



THK Integrated Report 2024

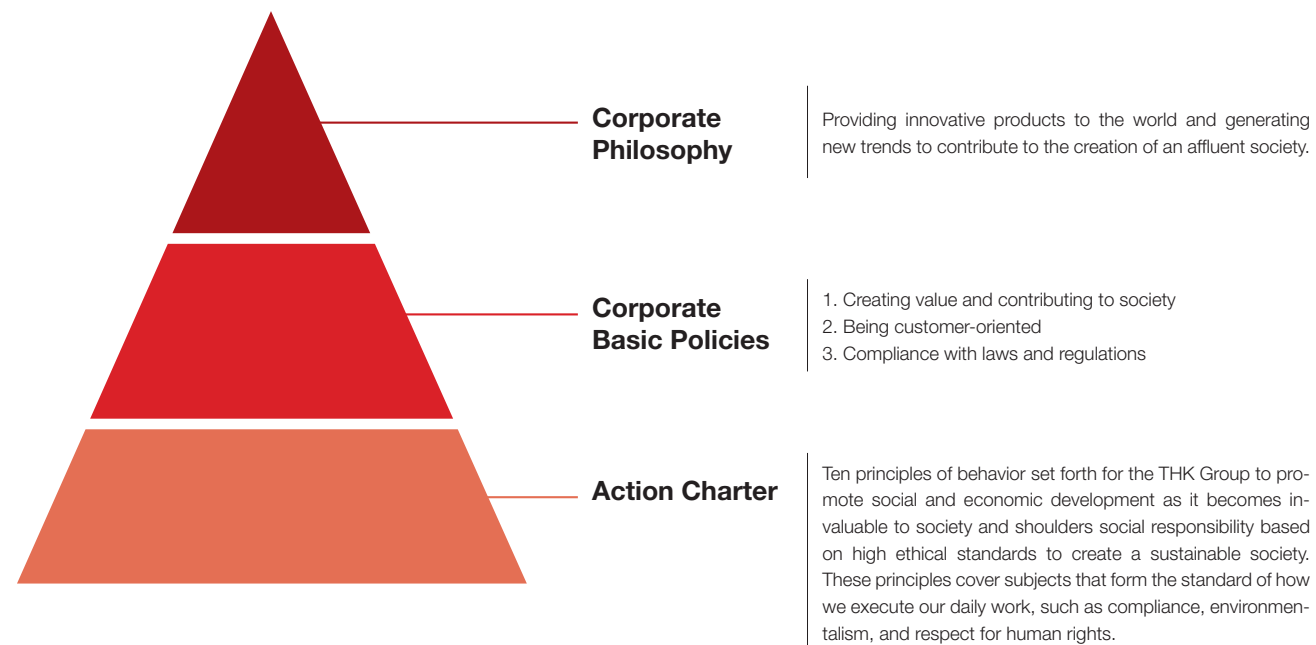
Integrated Report 2024

A Review of the 2023 Fiscal Year

THK CO., LTD.

Basic Sustainability Policy

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



Company Overview

Trade name: THK CO., LTD.

Established: April 10, 1971

Headquarters: 2-12-10 Shibaura, Minato-ku, Tokyo 108-8506

Report Overview

Reporting period: January 1, 2023, to December 31, 2023 (including activities before and after this period)

Published: Annually in Q3

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

References: This Integrated Report was compiled in accordance with the International Integrated Reporting Framework developed by the Value Reporting Foundation (VRF); the Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation formulated by the Japanese Ministry of Economy, Trade and Industry; and the GRI Standards. A detailed table cross-referencing our reports against the GRI Standards is available on the THK website.

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Preface

On January 1, 2024, as Akihiro Teramachi (former President) assumed the position of Chairman and CEO, Takashi Teramachi (former Director and Senior Managing Executive Officer) assumed the position of President and COO, thereby inaugurating our new management structure for the next generation.

Within the THK Integrated Report 2024, Chairman Teramachi speaks about the results of the second year moving toward our 2026 management targets, and President Teramachi discusses our goals and future initiatives in the Messages from Executive Management section. Then, in the Governance, Involvement in Society, and Harmony with the Environment sections, we summarize the details of our current ESG initiatives while highlighting activities conducted in 2023.

In order to maintain the trust and fulfill the expectations of each of our stakeholders, we will continue to pursue various initiatives and proactively disclose information. Furthermore, details of ESG activities being carried out at each location are posted on our website, so please take a look.

THK's History

Since its founding in 1971, THK has introduced numerous innovations to the world as a company focused on creation and development guided by the corporate philosophy of *providing innovative products to the world and generating new trends to contribute to the creation of an affluent society*. As we enter into a time when the business environment changes rapidly, we will move forward with various initiatives to achieve long-term growth, increase our corporate value, and promote the creation of a sustainable society, and in doing so, satisfy the expectations and trust of our stakeholders.

- 1971

THK established
Began sales of Link Ball Model RBL
Began sales of Ball Spline Model LBS
- 1972

Began sales of first LM Guide, the Model LSR
- 1977

Established Kofu plant
- 1979

Began sales of Ball Screw Model BN
- 1981

Established THK America, Inc. (USA)
- 1982

Began sales of Global Standard Size LM Guide Model HSR
Began sales of Cross-Roller Ring Model RB
- 1989

Established THK Europe GmbH (Germany)
Established THK TAIWAN CO., LTD. (Taiwan)
Debuted on the over-the-counter stock market
- 1990

Began sales of LM Guide Actuator Model KR
- 1996

Established DALIAN THK CO., LTD. (China)
Began sales of Caged Ball LM Guide Model SSR
- 1997

Established THK Manufacturing of America, Inc. (USA)
- 1998

Began sales of Linear Motor Actuator Model GLM

- 2000

Established THK Manufacturing of Europe S.A.S. (France)
- 2001

THK listed on the first section of the Tokyo Stock Exchange (TSE)
Began sales of Caged Roller LM Guide Model SRG
- 2003

Established THK (SHANGHAI) CO., LTD. (China)
- 2004

Established THK MANUFACTURING OF CHINA (WUXI) CO., LTD. (China)
DAITO SEIKI CO., LTD. (now THK INTECHS CO., LTD.) became subsidiary company
- 2005

Established THK MANUFACTURING OF CHINA (LIAONING) CO., LTD. (China)
Established THK (CHINA) CO., LTD. (China)
- 2006

Established THK LM SYSTEM Pte. Ltd. (Singapore)
- 2007

Began sales of Seismic Isolation Table Model TSD
Acquired all shares of RHYTHM CORPORATION (now THK RHYTHM CO., LTD.)
Established THK RHYTHM (THAILAND) CO., LTD. (Thailand)
- 2008

Established THK MANUFACTURING OF VIETNAM CO., LTD. (Vietnam)
- 2011

Began sales of Super-Low Waving LM Guide Models SPR and SPS
Established THK RHYTHM CHANGZHOU CO., LTD. (China)
THK RHYTHM MALAYSIA Sdn. Bhd. (Malaysia) became consolidated subsidiary company
- 2012

Established THK RHYTHM MEXICANA, S.A. DE C.V. (Mexico)
Established THK MANUFACTURING OF CHINA (CHANGZHOU) CO., LTD. (China)
Established THK India Pvt. Ltd. (India)
- 2015

Acquired the European and North American L&S business from TRW Automotive Inc. and established THK RHYTHM AUTOMOTIVE (TRA)
- 2017

Began sales of Low-Torque Shaft Unit for Vertical-Axis Wind Turbines Model WLS
Launched Omni THK
Established TRA Holdings CO., LTD. (Japan)
- 2018

Began sales of Ball Screw for Electric Integrated Brake Control
- 2020

Began accepting official orders for OEE Optimization System **OMNI edge**
Began sales of autonomous transfer robot SIGNAS
- 2021

Began sales of the SEED-R7 series of **SEED Platform Robots**

Revenue
(¥1 million)

400,000

350,000

300,000

250,000

200,000

150,000

100,000

50,000

0

3/1972–3/1990: Non-consolidated net sales
3/1991–12/2023: Consolidated revenue

Due to the change in the fiscal year period, the 2017 fiscal year 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.
The THK Group decided to adopt IFRS beginning with the 2019 fiscal year. For the purposes of comparison, the results for the 2018 fiscal year are also noted in accordance with IFRS.



The Early Years

Advancing into Global Markets

Development of New Business Areas

Diversification

Toward a New Era



Headquarters at THK's founding (Meguro ward, Tokyo)



Model LSR, the first LM Guide



THK America, Inc., the first sales office outside of Japan



Seismic Isolation System Linear Re-circulating Guide Model CLB



OEE Optimization System **OMNI edge**



THK's business

1971 onward Foundation

THK was established in Tokyo's Meguro ward under the name Toho Seiko Co., Ltd. by founder Hiroshi Teramachi 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. The three-letter brand, which would later become the company's name, was made to represent three essential philosophies for manufacturing: T for Toughness, H for High Quality, and K for Know-how. It was imbued with the idea that THK products would be tough and long-lasting, of the highest quality in the world, and beneficial for the generation of new know-how.

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. It was later adopted by a U.S.-based pioneer of the machining center and world-class machine tool manufacturer of its day, which served as the catalyst for its increased use in machine tools. Further evolution and expansion were achieved through the development of the Global Standard Size LM Guide Model HSR in 1982 and the Caged Ball LM Guide SSR in 1996.

1981 onward Establishment of Locations Outside of Japan

As global manufacturing developed and worldwide demand for THK products grew, the Company sought to transition to an integrated sales and production structure to localize both sales and production of its products based on the basic concept in global manufacturing that the location of demand is the best location for production. Starting with the establishment of a sales office in the United States in 1981 and a production facility in China in 1996, THK quickly made inroads into the Americas, Europe, China, and the rest of Asia, predicting that a vast potential market lay waiting outside of Japan.

1999 onward Expansion of Business Domains

Reasoning that combining existing technologies to broaden the range of applications for its products would enable the expansion of demand in various fields, THK, which had to this point been honing its production technology and product performance by competing primarily in the arena of machine tools with their strict operating conditions, began to develop into new business areas. Starting in 1999, THK set up specialized business divisions for automotive components, seismic isolation/damping systems, electric actuators, and unit products as the Company worked to expand from capital goods into consumer (household) goods by promoting the development and supply of new products.

2017 onward Service Launch of Omni THK and **OMNI edge**

Omni THK, a platform for communicating with customers that launched in 2017, is a service that makes a wide range of information that customers need for selecting and purchasing products available online and generates new value for the customer experience. The OEE Optimization System **OMNI edge**, which began service in 2020, visualizes product status and provides solutions for reducing various types of loss that customers experience on the production floor.

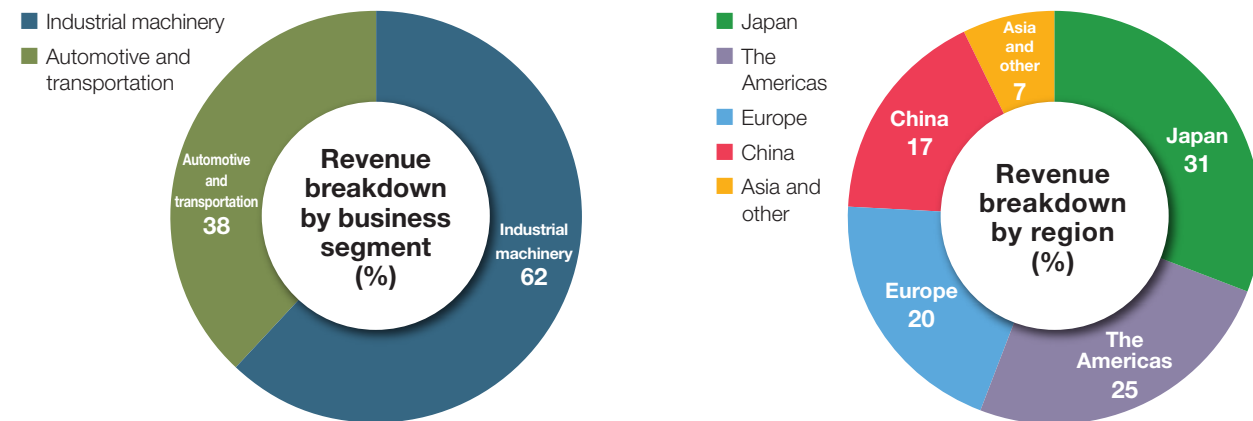
2022 onward Transforming into a Manufacturing and Innovative Services Company

As the business environment around us changes dramatically, we are transforming ourselves into a manufacturing and innovative services company. Instead of simply creating things, we will expand our business to include everything from before to after the sale. THK will continue to provide products and services with high added value for customers as a services company that makes and provides products, but is not limited to manufacturing alone.

At a Glance

Business Overview

2023 Consolidated Revenue: **¥351.9** billion Year on Year: **-10.6%**



Industrial Machinery Business

Revenue: **¥217.5** billion Year on Year: **-22.9%**

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

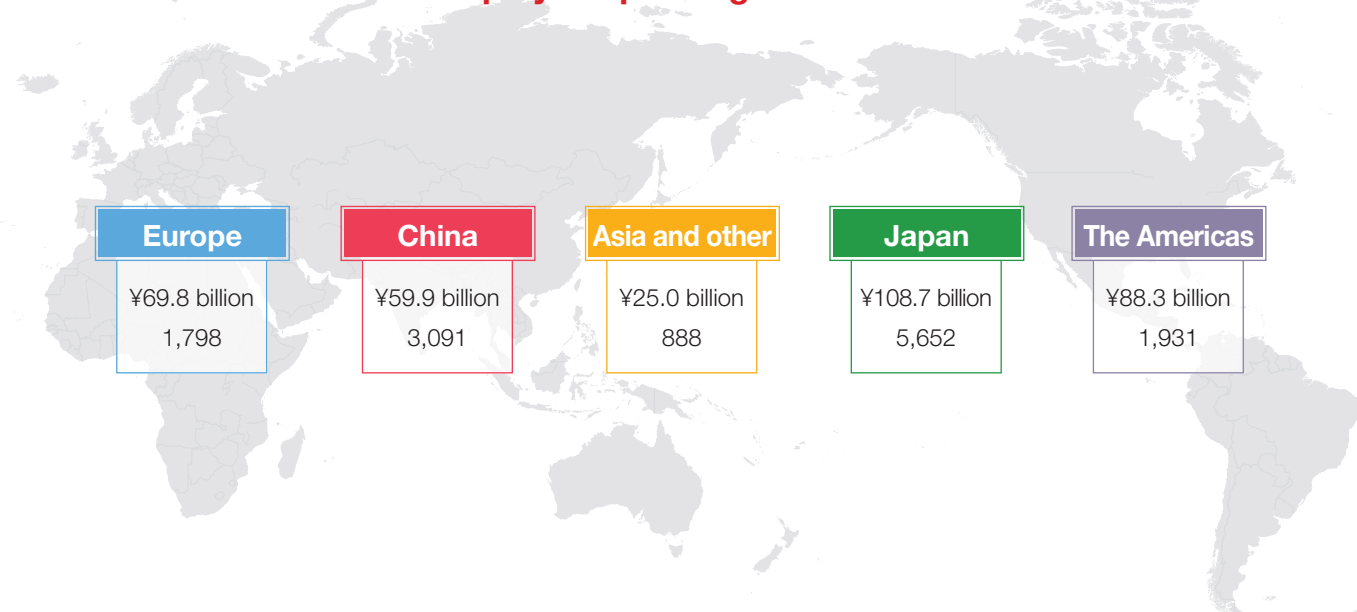
Automotive and Transportation Business

Revenue: **¥134.4** billion Year on Year: **+20.4%**

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

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

Revenue and Number of Employees per Region



THK by the Numbers (2023)





Messages from Executive Management

Increasing Corporate Value over the Medium to Long Term

Akihiro Teramachi
Chairman and CEO

Takashi Teramachi
President and COO



Akihiro Teramachi
Chairman and CEO

寺崎 章博

Message from the Chairman and CEO

Rapidly Creating Value as a Manufacturing and Innovative Services Company on a Global Scale under a New Structure

Introduction

I would like to express my sincere condolences for the lives that were tragically lost and to everyone in the region affected by the Noto earthquake that struck at the start of 2024.

We provided a donation to the Japanese Red Cross at the beginning of January, and we sincerely hope that it will aid the speedy recovery of the affected areas in some small way.

Selecting Our New President

At the November 2023 Board of Directors Meeting, we made the decision to have then-Director and Senior Managing Executive Officer Takashi Teramachi assume the role of Representative Director, President, and COO, while I assumed the role of Representative Director, Chairman, and CEO. This new structure took effect on January 1, 2024.

Our new President Teramachi has been promoted to this position at the age of 45. Reflecting on my own experience, I was also 45 when I became the president, but I felt that I had been prepared for management through the previous work innovations that I had spearheaded. In addition to leading our organization while serving as the president of a subsidiary and heading the industrial machinery business, our new President Teramachi has been responsible for promoting DX (digital transformation) and GX (green transformation), and this work has prepared him for his role in steering us into a new era. In fact, as I would discuss the future of our operations with him, it became clear what our key strategies must be, and he demonstrated a desire to drive innovation and adapt to our changing environment. That was why I decided

this was the time to pass the torch to the next generation, and after I investigated the matter and held deliberations with the Nomination Advisory Committee, our new President Teramachi was selected for this position at the Board of Directors Meeting. I will continue to support our new structure in my capacity as CEO.

My hope for this new structure is that we will continue to preserve the good things we have adopted over the years while also boldly revolutionizing to adapt to the changing times. It is especially imperative that we further our globalization efforts. I personally spend about 130 days each year abroad, and I want our young Japanese employees to turn their gaze outside of Japan to a much greater degree as well. To this point, our new President Teramachi truly feels the importance of having a global mindset from his experience traveling around to different parts of the world during his time working at a large trading firm. I hope that he will take the lead in combining the strengths of our next-generation employees to turn THK into a more global organization.

Reflecting on the 2023 Fiscal Year Results

2023 was the second year we spent in pursuit of our 2026 management targets. As a result of a business environment that included global turmoil, demand recovered at a rate that lagged behind our expectations. It appears that demand struggled to expand as capital investment that was expected to kick off in the automotive industry was delayed, and investment in ICT (information and communication technology) arising from stay-at-home demand during the coronavirus

pandemic had already progressed.

As this environment led to shrinking demand in our industrial machinery business, which constitutes approximately 60% of our revenue, we were able to secure revenue during the first half of the year due to our backlog of orders, but our demand failed to recover in the second half. As for our automotive and transportation business, which represents the remaining 40% of our revenue, we saw recovery in demand as the pandemic ended and component shortages were mitigated.

In terms of profit, although we continue to work on various improvements to increase productivity, decreased revenue primarily in our industrial machinery business resulted in a higher cost-to-sales ratio. Furthermore, as we emerged from the pandemic and implemented growth measures at full force, our SG&A ratio also increased.

As a result, our consolidated revenue in 2023 decreased 10.6% year on year to ¥351.9 billion, and our operating income decreased 31.2% year on year to ¥23.7 billion. Although the aforementioned delay in demand recovery forced us to make a downward adjustment to our earnings forecast in August, we were able to achieve those adjusted targets.

In terms of the outlook for 2024, if the level of geopolitical risk settles down, we expect to see the recovery in demand that we had anticipated. The main theme will be shifting from “global” to “glocal.” As the supply chain in the semiconductor and other industries becomes more fragmented, there is an emerging need to make capital investments within each economic bloc. While investment was focused on the construction of buildings in 2023, investment in the equipment that goes inside those buildings will ramp up in 2024 and beyond, becoming a driver of growth in our earnings.

Growth Strategies

The pillars of our growth strategy are full-scale globalization, the development of new business areas, and a change

in business style. In accordance with these themes, we pursue our vision of a revolutionary transformation into a manufacturing and innovative services company. We have always provided customers with the means to manufacture goods through our linear motion and other products, but we are now expanding our service offerings to include everything from before to after the sale. In this way, we are developing an all-inclusive business package that fuses hardware and software. This will allow us to expand our points of contact with customers to include both machine builders and actual machine users so that we can bolster our ability to contribute to their businesses.

In 2024 and beyond, we will focus on accelerating our efforts related to our growth strategies more than ever before. By taking the initiative in responding to and proposing solutions for our customers’ needs, we hope to deepen their trust in us and form closer partnerships with them based on higher levels of expectation.

The key focus of our industrial machinery business is achieving true automation and building systems that allow production equipment to operate independently. True automation means there won’t be any people around to make minor adjustments, so it carries the risk of sudden machine stops causing significant losses. That is why we will propose solutions that can detect malfunctions before they happen through **OMNI edge** sensors installed inside equipment. In addition to enabling predictive maintenance, such IoT services help customers reduce loss that occurs on the production floor, curb energy consumption, and decrease CO₂ emissions. The combination of these services with an expansion of our linear motion products, which reduce the use of electricity and lubricant, will heighten our ability to contribute to sustainability. At the same time, we are pouring effort into developing products that meet the cutting-edge needs of various industries, such as providing nanometer-level precision for semiconductors and compact, highly rigid offerings for machine tools.

Propelled by CASE in our automotive and transportation business, we will accelerate the development of linear motion products for automobiles and strengthen our efforts related to electric vehicles, which are a major trend around the world. Having experienced the comfort and joy of electric vehicles myself, I don’t think I’ll ever go back to a gasoline-powered vehicle. As we demonstrated with the unveiling of our original EV prototype, the LSR-05, at Japan Mobility Show 2023, we hope to support the efforts of automotive manufacturers around the world to transition to electric vehicles by proposing technology and products that will increase their value. This includes providing lightweight, compact components to make car interiors more comfortable and revolutionizing charging systems to shorten charging times and increase driving distances.

Furthermore, we will strengthen the synergy of our industrial machinery and automotive and transportation businesses through increased collaboration. Even in 2023, we increased

our profits via structural collaboration by redistributing industrial machinery-related work to some of our automotive-related production lines. In addition to further expanding such efforts, we will also strengthen collaboration among our engineering and development groups.

Talent Development

Digital talent will be the key to our transformation into a manufacturing and services company. In this era where digital technology is permeating every aspect of society, even as we work to provide products and services that support the DX activities of our customers, we are also promoting DX within our business practices and putting effort into developing digital talent that will drive such initiatives.

For our corporate and other support departments in particular, we need to develop the knowledge and capability to use data at a more advanced level, which includes identifying how to use what kinds of data and distinguishing tasks that humans should do from tasks that can be left to AI and other digital tools.

At the same time, we can’t say that digital talent is needed in every position. For instance, when it comes to our employees involved in production at our factories, I believe there are three paths forward. The first is to hone their skills and expertise, to thoroughly pursue artisan-level technique regardless of cost. The second is the path of looking into how we manufacture things, of taking the skills honed by people in that first category and incorporating them into the recipe that will deliver products at a market-friendly price to customers around the world. Finally, the third path involves achieving production lines that can flexibly mass-produce that recipe within a limited timeframe. People who choose this path will require knowledge similar to that of data scientists in order to achieve fully automated production lines that can operate steadily even with low staffing levels.

Similarly, even as we work to make our sales operations more effective by utilizing virtual meetings and digital tools such as chatbots, there are occasions where we must value face-to-face communication, such as when generating ideas for new business. It will be critical to determine the needs of the other party and combine both digital and in-person methods.

In this way, even as we recognize the importance of digital tools, we intend to develop a workforce of diverse individuals who have a flexible perspective and won’t rely too heavily on digital tools. By promoting the utilization of the right people in the right positions, we aim to heighten the entire organization’s ability to generate value.

A Message to Our Stakeholders

We deeply appreciate the daily support and guidance we receive from our shareholders, investors, and other stakeholders, and we always consider how to maximize everyone’s returns from the success of our business.



As part of our efforts, we have emphasized PBR in recent years as a metric that the public is concerned with. Out of our belief that increasing ROE is an effective way to improve our corporate value, we have set one of our 2026 management targets as an ROE of 17%. To achieve this milestone, it is critical for each of our business segments to increase their ROIC, particularly by bolstering their returns (profit levels), which form the numerator of that equation. Therefore, to accelerate the efforts of each division, we must invest in future growth by applying funds to capital investments, research and development, and human investments. Taking this capital demand into consideration, we consider it appropriate to maintain a payout ratio of 30% for the present time. In the event that we have surplus capital as we move forward in this direction, we will strive to give more back to our stakeholders by actively considering stock buybacks.

Many prototypes are developed in the process of making our products ready for mass production and adoption, and it inevitably takes time before our labor comes to fruition in the form of profit. However, the product that we deliver to the customer will continue to work and generate value for a long time. Due to the nature of our business, we have naturally developed a long-term perspective that looks 10 to 20 years in the future rather than chasing after short-term profit. I am confident that this strength will also carry us through this uncertain and unpredictable time. In anticipation of the future state of society, we have been transforming into a manufacturing and innovative services company and working on other initiatives to lay a groundwork that is showing sound indications of future growth. I hope that all of our stakeholders will continue to support us with a long-term perspective in mind.

THK's Business



Greetings and Goals from the President and COO



Takashi Teramachi
President and COO

寺町 崇史

Partnering with Stakeholders to Contribute to an Affluent Society

It is a great honor to become the president of a company that was founded in 1971 and now has approximately 13,000 employees worldwide. I am humbled by the heavy responsibility.

In recent years, we have experienced several social changes such as a persistent threat of infectious diseases like COVID-19, increasing geopolitical risks in a G-Zero world (where there is an absence of nations providing global leadership), worsening global warming, and the spread of technologies such as robots and AI that replace human labor. The challenges are intricately intertwined and are causing large waves of change in daily life and business. In the midst of all this, I believe that my role is to maintain a medium- to long-term perspective and work rapidly to create an executive foundation that allows the THK Group to grow sustainably.

The name THK is an acronym of the things we promise to our customers: Toughness (the delivery of tough and durable products), High Quality (the delivery of products of the best quality in the world), and Know-how (contributions to the development of new expertise). These core values are our brand, and every single employee holds them dearly. THK has made continual progress to this point as a unified company guided by the corporate philosophy of *providing innovative products to the world and generating new trends to contribute to the creation of an affluent society*. I would like to cherish and maintain the lessons learned and values instilled in THK over the past 50 years of operation. The first of these is to value our employees. THK's most important assets are its employees, a fact reflected in our long-established custom of referring to them as "human assets." In addition to maintaining an environment where people can work with enthusiasm, we will also stay focused on providing educational opportunities and new experiences to our employees so that they can

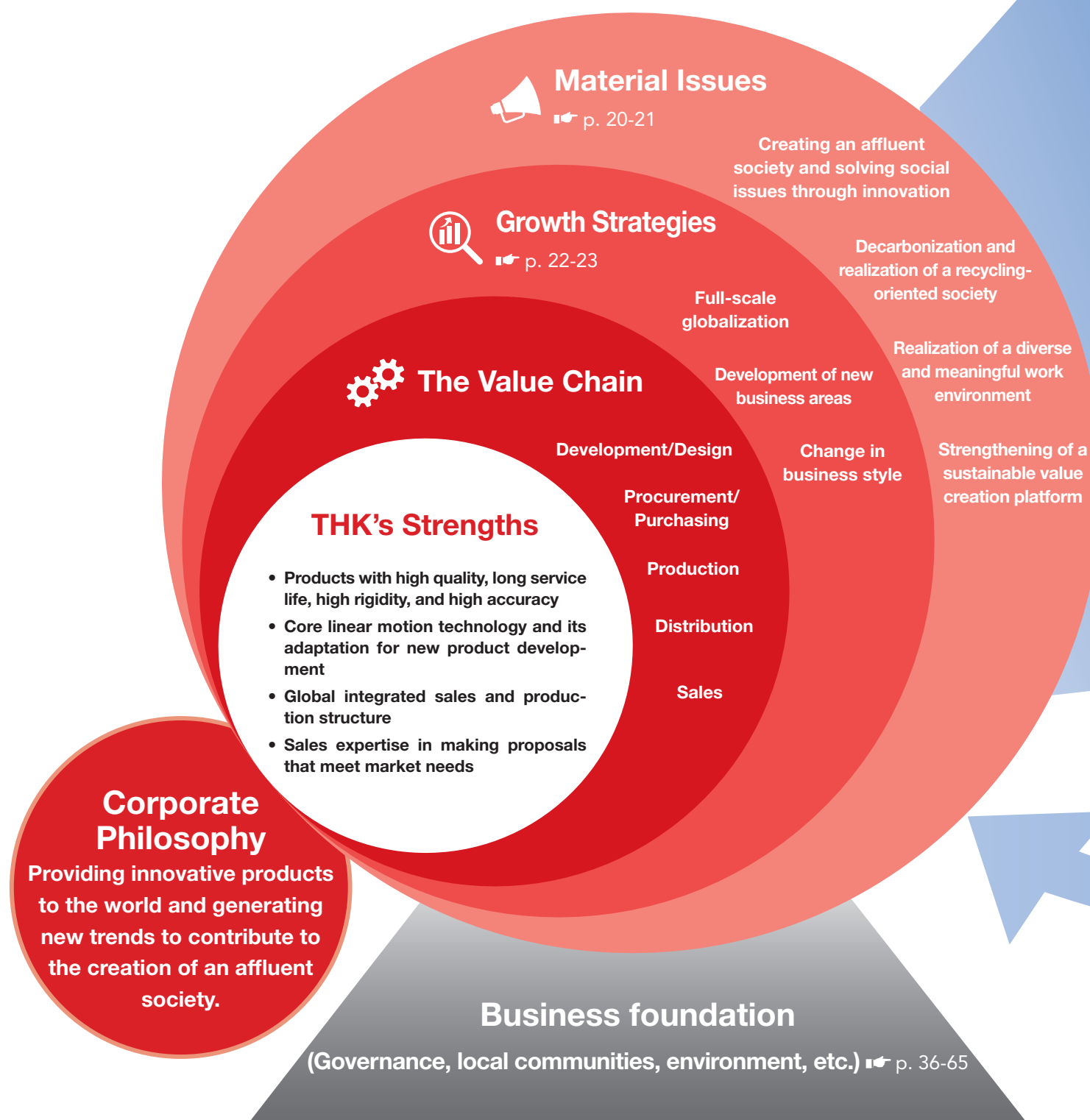
provide value to the world. The second principle is to value our customers and business partners. THK is the company that it is today because of the trust that we have earned from our customers and business partners in the course of offering value to society. I will strive to deepen this trust for the sake of co-creation with these partners. The third thing is to value innovation. THK's history is a story of creating things that do not yet exist in the world, of realizing greater potential, and of repeated trial and error. We have not simply made what our customers asked for or used what someone else told us to. Our work doesn't end once we've created something new. Innovation means seeing that new thing adopted by society, and that is what we will make sure to achieve. Fourth, we value society and our shareholders. THK's business objective is to contribute to the creation of an affluent society, and aiding in the achievement of the SDGs is one part of this. To do so, it is necessary for each and every employee to bring their individual talents to the table and to combine their strengths with others'. At the same time, the understanding and support of our shareholders, who are also our partners, is extremely important as well. I will pay close attention to the words of our shareholders, including their exhortations and encouragement, in promoting our business activities.

I am aware that a major challenge for us is determining how to make use of THK's values according to how the times and our environment change. Even as our environment changes drastically, I will make sure that we see corporate value increase as a result of our transformation into a manufacturing and innovative services company, and that we sustainably provide returns to our stakeholders. It is my mission to thoroughly strengthen the parts of our business foundation that require it and to bravely change things that need to be changed.

Thank you all for your continued support.

Value Creation

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



Outputs

Industrial Machinery Business

p. 26-27

- Linear and rotary components
- Seismic isolation and damping systems
- Service robots
- FA solution services

Automotive and Transportation Business

p. 28-29

- Next-generation auto parts
- Linkage and suspension parts

Promotion of DX

p. 30-31

- Development of new applications
- Installation and promotion of RPA robots
- Development of digital talent
- Smart Factory Project

Talent Development

p. 58-59

- Supporting the development of the next generation
- Promoting diversity
- Training programs

Outcomes

Addressing Labor Shortages

- Automation and robotization bolstered by linear and rotary components
- Energy savings supported by service robots
- Customers' overall equipment effectiveness (OEE) boosted by **OMNI edge**



Preventing Global Warming

p. 62-63

- Energy savings bolstered by linear and rotary components
- Automobiles made lighter during the shift to electric vehicles thanks to aluminum products
- Acceleration of solar panel installations and other efforts at THK facilities



Mitigation of Natural Disasters

- Mitigation of earthquake damage with linear motion technology adapted to seismic isolation/damping systems



Advancement of Digital Technology

- Increased productivity and improved customer satisfaction from the promotion of DX
- Participation in NEDO research and development projects for widespread utilization of AI technology
- Exhibition at the government-sponsored Digital Technology Expo



THK's Capital (2023 Fiscal Year) p. 16-17

- Equity attributable to owners of the parent **¥357.2 billion**
- Ratio of equity attributable to owners of the parent: **64.2%**

- Employees: **13,360**
- Ratio of employees outside of Japan: **57.7%**

Employees certified with National Trade Skill Test & Certification (Production departments at THK and Group locations in Japan)

- Male: **1,516** • Female: **59**

Locations in Japan

- Sales: **47** • Production: **12**

Locations outside of Japan




- Sales: **74** • Production: **25**

- R&D facilities: **3** • R&D expenses: **¥5.6 billion**




Intellectual property holdings

- Registered: **2,487** • Published: **403**

Management Capital

	 Financial capital	 Manufacturing capital	 Intellectual capital
Related material issues	Strengthening of a sustainable value creation platform	Decarbonization and realization of a recycling-oriented society	Creating an affluent society and solving social issues through innovation
Our philosophy	<ul style="list-style-type: none"> In recognition of the impact that changes in our external environment have on our business, we consider it integral to the continuation of our business to secure the necessary capital for a sound financial base and investments in future growth. Internal reserves are determined based on a balance between shareholder returns, investments in growing fields, and maintaining a sound financial basis. 	<ul style="list-style-type: none"> Continuing to increase productivity <ul style="list-style-type: none"> Strengthening individual skills Increasing machine utilization: upgrading equipment and promoting automation (trailblazing) Seeking out precise materials that are easy to process Effective use of systems 	<ul style="list-style-type: none"> Guided by the corporate philosophy of <i>providing innovative products to the world and generating new trends to contribute to the creation of an affluent society</i>, we continually create original products as a company focused on creation and development.
Strengths	<ul style="list-style-type: none"> Strong cash flow generation Establishing a net cash position and maintaining a sound financial basis 	<ul style="list-style-type: none"> Ability to adapt to changing customer requirements and user trends with a flexible, global production structure Manufacturing made-to-order products to meet customer requirements Producing products with a low friction coefficient to reduce energy consumption 	<ul style="list-style-type: none"> Ability to provide individually optimized products based on our expertise and experience in achieving smooth, high-precision linear motion in the rolling guide components of machines and an extensive foundational platform
2023 data	<ul style="list-style-type: none"> Equity attributable to owners of the parent Total: ¥357.2 billion Ratio of equity attributable to owners of the parent: 64.2% Credit rating <ul style="list-style-type: none"> Japan Credit Rating Agency (JCR) A+ (issued Dec. 1, 2023) Rating and Investment Information (R&I) A+ (issued Dec. 1, 2023) Capital investments: ¥28.7 billion * Investments in future growth: Approx. ¥170 billion (property, plant, and equipment investments made during the five-year period from 2022 to 2026 only) 	<ul style="list-style-type: none"> Capital investments: ¥28.7 billion Production facilities: 12 in Japan, 6 in the Americas, 4 in Europe, 6 in China, 9 in Asia and other regions 	<ul style="list-style-type: none"> R&D expenses: ¥5.6 billion Intellectual property holdings <ul style="list-style-type: none"> Registered: 2,487 (Entire THK Group) Published: 403 (Entire THK Group) R&D facilities: 3 (Japan: 1, Europe: 1, China: 1)
Future challenges to address	<ul style="list-style-type: none"> Active and appropriate allocation of funds into investments to increase returns (profit levels) as part of our ROIC in both the industrial machinery and automotive and transportation businesses as we engage with diverse areas of medium- to long-term growth 	<ul style="list-style-type: none"> Reducing CO₂ emissions and effectively utilizing renewable energy Energy-saving activities Promoting DX activities 	<ul style="list-style-type: none"> Further cultivating our core technology of rolling machine components and developing new products Developing (IoT) service to visualize component status based on extensive performance data Turning pioneering products in new fields into lines of business

THK generates new value and solves social challenges by effectively making use of the various types of capital it has established since its founding. We will continue to strengthen each type of capital in order to further bolster the foundation of our business.

 Human capital	 Social capital	 Natural capital
Realization of a diverse and meaningful work environment	Strengthening of a sustainable value creation platform	Decarbonization and realization of a recycling-oriented society
<ul style="list-style-type: none"> The contributions of each employee are what enable us to continuously grow and generate value as a company focused on creation and development. 	<ul style="list-style-type: none"> We establish relationships of mutual trust and strengthen the foundation of our business operations by maintaining a dialogue with our stakeholders and conducting related activities. 	<ul style="list-style-type: none"> To minimize the negative impacts of our corporate activities and strengthen the positive, we work to generate shared value in terms of sustainability through efforts that are optimized for everyone's benefit, not just one set of interests.
<ul style="list-style-type: none"> Training and support aimed at developing internal talent (data utilization training and international trainee system) Actively supporting the development of external talent (THK Education Outreach Program, internship program for international engineers, and cooperating with government projects) 	<ul style="list-style-type: none"> Continuing activities aimed at sustained future advancement of Japanese industry, such as our EntSherpa technical support service for start-up companies 	<ul style="list-style-type: none"> Using our proprietary rolling technology in linear motion components to reduce consumption of electricity and lubricant compared to conventional sliding motion
<ul style="list-style-type: none"> Training time: 30.75 hours/person Training costs: ¥21,949/person Employees certified with National Trade Skill Test & Certification (Production departments at THK and Group locations in Japan) <ul style="list-style-type: none"> Male: 51 Female: 13 	<ul style="list-style-type: none"> Interactions with shareholders and investors <ul style="list-style-type: none"> Financial results briefings: 2 Interviews with institutional investors: Approx. 270 SR meetings with major shareholders: As appropriate Supplier visits <ul style="list-style-type: none"> Sustainability-related: 2 Materials-related: 7 Industry-academia-government collaborations 	<ul style="list-style-type: none"> Solar power generated: 10,875 MWh Recycled volume: 18,888 tons Zero emissions result: 0.12%
<ul style="list-style-type: none"> Ratio of women in management: 3.0% (end of March 2025) Initiatives to achieve severity rate of 0.01 or less (2026) Incident rate of 0.50 or less (2026) 	<ul style="list-style-type: none"> Strengthening Group governance structure Initiatives to increase compliance awareness Strengthening risk management (BCP and information security) structures 	<ul style="list-style-type: none"> Initiatives to achieve medium- and long-term targets for carbon neutrality <ul style="list-style-type: none"> 2030 CO₂ emissions: 50% of 2018 levels (Scope: THK Japan and Group companies in Japan) 2050 CO₂ emissions: Net-zero (Scope: Entire THK Group)

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.

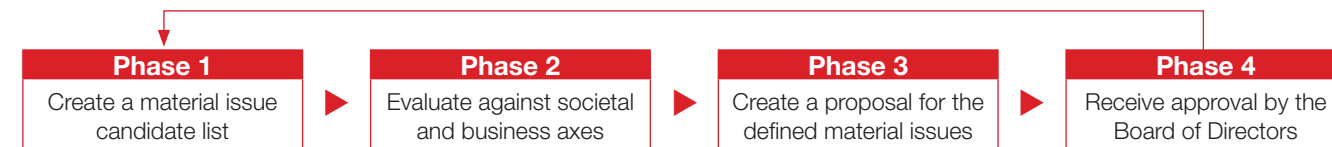
Stakeholders	Customers	Shareholders and investors	Business partners	Employees	Local communities	Government
Major efforts	<ul style="list-style-type: none"> Supply stability Product development responsive to market demands Providing high quality products 	<ul style="list-style-type: none"> Disclosure of financial and non-financial information Explanations of progress toward and plans for accomplishing management targets 	<ul style="list-style-type: none"> Building durable partnerships Establishing relationships of trust 	<ul style="list-style-type: none"> Employee representative system Maintenance of an environment that is easy to work in Support for employee development Workplace patrols to check on health and safety and maintain comfortable office environments 	<ul style="list-style-type: none"> Involvement with local communities Support for recovery efforts after a disaster 	<ul style="list-style-type: none"> Payment of taxes on land occupied by each location Proactive participation in industry-academia-government collaborations Acting in accordance with the laws and regulations of Japan and other countries
Sharing information	<ul style="list-style-type: none"> Technology seminars Exhibitions in and outside of Japan Omni THK 	<ul style="list-style-type: none"> The Integrated Report Investor Relations section of the website General Meeting of Shareholders Financial results briefings Meetings to exchange opinions with institutional investors IR information e-mail delivery service "RIMSNET" 	<ul style="list-style-type: none"> General Meeting of the THK Association Local THK Association branch meetings 	<ul style="list-style-type: none"> THK GROUP NEWS Notice boards and announcements Meetings and morning assemblies, etc. Employee parties and company retreats (not held since 2020 due to the coronavirus) 	<ul style="list-style-type: none"> THK website 	<ul style="list-style-type: none"> THK website Participation in industrial organization seminars Collaborative research
2023 results	<ul style="list-style-type: none"> Trade shows in Japan: 18 Trade shows outside of Japan: 24 Private shows: 57 	<ul style="list-style-type: none"> General Meeting of Shareholders held in March Financial results briefings: 2 Meetings to exchange opinions with institutional investors: Approx. 270 	<ul style="list-style-type: none"> Confirmation of supplier sustainability efforts (2 companies visited) Confirmation of supplier die status (7 companies visited) General Meetings of the THK Association: 1 Local THK Association branch meetings: 13 	<ul style="list-style-type: none"> New manager training: 13 general managers, 46 managers Data utilization training: 280 people in the beginner course, 257 in the intermediate course International trainees: 4 (2 in Germany, 1 in India, 1 in China) 	<ul style="list-style-type: none"> Sponsorship of the Minato City Half Marathon 2023 Exhibition at the Manufacturing Experience Stadium event THK Education Outreach Program 	<ul style="list-style-type: none"> Exhibition for Children's Tour of Kasumigaseki event Participation in NEDO research and development projects
Risks	<ul style="list-style-type: none"> Losing orders to competitors 	<ul style="list-style-type: none"> Reduced corporate value due to insufficient communication with the stock market 	<ul style="list-style-type: none"> Misconduct such as compliance violations Disruption of supply due to natural disasters 	<ul style="list-style-type: none"> Workplace accidents Resignation of young talent Aging society 	<ul style="list-style-type: none"> Infrastructure damage caused by natural disasters 	<ul style="list-style-type: none"> Legal violations
Opportunities	<ul style="list-style-type: none"> Development of new products unique to THK 	<ul style="list-style-type: none"> Increasing corporate value by promoting THK's medium- to long-term growth potential 	<ul style="list-style-type: none"> Supplier diversification inclusive of companies outside of Japan 	<ul style="list-style-type: none"> Creation of an appealing personnel system and employee benefits unique to THK Initiatives to eliminate workplace accidents 	<ul style="list-style-type: none"> Strengthening THK's BCP 	<ul style="list-style-type: none"> Strengthening of internal audits and internal controls

Material Issues and KPIs

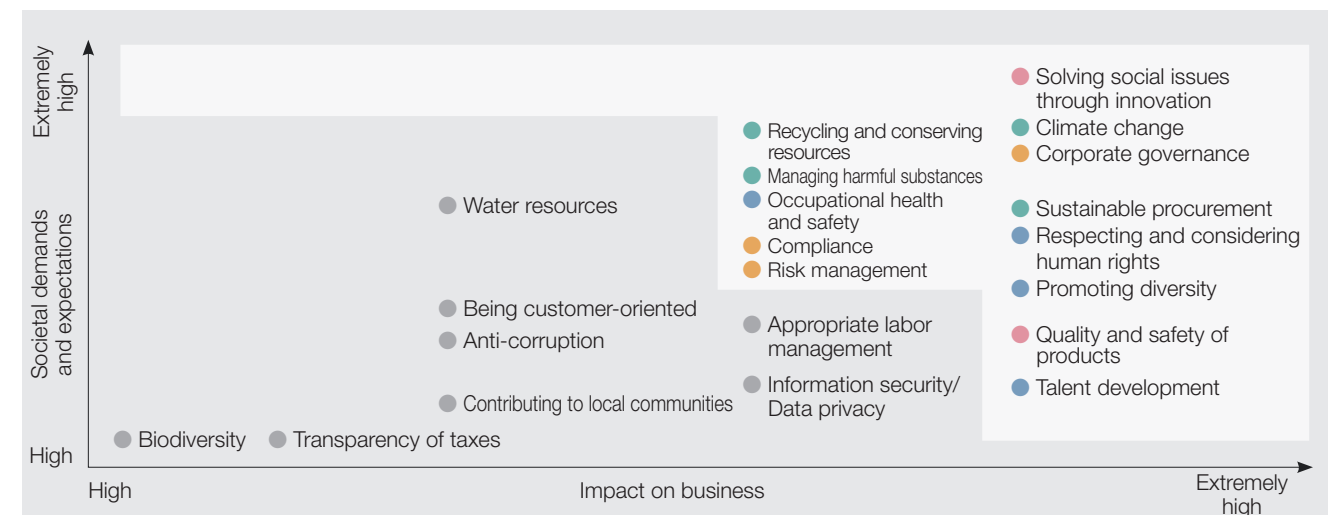
Material Issues (Metrics and Targets)

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

Defining Material Issues



Matrix



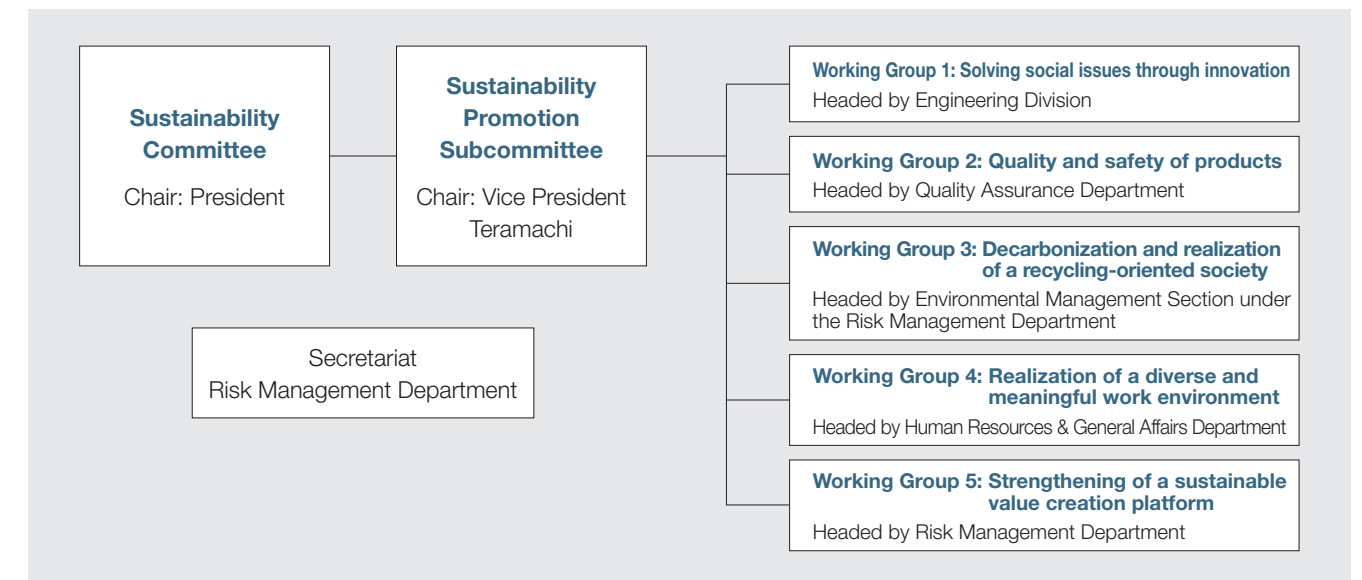
Themes and Topics Related to Material Issues

Topic	Item
● Creating an affluent society and solving social issues through innovation	Solving social issues through innovation Quality and safety of products
● Decarbonization and realization of a recycling-oriented society	Climate change Sustainable procurement Recycling and conserving resources Managing harmful substances
● Realization of a diverse and meaningful work environment	Respecting and considering human rights Promoting diversity Occupational health and safety Talent development
● Strengthening of a sustainable value creation platform	Corporate governance Compliance Risk management

Metrics and Targets

Five working groups were established for the defined themes to pursue concrete initiatives for the material issues. After several rounds of deliberation among these working groups, the official metrics and targets were decided at a Sustainability Committee meeting held in October 2023. The entire THK Group will pursue activities aimed at the achievement of these metrics and targets.

Organization Structure



Metrics and Targets Related to Material Issues

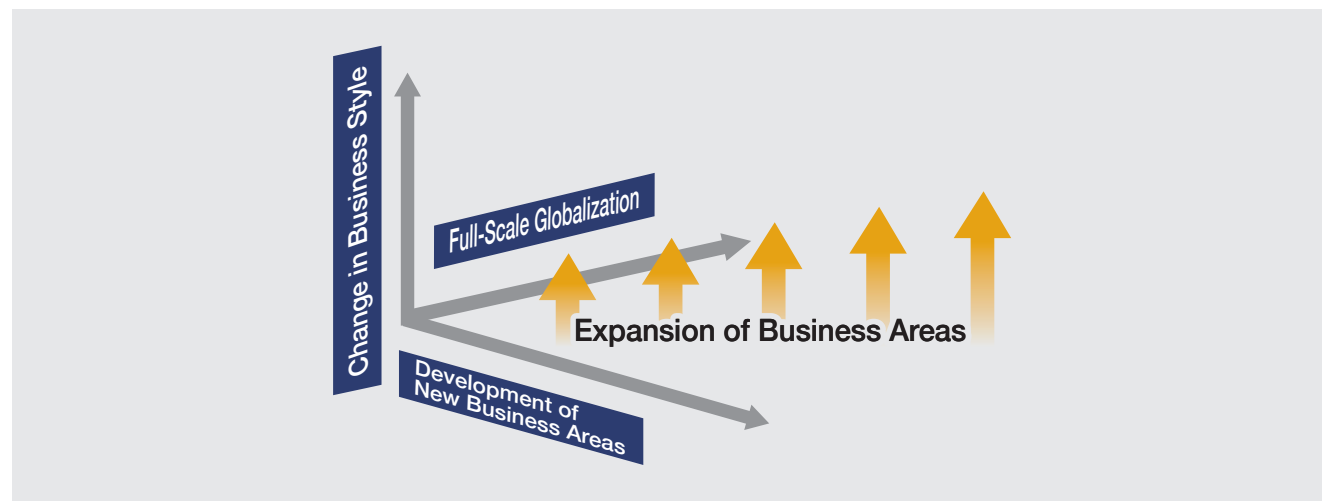
Item	Metric and target	Scope	Target year
Creating an affluent society and solving social issues through innovation			
Solving social issues through innovation	Develop and provide new products and services (including DX and other solutions) for aerospace, automotive, logistics, medical, and other consumer fields	THK Japan, Group companies in Japan, Group companies outside of Japan	2026
Quality and safety of products	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
Decarbonization and realization of a recycling-oriented society			
Climate change	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
Sustainable procurement	Distribute sustainable procurement guidelines to suppliers and conduct interviews and surveys through questionnaires	THK Japan	2026
Recycling and conserving resources	Maintain zero emissions rate ¹	THK Japan, Group companies in Japan (Production Division)	2026
Managing harmful substances	Distribute green procurement guidelines and obtain proof of receipt and certificates of non-use	THK Japan, Group companies in Japan, Group companies outside of Japan	2026
Realization of a diverse and meaningful work environment			
Respecting and considering human rights	Achieve a 100% completion rate for online human rights training	THK Japan	2026
Promoting diversity	Achieve a ratio where women constitute 20% or more of new hires in the sales, administrative, and engineering divisions	THK Japan	2026
Occupational health and safety	Achieve and maintain a severity rate of 0.01 or less and an incident rate of 0.50 or less ²	THK Japan (Production Division)	2026
Talent development	Maintain a 95% completion rate for basic data utilization training	THK Japan	2026
Strengthening of a sustainable value creation platform			
Corporate governance	Continue conducting annual evaluations of the effectiveness of the Board of Directors	THK Japan	2026
Compliance	Strengthen the diversity of internal reporting contacts and investigators	THK Japan	2026
Risk management	Continue conducting annual risk assessments	THK Japan, Group companies in Japan, Group companies outside of Japan	2026

¹ Zero emissions: An emissions rate (volume of waste disposed/total discharged)

² Severity rate: The severity of accidents (number of lost workdays multiplied by 1,000 and divided by the total number of hours worked). Incident rate: The frequency of accidents (number of deaths or injuries multiplied by 1,000,000 and divided by the total number of hours worked).

Growth Strategies to Expand Business Domains

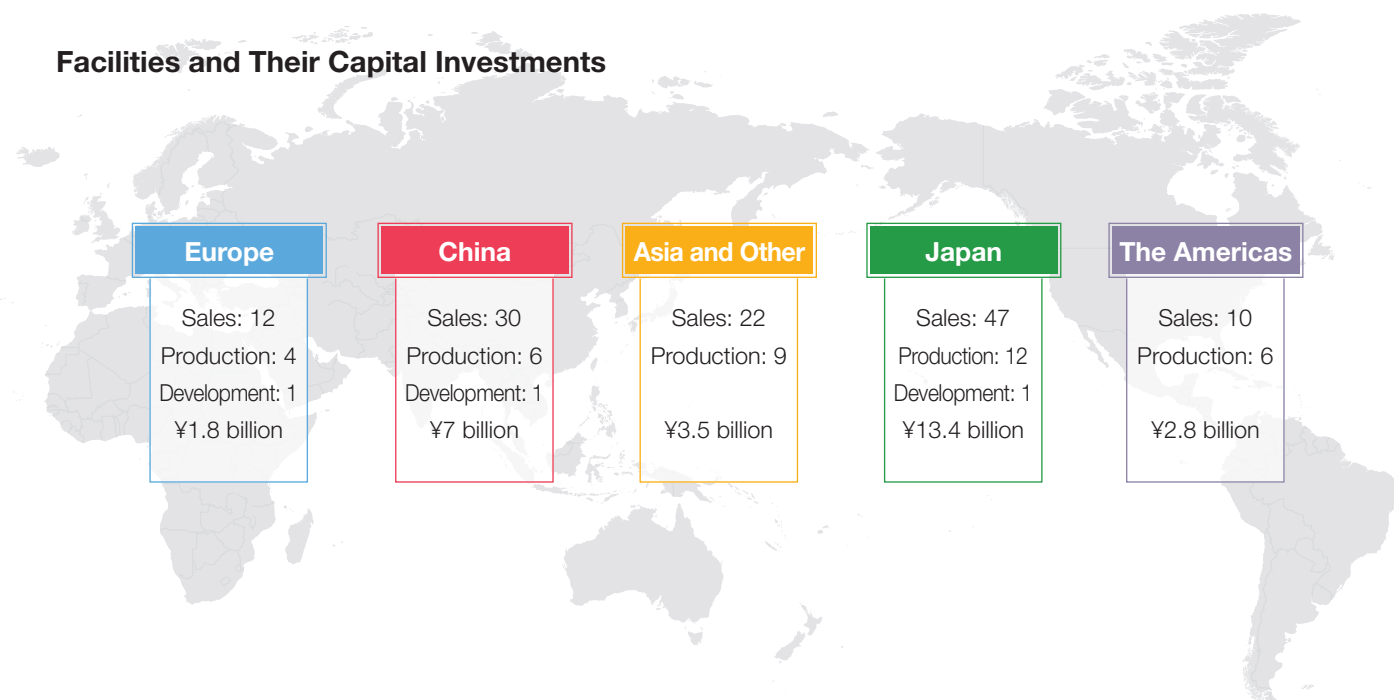
THK is committed to developing its business through three growth strategies: expanding its geographical range through full-scale globalization; broadening the range of its product applications through the development of new business areas; and fully utilizing AI, the IoT, robots, and other technologies through a change in business style.



Full-Scale Globalization

THK has established an integrated sales and production structure with facilities and operations close to centers of demand in order to produce and sell locally: Japan, the Americas, Europe, China, and Asia. We are working to expand our sales network and production structure in light of the medium- to long-term demand increases that have been forecast for China and other emerging markets in recent years. In developed countries, we are also enhancing our sales network in a bid to steadily capture demand amid expansion in our user base. Through these means, we are diligently promoting additional growth.

Facilities and Their Capital Investments



Development of New Business Areas

THK is actively working to develop new business areas in fields related to consumer goods, such as automobiles, medical equipment, aircraft, and robots, as well as fields related to the mitigation of risks from natural disasters and climate change, such as seismic isolation and damping systems and renewable energy. In order to capitalize on the vast potential in these industries, we are honing our abundant expertise and the core linear motion system technology we have cultivated over time to accelerate the pace at which we develop new business areas.



Change in Business Style

As digital technology rapidly develops, THK is also making efforts to further expand its business domains by ensuring the thorough use of new technologies such as AI, the IoT, and robotics in sales, production, and development. In this way, we are working to transform the frameworks and methods by which we do business.

OEE Optimization System



Platform for Communicating with Customers



Increasing Corporate Value

2026 Management Targets and Our Approach for Increasing Corporate Value

$$\text{PBR (price book-value ratio)} = \text{ROE (return on equity)} \times \text{PER (price-earnings ratio)}$$

Further improvement by promoting management that is conscious of capital cost

Management targets (2026)

Consolidated revenue: ¥500 billion Operating income: ¥100 billion EPS: ¥590 ROE: 17%

ROIC improvement in each business division

Industrial machinery business (top-line growth)

Revenue: ¥365 billion / Operating income: ¥92 billion
Assuming an average market growth rate of approx. 7%

- Expanding market share and strengthening global production capabilities
- Promotion of DX (Omni THK and OMNI edge)
- Accelerating new product development

Automotive and transportation business (profitability improvement)

Revenue: ¥135 billion / Operating income: ¥8 billion
Assuming an average market growth rate of approx. 5%

- Continuation and strengthening of recovery plan
- Profit-focused management
- Expansion of products for next-generation vehicles
- Strengthening of aluminum products

Acceleration of initiatives in each business division

Active and appropriate allocation of funds into investments to increase returns (the numerator of ROIC)

Capital investment: Approx. ¥150 billion in the industrial machinery business and approx. ¥20 billion in the automotive and transportation business over a five-year period (2022 to 2026)

Research and development: Develop and expand applications for new products and services

Human investment: Consider raising salaries and expanding the stock compensation system to boost motivation

Payout ratio: Maintain at 30% for the time being

Stock buybacks will be considered in the event of surplus funds if these conditions are met.

In order to increase our corporate value, we believe that it is essential to improve our ROE. Therefore, as part of our 2026 management targets that serve as a milestone toward our ultimate goal, we have set our ROE target at 17% to go along with a consolidated revenue of ¥500 billion and an operating income of ¥100 billion. To achieve these results, it is critical for both our industrial machinery business and automotive and transportation business to increase their ROIC, particularly by bolstering their returns (profit levels), which form the numerator of that equation. For the industrial machinery business, we believe top-line growth will be the greatest driver of increased returns. This will involve continued efforts to steadily capture the enormous growth in demand as we internally corroborate a high market growth

rate. For the automotive and transportation business, in addition to continuing our previous efforts to improve profitability, a major focus will be to increase profits through the introduction of new products. As a means to accelerate these efforts, we will allocate funds to investments in future growth, including capital investments, research and development, and human investments, for which we are considering raising salaries and expanding our stock compensation system to boost motivation. Taking this capital demand into consideration, we consider it appropriate to maintain a payout ratio of 30% for the present time. However, in the event that we experience surplus capital as we proceed with this plan, we will actively consider stock buybacks.

Efforts by Each Business Segment to Achieve Targets

Industrial Machinery Business

In the industrial machinery business, our targets are a revenue of ¥365 billion and an operating income of ¥92 billion. Based on past performance, we estimate that the average annual market growth rate will be about 7%, and we predict the same growth rate through the 2026 fiscal year. The main driving forces for this growth are the increased demand for semiconductors, advancement of automation

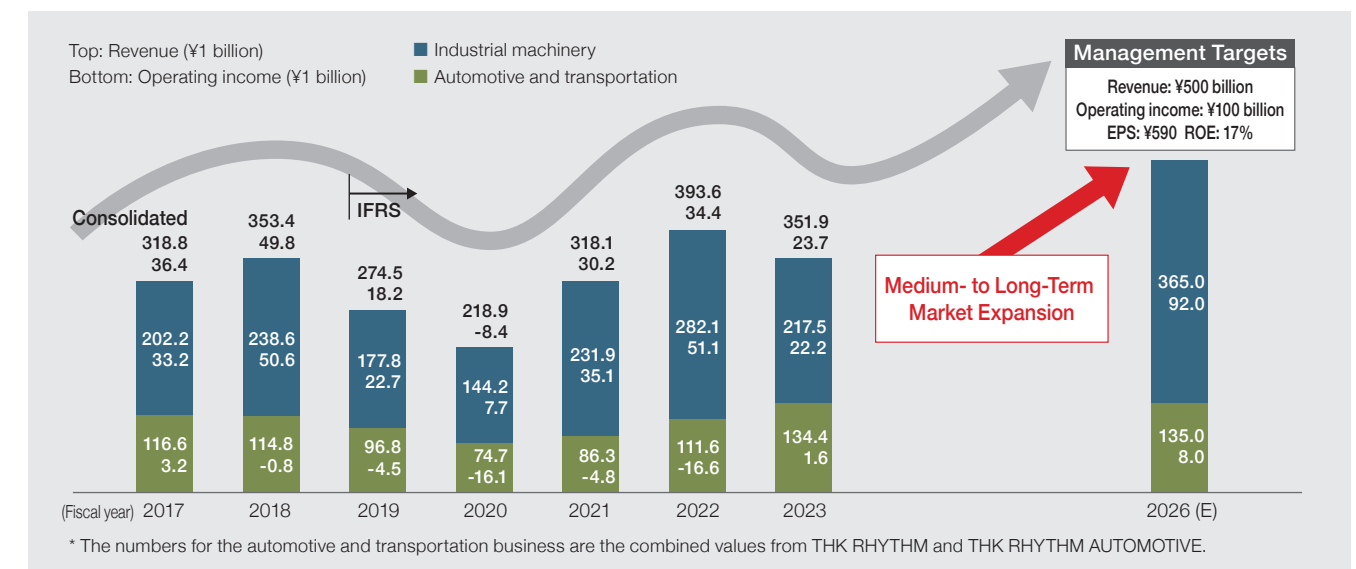
and robotization, and expansion of environmental investments such as electric vehicles, and investment in each of these areas is expected to continue and grow in the medium to long term. Furthermore, we will achieve growth that exceeds this projected growth rate by expanding our market share, promoting DX, and developing and launching new products in new fields.

Automotive and Transportation Business

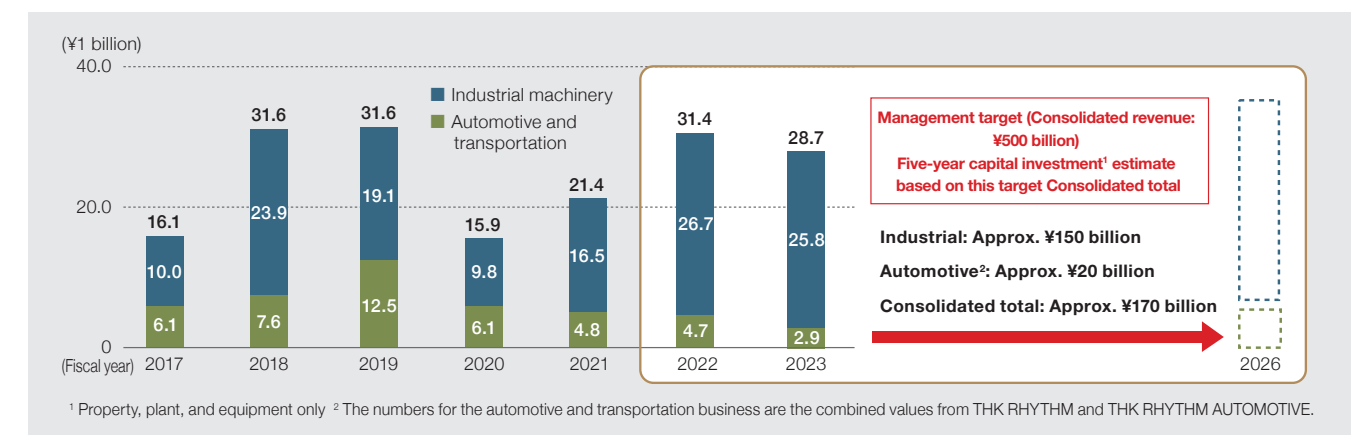
In the automotive and transportation business, our targets are a revenue of ¥135 billion and an operating income of ¥8 billion, assuming an average annual growth rate of about 5% in global automobile production. We have set a growth target that exceeds that of automotive manufacturing, as we will develop and launch new, next-generation automotive products that address the progress of CASE in the automotive industry and expand the supply of these products globally in

addition to increasing the supply of existing products that contribute to smaller and lighter components as the shift toward electric vehicles accelerates. Furthermore, with regard to the urgent issue of improving the profitability of the automotive and transportation business, we will expedite efforts centered on reorganization with the aim of achieving our operating income target.

Results by Business Segment



Capital Investment by Business Segment



Business Strategy

Industrial Machinery Business

Transforming into a Manufacturing and Innovative Services Company Trusted by Customers

Takashi Teramachi, Senior General Manager of Industrial Machinery Headquarters



Our Business

The main products of our industrial machinery business are high-precision positioning linear motion products such as the LM Guide, ball screws, and ball splines in addition to cross-roller rings, which are a rotary component. We also deal in actuators and modular products that combine machine components. These products have been adopted for use in a wide variety of mechanical devices, including semiconductor manufacturing equipment, machine tools, industrial robots, 3D printers, automated warehouses, robotic surgical systems, high-speed railways, aircraft, and both solar and wind power generation equipment. As for our organizational structure, we possess manufacturing facilities in Japan, Europe, the Americas, South Korea, China, Vietnam,

and India to provide a sales support framework that spans the globe. As AI, robotics, and other digital technologies progress and major countries face labor shortages, we anticipate a need for automation and labor savings in many fields that will drive expanded demand for our main products. Furthermore, we have also expanded our OEE (overall equipment effectiveness) optimization system **OMNI edge** and begun selling service robots such as our tape-free AGV, SIGNAS. By adding an FA solution business to our existing machine component business, we aim to establish a structure that allows us to support the manufacturing operations of a variety of customers, from machine makers to machine users.

Reflecting on the 2023 Fiscal Year

With regard to our 2026 management targets, bolstered by the increase in semiconductor-related demand, the advancement of automation and robotization, and the expansion of electric vehicles and other environmental investments, we aim to utilize AI, the IoT, and robot technology alongside the machine component technology we have honed since our founding in order to fortify our position as a company that supports growing fields and to achieve a revenue of ¥365 billion and an operating income of ¥92 billion.

Facing low general demand related to semiconductors and robots in 2023, we were able to achieve revenue in the first half of the year thanks to a high volume of previously received orders. However, as demand failed to recover in the second half of the year, we ended up with a decrease in both revenue and profit, with consolidated revenue standing at ¥217.5 billion (a 22.9% decrease year on year) and operating income at ¥22.2 billion (a 56.6% decrease year on year). In terms of profitability, we were aided by continued improvements in variable and fixed costs in addition to a favorable exchange rate, but the volume effect of our reduced revenue had a negative impact that resulted in a sig-

nificant decrease in profit. In addition to the continued short-term ebb and flow of capital equipment demand, we anticipate that the economic environment will grow increasingly uncertain due to the rise of economic blocs and labor shortages. In response, our industrial machinery business will work toward strengthening QCDS under the slogan of glocalization (combining global and local elements).

First, in terms of R&D, we have released an LM Guide with eight raceways that comes in sizes that conform to global standard dimensions and can accommodate nanometer-level movement accuracy in order to provide the high precision, high rigidity, and compact dimensions required for semiconductors and other fields. Additionally, we offer a miniature LM Guide that helps boost production capacity for semiconductor chips. For the automation of transfer and logistics-related processes, we have also introduced wheel guides and utility slides to the market.

In terms of production, we have steadily expanded our ability to provide products and strengthened our cost competitiveness at all of our factories through automation and in-house sourcing.

As for sales, we have opened our third ASEAN-region sales

office in Vietnam to bolster our ability to take care of customers in this region where demand is expected to rise in the future. We also revised our internal structure to be able to take even more meticulous care of customers who are expanding their design and manufacturing operations worldwide. In this way, we have strengthened the ability of our machine component business to introduce new offerings to growing markets and to tailor our provision of products to demand fluctuations, and we have bolstered our structure to be able to increase our share in overseas markets as well as the Japanese market. Furthermore, we have put effort into developing our IoT services and service robots to expand contact with a diverse range of customers. We released our fourth iteration of **OMNI edge**, the Skill Management AI

Future Business Developments

Since our founding, we have polished our LM Guide technology, which was a development that significantly reduced friction resistance by replacing traditional sliding motion with rolling motion. We will continue to conduct R&D and improve our product performance as a means to help reduce the energy consumption of customer equipment. In addition to reducing the energy used by production processes at our factories, we aim to reduce CO₂ by utilizing renewable energy. In 2023, we installed solar panels at four production facilities: the Yamagata plant, THK NIIGATA, THK Liaoning, and THK RHYTHM Thailand.

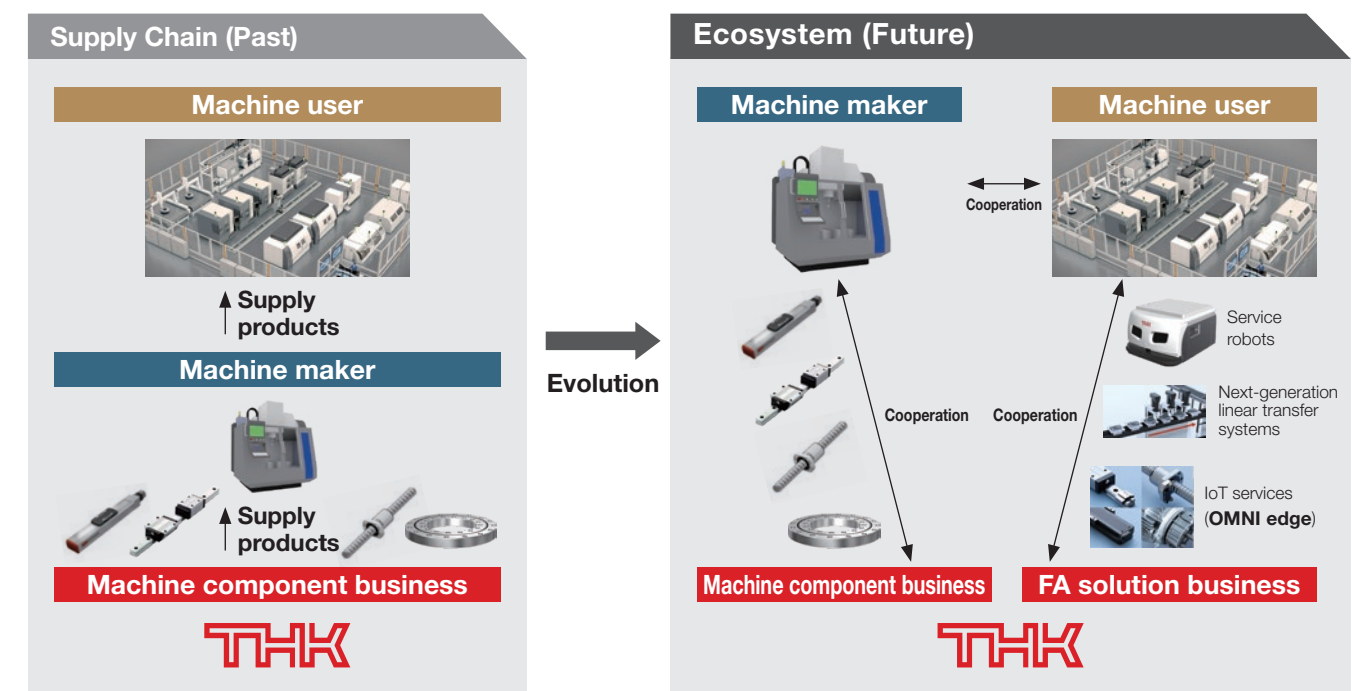
Even as we seek to introduce products in demand by growing markets, improve our ability to supply such products, strengthen our cost competitiveness, and expand profitability within our machine component business, we will also focus on developing applications in new fields such as the space industry. At the same

Solution, which centralizes the management of production employee skill data and dramatically boosts the efficiency of skill management. In addition, we have expanded our lineup with a new SIGNAS product that has a one-ton towing capacity and released a next-generation linear transfer system for material handling automation. For these products, we have placed emphasis on selling to machine users. Increasing the diversity of our customer base and selling to both users and manufacturers allows us to understand market trends better than with our traditional machine component business, and we expect that it will mitigate profit impact caused by economic fluctuations, which will strengthen our business foundation over the long term.

time, for our FA solution division, we will focus on expanding our business while contributing to the DX (digital transformation) and GX (green transformation) efforts of our customers. Furthermore, through the synergy of our machine component and FA solution businesses, we will establish an ecosystem that is unique to THK.

Within the industrial machinery business, all of our staff will work with vigor as we delve deeper into full-scale globalization, the development of new business areas, and a change in business style. We will construct a framework to continuously provide reliable products and services to both machine makers and users around the world, and in doing so, we will transform into a manufacturing and innovative services company. In addition, we will contribute to the creation of an affluent society while valuing people and the global environment.

Evolution of the Industrial Machinery Business



Business Strategy

Automotive and Transportation Business

Strengthening Development of New Products That Meet Social Needs

Nobuyuki Maki, Senior General Manager of Automotive & Transportation Headquarters



Our Business and Strategy

The Automotive & Transportation Headquarters is largely split into the following three business areas.

1. Development, Manufacture, and Sale of L&S (Linkage and Suspension) Parts

We create original designs for suspension links, ball joints, tie rod ends, and stabilizer links, which are important components that support the basic car functions of driving, turning, and stopping. The Group companies THK RHYTHM and TRA (THK RHYTHM AUTOMOTIVE) propose, manufacture, and sell these products to component manufacturers and our primary customers: automotive and truck manufacturers in Japan, North America, Europe, China, and other parts of Asia. In addition, our suspension links, ball joints, and tie rod ends are classified as critical safety parts. See the figure below for the mechanisms our

parts are used in.

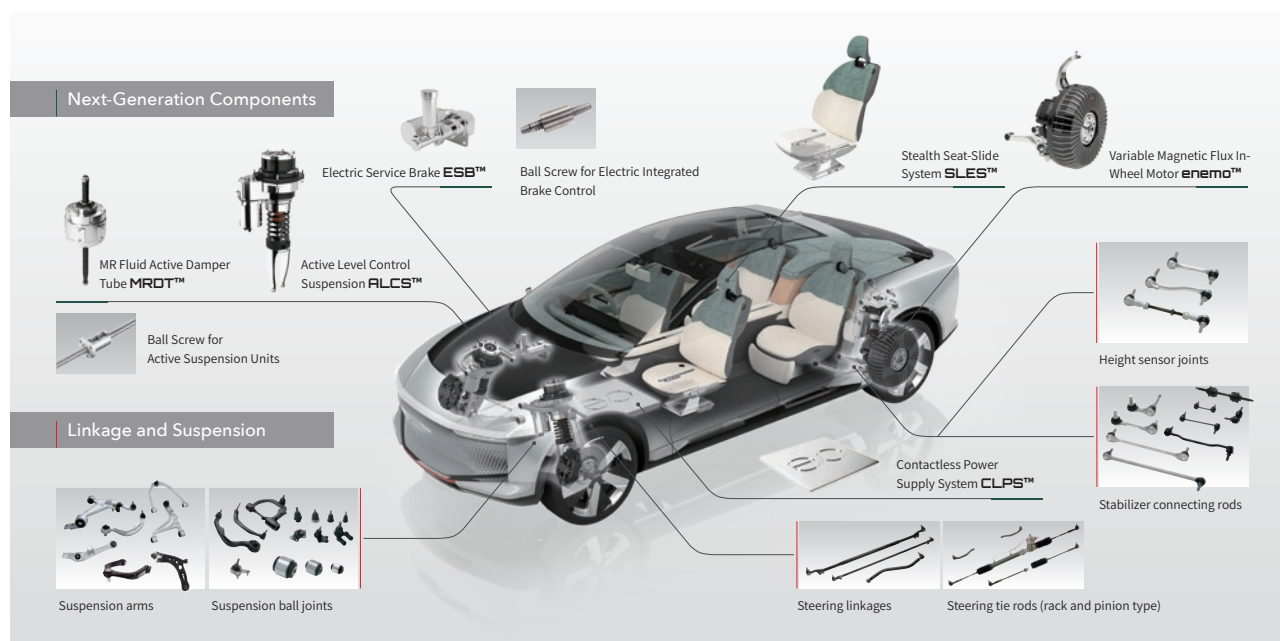
2. AMC (Automotive Mechanical Components)

This business segment develops, manufactures, and sells ball screws for automatic brakes and electric parking brakes, active suspension units, and other parts that are essential to self-driving technology.

3. Electric Actuator Development

We develop modules that are incorporated directly into automobiles to improve the riding experience and safety performance as self-driving cars become more prevalent.

One thing that all our divisions share is our intent to provide a variety of products and refine our technology to meet the requirements demanded by the market.



Accomplishing Our 2026 Fiscal Year Management Targets (Reflection on 2023 and Initiatives for 2024)

In order for the automotive and transportation business to achieve our 2026 management targets, we will take measures such as strengthening our existing products and expanding new, next-generation products to achieve a higher growth rate than that of the automotive market, aiming for a revenue of ¥135 billion and an operating income of ¥8 billion.

Automotive production and sales rebounded in 2023 with the end of the coronavirus pandemic and the easing of component shortages. At the same time, our cost reduction efforts such as

activities to pass on price increases, production restructuring, and staffing reductions, as well as the weakness of the Japanese yen, enabled the automotive and transportation business to turn a profit for the fiscal year, with a revenue of ¥134.4 billion and an operating income of ¥1.6 billion overall. With sales projected to increase as a result of our main customers' plans to increase production in 2024, we are promoting production restructuring and cost reduction initiatives to improve our profitability and spur profit growth.

Future Initiatives: Working to Achieve a Sustainable Society

Cars are currently required to be safe and environmentally friendly modes of transport, and I believe it is our role to propose and provide a stable supply of products that will achieve that aim. With respect to being environmentally friendly, we continue to comply with environmental and fuel efficiency regulations and, as the EV transition continues and lightweight aluminum parts are increasingly utilized in North America by both regional manufacturers and Japanese ones transitioning to local procurement, we are promoting the development of linkage and suspension parts tailored for use in electric vehicles. As for safety, we believe that greater safety can be ensured by providing electric actuators and other products with high added value that adopt THK's core technology. The new ball screws that we began developing, manufacturing, and selling for automotive applications have become essential products for CASE*-related self-driving technology, where they have been adopted for use in automatic and integrated brakes. We have also now begun shipping these products for use in next-generation suspension mechanisms. Going forward, we intend to expand sales in new sectors with ball screws and other products for eAxles and new braking systems.

Our working EV prototype, the LSR-05, made its world debut at the 2023 Japan Mobility Show. Equipped with cutting-edge



LSR-05

adaptations of THK's linear motion technology, it embodies what we envision automotive technology to be in the future as CASE continues to progress in the automotive industry.

We will look ahead five to ten years in the future and anticipate needs customers might not be aware of yet, utilize the expertise and technology THK has accumulated since its founding as a company focused on creation and development, and develop new products that meet future societal needs for self-driving technology and reducing automobile accidents involving aging drivers. In doing so, we aim to achieve the creation of a sustainable society.

* CASE stands for Connected, Autonomous, Shared & Services, and Electric.

Progress of Automotive and Transportation Business Restructuring

2023: Business restructuring and achieving profitability

Existing products	Maintaining/strengthening the recovery plan Restructuring production and the organization	Approx. ¥2 billion cost reduction
	Profit-focused management (not fearing cutbacks) Consideration of eliminating unprofitable products and downsizing/closing factories	<ul style="list-style-type: none"> • ¥60 million saved by eliminating unprofitable products • Continuing to negotiate passing on additional price increases
	Manufacturing industrial machinery products Production at THK RHYTHM	Approx. ¥2.1 billion produced * Included in automotive and transportation business results and plans

Expand to next-generation products

Accelerate development and expand new orders

2024 onward: Expanding profits

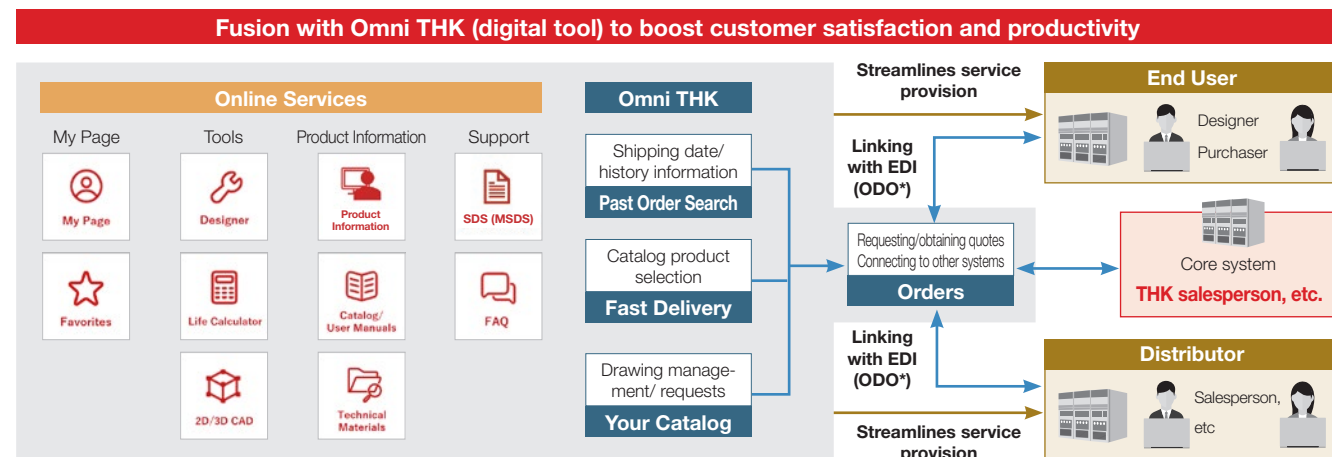
Existing products: Improving profitability Strengthening aluminum products Industrial machinery products: 2024: Produce approx. ¥3.3 billion Consider expansion to other factories	New, next-generation products Accelerate development and expand new orders New products New technology (announced in 2023)
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DX Promotion and Planning

Omni THK

We are continuously developing and promoting Omni THK as a core tool that enables employees to devote more time to work with high added value by deepening our relationships with customers (restructuring the user experience) and utilizing automation to reduce the amount of time spent on routine tasks.

We are merging member profiles previously spread across multiple services, developing applications that improve customer convenience and help digitalize customer movement, and promoting the fusion of in-person and digital methods.



* ODO: Omni THK Direct Order System

OMNI edge

Realizing early on that the IoT was an effective technology for solving social challenges such as labor shortages and the need to boost productivity in the manufacturing industry, THK has been developing solutions to advance the adoption of the IoT worldwide. **OMNI edge** can be retrofit onto equipment in use for quick IoT integration. Since its launch in 2020, we have developed four versions of this service and a connected tool. In order to actively promote new business in concurrence with the first release phase, we established our new IOT Innovation Division to replace our previous framework of conducting interdepartmental projects.

Developments in OMNI edge

	Service name	Launch date
Phase 1	Predictive failure detection AI solution for linear motion components	January 2020
Phase 2	Predictive failure detection AI solution for rotary components	February 2022
Phase 3	Tool Monitoring AI Solution	November 2022
Phase 4	Skill Management AI Solution	December 2023
	Centralized Maintenance Management Tool	December 2023

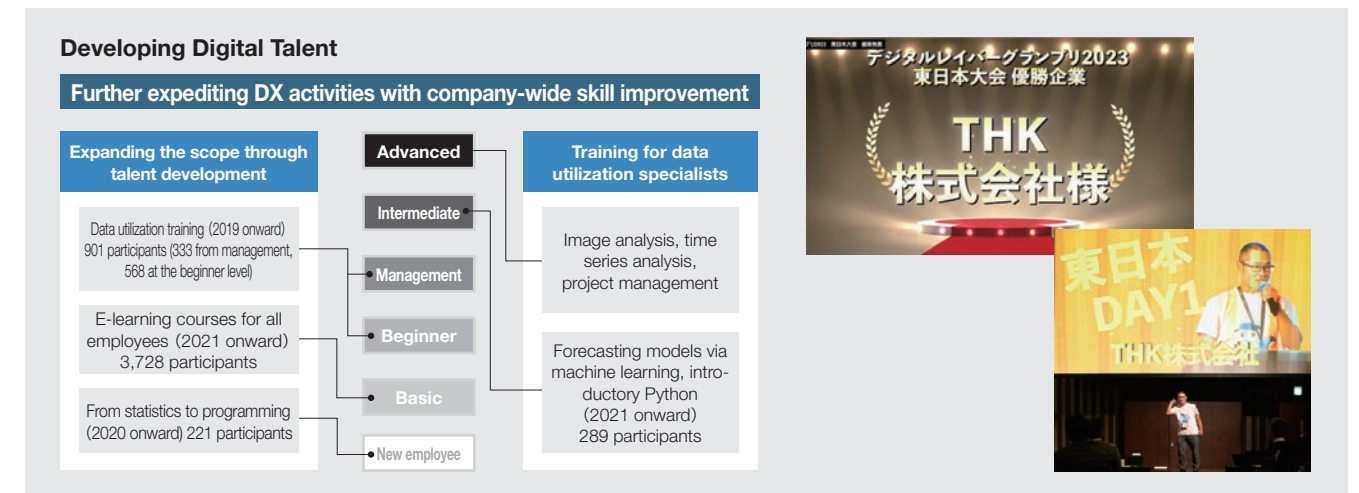
We will continue to introduce solutions—not only for our own peripheral equipment, but for the greater market as well—that will minimize and reduce various types of efficiency loss on the production floor and improve overall equipment effectiveness (OEE).



Developing Digital Talent and DX Tools

THK is also putting effort into the development of the “DX talent” that constitutes the driving force behind our DX activities. At the same time, we are promoting digital tools and performing data

maintenance so that the production floor can utilize that data more independently. Our robotic process automation (RPA) has even won awards from outside competitions.

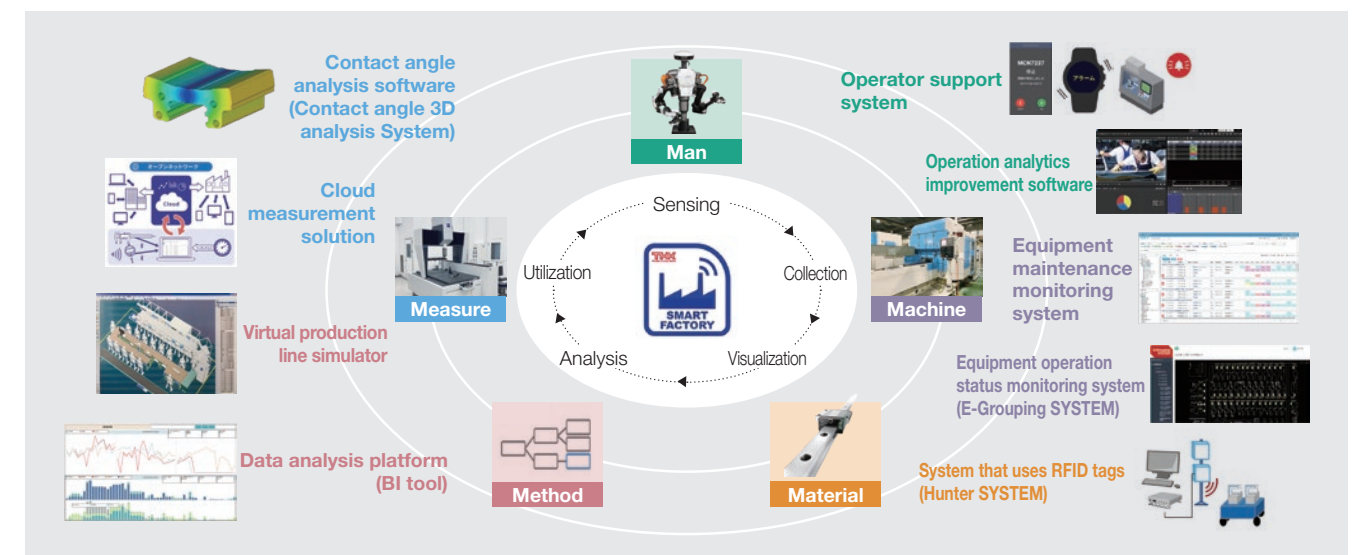


Production Division

The Production Division embarked on its Smart Factory project in 2023, and it has developed a variety of digital solutions since then. Through this initiative, they continue to promote innovations

to the 5M production process and ongoing quality and productivity improvements.

Current Solution Structure to Achieve a Smart Factory



Main Digital Solutions

Man	Employee support system (Smart Follow)	<ul style="list-style-type: none"> Connects equipment operating status to a wearable device. Immediately notifies administrators and operators of incidents. Achieves 24-hour normal equipment status and stable operation 365 days a year through analysis of short and extended stops and countermeasure improvement.
Machine	Production equipment operation status monitoring system (E-Grouping SYSTEM)	<ul style="list-style-type: none"> Monitors real time operation data for production equipment and robots. Features dashboards and performs KPI analysis.
Method	Equipment and device maintenance management systems (Tenken System and Help Link)	<ul style="list-style-type: none"> Register and store equipment and device inspection and maintenance requests using a smartphone. Sends fault warning notifications.
Method	Development of operation analytics and work optimization software	<ul style="list-style-type: none"> Uses video to enable analysis, improvement, and digital standardization of operations. Handles transmission of expertise and succession problems.
Method	Utilization of a 3D digital production line simulation	<ul style="list-style-type: none"> Semi-automatically generates factory layouts and the flow of products and materials. Enables advanced forecasting for process line planning.
Material	Strengthening of THK's core system and product lot allocation management	<ul style="list-style-type: none"> Transition from a paper system of product information management to traceability management using THK's core system.
Material	RFID solution (Hunter SYSTEM)	<ul style="list-style-type: none"> Connects RFID tags and product information and visualizes them within the system. Improves operations and reviews the flow of material.
Measure	Cloud IOT measurement solution (Smart Measure system)	<ul style="list-style-type: none"> Collects and stores digital inspection data from manual and automatic measurements taken on the production floor. Strengthens real time data monitoring, fault monitoring, analysis, and utilization and traceability management.

Outside Director Interview

Evolving Governance and Increasing THK's Global Presence through Dialogue and Swift Action

Yoshiki Ueda,
Outside Director

Tomitoshi Omura,
Outside Director

As part of our five-year plan that ends in 2026, THK is aiming to achieve growth that exceeds the average market growth rate. Even as we strengthen our corporate governance code to establish a firm base for bolstering corporate value, our team of internal and external directors and audit and supervisory committee members is collaborating to improve the effectiveness of our Board of Directors for the sake of responding soundly to the various demands of our external stakeholders.

In this interview, two of our outside directors, Tomitoshi Omura and Yoshiki Ueda, discuss the highlights of our efforts to strengthen governance and our future challenges.

Ever since you were appointed as outside directors, what has been your impression of the effectiveness of the Board of Directors?

Ueda: Since I was appointed in 2016, the Board of Directors has steadily become more effective. This is because THK has a firmly established corporate culture of open communication, where even the Board of Directors constructively deliberates on the

various proposals we present them with, and they handle affairs with earnestness. As a small sample of the proposals we've brought up, we have told them that we want them to start holding the Board of Executive Officers and Board of Directors

meetings on separate days to allow for more relaxed deliberation, and that they should have deeper conversations with a focus on the medium to long term by holding quarterly reporting sessions for both the industrial machinery and automotive and transportation divisions. When it came to these proposals, then-President (now Chairman) Teramachi and the entire Board of Directors immediately implemented them. Furthermore, they put consideration into making sure members understand the current situation, including sending out materials prior to Board of Directors meetings so everyone has sufficient time to read through them. As an outside director, it's also very reassuring that the executives are strongly aware of the corporate governance code.

Omura: I agree. Similar to Mr. Ueda, I was appointed in 2016, and the Board of Directors at that time was still just an extension of a decision model mindset. However, in accordance with the establishment of the Audit and Supervisory Committee that year, they took positive steps toward strengthening oversight. As one example specifically regarding the evaluation of effectiveness, we proposed that it would be better to have outside experts involved in

the discussion rather than just having the directors analyze and evaluate themselves, and that suggestion was implemented starting from the next year's Board of Directors meeting. I feel that this demonstrates how the Board of Directors executes a highly effective PDCA cycle. The acuity of deliberation has also increased as both divisions report on the progress and future course of their medium-term management plan. Additionally, I feel it is crucial to be familiar with the atmosphere in the workplace, so along with other outside directors, I visited several locations in 2023, including the Yamagata, Yamaguchi, Gifu, and THK RHYTHM Hamamatsu plants. In the end, I spoke with 31 branch heads and managers, observing the changes that have occurred over time while exchanging information with management, which brought a number of useful things to my attention. I also work closely with departments that perform critical corporate functions such as the finance, accounting, and internal audit teams, and we occasionally have very in-depth conversations about corporate accounting. I think that this kind of dialogue involving the entire company lays the groundwork for the Board of Directors to evolve.

What is necessary to make the Board of Directors even more effective?

Ueda: The challenge moving forward will be revising the criteria for discussing matters in Board of Directors meetings. The current criteria were established before the 2015 corporate governance code came into place, so I can't deny there are aspects that don't align with a monitoring model. I think the discussion criteria need to be updated to consider the requirements of the corporate governance code, and there needs to be more in-depth deliberation regarding the medium- to long-term management strategy and policy.

Omura: Precisely. In preparation for 2026, the final year of the medium-term management plan, THK requires the alignment of not only the perspectives of its executives, but those of a variety of stakeholders, including external ones. Fortunately, as outside directors, we are also given frequent opportunities to offer input from numerous stakeholders, so we

definitely want to revise our discussions about where our focus should realistically be placed according to that input.

Ueda: Our new President Teramachi, who assumed his new position in January 2024, also pays close attention to the matters we bring up for consideration. The fact that THK possessed the necessary climate and framework to quickly transition its operations and Board of Directors meetings to a virtual format for the coronavirus pandemic starting in 2020 is due to the new President (then-Director) Teramachi having always spearheaded and pushed forward with DX. I think that the agility with which the top executives respond to societal trends has caused the effectiveness of THK's governance to steadily increase. We want to do our part in helping THK become an even more robust company.

From your perspective as outside directors, how do you view THK's risks and opportunities as well as the current initiatives and challenges in relation to both?

Ueda: The Risk Management Committee deliberates regularly based on highly accurate risk maps, and the contents are reviewed annually by the Board of Directors. One of our current challenges is the profitability of our automotive and transportation business, but we have already taken a number of countermeasures, and the groundwork is being laid to turn risk into opportunity.

Omura: Our risks and opportunities have been published and detailed extensively by theme in our Annual Securities Report and Integrated Report. However, another method we could use would be to examine risks and opportunities at each stage of the value chain: development, design, procurement, purchasing, production, distribution, and sales. I think THK's greatest strengths are its customer focus and innovation, but what risks and challenges would arise if those were put into practice at each stage of the value chain? In particular, THK values its integrated sales and production structure, but it has both pros and cons in terms of geopolitical risks. I think that reexamining the external environment from that kind of perspective will make new challenges more evident.

Ueda: Improving the accuracy of our risk analysis is certainly an area of future growth. Even as our business shifts from "global" to "glocal," many of the top people in each region are Japanese. We need to shift into a higher gear and create a framework to maximize our utilization of local networks. Companies with locations around the world will often see discrepancies in the earning capacity and talent performance of each region, but that can be an impediment to rapid business development. Fortunately, THK is a company with high levels of loyalty on a global scale, so I believe that once a policy is announced, change will happen. I'd like to capitalize on my past experience at a general trading company to assist with creating a structure to maximize our global management resources.

Omura: I agree with Mr. Ueda's suggestion of picking up the pace. To increase corporate value, it's crucial to have a precise and agile response to risks in times of high uncertainty. It's become more of an established practice recently for THK to analyze risk and opportunity from an ESG perspective, and such deliberations frequently take place even during Board of Directors meetings.

Ueda: Management considers environmental risk to be a priority, and they're focusing on the opportunities presented by lines of business that meet the needs for motorization and decarbonization. As one example, THK displayed its original electric vehicle prototype, the LSR-05, at the 2023 Japan Mobility Show. I was deeply impressed by THK's good sense to get ahead of the curve and present a real-life prototype filled with top-class innovation to Japanese and overseas automotive manufacturers.

Omura: I was also surprised by the display of the LSR-05. In witnessing our non-automobile company create a working car and seeing the powerful PR that emphasized the superiority of the automotive components, I was moved by THK's extraordinary desire for innovation.



What challenges need to be overcome to achieve the management targets and improve corporate value? Additionally, what expectations do you have of employees in relation to these goals?

Ueda: Right now, messages and policies from the executives are broken down and conveyed to employees in the workplace, so a positive top-down flow of information is in place. However, looking ahead toward future growth, THK needs a system that will develop the next generation of management from an early stage. If there were a system to increase opportunities for young employees to see an overhead view of the business and bring the people who are second in command into the forefront, I think the upward pressure on management from below would also be a reinvigorating force. In this day and age, we are able to make data-driven decisions that aren't necessarily based on any rule of thumb. With that being the case, I hope to see people valuing critical thinking, keeping their ears to the ground, and maintaining a vigorous dialogue in which they can share their opinions with those higher up.

Omura: The ¥500 billion revenue target is achievable if the external environment improves, but I think it won't be an easy matter to increase the operating income or operating income margin. To make those improvements, you have to either increase your sales prices or reduce your costs. The first option is difficult to carry out in the manufacturing industry, and it comes down to how much you're able to utilize revolutions in technology like generative AI. However, the second option of reducing costs is something you can see in the numbers if you implement automation and labor savings, and you can also count on innovation in the realm of materials. I would like for THK to have a bold vision when moving forward rather than aiming for a reduction of a few percentage points. When I was taking another glance through THK's 50th anniversary book the other day, my eye caught on the mention of a past instance when costs were reduced by 50%. THK has generated new trends ever since its founding, and I hope that every single employee



who has inherited that legacy will demonstrate an innovative spirit as they work to achieve their targets.

Ueda: The two strengths that Mr. Omura mentioned earlier, customer focus and innovation, are leading to what THK has striven for: the construction of ecosystems for the betterment of manufacturing. In order to further capitalize on one of those ecosystems, **OMNI edge**, and other such business platforms in the future, it will be critical to increase their global recognition. To borrow the CEO's words, our immediate challenge is to work "at the speed of light" to make these platforms the de facto standard. I continue to value close communication and hope to be involved in deliberations from the conceptual stage to help THK seize opportunities while keeping an eye on their timing and M&A for the sake of acquiring market share and to make use of the expertise of outside directors, even when making such decisions quickly.

Principal Risks and THK's Response

Risk Management

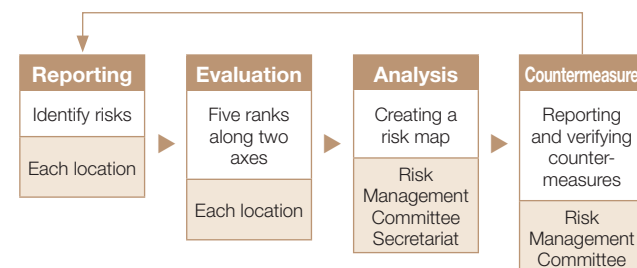
Based on our customer-focused approach where we think, act, and verify results from the customer's perspective, THK has established an integrated sales and production structure with facilities and operations close to centers of demand. As of December 31, 2023, our business has expanded to include 121 sales offices (47 in Japan, 74 outside of Japan) and 37 production facilities (12 in Japan, 25 outside of Japan).

In order to fulfill our mission and responsibility to supply products as an essential business no matter the situation, we have established a risk management structure that controls all kinds of business risks, from natural disasters to terrorism, for each entity within the Group, whether in or outside of Japan, in accordance with our risk management regulations.

Risk Management System

In order to gain an accurate understanding of every kind of risk related to the business activities of the THK Group and to facilitate more appropriate risk-taking by executive staff, THK established a Risk Management Committee headed by the President and created a Group-wide risk management structure based on rules related to risk management. The committee establishes and formulates countermeasures to selected risks related to the THK Group's business activities and verifies whether the risk management structure is functioning in an effective manner. Furthermore, we consider risk to be an uncertainty that affects the revenue of the organization, which may be negative or positive in nature. We believe that hedging risks as appropriate to deal with the negative while actively taking positive risks will lead to sustained future growth.

Risk Assessment Process



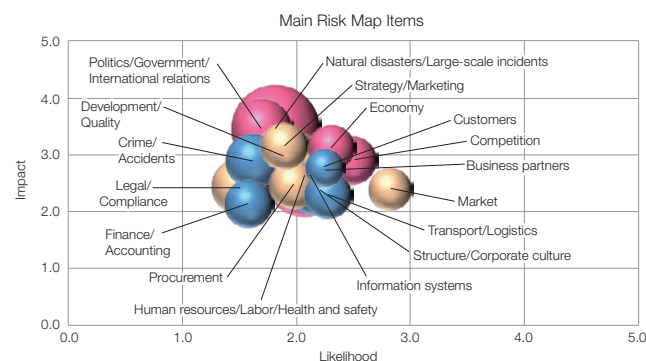
Defining and Responding to Risks

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

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

Through the above process, we evaluated numerous possible risks to our business continuity and identified 11 items with high severity. For these potential risks, we are constructing internal frameworks to strengthen the positive impact and expand our business (opportunities) in addition to minimizing the negative impact and taking mitigating measures (countermeasures).

Risk Map



Risk Factors

	Item	Risk	THK's Response
Governance	Compliance	<ul style="list-style-type: none">• Application of laws and regulations in each country where THK is active• Loss of trust in THK due to a legal violation	<ul style="list-style-type: none">• Established the Compliance Committee• Prepared the THK Group Action Charter in 12 languages and distributed it to all employees• Established the THK Group Helpline with three internal and external reporting lines (Risk Management Department, Audit and Supervisory Committee, and legal counsel)• Established system for locations in each region to share information about legal and regulatory trends
	Information security	<ul style="list-style-type: none">• Skilled, sophisticated cyberattack• Destruction or modification of data due to illegal access• Information leak due to system malfunction	<ul style="list-style-type: none">• Established Information Security Committee• Responded to Japanese and international regulations regarding the protection of personal information• Performed targeted e-mail attack drills
	Major disasters (including infectious diseases)	<ul style="list-style-type: none">• Negative impact on sales due to production stoppages• Disruption in component provision due to suppliers or distribution networks suffering from a disaster	<ul style="list-style-type: none">• Implemented a crisis management service to understand the scope of the impact from a disaster• Established an alternate production structure that includes global production facilities• Transferred headquarters functions when affected by a disaster• Developed robots that can enter collapsed buildings and those that provide contactless service to prevent the spread of disease
Society	Competitors	<ul style="list-style-type: none">• Price competition with similar products• Recruitment of THK employees by other companies	<ul style="list-style-type: none">• Proposing electric and labor-saving products• Using Omni THK to understand market needs• Developing products and services such as OMNI edge that meet market requirements• Developing new products and cultivating new markets• Strengthening global collaboration
	Global business development	<ul style="list-style-type: none">• Current events in locations where THK or its suppliers do business, including political and economic trends, terrorism, and international conflicts	<ul style="list-style-type: none">• Established BCP measures to minimize harm• Using a risk management service to quickly obtain local information
	Raw material and component procurement	<ul style="list-style-type: none">• Insufficient production capabilities, quality defects, or compliance violations on the part of suppliers• Lockdowns in the countries where THK does business• Supply chain disruptions due to a major disaster• Sharp hikes in the prices of raw materials	<ul style="list-style-type: none">• Distributed the THK Green Procurement Guidelines• Supplier audits• Developing new technology through quarterly THK Association idea exchanges and VA proposals• Expanding our global procurement network• Promoting recycling and reusing
	Currency exchanges	<ul style="list-style-type: none">• Drastic fluctuations in exchange rates• Estimated value of financial statements from subsidiaries outside of Japan	<ul style="list-style-type: none">• Foreign exchange contracts• Expanding local procurement
	Interest rates	<ul style="list-style-type: none">• Increased interest rates• Estimated value of assets	<ul style="list-style-type: none">• Derivative transactions such as interest rate swaps
	Talent	<ul style="list-style-type: none">• Intense competition to secure excellent talent• Worsened labor/management relations	<ul style="list-style-type: none">• Creating a work environment that welcomes diverse talent• Training program that utilizes e-learning• Creating an environment where women can thrive• Talent development program• Various benefit programs
	Quality	<ul style="list-style-type: none">• Major quality incidents• Worsened supplier quality	<ul style="list-style-type: none">• Conducting supplier quality audits• Obtained ISO 9001, JIS Q 9100, and IATF 16949 certification
Environment	Environment	<ul style="list-style-type: none">• Stricter environmental regulations• Major environmental incidents	<ul style="list-style-type: none">• Distributed the THK Green Procurement Guidelines• Obtained ISO 14001 certification• Complying with RoHS Directive, REACH Regulation, and PRTR Law• Developing products related to renewable energy• Developing products to achieve carbon neutrality

Governance

Basic Policy

Intending to maximize our corporate value, we strive to maintain solid corporate governance in order to make medium- to long-term im-

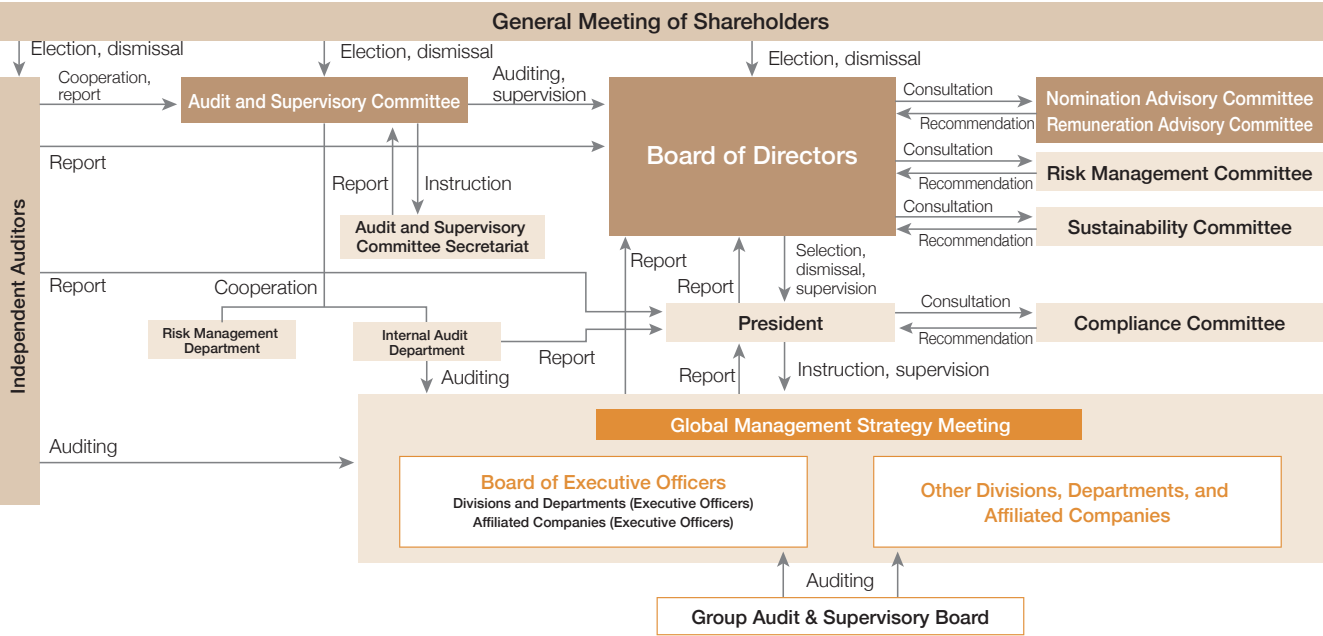
Structure

For our institutional design, in conjunction with our establishment of an Audit and Supervisory Committee, we also instituted a non-mandatory Nominee Advisory Committee and a Remuneration Advisory Committee, with half of the members of both committees being outside directors to ensure further transparency and fairness in management personnel and

provements to our corporate value by sustaining growth through appropriate cooperation with all our shareholders and other stakeholders.

remuneration. We have also introduced an executive officer system. In doing so, 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.

Governance Structure



Board of Directors

THK's Board of Directors comprises a total of nine 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. There are also five outside directors whose independence meets the evaluation criteria stipulated by the Tokyo Stock Exchange and THK. With over a third of the directors being outside directors who possess specialized professional knowledge and qualifications related to corporate accounting or general management, this structure has further enhanced management neutrality, legality, and validity while improving the board's management oversight function.

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 Audit and Supervisory Committee 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 non-mandatory Nomination Advisory Committee and Remuneration Advisory Committee are each composed of four directors, two of which are outside directors. This composition is in accordance with the rules for both committees, which stipulate that outside directors must make up half or more of the members. 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 on the subject matter 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. As a means to share information throughout the Group and improve corporate governance through collaboration among the directors, executive officers, and other members of the management team, we have implemented our Board of Executive Officers, which is attended by directors and executive officers, and established the Global Management Strategy Meeting, which is attended by members of the Board of Executive Officers in addition to those in charge of each division, department, and affiliate company. To clarify the roles and responsibilities of executive officers relating to the management of corporate affairs, an executive officer's term in office is deemed to be one year.

Evaluating the Effectiveness of the Board of Directors

We conduct an annual survey on the capabilities of the Board of Directors in order to ensure its effectiveness and improve its performance. An external lawyer and the Secretariat of the Board of Directors collect and analyze the results of the survey, and the five outside directors discuss the analysis from an objective perspective and clarify the main points. After further deliberations on these results by the Board of Directors, the effectiveness of the Board of Directors is then evaluated.

The 2023 survey concluded that the Board of Directors demonstrates overall effectiveness. In an effort to enhance this effectiveness and secure more time for discussion, it was decided in 2023 that the Board of Directors would no longer hold its meetings on the same day as the Board of Executive Officers. In principle, the Board of Directors now meets on days when other meetings are not being held. Furthermore, the Board of Directors has attained a deeper level of discussion around measures for achieving THK's 2026 management targets by convening four times a year for focused deliberation. To promote even livelier discussion among its members, the Board of Directors has been challenged to reevaluate the items it deliberates upon. We will continue to pursue further improvements to secure the effectiveness and bolster the performance of the Board of Directors.

Executive Compensation Basic Policy

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

Base Salaries

Base salaries are determined based on the results of the previous fiscal year, with the combined sum of director salaries not to exceed ¥1.2 billion. Directors are evaluated based on their individual duties and both their current and expected contributions, and their base salaries are accordingly determined and allotted from the aforementioned collective sum. The annual base salaries of outside directors must remain under ¥120 million, and the amount is determined based on compensation standards for companies of a similar size, industry, and type of business.

Performance-Based Incentives

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

their compensation is determined within that limit in consideration of their duties and degree of contribution. Performance-based incentives are not provided to outside directors.

Restricted Stocks

As an incentive to continuously improve THK’s corporate value, restricted stocks are provided to directors (excluding directors who are Audit and Supervisory Committee members and outside directors). In order to align the interests of directors with those of shareholders, these stocks may not be transferred except under specific circumstances, and when such conditions are met, they will be allocated as common stocks, which are subject to restrictions such as being allotted without contribution. Furthermore, based on a resolution by THK’s Board of Directors, the annual sum when combined with the base salary shall not exceed ¥1.2 billion (no more than ¥120 million of which may go to outside directors), and no more than 270,000 common shares may be allocated to directors (excluding directors who are Audit and Supervisory Committee members and outside directors).

Compensation Structure Policy

Based on a clear outline of business results and role-specific performance and responsibilities, base salaries are reevaluated on an annual basis and factor in company performance. Taking this amount into consideration, the ratio between base salary and performance-based incentives is then determined based on the performance during the current fiscal year, performance during the past four years, and contributions to overall management. This compensation structure is decided by discussing the draft proposal with the Remuneration Advisory Committee and considering their recommendations.

The number of restricted stocks is calculated at around 5% of the sum of the applicable directors’ base salaries at the beginning. As time goes on, this ratio is adjusted from the initial level to an appropriate amount based on changes in the management environment as an incentive for directors to contribute to the continued improvement of THK’s corporate value, share the risks and rewards of stock price fluctuations with shareholders, and possess a greater desire to help raise the stock price and improve corporate value.

Participation in Board of Director and Committee Meetings

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

* Attended 13 of 13 meetings held after joining the Board of Directors

Internal Audits and Internal Controls

Internal Audits

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

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

During internal audits, the business activities of each department and Group company are audited. These audits are generally performed on-site every year, and the results are summarized in an internal audit report and distributed to both management

and the departments under audit. In 2023, these audits were instead conducted through a combination of virtual and in-person visits at 74 offices and departments.

During evaluations of internal controls, internal controls related to financial reporting are evaluated based on the Financial Instruments and Exchange Act. With the release of internal control reports, management evaluates the effectiveness of internal controls and undergoes an audit by accounting auditors on an annual basis. In 2023, the overall internal controls were evaluated at 22 locations, and the internal controls related to business processes were evaluated at 12 locations.

Internal Controls

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

1. Controls to ensure that the execution of duties among THK Group directors and employees conform to laws and the articles of incorporation
2. Matters concerning the storage and management of information related to the execution of director duties
3. Regulations and other controls concerning the risk of loss for the THK Group
4. Controls to ensure the efficient execution of duties among THK Group directors
5. Controls to ensure the appropriateness of THK Group operations
6. Matters related to ensuring the effectiveness of structures relating to employees whose appointment was requested to assist the Audit and Supervisory Committee, the independence of those individuals from directors (excluding directors who are Audit and Supervisory Committee members), and directions issued to those individuals

7. Structure for directors, employees, or individuals receiving a notification from such persons to report to the Audit and Supervisory Committee
8. Controls for ensuring that no one receives unfavorable treatment on the basis of their having made a report to the Audit and Supervisory Committee
9. Matters relating to the policy for advance payment or reimbursement of expenses arising from the execution of duties among directors who are Audit and Supervisory Committee members and the processing of expenses or debts arising from the execution of other such duties
10. Other controls for ensuring effective auditing by the Audit and Supervisory Committee

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

Compliance

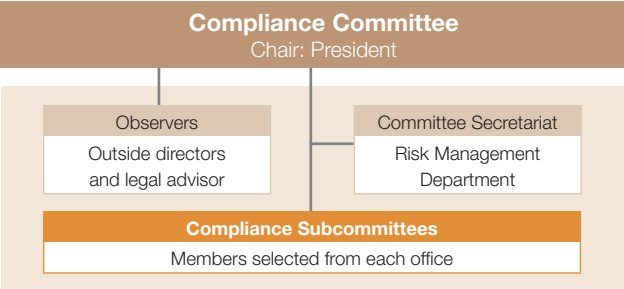
Policy Thoroughly instill compliance awareness and create a work environment that does not allow wrongful acts.

To thoroughly instill compliance awareness, we maintain structures and conduct various programs with the aim of complying with laws, internal standards, and ethical norms.

Compliance Structure

The Compliance Committee is headed by the President and convenes four times a year. This committee, which is composed of outside directors and a legal advisor, approves the annual activity plan and reports on the execution of those activities, as well as on the handling of compliance violations by employees and other matters reported internally.

Compliance Structure

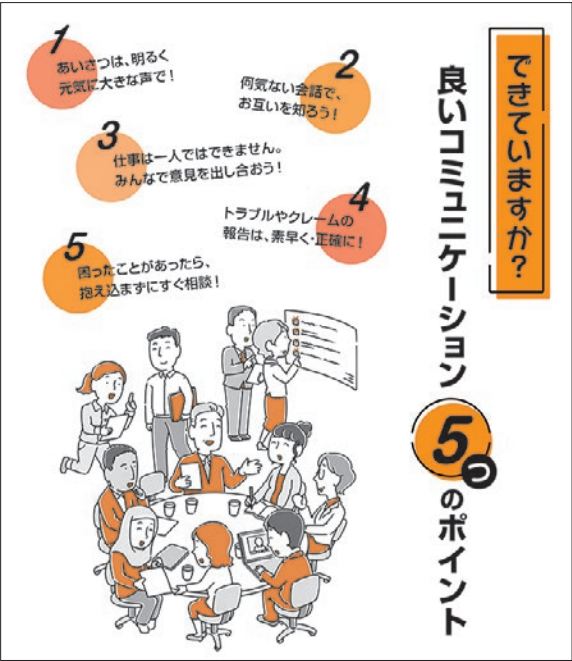


THK Group Helpline (Internal Reporting System)

The THK Group Helpline was established to prevent compliance violations and to enable quick and appropriate action in the event of an employee committing a violation. There are two internal contacts (the Risk Management Department and the Audit and Supervisory Committee) and one external contact (our legal advisor) for reporting, and reports can be made anonymously. We faithfully enforce our rules ensuring confidentiality regarding the contents of reports and prohibiting unfavorable treatment on the basis of having made a report. There were 21 cases reported in 2023, and we worked with the necessary divisions to handle each case appropriately. The THK Group Helpline is advertised in the four issues of the THK GROUP NEWS published each year, as well as through posters in company cafeterias.

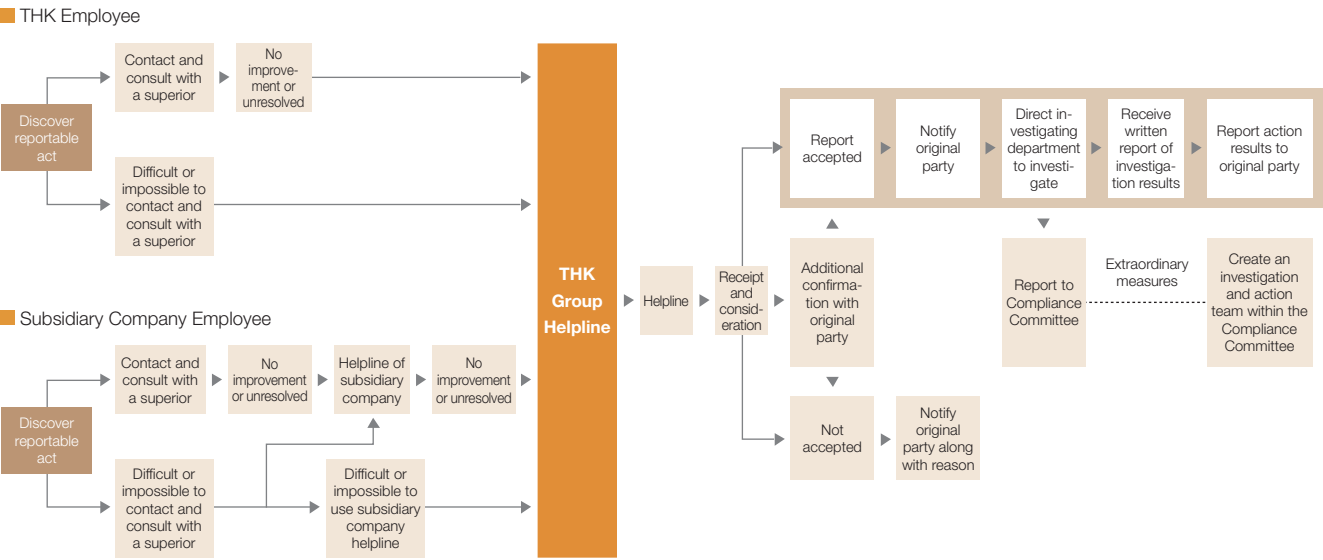
Distribution of the “Fundamentals for the THK Group Employees” Booklet

“Fundamentals for the THK Group Employees” contains our Corporate Philosophy, Corporate Basic Policies (creating value and contributing to society, being customer-oriented, and compliance with laws and regulations), and The THK Group Action Charter. This booklet is distributed to all employees in an effort to ensure they always perform their work appropriately without losing sight of their mission, and it is available in a total of 12 languages (Japanese, English, Traditional and Simplified Chinese, German, French, Czech, Portuguese, Spanish, Thai, Malay, and Vietnamese).



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

THK Group Helpline Flowchart



2023 Activities Report

Annual plan	Details	Result
Preventing illegal and wrongful acts that would significantly impact operations	New-hire training	Basic compliance training was conducted as appropriate for new hires at the majority of THK Group facilities, including THK Japan, Group companies in Japan, and Group companies outside of Japan.
	Harassment training seminars	Training seminars on workplace harassment and appropriate forms of communication were conducted throughout the year at THK Japan and Group companies both in and outside of Japan
	Seminars on compliance and harassment	Seminars on the basics of compliance, workplace harassment, and appropriate forms of communication were held from September to December for a total of 571 employees across THK Japan production facilities and Group companies in Japan.
	Harassment seminar for directors and executive officers	A harassment seminar conducted by an outside director and a report on THK's harassment prevention initiatives were conducted for 26 directors and executive officers in September.
	Seminar on the Act Against Delay in Payment of Subcontract Proceeds	A seminar giving an overview of the Act Against Delay in Payment of Subcontract Proceeds and key points for compliance was conducted for 11 employees at the Atsugi branch in October.
	Compliance Subcommittee Member Seminar	A seminar on communication methods for preventing harassment was conducted by an outside lecturer for 46 Compliance Subcommittee members in October.
Improving knowledge and awareness of compliance	Provision of e-learning materials	Content covering countermeasures for targeted e-mail attacks was added in August.
	Published quarterly “Compliance Tips”	Relevant examples of legal violations were published quarterly to foster greater compliance awareness among employees (four publications).
Compliance readiness self-audit	A compliance survey was conducted	In order to identify and improve compliance readiness issues, a compliance survey was conducted among employees in October.

Anti-Bribery

Previously, the THK Group had worked to prevent bribery in accordance with the THK Group Action Charter. However, as laws surrounding bribery and disclosures are becoming stricter around the world, we have deemed it necessary to further clarify the THK Group’s stance on bribery prevention as we promote various activities, and have therefore established the THK Group Anti-Bribery Policy, which forms the base of our good-faith business practices.

In addition to asking our business partners to disseminate the contents of anti-bribery laws and this policy among their executives, employees, and suppliers, the THK Group requests that they do not engage in any acts that are or may be in violation of anti-bribery laws or this policy in the course of conducting business and transactions with the THK Group. If anyone becomes aware of an act that occurred during a business dealing or transaction with the THK Group that either is or may be in violation of such regulations, we ask that they promptly notify the relevant THK Group company and provide their full cooperation with any investigation performed by the THK Group company or the relevant legal authorities of each country.

THK Group Anti-Bribery Policy

Established December 2021

Based on the fundamental principle of prioritizing legal compliance over short-term gains, the THK Group adheres to the following provisions as it promotes efforts to prevent bribery.

- 1 Prohibition of Bribery
- (1) The THK Group does not directly or indirectly commit bribery, nor make offers or promises thereof to anyone.
- (2) The THK Group does not make facilitation payments (small bribes for the purpose of expediting administrative procedures) to public officials or those in equivalent positions (hereinafter referred to as “Public Officials”).
- (3) The THK Group pays heed to the particular laws of each country and region, including those that forbid bribery toward private enterprises in addition to Public Officials, and adheres to applicable anti-bribery laws in the execution of its business.
- (4) In recognition that any bribery committed by a representative or business partner (hereinafter referred to as “Business Partners”) may be considered bribery on the part of the THK Group, the THK Group does not instruct its Business Partners to commit bribery. Furthermore, the THK Group does not tolerate any actual bribery on the part of any Business Partners, or indications thereof, of which the THK Group is aware.
- 2 Establishment, Operation, and Internal Auditing of an Anti-Bribery Management Structure
- In order to promote the anti-bribery efforts established in this Policy, the THK Group evaluates the risk of bribery within the Group and establishes rules related to the prevention of bribery at each Group company in accordance with the characteristics and risks present in each country and region, and the THK Group regularly monitors, inspects, and evaluates whether those rules are being correctly applied. Furthermore, the THK Group reevaluates the anti-bribery management structure in accordance with the results of the evaluation.
- 3 Thorough Execution of Bribery Prevention and Dissemination of Information
- The THK Group conducts training for executives and employees as well as utilizing other means to disseminate information and deepen understanding of bribery prevention.
- 4 Exercise of Due Diligence and Introduction of Anti-Bribery Provisions
- The THK Group exercises due diligence before engaging in business with the Business Partners of each Group company and strives to introduce anti-bribery provisions into agreements with such Business Partners.
- 5 Thorough Management of Records
- The THK Group accurately records all transactions in its accounting books and appropriately stores all related materials.
- 6 Maintenance of a Helpline and the Obligation to Report
- The THK Group maintains a helpline and reporting line in order to detect bribery and other such acts at an early stage. Furthermore, all THK Group executives and employees are required to quickly file a report if they have discovered bribery or another such act.
- 7 Emergency Response
- In the event that a major compliance violation related to bribery is made known, the THK Group promptly and appropriately conducts an investigation and takes other necessary actions. Furthermore, the THK Group earnestly handles any requests to cooperate with investigations conducted by law enforcement in each country.
- 8 Penalties
- The THK Group deals severely with any executive or employee that has violated anti-bribery laws or this Policy in accordance with the internal regulations of each Group company.

Information Security

Policy

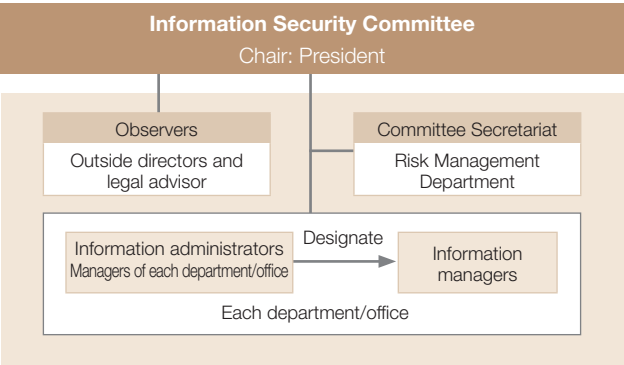
Establish, instill, and maintain the THK Group information security structure.

While information utilization is indispensable for corporate growth in modern society, security risks associated with that same information are also growing. Companies can lose trust and experience extensive losses from a single information leak. As THK strives to strengthen its company-wide information security structure, it also works to increase the level of employee awareness.

Information Security Structure

The Information Security Committee, chaired by the President, convened four times this year. This committee, which is attended by outside directors and legal counsel, made decisions concerning policies related to the establishment of an information security structure and discussed responses to information security concerns.

Information Security Structure



2023 Activities Report

Annual plan	Details	Result
Increasing information security awareness	Performed targeted e-mail attack drills	A total of 362 employees from select departments were part of targeted e-mail attack drills conducted in August that replicated an attack on the company.
	Conducted training	Throughout the year, courses on basic information security knowledge were held for approximately 160 people, including new hires and other employees from various departments, at THK INTECHS Sendai. In August, a lawyer was invited to hold a training session on regulations concerning information leaks for 40 related members at THK Wuxi.
Continual improvement of the information security structure	Performed information security audits	Information security audits were performed in May and December for the sake of verifying adherence to rules related to information security and supporting improvements at each facility and in each department, and no issues were observed with regard to operations.
	Performed information security self-assessment	In October, employees were given an information security self-assessment meant to help identify and improve on problems with the information security structure.
Strengthening infrastructure equipment	Identified specific weaknesses	In December, TME (France) worked with consultants to identify specific weaknesses in its systems and infrastructure, which included: <ul style="list-style-type: none">Physical infiltrationSystem infiltration from within the companySystem infiltration from outside of the companyAnalysis of systems and processes related to security
	Strengthened backup structures	TME installed two new data servers and one new backup server. Using real-time server replication, they constructed a backup impervious to infiltration to curtail the risk of ransomware and data loss.

Risk Management Structure

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

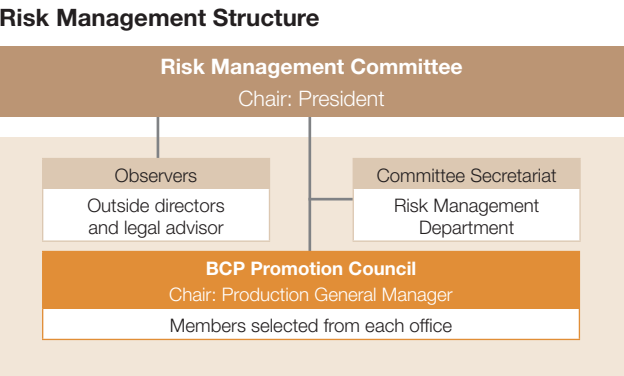
We maintain a forward-looking risk management structure that actively involves management in order to support risk-taking by executive staff.

Risk Management Structure

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

In order to gain an accurate understanding of every kind of risk related to the business activities of the THK Group and to facilitate more appropriate risk-taking by executive staff, THK established a Risk Management Committee, which is headed by the President and composed of outside directors and legal counsel,

and created a Group-wide risk management structure. The Risk Management Committee convenes annually. They approve the annual activity plan and work to establish, promote, and maintain the risk management structure by controlling risks in all of the Group's business activities.



2023 Activities Report

Annual plan	Details	Result
Review of everyday prevention activities	Risk assessment of THK business activities	The known risks of 30 departments across THK were ascertained, identified, categorized, and evaluated.
	Risk assessment of THK Group company business activities	The known risks of 29 Group companies in and outside of Japan were ascertained, identified, categorized, and evaluated.
	Analysis of risk assessment results	Risks were mapped according to their probability and impact based on the aggregated results of the risk assessments of each company and department. The severity of each risk to the THK Group was thus evaluated, and the priority for implementing countermeasures was determined.
	Report to management	The results of the risk assessments were reported to the Board of Directors.
Verification of cross-held stocks	Verification of primary cross-held stocks	The medium- to long-term financial sense and future outlook of primary cross-held stocks were verified.

BCP

Policy As a company that supports industry around the world, it is our essential social responsibility to minimize any negative impact on society by fulfilling our responsibility to supply parts even in the event of unforeseen disasters.

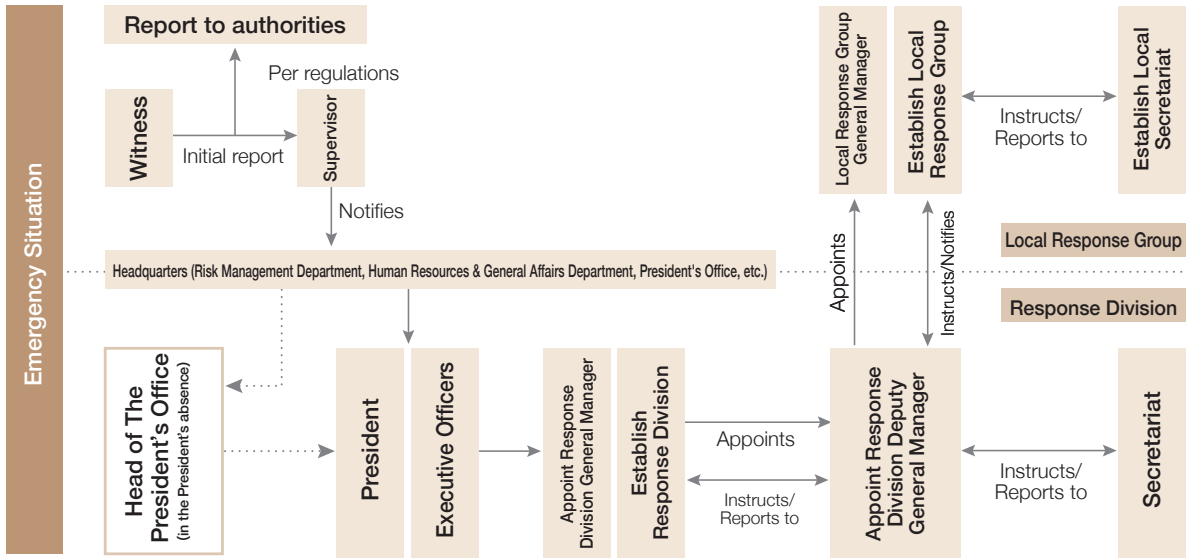
THK is aware that more natural disasters that have a large impact on business continuity occur every year, and our existing BCP must evolve in response.

Earthquake Protection

The earthquake that struck the Noto Peninsula at the very beginning of 2024 and its ensuing aftershocks, as well as earthquakes in other regions, escalate the necessity of earthquake safeguards and drills going forward. Because tectonic uplift and subsidence are daily occurrences, we have looked into creating and rehearsing hourly action plans to use in the event of an earthquake warning issued by the government or a public agen-

cy. At present, in accordance with this policy, we are focusing on crucial preventive measures for mitigating the largest risks imaginable in a scenario where we continue to produce during a disaster. Considering the largest risks that can be anticipated from a predicted future Nankai Trough earthquake, however, risk finance has been deemed a necessity. This has led us to consider risk transfer in the form of earthquake insurance centered on production facilities in regions we anticipate will be affected. THK is currently seeking out an optimal solution for itself and its stakeholders based on a relative evaluation of the cost of risk and the impact that enrolling in this insurance will have on corporate value.

Emergency Response Process



* When the President is unavailable, the Deputy General Manager will be determined by the executive officers.

2023 Activities Report

Annual plan	Details	Result
Active shooter training (THK America)	Presentation on the best ways to survive an incident where a firearm is used to commit untargeted acts of murder in the workplace	The course was taught by local law enforcement. THK America headquarters invited police to teach the course for 120 in-person attendees and 10 individuals from other sales offices who joined online.

Directors and Executive Officers

Board of Directors and Executive Officers (As of March 16, 2024)

Directors



Akihiro Teramachi
Chairman and CEO



Takashi Teramachi
President and COO



Hiroshi Imano
Executive Vice President



Toshihiro Teramachi
Executive Vice President and CIO



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



Junji Shimomaki
Director and Senior Managing Executive Officer
General Manager of Industrial Machinery Headquarters Responsible for Sales



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



Masaaki Kainosho
Outside Director (Independent)



Junko Kai
Outside Director (Independent)



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



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



Yoshiki Ueda
Outside Director (Independent)
(Committee Member)

Executive Officers

Managing Executive Officers

Naoki Kinoshita
Executive Vice Chairman of THK (CHINA) CO., LTD.
President of THK (CHINA) CO., LTD.

Nobufumi Sato
President of THK America, Inc.

Kaoru Hoshide
Senior General Manager of Engineering Division,
Industrial Machinery Headquarters

Masaki Sugita
General Manager of Service Robot Division,
Industrial Machinery Headquarters

Tetsuya Hayashida
Special Appointive Officer to President

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

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

Masato Sawada
General Manager of Automotive & Transportation Headquarters
Director and Executive Vice Chairman of THK RHYTHM CO., LTD.

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

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

Takuya Sakamoto
Senior General Manager of FA Solution Sales Division,
Industrial Machinery Headquarters
Head of IOT Innovation Division

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

Takehiro Nakanishi
General Manager of Production Division,
Industrial Machinery Headquarters
General Manager of Global Procurement Department,
Production Division, Industrial Machinery Headquarters

Executive Officers

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

Katsuya Iida
Head of Product Planning Department,
Industrial Machinery Headquarters
Head of Engineering and Development Department,
Engineering Division, Industrial Machinery Headquarters
Head of Engineering Division, THK (CHINA) CO., LTD.

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

Akihiko Kambe
President of THK NIIGATA CO., LTD.

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

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

The Selection of Outside Directors

Masaaki Kainosho June 2012 Became Outside Director of THK Significant concurrent positions: Representative Director of KAINOSHO CO., LTD.	Reason for selection	Masaaki Kainosho has a wealth of experience, a history of success, and sound judgment as a manager of an executive consulting company and a university professor deeply versed in business administration.
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 Audit & Supervisory Board Member at JSR Corporation	Independent status and additional comments	Masaaki Kainosho was employed at THK's current lender, Sumitomo Mitsui Banking Corporation (previously Mitsui Bank), from April 1976 to April 1996. However, he was consistently working in a systems-related division, and the THK Group did not do business with Mitsui Bank at the time. Therefore, he is considered to be independent.
	Reason for selection	In addition to the legal knowledge that she has cultivated over her many years as a lawyer, Junko Kai is a legal expert who possesses a wealth of experience, a history of success, and sound judgment.
Masakatsu Hioki June 2014 Became Outside Director of THK June 2016 Became Outside Director of THK and Audit and Supervisory Committee Member Significant concurrent positions: Outside Director of SUKIYA Co., Ltd. Outside Director and Audit and Supervisory Committee Member of ZUIKO CO., LTD.	Independent status and additional comments	Although she does not have direct experience in corporate management, the Company has determined that she appropriately executes her duties as an outside director because of the aforementioned reasons.
	Reason for selection	In addition to possessing sound judgment, Masakatsu Hioki has extensive experience and a proven history of success as an executive responsible primarily for human resources and general affairs at a global manufacturing company.
Tomitoshi Omura June 2016 Became Outside Director of THK and Audit and Supervisory Committee Member Significant concurrent positions: Certified Public Accountant Managing Director of Omura Accounting Office	Independent status and additional comments	Masakatsu Hioki began his career with Komatsu Ltd. Although THK and Komatsu do have a business relationship that includes the sale of THK products, the sum value of those transactions equals less than 1% of THK's and Komatsu's consolidated net sales for the corresponding fiscal year. Therefore, he is considered to be independent.
	Reason for selection	In addition to the knowledge of corporate accounting he has gained over many years as a certified public accountant, Tomitoshi Omura is an accounting expert who possesses a wealth of experience, a history of success, and sound judgment.
Yoshiki Ueda June 2016 Became Outside Director of THK and Audit and Supervisory Committee Member Significant concurrent positions: External Director and Chairman of SINTOKOGIO, LTD.	Independent status and additional comments	Although he does not have direct experience in corporate management, the Company has determined that he appropriately executes his duties as an outside director because of the aforementioned reasons.
	Reason for selection	In addition to possessing sound judgment, Yoshiki Ueda has extensive experience and a proven history of success as an executive deeply versed in corporate management, having spent many years at a global company active in machinery-related fields.

Skill Matrix

	Corporate management	Finance and accounting	Governance and risk management	Global business	Sales and marketing	DX and IT	Development, engineering, and manufacturing
Akihiro Teramachi	●		●	●	●	●	●
Takashi Teramachi	●				●	●	●
Hiroshi Imano	●	●	●	●			●
Toshihiro Teramachi	●			●	●	●	
Nobuyuki Maki	●			●	●		●
Junji Shimomaki				●	●		
Kenji Nakane		●				●	
Masaaki Kainosho	●		●		●	●	
Junko Kai			●				
Masakatsu Hioki			●	●			
Tomitoshi Omura		●	●				
Yoshiki Ueda	●		●	●	●		

Procurement

Policy for 2023

- Policy
1. Global procurement and optimizing procurement locations

2. Accelerating work speed and boosting work efficiency with DX

3. Establishing a structure with suppliers to increase production and promoting improvement activities

At the same time as THK promotes material procurement that matches demand for the sake of optimizing production locations, we also communicate with suppliers and pursue improvement

activities to increase productivity and create competitively priced products.

Procurement Structure

As THK endeavors to strengthen its BCP by making its value chain more resilient through purchasing from multiple suppliers, and as the development of global procurement and production location optimization accelerates, we continue to work to comply with laws, such as the Act against Delay in Payment of

Subcontract Proceeds, Etc. to Subcontractors, to promote fair and impartial business dealings. Through the THK Association, we also work to maintain an exchange of information among our business partners.

Partnership Building Declaration

Having declared in August 2022 our intent to strengthen our business partnerships by building new mutually beneficial relationships, we aim to create positive growth and distribution cycles. Positioning suppliers as key partners for accomplishing mutual growth, THK continues to build cooperative structures

and engage in product improvement toward the shared goal of continuing to supply customers with satisfying products.



Partnership Building Declaration

2023 Activities Report

Annual plan	Details	Result
Convening THK Association meetings	Cooperative association meetings for exchanging information	14 sessions held
VA proposal submissions (Goal: 1,100)	Promotion of proposals and improvement activities	1,533 proposals
Die status confirmations	Confirming the status of die inventory and exchanging information	7 companies visited

CSR Procurement Guidelines

Dealing with the supply chain as a whole is crucial for our Basic Sustainability Policy of enhancing corporate value through our core business and building a sustainable and affluent society.

Items along the entire supply chain that need to be addressed are summarized in THK's CSR Procurement Guidelines, which are distributed to and acknowledged by all partnering companies.

THK Group Supplier CSR Procurement Guidelines

1. Compliance

Comply with all laws and engage in fair trade and business activities with a high sense of ethics.

1-1 Early Detection and Handling of Wrongful Acts

Maintain internal reporting and other systems in order to promptly detect and handle wrongful acts.

1-2 Protection of and Respect for Intellectual Property Rights

Take sufficient care to ensure that your company's intellectual property rights are not infringed and that you do not infringe the intellectual property rights of others.

1-3 Security Export Controls

Maintain the systems necessary to comply with security export control regulations.

1-4 Prohibition of Anti-Competitive Behavior and Abuse of a Dominant Bargaining Position

Do not engage in behaviors that impede fair, transparent, and free competition or those that cause any detriment by abusing a dominant bargaining position.

1-5 Prohibition of Corruption and Bribery

Establish highly transparent relationships with political and administrative organizations and avoid providing gifts or entertainment to public figures for the purpose of obtaining an unfair advantage.

1-6 Prohibition of Giving or Receiving Inappropriate Advantages

Do not conduct insider trading, and do not provide or receive gifts of money or entertainment far exceeding the realm of social etiquette.

1-7 Refusal of Ties with Criminal Organizations

Resolutely reject and refuse ties with criminal organizations.
2. Human Rights

Conduct business in a manner that respects the rights that allow people to live happily.

2-1 Prohibition of Inhumane Treatment

Prohibit cruelty, corporal punishment, sexual harassment, power harassment, and all other forms of inhumane treatment.

2-2 Prohibition of Forced Labor

Prohibit bonded labor, slave labor, and all other forms of forced labor, and recognize the right of employees to freely terminate their employment.

2-3 Prohibition of Child Labor, Etc.

Do not employ children under the age of 15, and do not assign duties to employees under the age of 18 that may harm their health or safety.

2-4 Prohibition of Discrimination

Provide equal opportunities and do not discriminate in terms of employment or treatment without reasonable cause.

2-5 Responsible Mineral Procurement

Carry out investigations and make efforts to promote the non-use of any conflict minerals (tantalum, tin, tungsten, and gold) that act as a source of funds for armed insurgents carrying out human rights violations in the Democratic Republic of the Congo and surrounding countries.
3. Occupational Health and Safety

Maintain a workplace environment that is comfortable and safe for employees to work in.

3-1 Dialogue with Employees

Have dialogues with employees or their representatives directly and in good faith.
- 3-2 Management of Work Hours

Manage employee work hours to ensure they do not exceed legal limits, and promote employee work-life balance.
- 3-3 Appropriate Wages

Comply with wage regulations.
- 3-4 Creation of a Safe and Healthy Workplace

Promote health and safety activities in the workplace and be considerate of employee health.
4. Safety and Quality of Products and Services

Develop, manufacture, and deliver products and services that are safe and reliable.

4-1 Safety and Quality of Products and Services

Provide products and services that satisfy THK Group safety and quality standards.

4-2 Quality Management

Maintain the necessary systems to promote product and service quality management.
5. Information

Thoroughly protect and manage various kinds of information and actively disclose information as required.

5-1 Information Disclosure

Appropriately disclose information in a timely manner in the event of the discovery of a legal violation that may significantly impact management and financial information or transactions.

5-2 Information Security

Maintain information security systems to appropriately protect and manage confidential, personal, and other information related to your company and other parties.
6. Environment

Maintain systems to promote environmental conservation, establish internal goals, and conduct activities to achieve those goals.

6-1 Promotion of Global Warming Countermeasures

Strive to reduce greenhouse gases and use energy in an efficient manner.

6-2 Minimizing Environmental Impact

Manage the discharge of waste water, sludge, exhaust, and waste produced from your business activities as necessary.

6-3 Promotion of Resource and Energy Conservation

Promote reducing, reusing, and recycling the resources and energy used in your business activities.

6-4 Compliance with Environmental Laws and Administrative Procedures

Understand the environmental laws related to your business activities, follow the necessary procedures, and seek to obtain the latest information.

6-5 Manage Chemicals Contained in Products

Comply with THK Group and other standards related to chemicals contained in products.
7. Business Continuity Plan

Strive to establish a business continuity plan to quickly resume operations in the event of an emergency situation such as an earthquake or another natural disaster.
8. Contributing to Local Areas and Society

Strive to actively implement initiatives that will improve relations with the local area and society.

Quality Assurance: Trust, Reliability, and Safety

Policy

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

Quality Assurance Structure

THK has established a quality assurance system in which each production facility both in and outside of Japan is certified with the ISO 9001 Quality Management System. We provide a quality assurance system for the industrial machinery business that produces components used in machine tools, semiconductor manufacturing equipment, medical devices, robots, logistics equipment, and seismic isolation and damping systems. With this as our base, we obtain certifications in quality standards adapted for new fields such as the automotive and transportation business and the aerospace industry.

We also work with each of our suppliers to accomplish environmentally conscious manufacturing that takes ESG and the

SDGs into consideration.

The following initiatives are being undertaken to strengthen quality at THK.

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. In addition to gathering feedback from customers in each region, analyzing it, and providing rapid and appropriate service as a manufacturing and innovative services company, we endeavor to develop products that meet market needs and improve quality.

3. Strengthening production quality

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

4. Strengthening talent development

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

Quality System Overview



Quality Management Process



Quality Structure Improvement Timeline

¹ Sales office (all others are production facilities)

	Up to 2000	2001 to 2010	2011 onward
ISO 9001 quality management system certification	1994: Yamagata and Kofu 1995: Yamaguchi 1996: Mie 1997: Gifu and THK RHYTHM Hamamatsu and Kyushu 1999: THK INTECHS Mishima and Sendai	2001: THK America ¹ 2003: THK NIIGATA and THK RHYTHM Inasa 2004: TME (France) and DALIAN THK (China) 2006: TMA (USA), THK WUXI (China), and TMI (Ireland) 2007: THK LIAONING (China) 2009: THK RHYTHM Thailand	2016: TMV (Vietnam) 2018: THK CHANGZHOU (China)
JIS Q 9100 aerospace industry certification		2004: THK NIIGATA	
IATF 16949 automotive industry certification		2004: THK RHYTHM North America 2005: THK RHYTHM Hamamatsu, Inasa, and Kyushu 2006: TMA (USA) 2009: THK RHYTHM Thailand and Guangzhou (China)	2011: THK RHYTHM Malaysia 2014: THK RHYTHM Changzhou (China) 2016: THK RHYTHM Mexico 2019: Yamagata

Shareholders and Investors

Mindset

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.

IR Activities

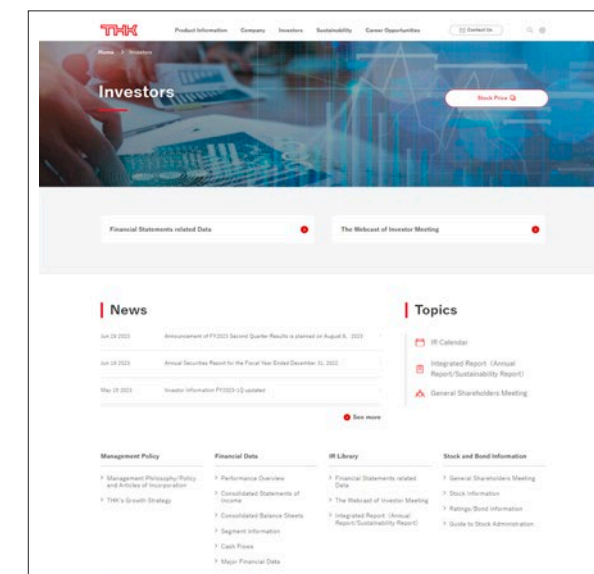
While many Japanese companies have normalized holding their shareholder meetings on the same day, in an aim to have open meetings where more shareholders can participate, THK has convened its General Meeting of Shareholders on a Saturday in mid-March (mid-June prior to 2017) every year since 1998. Furthermore, an exhibition is held after the General Meeting of Shareholders in order to deepen shareholders' understanding of THK's business.

In addition, an IR Department was established directly beneath the President's Office in 2002 as a means to reduce management risks and strengthen the dialogue between THK and capital mar-

kets. As a specific example of their efforts, in addition to having the top executives present the company's results and strategy at a semiannual financial results briefing, those executives' visits to institutional investors overseas that began in 2000 were turned into a routine* practice. This has resulted in the percentage of foreign-owned shares increasing from 23.2% in the 1999 fiscal year to 39.8% in the 2023 fiscal year. THK will continue striving to be a company that is evaluated highly on a global stage through its various IR activities.

* This practice was discontinued after 2020 due to the coronavirus pandemic.

The IR Website



IR Library

In addition to documents related to financial statements, including "Investor Information" compiled from summaries of financial results and detailed financial data, the library also includes the Integrated Report. Presentation materials and videos are available here following the financial results briefings held every year in February and August.

IR Information E-mail Delivery Service (RIMSNET)

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.



2023 Activity Report

Annual plan	Details	Result
Convincing institutional investors of growth potential in discussions focused on the medium to long term	Held IR and SR* consultations	Approximately 270 consultations held
Convincing stakeholders of medium- to long-term growth potential	Held General Meeting of Shareholders and financial results briefings	Resumed the product exhibition that accompanies the General Meeting of Shareholders Held two financial results briefings Made videos available on the THK website
Expanding information disclosures	Completely renovated the THK website Published the Annual Securities Report in English Published the Integrated Report	Launched the Japanese website in March Launched the Global English website in November Published in June The Annual Report and Sustainability Report were combined, and Japanese and English editions were published in May and August, respectively.

* SR: Short for "shareholder relations." Activities aimed at establishing good relations with shareholders.

Health and Safety

Policy

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

Goals

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

2023 Activities Report (Headquarters)		
Annual plan	Details	Result
Convening the Health Committee	Committee members selected from each department perform audits, give reports, and deliberate on health-related issues.	Meetings were held each month, a total of 12 times.
Workplace patrols (once a week by health supervisor and on even-numbered months by industrial physician)	Performed in each workplace at the headquarters to check for health and safety issues.	45 health supervisor patrols 6 industrial physician patrols (on even-numbered months)
Performing work environment measurements	Measured air quality in each workplace.	Performed during even-numbered months, a total of 6 times.
Performing stress checks and responding with countermeasures	Conducted a simple new online survey of work-related stress.	The survey was conducted in August and had a 99.9% participation rate.
Performing health checks and responding with countermeasures	Physician visited to perform internal health checks. Consulted with the industrial physician and insurance staff about high-risk individuals and implemented work restrictions for these individuals.	100% of employees received health checks.
Administering influenza vaccines	Offered an opportunity internally for employees to be vaccinated.	Over three days in October, 61% of employees received vaccinations.
Health education	Posted advice from the industrial physician and a health office newsletter on bulletin boards.	Posted each month company-wide, a total of 12 times.
Holding health promotion events	Planned around a theme selected from the results of the health checks (including questionnaires).	A walking event was held using an app in December, in which 174 people participated.
Preparing traffic safety measures and holding a traffic safety event	Held a training conference for safe driving supervisors at THK Japan and Group companies in Japan.	The conference was held online in February for 46 participants.

Five THK Production Facilities (Yamagata, Kofu, Gifu, Mie, and Yamaguchi)

Policy

- We consider the improvement of occupational health and safety to be one of the most important issues for the Production Division, and as we conduct our business activities at each factory, we promote the creation of a safe, healthy, and comfortable workplace by eliminating harmful work environments that may lead to injury or illness.
- We continuously improve our health and safety management system by setting appropriate occupational health and safety goals at each factory and reviewing them annually.
- We strive to improve occupational health and safety by complying with laws such as the Industrial Safety and Health Act and rules relating to occupational health and safety established by the company and workplace.
- Each facility eliminates hazards and causes of harm in the workplace through risk assessments and promotes activities with the goal of completely eliminating all potential hazards.
- Each facility promotes the occupational health and safety management system with the active participation and consultation of all employees.
- We acknowledge that the occurrence of accidents and injuries is a direct reflection of the nature and culture of the workplace, and we promote activities to develop correct habits through the use of the occupational health and safety management system.
- This occupational health and safety policy is disseminated to all employees at each plant through education, training, and awareness campaigns, and we facilitate the timely release of information relating to occupational health and safety within and outside the Production Division.

2023 Activities Report		
Annual plan	Details	Result
Prevent work-related injuries and illnesses <ul style="list-style-type: none">Zero labor accidentsAchieve 3.1 million hours without any accidents (class 1 accident-free record)	1. Performing risk assessments	Conducted for each department at each production facility.
	2. Conducting workplace health and safety training	Conducted training at each production facility based on training rules.
	3. Implementing hazard prediction training and soliciting proposals to prevent near-miss events	Implementation rate: 87.5% for hazard prediction trainings and 97.7% for near-miss event prevention proposals
Continuously improve occupational health and safety performance	4. Communicating and managing up-to-date regulations (Performing chemical substance risk assessments)	An outside specialist was invited every month to hold a special meeting to go over changes to laws and regulations. This information was then distributed to each production facility. Chemical substance risk assessments are being performed according to the rules of each plant.
	5. Promoting Health and Safety Committee activities	Committees convened monthly at each production facility, in accordance with Health and Safety Committee rules.
	6. Performing internal audits and management reviews	Performed in accordance with relevant regulations.
	7. Implementing traffic safety activities	Each production facility implemented activities on a voluntary basis.
	8. Conducting workplace safety patrols	Patrols were conducted according to each production facility's implementation schedule.
Provide a safe and healthy workplace	9. Addressing mental health	Mental health was addressed following a directive from the headquarters.
	10. Receiving guidance from industrial physicians and implementing disease prevention activities	Performed at each production facility.
	11. Performing regular and special health checks	Performed at each production facility.
	12. Managing long work hours (excessive overtime)	Performed at each production facility.

ISO 45001 Initiatives

Having obtained ISO 45001 occupational safety and health management system certification, THK pursues the activities listed in the preceding table while following the PDCA cycle for the annual

plan. Our 2023 results included 12 labor accidents (4 that were lost-time accidents and 8 that were not), meaning that we could not reach a new accident-free record.

Chemical and Hazardous Material Handling

In the interest of strengthening our chemical handling structure in keeping with partial amendments to the Ordinance on Industrial Safety and Health and other regulations, THK conducted a review of its chemical handling rules and an overall review of its

chemical risk assessment rules in accordance with the amended laws and regulations. This has resulted in even stronger chemical handling management at each production facility than existed previously.

Responding to Community Complaints (Noise, Etc.)

Mie Plant

- Heat Treating Factory 3 received a community complaint about the noise generated by running its equipment. The plant is moving forward with installing soundproof walls.

- In early November, we received complaints from members of the surrounding community that lights were shining into their entryways, living rooms, and other areas of their homes at night. In response, the plant switched 70% of its lights to energy-saving mode and set them to shut off at 8:00 p.m.

Responding to Employee Needs (Providing Protective Equipment and Ensuring Safety of Machines and Equipment)


We provide all protective equipment required for production operations (such as safety glasses, ear plugs, dust masks, and

cut-resistant gloves). Furthermore, safety fences are put in place to ensure safety where automated equipment has been installed.

Other Initiatives

Gifu Plant

The plant participated in the 2023 Seino STOP! Falling Accidents Project and received an award from the Ogaki Labor Standards Inspection Office in December for being a company that took proactive measures to prevent falling accidents and avoided labor accidents that would have resulted in four or more days of lost time.



Kofu Plant

The 2023 Yamanashi Prefecture Industrial Safety and Health Conference was held in October at the Yamanashi Prefectural Museum of Literature. During the event, the Kofu plant received the



2022 Workplace Excellence Encouragement Award from the Yamanashi Labor Bureau and gave a presentation on risk-aware occupational health and safety initiatives to share examples of that workplace excellence.

Data

Incident and Severity Rates

	2021	2022	2023
Incident rate	1.43	0.88	1.49
Severity rate	0.02	0.02	0.00

Applicable Locations:

- Five THK production facilities (Yamagata, Kofu, Gifu, Mie, and Yamaguchi)
- Group company production facilities (THK NIIGATA; THK INTECHS Sendai and Mishima; THK RHYTHM Hamamatsu, Inasa, and Kyushu; and NIPPON SLIDE)

Human Rights

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

THK Group Human Rights Policy

The THK Group respects the human rights of all people associated with the THK Group based on its corporate philosophy of “Providing innovative products to the world and generating new trends to contribute to the creation of an affluent society,” which represents the pioneering spirit of the THK Group.

Basic Concept

The THK Group supports and respects the United Nations Guiding Principles on Business and Human Rights and other international standards regarding human rights. In addition, as a signatory company to the United Nations Global Compact, the THK Group acts in accordance with the Ten Principles of the United Nations Global Compact concerning human rights, labor, the environment, and anti-corruption. This Policy functions as the dominant policy for the “THK Group Action Charter” and all other standards that relate to initiatives encouraging respect for human rights within the THK Group. Furthermore, this Policy is an indication of the THK Group’s commitment to respect for human rights.

Scope of Application

This Policy applies to all officers and employees of the THK Group. In addition to this Policy, all officers and employees of the THK Group comply with the standards encouraging respect for human rights in their respective companies. The THK Group also expects all business partners associated with the THK Group’s business activities to support and comply with this Policy.

Conduct Guidelines

- 1. The THK Group complies with all laws and regulations, and engages in fair trade and business activities with a high sense of ethics.
- 2. The THK Group respects the basic human rights, individuality, and diversity of individuals, and does not discriminate, harass, or otherwise treat individuals inhumanely based on race, gender, language, religion, nationality, sexual orientation, gender identity, or disability.
- 3. The THK Group does not engage in any forced or child labor.
- 4. The THK Group will comply with labor agreements and respect freedom of association and the right to collective bargaining.
- 5. The THK Group will create a working environment where employees can work safely and with peace of mind, in a manner that is healthy both mentally and physically.
- 6. The THK Group will provide appropriate education to all officers and employees, and strive to create a vibrant corporate culture in which all people respect each other for their diverse individual characteristics.
- 7. The THK Group makes efforts to build a system that allows officers and employees to raise concerns about human rights violations in good faith at any time, and to recognize any negative impacts on human rights by performing due diligence.
- 8. In the event that a violation of human rights becomes evident, the THK Group will immediately take appropriate action, including steps to prevent a recurrence, and adopt effective remedial measures.
- 9. The THK Group will make this Policy known to all officers and employees and disclose this Policy to the public in an appropriate manner.

Structure

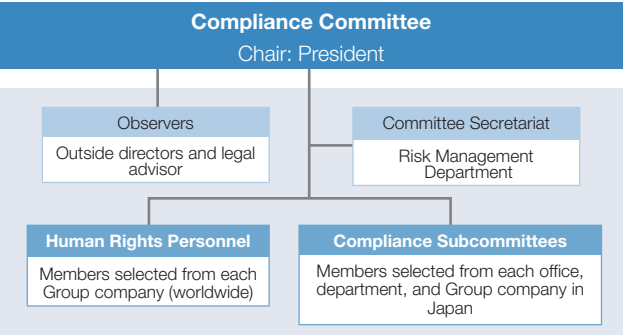
Committees

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

THK Group Helpline

The THK Group provides a helpline for employees to consult about or report matters concerning wrongful acts, legal violations, and unethical behavior, especially issues related to human rights. A separate, dedicated point of contact is also available for incidents of harassment.

Organization Structure



2023 Activities Report

Annual plan	Details	Result
Harassment prevention training	An overview of workplace harassment and countermeasures	Training was gradually implemented for a total of 292 employees at the headquarters and the Technology Center starting in February.
Released 2022 Statement on the UK Modern Slavery Act	Response to the UK Modern Slavery Act	The 2022 human rights activities report was released in the form of a statement based on the UK Modern Slavery Act.
Seminars on compliance and harassment	Covered topics such as compliance, sexual harassment, and power harassment	Starting in September, seminars on compliance and harassment were held for a total of 1,022 employees at production facilities (including some Group company employees).
Harassment seminar for directors and executive officers	1. Harassment prevention initiatives 2. Harassment training	Director Junko Kai taught the seminar for a total of 26 directors and executive officers in September.
Compliance Subcommittee seminar	Communication methods for preventing harassment	An outside lecturer was invited to hold a seminar for 46 Compliance Subcommittee members in October.
Performing due diligence concerning human rights within the THK Group	Confirmed the status of activities related to respecting human rights at each THK Group company	Responses were received from 23 THK Group companies between the months of November and December. The results are included in the 2023 Statement on the UK Modern Slavery Act.

Human Rights Efforts

Training

Using a variety of methods, including a web conference system, in-person training conducted by internal or external instructors, e-learning materials, the company intranet, and internal information boards, the THK Group regularly disseminates valuable information and conducts training about human rights topics.

Anti-corruption

The THK Group works to prevent bribery as one part of our anti-corruption efforts.

Each Group company handles such matters in accordance with the THK Group Anti-bribery Policy. In addition to sharing information with human rights personnel, we will endeavor to promote greater awareness and understanding of our basic policy among all THK Group employees in 2024.

We will engage in coordinated efforts to prevent corruption throughout the entire THK Group.

Raising Awareness

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

However, the survey results from 2023 revealed that there are some gaps in awareness.

In cooperation with each Group company, we will thoroughly increase knowledge of our guidelines among our critical suppliers.

Furthermore, for primary suppliers of THK Japan, we will continue to investigate matters related to the Xinjiang Uyghur Autonomous Region in addition to requiring cooperation with our human rights efforts.

A summary of the above activities is available in the form of the 2023 Statement on the UK Modern Slavery Act, which is posted on the THK website.

Human Capital

Strategy

THK has grown as a company focused on creation and development that develops original products using our unique technologies. We believe this growth is attributable to each and every employee that strives to embody our management philosophy. As indicated by how we refer to our human resources as “human assets,” we consider our employees invaluable assets that enable the Company to achieve sustainable growth and create value.

Based on the view above, we aim to create an environment in which our employees respect each other's strengths and individuality and can work safely and with enthusiasm. To this end, we

set “Realization of a diverse and meaningful work environment” as one of our material themes as we have carried out initiatives for talent development, promoting diversity, occupational health and safety, and respecting human rights.

We will continue our efforts to achieve our growth strategies of full-scale globalization, the development of new business areas, and a change in business style and to realize our management philosophy beyond that. As we engage with material issues, we will also promote human capital management initiatives from the perspectives of succession planning, recruitment, mental health, physical health, and childcare leave.*

* Selected from the 19 recommended disclosure items listed in the Cabinet Secretariat's Guidelines for Human Capital Visualization based on importance.

Development Policy

1. Developing Global Talent

With the aim of improving the language skills of our in-house talent in Japan, we provide support for learning English through conversation, including the introduction of speaking tests and e-learning courses. In addition, in order to quickly develop global talent, we have introduced an international trainee system in which young employees mainly in their late twenties are dispatched to Group companies outside of Japan for about one year.

2. Developing Digital Talent

By utilizing the latest technologies, we aim to transform business processes and systems, thereby increasing customer satisfaction, improving the efficiency of internal operations, and ultimately realizing a recycling-oriented society and solving future social issues such as labor shortages. To achieve this, we are focusing on DX activities so that we can provide value through innovation.

As part of the above efforts, we conduct data utilization training for all employees with the goal of having each location be able to utilize data in a unique and autonomous way. We are working toward having every employee take the basic and beginner courses, and this goal is over 90% complete. Going forward, we will expand the intermediate and advanced courses throughout more of the company in order to achieve more advanced data utilization (by using tools such as image recognition and demand forecasts based on machine learning).

We also hold internal competitions to encourage employees to make voluntary efforts related to data science by presenting their research results and engaging in friendly competition.

3. Expansion of Training Initiatives for all Employees

We also plan to enhance training initiatives for all employees. Specifically, in addition to enhancing technical training and e-learning content, we are working to improve the skills of all employees, such as by holding forums aimed at improving skills and sharing knowledge.

Furthermore, in order to promote the growth and career development of our employees, who are the source of our strengths as a company focused on creation and development, we have introduced a system in which we compensate employees based on the expertise they possess. Going forward, we plan to consider further expansion of the expertise employees can receive compensation for.

4. Development of Successors and Next-Generation Talent

With a view to the medium- to long-term development of the company, we select key positions that require planned succession, hold review meetings to discuss the development status of candidates, and conduct management training and aptitude assessments to ensure the smooth succession of management talent. In addition, with the aim of developing candidates over the medium to long term, we will consider expanding the program to include younger talent.

5. Promoting Diversity

In order to create corporate value over the medium to long term, we believe an environment in which diverse values can be accepted and utilized is key, as is the promotion of diversity. As the first step toward this, we aim to promote the advancement of women.

As specific initiatives, we are considering implementing career training for women, roundtable discussions involving employees raising children, and unconscious bias training for managers.

6. Strengthening the Hiring of International Talent

We are carrying out a project in which we accept international talent with backgrounds in science as interns and have them present solutions that utilize our technology. We also actively participate in job fairs at universities outside of Japan.

Through the above initiatives, we have already accepted students from several Asian countries, with some joining the Company as employees.

Internal Environment Development Policy

1. Improving Occupational Health and Safety

We believe that occupational health and safety is the foundation of corporate management, and as such, consider the creation of a safe, healthy, and comfortable workplace to be one of the most important issues for the Production Division. Accordingly, we work to eliminate harmful work environments that may lead to injury or illness.

* See Health and Safety on p. 54 and 55 for details.

2. Promoting Health and Productivity Management

We pursue physical and mental health initiatives with the goal of creating a foundation for talent development in the form of a workplace that promotes employee health and enthusiasm. Moreover, as part of our efforts to improve work-life balance, we are carrying out measures to support employees balancing work with childcare or nursing care.

Main Activities

Activity	Description
Mental health measures	· Conducted stress checks of all employees
Receiving guidance from industrial physicians and implementing disease prevention activities	· Had an industrial physician inspect the workplace and provide guidance at the health and safety committee meeting
Performing regular and special health checks	· Conducted regular health checks in addition to special health checks for specific individuals at each production facility
Managing long work hours (excessive overtime)	· Managed overtime at each production facility and monitored it at the headquarters
Providing support for balancing work with childcare or nursing care	· Formulated a handbook on support for balancing work with childcare or nursing care

Metrics and Targets

We have established the following metrics and targets for our talent development and workplace development policies.

Metric	Result (2023)	Target (2026)
Percentage of women hired among new graduates in sales, administration, and engineering divisions	23.2%	20.0% or more (as of March 31, 2025)
Rate of male employees taking childcare leave	66%	50% or more
Rate of employees returning to work after taking childcare leave	100%	100%
Severity rate	0.00	0.01 or lower
Incident rate	1.22	0.50 or lower

* Scope covers THK Japan.

Environmental Management

Environmental Policy

The THK Group contributes to both society and the economy through our pioneering role as manufacturers of the Linear Motion Guide and other products. We also believe that it is a company's social responsibility to leave the global environment in a healthy

THK Group's Basic Environmental Policy

1. We consider conservation of the environment to be a major management challenge, and we are striving to accurately understand how our business activities, products, and services impact the environment. All divisions set appropriate environmental goals to address this challenge.
2. In addition to complying with environmental laws, we have set self-imposed standards that are reviewed regularly to improve the efficiency and effectiveness of our environmental management.
3. We will continually promote the development of products that help reduce environmental impact.
4. We will cut down energy use in our business activities and continually promote the reduction of energy consumption and greenhouse gas emissions.

state for the next generation, which is why we are promoting the following initiatives to continually decrease our environmental impact and to sustain and improve the natural environment.

5. With a particular focus on the reduction and recycling of waste, we will not only continue to promote the saving and recycling of resources, but also strive to prevent pollution.
6. We recognize the impact our business activities have on biodiversity, and we will actively work toward the conservation of all life on Earth.
7. To achieve greater collaboration with regard to our environmental activities, we provide guidance and support to our affiliate companies and business partners, and also strive to work in cooperation and harmony with the community.
8. This basic environmental policy is disseminated to all divisions in the group through education, training, and awareness campaigns, and we facilitate the timely release of information on the environment both within and outside the Group.

Revised on August 21, 2019

Structure for the Promotion of Environmental Activities

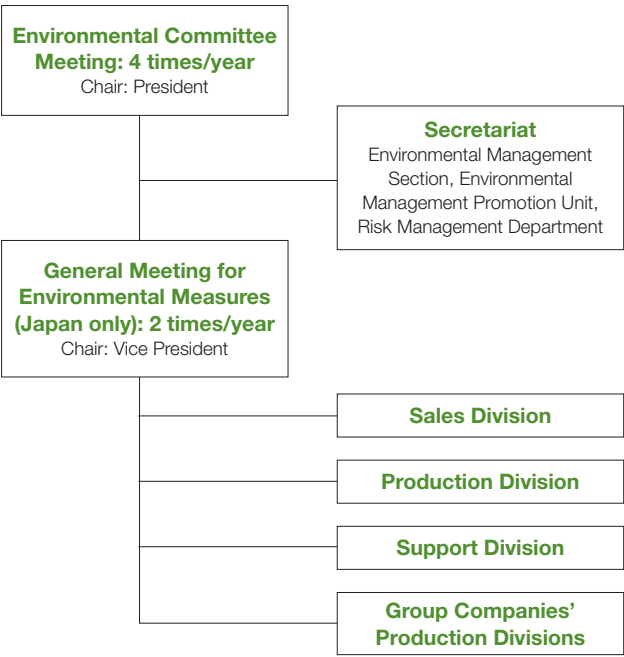
For THK Japan and Group companies in Japan, we have developed a structure that promotes various initiatives aimed at reducing the environmental impact of our business activities.

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

The General Meeting for Environmental Measures convenes twice a year, headed by the Vice President. Representatives from each production facility and office department gather to recognize the necessity of proactive efforts toward reducing environmental impact. They share useful data, such as the status of energy use at each facility and examples of the results of energy-saving projects, and connect this information to improvement initiatives.

Specifically, they report on activities to reduce environmental impact that are suitable to each business location, such as the discovery and elimination of wasteful uses of energy, the transition to energy-efficient production equipment and HVAC systems, the installation of solar panels in open spaces, the conversion of lighting to LED bulbs, and so on.

Structure for the Promotion of Environmental Activities



TCFD

TCFD Strategy

In an effort to combat climate change as a material issue connected to decarbonization and the realization of a recycling-oriented society, the THK Group performs an impact analysis in accordance with TCFD recommendations. As part of our strategy, one of the four core elements of these recommendations, we have been analyzing scenarios primarily with regard to our Japanese industrial machinery and automotive and transportation businesses in consideration of our long-term impact up to

2050 based on the 1.5°C and 4°C climate change scenarios proposed by the IEA (International Energy Agency) and IPCC (International Panel on Climate Change). Details about the other three core elements of the TCFD recommendations—governance, risk management, and metrics and targets—can be found under “Material Issues and KPIs” (p. 20), “Principal Risks and THK’S Response” (p. 36), and “Working toward Carbon Neutrality” (p. 62), respectively.

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.	<ul style="list-style-type: none">• 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.	<ul style="list-style-type: none">• 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.	<ul style="list-style-type: none">• 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.	<ul style="list-style-type: none">• 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.	<ul style="list-style-type: none">• 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.	<ul style="list-style-type: none">• Expand IoT services that boost productivity and strengthen sales activities and solutions that utilize such services
	Advancement of electric vehicles	Increased demand for electric vehicle components	Opportunity	Major	As more vehicles become electric, new types of products become required, and demand for THK products will increase.	<ul style="list-style-type: none">• Establish a development, production, and sales structure that can respond promptly and flexibly• Plan new business
	Expansion of environmental business	Increased ESG investment	Opportunity	Minor	Expanding THK's business in environmental fields will capture the attention of investors and make them evaluate THK more favorably, and ESG investment will increase.	<ul style="list-style-type: none">• Establish a development, production, and sales structure that can respond promptly and flexibly• Actively disclose information and strengthen communication with stakeholders
4°C	Serious damage from weather-related disasters	Supply chain interruptions	Risk	Minor	Supply of raw materials will be interrupted if the supplier suffers a disaster.	<ul style="list-style-type: none">• 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.	<ul style="list-style-type: none">• Improve heat insulation performance of buildings

Working toward Carbon Neutrality

As exemplified by sustainability, society and corporations generate common value through corporate activities that minimize the negative impacts and strengthen the positive. With this mindset of working for the benefit of all in addition to our individual interests, THK is promoting various initiatives to achieve the creation of a sustainable society. In response to risks posed to the world by climate change from global warming in particular, we established medium- and long-term targets for lowering our emissions of greenhouse gases in August 2021.

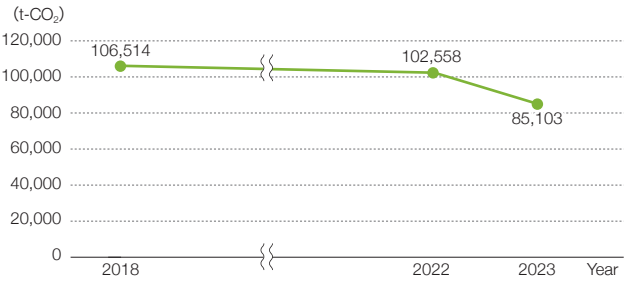
First, to minimize our negative impact, we have established the Carbon Neutrality Promotion Project, which is working to further reduce the CO₂ emitted through our business activities.

Reflecting on the 2023 Fiscal Year

In 2023, we promoted activities to achieve carbon neutrality centered on the production facilities of THK Japan and Group companies in and outside of Japan. As a result, THK Japan and Group companies in Japan saw CO₂ emissions drop to 85,103 tons, which was a 20% reduction from the baseline year of 2018 and a 17% reduction compared to 2022.

One example of the activities that yielded this result is the installation of new solar power generation equipment at four production facilities (the Yamagata plant, THK NIIGATA, THK Liaoning, and THK RHYTHM Thailand). As of the end of December, there were

CO₂ Emissions



Meanwhile, to strengthen our positive impact, we are expanding our offerings of linear motion and other products and services that contribute to energy conservation. We will accelerate our various initiatives in order to achieve these goals.

Medium-Term Target

- By 2030, reduce CO₂ emissions to 50% of 2018 levels.
- Scope: THK Japan and Group companies in Japan

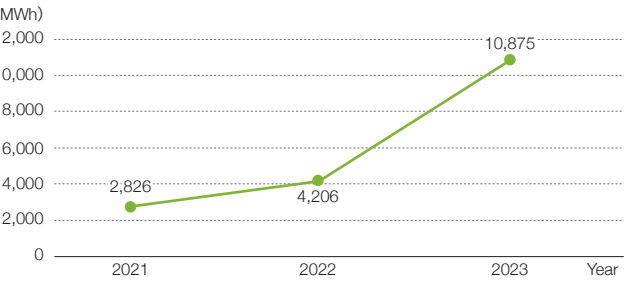
Long-Term Target

- By 2050, achieve net-zero CO₂ emissions.
- Scope: Entire THK Group

a total of 10 facilities making use of renewable energy. These facilities generate a total of 10,875 MWh, an increase of 159% over 2022 (see the renewable energy section of the environmental impact overview on the next page). In addition, THK actively pursued the installation of new high-efficiency production machines and other equipment as well as the transition to LED lighting. Please see our homepage for details about our activities at each facility.

The results of each facility's environmental activities are shared through various committees, and THK is building a structure for expanding the implementation of effective methods to other locations.

Solar Power Generated



Main Environmental Committees

Annual plan	Details	Result
Environmental Committee	Decides on the THK Group's environmental goals, policies, and promotion plans and reports on the implementation status of said plans.	Convened four times during the year (in February, May, August, and November)
General Meeting for Environmental Measures	Reports on the environmental initiatives of THK Japan (administrative departments and production facilities) and related Group production facilities.	Convened twice during the year (in February and September)
Carbon Neutrality Promotion Project Meeting	Reports on the carbon neutrality initiatives of THK Japan's production facilities and THK NIIGATA.	Convened four times during the year (in January, May, July, and November)

Environmental Impact Overview

THK Group Business Activity Environmental Impact Overview¹ (Data collection period: January to December 2023)

INPUT	OUTPUT
-------	--------

Material Procurement

Production Materials Used

	2022	2023	Change
Main raw materials (t)	123,335	78,590	-36%
Main indirect materials (t)	1,869	1,597	-15%
Packaging materials (t)	8,542	6,163	-28%

Production

Energy Consumption

	2022	2023	Change	
Bunker A fuel oil (kL)	2,662	2,427	-9%	
Liquefied natural gas (t)	226	220	-3%	
Propane (t)	1,752	1,501	-14%	
Kerosene (kL)	14	12	-13%	
Electricity (MWh)	327,631	275,105	-16%	
Water intake (1,000 m³)	Surface water	626	630	+1%
	Groundwater	58	55	-5%
	Sea water	—	—	—
	Industrial water	—	—	—

Renewable Energy²

	2022	2023	Change
Solar power generated (MWh)	4,206	10,875	+159%

Production Volume

	2022	2023	Change
Production volume (t)	91,174	70,050	-23%

Waste

	2022	2023	Change
Total waste (t)	24,281	21,862	-10%
Recycled (t)	20,946	18,888	-10%
Disposed (t)	2,675	2,210	-17%

Air Emissions

	2022	2023	Change
PRTR substances ³ (kg)	971	980	+1%
CO ₂ emissions (t-CO ₂)	195,299	172,013	-12%

Water Discharge

		2022	2023	Change
Water discharge (1,000 m³)	Surface water	329	325	-1%
	Groundwater	—	—	—
	Sea water	—	—	—

Logistics⁴

Fuel for Vehicles

	2022	2023	Change
Gasoline (kL)	125	84	-33%
Diesel (kL)	1,586	1,225	-23%

Air Emissions

	2022	2023	Change
CO ₂ emissions (t-CO ₂)	4,395	3,363	-23%

Main Management Items³

	2022		2023	
	Target	Result	Target	Result
Energy intensity ⁵	0.532	0.559	0.705	0.690
Zero emissions	Less than 0.50	0.14	Less than 0.50	0.12
PRTR substances (kg)	49,268	35,472	—	38,816

This data was taken from the following facilities:
¹ Environmental Impact Overview:
Twelve THK Japan production facilities: Yamagata, Kofu, Gifu, Mie, Yamaguchi, THK NIIGATA, THK INTECHS (Sendai and Mishima), NIPPON SLIDE, and THK RHYTHM (Hamamatsu, Inasa, and Kyushu)
Eight production facilities outside of Japan: TMA (USA), TME (France), TMI (Ireland), DALIAN THK (China), THK Wuxi (China), THK Liaoning (China), THK Changzhou (China), and TMV (Vietnam)
² Ten facilities: Toyota branch, Yamaguchi plant, Yamagata plant, THK INTECHS Mishima plant, THK RHYTHM Hamamatsu plant, THK RHYTHM Kyushu plant, THK NIIGATA plant, THK Liaoning, THK Changzhou, and THK RHYTHM Thailand plant
³ Twelve THK Japan production facilities
⁴ Five THK Japan production facilities (Yamagata, Kofu, Gifu, Mie, and Yamaguchi); two distribution centers (Chubu and Yamaguchi); and three factory centers (Yamagata, Kofu, and Mie)
⁵ Energy intensity: Energy consumption/Value added

Zero Emissions and Hazardous Material Management Activities

Achieving and Maintaining Zero Emissions

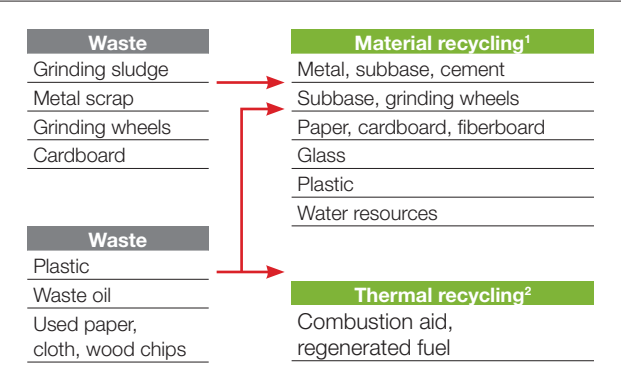
With our zero emissions activities, we aim to reduce all forms of waste we generate to zero by doing things like reusing it wherever possible. We promote zero emissions activities through controlling the use of direct and indirect materials, emissions and final waste, and reusing and recycling.

The waste produced by our business activities includes metal scrap, oil and liquid waste, grinding sludge, packaging, and plastic waste. By thoroughly separating our waste, we reuse or transform waste into usable materials, such as by turning steel scrap into steel-making material, sludge with grinding wheel dust into cement material, and oil and plastic waste into 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 process as well as reducing plastics used by employees in our cafeterias (by transitioning to wooden spoons, for example).

THK Japan aims for an annual emissions rate (volume of waste disposed/total discharged) of less than 0.50%. Continuing from the successful achievement of this goal in 2022, we met this goal again in 2023 with a rate of 0.12%.

Waste Recycling Methods



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

Hazardous Material Management Activities

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

With regard to the Restriction of Hazardous Substances Directive (RoHS),¹ the REACH Regulation² in the EU, and the Administrative Measure on the Control of Pollution Caused by Electronic Information Products³ in China, we have adopted our

Green Procurement Guidelines at our production facilities in and outside of Japan and provide information necessary to meeting our customers' requirements. In addition, we submit reports to the relevant authorities as required by the REACH Regulation.

We stringently manage chemicals specified in the PRTR Law⁴ and are working to switch to products that do not contain such substances. As a result of the law's amendment, which greatly changed the range of specified substances, the amount we used in 2023 came to 38,816 kg.

PRTR Substance Amount and Air Emissions

Substance	Amount (kg)	Air Emissions (kg)
Xylene	929	208
Toluene	1,869	493
Ethylbenzene	158	56
Benzene	95	31
Methylnapthalene	25,990	44
Other	9,774	149
Total	38,816	980

Data includes 12 production facilities in Japan: Yamagata, Kofu, Gifu, Mie, Yamaguchi, THK NIIGATA, THK INTECHS (Sendai and Mishima), NIPPON SLIDE, and THK RHYTHM (Hamamatsu, Inasa, and Kyushu).

¹ RoHS Directive: Directive on the restriction of the use of certain hazardous substances in electrical and electronic equipment
² REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) Regulation: A regulation that requires almost all chemicals sold in the EU to be evaluated for safety and to be registered
³ Administrative Measure on the Control of Pollution Caused by Electronic Information Products: A law, also called "China RoHS," that requires disclosure when certain hazardous substances are present in electronic information products and components
⁴ PRTR Law: The Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof

External Certifications

Third-Party Certification (ISO 14064)

We have received third-party verification that our Scope 1¹ and Scope 2² GHG emissions calculations during the 2023 fiscal year (January 1 to December 31, 2023) are in accordance with the ISO 14064-3 calculation rules stipulated by the Japan Quality Assurance Organization (at a limited level of assurance for the ISO 14064-3 verification standard).

2023 THK CO., LTD. GHG Emissions Calculation Report
Scope: Six factories (Yamaguchi, Yamagata, Kofu, Mie, Gifu, and THK NIIGATA)
Target items: CO₂ created by Scope 1 and 2 energy consumption

Scope 1	7,816 t-CO ₂
Scope 2	60,423 t-CO ₂
Total	68,239 t-CO ₂

¹ Scope 1: Direct greenhouse gas emissions that a business generates itself

² Scope 2: Indirect emissions that accompany the use of electricity, heat, or steam supplied by other companies

JQA
Greenhouse Gas Emissions Verification Report
No. 1811004729

To: THK CO., LTD.

1. Objective and Scope
Japan Quality Assurance Organization (hereafter "JQA") was engaged by THK CO., LTD. (hereafter "the Company") to provide an independent verification on "FY2023* GHG Emissions Calculation Report" (hereafter "the Report"). The content of our verification was to express our conclusion, based on our verification procedures, on whether the statement of information regarding the FY2023 GHG emissions in the Report was correctly measured and calculated, in accordance with the "TSS-G00-00001: GHG Emissions Calculation Rules (Scope 1, 2) ver.4" established by the Company, and the "TS-GHG-00001: GHG Emissions Calculation Rules (Scope 1, 2) ver.1" established by THK NIIGATA CO., LTD. (hereafter "the Rules"). The purpose of the verification is to evaluate the Report objectively and to enhance the credibility of the Report.
*The fiscal year 2023 of the Company ended on December 31, 2023.

2. Procedures Performed
JQA conducted verification in accordance with "ISO 14064-3". The scope of this verification assignment covers energy-derived CO₂ emissions from Scope 1 and 2. The verification was conducted to a limited level of assurance, and quantitative materiality was set at 5 percent of the total emissions in the Report. The organizational boundaries of this verification are THK Group's 6 domestic production sites in Japan.
Our verification procedures included:

- Performing validation of integrated functions to check the Rules prior to the Site Visit.
- Holding on-site verification at the Company's two sites: Kofu Plant and Mie Plant.
The sampling sites for on-site assessment were selected by the Company.
- On-site assessment to check the Report boundaries, GHG sources, monitoring points, monitoring and calculation system and its controls.
- Vouching: Cross-checking the GHG emissions data against evidence.

3. Conclusion
Based on the procedures described above, nothing has come to attention that caused us to believe that the information regarding the Company's FY2023 GHG emissions in the Report is not materially correct, or has not been prepared in accordance with the Rules.

4. Consideration
The Company was responsible for preparing the Report, and JQA's responsibility was to conduct verification of GHG emissions in the Report only. There is no conflict of interest between the Company and JQA.

Sumio Asada, Board Director
For and on behalf of Japan Quality Assurance Organization
1-25, Kandasudacho, Chiyoda-ku, Tokyo, Japan
March 25, 2024

*Please refer to the annex in the next page.

1 / 2

Greenhouse Gas Emissions Verification Report

ISO 14001 Certified Facilities

Japan

Production Facility	Country	Certifying Body
Yamagata Plant, Kofu Plant, Gifu Plant, Mie Plant, Yamaguchi Plant, THK NIIGATA	Japan	JQA
THK RHYTHM Headquarters, Hamamatsu Plant, Inasa Plant, Kyushu Plant		JIA
THK INTECHS Headquarters, Mishima Plant, Sendai Plant		ClassNK

The Americas

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

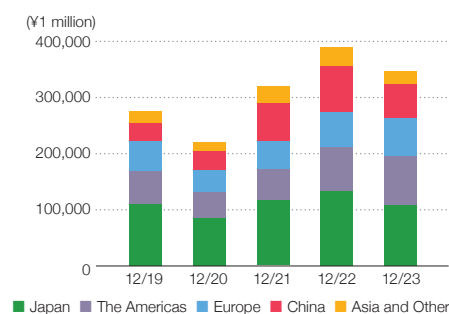
Europe		
Production Facility	Country	Certifying Body
THK Manufacturing of Europe	France	AFAQ
THK RHYTHM AUTOMOTIVE GmbH	Germany	DQS
THK RHYTHM AUTOMOTIVE CZECH	Czech Republic	DQS
Asia		
Production Facility	Country	Certifying Body
THK MANUFACTURING OF CHINA (WUXI)	China	TÜV
DALIAN THK, THK MANUFACTURING OF CHINA (LIAONING)		TÜV
THK RHYTHM CHANGZHOU		BUREAU VERITAS
THK RHYTHM GUANGZHOU		SGS
THK RHYTHM MALAYSIA	Malaysia	DQS
THK RHYTHM (THAILAND)	Thailand	URS

Financial and Non-Financial Highlights

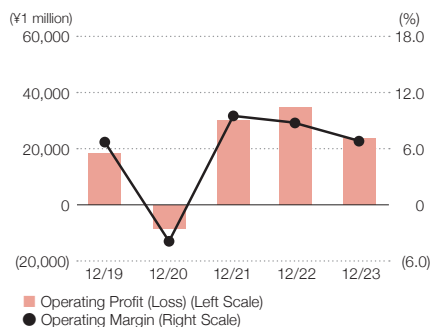
In an effort to better facilitate the global comparison of financial information in the capital market and to strengthen its global financial management by standardizing accounting processes, the THK Group decided to adopt the International Financial Reporting Standards (IFRS) beginning with the 2019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

(Millions of yen)	3/2013	3/2014	3/2015	3/2016	3/2017	12/2017 ³	12/2018	12/2019	12/2020	12/2021	12/2022	12/2023
Revenue ¹	168,366	185,466	217,678	240,478	273,577	286,603	344,718	274,599	218,998	318,188	393,687	351,939
Japan	101,443	101,052	113,361	110,498	112,061	99,099	145,238	109,424	84,675	115,517	134,660	108,740
The Americas	22,527	28,900	34,856	50,343	63,025	67,194	59,792	58,390	46,097	56,369	78,684	88,384
Europe	15,194	18,427	20,456	30,424	46,004	54,001	57,540	53,766	37,625	49,014	62,507	69,839
China	13,203	19,351	28,302	27,967	29,513	41,410	48,554	30,996	34,006	68,662	84,046	59,919
Asia and Other	15,996	17,734	20,700	21,243	22,971	24,896	33,592	22,021	16,594	28,624	33,789	25,056
Gross Profit	44,298	52,903	67,024	67,766	70,464	72,112	101,985	67,469	46,430	79,753	105,288	81,630
Operating Profit (Loss)	11,692	17,370	28,388	23,169	24,653	29,279	52,848	18,277	(8,499)	30,268	34,460	23,707
Profit (Loss) before Income Taxes	14,737	24,004	33,501	19,612	23,057	31,034	52,262	18,168	(9,725)	29,984	35,596	25,289
Profit (Loss) Attributable to Owners of the Parent	9,808	15,590	22,705	13,575	16,731	25,729	36,100	11,690	(9,992)	23,007	21,198	18,398
Total Assets	293,145	336,416	373,610	407,808	414,931	436,664	471,369	468,945	460,173	516,086	560,304	556,351
Total Equity	189,058	222,148	250,498	250,540	251,540	281,754	289,278	291,132	275,148	314,289	337,281	362,898
Per Share (yen)												
Profit (Loss) —Basic	76.96	123.16	179.36	107.24	132.18	203.28	285.23	92.37	(78.95)	181.97	172.67	150.08
Profit (Loss) —Diluted	—	—	—	—	—	—	—	—	—	—	—	—
Equity Attributable to Owners of the Parent	1,479.41	1,736.51	1,957.48	1,953.97	1,966.80	2,140.71	2,198.17	2,214.98	2,105.54	2,442.90	2,707.51	2,914.23
Cash Dividend	18	26	50	50	41	62	85	32	15	60	87	46
Ratio of Revenue from Outside of Japan (%)	39.7	45.5	47.9	54.1	59.0	65.4	57.9	60.2	61.3	63.7	65.8	69.1
Operating Margin (%)	6.9	9.4	13.0	9.6	9.0	10.2	15.3	6.7	(3.9)	9.5	8.8	6.7
Ratio of Profit to Equity Attributable to Owners of the Parent (ROE) (%)	5.4	7.7	9.7	5.5	6.7	9.9	13.3	4.2	(3.7)	8.1	6.7	5.3
Return on Assets (ROA) (%) ²	4.2	5.7	8.2	6.1	6.1	7.0	11.2	4.1	(1.7)	6.3	6.6	4.7
Equity Ratio Attributable to Owners of the Parent (%)	63.9	65.3	66.3	60.7	60.0	62.0	59.0	59.8	57.9	59.0	59.2	64.2
Asset Turnover Ratio (Times)	0.58	0.59	0.61	0.62	0.67	0.67	0.75	0.58	0.47	0.65	0.73	0.63

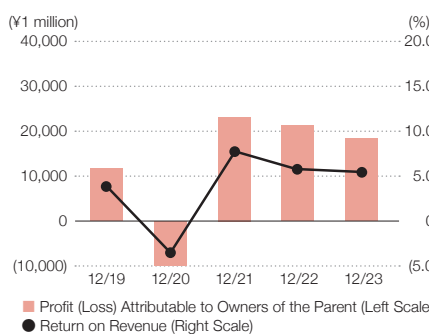
Revenue



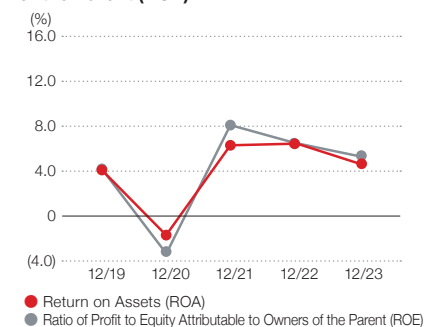
Operating Profit (Loss)/ Operating Margin



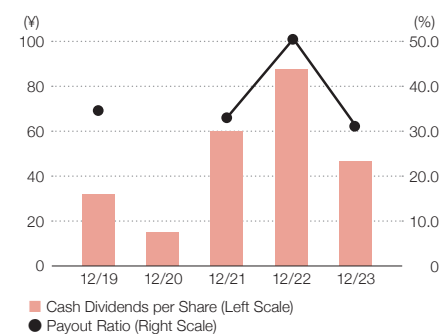
Profit (Loss) Attributable to Owners of the Parent/Return on Revenue



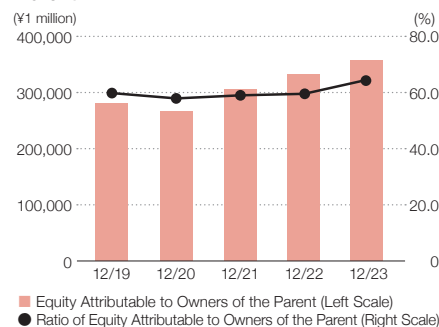
Return on Assets (ROA)/ Ratio of Profit to Equity Attributable to Owners of the Parent (ROE)



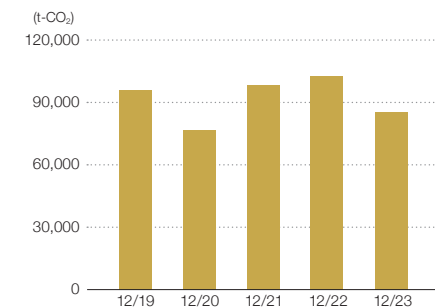
Cash Dividends per Share/ Payout Ratio



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



CO₂ Emissions

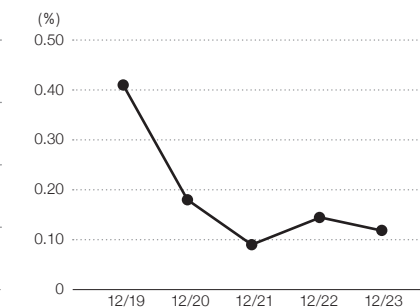


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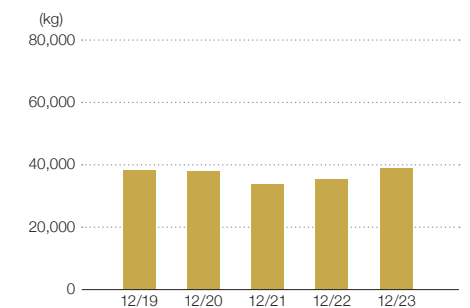
CO₂ Emissions: THK and Group companies in Japan

Zero Emissions Rate and PRTR-Designated Substances: Twelve production facilities in Japan (Yamagata, Kofu, Gifu, Mie, Yamaguchi, THK NIIGATA, THK INTECHS (Sendai and Mishima), NIPPON SLIDE, and THK RHYTHM (Hamamatsu, Inasa, and Kyushu))

Zero Emissions Rate



PRTR-Designated Substances



HR Data	12/2019	12/2020	12/2021	12/2022	12/2023
Number of Employees (Consolidated)	13,260	12,914	13,073	13,502	13,360
Number of Employees (Non-consolidated)	3,891	3,957	3,968	4,058	4,068
Average Years of Service	17.3	17.6	18.1	18.2	18.4
Individuals on Childcare Leave	52	56	65	54	73
Turnover Ratio (%)	1.5	1.2	1.7	2.4	2.3
Percentage of Employees with Disabilities (%)	2.30	2.32	2.23	2.19	2.25

Apart from Number of Employees (Consolidated), all numbers reflect THK Japan only.

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.

Consolidated financial statements

Consolidated statements of financial position

(Millions of Yen)

	Previous Fiscal Year (December 31, 2022)	Current Fiscal Year (December 31, 2023)
Assets		
Current assets		
Cash and cash equivalents	163,835	156,486
Trade and other receivables	96,665	78,621
Inventories	77,630	82,460
Other financial assets	1,500	504
Other current assets	13,309	15,388
Total current assets	352,942	333,462
Non-current assets		
Property, plant and equipment	172,342	186,556
Goodwill and intangible assets	9,321	9,492
Investments accounted for using the equity method	6,814	6,960
Other financial assets	10,571	10,724
Deferred tax assets	5,305	5,891
Retirement benefit asset	2,926	3,182
Other non-current assets	80	80
Total non-current assets	207,361	222,889
Total assets	560,304	556,351

(Millions of Yen)

	Previous Fiscal Year (December 31, 2022)	Current Fiscal Year (December 31, 2023)
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	51,631	40,881
Bonds and borrowings	22,961	13,123
Other financial liabilities	3,732	4,352
Provisions	129	114
Income taxes payable	7,169	849
Other current liabilities	17,538	14,320
Total current liabilities	103,162	73,643
Non-current liabilities		
Bonds and borrowings	97,917	95,639
Other financial liabilities	9,130	8,491
Retirement benefit liabilities	4,256	6,278
Provisions	179	171
Deferred tax liabilities	5,939	6,488
Other non-current liabilities	2,437	2,740
Total non-current liabilities	119,860	119,810
Total liabilities	223,023	193,453
Equity		
Common stock	34,606	34,606
Capital surplus	40,094	40,102
Retained earnings	245,941	253,440
Treasury stock	(17,160)	(17,130)
Other components of equity	28,406	46,245
Total equity attributable to owners of the parent	331,887	357,264
Non-controlling interests	5,393	5,633
Total equity	337,281	362,898
Total liabilities and equity	560,304	556,351

Consolidated statements of profit or loss

(Millions of Yen)

	Previous Fiscal Year (From January 1, 2022 to December 31, 2022)	Current Fiscal Year (From January 1, 2023 to December 31, 2023)
Revenue	393,687	351,939
Cost of sales	288,398	270,308
Gross profit	105,288	81,630
Selling, general and administrative expenses	58,991	58,958
Other income	2,015	2,318
Other expenses	14,421	1,322
Share of profit of investments accounted for using the equity method	569	40
Operating income	34,460	23,707
Financial income	3,335	2,446
Financial costs	2,199	864
Profit before tax	35,596	25,289
Income tax expense	14,785	6,550
Profit	20,811	18,738
Profit attributable to:		
Owners of the parent	21,198	18,398
Non-controlling interests	(386)	339
Profit	20,811	18,738
Earnings per share		
Basic earnings per share (yen)	172.67	150.08
Diluted earnings per share (yen)	—	—

Consolidated statements of comprehensive income

(Millions of Yen)

	Previous Fiscal Year (From January 1, 2022 to December 31, 2022)	Current Fiscal Year (From January 1, 2023 to December 31, 2023)
Profit	20,811	18,738
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(482)	532
Remeasurements of defined benefit plans	649	(1,430)
Share of other comprehensive income of investments accounted for using the equity method	(59)	54
Total of items that will not be reclassified to profit or loss	108	(843)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	20,937	17,442
Share of other comprehensive income of investments accounted for using the equity method	511	360
Total of items that may be reclassified to profit or loss	21,449	17,802
Other comprehensive income, net of tax	21,557	16,959
Comprehensive income	42,369	35,697
Comprehensive income attributable to:		
Owners of the parent	42,086	35,145
Non-controlling interests	282	551
Comprehensive income	42,369	35,697

Consolidated statements of changes in equity

Previous fiscal year (from January 1, 2022 to December 31, 2022)

	(Millions of Yen)				
	Equity attributable to owners of the parent				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity Exchange differences on translation of foreign operations
Beginning balance	34,606	40,413	233,607	(11,237)	5,506
Profit	—	—	21,198	—	—
Other comprehensive income	—	—	—	—	20,779
Total comprehensive income	—	—	21,198	—	20,779
Purchase of treasury stock	—	—	—	(5,958)	—
Disposition of treasury stock	—	3	—	36	—
Dividends	—	—	(9,460)	—	—
Changes in ownership interest in subsidiaries	—	(323)	—	—	948
Transfer from other components of equity to retained earnings	—	—	595	—	—
Other	—	—	—	—	—
Total transactions with owners	—	(319)	(8,864)	(5,922)	948
Ending balance	34,606	40,094	245,941	(17,160)	27,234

	Equity attributable to owners of the parent					
	Other components of equity					
	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Subtotal	Total	Non-controlling interests	Total equity
Beginning balance	1,658	—	7,165	304,555	9,733	314,289
Profit	—	—	—	21,198	(386)	20,811
Other comprehensive income	(487)	595	20,888	20,888	669	21,557
Total comprehensive income	(487)	595	20,888	42,086	282	42,369
Purchase of treasury stock	—	—	—	(5,958)	—	(5,958)
Disposition of treasury stock	—	—	—	39	—	39
Dividends	—	—	—	(9,460)	—	(9,460)
Changes in ownership interest in subsidiaries	—	—	948	624	(3,865)	(3,240)
Transfer from other components of equity to retained earnings	—	(595)	(595)	—	—	—
Other	—	—	—	—	(758)	(758)
Total transactions with owners	—	(595)	352	(14,754)	(4,623)	(19,377)
Ending balance	1,171	—	28,406	331,887	5,393	337,281

Current fiscal year (from January 1, 2023 to December 31, 2023)

	(Millions of Yen)				
	Equity attributable to owners of the parent				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity Exchange differences on translation of foreign operations
Beginning balance	34,606	40,094	245,941	(17,160)	27,234
Profit	—	—	18,398	—	—
Other comprehensive income	—	—	—	—	17,590
Total comprehensive income	—	—	18,398	—	17,590
Purchase of treasury stock	—	—	—	(2)	—
Disposition of treasury stock	—	8	—	31	—
Dividends	—	—	(9,807)	—	—
Transfer from other components of equity to retained earnings	—	—	(1,091)	—	—
Other	—	—	—	—	—
Total transactions with owners	—	8	(10,898)	29	—
Ending balance	34,606	40,102	253,440	(17,130)	44,825

	Equity attributable to owners of the parent					
	Other components of equity					
	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Subtotal	Total	Non-controlling interests	Total equity
Beginning balance	1,171	—	28,406	331,887	5,393	337,281
Profit	—	—	—	18,398	339	18,738
Other comprehensive income	535	(1,379)	16,747	16,747	211	16,959
Total comprehensive income	535	(1,379)	16,747	35,145	551	35,697
Purchase of treasury stock	—	—	—	(2)	—	(2)
Disposition of treasury stock	—	—	—	40	—	40
Dividends	—	—	—	(9,807)	—	(9,807)
Transfer from other components of equity to retained earnings	(287)	1,379	1,091	—	—	—
Other	—	—	—	—	(311)	(311)
Total transactions with owners	(287)	1,379	1,091	(9,769)	(311)	(10,080)
Ending balance	1,419	—	46,245	357,264	5,633	362,898

Consolidated statements of cash flows

	(Millions of Yen)	
	Previous Fiscal Year (From January 1, 2022 to December 31, 2022)	Current Fiscal Year (From January 1, 2023 to December 31, 2023)
Cash flows from operating activities		
Profit before tax	35,596	25,289
Depreciation and amortization	20,834	21,803
Impairment losses	13,641	—
Increase or decrease in retirement benefit assets or liabilities	(413)	(409)
Financial income	(3,335)	(2,446)
Financial costs	1,086	1,589
Share of profit of investments accounted for using the equity method	(569)	(40)
(Increase) decrease in trade and other receivables	(9,481)	22,035
(Increase) decrease in inventories	(9,714)	(1,049)
Increase (decrease) in trade and other payables	2,477	(13,808)
Other	491	(1,036)
Subtotal	50,613	51,926
Interests and dividends received	1,109	2,424
Interests paid	(331)	(419)
Income taxes paid	(13,830)	(14,599)
Net cash provided by operating activities	37,561	39,332
Cash flows from investing activities		
Purchase of property, plant and equipment	(29,407)	(27,045)
Proceeds from sale of property, plant and equipment	435	125
Purchase of other financial assets	(551)	(366)
Proceeds from sales of other financial assets	10	624
Other	(568)	(433)
Net cash used in investing activities	(30,081)	(27,094)
Cash flows from financing activities		
Repayments of long-term borrowings	(2,185)	(2,185)
Proceeds from issuance of bonds	20,000	10,000
Payments for redemption of bonds	—	(20,000)
Purchase of treasury stock	(5,958)	(2)
Dividends paid	(9,582)	(9,795)
Dividends paid to non-controlling interests	(766)	(349)
Repayments of lease liabilities	(1,916)	(1,934)
Payments for acquisition of interests in subsidiaries from non-controlling interests	(3,240)	—
Net cash used in financing activities	(3,649)	(24,266)
Effect of exchange rate changes on cash and cash equivalents	8,573	4,680
Net increase (decrease) in cash and cash equivalents	12,404	(7,348)
Cash and cash equivalents at the beginning of the year	151,430	163,835
Cash and cash equivalents at the end of the year	163,835	156,486

Segment information

(1) Overview of reportable segments

The reportable segments of the Group are those for which separate financial information is available among the Company's constituent units, and are subject to regular review by the Board of Directors in order to determine the allocation of management resources and evaluate performance.

The Group manufactures and sells machine element components such as LM (linear motion) guides and ball screws, and transportation equipment element parts such as link balls and suspension ball joints. In Japan, the Company and domestic subsidiaries are in charge, and overseas, independent local subsidiaries are in charge of each region, and we are developing comprehensive strategies and developing business activities in each region.

Therefore, the Group's compositional units are based on the manufacturing and sales system, and reportable segments consist of five regional segments: Japan, The Americas, Europe, China, and Others.

(2) Information on reportable segments

Accounting policies for reportable segments are the same as the Group's accounting policies.

Intersegment sales is based on prevailing market prices.

Previous fiscal year (from January 1, 2022 to December 31, 2022)

(Millions of Yen)

	Reportable Segments					Total	Adjustment (Note 3)	Consoli- dated
	Japan	The Americas	Europe	China	Others			
Revenue								
Revenue to external customers	144,189	80,855	62,715	83,312	22,614	393,687	–	393,687
Intersegment revenue	79,270	253	453	5,443	4,265	89,687	(89,687)	–
Total	223,459	81,109	63,169	88,755	26,880	483,374	(89,687)	393,687
Segment income (loss) (Note 4)	17,014	(2,351)	(9,684)	13,773	2,861	21,613	12,847	34,460
Financial income	7,654	546	732	700	53	9,688	(6,352)	3,335
Financial costs	941	264	1,644	25	173	3,048	(849)	2,199
Profit (loss) before tax	23,727	(2,069)	(10,595)	14,449	2,741	28,252	7,344	35,596
Segment assets	451,156	91,454	107,745	100,490	38,251	789,098	(228,794)	560,304
Other items								
Depreciation and amortization	8,111	3,738	3,072	4,644	1,093	20,660	(286)	20,374
Impairment losses	1,286	2,094	9,620	1,009	12	14,024	(382)	13,641
Investments accounted for using the equity method	6,814	–	–	–	–	6,814	–	6,814
Share of profit of investments accounted for using the equity method	569	–	–	–	–	569	–	569
Capital investments	15,106	3,500	2,083	9,075	2,329	32,095	–	32,095

- (Notes)
- Country or region classification is based on geographical proximity.
 - Main countries or regions belonging to each category other than Japan and China
 - The Americas the U.S.A., etc.
 - Europe Germany, France, etc.
 - Others Taiwan, Singapore, etc.
 - Adjustments are as follows.
 - Segment income (loss) adjustment of ¥12,847 million is the eliminations of intersegment transactions.
 - Segment assets adjustment of ¥(228,794) million is the eliminations of intersegment transactions.
 - Depreciation and amortization adjustment of ¥(286) million is the intersegment adjustments.
 - Impairment loss adjustments of ¥(382) million is the intersegment adjustments.
 - Segment income (loss) is adjusted with operating profit (loss) in the consolidated statements of profit or loss.

Current fiscal year (from January 1, 2023 to December 31, 2023)

(Millions of Yen)

	Reportable Segments					Total	Adjustment (Note 3)	Consoli- dated
	Japan	The Americas	Europe	China	Others			
Revenue								
Revenue to external customers	115,357	89,225	70,548	59,410	17,397	351,939	–	351,939
Intersegment revenue	57,812	268	410	4,544	3,749	66,785	(66,785)	–
Total	173,170	89,494	70,958	63,954	21,147	418,724	(66,785)	351,939
Segment income (Note 4)	10,619	2,219	1,680	7,486	981	22,989	718	23,707
Financial income	6,058	1,367	2,034	483	158	10,102	(7,656)	2,446
Financial costs	899	372	1,794	29	61	3,157	(2,292)	864
Profit before tax	15,778	3,215	1,921	7,940	1,078	29,934	(4,644)	25,289
Segment assets	437,859	85,250	118,445	102,325	43,514	787,393	(231,042)	556,351
Other items								
Depreciation and amortization	8,792	3,862	2,813	4,645	1,369	21,484	(202)	21,281
Investments accounted for using the equity method	6,960	–	–	–	–	6,960	–	6,960
Share of profit of investments accounted for using the equity method	40	–	–	–	–	40	–	40
Capital investments	14,759	2,860	1,872	7,086	3,574	30,153	–	30,153

- (Notes)
- Country or region classification is based on geographical proximity.
 - Main countries or regions belonging to each category other than Japan and China
 - The Americas the U.S.A., etc.
 - Europe Germany, France, etc.
 - Others Taiwan, Singapore, etc.
 - Adjustments are as follows.
 - Segment income adjustment of ¥718 million is the eliminations of intersegment transactions.
 - Segment assets adjustment of ¥(231,042) million is the eliminations of intersegment transactions.
 - Depreciation and amortization adjustment of ¥(202) million is the intersegment adjustments.
 - Segment income is adjusted with operating profit in the consolidated statements of profit or loss.
 - Effective the current fiscal year, capital investments of each reportable segment are disclosed instead of capital expenditures. The reportable segment information for the previous fiscal year presented in the previous page has been adjusted in accordance with this change.

(3) Information on products and services

Revenue to external customers for each product and service is as follows.

(Millions of Yen)		
	Previous Fiscal Year (From January 1, 2022 to December 31, 2022)	Current Fiscal Year (From January 1, 2023 to December 31, 2023)
Industrial machinery business	285,001	221,184
Automotive & transportation business	108,685	130,755
Total	393,687	351,939

(4) Information by region

The regional breakdown of revenue and non-current assets is as follows.

Revenue to external customers

(Millions of Yen)		
	Previous Fiscal Year (From January 1, 2022 to December 31, 2022)	Current Fiscal Year (From January 1, 2023 to December 31, 2023)
Japan	134,660	108,740
The Americas	78,684	88,384
Europe	62,507	69,839
China	84,046	59,919
Other	33,789	25,056
Total	393,687	351,939

(Note) Revenue is based on the location of the sales destination.

Non-current assets

(Millions of Yen)		
	Previous Fiscal Year (December 31, 2022)	Current Fiscal Year (December 31, 2023)
Japan	83,316	88,415
The Americas	24,980	26,053
Europe	21,598	22,588
China	38,019	42,178
Other	13,749	16,813
Total	181,663	196,049

(Note) Non-current assets are based on the location of the assets and do not include financial instruments, deferred tax assets, and retirement benefit assets.

(5) Information on major customers

Not applicable as there is no single external customer whose revenue is 10% or more of consolidated revenue.

Pages 68 through 78 are a partial excerpt from the Annual Securities Report.
Please see the THK website (<https://www.thk.com/>) for the full text of the Annual Securities Report and all included notes.

Subsidiaries & Affiliate

As of December 31, 2023

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 America, Inc.	Sale of LM Guide, ball screws	Illinois, U.S.A.	100.00
THK Manufacturing of America, Inc.	Manufacture of LM Guide, special bearings	Ohio, U.S.A.	100.00
THK RHYTHM NORTH AMERICA CO., LTD.	Transportation equipment-related business	Tennessee, U.S.A.	100.00
THK RHYTHM MEXICANA, S.A. DE C.V.	Transportation equipment-related business	Guanajuato, Mexico	100.00
THK RHYTHM AUTOMOTIVE MICHIGAN CORPORATION	Transportation equipment-related business	Michigan, U.S.A.	100.00
THK RHYTHM AUTOMOTIVE CANADA LIMITED	Transportation equipment-related business	Ontario, Canada	100.00
THK Europe B.V.	Holding and management company	Amsterdam, Netherlands	100.00
THK GmbH	Sale of LM Guide, ball screws	Ratingen, Germany	100.00
THK France S.A.S.	Sale of LM Guide, ball screws	Tremblay-en-France, France	100.00
THK Manufacturing of Europe S.A.S.	Manufacture of LM Guide, ball screws	Ensisheim, France	100.00
THK Manufacturing of Ireland Ltd.	Manufacture of ball screws	Dublin, Ireland	100.00
THK RHYTHM AUTOMOTIVE GmbH	Transportation equipment-related business	Düsseldorf, Germany	100.00
THK RHYTHM AUTOMOTIVE CZECH a.s.	Transportation equipment-related business	Dacice, Czech Republic	100.00
THK CAPITAL UNLIMITED COMPANY	Financing and capital management for affiliated companies in the Americas	Dublin, Ireland	100.00
THK FINANCE UNLIMITED COMPANY	Financing and capital management for affiliated companies in Europe	Dublin, Ireland	100.00
THK (CHINA) CO., LTD.	Holding and management company, sale of LM Guide	Dalian, China	100.00
THK (SHANGHAI) CO., LTD.	Sale of LM Guide, ball screws	Shanghai, China	100.00
DALIAN THK CO., LTD.	Manufacture and sale of ball screws, actuators	Dalian, China	70.00
THK MANUFACTURING OF CHINA (WUXI) CO., LTD.	Manufacture of LM Guide	Wuxi, China	100.00
THK MANUFACTURING OF CHINA (LIAONING) CO., LTD.	Manufacture of LM Guide	Dalian, China	100.00
THK RHYTHM GUANGZHOU CO., LTD.	Transportation equipment-related business	Guangzhou, China	100.00
THK RHYTHM CHANGZHOU CO., LTD.	Transportation equipment-related business	Changzhou, China	100.00
THK MANUFACTURING OF CHINA (CHANGZHOU) CO., LTD.	Manufacture of LM-related parts, unit products	Changzhou, China	100.00
THK TAIWAN CO., LTD.	Sale of LM Guide, ball screws	Taipei, Taiwan	100.00
THK LM SYSTEM Pte. Ltd.	Sale of LM Guide, ball screws	Kaki Bukit, Singapore	100.00
THK RHYTHM (THAILAND) CO., LTD.	Transportation equipment-related business, industrial machinery business	Rayong, Thailand	100.00
THK MANUFACTURING OF VIETNAM CO., LTD.	Manufacture and sale of LM Guide, slide rails	Bac Ninh, Vietnam	100.00
THK RHYTHM MALAYSIA Sdn. Bhd.	Transportation equipment-related business	Penang, Malaysia	80.00
THK India Pvt. Ltd.	Manufacture and sale of LM Guide	Karnataka, 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

Corporate Data

As of December 31, 2023

Company Profile		Stock Information	
Headquarters	2-12-10 Shibaura, Minato-ku, Tokyo 108-8506 Phone: +81-3-5730-3911	Common Stock: Authorized	465,877,700 shares
Established	April 1971	Issued	129,856,903 shares
Number of Employees	13,360 (consolidated); 4,068 (parent company)	Stock Exchange Listing	Tokyo Stock Exchange (Prime Market)
Month of Ordinary General Meeting of Shareholders	March	Stock Transfer Agent	Mitsubishi UFJ Trust and Banking Corporation
URL	www.thk.com	Number of Shareholders	18,170
Independent Auditors	Grant Thornton Taiyo LLC		