6.3	6.6	4.7	3.6
Ratio of Equity Attributable to Owners of the Parent (%)	65.3	66.3	60.7	60.0	62.0	59.0	59.8	57.9	59.0	59.2	64.2	67.6
Asset Turnover Ratio (Times)	0.59	0.61	0.62	0.67	0.67	0.75	0.58	0.47	0.65	0.73	0.63	0.63
Non-Financial Metrics												
Environmental Data: CO_2 Emissions[4] (t-CO_2)	—	—	—	—	—	183,598	162,460	152,929	183,809	195,299	172,013	153,663
Emissions Rate[5] (%) Result	—	—	—	—	—	0.19	0.41	0.18	0.09	0.14	0.12	0.21
Emissions Rate[5] (%) Goal	—	—	—	—	—	Less than 0.50	Less than 0.50	Less than 0.50	Less than 0.50	Less than 0.50	Less than 0.50	Less than 0.50
Total Waste[4] (t)	—	—	—	—	—	21,359	18,500	15,456	22,432	24,281	21,862	22,742
Recycled[4] (t)	—	—	—	—	—	18,568	16,269	13,544	19,442	20,946	18,888	17,441
PRTR Substance Use[5] (kg) Result	—	—	—	—	—	62,608	38,293	37,962	33,950	35,472	38,816	34,347
PRTR Substance Use[5] (kg) Goal	—	—	—	—	—	70,826	70,826	50,701	50,791	49,268	—	—
Water Intake[4] (1,000 m^3)	—	—	—	—	—	811	643	493	623	684	685	601
HR Data[6]: Number of Employees (Consolidated)	—	—	—	—	—	13,478	13,260	12,914	13,073	13,502	13,360	13,268
Number of Employees (Non-consolidated)	—	—	—	—	—	3,773	3,891	3,957	3,968	4,058	4,068	4,076
Average Years of Service	—	—	—	—	—	17.1	17.3	17.6	18.1	18.2	18.4	18.7
Individuals on Childcare Leave	—	—	—	—	—	46	52	56	65	54	73	77
Turnover Ratio (%)	—	—	—	—	—	1.8	1.5	1.2	1.7	2.4	2.3	2.3
Ratio of Employees with Disabilities[7] (%)	—	—	—	—	—	2.12	2.30	2.32	2.23	2.19	2.25	2.19
Ratio of Employees Outside of Japan (%)	—	—	—	—	—	60.0	59.0	57.1	57.7	58.3	57.7	56.9
Health and Safety Data[5]: Number of Labor Accidents	—	—	—	—	—	38	31	16	38	26	25	26
Severity Rate	—	—	—	—	—	0.01	0.01	0.00	0.02	0.02	0.00	0.01
Incident Rate	—	—	—	—	—	0.76	0.49	0.67	1.43	0.88	1.49	1.29

[1] Segments are based on the country or region where THK's customers are located.
[2] Return on assets (ROA) represents operating profit (loss) plus interest and dividend income as a percentage of average total assets.
[3] This data reflects a modified reporting period that includes 9 months from consolidated companies whose fiscal years ended in March and 12 months from consolidated companies whose fiscal years ended in December.
[4] Five production facilities in Japan (Yamagata, Kofu, Gifu, Mie, and Yamaguchi), seven Group company production facilities in Japan (THK NIIGATA; THK INTECHS Sendai and Mishima; THK RHYTHM headquarters (Hamamatsu), Inasa, and Kyushu; and NIPPON SLIDE CO., LTD.), eight Group company production facilities outside of Japan (TMA (USA), TME (France), TMI (Ireland), THK Liaoning (China), THK Wuxi (China), DALIAN THK (China), THK Changzhou (China), and TMV (Vietnam))
[5] Five production facilities in Japan (Yamagata, Kofu, Gifu, Mie, and Yamaguchi) and seven Group company production facilities in Japan (THK NIIGATA; THK INTECHS Sendai and Mishima; THK RHYTHM headquarters (Hamamatsu), Inasa, and Kyushu; and NIPPON SLIDE CO., LTD.)
[6] Apart from Number of Employees (Consolidated), all HR data reflects THK Japan only.
[7] The percentage of employees with disabilities is calculated as of the end of January of the following year.

Company Profile

Company Overview

As of December 31, 2024

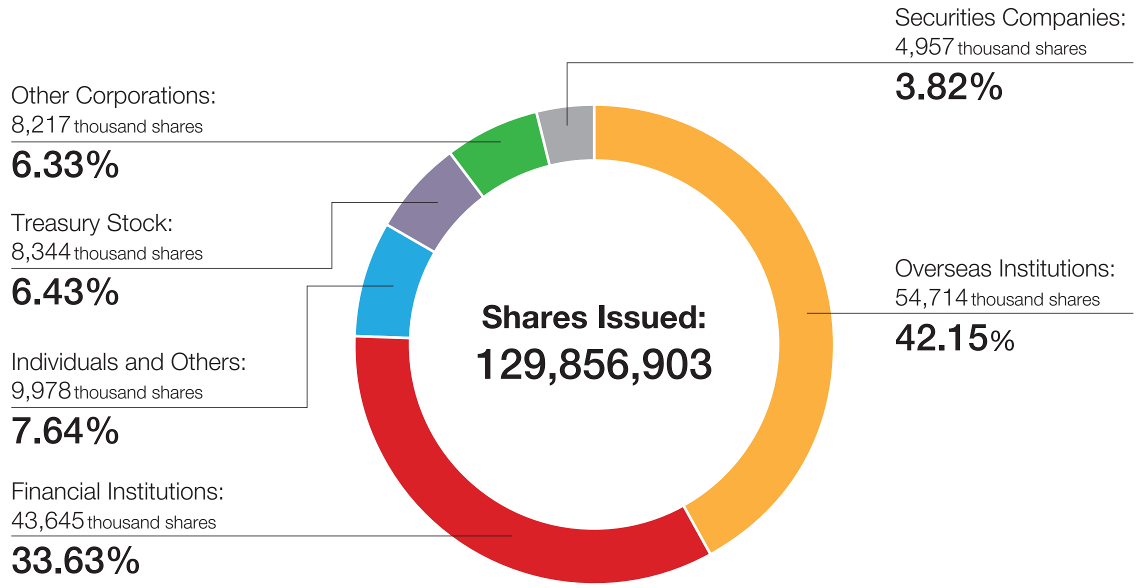
Company name	THK CO., LTD.
Headquarters	2-12-10 Shibaura, Minato-ku, Tokyo 108-8506
Established	April, 1971
Capital	¥34.6 billion
Consolidated revenue	¥352.7 billion
Number of employees	13,268 (consolidated); 4,076 (parent company)
Month of Ordinary General Meeting of Shareholders	March
Independent Auditors	Grant Thornton Taiyo LLC

Stock Information

As of December 31, 2024

Total number of authorized shares	465,877,700 shares
Issued	129,856,903 shares
Stock Exchange Listing	Tokyo Stock Exchange (Prime Market)
Stock Transfer Agent	Mitsubishi UFJ Trust and Banking Corporation
Number of Shareholders	14,827

Shareholder Composition



Please direct any inquiries regarding this publication to:

IR (Investor Relations) Section, The President's Office: thk-ir@thk.co.jp

Information on THK

THK Website
https://www.thk.com/jp/en/

Information on Financial Results
https://www.thk.com/jp/en/ir/

Information on Sustainability
https://www.thk.com/jp/en/sustainability/

Subsidiaries & Affiliate

As of December 31, 2024

Subsidiary	Main Operations	Location	Percentage Owned by the Company, Directly or Indirectly (%)
THK INTECHS CO., LTD.	Manufacture and sale of vital machinery components and machinery	Tokyo, Japan	100.00
TALK SYSTEM CO., LTD.	Sale of machinery parts and various types of equipment	Tokyo, Japan	99.00
THK NIIGATA CO., LTD.	Manufacture of ball splines	Niigata, Japan	100.00
THK KIRYU CO., LTD.	Manufacture of LM Guide	Gunma, Japan	100.00
THK RHYTHM CO., LTD.	Transportation equipment-related business	Shizuoka, Japan	100.00
NIPPON SLIDE CO., LTD.	Manufacture and sale of slide rails	Tokyo, Japan	100.00
TRA Holdings CO., LTD.	Holding and management company	Tokyo, Japan	100.00
THK America, Inc.	Sale of LM Guide, ball screws	Illinois, U.S.A.	100.00
THK Manufacturing of America, Inc.	Manufacture of LM Guide, special bearings	Ohio, U.S.A.	100.00
THK RHYTHM NORTH AMERICA CO., LTD.	Transportation equipment-related business	Tennessee, U.S.A.	100.00
THK RHYTHM MEXICANA, S.A. DE C.V.	Transportation equipment-related business	Guanajuato, Mexico	100.00
THK RHYTHM AUTOMOTIVE MICHIGAN CORPORATION	Transportation equipment-related business	Michigan, U.S.A.	100.00
THK RHYTHM AUTOMOTIVE CANADA LIMITED	Transportation equipment-related business	Ontario, Canada	100.00
THK Europe B.V.	Holding and management company	Amsterdam, Netherlands	100.00
THK GmbH	Sale of LM Guide, ball screws	Ratingen, Germany	100.00
THK France S.A.S.	Sale of LM Guide, ball screws	Tremblay-en-France, France	100.00
THK Manufacturing of Europe S.A.S.	Manufacture of LM Guide, ball screws	Ensisheim, France	100.00
THK Manufacturing of Ireland Ltd.	Manufacture of ball screws	Dublin, Ireland	100.00
THK RHYTHM AUTOMOTIVE GmbH	Transportation equipment-related business	Düsseldorf, Germany	100.00
THK RHYTHM AUTOMOTIVE CZECH a.s.	Transportation equipment-related business	Dacice, Czech Republic	100.00
THK CAPITAL UNLIMITED COMPANY	Financing and capital management for affiliated companies in the Americas	Dublin, Ireland	100.00
THK FINANCE UNLIMITED COMPANY	Financing and capital management for affiliated companies in Europe	Dublin, Ireland	100.00
THK (CHINA) CO., LTD.	Holding and management company, sale of LM Guide	Dalian, China	100.00
THK (SHANGHAI) CO., LTD.	Sale of LM Guide, ball screws	Shanghai, China	100.00
DALIAN THK CO., LTD.	Manufacture and sale of ball screws, actuators	Dalian, China	70.00
THK MANUFACTURING OF CHINA (WUXI) CO., LTD.	Manufacture of LM Guide	Wuxi, China	100.00
THK MANUFACTURING OF CHINA (LIAONING) CO., LTD.	Manufacture of LM Guide	Dalian, China	100.00
THK RHYTHM GUANGZHOU CO., LTD.	Transportation equipment-related business	Guangzhou, China	100.00
THK RHYTHM CHANGZHOU CO., LTD.	Transportation equipment-related business	Changzhou, China	100.00
THK MANUFACTURING OF CHINA (CHANGZHOU) CO., LTD.	Manufacture of LM-related parts, unit products	Changzhou, China	100.00
THK TAIWAN CO., LTD.	Sale of LM Guide, ball screws	Taipei, Taiwan	100.00
THK LM SYSTEM Pte. Ltd.	Sale of LM Guide, ball screws	Kaki Bukit, Singapore	100.00
THK RHYTHM (THAILAND) CO., LTD.	Transportation equipment-related business, industrial machinery business	Rayong, Thailand	100.00
THK MANUFACTURING OF VIETNAM CO., LTD.	Manufacture and sale of LM Guide, slide rails	Bac Ninh, Vietnam	100.00
THK RHYTHM MALAYSIA Sdn. Bhd.	Transportation equipment-related business	Penang, Malaysia	80.00
THK India Pvt. Ltd.	Manufacture and sale of LM Guide	Andhra Pradesh, India	100.00

Affiliate	Main Operations	Location	Percentage Owned by the Company, Directly or Indirectly (%)
SAMICK THK CO., LTD.	Manufacture and sale of LM Guide	Daegu, South Korea	33.82