Integrated Report 2026

A Review of the 2025 Fiscal Year

THK CO., LTD.
CATALOG NO. 42-19E
20260712

About the Integrated Report 2026

In 2025, we embarked in earnest on the course set by our new management policy of achieving an ROE greater than 10% as quickly as possible, implementing wide-reaching reforms to drive profitability improvements, bolster capitalization strategies, and strengthen our governance.
As we gained an even deeper awareness of how crucial these initiatives are for the next phase of THK's growth and were reminded of the magnitude of stakeholder expectations, 2025 became a year to steel our resolve for the work ahead.
The purpose of this report is to outline THK's current position and clearly explain our direction going forward. With a number of revisions to the content and structure of past publications, its aim is to present information in a more approachable, contemporary format.

▶ Overview

The aim of the Integrated Report is to communicate financial and non-financial aspects of THK's medium- to long-term value creation. It was compiled in accordance with the International Integrated Reporting Framework developed by the 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.

▶ Reporting period

January 1, 2025, to December 31, 2025
(including activities before and after this period)

* In accordance with the automotive and transportation business being reclassified as a discontinued operation starting with the 2025 fiscal year, some of the values for 2025 do not include it.

▶ Scope

THK CO., LTD. and its consolidated and unconsolidated subsidiaries
(individual data scopes are given in the report)

▶ Published

Annually at the end of July

Main Themes of the Integrated Report 2026

1 Clarifying progress and challenges related to THK's new management policy

With 2025 being the inaugural year of THK's structural reform initiatives, this report seeks to clearly outline the progress of those activities, highlight successes, and discuss the challenges that lie ahead.

2 Strengthening THK's governance structure

THK continues to strive toward building an ever-stronger governance structure by using outside third parties to evaluate its effectiveness, defining CEO succession more thoroughly, reviewing skill matrices, and engaging in other related activities.

3 Centering sustainability information around material issues

We have made the connection between sustainability and our business strategy clearer by reorganizing section and page headings around significant challenges (material issues).

We hope this Integrated Report will make clear how far THK has come in its reform efforts and the direction we are headed in the future. THK will continue to pursue sustainable growth in corporate value by making steady progress toward reshaping ourselves into a company fit for the future.

Contents

Purpose, Mission, Vision, and Values

At THK, we are making a united effort to reform our business and pursue our growth strategies under a new management policy. Out of our belief in the importance of reestablishing and sharing our company's direction and philosophy, we have formulated a new purpose, mission, vision, and value (PMVV) statement. Under this PMVV statement, each and every employee will take the initiative in working to improve our corporate value.

[1] "Monozukuri" is a philosophy of manufacturing, craftsmanship, and innovation.

[2] Our company has a foundation in technologies that enable the linear motion of machines through rolling motion, and we provide solutions that combine mechatronics products with IoT and other digital connection technologies. Based on the idea that "added value in the manufacturing industry is created in the *gemba*," we help customers around the world solve problems and work toward the realization of a sustainable society. "Mechatroedge" is a term that combines mechanical components, mechatronics, and IoT/edge computing services provided by THK.

[3] In addition to supplying products, we aim to go beyond the boundaries of the manufacturing industry and offer new value to our customers by providing high-value-added services that utilize digital technologies such as AI and IoT.

Purpose

Why are we here?

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

As a company focused on creation and development, THK has long leveraged innovative product development, unique production technology, and a customer-focused approach to generate and provide new value. By proclaiming that our Purpose is the same corporate philosophy that has guided THK from the start, we renew our commitment to that cause and acknowledge its continued importance.

Mission

What are we trying to achieve?

Innovate the *monozukuri* world with rolling and connecting technology (mechatroedge).

Our Mission is what will allow us to continue to fulfill our Purpose in the midst of a world being drastically transformed by AI, robotics, and other technologies. We will continue to bring together our pioneering rolling technology for linear motion, core technologies we have cultivated over the years, electronics, the IoT, and robotics in order to generate new value, revolutionize the manufacturing world, and contribute to solving social problems and creating a sustainable society.

Vision

What kind of future are we trying to build?

Manufacturing and innovative services company

Our Vision of being a "manufacturing and innovative services company" remains unchanged. We aim to utilize AI and the IoT to provide new value beyond the scope of conventional manufacturing.

Values

What values and standards of conduct guide our actions?

Courage	Communication	Integrity
Continue to grow by taking the initiative and embracing change.	Generate new value through mutual understanding and collaboration.	Honor the trust placed in us by engaging honestly with the facts in the *gemba*.

Our Values are the standards of conduct that guide our actions in pursuit of our Purpose, Mission, and Vision. They are the touchstones for the decisions we each make and the actions we each take every day.

Courage, which we have talked about in terms of "individual empowerment" in the past, has been in our company's DNA since THK was founded. It is a value we must inherit from those who came before us and share with those who come after.

Communication, with both coworkers and customers alike, should always be on our minds. Contributing to our customers' know-how through our products and services is at the heart of the "K" in THK. At the same time, it is essential that we communicate with each other to come up with solid, specific ideas for achieving ambitious goals.

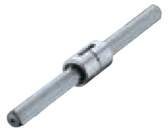
Integrity speaks to the way the THK Group acknowledges the importance of the workplace. Our workplaces are where each of us spends our day, where we connect with each other, and where we generate added value.

THK's History

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 and services tailored to customer needs, we have preserved the principles on which our company was founded all the way to the present day.

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.

1972: LSR

This was the first LM Guide to achieve high accuracy, high rigidity, and smooth motion.

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.

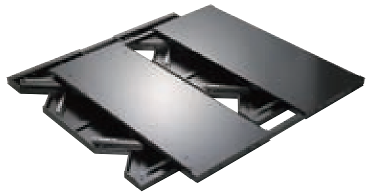
1996: SSR

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.

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

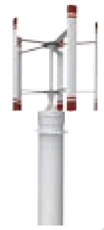
Featuring eight ball raceways, these LM Guide models rival static pressure guides.

2016: General-Purpose Gripper

This compact, lightweight, general-purpose gripper has a built-in controller and can grip objects of various sizes.

2017: Headquarters relocated to Minato, Tokyo

2017: WLS Low-Torque Shaft Unit

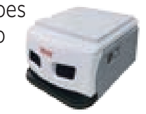


Spun by even light winds, this shaft unit for wind turbines offers highly efficient power generation.

2020: OMNIedge

OMNIedge is a solution for reducing loss that occurs on the manufacturing floor and maximizing OEE (overall equipment effectiveness).

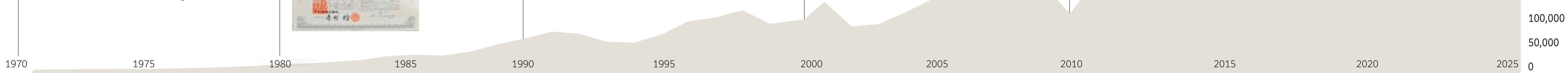
2020: Transfer Robot SIGNAS®



The SIGNAS® transfer robot does away with route tape thanks to built-in cameras that identify signposts that serve as guides.

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.



1971 onward

Foundation

Our business was founded in 1971, just as Japan's economy was at a major turning point with the waning of the Izanagi boom and the transition to a floating exchange rate. This momentous occasion marked the beginning of the three-letter THK brand (representing Toughness, High Quality, and Know-how), which later became our official company name.

1972 onward

The Birth of the LM Guide

The LM Guide Model LSR debuted in 1972 as the world's first rolling component for linear motion in machines. The use of the LM Guide by a major US-based machine tool manufacturer spurred the adoption of our products in machine tools, and we have continued to evolve our technology ever since.

1981 onward

Establishment of Locations Outside of Japan

Amid advancements in global manufacturing, THK transitioned to an integrated sales and production structure in order to localize both the sale and production of our products based on the basic concept that the location of demand is the best location for production.

1999 onward

Expansion of Business Domains

Starting in 1999, THK set up specialized business divisions for automotive components, seismic isolation/damping systems, electric actuators, and unit products. We developed new lines of business by combining existing technologies to broaden the range of applications for our products.

2020 onward

Launch of OMNIedge

As digital technologies such as AI and the IoT continued to evolve, we began offering the OEE Optimization System OMNIedge in 2020. This service visualizes product status and provides solutions for reducing various types of loss that occur on the production floor.

2022 onward

Transforming into a Manufacturing and Innovative Services Company

In addition to supplying products, we aim to go beyond the boundaries of the manufacturing industry and offer new value to our customers as a manufacturing and innovative services company by providing high-value-added services that utilize digital technologies such as AI and IoT.

* The 2025 revenue does not include the automotive and transportation business.

At a Glance

Key Metrics

Financial

▶ Revenue

¥240.4 billion

Year on Year: +7.9%

▶ Operating Income

¥14.4 billion

Year on Year: -9.3%

▶ Operating Cash Flow	▶ ROE	▶ EPS	▶ DPS
¥42.7 billion	-21.7%	-¥618.66	¥246

▶ Total Assets	▶ Equity Capital Ratio	▶ R&D Expenses	▶ Capital Investments[1]
¥472.9 billion	55.3%	¥5.7 billion	¥15.4 billion

[1] Tangible fixed assets only

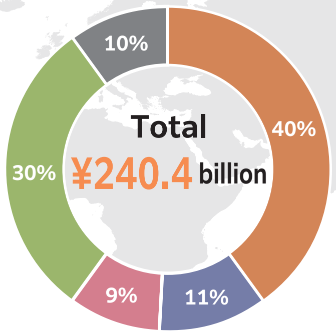
Non-Financial

▶ CO_2 Emissions	▶ Scope 1	▶ Scope 2	▶ Renewable Energy Ratio
202,588 t-CO_2	37,132 t-CO_2	165,456 t-CO_2	11.8%

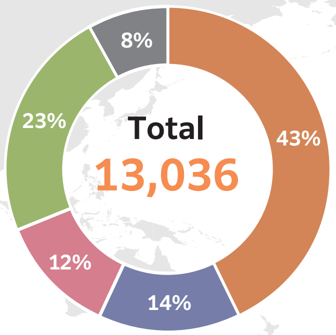
▶ Consolidated Employees	▶ Female Director Ratio	▶ Number of Labor Accidents	▶ Intellectual Property Holdings (Public)
13,036	18.2%	112	504

Global Business Foundation

▶ Revenue Breakdown by Region



▶ Employee Numbers by Region



● Japan ● The Americas ● Europe ● China ● Asia and Other

▶ Production Facilities by Region

Total 23 locations

- Japan: 10 locations
- The Americas: 1 location
- Europe: 2 locations
- China: 4 locations
- Asia and Other: 6 locations

* The 2025 revenue, operating income, R&D expenses, capital investments, and the number of production facilities do not include the automotive and transportation business.

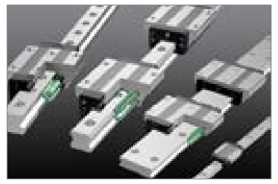
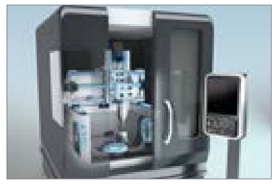
THK Products

As a pioneer of linear motion technology, THK strives to contribute to society through its products.

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.

▶ 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 many types of industrial machinery.
Example: Machine tools (machining centers)

▶ Ball Screws

Components that efficiently convert rotary motion to linear motion to enable highly accurate 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


▶ 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


▶ 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


▶ IoT Solutions

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

▶ FA Solutions

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

TOP MESSAGE & VISION

Representative Director and Chairman
Akihiro Teramachi

Representative Director, President, and CEO
Takashi Teramachi

Promoting Courage and Communication to Drive Bold Structural Reforms with Employees Who Embody Integrity

Revolutionizing the World of Manufacturing

Adapting to Industry 4.0 and Physical AI

Against a backdrop of growing instability in the international order, heightened geopolitical tensions, and labor shortages, the global economy is under pressure to transform on a structural level. As part of that, it is safe to say that our surrounding business environment is also currently experiencing major changes.

Looking back on the past decade in particular, we have seen the adoption of digital technology accelerate efforts to automate and optimize manufacturing to an advanced degree. The impact that this technological progress has had on manufacturing is comparable to that of the industrial revolution, and some are saying that industry is currently at the height of a fourth industrial revolution that began with Germany's Industry 4.0 initiative.

We are now even at the point where we can talk about implementing physical AI (AI technology put to practical use in factories and other real-life spaces) in more than abstract terms. This physical AI is becoming a key concept for our company's growth.

It is worth noting that what propelled the advancement of such digital technology was the coronavirus pandemic that began in 2020. Supply chain fragmentation, shifts in production locations, and the adoption of contact-free behavior patterns and systems prompted greater advancements in digital technology.

The global ramp-up in digital device production and an increase in demand from China starting in 2021 culminated in a record-breaking revenue for us in 2022. It was during this period of pandemic-driven changes in the supply chain, the emergence of generative AI, and the acceleration of digital technologies that I assumed office as Representative Director and President in January 2024, marking a turning point for our company as well.

I met the occasion with the conviction that it was not only expected but also required of me to thoroughly strengthen what needs to be strengthened and bravely change what needs to be changed. Even now, in my third year holding this position, my resolve remains unchanged.

Establishing a New PMVV Statement and Clarifying Standards of Conduct That Reflect Those Values

In November 2024, we announced our new management policy and declared that our entire company would work together to promote structural reforms that tie in lean practices with our growth strategies. To continue growing as a company, we must implement a process of selection and concentration, strengthen our governance, and invest in talent development. We will encounter obstacles as we venture away from the trodden path, but we will meet them all with unwavering resolve.

Out of our belief in the importance of reestablishing and sharing our company's direction and the principles we expect our employees to embody, we began formulating a new purpose, mission, vision, and value (PMVV) statement midway through last year, and we announced it both internally and externally in January 2026. This has served as a major pillar of our Group-wide efforts to accelerate the speed of our structural reforms.

Our corporate philosophy of providing innovative products to the world and generating new trends to contribute to the creation of an affluent society is the reason for our existence, and it suffuses everything we do. The mission and vision parts of our PMVV statement indicate the operational goal and structure that will bring our corporate philosophy to fruition in the present day, and the values portion defines the essential principles that every employee must hold to make that happen.

The "rolling and connecting (mechatroedge) technology" mentioned in the mission statement refers to the way we build upon the foundation of the "rolling" technology we have cultivated with our linear motion components for machines by providing solutions that combine mechatronic products with digital "connecting" technologies such as the IoT. The LM Guide became what it is today—a product known for revolutionizing manufacturing floors since day one—thanks to our founder who invented it and the people who diligently listened to what customers had to say and built upon the original design. As the world of physical AI continues to expand, however, it is imperative that we revolutionize manufacturing in that realm too. We must contribute to society through more than our accumulated machine component expertise alone by fusing our rolling technology with both sensing technology from the IoT and control technology from actuators and robots. To ensure we succeed in this effort, we have set our sights on our vision of transforming into a manufacturing and innovative services company, shifting our business paradigm away from a traditional one-time purchase business model.

The most important part of this new PMVV statement for us was establishing our values, so we undertook a rigorous process to select them. Rather than have top leadership dictate what the values would be, we launched a project that tasked employees with reflecting on THK's past strengths and weaknesses to determine what principles all employees would need to adhere to in order to achieve THK's purpose, mission, and vision and enable the company to grow. The first step was to recruit the project members. Our employees expressed an overwhelming amount of interest, and from those who applied, we selected a group of about 20 to participate in the project. This team was formed from a diverse array of people, including members with experience working at facilities outside of Japan, production floor employees, Group company executives, and mid-career hires. The team submitted several rounds of proposals to the Board of Directors, incorporating their feedback each time until the final version was drafted and the three values were settled on: courage, communication, and integrity.

As suggested by our corporate philosophy, THK has a history of boldly tackling new challenges. Therefore, "courage" is part of our nature.

"Integrity" is also ingrained in our behavior, as exemplified by the principle of "Integrity leads to trust" that is part of our corporate motto. In manufacturing, the production floor is where added value is generated. It is also where the solutions to the company's management challenges can be found. That is why we have to face the reality on the floor with integrity in order to combat production challenges and devise solutions.

"Communication" was also selected because, in this volatile environment, THK can only grow by strengthening the skills of individuals and doing even more to foster teams that can share ideas and produce results through open communication that ignores hierarchical status, departmental affiliation, age, gender, nationality, and level of experience. This value is also critical for spurring open innovation with external partners.

I believe that the people who comport themselves in accordance with these values will remain essential even in a future where AI and humans work side by side. I want to cultivate the kind of company where every employee can recognize that people who lack courage and integrity and who do not communicate are not truly part of THK. Doing so will enable us as a business to continue embodying our corporate philosophy even in the age of physical AI.

Identifying Our Unique, In-Demand Characteristics to Spur Higher Profitability

In February 2025, we announced management metrics and related measures for advancing our new policy of achieving an ROE greater than 10% as quickly as possible. As part of that effort, and as the result of a strict evaluation of the segment's anticipated future capital costs and ROIC, we concluded the process of selection and concentration for the automotive and transportation business by resolving to transfer its ownership.

For the industrial machinery business, we set ourselves the goal of achieving the ¥40 billion operating income required for an ROE greater than 10% entirely by our own efforts. To this end, we have set up working groups on various topics and promoted the establishment of a PDCA cycle where, with the support of experts, we create plans, execute them, and monitor the results. Then, if the overall results are insufficient, we develop and enact other measures that are needed. While there has been some trial and error along the way, I fully believe that we are steadily improving and making headway. Our employees are also more conscious of profitability than ever before, and I think this built-up awareness will be a source of strength for us in the future. These activities have also made it more evident that we must strengthen our cost competitiveness to sustain Japan-based manufacturing. For us to grow, it is crucial that we generate even more added value and sell to customers both in and outside of Japan.

To restructure ourselves into a more profitable business model, in our machine component business, we are proactively supplying new products with high added value to seven fields experiencing significant growth: healthcare, machine tools, EVs and renewable energy, semiconductors, logistics, robots, and railways and airplanes.

We have always had a technically adept development team, but we will strengthen our product development capabilities from the perspective of product-market fit to better suit the market and our customers' needs. To this end, we spent the last year creating clear guidelines that covered everything from how to create systems for understanding customer needs as extensively as possible to how to get products to market, including information on prioritizing development activities and optimizing the allocation of personnel based on an analysis of the market and a calculation of the level of technical difficulty. In doing so, we have established a framework for increasing profit from growing fields.

Another important factor for growth is boosting our market share. However, that does not mean that the path to success can be found by keeping our eyes solely on our competition. If we only focus on differentiating our products from those of our competitors, we will lose sight of solving our customers' real challenges. In order to face our customers' challenges with integrity, we must focus on forging our own path.

In the process of trying to stand out, our products are going to be compared to those of our competitors now and again. However, the products that ultimately sell well in the market are those designed to be what customers are looking for based on their needs. If it turns out that going down that path results in products with the same specifications as competitors' products, as long as they are serving the needs of the customer, then so be it. By digging deeper in our interactions with customers, we will better understand what they are dissatisfied with and what their true concerns are about service, trust, safety, and reliability. From there, we can work out our unique approach.

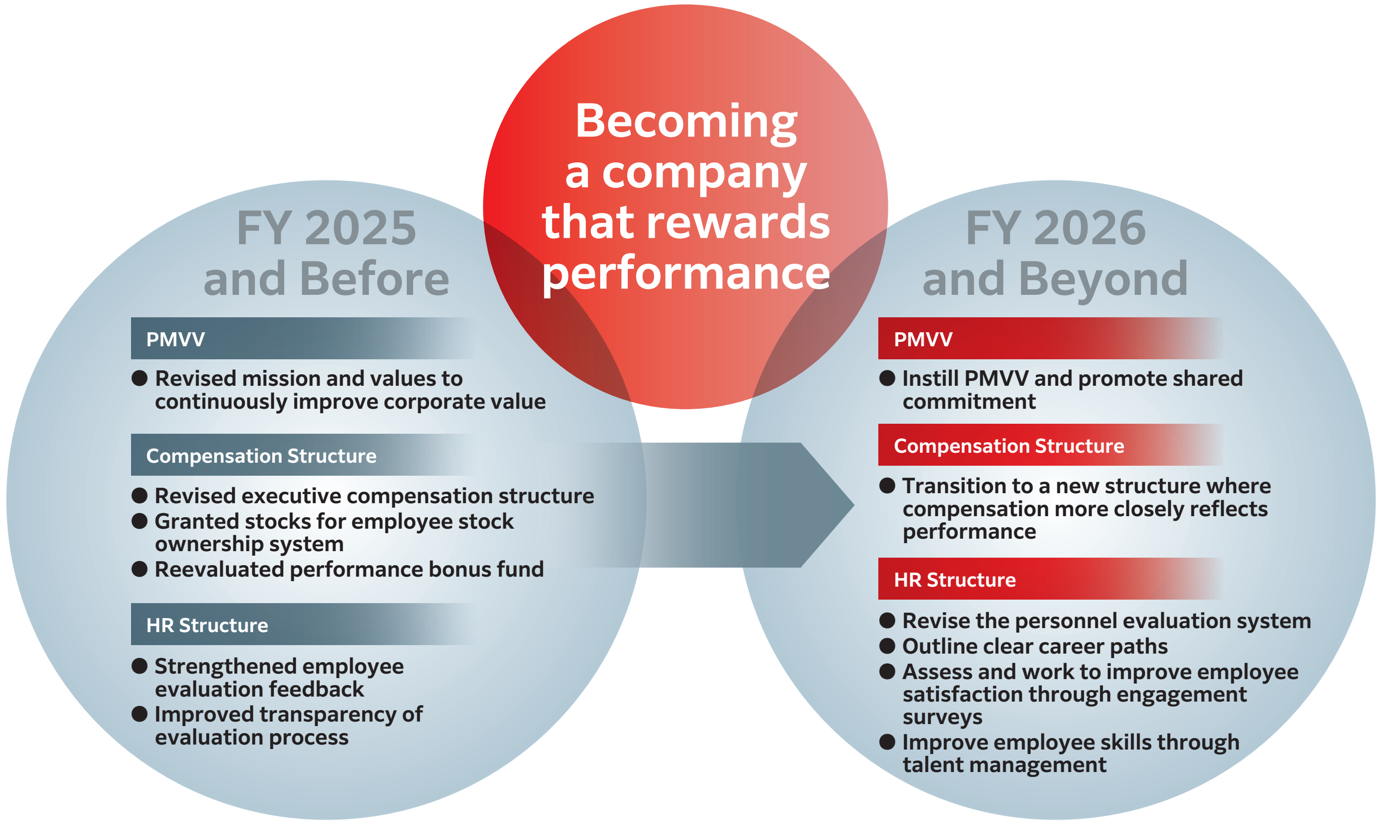
Our values of courage, communication, and integrity are the standards of behavior for everyone at THK that will allow us to capitalize on what makes us unique. We will continue to face the reality of our customers and the production floor with integrity and convey the importance of putting forth the kinds of unique solutions that only we can.

FA Solution Business Proposals to Support Physical AI

In addition to our mainstay machine component business, we are also pouring effort into our FA solution business. This division offers products and solutions with high added value that fuse traditional machine components with mechatronic modules and the IoT/AI.

Since around 2016, when the principles of Industry 4.0 began spreading throughout the world, we have embarked on various related projects. For the past decade now, many companies have advanced the aims of creating better visibility on the manufacturing floor and, ultimately, making factories more autonomous. These endeavors have led to more manufacturing processes becoming automated during that time, and now, with the emergence of physical AI as a concept, we are going to see accelerated efforts to achieve autonomous and unmanned operations throughout entire factories. Within the next 10 years, I think we will see a world where most factory systems are controlled by AI and facilities keep running 24 hours a day, 365 days a year. These will be software-defined factories in the truest sense, where the real world is represented in a digital environment in which everything is captured as data and that can then be used to train AI models for controlling hardware. Such large-scale systems will require smart subsystems composed of real-life hardware that can both capture all types of things as data and that can operate accurately as instructed for long periods of time without breaking down. THK can provide these kinds of smart subsystems by combining the proprietary component, control, and sensing technologies we have developed over the years. As we make these smart subsystems more robust, I foresee a future 10 years from now where THK is known as the place to go for supporting physical AI. I want THK to continue offering solutions that revolutionize manufacturing, even in a world where people and robots work side by side.

Ongoing Initiatives for Prioritizing Employee Satisfaction and Maximizing Human Capital



Efforts to Maximize Human Capital by Developing and Evaluating Employees Who Embody Our Values

Even as digital technology advances and some human tasks are transferred over to systems and robots, people remain the most valuable asset for companies. That is why part of our structural reform involves initiatives aimed at maximizing human capital.

We are establishing systems for evaluating and developing the types of people who can independently develop products and services with high added value, push for greater quality and productivity, openly exchange opinions, and address challenges with persistence and integrity.

We have also tied the compensation of executives more closely with their performance as a means of strengthening our governance, and a recommendation was made to introduce employee stock ownership plans for regular employees to increase our shared commitment toward the company's growth. I want to make sure that our evaluation and compensation systems appropriately reward those who give their all and produce results.

"Talent of the heart" is an important concept at THK. It refers to the ability to maintain a positive outlook and engage with problems in a constructive way rather than blaming other people or environmental factors. It is a skill that can only be learned, not taught. The employee development structure we are aiming for is one that will encourage this talent of the heart. The times ahead will demand that we always work to polish our own skills, so THK will work toward developing a framework that allows people with this type of talent to thrive. Ultimately, I want this company to be a place filled with people who exemplify courage, communication, and integrity.

Solving Customer Problems and Creating Added Value through Deeper Dialogue

Our goal is to ensure that THK continues to revolutionize manufacturing by providing smart subsystems that are based on the components we have developed and that come equipped with the actuator, control, and sensing functions required in a world of physical AI.

To achieve this aim, we want to engage in deeper dialogue with our customers, suppliers, and partner businesses and create added value to work toward solving the challenges our customers face. Even in the age of physical AI, the values that make up THK's name—"Toughness," "High Quality," and "Know-how"—will remain essential. As always, we will continue to strengthen our commitment to these universal principles.

It is my belief that the way we can give back to our shareholders is by maintaining an ROE that exceeds our shareholder's equity costs as we grow and by continuing to demonstrate the promise of even more growth. Please look forward to seeing even greater things from THK.

TOP MESSAGE & VISION

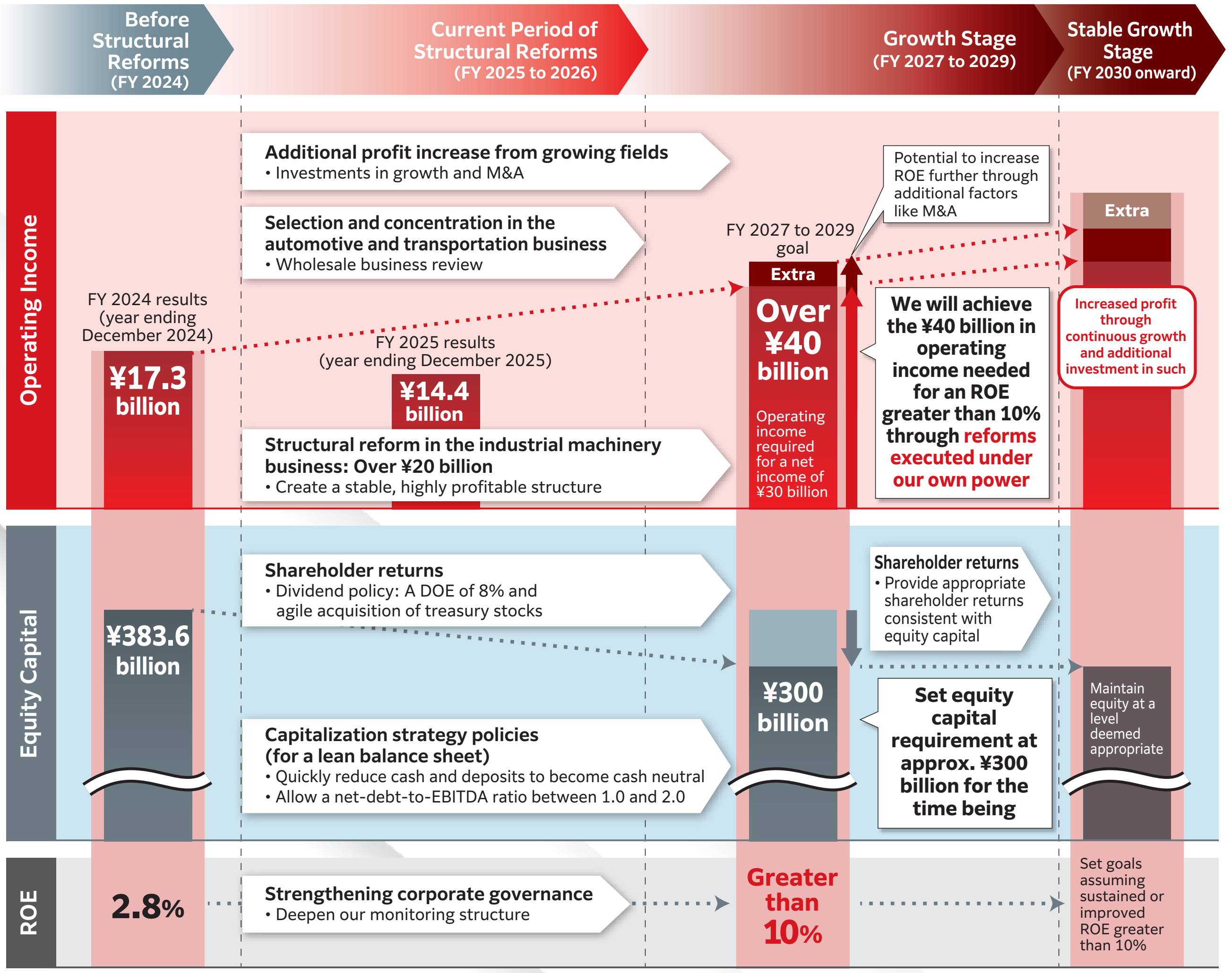
Progress under the New Management Policy: Achieve an ROE Greater than 10% as Quickly as Possible

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

Projects and Progress toward an ROE Greater Than 10%

In November 2024, THK announced our new management policy of achieving an ROE greater than 10% as quickly as possible. To promote management that emphasizes profitability and capital efficiency in order to achieve this target, we are employing a strategy of selection and concentration based on capital costs, making highly disciplined investments to bolster competitiveness for the sake of sustainable growth, and reviewing our capitalization strategies. We are also transforming our corporate governance structure to further augment these efforts. For the first two years under this new management policy, we are 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%.

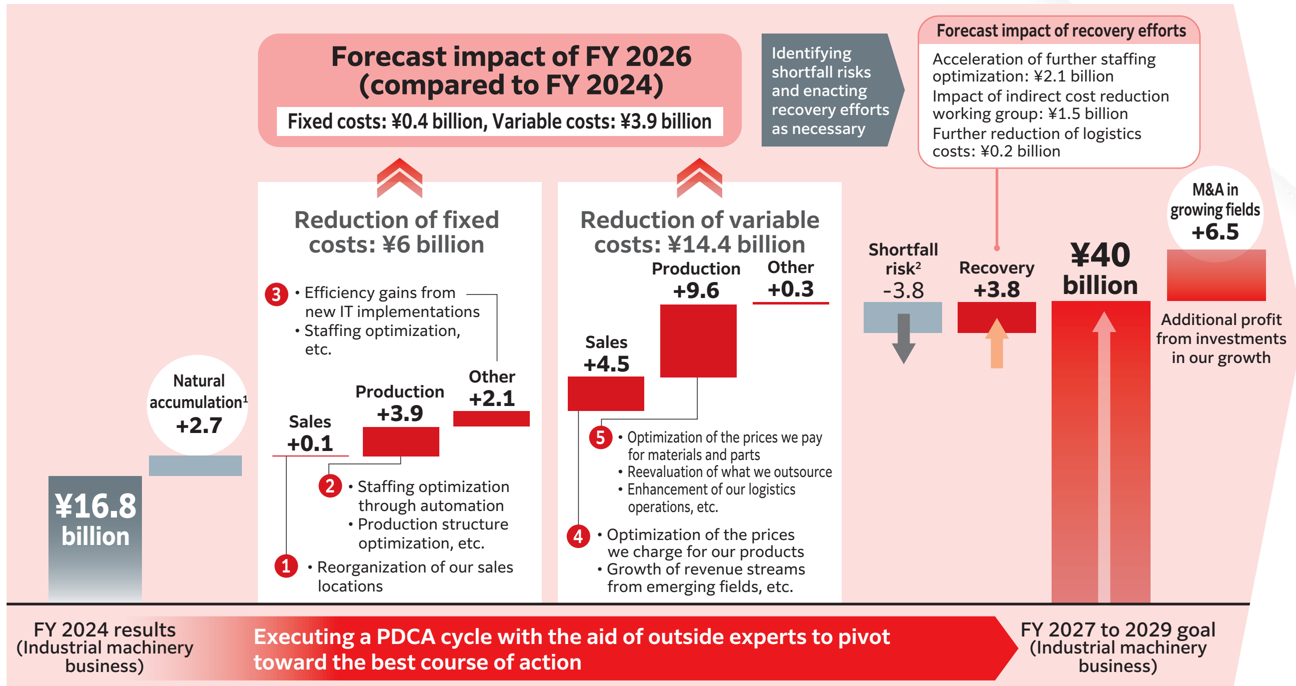
■ Roadmap for an ROE Greater than 10%



On February 2, 2026, the Board of Directors resolved to transfer ownership of the automotive and transportation business, as this was determined to be the proper course of action in light of a strict evaluation of the segment's anticipated future capital costs and ROIC. This marked the conclusion of the selection and concentration process for the automotive and transportation business.

For the industrial machinery business, the president issued a statement to all employees and visited facilities within and outside of Japan to personally speak on THK's current environment, the goals we must achieve, and his expectations for the future, all to create the shared awareness among all employees required for us to achieve our goals. In terms of execution, THK has also launched the ROE 10 Project, which calls together different functional and goal-defined working groups and is driving various activities bolstered by the support of outside experts.

Combining Recovery and Other Measures to Create a Highly Profitable Structure



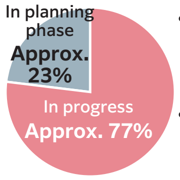
¹ This natural accumulation value combines our 2025 forecast at the time the new management policy was announced, forecast sales revenue for 2027 to 2029 that assumes an average growth rate of 2% per year, and projected labor costs assumed to increase by just over 4% per year, on average.
² This value does not include factors that caused temporary reductions or negative impacts of the volume effect from FY 2025.

In 2025, we launched a total of 78 different initiatives, 77% of which are currently underway. The remaining 23% have not yet been implemented, as their objectives are still being defined. To address our fixed costs on the sales side of our operations, we began with a review of select sales offices, which we are continuing in 2026. On the production side, we are reviewing which products we make at each location around the world to optimize regional production in 2026 and beyond. We have also formulated a staffing optimization strategy that will be executed starting this year to further reduce our fixed costs. To address variable costs in our sales operations, we focused primarily on price optimization within Japan. As demand continues to grow, we expect to see the impact of these activities become increasingly relevant. In 2026, we intend to expand the scope of our price optimization efforts to further magnify their effect. For our production operations, we have worked to make existing initiatives more thorough and impactful, strengthening related monitoring structures. We have made progress toward reducing logistics costs, reviewing our machining processes and what we outsource, and strategically consolidating material orders. In 2026, we are making significant changes to workflows and production processes and pursuing further cost reductions for the materials we use. Even as we pursue these initiatives, we are well aware of inflation and other headwinds that pose the risk of making our plans fall short. In order to offset this risk and ensure that we achieve our goals, we will further invest in recovery measures starting in 2026. These measures include accelerating further staffing optimization, adding more working groups focused on driving down indirect costs, and further reducing logistics costs.

Assessing the Impact of Existing Projects and Announcing New Measures for Accelerating Structural Reform in 2026

Progress and Results at the End of FY 2025	Initiatives Planned for FY 2026	Through FY 2029

■ Developing/implementing initiatives (78 in total)



* Based on the number of initiatives

- Steady aggregation of cost reductions achieved through various initiatives
- Objectives are still being defined for some initiatives

We decided that further measures are required to accelerate structural reform

Recovery efforts (beginning FY 2026)

- Thorough execution of existing initiatives and strengthening of related monitoring structures
- Addition of new initiatives (optimization of logistics departments, expansion of company-wide implementation, etc.)

Forecast financial impact: + ¥20 billion or more

		Progress and Results at the End of FY 2025	Initiatives Planned for FY 2026	Forecast financial impact (number of initiatives)
Fixed Costs	1 Sales	Started gradual response	Continue initiatives implemented in FY 2025	+ ¥0.1 billion (1)
Fixed Costs	2 Production	Reviewed which products we make at each location around the world to optimize regional production	Gradually continue with ongoing initiatives	+ ¥3.9 billion (10)
Fixed Costs	3 Other	Formulated a staffing optimization strategy	Implement strategy to optimize staff placement and reduce staffing increases	+ ¥2.1 billion (2)
Variable Costs	4 Sales	Optimized the prices we charge for our products based on market conditions and cost trends	Expand pricing optimization to include more products in more regions to ensure sustained profitability	+ ¥4.5 billion (4)
Variable Costs	5 Production	Reduced logistics costs, reviewed our machining processes and what we outsource, and strategically consolidated material orders. Made existing initiatives more thorough and impactful, strengthening related monitoring structures	Make significant changes to workflows and production processes and pursue further cost reductions for the materials we use	+ ¥9.6 billion (59)
Variable Costs	6 Other	Strengthened collaboration across all Group companies and increased profitability in emerging fields	Continue initiatives implemented in FY 2025	+ ¥0.3 billion (2)

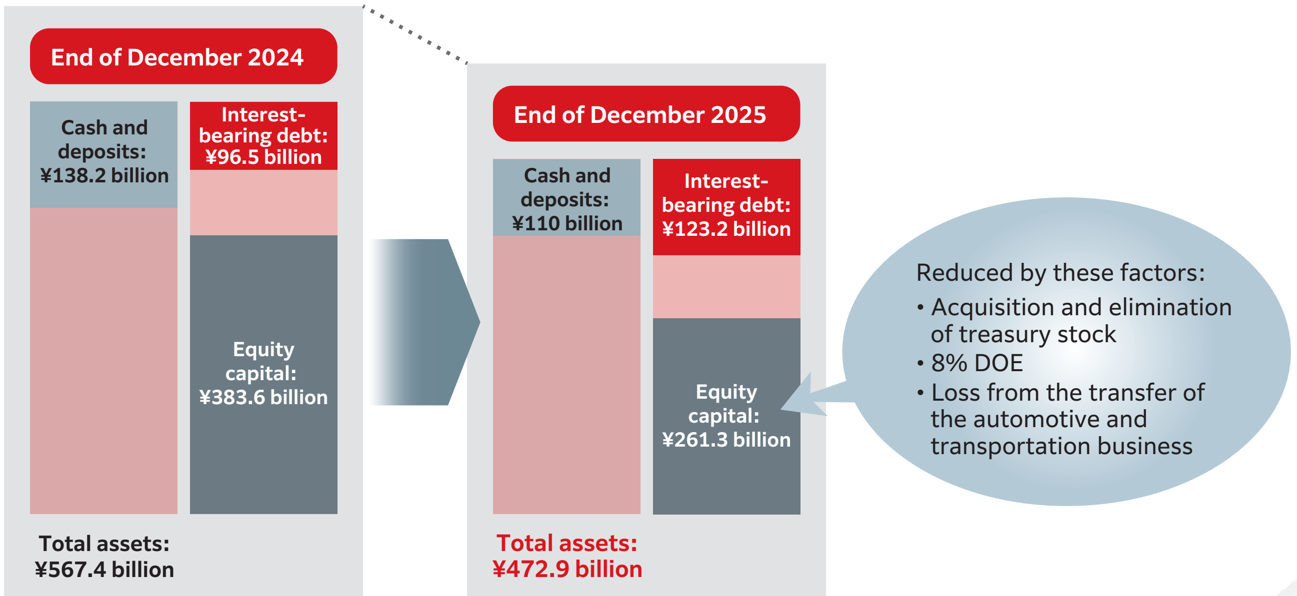
Increasing Profit from Growing Fields

For the machine component side of our industrial machinery business, we have combined our global business foundation with global task forces created to focus on seven key growth fields, including the semiconductor industry. This allows us to address the needs of different industries and regions with a high degree of focused specificity. As a result of changes made to the structure of our development division to bolster our ability to discover the needs of cutting-edge fields globally and to ensure that our systems are more closely aligned with these needs, we also anticipate a considerable rise in the number of planning and development projects we undertake in the future.

Meanwhile, the FA solution business is successfully expanding upon new products and services developed for the growing areas of mechatronic modules, the IoT, and AI in order to respond to the needs of both machine builders and a wide array of machine users. We will also drive further growth in this realm by actively engaging in business collaborations and M&A to supplement the functionality we are already able to offer.

Balance Sheet Management That Emphasizes Capital Efficiency

The ¥81.6 billion recorded as a business liquidation loss from the transfer of shares and credits from the automotive and transportation business led to a loss of ¥69.8 billion for the 2025 fiscal year. However, THK was able to eliminate the entire ¥40 billion in treasury stocks outlined in its capitalization strategy policy for achieving an ROE greater than 10% as quickly as possible. We also sustained a DOE that allowed us to continue paying high dividends and reduced equity capital by ¥122.3 billion year on year. Furthermore, while we will maintain a DOE of 8% until we achieve our goal of an ROE greater than 10%, even after that task is accomplished, we will not only hold our ROE above our shareholders' equity costs, but enhance it further to ensure that we can continue to provide stable returns to our shareholders.



Strengthening of Corporate Governance

In order to enhance the effectiveness of all these initiatives, THK has undertaken several efforts to improve its corporate governance, from continuing with third-party evaluations of the effectiveness of the Board of Directors and reviewing the board's composition and skill matrix to updating our executive compensation system to better incentivize efforts to improve corporate value, reevaluating our personnel evaluation system, and drafting a succession plan. We also revised our director skill matrix, assessing each director's capabilities with eight newly selected requisite skills that align with our management policy and are conducive to sustainably increasing corporate value.

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 shareholders' equity 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 2025 Fiscal Year

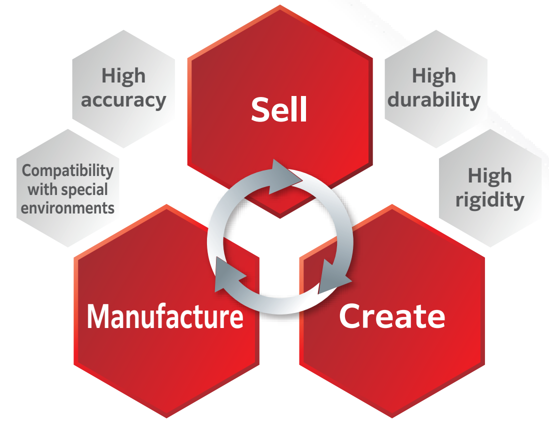
In 2025, we saw revenue rise to ¥240.4 billion, a 7.9% increase from the previous fiscal year. At the same time, however, our operating income fell to ¥14.4 billion, a decrease of 9.3% from the previous year. Despite heightened geopolitical risks, ongoing inflation, and US tariffs that collectively made our external environment more unpredictable, demand in the Chinese and American markets held strong. This was not the case, however, for the Japanese and European markets. In the Japanese market, where we had expected to see a recovery centered on the semiconductor industry, demand remained lower than our early forecasts predicted. Even as our revenue increased, our operating income suffered from a worsening sales mix, the impact of US tariffs, equity losses, costs associated with our business reforms, and various cost increases. These factors, combined with ¥81.6 billion recorded as a business liquidation loss from the transfer of shares and credits from the automotive and transportation business, led to a loss of ¥69.8 billion for the year. However, by focusing our corporate resources on the industrial machinery business, we are already working toward greater growth in the future.

On the sales front, our machine component business has been cultivating key fields and leveraging global information sharing to communicate demand trends in different countries and regions. We have created systems within our product development process that increase our points of contact with customers to give us a better understanding of their needs, allow us to address those needs by properly allocating limited development resources, and ensure that new products are brought to market quickly. In keeping with our business reforms, our manufacturing operations have worked to transition to a lean business model that allows us to make our products in a way that sustains a high level of profitability.

Aligning Strategy and Action with the New Management Policy

As we reform our industrial machinery business in line with our new management policy, we continue to rigorously monitor results and implement further actions where these fall short as part of a PDCA cycle that will increase our effectiveness and transform us into a leaner business.

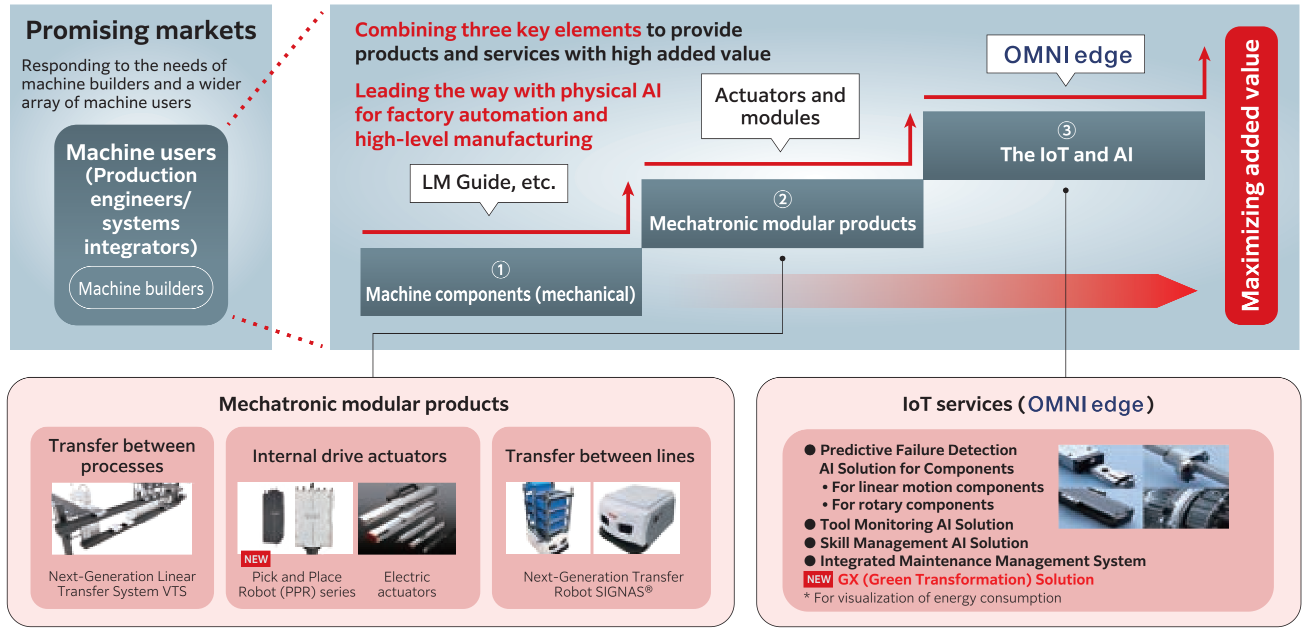
As physical AI becomes an ever-growing presence in manufacturing worldwide, we are working to further expand our business domains by honing our growth strategies of full-scale globalization, the development of new business areas, and a change in business style. For our machine component business, we have combined our existing business foundation with global task forces created to focus on seven key growth fields, including the semiconductor industry. This allows us to address the needs of different industries and regions with a high degree of focused specificity. As a result of changes made to the structure of our development division to bolster our ability to discover the needs of cutting-edge fields globally and to ensure that our systems are more closely aligned with these needs, we also anticipate a considerable rise in the number of planning and development projects we undertake in the future. Using reference data from past research and development projects, we are working on a variety of measures to reduce development time by two thirds and expect this to result in at least twice as many new products going to market in 2026 as did in 2025. Through all of these efforts, we are working to maximize deployment of our global branding while executing a rapid cycle of selling, creating, and manufacturing to grow our top line, enhance profitability, and maximize final profit.



Executing a rapid "Sell, Create, Manufacture" cycle to
grow our top line and enhance profitability

The FA solution business, on the other hand, has worked to develop new products and services in the growing areas of mechatronic modules, the IoT, and AI for the sake of responding to the needs of both machine builders and a wide array of machine users faced with production floors made ever more complex by social issues like automation, labor shortages, and sustainability. While this aspect of our business is still small in scale, it is steadily growing, having already yielded new products whose sales have at least doubled year on year. Looking ahead, as physical AI technology continues to mature, we anticipate the rise of software-defined factories that run 24 hours a day, 365 days a year thanks to factory-wide, AI-driven simulation and hardware control as well as ongoing AI learning. These factories will require THK's durable machine components to provide stable machine operation, and we expect the data requirements of AI simulations and AI learning to drive demand for the sensing technology we have refined with our IoT services as well. At the same time, we are focusing our energy on developing smart subsystems that combine actuator, sensing, and control technologies to support the world of physical AI and ensure the sustainable growth of our company.

Focusing on Production Floor Innovations to Secure Sustainable Growth in an Age of Cutting-Edge Technology



In order to achieve these various aims, we are also working to strengthen initiatives aimed at maximizing human capital. For example, we are reevaluating our performance bonus fund, enhancing evaluation feedback in our HR system, and making our evaluation process more transparent overall. Looking ahead, as we promote shared commitment to our PMVV statement, we will further accelerate our efforts to transition to a new compensation system that values a balanced approach, revise our evaluation system, clarify career paths, and conduct engagement surveys to assess and improve employee satisfaction while also implementing talent management systems to elevate the skill level of our employees. By pursuing these reforms and reshaping ourselves into a company that rewards those who work hard and produce results, we are building a foundation for sustainably increasing our corporate value.

Value Creation Process

Important capital for supporting growth → Management policy and business model → Outputs and business activities → Outcomes

External Environment/ Megatrends

- Heightened geopolitical risks
- Formation of economic blocs
- Labor shortages and an aging society
- Advancement of automation and robotization
- Advancement of digital technology
- Decarbonization
- Recycling and conserving resources

Important capital for supporting growth

Financial Capital

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

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.

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. 23

Management policy and business model

p. 3

Mission
Innovate the monozukuri world with
Mechatroedge
"rolling and connecting technology"

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

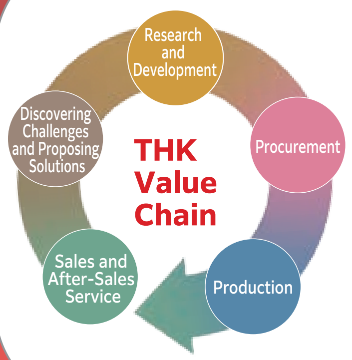
Vision
Manufacturing and innovative services company

Values
- Courage: Continue to grow by taking the initiative and embracing change.
- Communication: Generate new value through mutual understanding and collaboration.
- Integrity: Honor the trust placed in us by engaging honestly with the facts in the gemba.

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**

p. 15



Strength 1: Branding
Brand strength backed by products with high quality, long service life, high rigidity, and high accuracy

Strength 2: Development and proposal-based sales
Strong development and sales expertise offering new value-added products that match market needs

Strength 3: Integrated sales and production structure
A globally integrated sales and production structure responsive to environmental changes and customer needs

p. 25

Material Issues

p. 27

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

Outputs and business activities

Revenue: **¥240.4** billion
Operating income: **¥14.4** billion
ROE: **-21.7%**
DPS: **¥246**
CO_2 emissions: **202,588 t-CO_2**

p. 57

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

p. 19

Outcomes

- Customers
- Shareholders and investors
- Business partners
- Employees
- Local communities

p. 55

Sustainable growth of corporate value

* The 2025 revenue and operating income do not include the automotive and transportation business.

Management Capital Enhancements and Strengths

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

	Financial Capital	Human Capital	Manufacturing Capital	Technology and Intellectual Capital
Features	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.	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.	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.	We provide individually optimized products by combining our extensive foundational platform with our expertise and experience in achieving smooth, high-precision linear motion in the rolling guide components of machines.
Supporting data (2025 results)	• Equity capital ratio: 55.3% • Operating cash flow: ¥42.7 billion • Current cash: ¥110.0 billion	• Participants in the international trainee system: 2 • English lesson participants: 70 • Management training program participants: 15	• Capital investments: ¥15.4 billion • Production facilities: 23 (10 in Japan, 1 in the Americas, 2 in Europe, 4 in China, and 6 in Asia and other regions)	• R&D expenses: ¥5.7 billion • Intellectual property holdings: Registered: 2,400, Published: 504 • R&D facilities: 2 (1 in Japan and 1 in China)
Challenges to overcome	• ROE stagnation (-21.7% in 2025) • Promotion of management that emphasizes profitability and capital efficiency • Continuing to provide appropriate shareholder returns consistent with appropriate levels of shareholders' equity	• 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	• Increasing productivity per person • Workforce development (DX, operation of robots and automated equipment, and application of technical knowledge to production)	• Price competition with similar products in emerging countries
Responses to these challenges (measures being taken)	• Structural reform of the industrial machinery 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)	• Diversity training throughout the company • Expansion of training to develop the next generation of management • Initiatives for health management	• Establishing a 24-hour production structure through the installation of automated equipment • Data utilization training and on-the-job training	• Further cultivating our core technology of rolling machine components and developing new products • Developing FA and IoT solutions based on our extensive data
Related material issues	Strengthening of a sustainable value creation platform	Realization of a diverse and meaningful work environment	Decarbonization and realization of a recycling-oriented society	Creating an affluent society and solving social issues through innovation

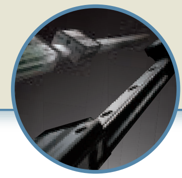
* The 2025 R&D expenses, capital investments, and number of production facilities do not include the automotive and transportation business.

Strength 1

Branding

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.



Strength 2

Development and proposal-based sales

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

We help revolutionize production floors through a combination of mechanical components, mechatronics, and IoT/edge computing services.

Strength 3

Integrated sales and production structure

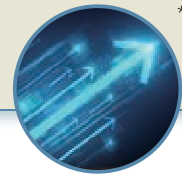
A globally integrated sales and production structure responsive to environmental changes and customer needs

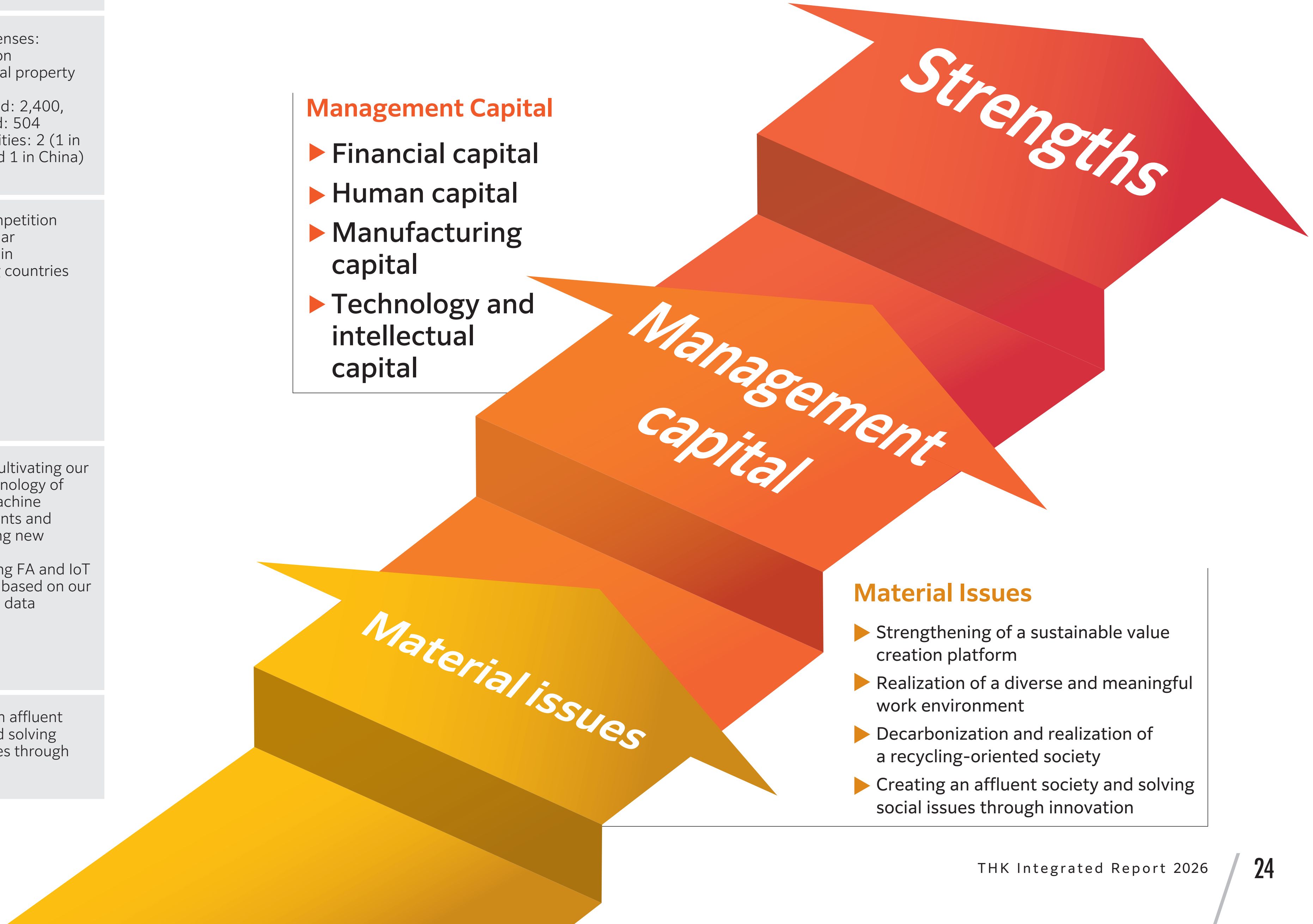
Ratio of revenue from outside of Japan: **60%**

Global presence: **23 countries**

Sales offices: 22 countries
Production facilities: 8 countries
Development bases: 2 countries

* These numbers do not include the automotive and transportation business.





Management Capital

- Financial capital
- Human capital
- Manufacturing capital
- Technology and intellectual capital

Material Issues

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

THK's Value Chain

THK promotes a variety of initiatives with a deep awareness of the way our activities impact our value chain.

Discovering Challenges and Proposing Solutions

Our greatest strengths lie in our diverse lineup of products that provide high quality, long service life, high rigidity, and high accuracy as well as in our proposal-based sales structure that leverages industry-relevant knowledge and experience.

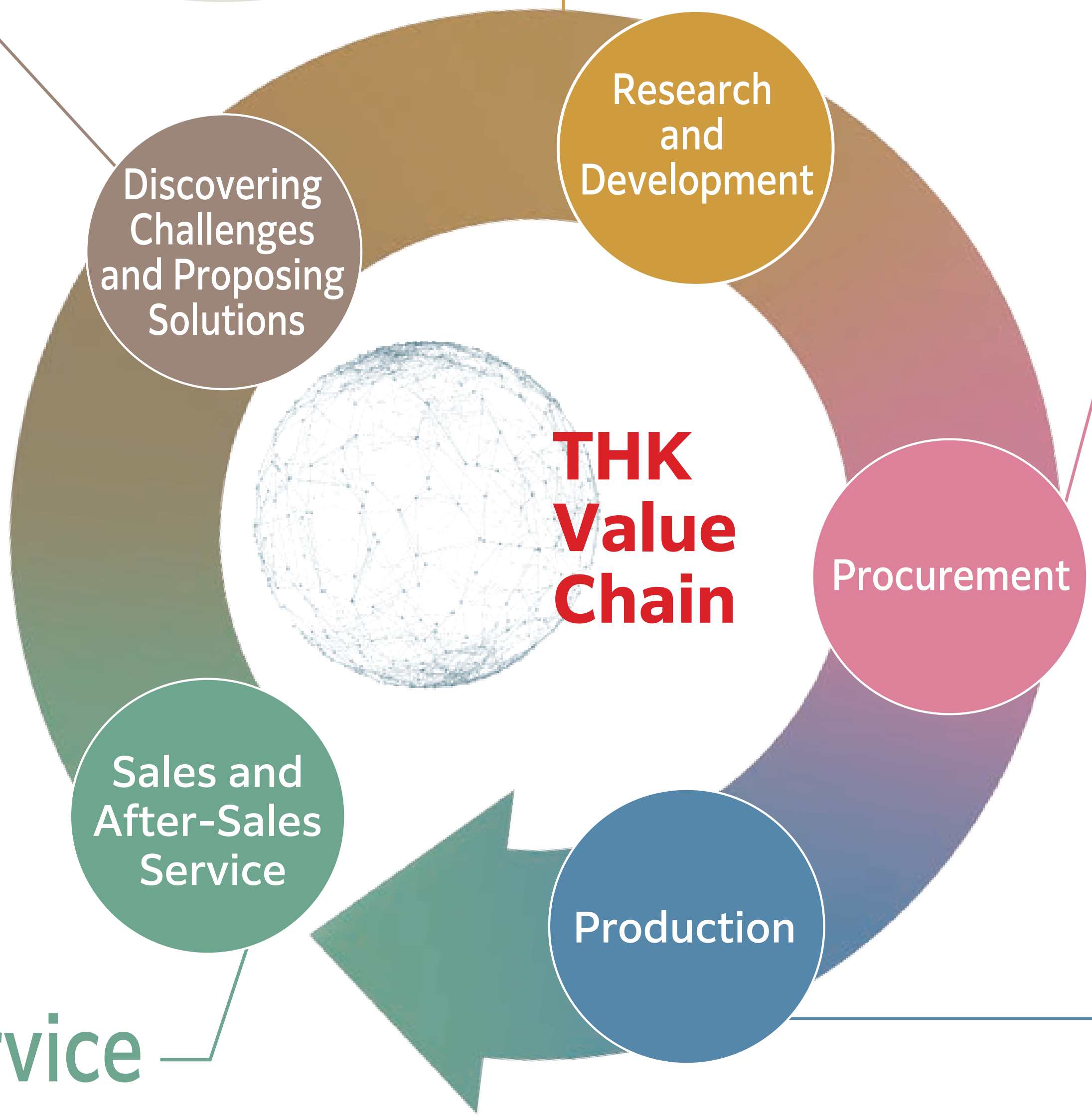
The feedback structures we have put in place ensure that our development division is quickly informed of emerging customer needs, which spurs the creation of new products and solutions.

Our customers' challenges are ever changing and increasingly varied. By analyzing their needs with greater accuracy, we are able to generate and discover new value for them. We combine mechanical components, mechatronics, and IoT/edge computing services to provide customers with high-added-value products and solutions that address their specific needs, be they machine builders or machine users.

These factors enable us to help customers reach their maximum potential for growth and allow us to respond to changing market conditions from a position of strength.

R&D expenses: ¥5.7 billion
Intellectual property holdings:
Registered: 2,400, Published: 504
Fellowship system
Technical information exchanges
Basic technical training

Countries with a THK sales office: 22
Expansion of the FA solution business



Research and Development

THK has two research and development facilities, one in Japan and one in China, and we are constantly striving to further develop our fundamental technologies through the work done by our Fundamental Technology Research Department. This allows our organization to develop greater expertise in various technical fields so that we can enhance the quality of existing products while quickly developing new ones.

Because we consider it a strength to have a large number of employees with expertise in a wide range of fields, THK uses graduate school and PhD program curricula to develop talent (fellows) possessed of noteworthy skills related to product development. We also encourage exchanges between technical experts within and beyond THK to create fertile ground for innovative ideas.

Additionally, by judiciously protecting our intellectual property rights within and outside of Japan, acquiring rights that align with our business strategies, and conducting various surveys and analyses, we have created a firm foundation for supporting sustainable growth going forward.

In all, we secure our competitive advantage through a thorough design cycle focused on customers' unique needs, adapting our core technologies to give rise to products and services with new and better functionality.

Procurement

THK continues to promote both global and regionally optimized procurement as well as the utilization of DX. Through these efforts, we are creating a procurement structure optimized for making competitively priced products.

We establish robust, positive relationships with our suppliers by maintaining clarity around the terms of the business we conduct together, entering into legally sound contracts with them, and meeting with them regularly to share information and exchange ideas.

All of these practices contribute to a more efficient and sustainable supply chain that allows us to reliably provide our customers with products that satisfy their needs.

Production facilities: 23
Improvements driven by VA (value analysis) proposals
THK Group Business Partner Helpline
THK Group Green Procurement Guidelines
Human rights due diligence

Production

As we aim to shorten lead times by producing in areas of demand, we continue to strengthen our overall global production structure. This means that, in addition to adding production capacity in each region, we are also making strides toward full-scale automation that organically combines robots and production equipment with human knowledge. At the same time, we are also taking action to be more environmentally conscious in our production activities by reducing our energy consumption, introducing solar power generation, and pursuing other related initiatives.

In order to pass on the technical skills that make up production craftsmanship backed by years of experience, we have implemented a skill management system that allows us to centrally manage production floor skills, certifications, and experience while driving cross-training programs. We also maintain a comprehensive quality assurance system with a global perspective for the sake of providing all our customers with safe and reliable products. Our facilities within and outside of Japan maintain ISO 9001/IATF 16949 certification for their quality management systems.

These efforts allow us to consistently provide products of the highest quality to customers around the world, further strengthening trust in the THK brand.

Production facilities: 23
Production line automation
ISO 9001/IATF 16949 certification
Facilities with solar power generation: 10

Sales and After-Sales Service

We combine mechanical components, mechatronics, and IoT/edge computing services to provide customers with high-added-value products and solutions.

Using our global sales network, we do more than just provide products. We help customers improve their productivity and efficiency and we create next-generation value by building systems that maximize the added value we provide through interactions with our customers.

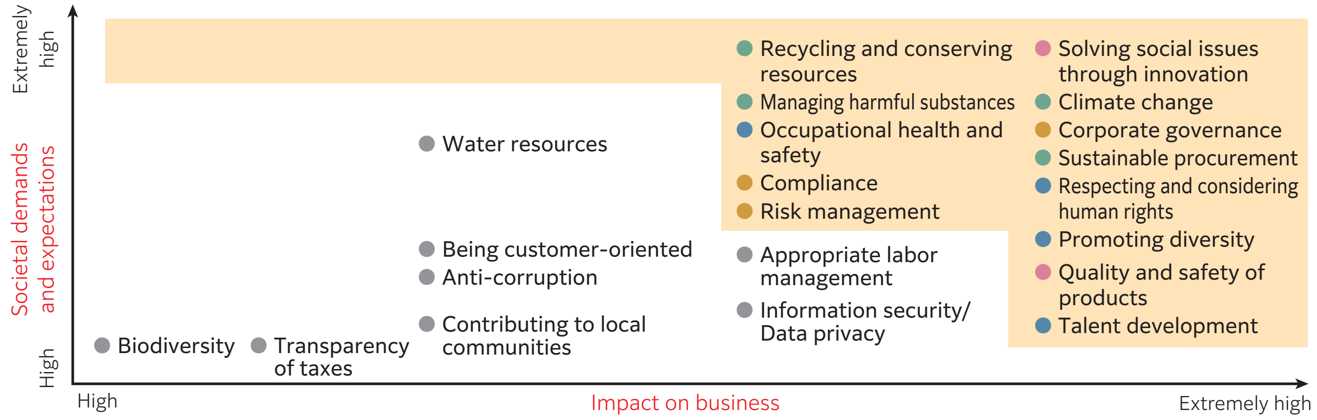
Our global maintenance and technical support network gathers information about causes of failures and opportunities for improvement that is then fed back into new product design and quality improvement practices. This allows us to offer customers longer service life and more stable operation for their equipment. By leveraging the IoT and status monitoring services to analyze machine operation data, we are even able to provide customers with predictive failure detection and suggestions for optimal maintenance activities.

With all of these efforts focused on reducing customer downtime and boosting their productivity, we continue to strive for ever greater customer satisfaction.

* The 2025 R&D expenses, the number of production facilities, and the number of countries with a THK sales office do not include the automotive and transportation business.

Material Issues and KPIs

As part of strengthening the sustainability management of THK, and in light of the most recent state of society and changes to our internal environment, an interdepartmental project to review material issues was launched in 2021.
Specifically, project members deliberated together about the social issues that surround THK, 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.



Reference: https://www.thk.com/jp/en/sustainability/material_issues_kpis/

Theme	Topic	Head department	Metrics and targets	Scope	Target year	2025 results	Status
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.	Good
	Compliance	Risk Management Department	Strengthen the diversity of internal reporting contacts and investigators.	THK Japan	2026	• Evaluated current systems in light of the revised Whistleblower Protection Act to determine if changes were necessary.	Adequate
	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 29 departments within THK Japan and 29 Group companies within and outside of Japan.	Good
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: 98.30%	Adequate
	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: 13.9%	Inadequate
	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.[1]	THK Japan (Production Division)	2026	• Severity rate: 0.00 • Incident rate: 0.38	Good
	Talent development	Human Resources & General Affairs Department	Maintain a 95% or higher completion rate for basic data utilization training.	THK Japan	2026	• Completion rate: 97.82%	Good
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 emission: 66,078 tons (38% reduction)	Good
	Sustainable procurement	Risk Management Department	Distribute sustainable procurement guidelines to suppliers and conduct interviews and surveys through questionnaires.	THK Japan	2026	• Continued to distribute the current version of the CSR Procurement Guidelines to suppliers. • Conducted four supplier interviews based on the current version of the CSR Procurement Guidelines. • Currently revising sustainable procurement guidelines.	Adequate
	Recycling and conserving resources	Risk Management Department	Maintain zero emissions. Zero emissions: An emissions rate (volume of waste disposed/total discharged) of less than 0.50%.	THK Japan, Group companies in Japan (Production Division)	2026	• Maintained zero emissions (emissions rate: 0.28%).	Good
	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.	Good
Creating an affluent society and solving social issues through innovation	Solving social issues through innovation	LM System Planning and Development 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 and started service for the OMNIedge GX Solution (GX: green transformation). • Engaged in activities to expand sales of transfer robots to logistics centers. • Developed a new seismic isolation platform for vertical furnaces used in semiconductor manufacturing. • Performed trials of a harvesting hand for the agricultural industry.	Good
	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).	Good

[1] 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.

Messages from Outside Directors

Outside Director (Independent)

Junko Kai

Monitoring Business Operations through a Legal Lens

I believe that THK's corporate value as a publicly traded company is significantly bolstered by the constructive conversations that arise from a board of directors composed of individuals from both within and outside the organization who were selected by shareholders.

My over 30 years' worth of experience as an attorney allows me to see issues from a variety of perspectives and identify risks based on that understanding. In my capacity as an outside director, however, I focus my efforts on monitoring the execution of THK's business operations as a whole rather than delving too deeply into legal minutiae. I will utilize my legal expertise in service of safeguarding the healthy growth of the business.

Bold Structural Reforms to Achieve Our New Management Policy

Even from my outsider's perspective, it is very evident that the atmosphere within THK has changed significantly since the formulation of the new management policy of achieving an ROE greater than 10% as quickly as possible. I would also like to pay my sincere respects to the diligent efforts of everyone who contributed to finalizing the transfer agreement for the automotive and transportation business.

With regard to the further advancement of the industrial machinery business, there are some initiatives that still need time to yield concrete benefits, but I am observing solid progress being made toward bold structural reforms.

While some factors are subject to outside forces, THK has been coming up with one policy after another to further heighten its value as a manufacturing and innovative services company, and I believe these will translate into major results in the future.

Enhanced Information and Opinion Sharing within the Board of Directors

It is absolutely essential for the Board of Directors to have constructive and substantive dialogue based on a shared understanding of the direction the organization must pursue, with expectations about increasing corporate value held in common among all directors within and outside the company. Our deliberations grow more lively each year, but I look forward to even more progress being made in terms of how the Board of Directors considers concrete policies aimed at addressing specific foreseeable risks and strengthening governance based on thorough explanations provided by executive officers.

I also hope to see more information and opinions exchanged within the Board of Directors with regard to the development of young talent and other initiatives related to human resources.

Strengthening Governance to Benefit Our Stakeholders

I have witnessed the Board of Directors grow more animated in their conversations and deliberations over the past few years as a new, clear management policy has been set forth and the faces around the table have changed. The information shared prior to our meetings has also been made more comprehensive, and deliberations and policy decisions are being conducted with a focus on achieving the understanding of external parties.

Ensuring shared understanding among directors of varied backgrounds has deepened the level of awareness and consideration within the Board of Directors overall, which I see as a positive trend that benefits our shareholders and other stakeholders.

Thorough Deliberations and Prompt Decision-Making

There are many more important matters for the Board of Directors to decide along the way to achieving our new management policy.

The Board of Directors plays a critical role in THK's decision-making process, so we need to move quickly while also being thorough in our deliberations. It is also essential to have a global perspective, so internal resources will need to be allocated in order to further enhance the Board of Directors by providing more comprehensive materials for our review, including responses to questions from pre-meeting explanations, and by strengthening the audit structure.

I will continue striving to convey to our stakeholders the role and function the Board of Directors plays in increasing corporate value over the medium to long term.

Outside Director (Independent)

Hiroko Kawasaki

Bringing a Fresh Perspective to the Board of Directors

While I may be the outside director with the shortest tenure, I see that as a strength. Unencumbered by the conventional wisdom of the company and unconstrained by what was done in the past, I want to bring a fresh perspective to THK's Board of Directors. Although I built my career in the communications field, I have experienced how the structure of an industry transforms in the face of fierce competition and technological innovation. Even amid those challenges, corporations have found success in managing operations based on the strengths that employees recognize in their own organization. At THK last year, employees engaged in thorough deliberations to develop a PMVV statement that will be promoted throughout the company this year. I will be keeping an eye on how THK's management aligns itself with the direction of the PMVV and whether it enhances our business.

Reviewing Industrial Machinery Business Initiatives for Achieving Our New Management Target

Even at the factory level, everyone throughout THK is in alignment and working diligently toward the new management policy of achieving an ROE greater than 10% as quickly as possible. However, there are noticeable differences in the degree to which each organization has formulated specific strategies and is conducting detailed PDCA activities based on KPIs and other measurements of progress.

As our automotive and transportation business had been a concern for some time, we decided to carve it out and simplify our business portfolio, focusing on our industrial machinery business. This year, I intend to keep an eye on how initiatives for improving the ROE of the industrial machinery business are moving along and whether the operational side is sufficiently managing the relevant KPIs through PDCA.

Rethinking the Board of Directors to Accelerate Strategic Discussions

During the 2024 evaluation of the effectiveness of the Board of Directors, a number of matters were discussed, including reconsidering the way the Board of Directors operates, facilitating shared understanding, strengthening the monitoring structure, and accelerating strategic discussions. In 2025, candid discussions about these topics were held both among the outside directors and with the president and other parties. These conversations culminated in the formulation of succession planning as well as other successful initiatives. At the same time, there were differences of opinion about the way the Board of Directors should operate even among the directors themselves, so further consideration is needed. It also became evident that non-Board of Directors committees need to be strengthened in order to accelerate strategic discussions. I look forward to further debates on these matters and anticipate that the accompanying improvements will directly lead to a more effective Board of Directors.

High Hopes for Strategic Board of Directors Discussions and Improved Internal Structures

Perhaps due to the number of directors with many years of tenure who are present during meetings, my impression is that more debate needs to happen within the Board of Directors. On the other hand, I think THK's strength lies in execution, where the will of the people at the top is strongly conveyed down through the entire organization. Still, in order to wield that strength more effectively, it is critical to have more thorough strategic discussions among the Board of Directors and to have sufficient internal structures that can facilitate the process.

Another observation I would like to make is that there are no full-time audit and supervisory committee members. I believe that the activities conducted by those members have been sufficient up to this point, but to enhance governance in the future, THK should consider designating a full-time audit and supervisory committee member.

Development of Talent Pools for Succession Planning

The skills required of directors have been carefully laid out. For succession planning, it is important to create long and short lists of potential candidates based on the timeline and reevaluate who those candidates are each year while fostering a talent pool that can continuously improve THK's corporate value regardless of the circumstances.

Outside Director (Independent)

Yoshiki Ueda

Leveraging Industry Experience to Maximize Corporate Value

For many years, I have worked in sales and marketing in machinery-related fields with roles in global business development and management. I intend to leverage this experience to execute sound governance and maximize corporate value by making proposals from the perspective of managing risk and building our business portfolio.

Boosting the Profitability of Our Core Industrial Machinery Business to Advance Our New Management Policy

I commend the decisive process of selection and concentration for the automotive and transportation business that concluded in the execution of a business transfer agreement during THK's period of structural reform. With this, we have overcome one of the most urgent obstacles to our new management policy of achieving an ROE greater than 10% as quickly as possible. The next task ahead of us is to boost the profitability of our core industrial machinery business. THK must accelerate bold reforms and lay the groundwork for a stable and highly profitable business structure before the end of 2026. Sound progress has been made in terms of structural reforms, with strategies for securing future growth already set into motion, including a review of our products and production structure and a reorganization of our sales and development teams. I will closely monitor the execution of these activities and offer suggestions as needed to propel these reforms forward.

Heightening the Effectiveness of the Board of Directors through Solid Deliberation and Consensus Building

The effectiveness of the Board of Directors has steadily increased due to constant revisions and deliberations. In 2025, a considerable amount of time was spent on strategic discussions and aligning the vision of the directors in addition to regular reports and decision-making. The selection and concentration process for the automotive and transportation business in particular was deliberated upon by the Board of Directors over several sessions, and as a result of debating the matter from a variety of perspectives, we were able to conclude the transfer of that business during our period of structural reform. That being said, having the operating divisions carefully deliberate and form a consensus before introducing items to the meeting agenda would further enhance the effectiveness of the Board of Directors and prove more effective in terms of the development of managing executives. Establishing a management conference as a decision-making body for operating divisions and having them submit items that arise from their arguments and exchanges of opinion to the Board of Directors will facilitate stronger debate on those matters and further enhance the quality of Board of Directors meetings.

An Executive Compensation System Tied to Shareholder Interests

In alignment with our new management policy of achieving an ROE greater than 10% as quickly as possible, performance-based incentives tied to shareholder interests now make up a larger proportion of executive compensation, which serves as further motivation for them to continue improving corporate value. In addition to their base salaries, which are determined by their individual roles and responsibilities, executives are also granted restricted stocks as a medium- to long-term incentive and compensation tied to their annual performance. For our performance-based compensation, a rubric was developed to calculate an appropriate level of compensation based on progress made during the past year toward achieving an ROE greater than 10%. This formula is designed to be objective and guarantees independence and fairness.

A Motivation-Boosting Compensation Structure

The current compensation system was introduced to tie in with the new management policy, so I would like to observe how it plays out over time, as this will also indicate the degree of commitment and resolve regarding that policy. Meanwhile, each executive's compensation is closely tied to their mission and the level of expectation around their performance, which requires the Remuneration Advisory Committee to work in tandem with the Nomination Advisory Committee. For this reason, I think it worthwhile to consider combining these committees in the future.

Outside Director (Independent)

Masakatsu Hioki

Driving Action through Advice Based on Experience

Based on the director skill matrix, I am expected to provide expertise in human resources, talent, corporate culture, and global business operations. Given that role within the Board of Directors, I should in theory be speaking my mind about the execution of the new management policy from that perspective. Instead, I will try to make sure my words drive concrete action rather than just being empty words. I also think it is important to give people informal advice and, sometimes, a little push.

Advancing Our New Management Policy through Boldness and Speed

The primary impetus behind the new management policy is to improve profitability. With our target set as an ROE greater than 10%, we are working on some initiatives that will increase the numerator of ROE, profit, and others that will decrease the denominator, equity capital. During the first year of this policy, we focused on reducing the denominator, acquiring and eliminating treasury stock and switching to a DOE-based dividend policy. To be frank, I was surprised by how fast and bold these measures were. THK's annual policies have included the notion of accelerating activities several times, but I feel like these efforts have literally and truly made good on that promise. The impressive thing about THK is how effectively and quickly everyone works together to execute a policy once it has been established.

When the new management policy was announced, President Teramachi personally visited every location to explain it to the employees. The same goes for the financial results overview and the newly created PMVV. I am not simply hoping that conveying the company's direction to all employees in this way will accelerate the next step of improving profitability—I know it will.

Revitalizing the Board of Directors through Open Dialogue

Revitalizing the Board of Directors is a key component of governance. The results of the 2025 evaluation of the effectiveness of the Board of Directors made clear what we need to do. In reality, I think that, even before those results came out, the Board of Directors had been having much livelier deliberations ever since the new management policy was announced. I had my doubts at first about being so open regarding this matter, but in doing so, I feel the weight of everyone's eyes watching to see if we live up to the responsibility of making good on our word.

The revitalization of the Board of Directors is also predicated on the ability of operating divisions to thoroughly debate matters and confidently propose ideas. For that to be possible, THK needs to foster an internal culture of open dialogue where opinions and arguments can be presented candidly. At present, the president has instituted a policy of forgoing formal titles and having everyone be addressed by the universal honorific "-san." This practice does help establish such a culture, but it would be ideal for this kind of idea to be proposed by the employees themselves instead of coming from the top.

Deepening Discussions within the Nomination Advisory Committee

The Nomination Advisory Committee met five times during 2025, and I commend them for conducting debates that are more constructive than they were in the past. Strengthening corporate governance is at the foundation of our new management policy, and the secretariat staff worked diligently to make that process more visible. They revised the contents of the skill matrix, and they defined the capabilities, character, and values required of directors and executive officers to select potential candidates based on those criteria. There is a debate to be had about how far that visualization should go, but what they came up with was created in an honest effort to achieve an ideal situation. I would like for this information to be shared more among the directors and to be enhanced through the PDCA cycle.

The Skill Matrix as Merely a Tool for Selection

Having a well-balanced selection of directors based on a skill matrix is essential to establishing trustworthy management. This year, we created that foundation. As we select director candidates based on this skill matrix when one generation gives way to the next, we must also reevaluate that matrix so that it aligns with changes that occur in the world at large. However, this matrix should only serve as a tool for selecting candidates. Each director must understand the totality of management, rather than clinging only to what is written in the matrix, and use that understanding to carefully convey their opinions.

Outside Director (Independent)

Tomitoshi Omura

Reviewing Proposals and Activities from a Risk Management and Capital Efficiency Perspective

Within the Board of Directors, my role is to review the proposals from and activities of operating divisions from a risk management and capital efficiency perspective to make sure they align with THK's strategy.

When it comes to the profitability of our current business, I assess the appropriateness of the way KPIs are determined and monitored and check on their progress.

I also create visual representations of the potential risks and expected benefits of investments in the development of new products and services and review the allocation of capital based on ROIC and cash generation.

Laying the Groundwork for Achieving Our New Management Policy

The transfer agreement for the automotive and transportation business was executed on February 2, 2026, and a business liquidation loss was recorded for the 2025 fiscal year under IFRS 5. With this, the process of selection and concentration for that line of business entered its final stage for a June 1 closing. The shrinking of our balance sheet under our capitalization strategy policy has also generally gone according to plan. In 2026, THK will need to continue setting the stage for stable growth by further accelerating the structural reforms for improving profitability that were initiated last year.

Reorienting around the Consistent Generation of High Levels of Profit

Our primary imperative in 2026 is to reorient our business around consistently generating over ¥40 billion in operating income. More specifically, we must thoroughly improve the profitability of our existing business (by building a portfolio of products with high added value, strengthening our sales and production structure to handle sudden order increases, and optimizing the operation of automated equipment). We must accelerate the development of products and services that give rise to new value and new kinds of systems that address the challenges customers face, and we need to reduce development and production lead times by utilizing digital technology to collaborate with external parties and co-create with critical customers. Furthermore, we must heighten the effectiveness of the organization by promoting and empowering a diverse range of talent and instituting evaluation and compensation structures that incentivize innovation. I expect THK to choose its investments based on ROIC and cash generation while increasing its capital allocation in growth areas.

Rethinking Roles and Strengthening Effectiveness for Risk Management through the Three Lines Model

The risks we face include sluggish profitability growth in our existing business (due to pricing miscalculations, delays caused by sudden order increases, and excessive short-term downtime from automated equipment), diminished trust from taking too much time when co-creating or collaborating with external parties, declining internal controls for employee promotion and empowerment, and worsening ROIC and cash levels due to poor investment choices. To address these risks, we must determine KPIs and KRIs that tie in to our strategy, establish a structure for regular monitoring, and then use the three lines model to review the division of roles and strengthen our effectiveness.

Addressing and Monitoring Risks through KPIs and KRIs

The Board of Directors discusses how to prioritize and respond to major risks based on the results of regular monitoring of KPIs and KRIs tied to THK's strategy. We also receive reports from the Internal Audit Department and Risk Management Department regarding the verification of strategic KPIs and KRIs and suggestions for improvements. It is important that we determine any corrective measures that are required, monitor what actions are taken by the responsible department, and confirm that the PDCA cycle is functioning properly.

Reasons for Selecting Each Outside 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
Outside Director of MITSUI-SOKO HOLDINGS Co., Ltd.

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 and Audit and Supervisory Committee Member of Nomura Research Institute, 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.

Yoshiki Ueda

June 2016
Became Outside Director and Audit and Supervisory Committee Member of THK

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 Outside Director of SINTOKOGIO, LTD. Although THK and SINTOKOGIO, LTD. do have a business relationship that has included the purchase of products from SINTOKOGIO, LTD. in the past, there were no such transactions in the 2025 fiscal year.

Masakatsu Hioki

June 2014
Became Outside Director of THK
June 2016
Became Outside Director and Audit and Supervisory Committee Member of THK

Significant concurrent positions

Outside Director of SUKIYA Co., Ltd.

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 equaled less than 1% of THK's and Komatsu's consolidated net sales during the 2025 fiscal year. Therefore, he is considered to be independent.

Tomitoshi Omura

June 2016
Became Outside Director and Audit and Supervisory Committee Member of THK

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

Although Tomitoshi Omura was previously employed at our accounting auditor, KPMG AZSA LLC, he was not involved in any accounting audits for THK during his employment, and he has not worked there for over 30 years. Therefore, he is completely independent from any influence from that firm in his current position.

Strengthening of a Sustainable Value Creation Platform

Corporate Governance

Metrics and targets	Continue conducting annual evaluations of the effectiveness of the Board of Directors
Results	Annual evaluation performed by a third-party organization

Our Philosophy

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.

Governance 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.

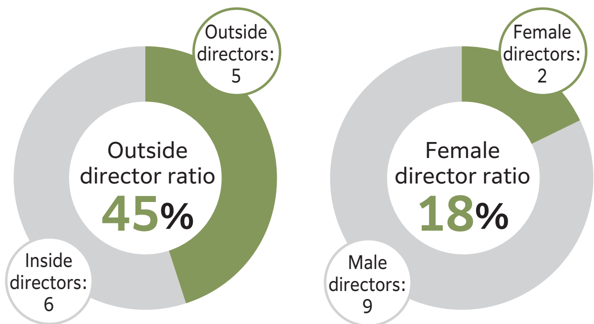
In addition, through our executive officer system, we have strengthened the auditing functions of the Board of Directors in addition to bringing greater speed and efficiency to management-related decision-making and the management of corporate affairs.

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, management, and other relevant skills. Accounting for over a third of our directors overall, they have further enhanced management neutrality, independence, and validity while improving the board's management oversight function.

■ Director Composition



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.

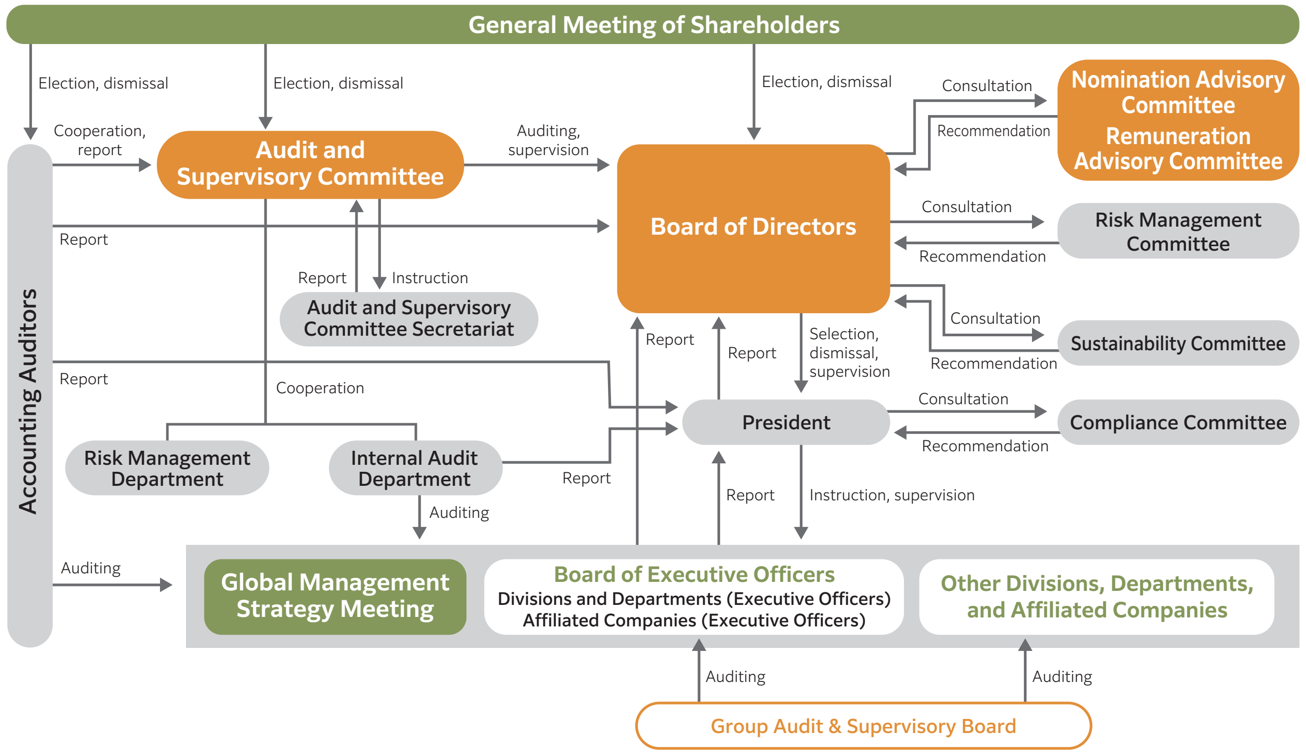
Executive Officer System

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.

■ Governance Structure



■ Participation in Board of Director and Committee Meetings

	Board of Directors (16/year)	Audit and Supervisory Committee (13/year)	Nomination Advisory Committee (5/year)	Remuneration Advisory Committee (2/year)
Akihiro Teramachi	100%			
Takashi Teramachi	100%		100%	100%
Hiroshi Imano	100%			
Nobuyuki Maki	100%			
Naoki Kinoshita	100%[1]			
Kenji Nakane	100%			
Junko Kai	100%			100%[3]
Hiroko Kawasaki	100%[1]		100%[2]	
Masakatsu Hioki	100%	100%	100%	
Tomitoshi Omura	100%	100%		
Yoshiki Ueda	100%	100%		100%

[1] Naoki Kinoshita and Hiroko Kawasaki were appointed to the Board of Directors during the regular General Meeting of Shareholders held on March 15, 2025. They attended 13 of the 13 meetings held after that date.
[2] Hiroko Kawasaki was appointed to the Nomination Advisory Committee to replace the outgoing Masaaki Kainosho on March 15, 2025. She attended four of the four meetings held after that date.
[3] Junko Kai was appointed to the Remuneration Advisory Committee to replace the outgoing Masaaki Kainosho on March 15, 2025. She attended the one meeting held after that date.

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 2025, as in 2024, this survey and interviews with each director were conducted through a third-party organization.

Purpose of the 2025 Third-Party Evaluation

At the time of the 2024 evaluation of the effectiveness of the Board of Directors (the previous year's evaluation), THK determined that developing our corporate governance to promote management that emphasized profitability and capital efficiency required specialized, objective evaluation of the effectiveness of activities undertaken to enhance our corporate value. As a result, a third-party organization was enlisted to perform such an evaluation of the effectiveness of the Board of Directors.

■ Overview of the 2025 Evaluation

People being evaluated	All 11 directors
Evaluator	Third-party organization
Evaluation method	Individual interviews and a survey
Evaluation period	September to December 2025 (including preparation period)
Evaluation items	① Matters addressed and measures taken in 2024 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 ⑨ Individual evaluations of Board of Directors meeting topics

■ 2025 Evaluation Process

❶ September to November 2025: Evaluation and analysis by third-party organization

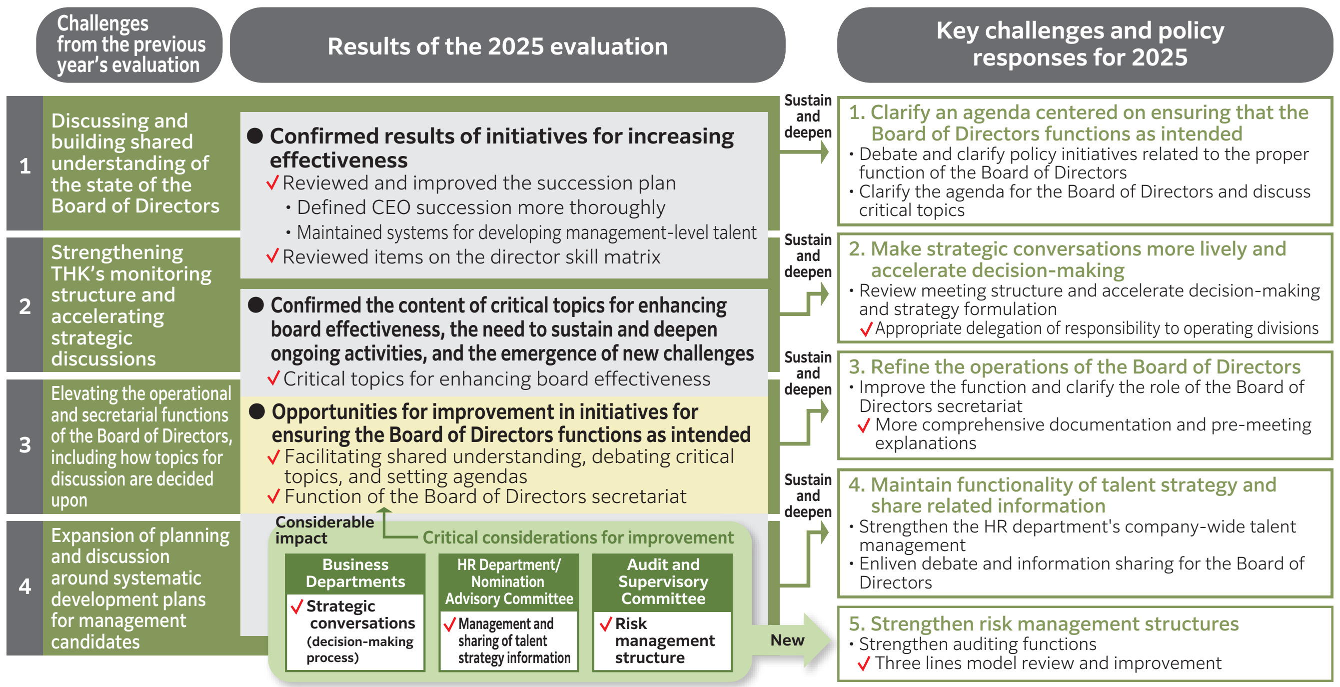
- The selection of evaluation items and drafting of survey questions were left to a third party to ensure transparency and objectivity.
- The survey responses from each director were analyzed and used as the basis for the individual interviews that followed (about an hour each).
- Effectiveness was evaluated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

❷ November to December 2025: Discussion by the Board of Directors

- The third-party organization reported the evaluation results to the Board of Directors on November 28, 2025, 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 23, 2025.

■ 2025 Results and Policy Responses

- It was confirmed that the review of the succession plan, the review of the director skill matrix, and the more lively discussion that arose in response to the results of the previous year's evaluation enhanced the board's effectiveness.
- As a result of reviews conducted to make further improvements, the content of critical topics for enhancing board effectiveness, the need to sustain and deepen the previous year's activities, and the emergence of new challenges were all confirmed.
- The Board of Directors decided on policy responses and general measures to take in light of these analyses and evaluations.



Succession Plan

Overview	In order to ensure business continuity and enhance medium- to long-term corporate value, THK has established and maintains a succession plan for the position of Chief Executive Officer (CEO). This succession plan is intended to support our continual growth as a company focused on creation and development while reflecting THK's philosophy and values, and it is promoted within the context of a governance structure that prioritizes transparency and accountability. **■ Goals of succession** ✓Ensure business continuity and continual growth of corporate value ✓Maintain transparency and accountability toward stakeholders		
Process	THK's succession plan uses the following process to develop the next-generation of leaders. **① Establishment of requirements**: The capabilities, character, and values required of a CEO are clearly defined. These include leadership, embodiment of our corporate philosophy, management of human capital, diversity awareness, and global perspective. **② Creation of a candidate pool**: A list of candidates is made and program participants are selected. **③ Development planning**: A plan is implemented for ensuring that candidates reach their full potential. **④ Evaluation and selection**: Candidate evaluations involve the following. ■ Comprehensive quantitative and qualitative evaluations ■ Objectivity of evaluations ensured by the Nomination Advisory Committee and interviews with outside directors		
Other: Emergency response (BCP response)	To minimize succession risks, THK has a clearly defined short-term structure to account for a CEO's absence and maintains an emergency response framework to prevent gaps in executive leadership.	Future developments	THK will continue to develop next-generation leaders who embody our corporate philosophy and are capable of flexibly responding to a business environment defined by drastic change. We will refine our governance and the way we manage human capital to make our management structure an ever stronger driver of sustainable growth.

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

The annual sum of all director base salaries is held at or below ¥1.2 billion, no more than ¥120 million of which may go to outside directors. These base salaries are determined by the Board of Directors using a ranking system they have created to account for the scope of each individual's roles and responsibilities. These determinations reflect reviews and reporting from the Remuneration Advisory Committee and use the compensation structures of other manufacturing companies on the Prime Market with comparable operating incomes as a baseline.

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

Performance-based compensation is determined by business performance and individual KPI evaluations. Compensation tied to business performance corresponds to THK's ROE, starting at zero and scaling linearly with benchmark ROE values. Personal KPI evaluations take both quantitative and qualitative metrics into account. 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

The Board of Directors determines the proportion of each type of compensation based on each director's role and rank, taking into account reviews and reporting from the Remuneration Advisory Committee, more than half of whose members, including the chairperson, are outside directors.

Directors and Executive Officers (As of March 20, 2026)

Directors

Akihiro Teramachi
Representative Director and Chairman

Takashi Teramachi
Representative Director, President, and CEO

Nobuyuki Maki
Director and Executive Vice President

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

Kenji Nakane
Director and CFO

Nobufumi Sato
Director and Managing Executive Officer
Representative Director and President of THK America, Inc.

Junko Kai
Outside Director (Independent)

Hiroko Kawasaki
Outside Director (Independent)

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

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

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

Executive Officers

■ Managing Executive Officers

Masaki Kimura
Deputy General Manager of Headquarters - Corporate Strategy
Head of The President's Office
Head of Corporate Planning Department, Headquarters - Corporate Strategy

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.

Yutaka Nakano
Head of Solution Sales Division, Headquarters - Industrial Machinery

Toshihiko Enomoto
Head of Production Division, Headquarters - Industrial Machinery
Director of THK INTECHS CO., LTD.
Director of THK MANUFACTURING OF CHINA (CHANGZHOU) CO., LTD.

Katsuya Iida
Head of LM System Planning and Development Division, Headquarters - Industrial Machinery

Takuya Sakamoto
Head of FA Solution Planning and Development Division, Headquarters - Industrial Machinery
Deputy Head of Solution Sales Division, Headquarters - Industrial Machinery
Deputy Head of Unit Planning and Development Division, Headquarters - Industrial Machinery

Takanobu Hoshino
Head of Unit Planning and Development Division, Headquarters - Industrial Machinery
Director and Executive Vice Chairman of THK INTECHS CO., LTD.

■ Executive Officers

Koichi Miyoshi
Head of Human Resources & General Affairs Department, Headquarters - Corporate Strategy
Head of Human Resources Unit, Human Resources & General Affairs Department, Headquarters - Corporate Strategy
Head of Risk Management Department

Takehiro Nakanishi
Deputy Head of Production Division, Headquarters - Industrial Machinery
Head of Global Procurement Department, Production Division, Headquarters - Industrial Machinery
Head of Global Sales & Manufacturing Management Department, Headquarters - Industrial Machinery

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

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

Satoshi Kikuchi
President of THK (CHINA) CO., LTD.

Yasuhiro Suyama
Deputy Head of Solution Sales Division, Headquarters - Industrial Machinery
Head of International Sales Department, Solution Sales Division, Headquarters - Industrial Machinery

Toshihiro Takahashi
Head of Sustainability Promotion Department

Board of Directors Skill Matrix and Reasons for Selection

■ Board of Directors Skill Matrix

	Corporate management	Global business	Corporate finance	Development, production, and innovation	IT and digital technology	Human resources, talent, and corporate culture	Laws, risk, and governance	Sustainability
Akihiro Teramachi	●	●		●	●	●		
Takashi Teramachi	●	●		●	●			●
Nobuyuki Maki	●	●		●				
Naoki Kinoshita	●	●						
Kenji Nakane			●		●		●	
Nobufumi Sato	●	●						
Junko Kai							●	
Hiroko Kawasaki					●	●	●	●
Yoshiki Ueda	●	●					●	
Masakatsu Hioki		●				●	●	
Tomitoshi Omura			●				●	

■ Reasons for Selection

Item	Reason for selection
Corporate management	As we secure a firm understanding of megatrends in the midst of a volatile business environment while also sustainably improving our corporate value over the medium to long term in pursuit of our management policy of achieving an ROE greater than 10% as quickly as possible, we require directors who possess a wealth of management experience (including in sales and marketing).
Global business	As we provide products and services tailored to the characteristics of various regions and markets to accelerate our full-scale globalization efforts, we require directors who possess knowledge and experience related to those industries and regions into which our business expands (including in sales and marketing).
Corporate finance	As we manage the performance of our highly disciplined growth investments, appropriate financing, and shareholder returns to operate our business with a focus on capital efficiency in pursuit of our management policy of achieving an ROE greater than 10% as quickly as possible, we require directors who possess knowledge and experience related to finance, accounting, and corporate finance.
Development, production, and innovation	As we develop innovative products and services and continuously generate original production technologies as a company focused on creation and development, we require directors who possess knowledge and experience related to development, production, and innovation.
IT and digital technology	As we make our work processes more efficient by strengthening our IT environment and promoting DX, and as we generate new value by fostering innovation in how we do business, we require directors who possess knowledge and experience related to IT and digital technologies.
Human resources, talent, and corporate culture	As we engender a corporate culture that encourages people to challenge themselves with new endeavors while also passing down traditions to the next generation, and as we create an environment where diverse talent can thrive under the philosophy of thoroughly strengthening what needs to be strengthened and bravely changing what needs to be changed, we require directors who possess knowledge and experience related to human resources, talent, and corporate culture.
Laws, risk, and governance	As we strengthen the legal compliance and corporate governance that serve as the foundation of our corporate activities, and as we conduct proactive risk management to aggressively promote full-scale globalization and the development of new business areas, we require directors who possess knowledge and experience related to laws, risk, and governance.
Sustainability	As we devote all of our corporate activities to the twin goals of responding to environmental and social challenges while also improving our corporate value and contributing to the creation of a sustainable and affluent society, we require directors who possess knowledge and experience related to sustainability.

Risk Management

Metrics and targets	Continue conducting annual risk assessments	Results	Annual assessment performed for 29 departments within THK Japan and 29 Group companies within and outside of Japan

Our Philosophy

If we are to adopt a rigorous governance style of bold, proactive risk-taking, it is crucial that this be supported by a management team that actively engages with the risk management process.

We understand that each risk we take involves uncertainty as to how it will affect the profitability of our company, so we hedge risks as appropriate to deal with the negative possibilities while actively taking certain risks for the positive outcomes they may yield.

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. It serves as the central driving force in our efforts to avoid, mitigate, and transfer every foreseeable risk.

THK also has a Risk Management Committee that is headed by our President and includes outside directors and a legal advisor as observers. This convenes once every year. Committee members perform the following tasks to facilitate proper risk control.

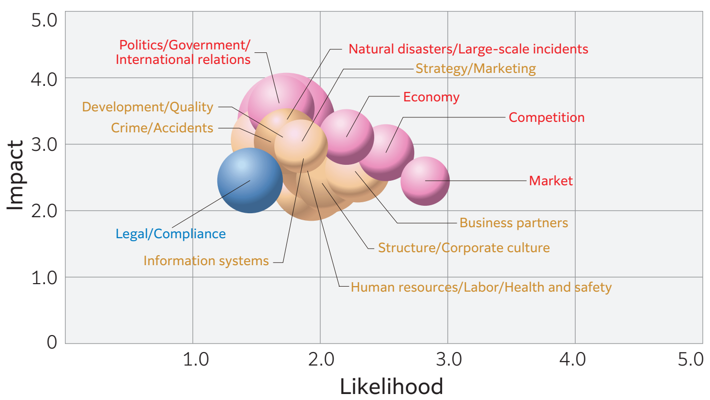
1. Reviewing our risk management structure related to everyday risk prevention
2. Reviewing countermeasures related to preventing or mitigating specific anticipated risks
3. Minimizing losses incurred as a result of risks that have materialized
4. Other responses related to risk management

Risk Assessment

We work to proactively prevent risks from materializing using a five-step risk assessment process conducted every year. This process allows us to more accurately understand and respond to risks related to the business activities of the THK Group as a whole.

■ Main Risk Map Items

Red: High risk Yellow: Medium risk Blue: Low risk



1. Identify risks at every company and in every division

All 29 Group companies in and outside of Japan and each of the 29 departments at THK Japan identify the risks they are aware of.

2. Assess risks at every company and in every division

Each company and department ranks the identified risks into five levels along the two axes of likelihood that the risk will materialize and impact if the risk should become reality.

3. Calculate risk scores

A risk score is calculated for each risk by applying a separately determined set of criteria to the results of the risk assessments.

4. Create a risk map

A risk map is created that represents each risk as a circle placed on a coordinate plane. The size of each circle depends on the risk score, and the location of each is dictated by its average likelihood and impact scores.

5. Determine risk severity

Risk severity is determined for each risk by applying a separately determined set of criteria to the position of each on the risk map.

BCP Structure

Our Philosophy

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, with our key strategies being prioritizing human life above all else, rapid recovery, and community collaboration.

■ Risk Management/BCP Structure

BCP Countermeasures

From the Hyuga-nada earthquake in January to the Aomori earthquake in December, a total of 4,456 earthquakes at or above seismic intensity 1 shook Japan in 2025, making it quite a seismically active year. In response to the Meteorological Agency first issuing its publication “Off the Coast of Hokkaido and Sanriku Subsequent Earthquake Advisory” in the wake of December's Aomori earthquake, THK instructed all our 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 we directed all employees to double check their evacuation areas and the earthquake-proofing of their own residences.

When it was discovered that some locations had not conducted drills outside of daylight hours, we clarified rules stipulating that drills be conducted both during the day and at night to ensure safety in the dark as well.

In light of intensifying seismic activity and mounting risks to business continuity, THK continues to take measures to strengthen BCP collaboration across our supply chain and enhance our resilience as a company.

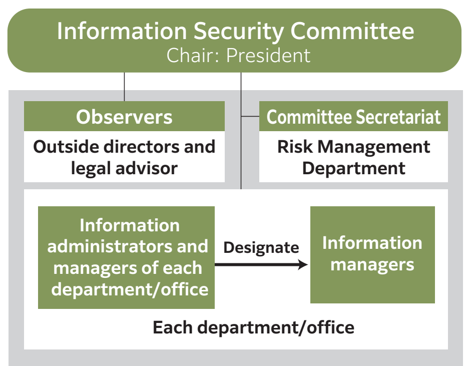
Information Security Structure

Our Philosophy

Recognizing the imperative of addressing constantly escalating risks to information security and the need to protect both our stakeholders and the business interests of the THK Group at large while complying with laws, guidelines, and other social norms related to information security around the world, we at THK are driving the following information security initiatives.

1. Maintenance of an information security management structure
2. Establishment of information security rules
3. Implementation of information security measures
4. Contractor management
5. Implementation of information security training and drills
6. Responses to information security incidents
7. Auditing and improvement of information security measures

■ Information Security Structure



ISO 27001 Certification

THK began offering its OEE Optimization System OMNI edge in 2020, and it has since been used by numerous customers for their production floors. However, in anticipation of expanding the service in the future and in order to afford customers greater peace of mind when using it, we have since had OMNI edge certified to the ISO/IEC 27001 international standard for information security management systems. Going forward, we will continue to provide highly reliable services by constantly striving to improve our information security.

Summary of certification

Standard:	ISO/IEC 27001:2022
Registration number:	JQA-IM2184
Registration date:	November 4, 2025
Certifying body:	Japan Quality Assurance Organization
Scope:	Development, production, provision, and maintenance of an OEE optimization service; provision of cloud services; and configuration and shipment of related devices

Compliance

Metrics and targets	Strengthen the diversity of internal reporting contacts and investigators
Results	Evaluated current systems in light of the revised Whistleblower Protection Act to determine if changes were necessary

Our Philosophy

Compliance goes beyond simply obeying the law; it includes abiding by internal standards and ethical norms as well. We see compliance as an indispensable foundation for the fair and robust business activities we promote.

We prioritize maintaining the trust of our stakeholders and society over short-term gain by raising compliance awareness to foster sound judgment among officers and employees alike.

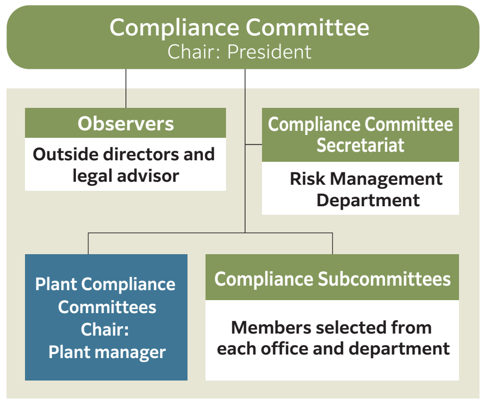
Compliance Structure

The THK Group has a Compliance Committee that is headed by our President and includes outside directors and a legal advisor as observers. It convenes four times a year to approve the annual activity plan, report on results, respond to violations, and address internal reports made through the THK Group Helpline, all with the goal of establishing, instilling, and maintaining THK's compliance structure.

Each plant also has its own Plant Compliance Committee, headed by the plant manager, that convenes twice a year. These committees work to promote compliance and improve responses to reporting at the plant-wide level.

Compliance subcommittees, composed of members selected from each office and department, have also been established. While developing their own knowledge of compliance-related matters, members of these subcommittees also work with the organizations they represent to conduct training, identify issues, and act as a reporting resource for employees, coordinating with the Compliance Committee's secretariat, the Risk Management Department, as necessary.

■ Compliance Structure



THK Group Helpline

The THK Group Helpline was established to facilitate prompt detection of and response to illegal activities, wrongful acts, and other compliance violations at the individual and institutional levels.

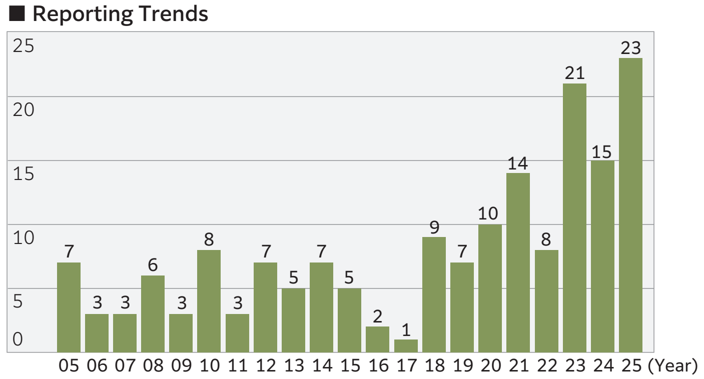
There are two internal contacts (the Risk Management Department and the Audit and Supervisory Committee) and one external contact (our legal advisor) for reporting, and reports can be made anonymously. Furthermore, we strictly enforce our rules ensuring the confidentiality of all reports and prohibiting retaliation.

A total of 167 cases have been reported to the THK Group Helpline since it was established in 2005. There were 23 cases reported in 2025, and we worked with the relevant divisions to take the necessary measures to address each of them.

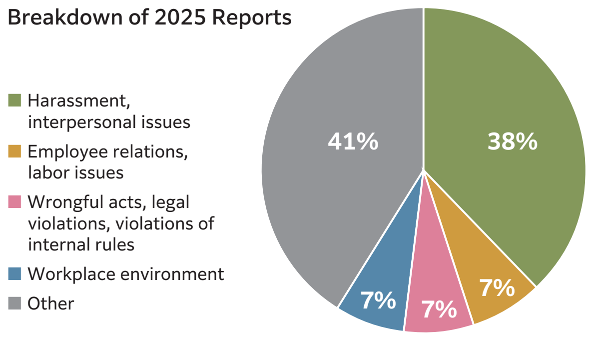
In the last five years, the largest single category of cases has been harassment (including sexual harassment and power harassment), accounting for 38% of all reports. Violations of internal rules and employee relations/labor issues were also prominent among reports.

The breakdown of reports made in 2025 shows the continuation of these trends.

■ Reporting Trends



■ Breakdown of 2025 Reports



Compliance Training

THK plans and conducts a variety of seminars to raise compliance awareness. In 2025, we conducted seminars on general compliance as well as harassment and quality fraud. We also conduct audience-specific seminars for new hires, plant employees, global talent, and others as necessary.

Seminar Overview

1. General compliance
- The meaning of compliance and the risks caused by violations
- Case studies from other companies
- Tips for prevention and response

2. Harassment
- Examples of harassment and related legal cases
- Harassment awareness
- The importance of communication

3. Quality fraud
- Examples of quality fraud and its consequences
- The Fraud Triangle
- Quality fraud prevention

Participants/Type of training	Date(s)	Number of participants
Global talent training (Harassment)	January 27, 2025	49
Global talent training (Compliance)	March 24, 2025	30
TALK SYSTEM (Compliance seminar for management staff)	February 20, 2025	59
TALK SYSTEM (Compliance seminar for regular employees)	February 20, 2025	85
New-hire training	April 2, 2025	121
Global talent training (Compliance/Human rights)	August 28, 2025	34
Global talent training (Harassment)	September 10, 2025	28
Global talent training (Basics of information security/ Global handling of personal data)	October 23, 2025	23
Plant compliance seminars (Quality fraud)	June to August 2025	3,086
Manufacturing subsidiaries in Japan (Quality fraud)	July to December 2025	1,527
		5,042 total

"Compliance Tips" Quarterly Publication

One of THK's efforts to promote compliance takes the form of a quarterly publication called "Compliance Tips" that presents relevant examples of legal violations and related risks.

It touches on compliance violations that employees can commit unknowingly, explaining them in an approachable way complete with illustrations and quizzes, and it is ultimately intended to foster and maintain greater compliance awareness.

2025 publications	
	Volume 25. THK Group Human Rights Efforts
	Volume 26. Harassment: Case Studies to Consider
	Volume 27. Pressing Pause to Think About How We Use Social Media
	Volume 28. Virtual Meetings and Information Security

Compliance Survey

In order to identify compliance concerns and formulate concrete responses that properly address them, THK invites employees to participate in an anonymous compliance survey every year.

The results of the 2025 survey did not indicate that any violations directly related to serious misconduct had occurred. However, some responses to the survey suggested that not all employees are fully aware of the laws and rules relevant to their work. We are currently considering verifying understanding of these laws and rules with each department and ensuring that this information is shared.

Global Structure

Our Chinese operations also have a Compliance Committee similar to the one that exists in Japan. The committee, composed of all THK's Chinese manufacturing subsidiaries and led by our holding and management company, THK (CHINA) CO., LTD., convenes once a year to verify the status of compliance training, internal reports, serious legal violations (0 in 2025), and important legal changes. Established in 2019, the committee is now managed and maintained locally.

Compliance committees for Europe and the United States have also been considered and are to be established in 2026.

Realization of a Diverse and Meaningful Work Environment

Talent Development

Metrics and targets	Results
Maintain a 95% or higher completion rate for basic data utilization training	Completion rate: 97.82%

Promoting Diversity

Metrics and targets	Results
Achieve a ratio where women constitute 20% or more of new hires in the sales, administrative, and engineering divisions	Female ratio: 13.9%

Strategy

THK has expanded over time as a company focused on creation and development, leveraging our proprietary technology to develop innovative products. We believe that this growth was made possible by our employees, who all strive to embody our corporate philosophy. Each and every one of them is a valuable resource indispensable to our work of continuously expanding and generating value.

In accordance with this belief, and with the aim of creating a workplace environment defined by liveliness and mutual respect for everyone's strengths and individuality, we see the realization of a diverse and meaningful work environment as one of our material issues, and in keeping with this stance, we have pursued 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 of full-scale globalization, the development of new business areas, and a change in business style and will keep 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 promotes the development of talent that can succeed globally. As one example of such efforts, we strive to elevate the level of language proficiency of our employees in Japan by providing them with speaking tests and e-learning opportunities to support 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 THK Group facility outside of Japan. Two employees participated in 2025, with one being stationed in India and the other in Germany.

2. Developing digital talent

Our vision is to transform into a manufacturing and innovative services company. We put considerable effort into DX activities and promote the development of digital talent in order to revolutionize our business practices and systems with the latest technology, improve customer satisfaction, make our internal processes more efficient, and provide value through innovation as a way to solve future social challenges such as labor shortages and the need to become a recycling-oriented society.

In an aim to have each location be able to utilize data autonomously, we have conducted data utilization training for all employees, including those working in our factories. As of 2025, over 90% have completed the basic course, and virtually all employees in their twenties have completed the beginner-level course.

Furthermore, to achieve our goal of implementing advanced data utilization, we promote efficiency at each location by providing select training to people who have applied from various departments to learn about solving problems through the use of digital tools.

3. Expanding training activities for all employees

THK constantly reviews and expands its ongoing development activities in order to continue supporting all employees as they hone their skills and build their careers.

Specifically, we bolster the capabilities of all employees through means such as technical training, e-learning courses, and forums dedicated to refining skills and sharing know-how. Furthermore, to enable the growth of people who give us our strategic edge as a company focused on creation and development and to promote their career development, we have introduced a compensation system that rewards people in accordance with their level of expertise. In the future, we are considering expanding this structure to cover even more types of expertise.

4. Developing management-level talent

We promote the development of talent pools for key positions to facilitate the medium- to long-term advancement of our business.

Specifically, we have defined the type of talent that we require among our executive officers (both in terms of their capabilities and character), identified positions that require succession planning, and curated pools of candidates for these positions. In order to ensure a smooth management succession process, we have these candidates participate in a management development program and conduct leadership assessments, management literacy assessments, and reviews to discuss their development. Furthermore, with an eye to the medium- to long-term development of this talent pool, we are considering expanding this program to include younger employees as well. In 2025, we conducted 360° assessments and management development program activities for 15 employees. We will also provide candidates with opportunities beyond training, such as rotating job placements, to strengthen their essential skills and deepen their experience over the medium to long term.

5. Promoting diversity

We believe that the promotion of diversity and the creation of an environment that is receptive to diverse viewpoints are essential for generating corporate value over the medium to long term. As the first step toward this goal, we aim to promote women's success in the workplace.

Some specific examples of our activities include implementing unconscious bias training for directors and managing executive officers and conducting a work-life balance survey for all employees focusing on childcare, elderly care, and medical leave. Our present goal is to have female employees account for 20% or more of new graduate hires in the sales, administrative, and engineering divisions.

Unconscious Bias Training

To ensure that THK is a company where each and every employee can realize their full potential, we promote a corporate culture that respects the strengths and diversity of our human capital. As one step to achieving this goal, we believe it is essential for our management to have a strong awareness of their own unconscious bias and to take the lead in driving behavioral changes.

In September 2025, we invited Sook Ja Park from Appassionata, Inc. to conduct unconscious bias training for our directors and managing executive officers. This training cast light on unconscious assumptions that can impact decision-making and reaffirmed the importance of creating an environment where the management team sets an example for the rest of the organization in the way they support diversity.

This seminar will serve as the starting point for us to eliminate bias in a variety of respects, including in communication, evaluations, and personnel assignments, and will help us foster a culture of greater fairness and higher productivity throughout our organization.

■ International Trainee System Participation

Year	2022	2023	2024	2025
Location	India (1)	China (1) India (1) Germany (2)	China (1) India (2)	India (1) Germany (1)

■ Metrics and Targets for Our Talent Development Policies

Metric	2023	2024	2025	Target (2026)
Percentage of new graduate hires in the sales, administrative, and engineering divisions who are women	20.0%	25.0%	13.9%	20.0%

Occupational Health and Safety

Metrics and targets	Achieve and maintain a severity rate of 0.01 or less and an incident rate of 0.50 or less	Results	Severity rate: 0.00 Incident rate: 0.38

Our Philosophy

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 strives to eliminate any harmful elements of the workplace environment that could contribute to illness or injury. It pursues these aims through the following initiatives.

Preventing work-related injuries and illnesses	Continuously improving occupational health and safety performance
• Performing risk assessments • Conducting workplace health and safety training • Conducting hazard prediction training and near-miss activities	• Communicating and managing up-to-date information about relevant laws (performing chemical substance risk assessments) • Promoting Health and Safety Committee activities • Performing internal audits and management reviews • Implementing traffic safety activities • Conducting workplace safety patrols

THK also engages in a number of initiatives to support employee mental and physical health as part of our efforts to provide the vibrant and healthy workplace environments that are foundational to talent development. To provide employees with better work-life balance, we provide support for balancing work with childcare and elderly care as well.

Promoting mental health	Receiving guidance from industrial physicians and implementing disease prevention activities	Performing regular and special health checks	Managing long work hours (excessive overtime)	Support for balancing work with childcare and elderly care
Conducting stress checks of all employees	An industrial physician inspects the workplace and provides guidance at the Health and Safety Committee meeting	Conducting regular health checks in addition to special health checks for specific individuals at each production facility	Work hours are managed by each location and monitored by the headquarters	Distribution of a support handbook for balancing work with childcare and elderly care

Workplace Injury Prevention

A total of 16 workplace injuries occurred across THK Japan in 2025, five fewer than the 21 we had in 2024.
In 2025, we promoted the following initiatives.

1. Each plant where a workplace injury had occurred within the last three years was visited to confirm the nature and continued application of countermeasures.
2. Heat stroke countermeasure management rules were established and implemented at each plant in response to heat stroke–related workplace injuries that occurred in 2024 and revisions to heat-stroke related laws.
3. The Health and Safety Committee and monthly meetings of its secretariat were used to raise awareness, and information about workplace injury events was shared with each plant.

Work-Life Balance Survey

THK Japan conducted a work-life balance survey focused on childcare, elderly care, and medical leave to gauge employee opinion around topics such as how work-life balance is understood in the workplace, how childcare and elderly care leave are perceived, and concerns about balancing work and medical leave. A total of 2,490 employees participated.

We will analyze the results of the survey more thoroughly going forward to help formulate and implement activities aimed at creating a more flexible and vibrant workplace.

Other Metrics and Targets

Metric	Result (2025)	Target (2026)
Percentage of men who receive childcare leave	68.5%	Above 50%
Percentage of individuals who return to work after taking childcare leave	100%	100%

Respecting and Considering Human Rights

Metrics and targets	Achieve a 100% completion rate for online human rights training	Results	98.30%

Our Philosophy

In keeping with the founding principles expressed in our corporate philosophy of "Providing innovative products to the world and generating new trends to contribute to the creation of an affluent society," we at THK understand that respect for human rights is a social responsibility critical to the work we do to help create a sustainable society. We work to carry out this responsibility by respecting the inviolable rights of all people associated with the THK Group to live a life of dignity, upholding international human rights standards, and promoting behavior that aligns with these standards.

Structure

Each department and Group company designates human rights personnel and coordinates with the Compliance Committee (headed by the President) and its subordinate Compliance Subcommittees to promote human rights initiatives.

In addition, the following human rights reporting resources are also made available.

Compliance Structure

- Compliance Committee (Chair: President)
  - Observers: Outside directors and legal advisor
  - Committee Secretariat: Risk Management Department
  - Human Rights Personnel: Members selected from each Group company (worldwide)
  - Compliance Subcommittees: Members selected from each location, department, and Japanese Group company

Human Rights Reporting Resources

THK Group Helpline	Helpline for Harassment	THK Business Partner Helpline
This helpline is available to officers and employees as a means of reporting legal violations (including human rights issues), wrongful acts, and other compliance violations.	Being interpersonal in nature, cases of harassment may become more complicated and difficult to resolve if left to the individuals involved. This dedicated helpline for officers and employees was established as a resource for helping to resolve such cases.	This helpline is available to stakeholders as a means of reporting behavior within the THK Group that has a significantly negative impact on human rights.

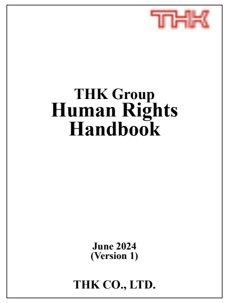
Human Rights Due Diligence

Each Group company conducts an annual human rights due diligence process.

In 2025, this process identified the following five areas where there is a high risk of human rights violations within our business activities.

1. Harassment
2. Long working hours
3. Uncompensated labor outside of working hours
4. Corruption (including bribery)
5. Unethical material procurement

■ THK Group Human Rights Handbook



In response to these risks, we will continue to conduct internal training (seminars and e-learning courses) for mitigating and preventing human rights violations for Group companies (mainly in Japan, the United States, Germany, France, Ireland, China, South Korea, Vietnam, and India), perform regular monitoring, and maintain our reporting structure. Through these initiatives, we will continue to strive for early detection of and response to such risks.

At the same time, we continue to promote human rights awareness within our supply chain (mainly in Japan, the United States, Canada, Mexico, Germany, France, the Czech Republic, Italy, Austria, Spain, Slovenia, Poland, Türkiye, China, South Korea, Vietnam, and India), such as by distributing the THK Group Supplier CSR Procurement Guidelines and the THK Group Human Rights Handbook to our main suppliers. THK's human rights due diligence process did not identify any human rights violations within our supply chain in 2025.

Decarbonization and Realization of a Recycling-Oriented Society

THK Group's Basic Environmental 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.

1. Compliance with Environmental Laws and Regulations
We comply with environmental laws, regulations, and international standards, while understanding the impact of our business activities and products on the environment. Additionally, we establish voluntary standards and specific targets to promote continuous improvement.

2. Development of Products and Technologies
We continuously promote the development of environmentally friendly products and technologies, contributing to the realization of a sustainable society.

3. Promotion of Environmental Impact Reduction
We strive to reduce environmental impact by improving energy efficiency, reducing greenhouse gas emissions, and promoting resource circulation. We ensure thorough management of waste and hazardous substances and appropriately manage impacts on water resources and air quality.

4. Conservation of Biodiversity
We recognize the impact of our business activities on the natural environment and biodiversity, and work towards their protection and restoration.

5. Information Disclosure and Education
We disclose environmental information in a timely manner and enhance environmental awareness through education and training for employees. Furthermore, we strengthen collaboration with local communities and the entire supply chain, promoting environmental initiatives across the entire group.

(Revised on November 11, 2025)

Climate Change

Metrics and targets	Reduce Scope 1 and 2 CO_2 emissions to 50% of 2018 levels (2018 emissions: 106,514 tons, 2030 target: 53,257 tons)
Results	Scope 1 and 2 CO_2 emissions: 66,078 tons (38% reduction)

Countermeasures against Climate Change

2025 Results

The THK Group has established medium- to long-term goals for the reduction of greenhouse gas (GHG) emissions as a countermeasure against climate change.

Through our Carbon Neutrality Promotion Project, our production facilities take the lead in implementing carbon-neutral initiatives, and successful endeavors are expanded to other locations. In December, the heads of this project at each factory gathered at the Yamagata plant to conduct a walkthrough and consider policies.

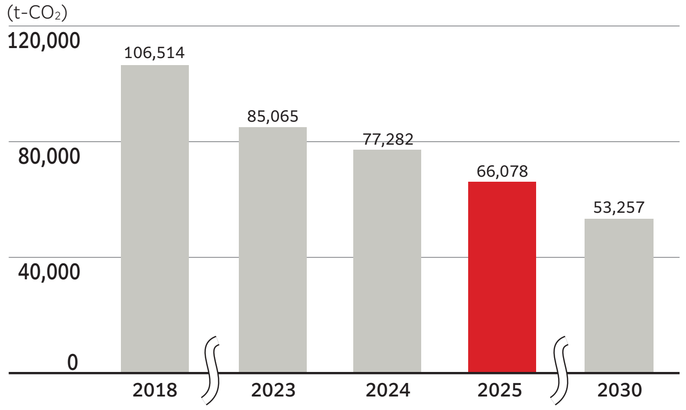
In addition, we have expanded our implementation of renewable energy by purchasing more green energy and adopting solar power generation.

As a result, THK Japan and Group companies in Japan saw CO_2 emissions drop to 66,078 tons, which was a 38% reduction from the baseline year of 2018.

■ 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

■ CO_2 Emissions (THK Japan and Group Companies in Japan)



Decarbonization Roadmap

After a detailed investigation into implementing energy-saving measures and renewable energy at our Japanese locations, we formulated a comprehensive and unified decarbonization roadmap. The goal of this roadmap is to reduce our CO_2 emissions down to around 50,000 tons by 2030, which represents an over 50% reduction from our 2018 levels. To achieve this medium-term goal, we will further expand our current implementation of energy-saving measures and solar power generation systems in collaboration with the Carbon Neutrality Promotion Project, and as new initiatives, we will actively promote greater use of renewable energy, the purchase of environmental credits, and the adoption of off-site PPAs (power purchase agreements).

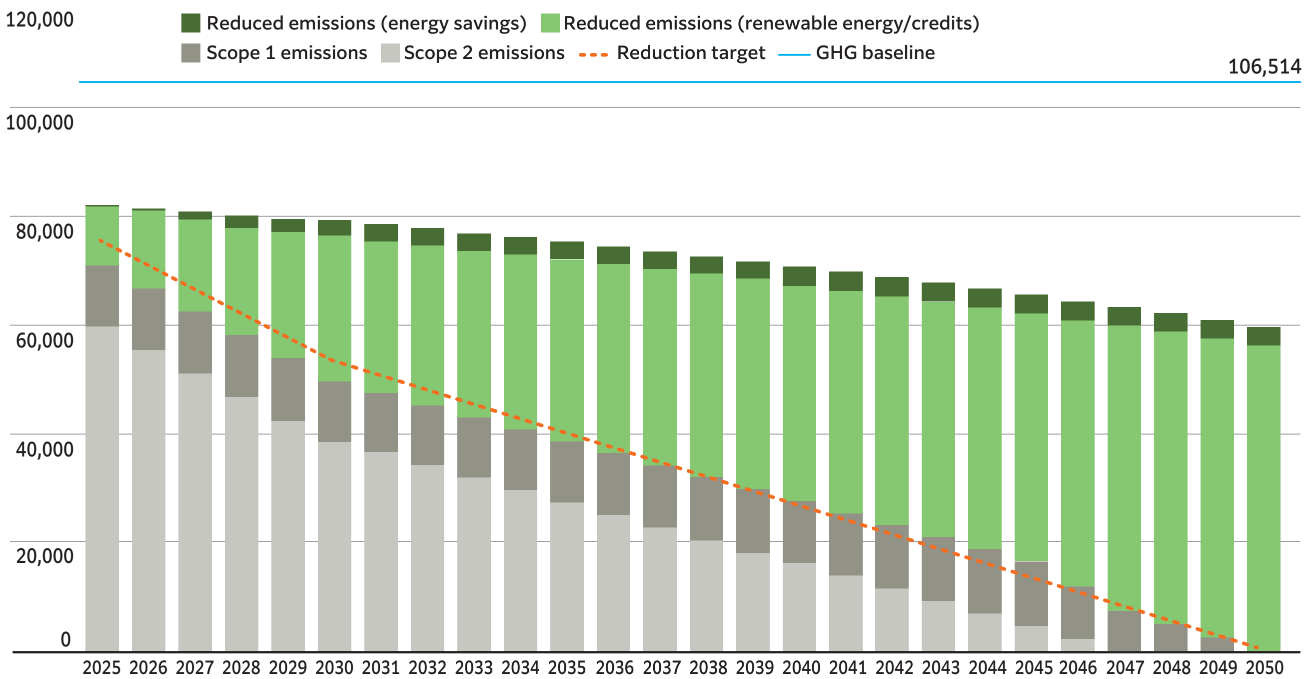
The year 2030 serves as a major milestone in terms of our environmental strategy, but our vision goes beyond that. Throughout the THK Group, we are strengthening our efforts to achieve our long-term goal of going carbon-neutral by 2050.

Currently, we are looking into establishing a global decarbonization roadmap that includes all of our facilities outside Japan, and we are formulating specific plans of action that consider the circumstances of each country and region. Through these efforts, we will build a unified decarbonization strategy for the entire Group and accelerate our efforts to achieve a sustainable society.

In addition, we proactively capitalize on technological revolutions and digital technology to reduce the greenhouse gas emissions of our entire supply chain in an effort to achieve carbon neutrality in 2050. With the cooperation of our stakeholders, we will also accelerate the widespread adoption of renewable energy and strengthen collaboration with local communities as part of a holistic approach to addressing environmental challenges.

As we monitor trends in environmental regulations both in and outside of Japan, we will continue to promote decarbonization with a global lens and contribute to the creation of a sustainable future.

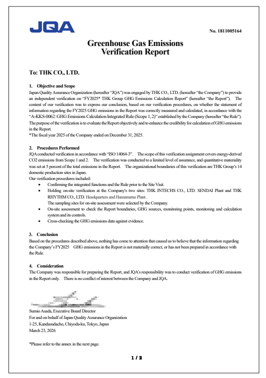
■ Unified Roadmap to 2050 (Emissions)



External Verification

ISO 14064 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 2025 fiscal year (January 1 to December 31, 2025) received third-party verification (limited level of assurance) based on ISO 14064-3 by the Japan Quality Assurance Organization.



Greenhouse Gas Emissions Verification Report

TCFD Strategy

Following TCFD recommendations, THK performs scenario analyses based on the 1.5°C and 4°C climate change scenarios proposed by the IEA (International Energy Agency) and the IPCC (International Panel on Climate Change) with respect to long-term impacts out to 2050 in order to discuss strategies meant to address the risks and opportunities presented by climate change as well as the resilience of those strategies.

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
	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 disruptions	Risk	Minor	Supply of raw materials will be disrupted 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

Recycling and Conserving Resources

Metrics and targets	Maintain zero emissions Zero emissions: An emissions rate (volume of waste disposed/total discharged) of less than 0.50%
Results	Maintained zero emissions (emissions rate: 0.28%)

Initiatives for Achieving Zero Emissions

With our initiatives for achieving zero emissions, 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 make it possible to 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%.

Waste Recycling Methods

Waste	→	Material recycling[1]
Grinding sludge		Metal, subbase, cement
Metal scrap		Subbase, grinding wheels
Grinding wheels		Paper, cardboard, fiberboard
Cardboard		Glass
		Plastic

Waste	→	Thermal recycling[2]
Plastic		Combustion aid, regenerated fuel
Waste oil		
Used paper, cloth, wood chips		

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

Sustainable Procurement

Metrics and targets	• Distribute sustainable procurement guidelines to suppliers • Conduct interviews and questionnaire-based surveys
Results	• Continued to distribute the current version of the CSR Procurement Guidelines to suppliers • Conducted four supplier interviews based on the current version of the CSR Procurement Guidelines • Currently revising sustainable procurement guidelines

Managing Harmful Substances

Metrics and targets	Distribute green procurement guidelines and obtain certificates of non-use
Results	Obtained certificates of non-use that conformed with our green procurement guidelines from 258 companies

Managing Harmful Substances

The THK Group Green Procurement Guidelines are used to ensure compliance with national and regional laws and regulations, including the Restriction of Hazardous Substances Directive (RoHS) and the REACH Regulation in Europe and the Administrative Measure on the Control of Pollution Caused by Electronic Information Products in China. These guidelines allow us to promote proper management of harmful substances throughout our supply chain. Standardizing the use of chemSHERPA (a communications architecture for sharing information about the chemical composition of products) alongside our internally developed database in our procurement of harmful substances also allows us to provide customers with any information they require. We also submit reports to the relevant authorities as appropriate.

THK additionally maintains internal standards and performs risk assessments for unregulated substances in anticipation of stricter regulatory policies in the future. In so doing, we aim to contribute to environmental conservation to an even greater degree than required by law.

Going forward, THK will continue to monitor regulatory trends and strengthen collaboration with suppliers and partner companies to build a more sustainable production structure while reducing our environmental impact.

Creating an Affluent Society and Solving Social Issues through Innovation

Solving Social Issues through Innovation

Metrics and targets	
	Develop and provide new products and services (including DX and other solutions) for aerospace, automotive, logistics, medical, and other consumer fields

Results	
	• Developed and started service for the OMNIedge GX Solution (GX: green transformation) • Engaged in activities to expand sales of transfer robots to logistics centers • Developed a new seismic isolation platform for vertical furnaces used in semiconductor manufacturing • Performed trials of a harvesting hand for the agricultural industry

Our Philosophy

We contribute to society through our corporate activities and strive to achieve the creation of a sustainable and affluent society. Our business activities are centered around the task of solving social challenges, and we generate value for all of our stakeholders.

Integrated Maintenance Management System

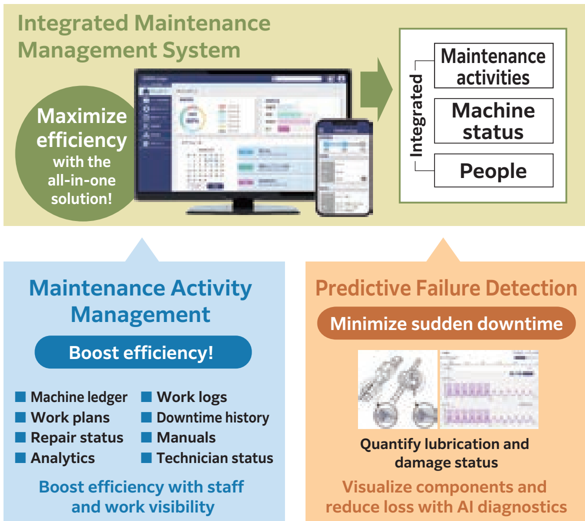
Against a backdrop of aging equipment and labor shortages due to an aging population and declining birthrate, the world of maintenance continues to rely on paper and Excel and struggles with individual variability in performance. Information silos contribute to frequent unplanned downtime and production losses that drag down a company's competitiveness, so to overcome these challenges and achieve continuous improvements, it is essential to have digitalization deeply rooted in the production floor.

Our Integrated Maintenance Management System centralizes maintenance data and visualizes the operation status of equipment in a cloud environment. This system accelerates maintenance inspections and approvals, facilitates the use of knowledge accumulated through maintenance records, and enables the stable and efficient operation of equipment.

Furthermore, we capitalize on the long years of experience we possess as the top manufacturer of the LM Guide to design the system to serve the needs of the production floor and to support users as they get it up and running so their production challenges can be addressed.

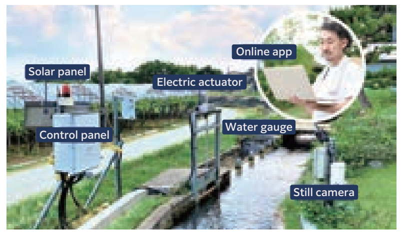
Utilizing AI predictive failure detection to conduct maintenance activities using the PDCA methodology helps boost equipment utilization and reduce costs. In addition, this system mitigates individual variability, promotes the transmission of knowledge, and accelerates digital transformation (DX) on the production floor.

Beyond the benefits it provides in terms of boosting sustainability and competitiveness within the manufacturing industry, this solution will improve productivity throughout the industry, which in turn will help mitigate social challenges.



Remote Monitoring and Control System for Small Sluice Gates

The Japanese agricultural industry is experiencing major issues with labor shortages and an aging workforce on top of increased natural disasters caused by global warming. Further exacerbating the situation is increased strain being placed on local communities due to the difficulties of maintaining and managing irrigation infrastructure. The management of sluice gates has also forced a heavy burden onto local farmers, who at times have had to travel far distances to operate sluice gates in the middle of rainstorms on a purely volunteer basis. To solve this problem, we have developed the Remote Monitoring and Control System for Small Sluice Gates. This system utilizes a small, lightweight electric actuator that can be installed on existing small sluice gates and that is powered by a solar panel and a battery. Thanks to its use of an independent power source and a remote communication network, it can be installed even in places without power or communication lines, and users can open or close sluice gates remotely through a smartphone or tablet. Efficiency and ease of installation are hallmarks of this system, because it is easy to install anywhere. This technology improves safety during heavy rains, reduces the burden on farmers, saves on labor, and supports the efficient use of local water resources. In addition, it helps reduce the risk of a disaster occurring from heavy rain, preserve local communities, and strengthen the ability of irrigation infrastructure to fulfill the versatile role it serves.



(Example set-up)
Trial conducted at Sagaegawa Land Improvement District's Sawahata sluice gate

Quality and Safety of Products

Metrics and targets	
	Promote the appropriate operation of quality management systems, including ISO 9001 and IATF 16949, and the maintenance of certifications at relevant locations

Results	
	• 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)

Our Philosophy

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 (expertise), equipment handling (skills), and optimal production (quality).

2025 Activities

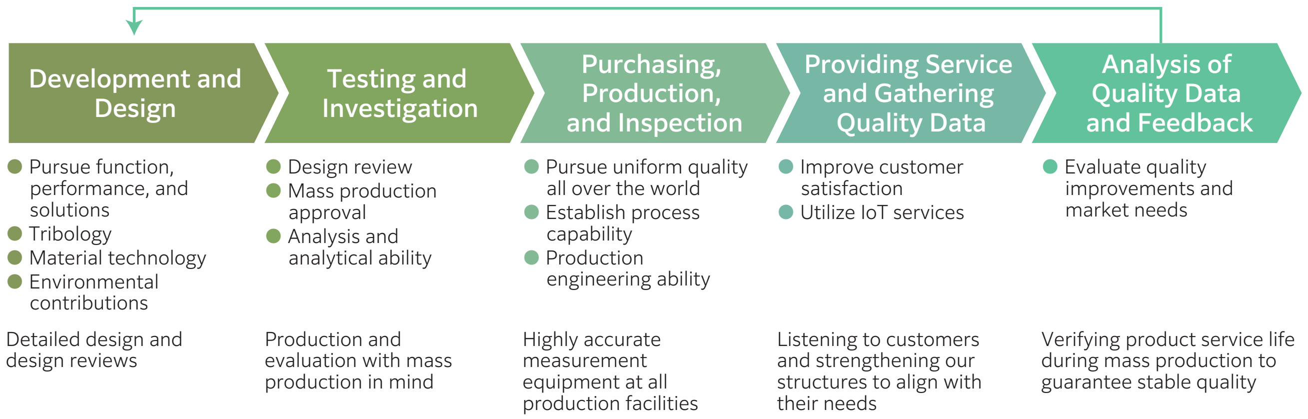
THK actively promotes talent development with the goal of strengthening our quality management system and improving the expertise and skills of our personnel.

We increased the number of people qualified to serve as ISO 9001 internal auditors and conducted training to boost their skills. The additional internal auditors were certified through an external course, and they observed the work of current internal auditors to gain practical experience that would increase their skill level. Qualified internal staff members also provided guidance to those being trained, reviewing the preparation of ISO 9001 documents and the internal audit system with them to impart the skills needed for certification.

We also conducted training aimed at improving employee skills related to qualification testing of heat-treated and ground products. Over the course of four days, the employees from each factory who were selected for this training were given practical instruction in topics such as metallographic analysis, hardness testing, and how to use analyzers. Through this training, participants acquired specialized knowledge and techniques related to quality management and improved their skills at inferring process issues and analyzing test results.

By implementing initiatives such as these, we strengthen our talent development in the realms of expertise, skills, and quality in order to further bolster our product quality.

■ Quality Management Process



Relationship with Stakeholders

Our business is made possible through collaborative partnerships with all of our stakeholders, and we aim to solve challenges through active and continuous communication with all parties. We will continue to reflect the feedback of our stakeholders while pursuing prompt information sharing, and we will strive for heightened corporate value and sustained growth.

Stakeholders	Expectations and interests	Engagement channels	Outcomes
Customers	• Continuous supply of high-quality, innovative products • Stable supply and reliable delivery • Prompt and professional support structure	• Technical seminars • Exhibitions within and outside of Japan • THK Online Services (digital communication platform)	• Largest share in LM Guide market worldwide • Participation in exhibitions
Shareholders and investors	• Medium- to long-term increase in corporate value • Progress and results from the new management policy • Timely and transparent information sharing • Stronger ESG management	• General Meeting of Shareholders • Hybrid in-person and online financial results briefings • Individual SR and IR meetings • THK website • Integrated Report	• Cash dividend of ¥246/share annually (¥184/share forecast for FY 2026) • Dividend policy: DOE 8% • Investor feedback for management (approx. 90 comments (total) in 2025) • Individual meetings with analysts and investors (347 in 2025)
Business partners	• Fair, transparent, and stable business dealings • Development of long-term partnerships and mutual growth • Sustainability efforts and responsible procurement • Stable order volumes and supply plan sharing	• General and local branch meetings of the THK Association • Collaborative research and development • Feedback surveys	• Performed human rights due diligence • Conducted sustainability surveys • Confirmed supplier sustainability status
Employees	• Company growth and career opportunities resulting from the new management policy • Fair and transparent evaluation and treatment • Flexible work options and work-life balance • Opportunities for learning and growth • Maintenance and promotion of physical and mental health	• Internal company portal and chat tool • Hybrid in-person and online viewing of the Message from the President • Training and seminars • Employee survey • Company newsletter	• New manager training: 63 department heads, 72 section heads • Financial results briefings held by the President and CEO • Utilization of parental leave: Women: 85%, Men: 68% • Transitioned to a bonus structure that aligns with the new management policy
Local communities	• Revitalizing communities through sustained business growth • Job creation and proactive involvement in our communities • Support for rapid recovery after disasters • Promotion of recycling and reduction of environmental impact	• Community events • Volunteer activities	• Exhibited at the Osaka, Kansai Expo 2025 "Future Creation Robot Week" event • Corporate sponsorship of the Minato City Half Marathon 2025 • Participated in METI Children's Day, a kid-focused, family-friendly event • Awarded Science Castle Grant THK First Step in Manufacturing Prizes as part of the THK Education Outreach Program

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 the 2025 fiscal year, we announced specific initiatives for our new management policy of achieving an ROE greater than 10% as quickly as possible, underscoring their feasibility and progression.

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. A social event was held after the 2025 meeting to promote 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 president and CFO 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.

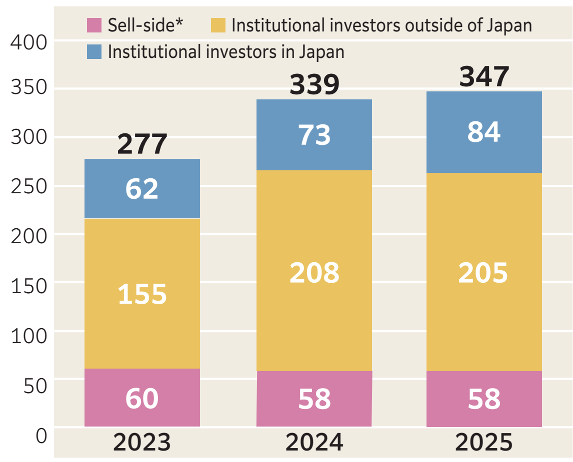
THK will continue striving to be a company that is evaluated highly on a global stage through its various IR activities.

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.

We also strive for thorough information disclosure and dialogue to keep our investors well-informed of the feasibility of our new management policy of achieving an ROE greater than 10% as quickly as possible and our medium- to long-term plans for increasing corporate value beyond the achievement of this goal.

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.

2025 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	347 meetings	Conducted partially online.
SR meetings with voting representatives from institutional investors	9 meetings	Held annually as a shareholder relations initiative.
IR outside of Japan	24 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 the period when many other shareholder meetings are scheduled. Includes a social event for management and shareholders.
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.

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.

Financial Metrics (Millions of yen)	3/2015	3/2016	3/2017	12/2017[3]	12/2018	12/2019	12/2020	12/2021	12/2022	12/2023	12/2024	12/2025[4]
Revenue[1]	217,678	240,478	273,577	286,603	344,718	274,599	218,998	318,188	393,687	351,939	352,759	240,444
Japan	113,361	110,498	112,061	99,099	145,238	109,424	84,675	115,517	134,660	108,740	106,692	96,415
The Americas	34,856	50,343	63,025	67,194	59,792	58,390	46,097	56,369	78,684	88,384	91,211	27,168
Europe	20,456	30,424	46,004	54,001	57,540	53,766	37,625	49,014	62,507	69,839	66,390	21,611
China	28,302	27,967	29,513	41,410	48,554	30,996	34,006	68,662	84,046	59,919	63,042	71,188
Asia and Other	20,700	21,243	22,971	24,896	33,592	22,021	16,594	28,624	33,789	25,056	25,423	24,059
Gross Profit	67,024	67,766	70,464	72,112	101,985	67,469	46,430	79,753	105,288	81,630	81,784	70,495
Operating Profit (Loss)	28,388	23,169	24,653	29,279	52,848	18,277	(8,499)	30,268	34,460	23,707	17,349	14,436
Profit (Loss) Before Taxes	33,501	19,612	23,057	31,034	52,262	18,168	(9,725)	29,984	35,596	25,289	18,782	15,746
Profit (Loss) Attributable to Owners of the Parent	22,705	13,575	16,731	25,729	36,100	11,690	(9,992)	23,007	21,198	18,398	10,439	(69,891)
Total Assets	373,610	407,808	414,931	436,664	471,369	468,945	460,173	516,086	560,304	556,351	567,418	472,992
Total Equity	250,498	250,540	251,540	281,754	289,278	291,132	275,148	314,289	337,281	362,898	389,795	265,749
Per Share (Yen)												
Profit (Loss) — Basic	179.36	107.24	132.18	203.28	285.23	92.37	(78.95)	181.97	172.67	150.08	85.17	(618.66)
Equity Attributable to Owners of the Parent	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	2,332.92
Cash Dividend	50	50	41	62	85	32	15	60	87	46	146.5	246
Ratio of Revenue from Outside of Japan (%)	47.9	54.1	59.0	65.4	57.9	60.2	61.3	63.7	65.8	69.1	69.8	59.9
Operating Margin (%)	13.0	9.6	9.0	10.2	15.3	6.7	(3.9)	9.5	8.8	6.7	4.9	6.0
Ratio of Profit to Equity Attributable to Owners of the Parent (ROE) (%)	9.7	5.5	6.7	9.9	13.3	4.2	(3.7)	8.1	6.7	5.3	2.8	(21.7)
Return on Assets (ROA)[2] (%)	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 (%)	66.3	60.7	60.0	62.0	59.0	59.8	57.9	59.0	59.2	64.2	67.6	55.3
Asset Turnover Ratio (Times)	0.61	0.62	0.67	0.67	0.75	0.58	0.47	0.65	0.73	0.63	0.63	—

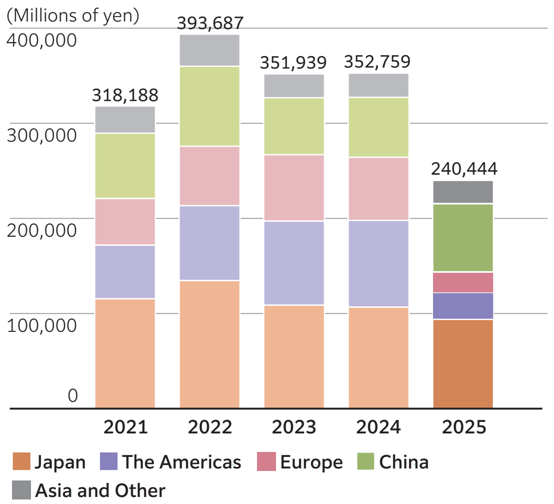
	Non-Financial Metrics[5]	3/2015	3/2016	3/2017	12/2017	12/2018	12/2019	12/2020	12/2021	12/2022	12/2023	12/2024	12/2025
Environmental Data	CO_2 Emissions (t-CO_2)	—	—	—	—	244,951	227,172	213,870	259,121	275,559	255,209	221,243	202,588
Environmental Data	Scope 1	—	—	—	—	36,737	30,822	29,700	29,822	36,425	32,683	37,900	37,132
Environmental Data	Scope 2	—	—	—	—	208,214	196,351	184,170	229,299	239,134	222,526	183,344	165,456
Environmental Data	Renewable Energy Ratio (%)	—	—	—	—	0.0	0.0	0.0	0.6	0.8	2.2	3.8	11.8
Environmental Data	Total Waste (t)	—	—	—	—	21,359	18,500	15,456	22,432	24,281	21,862	22,742	23,654
Environmental Data	Disposed (t)	—	—	—	—	2,047	1,812	1,527	2,399	2,675	2,210	4,913	4,020
Environmental Data	Water Intake (1,000 m^3)	—	—	—	—	811	843	754	951	965	995	893	976
HR Data	Number of Employees (Consolidated)	—	—	—	—	13,478	13,260	12,914	13,073	13,502	13,360	13,268	13,036
HR Data	Number of Employees (Non-consolidated)	—	—	—	—	3,773	3,891	3,957	3,968	4,058	4,068	4,076	4,016
HR Data	Average Years of Service	—	—	—	—	17.1	17.3	17.6	18.1	18.2	18.4	18.7	19.2
HR Data	Percentage of Women in Management	—	—	—	—	0.9	0.9	1.9	2.1	1.9	2.2	2.0	2.3
HR Data	Percentage of Men Who Receive Childcare Leave	—	—	—	—	—	—	—	14.1	28.0	66.3	62.6	68.5
HR Data	Percentage of Individuals Who Return to Work After Taking Childcare Leave	—	—	—	—	—	—	—	100.0	100.0	100.0	100.0	100.0
HR Data	Percentage of New Graduate Hires in the Sales, Administrative, and Engineering Divisions Who Are Women	—	—	—	—	14.5	19.3	15.4	18.2	23.2	20.0	25.0	13.9
Health and Safety Data	Number of Labor Accidents	—	—	—	—	29	21	8	28	21	13	21	112
Health and Safety Data	Severity Rate	—	—	—	—	0.00	0.01	0.00	0.03	0.02	0.00	0.00	0.00
Health and Safety Data	Incident Rate	—	—	—	—	0.60	0.57	0.61	1.57	0.79	1.22	0.60	0.38

[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] Starting with the 2025 fiscal year, THK has reclassified its automotive and transportation business as a discontinued operation. Going forward, monetary values reported for revenue, operating profit (loss), and profit (loss) before taxes will only include ongoing operations, while profit (loss) attributable to owners of the parent will reflect the total of ongoing and discontinued operations. Furthermore, due to the business reclassification, we have omitted the return on assets (ROA) and asset turnover ratio because continuity with previous years cannot be guaranteed.
[5] Under non-financial metrics, the numbers reported for environmental data, HR data (consolidated employees), and health and safety data (labor accidents for 12/2025 only) are consolidated results. All others are for THK Japan only.

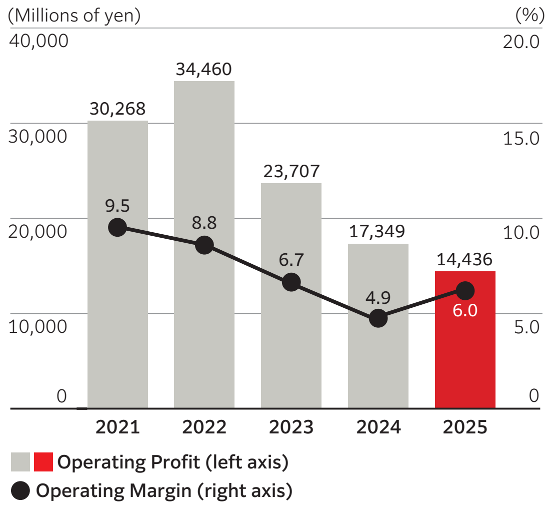
Financial and Non-Financial Highlights

(For fiscal years ending in December)

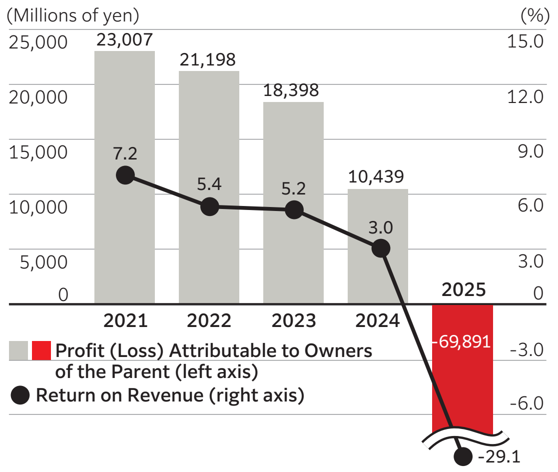
Revenue[1]



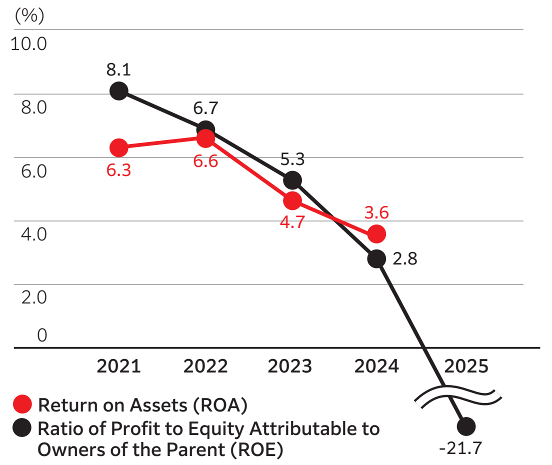
Operating Profit/Operating Margin



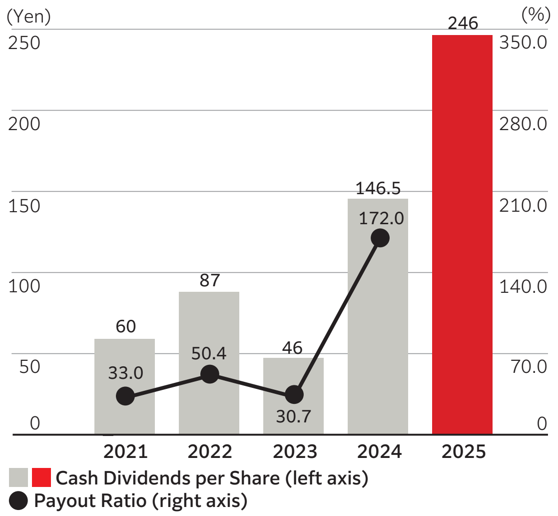
Profit (Loss) Attributable to Owners of the Parent/ Return on Revenue



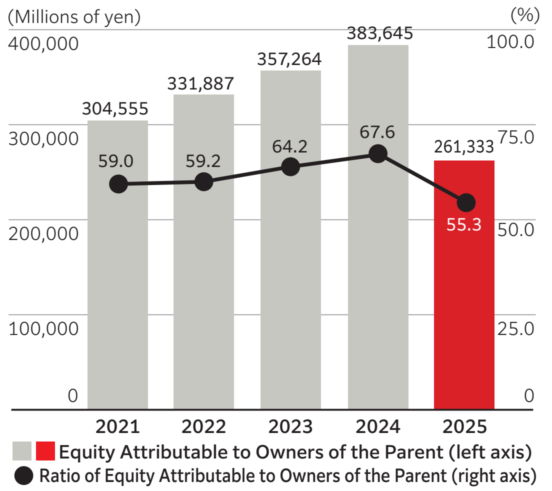
Return on Assets (ROA)[2]/Ratio of Profit to Equity Attributable to Owners of the Parent (ROE)



Cash Dividend per Share/Payout Ratio

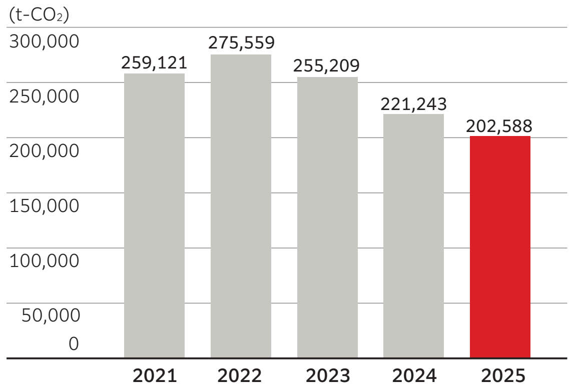


Equity Attributable to Owners of the Parent/ Ratio of Equity Attributable to Owners of the Parent

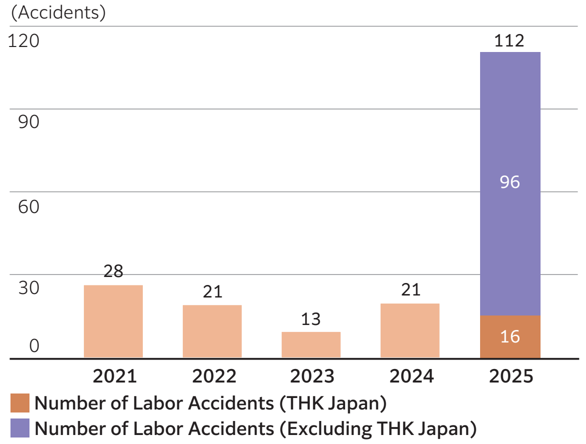


[1] Segments are based on the country or region where THK's customers are located.
[2] Return on assets (ROA) represents operating profit (loss) plus interest and dividend income as a percentage of average total assets.

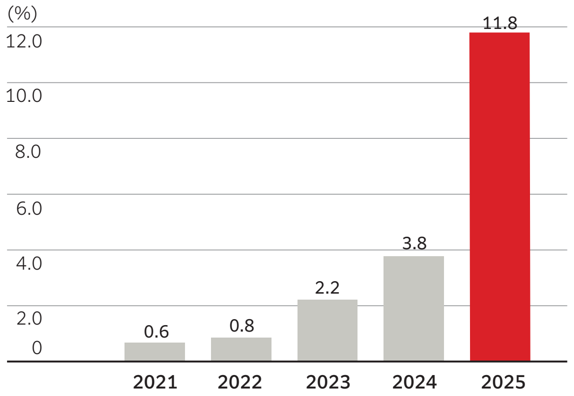
CO_2 Emissions



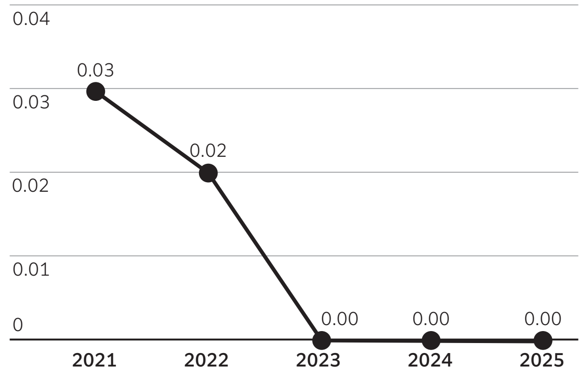
Number of Labor Accidents



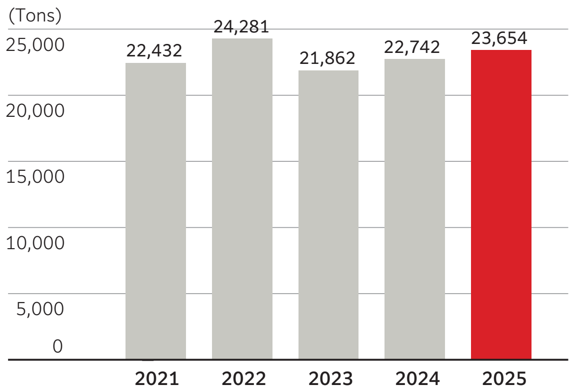
Renewable Energy Ratio



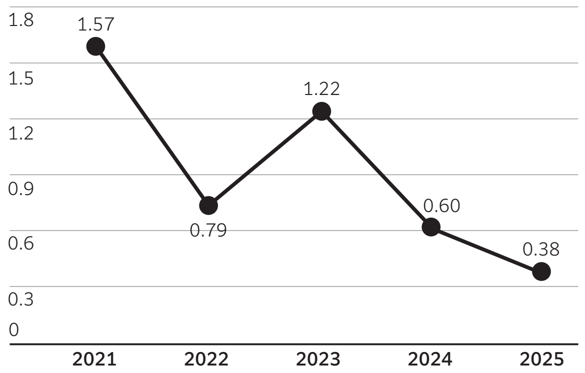
Severity Rate



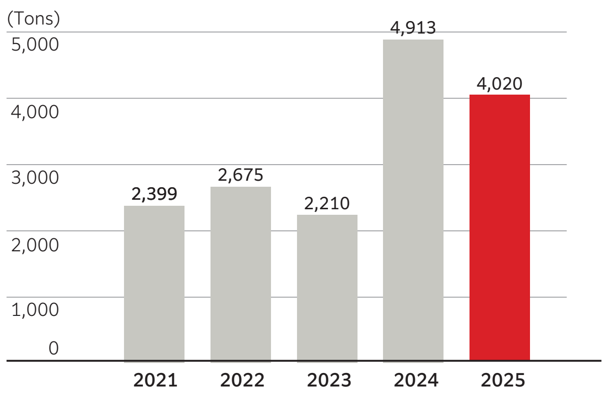
Total Waste



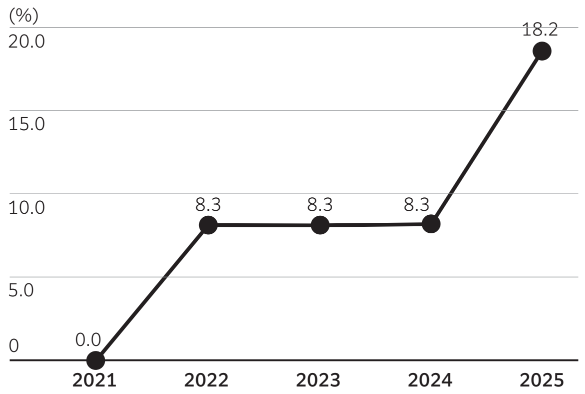
Incident Rate



Disposals



Female Director Ratio



[3] While the 2025 revenue and operating income do not include the automotive and transportation business, the profit (loss) attributable to owners of the parent reflects the total of ongoing and discontinued operations. Furthermore, due to the business reclassification, we have omitted the return on assets (ROA) because continuity with previous years cannot be guaranteed.

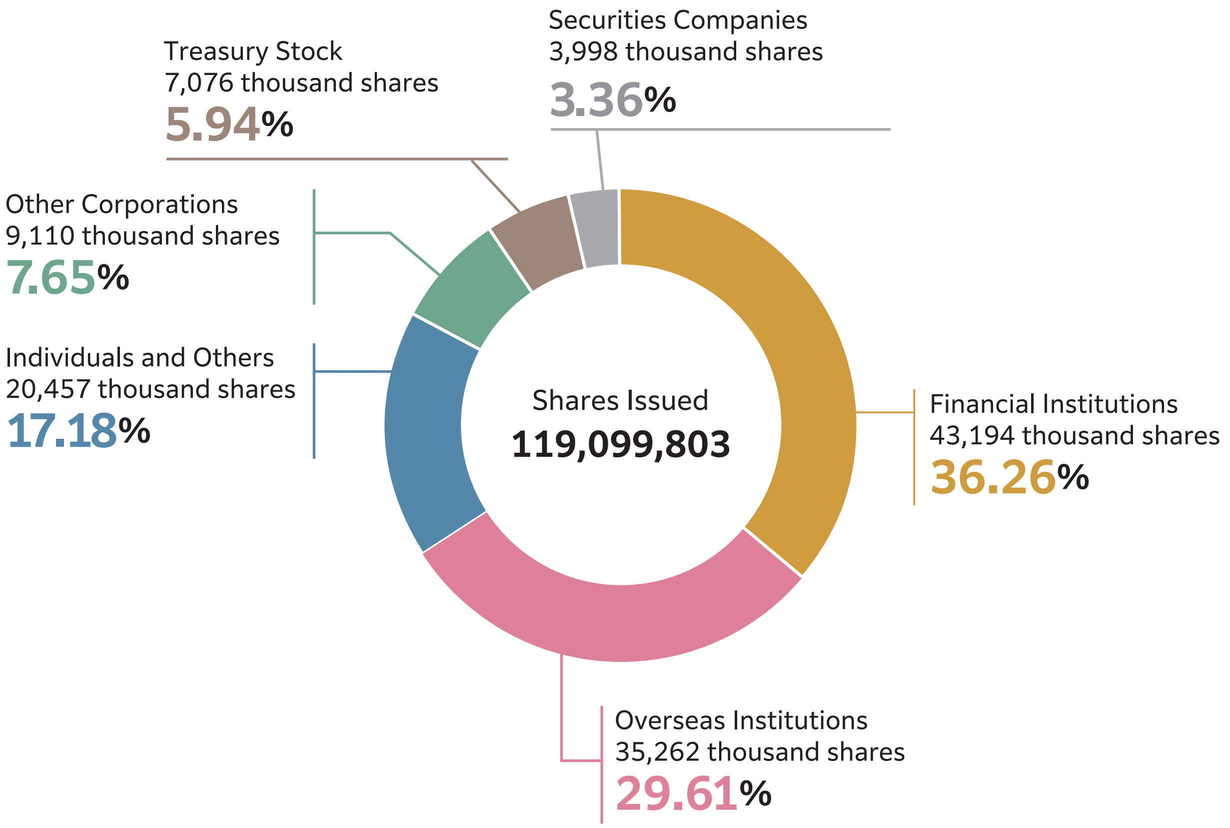
Company Profile

Company Overview	As of December 31, 2025
Company name	THK CO., LTD.
Headquarters	2-12-10 Shibaura, Minato-ku, Tokyo 108-8506, Japan
Established	April 1971
Capital	¥34.6 billion
Consolidated revenue[1]	¥240.4 billion
Number of employees	13,036 (consolidated); 4,016 (parent company)
Month of Ordinary General Meeting of Shareholders	March
Independent auditors[2]	Grant Thornton Taiyo LLC

Stock Information	As of December 31, 2025
Total number of authorized shares	465,877,700 shares
Issued	119,099,803 shares
Stock exchange listing	Tokyo Stock Exchange (Prime Market)
Stock transfer agent	Mitsubishi UFJ Trust and Banking Corporation
Number of shareholders	38,944

[1] The 2025 consolidated revenue does not include the automotive and transportation business.
[2] Grant Thornton Taiyo LLC vacated this position upon the conclusion of the 56th Annual General Meeting of Shareholders, as its term of engagement with THK had expired. Accordingly, KPMG AZSA LLC has been appointed as THK's new accounting auditor.

Shareholder Composition



Please direct any inquiries related to 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, 2025

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 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 KIRYU CO., LTD.	Manufacture of LM Guide	Gunma, 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	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 and sale of vital machinery components and machinery	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 LM SYSTEM (THAILAND) CO., LTD.	Sale of LM Guide, ball screws	Samutprakarn, Thailand	100.00
THK RHYTHM (THAILAND) CO., LTD.	Transportation equipment-related 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	100.00
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

* Effective March 28, 2026, the name of DALIAN THK CO., LTD. has changed to THK MANUFACTURING OF CHINA (DALIAN) CO., LTD. due to the termination of its 30-year joint venture agreement and its transition to a wholly owned subsidiary.