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Company name in English:	THK CO., LTD.
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Place for public inspection:	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabuto-cho, Chuo-ku, Tokyo, Japan)

Part I. [Information on the THK Group]

I. [Overview of the THK Group]

1. [Key Financial Data]

(1) Financial data (consolidated)

Term		52nd Term	53rd Term	54th Term	55th Term	56th Term
Fiscal Year-End		December 2021	December 2022	December 2023	December 2024	December 2025
Revenue	(Millions of Yen)	318,188	393,687	351,939	222,737	240,444
Profit Before Tax	(Millions of Yen)	29,984	35,596	25,289	17,870	15,746
Profit (Loss) Attributable to Owners of the Parent	(Millions of Yen)	23,007	21,198	18,398	10,439	(69,891)
Comprehensive Income Attributable to Owners of the Parent	(Millions of Yen)	46,696	42,086	35,145	34,505	(57,093)
Equity Attributable to Owners of the Parent	(Millions of Yen)	304,555	331,887	357,264	383,645	261,333
Total Assets	(Millions of Yen)	516,086	560,304	556,351	567,418	472,992
Equity Attributable to Owners of the Parent per Share	(Yen)	2,442.90	2,707.51	2,914.23	3,157.34	2,332.92
Basic Earnings (Loss) per Share	(Yen)	181.97	172.67	150.08	85.17	(618.66)
Diluted Earnings (Loss) per Share	(Yen)	–	–	–	–	–
Ratio of Equity Attributable to Owners of the Parent	(%)	59.0	59.2	64.2	67.6	55.3
Profit Ratio to Equity Attributable to Owners of the Parent	(%)	8.1	6.7	5.3	2.8	(21.7)
Price to Earnings Ratio	(Times)	15.2	14.6	18.4	43.2	–
Net Cash Provided by Operating Activities	(Millions of Yen)	15,643	37,561	39,332	28,412	42,748
Net Cash Used in Investing Activities	(Millions of Yen)	(19,125)	(30,081)	(27,094)	(34,223)	(19,798)
Net Cash Used in Financing Activities	(Millions of Yen)	(12,725)	(3,649)	(24,266)	(22,652)	(42,055)
Cash and Cash Equivalents at the End of the Year	(Millions of Yen)	151,430	163,835	156,486	138,293	120,534
Number of Employees	(Persons)	13,073	13,502	13,360	13,268	13,036

(Notes) 1. International Financial Reporting Standards (hereinafter referred to as “IFRS”) have been applied in the preparation of consolidated financial statements.

2. Amounts less than ¥1 million are truncated.

3. Diluted earnings (loss) per share information is not shown as the Company has not issued potential shares.
4. The price to earnings ratio for the 56th Term is not shown as the basic earnings per share figure is negative.
5. During the 56th term (fiscal year ended December 2025), the automotive & transportation business has been classified as a discontinued operation. As a result, the above figures for revenue and profit before tax for the 56th Term (fiscal year ended December 2025) represent amounts from continuing operations and exclude amounts from the discontinued operation, whereas profit attributable to owners of the parent is presented at the total amount of the continuing operations and discontinued operation. The same reclassification has been applied to the above figures for the 55th Term (fiscal year ended December 2024). For details regarding discontinued operation, please refer to “V. Financial Information, 1. Consolidated Financial Statements, etc., Notes to the consolidated financial statements, 39. Discontinued operation.”

## (2) Financial data for the reporting company

Term		52nd Term	53rd Term	54th Term	55th Term	56th Term
Fiscal Year-End		December 2021	December 2022	December 2023	December 2024	December 2025
Revenue	(Millions of Yen)	167,583	197,624	144,227	144,737	145,070
Ordinary Income	(Millions of Yen)	21,914	35,105	15,905	18,020	45,103
Net Income (Loss)	(Millions of Yen)	18,348	6,094	13,037	15,495	(24,701)
Common Stock	(Millions of Yen)	34,606	34,606	34,606	34,606	34,606
Total Number of Issued Shares	(Shares)	129,856,903	129,856,903	129,856,903	129,856,903	119,099,803
Net Assets	(Millions of Yen)	239,760	230,001	233,497	240,909	152,223
Total Assets	(Millions of Yen)	397,066	399,875	370,882	365,869	345,917
Net Assets per Share	(Yen)	1,923.12	1,876.28	1,904.60	1,982.59	1,358.85
Dividend per Share [of Which, Interim Dividend per Share]	(Yen)	60.0 [20.5]	87.0 [37.0]	46.0 [30.0]	146.5 [18.0]	246.0 [123.0]
Net Income (Loss) per Share	(Yen)	145.12	49.64	106.35	126.41	(218.65)
Net Income per Share-Diluted	(Yen)	–	–	–	–	–
Equity Ratio	(%)	60.4	57.5	63.0	65.8	44.0
Return on Equity	(%)	7.8	2.6	5.6	6.5	(12.6)
Price to Earnings Ratio	(Times)	19.1	50.7	26.0	29.1	–
Payout Ratio	(%)	41.3	175.3	43.3	115.9	–
Number of Employees	(Persons)	3,968	4,058	4,068	4,076	4,016
Total Shareholder Return [Reference Index: TOPIX, Including Dividends]	(%)	85.1 [112.7]	79.9 [110.0]	88.8 [141.1]	120.7 [169.9]	137.9 [213.2]
Highest Share Price	(Yen)	4,140	3,070	3,295	3,778	4,464
Lowest Share Price	(Yen)	2,301	2,195	2,454	2,120	2,971

- (Notes) 1. The number of employees shows the number of staff members in service.
2. Information on net income per share-diluted for the period from the 52nd Term to the 55th Term is not shown because the Company has not issued potential shares.
3. Information on net income per share-diluted for the 56th Term is not shown because the net income per share figure is negative and the Company has not issued potential shares.
4. The highest and lowest share prices from April 4, 2022 are those on the Tokyo Stock Exchange (Prime Market), and the prices before that date are those on the Tokyo Stock Exchange (First Section).
5. The price to earnings ratio and payout ratio for the 56th Term are not shown because the net income per share figure is negative.
6. The dividend per share for the 52nd Term includes a commemorative dividend of ¥5.0 for the 50th anniversary of THK's founding.

7. Of the dividend per share of ¥246 for the 56th Term, the year-end dividend of ¥123 is subject to approval at the Ordinary General Meeting of Shareholders scheduled to be held on March 20, 2026.
8. The Company changed the term “net sales” to “revenue” in conjunction with its adoption of “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and others at the beginning of its 53rd Term.

## 2. [History]

Month/Year	Events
Apr. 1971	Hiroshi Teramachi established Toho Seiko Co., Ltd., in Meguro-ku, Tokyo. The company started selling parts for machine tools, link balls, LM rollers, and LM balls.
Apr. 1972	Toho Seiko started selling its main products, LM Guides and ball splines.
Dec. 1972	Toho Seiko took over Nisshin Seisakusho Co., Ltd.
Mar. 1973	THK CO., LTD., was established by a joint investment between Toho Seiko and Miyairi Valve Seisakusho Co., Ltd.
Apr. 1977	Toho Seiko acquired the manufacturing department of THK CO., LTD., and began operating it as its Kofu Plant.
Sep. 1979	Toho Seiko started manufacturing and selling ball screws.
Mar. 1981	THK America, Inc. (currently a consolidated subsidiary) was established in Chicago, the U.S.A.
Jul. 1982	Toho Seiko started manufacturing and selling X-Y tables.
Oct. 1982	With a change in the face value of its shares (from ¥500 to ¥50 per share), Toho Seiko was taken over by THK CO., LTD. (a pro forma surviving corporation). The plants of pre-merger THK continued operating as the Nagoya and Osaka Plants.
Oct. 1982	THK Europe GmbH (currently THK GmbH, a consolidated subsidiary) was established in Düsseldorf, West Germany (currently Germany).
Jan. 1984	The company's trading name was re-established as THK CO., LTD.
Feb. 1984	THK acquired Daiko Seisakusho Co., Ltd., and began operating it as its Gifu Plant.
Apr. 1985	THK took over Toyo Seiko Co., Ltd., and began operating it as its Mie Plant. THK established Yamaguchi Plant (which manufactures LM Guides).
Dec. 1985	THK participated in a capital investment in Daito Seiki Co., Ltd. (renamed to THK INTECHS CO., LTD. in July 2009; currently a consolidated subsidiary), and entered into a technical tie-up.
Jun. 1987	THK started manufacturing and selling Intelligent Actuators.
Jan. 1988	THK Yasuda Co., Ltd. (renamed to THK NIIGATA CO., LTD. in July 2004; currently a consolidated subsidiary) was established in Yasuda-cho (currently Agano-shi), Kitakanbaragun, Niigata Prefecture, by a joint investment between THK CO., LTD. and Sabun Industrial CO., LTD.
Apr. 1988	THK took over THK Distribution Co., Ltd.
Jan. 1989	THK TAIWAN CO., LTD. (currently a consolidated subsidiary) was established in Taipei, Taiwan, as a joint venture between THK and Fishion Trading Co., Ltd. (Taiwan).
May 1989	THK co-founded the CNTIC-THK SERVICE CENTER in Beijing, China, with National Technical Import & Export Corporation (China) and Beijing Numerical Control Technical Development Center (China).
Nov. 1989	THK was listed on the over-the-counter market.
Apr. 1991	THK participated in a capital investment in Beldex Co., Ltd.
Jun. 1991	THK established the Yamagata Plant (to manufacture LM Guides and special bearings).
Oct. 1991	THK participated in a capital investment in Samick Industrial Co., Ltd. (currently SAMICK THK CO., LTD., an equity-method affiliate) in South Korea, and entered into a technical tie-up.
Aug. 1992	THK acquired PGM Ballscrews Ireland Ltd. (currently THK Manufacturing of Ireland Ltd., a consolidated subsidiary) in Dublin, Ireland.
May 1993	THK Europe B.V. (currently a consolidated subsidiary) was established in Amsterdam, the Netherlands.
May 1994	THK participated in a capital investment in Toden System Co., Ltd. (renamed to TALK SYSTEM CO., LTD. in October 1994; currently a consolidated subsidiary).
Oct. 1994	THK started manufacturing and selling Cross LM Guides.
Mar. 1996	DALIAN THK CO., LTD. (currently a consolidated subsidiary) was established in Dalian, China, as a joint venture between THK and Wafangdian Bearing Group Corporation.
Jul. 1996	THK started manufacturing and selling Caged Ball LM Guides.

Month/Year	Events
Aug. 1997	THK Manufacturing of America, Inc. (currently a consolidated subsidiary) was established in Hebron, Ohio, the U.S.A.
Aug. 1998	THK started manufacturing and selling linear motor actuators.
Feb. 2000	THK Manufacturing of Europe S.A.S. (currently a consolidated subsidiary) was established in Ensisheim, France.
Jan. 2001	THK started manufacturing and selling Caged Roller LM Guides.
Feb. 2001	THK was listed on the First Section of the Tokyo Stock Exchange.
Oct. 2002	THK France S.A.S. (currently a consolidated subsidiary) was established in Dardilly, France.
Aug. 2003	THK (SHANGHAI) CO., LTD. (currently a consolidated subsidiary) was established in Shanghai, China.
Mar. 2004	THK MANUFACTURING OF CHINA (WUXI) CO., LTD. (currently a consolidated subsidiary) was established in Wuxi, China.
Nov. 2004	THK INTECHS CO., LTD. (currently a consolidated subsidiary) became a full subsidiary of THK through a share exchange.
Feb. 2005	THK MANUFACTURING OF CHINA (LIAONING) CO., LTD. (currently a consolidated subsidiary) was established in Dalian, China.
Sep. 2005	THK (CHINA) CO., LTD. (currently a consolidated subsidiary) was established in Dalian, China as THK's controlling company in China.
Dec. 2006	THK LM SYSTEM Pte. Ltd. (currently a consolidated subsidiary) was established in Suntec City, Singapore.
May 2007	RHYTHM CO., LTD. (renamed to THK RHYTHM CO., LTD. in June 2010; currently a consolidated subsidiary), together with its group companies, became a subsidiary of THK through the sale of its shares.
Jul. 2007	THK RHYTHM (THAILAND) CO., LTD. (currently a consolidated subsidiary) was established in Rayong, Thailand.
Sep. 2008	THK MANUFACTURING OF VIETNAM CO., LTD. (currently a consolidated subsidiary) was established in Bac Ninh, Vietnam.
Jul. 2009	THK transferred the business of Beldex Co., Ltd. to THK INTECHS CO., LTD. (currently a consolidated subsidiary) to integrate operations.
Mar. 2011	THK established THK RHYTHM CHANGZHOU CO., LTD. (currently a consolidated subsidiary), in Changzhou, China.
Jun. 2011	THK acquired outstanding shares in TRW Steering & Suspension (Malaysia) Sdn. Bhd. (renamed to THK RHYTHM MALAYSIA Sdn. Bhd. in August 2011; currently a consolidated subsidiary) in Malaysia.
Feb. 2012	THK RHYTHM MEXICANA, S.A. DE C.V. (currently a consolidated subsidiary) and THK RHYTHM MEXICANA ENGINEERING, S.A. DE C.V. were established in Guanajuato, Mexico.
Mar. 2012	Development and manufacturing division of ball joint products at Future Automotive Industry Division was split off from THK and merged into THK RHYTHM CO., LTD. (currently a consolidated subsidiary).
Nov. 2012	THK India Pvt. Ltd. (currently a consolidated subsidiary) was established in Bengaluru, Karnataka, India.
Feb. 2015	DALIAN THK CO., LTD. (currently a consolidated subsidiary) was expanded and moved to Dalian Economic and Technological Development Zone in China.
Aug. 2015	The L&S (linkage and suspension) business of TRW Automotive Inc. (now part of ZF Friedrichshafen AG) in Europe and North America was transferred to THK to establish THK RHYTHM AUTOMOTIVE MICHIGAN CORPORATION (currently a consolidated subsidiary), THK RHYTHM AUTOMOTIVE CANADA LIMITED (currently a consolidated subsidiary) and THK RHYTHM AUTOMOTIVE GmbH (currently a consolidated subsidiary), and acquire the shares of TRW-DAS.a.s. (currently THK RHYTHM AUTOMOTIVE CZECH a.s., a consolidated subsidiary) in the Czech Republic.

Month/Year	Events
Nov. 2016	THK established THK CAPITAL UNLIMITED COMPANY (currently a consolidated subsidiary) and THK FINANCE UNLIMITED COMPANY (currently a consolidated subsidiary) in Dublin, Ireland.
Oct. 2017	TRA Holdings CO., LTD. (currently a consolidated subsidiary) was established in Minato-ku, Tokyo, Japan.
Oct. 2017	The headquarters was moved to the current location (12-10, Shibaura 2-chome, Minato-ku, Tokyo, Japan).
Apr. 2022	THK transitioned from the First Section to the Prime Market of the Tokyo Stock Exchange following its market restructuring.
May 2024	NIPPON BEARING KIRYU CO., LTD. (renamed to THK KIRYU CO., LTD.; currently a consolidated subsidiary) became a full subsidiary of THK through the sale of all of its shares.
Oct. 2025	THK LM SYSTEM (THAILAND) CO., LTD. (currently a consolidated subsidiary) was established in Samutprakarn, Thailand.

### 3. [Description of Businesses]

The THK Group is comprised of the parent, 39 subsidiaries and 3 associates.

Industrial machinery business engages in manufacturing and sales of machinery components and others, chiefly linear motion systems, as well as industrial machinery. Automotive & transportation business engages in the development and design, and manufacturing and sales of steering components, suspension components, brake components and others primarily for transportation equipment such as automobiles and motorcycles.

A linear motion system is used in linear motion parts of machinery equipment, etc., and is a machinery component that realizes high speed and high precision of machinery equipment. As it converts the motion parts of machinery equipment, etc. into “rolling” motion, which reduces the friction of the motion parts to 1/50 of that of “sliding” motion, it is a product with superior energy-saving performance that is friendly to the global environment.

With such characteristics, its use is wide ranging. Aside from precision equipment, such as machine tools and semiconductor manufacturing equipment, which require high speed and high precision, it is adopted in fields from amusement devices to seismic isolation, damping systems, etc. that protect buildings from the shock of an earthquake.

The THK Group’s principal businesses and the roles of its subsidiaries, etc. in the businesses are as follows.

In Japan, the Company sells directly to manufacturers of industrial machinery, including machine tools, industrial robots and semiconductor manufacturing equipment, and their agents, etc. while TALK SYSTEM CO., LTD. is in charge of sales to certain other manufacturers and certain other agents. In addition to the Company, THK INTECHS CO., LTD., THK NIIGATA CO., LTD., NIPPON SLIDE CO., LTD., and THK KIRYU CO., LTD. are responsible for manufacturing. THK INTECHS CO., LTD. engages in manufacturing and sales of industrial machinery, and purchases linear motion systems and others from the Company. Further, the Company purchases certain manufacturing machinery from THK INTECHS CO., LTD. THK RHYTHM CO., LTD. manufactures ball joints and other products and sells to manufacturers of transportation equipment both within and outside Japan.

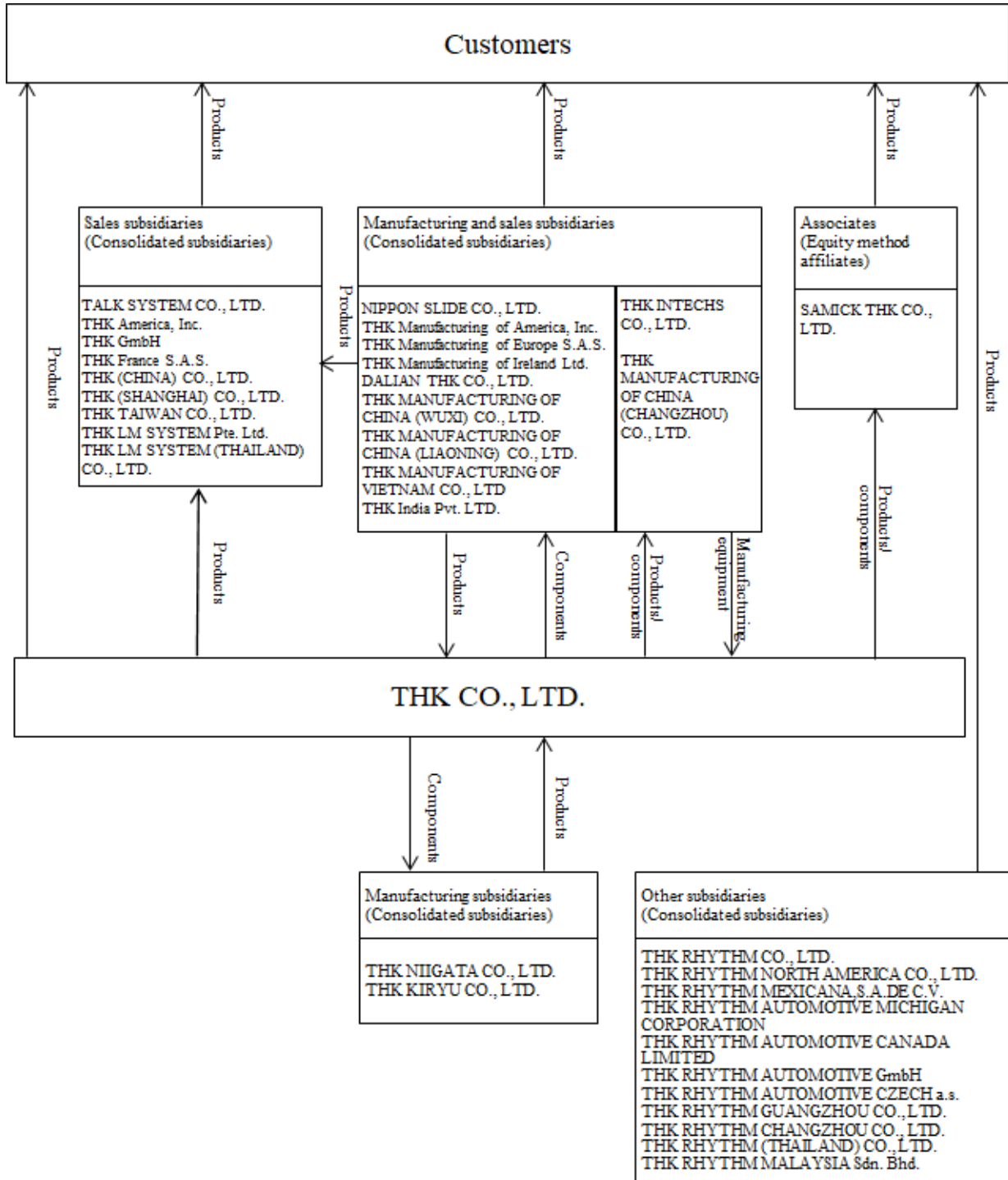
In the Americas, THK America, Inc. is in charge of sales and THK Manufacturing of America, Inc. is responsible for manufacturing. THK RHYTHM NORTH AMERICA CO., LTD., THK RHYTHM MEXICANA, S.A. DE C.V., THK RHYTHM AUTOMOTIVE MICHIGAN CORPORATION and THK RHYTHM AUTOMOTIVE CANADA LIMITED manufacture and sell components for transportation equipment, such as link balls and suspension ball joints, to manufacturers of transportation equipment.

In Europe, THK GmbH and THK France S.A.S. are in charge of sales. THK Manufacturing of Europe S.A.S. and THK Manufacturing of Ireland Ltd. are in charge of manufacturing. THK RHYTHM AUTOMOTIVE GmbH and THK RHYTHM AUTOMOTIVE CZECH a.s. manufacture and sell components for transportation equipment, such as link balls and suspension ball joints, to manufacturers of transportation equipment. In addition, THK CAPITAL UNLIMITED COMPANY and THK FINANCE UNLIMITED COMPANY are responsible for group finance and fund management.

In China, THK (CHINA) CO., LTD. and THK (SHANGHAI) CO., LTD. are in charge of sales. Further, DALIAN THK CO., LTD., THK MANUFACTURING OF CHINA (WUXI) CO., LTD., THK MANUFACTURING OF CHINA (LIAONING) CO., LTD. and THK MANUFACTURING OF CHINA (CHANGZHOU) CO., LTD. are in charge of manufacturing. THK RHYTHM GUANGZHOU CO., LTD. and THK RHYTHM CHANGZHOU CO., LTD. manufacture and sell components for transportation equipment, such as link balls and suspension ball joints, to manufacturers of transportation equipment.

In other regions, THK TAIWAN CO., LTD. (Taiwan), THK LM SYSTEM Pte. Ltd. (Singapore), and THK LM SYSTEM (THAILAND) CO., LTD. (Thailand) are in charge of sales activities. THK MANUFACTURING OF VIETNAM CO., LTD. (Vietnam) is in charge of manufacturing. THK India Pvt. Ltd. (India) and SAMICK THK CO., LTD. (South Korea), an associate of the Company, are in charge of sales and manufacturing.

Business overview is provided in the chart below.



Segment categories

Japan	THK CO., LTD., THK INTECHS CO., LTD., TALK SYSTEM CO., LTD., THK NIIGATA CO., LTD., THK RHYTHM CO., LTD., NIPPON SLIDE CO., LTD., and THK KIRYU CO., LTD.
The Americas	THK America, Inc., THK Manufacturing of America, Inc., THK RHYTHM NORTH AMERICA CO., LTD., THK RHYTHM MEXICANA, S.A. DE C.V., THK RHYTHM AUTOMOTIVE MICHIGAN CORPORATION, and THK RHYTHM AUTOMOTIVE CANADA LIMITED
Europe	THK GmbH, THK France S.A.S., THK Manufacturing of Europe S.A.S., THK Manufacturing of Ireland Ltd., THK RHYTHM AUTOMOTIVE GmbH, and THK RHYTHM AUTOMOTIVE CZECH a.s.
China	THK (CHINA) CO., LTD., THK (SHANGHAI) CO., LTD., DALIAN THK CO., LTD., THK MANUFACTURING OF CHINA (WUXI) CO., LTD., THK MANUFACTURING OF CHINA (LIAONING) CO., LTD., THK RHYTHM GUANGZHOU CO., LTD., THK RHYTHM CHANGZHOU CO., LTD., and THK MANUFACTURING OF CHINA (CHANGZHOU) CO., LTD.
Other	THK TAIWAN CO., LTD., THK LM SYSTEM Pte. Ltd., THK LM SYSTEM (THAILAND) CO., LTD., THK RHYTHM (THAILAND) CO., LTD., THK MANUFACTURING OF VIETNAM CO., LTD., THK RHYTHM MALAYSIA Sdn. Bhd., THK India Pvt. Ltd., and SAMICK THK CO., LTD.

\* Major consolidated Group companies are listed.

\* From the fiscal year under review, the automotive & transportation business is classified as a discontinued operation, and on February 2, 2026, the Company decided to transfer the automotive & transportation business to AP87 Co., Ltd., a special purpose company indirectly funded by investment funds serviced by Advantage Partners, Inc.

4. [Information on Subsidiaries and Associates]

Name	Address	Capital Stock or Capitalization	Principal Business	Segment Name	Percentage of Voting Rights Held by the Company (%)	Description of Relationship	Funding Support	Leasing of Facilities
(Consolidated Subsidiaries)								
THK INTECHS CO., LTD.	Minato-ku, Tokyo	¥100 million	Industrial machinery business	Japan	100.00	In charge of manufacturing products and equipment. Concurrent service as an Officer: Yes	Yes	Yes
TALK SYSTEM CO., LTD.	Minato-ku, Tokyo	¥400 million	Industrial machinery business	Japan	99.00	In charge of sales of products. Concurrent service as an Officer: Yes	Yes	Yes
THK NIIGATA CO., LTD.	Agano-shi, Niigata	¥100 million	Industrial machinery business	Japan	100.00	In charge of manufacturing products. Concurrent service as an Officer: Yes	No	No
THK RHYTHM CO., LTD.	Chuo-ku, Hamamatsu-shi, Shizuoka	¥490 million	Automotive & transportation business	Japan	100.00 [100.00]	In charge of manufacturing and sales of products. Concurrent service as an Officer: Yes	Yes	Yes
NIPPON SLIDE CO., LTD.	Adachi-ku, Tokyo	¥80 million	Industrial machinery business	Japan	100.00	In charge of manufacturing and sales of products. Concurrent service as an Officer: Yes	Yes	Yes
TRA Holdings CO., LTD.	Minato-ku, Tokyo	¥100 million	Holding and controlling company	Japan	100.00	Concurrent service as an Officer: Yes	Yes	No
THK KIRYU CO., LTD.	Kiryu-shi, Gunma	¥30 million	Industrial machinery business	Japan	100.00	In charge of manufacturing products. Concurrent service as an Officer: Yes	Yes	Yes
THK America, Inc. (Note 4)	Schaumburg, Illinois, the U.S.A.	USD 20,100 thousand	Industrial machinery business	The Americas	100.00	In charge of sales of products. Concurrent service as an Officer: Yes	No	No

Name	Address	Capital Stock or Capitalization	Principal Business	Segment Name	Percentage of Voting Rights Held by the Company (%)	Description of Relationship	Funding Support	Leasing of Facilities
THK Manufacturing of America, Inc. (Note 2)	Hebron, Ohio, the U.S.A.	USD 75,000 thousand	Industrial machinery business	The Americas	100.00 [100.00]	In charge of manufacturing products. Concurrent service as an Officer: Yes	No	No
THK RHYTHM NORTH AMERICA CO., LTD.	Sparta, Tennessee, the U.S.A.	USD 66 thousand	Automotive & transportation business	The Americas	100.00 [100.00]	In charge of manufacturing and sales of products. Concurrent service as an Officer: Yes	No	No
THK RHYTHM MEXICANA, S.A. DE C.V. (Note 2)	Guanajuato, Mexico	MXN 800,000 thousand	Automotive & transportation business	The Americas	100.00 [100.00]	In charge of manufacturing and sales of products. Concurrent service as an Officer: Yes	Yes	No
THK RHYTHM AUTOMOTIVE MICHIGAN CORPORATION (Note 2)	Portland, Michigan, the U.S.A.	USD 70,000 thousand	Automotive & transportation business	The Americas	100.00	In charge of manufacturing and sales of products. Concurrent service as an Officer: Yes	No	No
THK RHYTHM AUTOMOTIVE CANADA LIMITED (Note 2)	City of St. Catharines, Ontario, Canada	CAD 150,000 thousand	Automotive & transportation business	The Americas	100.00	In charge of manufacturing and sales of products. Concurrent service as an Officer: Yes	No	No
THK Europe B.V. (Note 2)	Amsterdam, the Netherlands	EUR 90,000 thousand	Holding and controlling company	Europe	100.00	Concurrent service as an Officer: Yes	No	No
THK GmbH	Ratingen, Nordrhein-Westfalen, Germany	EUR 1,000 thousand	Industrial machinery business	Europe	100.00 [100.00]	In charge of sales of products. Concurrent service as an Officer: Yes	No	No
THK France S.A.S.	Tremblay-en-France, France	EUR 37 thousand	Industrial machinery business	Europe	100.00 [100.00]	In charge of sales of products. Concurrent service as an Officer: No	No	No
THK Manufacturing of Europe S.A.S. (Note 2)	Ensisheim, France	EUR 96,000 thousand	Industrial machinery business	Europe	100.00 [100.00]	In charge of manufacturing products. Concurrent service as an Officer: Yes	No	Yes

Name	Address	Capital Stock or Capitalization	Principal Business	Segment Name	Percentage of Voting Rights Held by the Company (%)	Description of Relationship	Funding Support	Leasing of Facilities
THK Manufacturing of Ireland Ltd.	Dublin, Ireland	EUR 8,000 thousand	Industrial machinery business	Europe	100.00 [100.00]	In charge of manufacturing products. Concurrent service as an Officer: Yes	No	No
THK RHYTHM AUTOMOTIVE GmbH	Düsseldorf, Nordrhein-Westfalen, Germany	EUR 1,000 thousand	Automotive & transportation business	Europe	100.00	In charge of manufacturing and sales of products. Concurrent service as an Officer: Yes	No	No
THK RHYTHM AUTOMOTIVE CZECH a.s.	Dačice, Czech Republic	CZK 335,479 thousand	Automotive & transportation business	Europe	100.00	In charge of manufacturing and sales of products. Concurrent service as an Officer: Yes	No	No
THK CAPITAL UNLIMITED COMPANY (Note 2)	Dublin, Ireland	USD 250,000 thousand	In-group financing and fund management for THK's group companies in the Americas	Europe	100.00	In charge of group finance and fund management. Concurrent service as an Officer: Yes	Yes	No
THK FINANCE UNLIMITED COMPANY (Note 2)	Dublin, Ireland	EUR 50,000 thousand	In-group financing and fund management for THK's group companies in Europe	Europe	100.00	In charge of group finance and fund management. Concurrent service as an Officer: Yes	No	No
THK (CHINA) CO., LTD. (Note 2) (Note 4)	Dalian, Liaoning Province, China	CNY 2,296,109 thousand	Holding and controlling company and industrial machinery business	China	100.00	In charge of sales of products. Concurrent service as an Officer: Yes	No	No
THK (SHANGHAI) CO., LTD.	Shanghai, China	CNY 1,655 thousand	Industrial machinery business	China	100.00 [100.00]	In charge of sales of products. Concurrent service as an Officer: Yes	No	No
DALIAN THK CO., LTD. (Note 2)	Dalian, Liaoning Province, China	CNY 420,997 thousand	Industrial machinery business	China	70.00 [25.00]	In charge of manufacturing products. Concurrent service as an Officer: Yes	No	No

Name	Address	Capital Stock or Capitalization	Principal Business	Segment Name	Percentage of Voting Rights Held by the Company (%)	Description of Relationship	Funding Support	Leasing of Facilities
THK MANUFACTURING OF CHINA (WUXI) CO., LTD. (Note 2)	Wuxi, Jiangsu Province, China	CNY 806,494 thousand	Industrial machinery business	China	100.00 [100.00]	In charge of manufacturing products. Concurrent service as an Officer: Yes	No	Yes
THK MANUFACTURING OF CHINA (LIAONING) CO., LTD. (Note 2)	Dalian, Liaoning Province, China	CNY 848,827 thousand	Industrial machinery business	China	100.00 [100.00]	In charge of manufacturing products. Concurrent service as an Officer: Yes	No	No
THK RHYTHM GUANGZHOU CO., LTD.	Guangzhou, Guangdong Province, China	CNY 91,498 thousand	Automotive & transportation business	China	100.00 [100.00]	In charge of manufacturing and sales of products. Concurrent service as an Officer: Yes	No	No
THK RHYTHM CHANGZHOU CO., LTD.	Changzhou, Jiangsu Province, China	CNY 237,265 thousand	Automotive & transportation business	China	100.00 [100.00]	In charge of manufacturing and sales of products. Concurrent service as an Officer: Yes	No	No
THK MANUFACTURING OF CHINA (CHANGZHOU) CO., LTD. (Note 2)	Changzhou, Jiangsu Province, China	CNY 312,669 thousand	Industrial machinery business	China	100.00 [100.00]	In charge of manufacturing products and equipment. Concurrent service as an Officer: Yes	No	No
THK TAIWAN CO., LTD.	Taipei, Taiwan	TWD 90,000 thousand	Industrial machinery business	Other	100.00	In charge of sales of products. Concurrent service as an Officer: Yes	No	No
THK LM SYSTEM Pte. Ltd.	Kaki Bukit, Singapore	SGD 8,000 thousand	Industrial machinery business	Other	100.00	In charge of sales of products. Concurrent service as an Officer: Yes	No	No
THK LM SYSTEM (THAILAND) CO., LTD.	Samutprakarn, Thailand	THB 100,000 thousand	Industrial machinery business	Other	100.00 [0.001]	In charge of sales of products. Concurrent service as an Officer: Yes	No	No

Name	Address	Capital Stock or Capitalization	Principal Business	Segment Name	Percentage of Voting Rights Held by the Company (%)	Description of Relationship	Funding Support	Leasing of Facilities
THK RHYTHM (THAILAND) CO., LTD.	Rayong, Thailand	THB 350,000 thousand	Automotive & transportation business	Other	100.00 [100.00]	In charge of manufacturing and sales of products. Concurrent service as an Officer: Yes	No	No
THK MANUFACTURING OF VIETNAM CO., LTD. (Note 2)	Bac Ninh, Vietnam	USD 62,500 thousand	Industrial machinery business	Other	100.00	In charge of manufacturing products. Concurrent service as an Officer: Yes	No	No
THK RHYTHM MALAYSIA Sdn. Bhd.	Penang, Malaysia	MYR 11,464 thousand	Automotive & transportation business	Other	100.00 [100.00]	In charge of manufacturing and sales of products. Concurrent service as an Officer: No	No	No
THK India Pvt. Ltd. (Note 2)	Andhra Pradesh, India	INR 13,000,000 thousand	Industrial machinery business	Other	100.00 [0.017]	In charge of manufacturing and sales of products. Concurrent service as an Officer: Yes	No	No
(Associates Accounted for Using Equity Method)  SAMICK THK CO., LTD.	Daegu, South Korea	KRW 10,500,000 thousand	Industrial machinery business	Other	33.82	In charge of manufacturing and sales of products. Concurrent service as an Officer: Yes	Yes	Yes

(Notes) 1. Figures in parentheses in “Percentage of Voting Rights Held by the Company” indicate indirect ownership.

2. Companies that are specified subsidiaries.

3. From the fiscal year under review, the automotive & transportation business is classified as a discontinued operation, and on February 2, 2026, the Company decided to transfer the automotive & transportation business to AP87 Co., Ltd., a special purpose company indirectly funded by investment funds serviced by Advantage Partners, Inc.

4. Revenues (excluding intercompany sales within the Group) of both THK America, Inc. and THK (CHINA) CO., LTD. account for more than 10% of consolidated revenue.

(1) THK America, Inc.

Financial summary

(1) Revenue	¥28,844 million
(2) Profit before tax	¥1,690 million
(3) Profit	¥1,365 million
(4) Total equity	¥15,458 million
(5) Total assets	¥21,985 million

(2) THK (CHINA) CO., LTD.

Financial summary

(1) Revenue	¥70,352 million
(2) Profit before tax	¥8,703 million
(3) Profit	¥7,405 million
(4) Total equity	¥59,426 million
(5) Total assets	¥67,981 million

5. [Employees]

(1) Information on consolidated Group companies

As of December 31, 2025

Segment Name	Number of Employees (Persons)
Japan	5,634
The Americas	1,830
Europe	1,573
China	3,034
Other	965
Total for the Company's Consolidated Group	13,036

(Note) The number of employees is the number of staff members in service (excluding employees transferred from the Group to a company outside the Group and including employees of a company outside the Group transferred to the Group).

(2) Information on the reporting company

As of December 31, 2025

Number of Employees (Persons)	Average Age (Years)	Average Length of Service (Years)	Average Annual Salary (Yen)
4,016	41.5	19.2	6,481,721

(Notes) 1. The number of employees is the number of staff members in service (excluding employees transferred from the Company to outside the Group and including employees on loan to the Company from a different company).

2. Average annual salary includes bonuses and extra wages.

3. The segment name of the reporting company is Japan.

(3) Information on labor unions

Within the THK Group, labor unions have been formed at THK RHYTHM CO., LTD., THK RHYTHM MEXICANA, S.A. de C.V., THK RHYTHM AUTOMOTIVE CANADA LIMITED, THK RHYTHM AUTOMOTIVE CZECH a.s., THK RHYTHM AUTOMOTIVE GmbH, THK RHYTHM MALAYSIA Sdn. Bhd., THK Manufacturing of Ireland Ltd., THK Manufacturing of Europe S.A.S., DALIAN THK CO., LTD., THK MANUFACTURING OF CHINA (LIAONING) CO., LTD., THK MANUFACTURING OF CHINA (WUXI) CO., LTD., THK RHYTHM GUANGZHOU CO., LTD., THK RHYTHM CHANGZHOU CO., LTD., Shanghai Branch of THK RHYTHM CHANGZHOU CO., LTD., and THK MANUFACTURING OF VIETNAM CO., LTD. These companies have stable labor-management relations with no particular disclosure to be made.

Further, while no labor unions have been formed at the Company and other consolidated subsidiaries, they have smooth labor-management relations with no particular disclosure to be made.

(4) Percentage of female employees in managerial positions, rate of male employees taking childcare leave, and wage gap between male and female employees

(i) Reporting company

Current Fiscal Year				
Percentage of Female Employees in Managerial Positions (%) (Note 1)	Rate of Male Employees Taking Childcare Leave (%) (Note 2)	Wage Gap Between Male and Female Employees (%) (Note 1) (Note 3)		
		All Employees (Note 4)	Regular Employees (Note 5)	Part-Time and Fixed-Term Employees
2.3	68.5	77.1	76.5	66.5

- (Notes) 1. Figures are calculated based on the provisions in the Act on the Promotion of Women’s Active Engagement in Professional Life (Act No. 64 of 2015). Figures include employees transferred from other companies, but exclude those transferred from the Company to domestic (Japanese) and overseas associates.
2. The rate of childcare leave, etc., taken under Article 71-6, Item 1 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991) is calculated based on the provisions in the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991). Figures include employees transferred from the Company to domestic (Japanese) and overseas associates, but exclude those transferred from other companies.
3. As the Company’s wage system is based on the principle of equal pay for equal work, there are no differences based on gender. The gender wage gap mainly stems from the proportion of male and female employees in managerial positions and differences in employment status.
4. “All Employees” includes regular employees and part-time and fixed-term employees.
5. “Regular Employees” includes regular employees and full-time, indefinite non-regular employees. Figures include employees seconded from the Company to domestic (Japanese) associates, but exclude those seconded from the Company to overseas associates and those seconded from other companies.

(ii) Consolidated subsidiaries

Current Fiscal Year					
Name of Consolidated Subsidiary	Percentage of Female Employees in Managerial Positions (%) (Note 1)	Rate of Male Employees Taking Childcare Leave (%) (Note 2)	Wage Gap Between Male and Female Employees (%) (Note 1) (Note 3)		
			All Employees	Regular Employees	Part-Time and Fixed-Term Employees
THK INTECHS CO., LTD.	0.0	66.6	78.8	81.5	53.0
TALK SYSTEM CO., LTD.	8.8	20.0	78.1	77.8	26.5
THK NIIGATA CO., LTD.	0.0	87.5	79.0	79.0	96.4
THK RHYTHM CO., LTD.	3.2	33.0	83.4	81.1	79.8
NIPPON SLIDE CO., LTD.	0.0	0.0	73.6	76.8	54.2
THK KIRYU CO., LTD.	0.0	0.0	92.5	92.5	–

- (Notes) 1. Figures are calculated based on the provisions in the Act on the Promotion of Women’s Active Engagement in Professional Life (Act No. 64 of 2015).
2. The rate of childcare leave, etc., taken under Article 71-6, Item 1 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991) is calculated based on the provisions in the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991).
3. As the wage systems of the consolidated subsidiaries are based on the principle of equal pay for equal work, there are no differences based on gender. The gender wage gap mainly stems from the proportion of male and female employees in managerial positions and differences in employment status.

## II. [Business Overview]

### 1. [Management Policy, Management Environment and Issues to Be Addressed]

Please note that the forward-looking statements herein are based on the THK Group's judgment as of the end of the fiscal year.

#### (1) The Company's basic policy for management

The THK Group supplies the world with vital machinery components that convert "sliding" motion into "rolling" motion, thereby enabling motion parts to move more "lightly" and "accurately" in linear motion. Since its establishment in 1971, the Company has been contributing to the development of industry by means of indispensable component parts, underpinned by its management philosophy of "providing innovative products to the world and generating new trends to contribute to the creation of an affluent society." This has involved serving as a company focused on creation and development in supplying machinery components that include THK's LM Guides (Linear Motion Guides), while also achieving improvements in terms of high precision, high rigidity, high speed, and energy saving with respect to various machines and equipment, such as machine tools and semiconductor manufacturing equipment.

Since the development of LM Guides, high-quality products and wide-ranging proposal capabilities that capitalize on know-how accumulated in responding to a variety of customer needs have allowed the Group to garner a high level of trust among customers as the world's leading manufacturer. In recent years, the THK Group's products have come to be used across an increasingly extensive range of applications beyond the field of industrial machinery. For instance, in addition to fields close to consumer goods, such as automobiles, medical equipment, aircraft, and service robotics, our products are also finding uses in applications aimed at mitigating the risk of natural disasters and climate change, including applications in seismic isolation and damping systems, as well as renewable energy. As such, we will accordingly contribute to society through our primary operations as our many customers worldwide turn to us for product supply, while concurrently striving to increase our corporate value as we engage in initiatives that help give rise to a sustainable society in the midst of global warming and other changes in the global environment.

#### (2) Medium to long term management strategy of the Company

The THK Group will endeavor to expand its fields of business based on the pillars of its growth strategy focusing on: "Full-Scale Globalization" aiming to expand its geographic business areas, "Development of New Business Areas" aiming to expand applications of its products, and "Change in Business Style" aiming to thoroughly apply Artificial Intelligence (AI), IoT, robotics, and other technologies.

Under the "Full-Scale Globalization" objective, we have been building a "unified retailer-producer system at the locations closer to centers of demand," whereby products will be produced and sold locally in our four key geographic regions of Japan, the Americas, Europe and Asia. As such, we have been working to expand our sales network and to strengthen the production structure in recent years, particularly in China and other emerging markets poised for growth in demand over the medium to long term. Moreover, we will derive further growth from efforts that involve enhancing our sales network in a bid to steadily tap demand even in developed countries as the user base continues to expand.

For "Development of New Business Areas," although we believe that the main customers of our LM Guides and other product groups are now capital goods manufacturers, we are working to promote the adoption of THK Group's products to the fields of applications aimed at mitigating the risk of natural disasters and climate change, such as seismic isolation and damping systems, and renewable energy, in addition to the fields close to consumer goods, such as medical equipment, aircraft, and service robotics.

Under the "Change in Business Style" objective, we will strive to transform our business approach and framework through painstaking efforts in every aspect of operations encompassing areas that include sales, production, and development with respect to new technologies such as AI, IoT, and robotics, amid a scenario of digital technologies undergoing rapid development.

As we promote these initiatives, we have adopted “Manufacturing and Innovative Services Company” as our vision, aiming to go beyond the boundaries of manufacturer and deliver new value to our customers by providing not only products but also high value-added services that leverage digital technologies such as AI and IoT.

Until now, we have primarily focused on solving the problems of machine builders, as “machinery components business,” but going forward, we will also look beyond machine builders to actual machine users to solve the problems they face, and further strengthen our business as “FA solution business.” From the perspective of the evolution of machinery components, we will seek to increase our points of contact with machine users to develop high quality products that help solve problems for both machine builders and users. Furthermore, we will use the diverse information we collect from these multiple levels of customers in all of our operations, such as development and production, to reinforce our development work in growth fields and to strengthen our business foundation.

Going forward, we are committed to accelerate these initiatives and step up our efforts for sustainability and ESG, which are the prerequisites for these initiatives, and enhance our corporate value.

### (3) Management environment

The environment around the THK Group is growing even more uncertain due to rising geopolitical risks, ongoing inflation, the U.S. tariff policy, and other factors. We face various challenges related to issues such as the advancement of digital technology, the growing environmental protection movement, and the shrinkage of working-age populations in developed nations. However, with drivers of demand in the semiconductor field diversifying, significant expansion is expected due to such factors as the emergence of new growth drivers such as generative AI and moves to expand domestic production. Furthermore, our business opportunities are expanding considerably, driven by the advancement of automation and robotics, particularly in developed countries, the shift toward environmentally friendly vehicles in the automotive industry, and increasing investment in renewable energy. Accordingly, we will promote our growth strategy to realize and steadily capture this growth potential.

### (4) Business and financial issues to be addressed on a priority basis

While our business opportunities have expanded, the business environment around us has changed dramatically, and we have been unable to adapt to these changes in a timely fashion, and thus have been unable to meet the expectations of our shareholders, with stagnant profit ratio to equity attributable to owners of the parent (ROE). Upon being appointed Representative Director and President in January 2024, Takashi Teramachi made a statement that “THK will thoroughly strengthen what needs to be strengthened and courageously change what needs to be changed.” In November 2024, we completely revised our conventional management targets and announced our new management policy, “Early Realization of ROE of Over 10%.”

To achieve this, we have tackled the Company’s issues from all directions, such as profitability, capital policies, and corporate governance. We began by revising our capital policy. With respect to profitability, we have focused on business selection and concentration. We conducted strict comparison and scrutiny of return on invested capital (ROIC) and cost of capital and carried out thorough business selection and concentration, with nothing considered out of bounds. We are not simply relying on revenue from growing demand for our products, but instead are making ours a leaner company that produces greater medium- and long-term returns. The profit we generate through these structural reforms will be used in a disciplined manner, not only returned to our shareholders, but also used for growth investment.

In light of these circumstances, for the automotive & transportation business, we conducted a thorough examination of the expected cost of capital and return on invested capital (ROIC) at present and in the future as well. As a result, we have determined that transferring the automotive & transportation business is the most appropriate option. Based on this determination, on February 2, 2026, the decision was made to transfer the shares and assignment of receivables of subsidiaries engaging in the business.

To heighten our ability to achieve these goals, we are enhancing our corporate governance, such as by reviewing the composition of the Board of Directors and having a third-party organization evaluate the effectiveness of the Board. We will also boldly carry out various initiatives, such as strengthening the monitoring system that applies the PDCA (Plan, Do, Check, Act) cycle, reinforcing our compensation system for officers, further revising the composition of the Board of Directors, and enhancing our environmental and other sustainability-related measures.

By doing so, we are striving to achieve early realization of ROE of over 10% and continue to raise ROE, not only to a level that exceeds cost of equity but even beyond, so that we can provide stable shareholder returns. Through this, we will increase our corporate value.

(5) Objective indicators, etc. to determine the degree of achievement of management targets

As a management indicator target under our new management policy, “Early Realization of ROE of Over 10%,” we set the level of required equity capital, the denominator of ROE, at around ¥300,000 million for the time being, and for the numerator, set the operating income required to achieve net income of ¥30,000 million at ¥40,000 million. Basically, we plan to achieve our targets through our self-help efforts, without relying on revenue growth owing to market expansion. To this end, we have set the two-year period through to fiscal year 2026 as a structural reform period, during which we will implement various reforms and transform into a lean, highly profitable structure with the aim of the early realization of ROE of over 10% during fiscal years 2027 to 2029.

## 2. [Sustainability Approach and Initiatives]

The THK Group's approach and initiatives related to sustainability are as follows.

Please note that the forward-looking statements herein are based on the THK Group's judgment as of the end of the fiscal year.

### (1) Basic sustainability policy

Based on the management philosophy and others, common throughout the THK Group of "providing innovative products to the world and generating new trends to contribute to the creation of an affluent society," the Group's basic approach to sustainability is to aim to both enhance corporate value through its core business and contribute to the creation of a sustainable and affluent society.

#### (i) Governance

We established the Sustainability Committee comprised of all Directors, including outside Directors, to act as an advisory body to the Board of Directors, in order to develop, penetrate, and firmly establish a sustainability promotion system with the objectives of enhancing our corporate value and realizing a sustainable and affluent society. The Sustainability Committee examines and deliberates on sustainability policies and significant challenges (material issues).

We also established the Sustainability Promotion Subcommittee as an organization beneath the Sustainability Committee, which consists of members selected from across various business divisions, etc. The Sustainability Promotion Subcommittee works to hammer out initiatives related to material issues, and also confirms progress.

Based on the items considered and deliberated by the Sustainability Committee, the Board of Directors receives reports and proposals as appropriate and provides general supervision for the sustainability efforts of each division, etc.

#### (ii) Strategy

As part of efforts to strengthen our sustainability management, we have identified the following four material themes based on factors such as recent social developments and changes in the internal environment, as well as 13 associated items as material issues: "Creating an affluent society and solving social issues through innovation," "Decarbonization and realization of a recycling-oriented society," "Realization of a diverse and meaningful work environment," and "Strengthening of a sustainable value creation platform."

We identified these material issues through the following four phases.

##### Phase 1: Create a material issue candidate list

While giving due consideration to the THK Group's existing policies, we made a material issue candidate list to be evaluated and examined based on metrics from ESG evaluation bodies, investors, and other social metrics, consolidating duplicate and similar items from each of these

##### Phase 2: Evaluate against societal and business standards

A matrix was created after an evaluation on a scale of 1 to 5 that plotted the "societal demands and expectations" on the vertical axis by outside experts against the "impact on business" on the horizontal axis by THK

##### Phase 3: Create a proposal for re-identified material issues

The Sustainability Promotion Subcommittee members held a discussion based on the Phase 2 evaluation results. After thoroughly examining the business opportunities and risks related to long-term value creation, they then drafted a material issue re-identification proposal

Phase 4: Approval by the Sustainability Committee (\*)

The Sustainability Committee approved the material issue re-identification proposal generated in Phase 3

\* As the Sustainability Committee had not yet been established at the time of approval in June 2022, approval was given by the Board of Directors

(iii) Risk management

In terms of overall risk management, the Risk Management Committee, which serves as an advisor to the Board of Directors, comprehensively and exhaustively identifies and assesses risks in accordance with risk management regulations, evaluates their severity, and determines the priority for addressing them.

In addition to the above, for individual risks related to different sustainability areas, the Sustainability Committee and the organization beneath it, Sustainability Promotion Subcommittee, identify risks, and evaluate them as necessary to determine countermeasures.

Based on the risks and measures, etc. identified by the Risk Management Committee and the Sustainability Committee, the Board of Directors confirms the impact of various sustainability-related risks on the business.

(iv) Metrics and targets

We have set metrics and targets for each of the 13 items identified as material issues. With the exception of “climate change,” we aim to achieve these targets in fiscal year 2026. We aim to achieve the target for “climate change” in fiscal year 2030.

Item (Note 1)	Metrics and Targets	Fiscal Year 2025 Results	Scope
(i) Solving societal issues through innovation	Develop and provide new products and services (DX and other solutions) related to consumer goods, such as those for the space, automotive, logistics, and medical fields	<ul style="list-style-type: none"> <li>Developed OMNI edge GX (green transformation) solutions and started offering</li> <li>Implemented sales expansion activities of transfer robots for logistics centers</li> <li>Developed new seismic isolation table for semiconductor vertical furnaces</li> <li>Pilot tested agricultural harvesting hand</li> </ul>	THK Japan, Group companies in Japan, and Group companies overseas
(i) Quality and safety of products	Promote the proper operation of quality management systems such as ISO 9001 and IATF 16949, and the maintenance and management of certification at applicable sites	<ul style="list-style-type: none"> <li>ISO 9001 (implemented top management review, internal quality audits (at five plants), renewed registration with Japan Quality Assurance Organization (JQA))</li> <li>IATF 16949 (conducted regular IATF audits (Automotive &amp; Transportation Headquarters))</li> </ul>	THK Japan
(ii) Climate change	50% reduction in CO2 emissions (Scope 1 and 2) compared to 2018 (emissions in 2018: 106,514 t-CO2; target for 2030: 53,257 t-CO2) [Target year: 2030]	<ul style="list-style-type: none"> <li>CO2 emissions (Scope 1 and 2) 66,078 t-CO2, reduction rate 38%</li> </ul>	THK Japan and Group companies in Japan

Item (Note 1)	Metrics and Targets	Fiscal Year 2025 Results	Scope
(ii) Sustainable procurement	Distribute sustainability procurement guidelines to suppliers, conduct surveys and interviews using questionnaires	<ul style="list-style-type: none"> <li>Continued to distribute the CSR Procurement Guidelines (current version) to suppliers</li> <li>Conducted interviews with four suppliers based on the CSR Procurement Guidelines (current version)</li> <li>Currently conducting revisions to establish the sustainability procurement guidelines</li> </ul>	THK Japan
(ii) Recycling and conserving resources	Maintain zero emissions Zero emissions = Emission rate (disposal volume/total amount of waste generation) of less than 0.50%.	<ul style="list-style-type: none"> <li>Maintain zero emissions (emission rate: 0.28%)</li> </ul>	THK Japan and Group companies in Japan (production division)
(ii) Managing harmful substances	Distribute Green Procurement Guidelines and obtain a non-inclusion certificate	<ul style="list-style-type: none"> <li>Obtained non-inclusion certificates of Green Procurement Guidelines: 258 companies</li> </ul>	THK Japan, Group companies in Japan, and Group companies overseas
(iii) Respecting and considering human rights	Achieve 100% attendance rate for e-learning course on human rights	<ul style="list-style-type: none"> <li>Attendance rate: 98.30%</li> </ul>	THK Japan
(iii) Promoting diversity	Increase percentage of women hired among new graduates in sales, administration, and engineering divisions to 20% or more	<ul style="list-style-type: none"> <li>Percentage of women: 13.9%</li> </ul>	THK Japan
(iii) Occupational health and safety	Achieve and maintain a severity rate of 0.01 or less, and achieve and maintain an incident rate of 0.50 or less (Note 2)	<ul style="list-style-type: none"> <li>Severity rate = 0.00</li> <li>Incident rate = 0.38</li> </ul>	THK Japan (production division)
(iii) Talent development	Maintain a data utilization training (basics) attendance rate of 95% or more	<ul style="list-style-type: none"> <li>Attendance rate: 97.82%</li> </ul>	THK Japan
(iv) Corporate governance	Continue to evaluate the effectiveness of the Board of Directors once a year	<ul style="list-style-type: none"> <li>Implemented once a year (using a third-party organization)</li> </ul>	THK Japan
(iv) Compliance	Enhance the diversity of internal reporting tools and investigators	<ul style="list-style-type: none"> <li>Compared the revised Whistleblower Protection Act with the current system, and confirmed whether changes to the current system are required</li> </ul>	THK Japan

Item (Note 1)	Metrics and Targets	Fiscal Year 2025 Results	Scope
(iv) Risk management	Continue to implement risk assessments once a year	<ul style="list-style-type: none"> <li>Implemented once a year (at 29 THK Japan divisions, 29 Group companies in Japan and overseas)</li> </ul>	THK Japan, Group companies in Japan, and Group companies overseas

- (Notes) 1. (i) to (iv) listed in the item column represent each of the material issue themes. (i) Creating an affluent society and solving societal issues through innovation, (ii) Decarbonization and realization of a recycling-oriented society, (iii) Realization of a diverse and meaningful work environment, (iv) Strengthening of a sustainable value creation platform.
2. Severity rate: Number of workdays lost per 1,000 total actual working hours. Incident rate: Number of casualties due to occupational accidents per million actual working hours.

## (2) Climate change

The THK Group has identified climate change as one of the material issues and it supports the TCFD (Task Force on Climate-Related Financial Disclosures) recommendations.

### (i) Strategy

Based on 1.5°C and 4°C climate change scenarios proposed by the IEA (International Energy Agency) and IPCC (Intergovernmental Panel on Climate Change), the THK Group has been analyzing scenarios in consideration of their long-term impact up to 2050 and in accordance with the TCFD recommendations in order to investigate strategies and the resilience of those strategies with reference to climate change risks and opportunities.

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"> <li>• Reduce raw material input</li> <li>• Switch to raw materials with low carbon taxes</li> </ul>
		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"> <li>• Develop energy-saving production technology</li> <li>• Transition to low-carbon, non-fossil fuel energy</li> </ul>
	Switch to renewable energy	Increased energy procurement costs	Risk	Minor	The switch to renewable energy will increase energy procurement costs.	<ul style="list-style-type: none"> <li>• Procure renewable energy internally by installing solar power generation systems</li> </ul>
	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"> <li>• Strengthen provision of THK products that contribute to energy savings (LM Guides, electric actuators, unit products, etc.)</li> </ul>
		Increased business opportunities in semi-conductors	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"> <li>• Establish a development, production, and sales structure that can respond promptly and flexibly</li> </ul>
		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"> <li>• Expand IoT services that boost productivity and strengthen sales activities and solutions that utilize such services</li> </ul>
	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"> <li>• Establish a development, production, and sales structure that can respond promptly and flexibly</li> <li>• Actively disclose information and strengthen communication with stakeholders</li> </ul>

Scenario	Cause	Change	Risk/ Opportunity	Level	Impact on THK	THK's Response
4°C	Serious damage from weather-related disasters	Supply chain interruptions	Risk	Minor	Supply of raw materials will be interrupted if suppliers suffer a disaster.	<ul style="list-style-type: none"> <li>Decentralize raw material suppliers</li> <li>Secure alternative suppliers</li> </ul>
		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"> <li>Improve heat insulation performance of buildings</li> </ul>

(ii) Metrics and targets

The THK Group formulated the “medium-term target” and “long-term target” for reducing CO2 emissions (Scope 1 and 2) in order to combat global warming.

Medium-term target

By FY2030, reduce CO2 emissions to 50% of FY2018 levels.

Scope: THK Japan and Group companies in Japan

Long-term target

By FY2050, achieve net-zero CO2 emissions.

Scope: Entire THK Group

Our CO2 emissions (Scope 1 and 2) to date and targets are as follows:

(Unit: t-CO2)

	FY2018 result (base year)	FY2023 result	FY2024 result	FY2025 result	FY2030 target
CO2 emissions (Scope 1 and 2)	106,514	85,065	77,282	66,078	53,257
Reduction rate (compared to fiscal year 2018)	–	20%	27%	38%	50%

(Notes) 1. Scope includes THK Japan and Group companies in Japan.

2. Figure for FY2025 result is tentative as of the submission date of the securities report.

(3) Human capital

(i) Strategy

We have grown as a company focused on creation and development that develops unique 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 “talent,” 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 talent respects the strengths and individuality of one another, 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, and have been carrying out initiatives for respecting and considering human rights, promoting diversity, occupational health and safety, and talent development. With regards to talent development and promoting diversity, we consider it necessary for us to strengthen efforts to build and develop our talent portfolio, in response to changes in the times.

We will continue our efforts to achieve our growth strategy of “Full-Scale Globalization,” “Development of New Business Areas” and “Change in Business Style,” and to realize our management philosophy beyond that. Accordingly, we have identified material issues to address, and will engage in 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.

(a) Human resource (talent) development policy

1. Developing global talent

As overseas revenue accounts for more than 50% of our total revenue, we will work to develop talent that can play an active role on the global stage.

Specifically, we provide support for English conversation learning, including the introduction of speaking tests and e-learning courses, with the aim of improving the language skills of our in-house talent. In addition, in order to quickly develop global talent, we have introduced an “international trainee system” in which young employees are dispatched to overseas Group companies for about one year. In fiscal year 2025, a total of two employees were dispatched to India and Germany.

2. Developing digital talent

Our vision is to transform into a “Manufacturing and Innovative Services Company.” 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, and promoting the development of digital talent.

To date, we have conducted data utilization training for all employees, including plant workers, with the goal of having each location be able to utilize data in a unique and autonomous way. By fiscal year 2025, more than 90% of employees had completed basic courses, and almost all employees in their twenties had completed beginner courses.

With the aim of achieving more advanced data utilization, we will implement a selective training program for talent recruited from across departments through an internal open application process, equipping them with the skills to solve problems using digital tools, and thereby driving efficiency improvements at each work site.

3. Expansion of training initiatives for all employees

In order to continuously support the skill and career development of all employees, we plan to review and enhance current training initiatives as necessary.

Specifically, in addition to enhancing training such as 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 talent, responsible for creating our strengths as a company focused on creation and development, we have introduced a system to treat the employees based on the expertise they possess. Going forward, we plan to consider further expansion of the expertise to be covered by the system.

4. Development of management talent

In order to achieve the medium to long term development of the Company, we will pursue the development of a pool of talent capable of taking on key positions.

Specifically, we define the ideal profile (competencies and qualities) required of officers, identify positions that require planned succession, and select talent for the pool of candidates for these positions. Through review meetings to discuss development status, executive development programs, leadership assessments, management literacy assessments, and similar initiatives, we are working to ensure the smooth succession of management talent. In addition, with the aim of developing the pool of talent over the medium to long term, we will consider expanding the program to include younger talent. We conducted 360-degree assessments for 15 successor candidates each in fiscal years 2024 and 2025, and also implemented executive development programs. Going forward, in addition to training, we will also incorporate cross-departmental transfers and other measures to help employees increase the necessary skills and experience over the medium to long term.

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.

Specifically, in addition to providing unconscious bias training to Directors and Executive Officers, we conducted a questionnaire survey of all employees on the topic of balancing work with childcare, nursing care, and disease treatment. Additionally, our immediate goal is to increase percentage of women hired among new graduates in sales, administration, and engineering divisions to 20% or more.

(b) 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. Specific initiatives on this front are outlined below.

Prevent work-related injuries and illnesses	<ul style="list-style-type: none"> <li>• Assessing risk</li> <li>• Conducting workplace health and safety training</li> <li>• Implementing hazard prediction training and soliciting proposals to prevent near miss events</li> </ul>
Continuously improve occupational health and safety performance	<ul style="list-style-type: none"> <li>• Communicating and managing up-to-date laws and regulations (Performing chemical substance risk assessments)</li> <li>• Promoting health and safety committee activities</li> <li>• Performing internal audits and management reviews</li> <li>• Implementing traffic safety activities</li> <li>• Conducting workplace safety patrols</li> </ul>

## 2. Promoting health and productivity management

We are implementing initiatives from both mental and physical standpoints with the goal of providing a workplace where employees can work healthily and with enthusiasm, which serves as the basis for talent development. 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.

Mental health measures	<ul style="list-style-type: none"> <li>• Conduct stress checks of all employees</li> </ul>
Receiving guidance from industrial physicians and implementing disease prevention activities	<ul style="list-style-type: none"> <li>• Having an industrial physician inspect the workplace and provide guidance at the health and safety committee meeting</li> </ul>
Performing regular and special health checks	<ul style="list-style-type: none"> <li>• In addition to regular health checks, special health checks for relevant individuals at each production facility are conducted</li> </ul>
Managing long work hours (excessive overtime)	<ul style="list-style-type: none"> <li>• Managing overtime at each location and monitoring at Head Office divisions</li> </ul>
Providing support for balancing work with childcare or nursing care	<ul style="list-style-type: none"> <li>• Formulating a handbook on support for balancing work with childcare or nursing care</li> </ul>

### (ii) Metrics and targets

We have established the following metrics and targets for our talent development policy and internal environment development policy.

Metrics	Result (FY2025)	Target (FY2026)
Percentage of women hired among new graduates in sales, administration, and engineering divisions	13.9%	20.0% or more
Rate of male employees taking childcare leave	68.5%	50% or more
Rate of employees returning to work after taking childcare leave	100%	100%
Severity rate	0.00	0.01 or less
Incident rate	0.38	0.50 or less

(Note) As it is difficult to report uniformly due to differences in personnel management, the scope of coverage is limited to THK Japan.

### 3. [Business and Other Risks]

The risks and uncertainties that may affect the THK Group's operating results and financial position include the following. However, these risks are not exhaustive, and there may be additional risks that are unforeseeable or considered immaterial at the moment and yet will impact the Group's management in the future.

Please note that the forward-looking statements in this section are based on the THK Group's judgment as of the end of the fiscal year.

#### (1) Risk management structure of the Company

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, the Company established the Risk Management Committee headed by the Representative Director and President and created a Group-wide risk management structure based on the risk management rules. The Risk Management Committee establishes and formulates countermeasures to risks identified in relation to the Group's business activities and verifies whether the risk management structure is functioning in an effective manner.

In addition, the Company considers risk as an uncertainty that impacts the organization's profits and losses, and believes that risks have both positive and negative sides. If a risk that is on the negative side is hedged appropriately while one that is on the positive side is actively taken, we believe it will lead to sustained growth in the future.

#### (2) Risk identification method

The Company performs risk assessments for the entire THK Group each year pursuant to the risk management rules. The materiality of risks is assessed by mapping using the two axes of "probability of occurrence" and "impact" based on the results of risk assessment reported by group companies within and outside Japan as well as the respective divisions of the Company, to determine the priorities to be given to measures against risks. The frequency and impact of a risk are each assessed on a five-point scale; the higher the number is and the more companies/divisions identify it as a risk, the higher the risk.

#### (3) Business and other risks

<Particularly material risks>

##### (i) Natural disasters, geopolitical issues, acts of terrorism, wars, infectious diseases and others

The THK Group has manufacturing and sales bases not only in Japan but also in the Americas, Europe, Asia and other regions worldwide. In the event that those business bases and/or our suppliers' business bases are affected by a natural disaster, such as an earthquake, typhoon, or fire; political instability due to acts of terrorism or war; the spread of an infectious disease; or other factors, overall business activities, including production activities, may be materially impacted. The Group has formulated a business continuity plan (BCP) and taken preventive measures to minimize any impact in the event of a crisis, continue operations, and ensure early recovery, in addition to introducing a crisis management service and a system for identifying, in the event of a natural disaster, such as an earthquake, typhoon, or heavy rain, business offices and suppliers located in the affected areas and promptly ascertain the status of component supply due to damage. However, it is difficult to completely avoid risks and, in the event damage occurs that exceeds the assumption, the operating results and financial position of the Group could be impacted as a result.

Although Russia-Ukraine issue is settling into a certain level of stability, global geopolitical risks continue to remain, and the unstable international situation in the Middle East and other regions remains unpredictable. New geopolitical risks have emerged across the globe, notably heightened military tensions between the U.S. and Venezuela and moves by the U.S. to acquire Greenland, an autonomous territory of Denmark. Changes in international relations stemming from these geopolitical risks could

give rise to soaring global prices and shortages in the supply of parts and raw materials. The scale of the Group's business activities in the countries involved in these conflicts is relatively small, and the direct impact of the conflict on the Group's business is minimal. However, the outlook is uncertain, and if geopolitical risks were to heighten due to the changes in international situation going forward, the Group's business activities, which are operated globally, may be affected by such events as soaring energy and raw material prices, delays in procuring raw materials and the suspension of business activities.

(ii) International activities and overseas expansion

The THK Group has manufacturing and sales bases in the Americas, Europe, Asia and other regions worldwide. With the emergence of products from China and other emerging countries, the competitive environment from a pricing perspective, in particular, is becoming increasingly challenging globally.

The Group not only conducts daily sales activities with a customer-focused approach where we think, act, and verify results from the customer's perspective, but has also introduced a mechanism to accurately capture the needs of customers and markets by making use of IT, to develop and offer high-performance and highly value-added products on a continuing basis. However, if we are unable to adequately forecast the needs of customers and markets, and thereby fail to develop attractive new products or launch new products in a timely manner in markets, or other companies develop innovative products, the Company's products may lose their position in the market for machinery components and components for transportation equipment, and this could potentially result in lower future growth and profitability.

Moreover, international conflict such as friction between the U.S. and China and the Russia-Ukraine issue have led to various government policies and regulatory changes in security trade control, resulting in mounting uncertainty in overseas business operations. We monitor on a global basis the latest status of political/economic circumstances, laws and regulations, tariffs as well as export regulations based on security trade control and take measures, including reviewing trade formats and supply chains, and are also strengthening our global pre-screening processes for transactions of concern. In doing so, we aim to mitigate impact from the increasingly complex export restrictions and sanctions on our businesses. However, changes in political circumstances or economic conditions in a country or region in which the Group's products are manufactured and sold, unexpected changes to laws and regulations, etc. may cause the operating results and financial position of the Group to be impacted.

(iii) Talented human resources

To strengthen human capital and maintain its competitiveness, the THK Group actively hires not only new graduates but also mid-career personnel, and hires superior talent both within and outside Japan on a continuing basis. We are working to support the development of employees in order to empower individuals. We also believe that promoting diversity is important in order to realize a diverse and meaningful work environment. To enable employees who are raising children or caring for elderly family members to balance work and life with peace of mind, we are implementing initiatives to support childbirth, childcare and nursing care. From the perspective of promoting the active participation of women in the workplace, we also aim to increase the percentage of women hired among new graduates. Moreover, we strive to improve the system and employee engagement by, for example, supporting the elderly and the disabled in playing more active roles and confirming employees' desires through a self-reporting system.

Furthermore, in response to labor shortages resulting from the aging population and declining birthrate, we are promoting the use of digital technologies and AI (artificial intelligence) to achieve labor savings and unmanned operations. Through these efforts, we are working to improve operating efficiency and productivity, while creating an environment in which employees can devote themselves to higher value-added work.

However, the increased global demand for talent with skills in specific fields has further intensified the competition for talent in each field, which was already intense against the backdrop of the declining working population caused by the aging population and declining birthrate. If the Group fails to hire

appropriate talent as planned or experiences difficulty in developing talent, it could pose a problem for technology and skill succession and constrain the execution of the Group's businesses.

In addition, while the Group endeavors to develop stable labor-management relations, there are differences in labor-management practices in overseas countries. In the event of a deterioration in labor-management relations or a labor dispute caused by an unexpected event, such as changes in the legal framework, economic environment or social environment, or a sharp rise in the wages of employees primarily in emerging countries, the operating results and financial conditions of the Group could be impacted.

(iv) Impact of changes in demand trends in specific industry sectors

The THK Group operates industrial machinery business and automotive & transportation business. Industrial machinery business manufactures and sells machinery components, such as LM Guides and ball screws, and automotive & transportation business manufactures and sells components for transportation equipment, including link balls and suspension ball joints. Industrial machinery business sells their products mainly to manufacturers of industrial machinery, including machine tools, general machinery and semiconductor manufacturing equipment, while automotive & transportation business sells their products to manufacturers of transportation equipment such as automotive-related companies. The Group promotes the expansion of the business domains through the three axes of its growth strategy: "Full-Scale Globalization," "Development of New Business Areas," and "Change in Business Style." By adding an FA solution business to our existing machinery component business, we aim to establish a structure that allows us to support the manufacturing operations of a variety of customers, from machine builders to machine users. In this way, we endeavor to diversify risks without depending on particular customers or products. However, at present, the operating performance of the Group is susceptible to demand trends in industry sectors such as machine tools, general machinery, semiconductor manufacturing equipment, and transportation equipment, which are its main customers. Automotive & transportation business, in particular, tends to be greatly affected by the trends in the automotive industry.

Accordingly, rapid changes in the demand trends in a particular industry sector in the future may cause the operating results and financial position of the Group to be impacted.

On February 2, 2026, the Company entered into a basic agreement concerning a business transfer and assignment of receivables of its automotive & transportation business with AP87 Co., Ltd., a special purpose company indirectly funded by investment funds serviced by Advantage Partners, Inc.

(v) Procurement of raw materials and components

The THK Group procures raw materials and components used in product manufacturing from multiple suppliers across the world, not limited to those in Japan. The Group considers those suppliers as "valuable partners for ensuring mutual growth," provides forums for sharing information about new technology, production methods and materials, and builds collaborative frameworks with them. In this way, we endeavor to maintain stable and continued supply, as well as ensure thorough cost management. Further, given the demand from society for enhanced responses from an ESG perspective throughout supply chains, including the handling of conflict minerals and consideration for the environment, we distribute the "CSR Procurement Guidelines" to suppliers to ensure CSR procurement.

However, international conflicts such as the Russia-Ukraine issue have caused global price spikes, and if international conflicts arise elsewhere, and, further, in case of insufficient production capacity, poor quality, bankruptcy or compliance violations of a supplier, natural disasters such as fire and earthquakes, or, in the event that an outbreak of an infectious disease or other event causes a country or region in which a supplier is located to be locked down, a shortage of raw materials and components due to a disruption in the supply chain could occur. In addition, if the prices of raw materials soar unexpectedly on the back of higher oil prices, social circumstances in a country supplying raw materials, increased demand in emerging countries, and others, the operating results and financial position of the Group could be impacted.

(vi) Information security

At times, the THK Group obtains personal information through its business activities and holds confidential information for sales and technological purposes.

The Group has established and operates the Information Security Committee, which is chaired by the Representative Director and President and the meetings of which are attended by external experts as observers, to establish a management system for information security and develop and enhance rules. We also respond to the tightening of laws and regulations, including those on the protection of personal information within and outside Japan, as the need arises, and conduct employee education, etc. to improve information literacy, with a view to ensuring strict management of information. Furthermore, in its business of providing a platform for reducing manufacturing site losses and maximizing overall equipment effectiveness (OEE), the Group has obtained ISO 27001 certification, an international standard for information security management systems (ISMS), and is continuously working to improve its security management framework.

In addition, as the Group makes use of various information systems and IT networks in its overall businesses, adequate safety measures are put in place for those systems.

However, in recent years, new threats that cannot be prevented by conventional measures are increasing as cyber attacks are becoming more advanced and stealthy through the use of AI (artificial intelligence). Furthermore, in tandem with the growing use of cloud-based services, risks associated with information security have increased significantly, and various countries are moving to strengthen regulations regarding the handling of held information from the perspective of privacy protection. In light of this, we endeavor to strengthen security as needed. However, in the event that a cyber attack, computer virus infection, unauthorized access, infrastructure failure, information system malfunction, or other cause results in an unforeseen event, such as an information leak, destruction or alteration of important data, or a system outage, it may cause the social trust in the Group to be compromised, its business activities to be interrupted, costs to be incurred for measures, a large penalty to be paid, or business dealings to be suspended, thereby impacting the operating results and financial position of the Group.

<Material risks>

(i) Quality issue of products

Beyond the field of industrial machinery, such as machine tools, industrial robots and semiconductor manufacturing equipment, the THK Group's products are used across an increasingly extensive range of applications that are closer to consumer products, including automobiles, seismic isolation and damping systems, medical equipment, amusement devices, and aircraft.

The Group has established a quality assurance system in which each production facility both within and outside Japan is certified under the ISO 9001 Quality Management System, and the Group engages in the development and manufacturing of various products and services according to said standard, to provide a quality assurance system for the industrial machinery business. We also obtain certifications under quality standards adapted to the automotive & transportation business such as automobile industry, and new fields such as aerospace industry, in order to develop an advanced quality assurance system for all types of markets.

However, it is impossible to eliminate the risk of product defects entirely. Should an unexpected problem with a product occur that gives rise to a large-scale recall or product liability, it may cause enormous costs to be incurred, social trust to be compromised and business dealings to be suspended, thereby impacting the operating results and financial position of the Group.

Further, while the Group subscribes to global product liability insurance, there is no guarantee that loss associated with compensation for damage will be covered in full.

(ii) Changes in foreign exchange rates

The THK Group hedges foreign exchange risk associated with foreign currency-denominated transactions, primarily export and import transactions, through foreign exchange forwards and others. However, should significant changes in foreign exchange rates arise, the operating results and financial position of the Group could be impacted.

Further, the financial statements of subsidiaries outside Japan are converted into Japanese yen in the preparation of consolidated financial statements. Even when amounts in local currency are unchanged, foreign exchange rates at the time of conversion may cause amounts in yen in the consolidated financial statements to be impacted.

(iii) Changes in interest rates

The THK Group raises funds by such measures as taking loans from financial institutions and issuing bonds and commercial paper, and makes decisions on the amount, period and method of fundraising by taking into consideration the nature of the demand for funds, its financial position and the financial environment. If the interest rates rise, the cost of fundraising increases. To mitigate this impact, the Group uses derivative instruments such as interest rate swap agreements.

The Group uses a discount rate based on market interest rates to calculate the present value of invested assets. If interest rates rise significantly, the discount rate used to calculate the value in use will rise significantly, which may reduce the recoverable amount and affect the value of the assets.

Depending on the interest rates, the operating results and financial position of the Group could be impacted.

(iv) Environmental issue

The THK Group believes that it is a company's social responsibility to leave the global environment in a healthy state for the next generation. Accordingly, the Group has formulated the THK Group's Basic Environmental Policy and endeavors to develop energy-saving products, continually decrease its environmental impact, sustain and improve the natural environment, and take other measures. Moreover, in addition to having the respective production bases certified according to ISO 14001, an international standard for environmental management systems, the Group is complying with various regulations, as exemplified by the Restriction of Hazardous Substances Directive (RoHS) and REACH Regulation in the EU and the Administrative Measure on the Control of Pollution by Electronic Information Products in China, not to mention adhering to environment-related laws and regulations in Japan and abroad, by applying the Green Procurement Guidelines to production bases within and outside Japan. There have been no material environmental issues to date.

However, in the event that an environmental issue arises in the future due to an unforeseen event, it may give rise to liability for damages and costs associated with the response, an administrative disposition, including a fine, loss of public trust, suspension of production activities and others, thereby impacting the operating results and financial position of the Group.

Further, if environmental regulations become even more stringent, giving rise to additional obligations or costs, the operating results and financial position of the Group could be impacted.

With regard to the impact of climate change (rising temperatures), the results of a scenario analysis in accordance with the TCFD recommendations are as described in "2. Sustainability Approach and Initiatives (2) Climate change."

(v) Compliance

The THK Group engages in businesses globally and is subject to laws and regulations of various countries. Furthermore, if harassment or human rights issues were to occur in the Group's workplaces, the physical and mental health of employees could deteriorate, and social trust and corporate image could be tarnished. This may materialize risks related to securing and developing talent, which could have a significant impact on the Group's operations.

In order to thoroughly instill compliance awareness and create a work environment that does not tolerate misconduct, the Group has established and operates the Compliance Committee, which is headed by the Representative Director and President and the meetings of which are attended by external experts as observers. The Group maintains structures and ensures fair corporate activities with the aim of complying with laws, internal standards, and ethical norms. In addition, we have formulated the THK Group Action Charter, which the Group's executives and employees must share and adhere to. We not only make it known to all executives and employees, but also conduct necessary internal training, to improve compliance awareness.

Further, an internal reporting system was established to receive reports on acts in violation of laws, internal standards and others, or acts that may result in a violation, to prevent compliance violations. There is a combination of three internal and external contacts for reporting: the department in charge, the Audit and Supervisory Committee and a legal advisor. We have also established a helpline to receive consultations from outside the Company regarding violations of laws and regulations against business partners, etc. committed by the Group organizations or executives and employees.

However, it is difficult to completely avoid compliance risks as we engage in businesses globally. If a violation of laws and regulations occurs, it may cause the Group to incur criminal, civil or administrative liability, or its social trust may be compromised, thereby impacting the operating results and financial position of the Group.

#### 4. [Management Analyses of Consolidated Financial Position, Operating Results and Cash Flows]

##### (1) Summary of the status of consolidated operating results, etc.

The status of the consolidated financial position, operating results and cash flows (hereinafter referred to as “operating results, etc.”) of the THK Group (the Company, its consolidated subsidiaries and equity-method affiliate) during the fiscal year is outlined below.

##### (i) Status of consolidated operating results

In this fiscal year, the outlook for the global economy remained uncertain amid concerns such as rising geopolitical risks including the situation in Ukraine and in the Middle East, continuing inflation, and the U.S. tariff policy.

THK has established “Early Realization of ROE of Over 10%” as its new management policy and announced its management indicator targets and measures to achieve them at the announcement of financial results in February 2025. In addition to the “structural reform” in the industrial machinery business and the “selection and concentration” in the automotive & transportation business, the new management policy places greater emphasis on controlling shareholders’ equity, which is the denominator of ROE.

In light of these circumstances, for the automotive & transportation business, THK conducted a thorough examination of the expected cost of capital and return on invested capital (ROIC) at present and in the future as well. As a result, THK has determined that transferring the automotive & transportation business is the most appropriate option. Consequently, on February 2, 2026, THK decided to transfer the automotive & transportation business to AP87 Co., Ltd., a special purpose company indirectly funded by investment funds serviced by Advantage Partners, Inc., and entered into a basic agreement concerning transfer of shares and assignment of receivables of subsidiaries engaging in the automotive & transportation business. Since the requirements of classification of assets as held for sale in accordance with IFRS 5, “Non-current Assets Held for Sale and Discontinued Operations” have been met in the current fiscal year, the automotive & transportation business has been classified as a discontinued operation and the related consolidated financial statements and notes thereto for the previous year have been reclassified to align with the current year presentation.

In the industrial machinery business, the continuing operations of THK, demand was in a recovery trend, primarily in China and the U.S. As a result, consolidated revenue amounted to ¥240,444 million, up ¥17,707 million, or 7.9%, compared to the figure a year earlier.

Costs were impacted by expenses associated with structural reforms under the new management policy and the effects of U.S. tariffs. In such a situation, the cost to revenue ratio rose by 1.3 percentage points from a year earlier to 70.7%.

Selling, general and administrative expenses amounted to ¥54,341 million, up ¥702 million, or 1.3%, compared to the figure a year earlier. The ratio to revenue was 22.6%, down 1.5 percentage points from a year earlier. In addition, SAMICK THK CO., LTD., an equity-method affiliate, experienced deteriorating market conditions and recorded an expected loss associated with implemented investment projects. Consequently, the THK Group recorded ¥1,587 million of share of loss in investments accounted for using the equity method.

As a result, operating income amounted to ¥14,436 million, down ¥1,487 million, or 9.3%, compared to the figure a year earlier. Operating margin dropped by 1.1 percentage points to 6.0%.

Financial income and financial costs were ¥3,048 million and ¥1,738 million, respectively. Profit before tax amounted to ¥15,746 million, down ¥2,123 million, or 11.9%, compared to the figure a year earlier.

In addition, THK recorded a loss on business liquidation amounting to ¥81,639 million in relation to the transfer of shares and assignment of receivables of consolidated subsidiaries engaging in the automotive & transportation business. As a result, THK recorded a loss attributable to owners of the parent, which is the total of the continuing and discontinued operation, amounting to ¥69,891 million, down ¥80,331 million compared to the figure a year earlier (profit attributable to owners of the parent of ¥10,439

million for the previous fiscal year).

Consolidated operating results by segment are as follows.

(Japan)

In Japan, demand in the industrial machinery business (the continuing operations) was generally flat; however, revenue amounted to ¥110,859 million, down ¥2,046 million, or 1.8%, compared to the figure a year earlier. Segment loss (operating loss) amounted to ¥3,618 million, down ¥11,464 million compared to the figure a year earlier, due mainly to a loss on business liquidation of ¥9,738 million in relation to the transfer of shares and assignment of receivables of consolidated subsidiaries engaging in the automotive & transportation business (the discontinued operation) and ¥1,587 million of share of loss in investments accounted for using the equity method attributable to SAMICK THK CO., LTD.

(The Americas)

In the Americas, revenue amounted to ¥90,248 million, down ¥1,508 million, or 1.6%, compared to the figure a year earlier due mainly to weak demand in the automotive & transportation business (the discontinued operation). Segment loss (operating loss) amounted to ¥36,279 million, down ¥38,687 million compared to the figure a year earlier, due mainly to a loss on business liquidation of ¥38,899 million in relation to the transfer of shares and assignment of receivables of consolidated subsidiaries engaging in the automotive & transportation business (the discontinued operation).

(Europe)

In Europe, revenue amounted to ¥67,516 million, down ¥83 million, or 0.1%, compared to the figure a year earlier due mainly to weak demand in both the industrial machinery business (the continuing operations) and the automotive & transportation business (the discontinued operation). Segment loss (operating loss) amounted to ¥26,219 million, down ¥25,811 million compared to the figure a year earlier, due mainly to a loss on business liquidation of ¥24,504 million in relation to the transfer of shares and assignment of receivables of consolidated subsidiaries engaging in the automotive & transportation business (the discontinued operation).

(China)

In China, while demand in the industrial machinery business (the continuing operations) was in a recovery trend, revenue amounted to ¥76,034 million, up ¥13,508 million, or 21.6%, compared to the figure a year earlier. Segment income (operating income) amounted to ¥1,874 million, down ¥5,328 million, or 74.0%, compared to the figure a year earlier, due mainly to a loss on business liquidation of ¥7,233 million in relation to the transfer of shares and assignment of receivables of consolidated subsidiaries engaging in the automotive & transportation business (the discontinued operation).

(Other areas)

In the industrial machinery business (the continuing operations) in the other countries and regions, the THK Group expanded its sales channels and implemented aggressive sales activities to cultivate new customers while demand for the THK Group's products was widely expanded in India and the ASEAN countries. In such a situation, revenue amounted to ¥21,603 million, up ¥3,631 million, or 20.2%, compared to the figure a year earlier. Segment income (operating income) amounted to ¥111 million, down ¥634 million, or 85.0%, compared to the figure a year earlier, due mainly to a loss on business liquidation of ¥1,263 million in relation to the transfer of shares and assignment of receivables of consolidated subsidiaries engaging in the automotive & transportation business (the discontinued operation).

(ii) Overview of consolidated financial position

Total assets stood at ¥472,992 million, ¥94,426 million down from the previous fiscal year-end, due mainly to decrease in cash and cash equivalents by ¥28,285 million, trade and other receivables by ¥17,945 million, inventories by ¥26,483 million, property, plant and equipment by ¥40,881 million, and goodwill and intangible assets by ¥6,010 million, and retirement benefit asset by ¥4,114 million.

In addition, in relation to a basic agreement concerning transfer of the automotive & transportation business, assets of the automotive & transportation business expected to be transferred amounting to ¥36,126 million have been reclassified to assets held for sale.

Total liabilities stood at ¥207,242 million, ¥29,619 million up from the previous fiscal year-end, due mainly to a combined effect of decrease in trade and other payables by ¥15,454 million and retirement benefit liabilities by ¥4,450 million, and increase in bonds and borrowings by ¥26,691 million.

In addition, in relation to a basic agreement concerning transfer of the automotive & transportation business, liabilities of the automotive & transportation business expected to be assigned amounting to ¥28,377 million have been reclassified to liabilities directly associated with assets held for sale.

Total equity stood at ¥265,749 million, ¥124,045 million down from the previous fiscal year-end, due mainly to decrease in retained earnings by ¥131,904 million, decrease in other components of equity by ¥2,669 million, decrease in non-controlling interests by ¥1,733 million, and increase in treasury stock by ¥1,341 million.

(iii) Overview of cash flows

The status of cash flows from operating, investing, and financing activities are as follows.

Cash flows from operating activities totaled ¥42,748 million of cash inflows (compared to ¥28,412 million of cash inflows in the previous fiscal year). This mainly included cash inflows of ¥15,746 million in profit before tax, ¥81,639 million in loss recognized on the measurement to fair value less costs to sell of the disposal group held for sale, ¥24,301 million in depreciation and amortization, ¥5,481 million in decrease in inventories, and cash outflows of ¥79,871 million in loss before tax from discontinued operation, ¥1,394 million in increase in trade and other receivables, ¥81 million in decrease in trade and other payables and ¥6,298 million in income taxes paid.

Cash flows from investing activities totaled ¥19,798 million of cash outflows (compared to ¥34,223 million of cash outflows in the previous fiscal year), due to cash outflows including ¥18,895 million in purchase of property, plant and equipment.

Cash flows from financing activities totaled ¥42,055 million of cash outflows (compared to ¥22,652 million of cash outflows in the previous fiscal year). This included cash inflow of ¥30,000 million in proceeds from issuance of bonds, ¥20,000 million in proceeds from short-term borrowings and cash outflows of ¥2,185 million in repayments of long-term borrowings, ¥20,000 million in payments for redemption of bonds, ¥36,519 million in purchase of treasury stock and ¥29,359 million in dividends paid.

As a result, cash and cash equivalents as of the end of the fiscal year stood at ¥120,534 million, a decrease of ¥17,758 million compared with the end of the previous fiscal year.

(iv) Results of production, orders received and sales

The THK Group manufactures and sells many different categories of products, in widely differing areas, and even products of the same type are not necessarily the same in terms of their capacity, construction, form or other elements. There are also products that are not manufactured on a made-to-order basis, and

we do not indicate production volume or order volume in monetary amounts or quantities for each segment on a consolidated basis.

Accordingly, information on the status of production, orders received and sales is provided as part of “4. Management Analyses of Consolidated Financial Position, Operating Results and Cash Flows, (1) Summary of the status of consolidated operating results, etc., (i) Status of consolidated operating results.”

(2) Analyses and review of the status of consolidated operating results, etc. from management’s perspective

The recognition, analyses and review of the status of consolidated operating results, etc. of the THK Group from management’s perspective are as follows.

Please note that the forward-looking statements herein are based on the judgment as of the end of the fiscal year.

(i) Analysis of consolidated operating results

Consolidated revenue was ¥240,444 million, operating income was ¥14,436 million, profit before tax was ¥15,746 million, and loss attributable to owners of the parent was ¥69,891 million. While revenue increased year on year, as demand was in a recovery trend primarily in China and the U.S., each profit item decreased compared to the previous fiscal year, resulting in basic earnings (loss) per share (EPS) of ¥(618.66) and profit ratio to equity attributable to owners of the parent (ROE) of (21.7)%.

Turning to revenue by region, in Japan, revenue decreased as demand remained weak in the industrial machinery business. In the Americas, revenue increased as demand began to recover in the industrial machinery business. In Europe, revenue increased compared to the figure a year earlier due mainly to the weaker yen. In China, revenue increased as demand began to recover in the industrial machinery business. In Asia and other regions, revenue increased as demand began to recover in the industrial machinery business.

Costs were impacted by expenses associated with structural reforms under the new management policy and the effects of U.S. tariffs. In addition, SAMICK THK CO., LTD., an equity-method affiliate, experienced deteriorating market conditions and recorded an expected loss associated with implemented investment projects. Consequently, share of loss in investments accounted for using the equity method was recorded. In addition, a loss on business liquidation amounting to ¥81,639 million was recorded in relation to the transfer of shares and assignment of receivables of consolidated subsidiaries engaging in the automotive & transportation business. As a result, operating income, profit before tax, and profit attributable to owners of the parent decreased from the previous fiscal year.

(ii) Analyses and review of the status of cash flows, as well as information on sources of capital and fund liquidity

a. Basic policy for financial strategy

The THK Group appropriately raises and allocates funds for the enhancement of corporate value. We have also established a basic financial strategy of maintaining a strong financial base in order to continue our businesses and fulfill our responsibility for supplying the Company’s products even in the event of a pandemic, a natural disaster, or other unforeseen event. In relation to the maintenance of a financial base, we aim to maintain and improve our “A+” rating obtained from rating agencies, Rating and Investment Information, Inc. and Japan Credit Rating Agency, Ltd., to ensure that funds can be raised stably. We maintain favorable relationships with major financial institutions. Together with our efforts to build a stable financial base, we believe that it is possible to raise working capital and funds for investment, which are necessary to maintain and expand the Group’s businesses and operate them.

b. Financing and fund liquidity

The primary sources of funds for the THK Group are cash flows from operating activities and financing from financing activities, including the issuance of corporate bonds, etc. and borrowing from financial

institutions. Cash flows from operating activities during the period amounted to ¥42,748 million. In financing activities, commitment lines of ¥50,000 million are in place between major financial institutions to secure means of financing in the event of an emergency.

In addition, the Group has built and operates a cash management system in each of Japan, the Americas, Europe, and China, which enables funds held by the group companies to be used efficiently within the Group. To smooth out unbalanced distribution of funds, improve fund efficiency, and secure liquidity, funds are centrally managed by the Company for Japan, its finance subsidiaries for the Americas and Europe, and the local holding and controlling company for China.

c. Demand for funds

Demand for funds within the THK Group primarily comes from working capital requirement, such as purchasing costs of raw materials and components for manufacturing products, manufacturing costs, and selling and general administrative expenses, as well as capital investments for production efficiency and quality improvement and expansion in production capacity, funds for research and development in response to technological revolution, and payment of dividends.

Capital investments during the fiscal year amounted to ¥21,041 million, down ¥10,801 million, or 33.9%, compared to ¥31,843 million a year earlier. Research and development expenses amounted to ¥6,592 million, down ¥464 million, or 6.6%, compared to ¥7,057 million a year earlier. Dividends paid totaled ¥29,359 million.

These capital investments and research and development expenses as well as dividend payment are financed primarily by own funds.

d. Approach to allocation of management resources

THK has set a management policy of “Early Realization of ROE of Over 10%.”

Based on this policy, we will implement business selection and concentration to promote management that emphasizes profitability and capital efficiency, and we will be highly disciplined mainly in making “capital investments that contribute to productivity improvement including IT,” “talent investments,” and “investments in research and development.”

Furthermore, the profit generated by structural reforms will be allocated to growth investments aimed at strengthening the competitiveness of our businesses.

As for the distribution of profit, for the purpose of improving capital efficiency, we have set the required level of equity capital and our dividend policy to maintain a dividend on equity (DOE) ratio of 8% with the aim of more actively returning profits to shareholders until we achieve “Early Realization of ROE of Over 10%.”

(iii) Significant accounting estimates and assumptions for those estimates

The consolidated financial statements of the THK Group are prepared based on IFRS pursuant to the provisions of Article 312 of the “Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements” (hereinafter referred to as the “Regulations of Consolidated Financial Statements”). Estimates deemed necessary for the preparation of the consolidated financial statements have been made in accordance with reasonable standards.

Material accounting policies, accounting estimates and assumptions used in those accounting estimates are described in “V. Financial Information, 1. Consolidated Financial Statements, etc., (1) Consolidated financial statements, Notes to the consolidated financial statements, 3. Material accounting policy information, and 4. Significant accounting estimates and judgments involving estimates.”

## 5. [Material Agreements, etc.]

### (Loan agreements with financial covenants)

THK has concluded Specified Commitment Line Contract (commitment line agreement) with financial covenants with financial institutions to flexibly procure working capital. The details of this agreement are as follows.

(1) Agreement structure

Syndicated commitment line

(2) Total facility amount

Total of ¥50,000 million

(3) Arranger and agent

Mizuho Bank, Ltd.

(4) Co-arranger

MUFG Bank, Ltd.

(5) Lenders

Mizuho Bank, Ltd., MUFG Bank, Ltd., Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, The Yamaguchi Bank, Ltd., The Yamanashi Chuo Bank, Ltd., and Resona Bank, Limited.

(6) Use of funds

Working capital

(7) Date of agreement

October 3, 2025

(8) Commitment period

From October 3, 2025 to October 2, 2026

(9) Term-end balance of loans

¥20,000 million

(10) Financial covenants

The agreement includes certain financial covenants relating to the amount of equity in the consolidated statements of financial position and the amount of net assets in the non-consolidated balance sheet, each as of the relevant fiscal year-end date.

(i) From the fiscal year ended December 2025 onward, the amount of equity in the consolidated statements of financial position as of each fiscal year-end date and each second quarter-end date shall be maintained at no less than 75% of the amount recorded as of the fiscal year ended December 2024.

(ii) From the fiscal year ended December 2025 onward, the amount of net assets in the non-consolidated balance sheet as of each fiscal year-end date and each second quarter-end date shall be maintained at no less than 75% of the amount recorded as of the fiscal year ended December 2024.

Pursuant to the transitional provisions of Article 3, Paragraph 4 of the “Cabinet Office Order on Partially Amending the Cabinet Office Order on Disclosure of Corporate Affairs and the Cabinet Office Order on Disclosure of Information on Regulated Securities” (Cabinet Office Order No. 81 of 2023, December 22,

2023), effective April 1, 2024, disclosure of matters stipulated in said order that relate to agreements entered into prior to the order's effective date has been omitted.

(Transfer of the automotive & transportation business)

For details, please refer to “V. Financial Information, 1. Consolidated Financial Statements, etc., Notes to the consolidated financial statements, 40. Subsequent event (Transfer of the automotive & transportation business).”

## 6. [Research and Development]

The THK Group is actively engaged in R&D activities, conducted primarily at its Head Office and the Technology Center (Tokyo) as an R&D base, to develop core linear motion systems and other products by applying the core technologies and know-how in linear motion systems, including mechatronics such as Precision XY Stage and linear motor actuators, and products in fields close to consumer goods such as automobiles, seismic isolation and damping systems, medical equipment, aircraft, renewable energy, and robotics.

In the industrial machinery business, we developed and launched DYNAS, a dynamic rigidity measurement service, which reveals the dynamic rigidity of machinery equipped with LM Guide. It will contribute to new discoveries in equipment development and improved reliability. In LM Guides, we developed the HSR-MH grade, mainly for material handling applications in China and Southeast Asia. We have been adding accuracy grades suitable for applications to the Model HSR lineup. As for ball splines, we developed the Model LF80/100 to expand our lineup. For ball screws, we expanded the SDA-VZ Ball Screw with Finished Shaft Ends lineup to include shaft diameters of 15 and 20. These are highly versatile, easy-to-use products, and we will be expanding sales to a wide range of markets. To broaden sales for special environment applications, particularly in the semiconductor market, we newly made surface treatment standard on our SPR/SPS Super-Low Waving Caged Ball LM Guides, and also developed a full roller specification for cross roller rings.

Furthermore, we added the AWG18, the smallest model number, to the Advanced Wheel Guide utility slide lineup, which is being deployed in fields such as logistics and railways. This will contribute to the further miniaturization of equipment.

In IoT-related fields, we have been rolling out OMNIedge, a solution that helps reduce customer production site losses and maximize overall equipment effectiveness (OEE). We offer a wide range of solutions that help enhance efficiency at production sites. These include a predictive part failure detection AI solution, as well as a tool monitoring AI solution, an integrated maintenance management system, and a skill management AI solution. Our predictive part failure detection AI solution now also works for spindles, which are widely used at manufacturing sites. We have newly released GX Solution, which helps reduce energy losses by visualizing electricity, water, and gas usage. We will actively propose solutions to advance green transformation at factories.

In our factory automation fields, we released a high-load version of our next-generation linear transport system, Versatile Transport System (VTS), meeting the requirements of modern production sites, which need to handle the production of a wide variety of articles, in varying quantities. By enabling the transfer of large workpieces, this new addition to the lineup provides an automation solution even for heavy-weight manufacturing processes. We are also adapting to overseas standards, in locations such as North America and Europe, to drive global expansion. To meet market needs, we upgraded our flexible next-generation transfer robot SIGNAS. It is now better able to cope with different environments, allowing it to operate at more diverse sites.

In addition to continuing to promote the development of next-generation products aimed at a true market-oriented approach that anticipates needs, of which customers themselves are not yet aware, five or ten years into the future, we will strive to expand our product lineup to meet current customer needs.

Research and development expenses for continuing operations, excluding discontinued operation, during the fiscal year totaled ¥5,774 million.

### III. [Information about Facilities]

#### 1. [Overview of Capital Investments, etc.]

The THK Group made investments aimed at developing production systems to respond to diversifying demand, increasing production efficiency and improving quality.

As a result, total capital investments in the fiscal year amounted to ¥21,041 million (of which, ¥20,331 million was for investments in property, plant and equipment).

The amount of capital investments by segment is as follows.

##### (1) Japan

In Japan, investments in buildings, machinery and facilities, tools, furniture and fixtures, and others of ¥7,537 million and ¥1,340 million were made by the Company and THK KIRYU CO., LTD., respectively.

As a result, capital investments in Japan in the fiscal year amounted to ¥9,557 million.

##### (2) The Americas

In the Americas, investments in machinery and facilities, tools, furniture and fixtures, and others of ¥753 million and ¥83 million were made by THK Manufacturing of America, Inc. and THK America, Inc., respectively.

As a result, capital investments in the Americas in the fiscal year amounted to ¥3,246 million.

##### (3) Europe

In Europe, investments in machinery and facilities, tools, furniture and fixtures, and others of ¥937 million and ¥184 million were made by THK Manufacturing of Europe S.A.S. and THK GmbH, respectively.

As a result, capital investments in Europe in the fiscal year amounted to ¥2,177 million.

##### (4) China

In China, investments in machinery and facilities, tools, furniture and fixtures, and others of ¥1,277 million and ¥928 million were made by THK MANUFACTURING OF CHINA (WUXI) CO., LTD. and THK MANUFACTURING OF CHINA (LIAONING) CO., LTD., respectively.

As a result, capital investments in China in the fiscal year amounted to ¥2,746 million.

##### (5) Other regions

In other regions, investments in buildings, machinery and facilities, tools, furniture and fixtures, and others of ¥2,555 million and ¥317 million were made by THK India Pvt. Ltd. and THK MANUFACTURING OF VIETNAM CO., LTD., respectively.

As a result, capital investments in other regions in the fiscal year amounted to ¥3,313 million.

## 2. [Major Facilities]

Major facilities of the THK Group (the Company and its consolidated subsidiaries) are as follows.

### (1) Reporting company

As of December 31, 2025

Business Office Name (Location)	Segment Name	Details of the Facilities	Carrying Value (Millions of Yen)					Number of Employ- ees (Persons)
			Buildings and structures	Machinery, equipment and vehicles	Land [Site area: Thousand square meters]	Other	Total	
Kofu Plant (Chuo-shi, Yamanashi) (Note 2)	Japan	Production facilities	823	5,178	365 [38]	77	6,445	538
Gifu Plant (Sekigahara-cho, Fuwa-gun, Gifu) (Note 2)	Japan	Production facilities	1,012	2,661	2,157 [86]	66	5,897	237
Mie Plant (Matsusaka-shi, Mie) (Note 2)	Japan	Production facilities	883	3,595	211 [42]	111	4,802	293
Yamaguchi Plant (Sanyo Onoda-shi, Yamaguchi) (Note 2)	Japan	Production facilities	1,980	12,526	1,122 [175]	326	15,955	802
Yamagata Plant (Higashine-shi, Yamagata) (Kawasaki-ku, Kawasaki-shi, Kanagawa) (Note 2)	Japan	Production facilities	7,182	10,262	1,847 [176]	118	19,411	803
Head Office (Minato-ku, Tokyo) (Ota-ku, Tokyo) Engineering Development Dept. and other administrative divisions	Japan	Research and development facilities Administrative facilities	271	2,182	706 [7]	1,285	4,445	874
Chubu Distribution Center (Sekigahara-cho, Fuwa-gun, Gifu) Four other centers across Japan	Japan	Logistic facilities	493	2	15 [5]	3	515	19

## (2) Subsidiaries in Japan

As of December 31, 2025

Company Name (Location)	Segment Name	Details of the Facilities	Carrying Value (Millions of Yen)					Number of Employ- ees (Persons)
			Buildings and structures	Machinery, equipment and vehicles	Land [Site area: Thousand square meters]	Other	Total	
THK INTECHS CO., LTD. Mishima Plant (Shimizu-cho, Sunto- gun, Shizuoka)	Japan	Production facilities	337	465	42 [12]	100	945	152
THK INTECHS CO., LTD. Sendai Plant (Ohira-mura, Kurokawa-gun, Miyagi)	Japan	Production facilities	1,599	788	206 [59]	50	2,644	186
THK NIIGATA CO., LTD. (Agano-shi, Niigata)	Japan	Production facilities	1,613	2,184	181 [51]	85	4,065	295
THK RHYTHM CO., LTD. Head Office, Hamamatsu Plant (Chuo-ku, Hamamatsu-shi, Shizuoka)	Japan	Production facilities	892	1,834	2,251 [104]	327	5,305	564
THK RHYTHM CO., LTD. Kyushu Plant (Nakatsu-shi, Oita)	Japan	Production facilities	682	562	182 [46]	68	1,495	143
THK KIRYU CO., LTD. (Kiryu-shi, Gunma)	Japan	Production facilities	1,778	2,322	406 [25]	–	4,507	53

## (3) Subsidiaries outside Japan

As of December 31, 2025

Company Name (Location)	Segment Name	Details of the Facilities	Carrying Value (Millions of Yen)					Number of Emplo- ees (Persons)
			Buildings and structures	Machinery, equipment and vehicles	Land [Site area: Thousand square meters]	Other	Total	
THK Manufacturing of America, Inc. (Hebron, Ohio, the U.S.A.)	The Americas	Production facilities	1,375	4,977	151 [109]	62	6,565	268
THK RHYTHM NORTH AMERICA CO., LTD. (Sparta, Tennessee, the U.S.A.)	The Americas	Production facilities	1,157	2,661	49 [116]	68	3,936	333
THK RHYTHM MEXICANA, S.A. DE C.V. (Guanajuato, Mexico)	The Americas	Production facilities	1,090	537	118 [91]	46	1,791	277
THK RHYTHM AUTOMOTIVE MICHIGAN CORPORATION (Portland, Michigan, the U.S.A.)	The Americas	Production facilities	431	2,296	136 [307]	236	3,100	266
THK RHYTHM AUTOMOTIVE CANADA LIMITED (St. Catharines, Ontario, Canada)	The Americas	Production facilities	766	3,407	431 [178]	–	4,604	514
THK Manufacturing of Europe S.A.S. (Ensisheim, France)	Europe	Production facilities	2,010	4,430	289 [198]	298	7,029	299
THK Manufacturing of Ireland Ltd. (Dublin, Ireland)	Europe	Production facilities	425	158	123 [10]	7	716	30
THK RHYTHM AUTOMOTIVE GmbH (Düsseldorf, Nordrhein-Westfalen, Germany)	Europe	Production facilities Research and development facilities	394	1,426	934 [64]	306	3,061	389
THK RHYTHM AUTOMOTIVE CZECH a.s. (Dačice, Czech Republic)	Europe	Production facilities	1,986	6,297	213 [130]	720	9,218	666
DALIAN THK CO., LTD. (Dalian, Liaoning Province, China)	China	Production facilities	2,176	6,085	– [–]	914	9,175	921
THK MANUFACTURING OF CHINA (WUXI) CO., LTD. (Wuxi, Jiangsu Province, China)	China	Production facilities	1,602	9,007	– [–]	467	11,077	569

Company Name (Location)	Segment Name	Details of the Facilities	Carrying Value (Millions of Yen)					Number of Employ- ees (Persons)
			Buildings and structures	Machinery, equipment and vehicles	Land [Site area: Thousand square meters]	Other	Total	
THK MANUFACTURING OF CHINA (LIAONING) CO., LTD. (Dalian, Liaoning Province, China)	China	Production facilities	3,734	8,169	– [–]	1,101	13,004	702
THK RHYTHM GUANGZHOU CO., LTD. (Guangzhou, Guangdong Province, China)	China	Production facilities	432	592	– [–]	58	1,083	90
THK RHYTHM CHANGZHOU CO., LTD. (Changzhou, Jiangsu Province, China)	China	Production facilities	1,186	1,478	– [–]	315	2,981	107
THK MANUFACTURING OF CHINA (CHANGZHOU) CO., LTD. (Changzhou, Jiangsu Province, China)	China	Production facilities	1,968	2,442	– [–]	132	4,542	272
THK RHYTHM (THAILAND) CO., LTD. (Rayong, Thailand)	Other	Production facilities	83	406	126 [18]	58	674	83
THK MANUFACTURING OF VIETNAM CO., LTD. (Bac Ninh, Vietnam)	Other	Production facilities	1,822	3,456	– [–]	2,259	7,538	469
THK India Pvt. Ltd. (Andhra Pradesh, India)	Other	Production facilities	5,358	6,086	– [–]	1,555	13,000	294

- (Notes)
1. For carrying values, “Other” consists of tools, furniture and fixtures, and others, and does not include construction in progress.
  2. It includes buildings under lease of ¥414 million, which are leased to Neturen Co., Ltd. and other parties we outsource to.
  3. Some of the major facilities are leased, and rent expenses amounted to ¥1,527 million.
  4. Currently, there is no suspension of machinery and equipment, etc. that could materially impact production capacity.
  5. The above amounts do not include consumption taxes, etc.
  6. Buildings and structures of the Head Office include right-of-use assets.

### 3. [Planned Additions, Retirement, etc. of Facilities]

Facility plans of the THK Group (the Company and its consolidated subsidiaries) are, in principle, formulated by each consolidated Group company and coordinated by the reporting company.

Planned additions, retirement, etc. of important facilities as of the end of the fiscal year are as below.

#### (1) Additions, etc. of important facilities

Company Name Business Office Name	Location	Segment Name	Details of the Facilities	Planned Investment Amount		Financing Method	Schedule		Objectives of Capital Investments
				Total amount (Millions of Yen)	Amount already paid (Millions of Yen)		Com-mencement	Completion	
THK CO., LTD. Yamaguchi Plant	Sanyo Onoda-shi, Yamaguchi	Japan	Production facilities	2,199	–	Own funds	January 2026	December 2026	Expansion in production capacity Product quality improvement
THK CO., LTD. Yamagata Plant	Higashine-shi, Yamagata	Japan	Production facilities	748	–	Own funds	January 2026	December 2026	Expansion in production capacity Product quality improvement
THK CO., LTD. Production Engineering Department	Minato-ku, Tokyo Sanyo Onoda-shi, Yamaguchi, and others	Japan	Production facilities	1,412	–	Own funds	January 2026	December 2026	Expansion in production capacity Product quality improvement
THK CO., LTD. Head Office	Minato-ku, Tokyo Ota-ku, Tokyo, and others	Japan	Administrative facilities Research and development facilities	2,498	–	Own funds	January 2026	December 2026	Operating efficiency improvement Research and development
THK NIIGATA CO., LTD.	Agano-shi, Niigata	Japan	Production facilities	518	–	Own funds	January 2026	December 2026	Expansion in production capacity Product quality improvement
THK MANUFACTURING OF CHINA (LIAONING) CO., LTD.	Dalian, Liaoning Province, China	China	Production facilities	1,857	–	Own funds	January 2026	December 2026	Expansion in production capacity Product quality improvement
DALIAN THK CO., LTD.	Dalian, Liaoning Province, China	China	Production facilities	1,400	–	Own funds	January 2026	December 2026	Expansion in production capacity Product quality improvement
THK MANUFACTURING OF CHINA (WUXI) CO., LTD.	Wuxi, Jiangsu Province, China	China	Production facilities	1,227	–	Own funds	January 2026	December 2026	Expansion in production capacity Product quality improvement

(Notes) 1. The above amounts do not include consumption taxes, etc.

2. Since it is difficult to categorically determine increased capacity after the completion based on the above plans for capital investments, its information is omitted.

#### (2) Retirement, etc. of important facilities

Not applicable

#### IV. [Information on the Reporting Company]

##### 1. [Status of Shares, etc.]

##### (1) [Total number of shares, etc.]

##### (i) [Total number of shares]

Category	Total Number of Authorized Shares (Shares)
Common stock	465,877,700
Total	465,877,700

##### (ii) [Shares issued]

Category	Number of Shares Issued as of the End of the Fiscal Year (Shares) (December 31, 2025)	Issued Number as of Date of Submission (Shares) (March 18, 2026)	Name of Listed Financial Instruments Exchange or Name of Registered Authorized Financial Instruments Firms Association	Contents
Common stock	119,099,803	119,099,803	Tokyo Stock Exchange (Prime Market)	The number of shares constituting one trading unit is 100 shares.
Total	119,099,803	119,099,803	–	–

##### (2) [Status of stock acquisition rights, etc.]

##### (i) [Contents of stock option system]

Not applicable

##### (ii) [Contents of rights plan]

Not applicable

##### (iii) [Status of other stock acquisition rights, etc.]

Not applicable

##### (3) [Exercise status of corporate bonds with stock acquisition rights with exercise price amendments, etc.]

Not applicable

##### (4) [Changes in total number of issued shares, common stock, etc.]

Date	Changes in Total Number of Issued Shares (Thousands of Shares)	Number of Outstanding Shares (Thousands of Shares)	Changes in Common Stock (Millions of Yen)	Common Stock Balance (Millions of Yen)	Changes in Capital Reserve (Millions of Yen)	Capital Reserve Balance (Millions of Yen)
November 26, 2021 (Note)	(4,000)	129,856	–	34,606	–	47,471
August 27, 2025 (Note)	(10,757)	119,099	–	34,606	–	47,471

(Note) Decrease due to cancellation of treasury stock.

## (5) [Status by owner]

As of December 31, 2025

Item	Status of Shares (Number of Shares in One Trading Unit: 100 Shares)							Status of Shares Less Than One Unit (Shares)	
	Government and local governments	Financial institution	Financial instruments trader	Other corporations	Foreign corporations, etc.		Individuals and others		Total
					Non-individual	Individual			
Number of shareholders (Persons)	0	70	41	444	329	57	31,292	32,233	–
Number of shares owned (Unit)	0	431,949	39,971	91,080	352,430	140	274,036	1,189,606	139,203
Ratio of shares owned (%)	0.00	36.30	3.36	7.66	29.63	0.01	23.04	100	–

(Notes) 1. The 7,076,640 shares of treasury stock include 70,766 units in the “Individuals and others” column, and 40 shares in the “Status of Shares Less Than One Unit” column. The actual number of shares owned as of the end of the term is 7,076,640 shares.

2. “Other corporations” above includes four units of shares in the name of Japan Securities Depository Center, Inc.

## (6) [Status of major shareholders]

As of December 31, 2025

Name	Address	Number of Shares Owned (Thousands of Shares)	Ratio of Number of Shares Owned to Total Issued Shares (Excluding Treasury Stock) (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	Akasaka Intercity AIR, 1-8-1 Akasaka, Minato-ku, Tokyo, Japan	18,059	16.12
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12 Harumi, Chuo-ku, Tokyo, Japan	14,662	13.08
TERAMACHI CORPORATION	2-34-8 Higashitamagawa, Setagaya-ku, Tokyo, Japan	6,014	5.36
STATE STREET BANK AND TRUST COMPANY 505001 Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.	One Congress Street, Suite 1, Boston, Massachusetts Shinagawa Intercity Building A, 2-15-1 Konan, Minato-ku, Tokyo, Japan	4,602	4.10
BBH (LUX) FOR FIDELITY FUNDS-GLOBAL TECHNOLOGY POOL Standing Proxy: MUFG Bank, Ltd.	2A Rue Albert Borschette, Luxembourg, L-1246 Transaction Services Division, 1-4-5 Marunouchi, Chiyoda-ku, Tokyo, Japan	2,570	2.29
OASIS JAPAN STRATEGIC FUND Y LTD. Standing Proxy: Citibank, N.A., Tokyo Branch	Maples Corporate Services Ltd, PO Box 309, Ugland House South Church Street, George Town, Grand Cayman KY1-1104, Cayman Islands 6-27-30 Shinjuku, Shinjuku-ku, Tokyo, Japan	1,992	1.77
Custody Bank of Japan, Ltd. (Trust Account 4)	1-8-12 Harumi, Chuo-ku, Tokyo, Japan	1,705	1.52
Mizuho Bank, Ltd. Standing Proxy: Custody Bank of Japan, Ltd.	1-5-5 Otemachi, Chiyoda-ku, Tokyo, Japan 1-8-12 Harumi, Chuo-ku, Tokyo, Japan	1,600	1.42
OASIS JAPAN STRATEGIC FUND LTD. Standing Proxy: Citibank, N.A., Tokyo Branch	Maples Corporate Services Ltd, PO Box 309, Ugland House South Church Street, George Town, Grand Cayman KY1-1104, Cayman Islands 6-27-30 Shinjuku, Shinjuku-ku, Tokyo, Japan	1,563	1.39
JP MORGAN CHASE BANK 385781 Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.	25 Bank Street, Canary Wharf, London E14 5JP, United Kingdom Shinagawa Intercity Building A, 2-15-1 Konan, Minato-ku, Tokyo, Japan	1,553	1.38
Total	—	54,325	48.49

(Notes) 1. In addition to the above, the Company owns 7,076,000 shares of treasury stock (5.94% of the total number of issued shares).

2. The number of shares related to trust business is as follows among the number of shares owned in the table above.

The Master Trust Bank of Japan, Ltd. (Trust Account)	18,059,000 shares
Custody Bank of Japan, Ltd. (Trust Account)	14,662,000 shares
Custody Bank of Japan, Ltd. (Trust Account 4)	1,705,000 shares

3. On October 17, 2025, Lazard Asset Management LLC submitted a change report to the Director-General of the Kanto Local Finance Bureau (reporting obligation date: October 15, 2025). The Company has not been able to confirm the actual number of shares owned as of December 31, 2025. The contents of the change report are as follows.

Name	Address	Number of Shares Owned (Thousands of Shares)	Ratio of the Number of Shares Owned to the Total Number of Issued Shares (%)
Lazard Asset Management LLC	30 Rockefeller Plaza, New York City, New York, U.S.A.	4,597	3.86
Lazard Japan Asset Management K.K.	STATION TOWER 28th Floor, TORANOMON HILLS, 2-6-1 Toranomom, Minato-ku, Tokyo, Japan	1,208	1.01

4. On May 22, 2024, Mizuho Bank, Ltd. submitted a large volume holding report to the Director-General of the Kanto Local Finance Bureau (reporting obligation date: May 15, 2024). The Company has not been able to confirm the actual number of shares owned as of December 31, 2025.

The contents of the large volume holding report are as follows.

Name	Address	Number of Shares Owned (Thousands of Shares)	Ratio of the Number of Shares Owned to the Total Number of Issued Shares (%)
Mizuho Bank, Ltd.	1-5-5 Otemachi, Chiyoda-ku, Tokyo, Japan	2,807	2.16
Asset Management One Co., Ltd.	1-8-2 Marunouchi, Chiyoda-ku, Tokyo, Japan	3,840	2.96

## (7) [Status of voting rights]

## (i) [Shares issued]

As of December 31, 2025

Item	Number of Shares (Shares)	Number of Voting Rights (Voting Rights)	Contents
Non-voting shares	–	–	–
Shares with restricted voting rights (treasury stock, etc.)	–	–	–
Shares with restricted voting rights (other)	–	–	–
Shares with full voting rights (treasury stock, etc.)	(Treasury stocks) Common stock 7,076,600	–	Standard shares of the Company with no restrictions on the content of rights
	(Mutually held shares) Common stock 83,600		
Shares with full voting rights (other)	Common stock 111,800,400	1,118,004	Ditto
Shares less than one unit	Common stock 139,203	–	Ditto
Total number of issued shares	119,099,803	–	–
Voting rights of all shareholders	–	1,118,004	–

(Notes) 1. Common stocks of “Shares with full voting rights (other)” include 400 stocks (four voting rights) in the name of Japan Securities Depository Center, Inc.

2. Common stocks of “Shares less than one unit” include 40 shares of treasury stock owned by the Company.

## (ii) [Treasury stock, etc.]

As of December 31, 2025

Name of Owner	Address of Owner	Number of Shares Owned Under Own Name (Shares)	Number of Shares Owned by Others (Shares)	Total Number of Shares Owned (Shares)	Ratio of the Number of Shares Owned to the Total Number of Issued Shares (%)
(Treasury stocks) THK CO., LTD.	12-10, Shibaura 2-chome, Minato-ku, Tokyo, Japan	7,076,600	–	7,076,600	5.94
(Mutually held shares) SAMICK THK CO., LTD.	Daegu, South Korea	10,000	–	10,000	0.00
(Mutually held shares) SANKO SEISAKUSHO CO., LTD.	620, Hatanaka 3-chome, Ome, Tokyo, Japan	73,600	–	73,600	0.06
Total	–	7,160,200	–	7,160,200	6.01

2. [Status of Acquisition of Treasury Stock, etc.]

[Type of stock, etc.]

Acquisition of common stock pursuant to Article 155, item 3 of the Companies Act, acquisition of common stock pursuant to Article 155, item 7 of the Companies Act, and acquisition of common stock pursuant to Article 155, item 13 of the Companies Act

(1) [Status of acquisition by resolution of the General Meeting of Shareholders]

Not applicable

(2) [Status of acquisition by resolution of the Board of Directors]

Acquisition based on the provisions of Article 156 of the Companies Act, which is applied by replacing terms pursuant to the provisions of Article 165, Paragraph 3 of the same Act

Item	Number of Shares (Shares)	Total Value (Yen)
Resolution status at the Board of Directors (November 12, 2024) (Acquisition period: November 13, 2024 to November 12, 2025)	20,000,000	40,000,000,000
Acquired treasury stocks before the current fiscal year	1,102,900	4,017,146,523
Acquired treasury stocks in the current fiscal year	9,654,200	35,982,799,455
Total number and value of remaining resolution shares	9,242,900	54,022
Unexercised ratio as of the last day of the current fiscal year (%)	46.21	0.00
Acquired treasury stocks during the period	–	–
Unexercised ratio as of submission date (%)	46.21	0.00

(Note) The acquisition of treasury stocks pursuant to this resolution was completed on March 6, 2025 (trade date basis).

(3) [Details of matters not based on the resolution of the General Meeting of Shareholders or the resolution of the Board of Directors]

Item	Number of Shares (Shares)	Total Value (Yen)
Acquired treasury stocks in the current fiscal year	1,652	3,940,023
Acquired treasury stocks during the period	–	–

(Notes) 1. Acquired treasury stocks in the current fiscal year includes 651 restricted stocks acquired free of charge.

2. Treasury stocks acquired during this period do not include the number of shares less than one unit purchased from March 1, 2026 to the submission date of the securities report.

## (4) [Processing status and holding status of acquired treasury stocks]

Item	Current Fiscal Year		This Period	
	Number of shares (Shares)	Total disposal value (Yen)	Number of shares (Shares)	Total disposal value (Yen)
Acquired treasury stocks for which subscribers were solicited	–	–	–	–
Acquired treasury stocks that have been cancelled	10,757,100	34,117,598,045	–	–
Acquired treasury stocks that have been transferred due to a merger, share exchange, share delivery, or company split	–	–	–	–
Others (sale of shares less than one unit based on demand for sale)	–	–	–	–
Others (disposition of treasury stock as restricted stock remuneration)	72,492	229,917,801	–	–
Others (disposition of treasury stock as share grant through the Employee Shareholding Association)	93,912	297,854,116	–	–
Number of treasury stocks held	7,076,640	–	7,076,640	–

(Note) Treasury stocks held during the current period do not include the treasury stocks acquired based on resolutions of the Board of Directors, the number of shares less than one unit purchased, or the number of shares sold by demand for shares less than one unit from March 1, 2026 to the submission date of the securities report.

### 3. [Dividend Policy]

THK has set a management policy of “Early Realization of ROE of Over 10%.” Under this policy, for the purpose of improving capital efficiency, THK has set its dividend policy to maintain a dividend on equity (DOE) ratio of 8% with the aim of more actively returning profits to shareholders until THK achieves “Early Realization of ROE of Over 10%.”

Based on this dividend policy, THK plans to pay a year-end dividend of ¥123 per share. As a result, cash dividends applicable for the year ended December 31, 2025 are expected to be ¥246 per share, including the interim dividends of ¥123 per share.

THK will continue to strive for stable shareholder returns by raising ROE above the cost of equity even after achieving “Early Realization of ROE of Over 10%.”

Dividends from surplus for the 56th term are as follows.

Resolution Date	Total Dividend Amount (Millions of Yen)	Dividend per Share (Yen)
August 6, 2025 Resolution of the Board of Directors	13,779	123.0
March 20, 2026 Resolution of the Ordinary General Meeting of Shareholders (Note)	13,778	123.0

(Note) This is a year-end dividend with a record date of December 31, 2025, and is being proposed as a proposal item (subject to resolution) at the Ordinary General Meeting of Shareholders scheduled to be held on March 20, 2026.

#### 4. [Status of Corporate Governance, etc.]

##### (1) [Outline of corporate governance]

###### (i) Basic concept of corporate governance

Based on the management philosophy and others, common throughout the THK Group of “providing innovative products to the world and generating new trends to contribute to the creation of an affluent society,” the Group will enhance transparency of its management for all stakeholders, including our shareholders, from the viewpoint of “maximizing corporate value” in conducting appropriate and efficient management. By doing so, the Group will take initiatives with the aim of enhancing the THK Group’s medium to long term corporate value by continuously growing through appropriate cooperation with stakeholders. The Group regards this as its basic approach to corporate governance and works to enhance corporate governance.

###### (ii) Outline of corporate governance system and reasons for adopting the system

###### (a) Outline of corporate governance system

After the 46th Ordinary General Meeting of Shareholders held on June 18, 2016, the Company transitioned from a company with a board of auditors to a company with an audit and supervisory committee. In this system, in addition to being involved in supervision by the Board of Directors, the Directors exercise voting rights at the Board of Directors as members of the Audit and Supervisory Committee, which is responsible for audits, etc., from the perspective of both legality audits and validity audits. We believe that this transition will enhance the transparency and objectivity of the Group’s management, strengthen the supervisory function of the Board of Directors, and speed up and improve the efficiency of management decision-making and business execution. In addition, due to the transition to a company with an audit and supervisory committee, we have established a provision in the Company’s Articles of Incorporation that all or part of important business execution decisions can be delegated to Directors by resolution of the Board of Directors. We believe that this will allow us to further speed up and improve the efficiency of management decision-making and business execution of the Company.

###### 1. Board of Directors

The Company’s Board of Directors consists of eight Directors (excluding Directors who are Audit and Supervisory Committee Members) (including two outside Directors) and three outside Directors who are Audit and Supervisory Committee Members. It supervises decision-making on important matters in overall management of the Company and the Group, and the execution of duties by Directors and Executive Officers.

Furthermore, the Company has five outside Directors who are independent in accordance with the independence criteria established by the Tokyo Stock Exchange and the Company, and who have specialized knowledge and qualifications, etc., regarding corporate accounting and overall management. Through these outside Directors exercising their voting rights at Board of Directors meetings, we are working to further enhance the neutrality, legality and appropriateness of the Company’s management, and to improve our management oversight function.

(Members as of the submission date of this Annual Securities Report)

Inside Directors: Akihiro Teramachi (Chairman), Takashi Teramachi, Hiroshi Imano, Nobuyuki Maki, Naoki Kinoshita, and Kenji Nakane

Outside Directors: Junko Kai, Hiroko Kawasaki, Masakatsu Hioki, Tomitoshi Omura, and Yoshiki Ueda

(Members following resolution at the Ordinary General Meeting of Shareholders scheduled to be held on March 20, 2026)

Inside Directors: Akihiro Teramachi (Chairman), Takashi Teramachi, Nobuyuki Maki, Naoki Kinoshita, Kenji Nakane, and Nobufumi Sato

Outside Directors: Junko Kai, Hiroko Kawasaki, Yoshiki Ueda, Masakatsu Hioki, and Tomitoshi Omura

## 2. Audit and Supervisory Committee

The Company's Audit and Supervisory Committee consists of three Directors who are members of the Audit and Supervisory Committee (including three outside Directors). The Audit and Supervisory Committee implements audit and supervision on the status of execution of duties of Directors, Executive Officers, etc., through the internal control system. Furthermore, the Audit and Supervisory Committee enhances the effectiveness of audits by cooperating with the Accounting Auditor, the Internal Audit Division, and the Risk Management Division. In addition, the Company has established an Audit and Supervisory Committee Secretariat to support the Audit and Supervisory Committee and the Audit and Supervisory Committee Members. The Audit and Supervisory Committee Secretariat follows the instructions of the Audit and Supervisory Committee and coordinates with each department, such as communicating instructions to the Risk Management Division, which is responsible for the development and operation of internal controls as well as to the Internal Audit Division.

(Members as of the submission date of this Annual Securities Report)

Outside Directors: Masakatsu Hioki (Chairman), Tomitoshi Omura, and Yoshiki Ueda

(Members following resolution at the Ordinary General Meeting of Shareholders scheduled to be held on March 20, 2026)

Outside Directors: Yoshiki Ueda (Chairman), Masakatsu Hioki, and Tomitoshi Omura

## 3. Voluntary Nomination Advisory Committee and Remuneration Advisory Committee

On June 18, 2016, the Company introduced a voluntary Nomination Advisory Committee and a voluntary Remuneration Advisory Committee. In accordance with the resolution of the Board of Directors, each committee is composed of more than three (3) Directors with a majority of outside Directors, having outside Director as a Chairperson. Each committee, functioning as an advisory body to the Board of Directors, examines and deliberates on nomination of Director Candidates and the remuneration plan for Directors, and the content of deliberation is proposed to the Board of Directors. The Board of Directors deliberates and makes resolutions based on the content.

(Members)

Voluntary Nomination Advisory Committee

Outside Directors: Masakatsu Hioki (Chairman) and Hiroko Kawasaki

Inside Director: Takashi Teramachi

Voluntary Remuneration Advisory Committee

Outside Directors: Yoshiki Ueda (Chairman) and Junko Kai

Inside Director: Takashi Teramachi

## 4. Other institutions

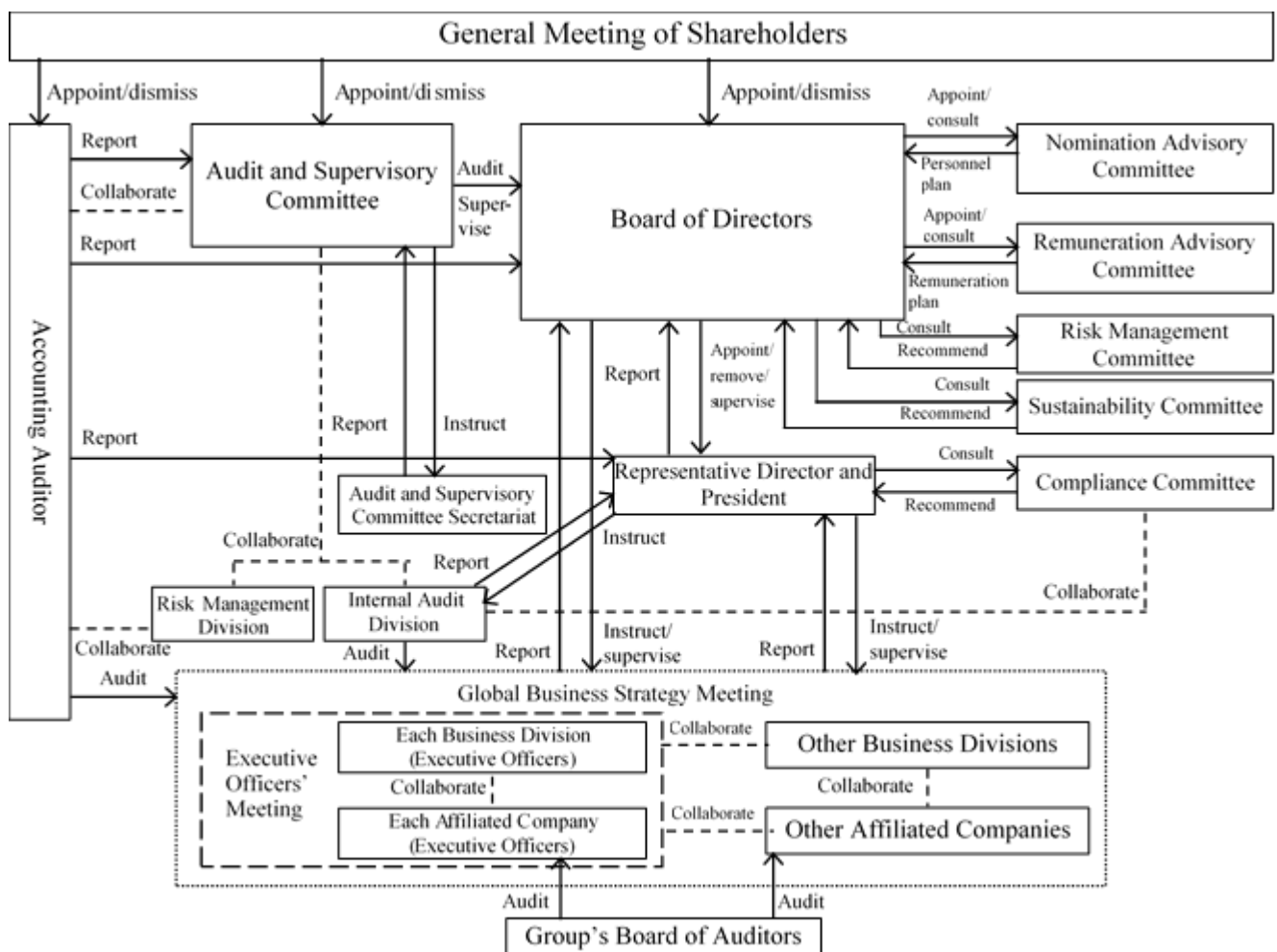
By introducing an executive officer system on June 21, 2014, the Company aims to improve the management supervision function of the Board of Directors, clarify roles and responsibilities regarding business execution, and expedite decision-making and business execution. We hold Executive Officers' Meetings, which are attended by Directors and Executive Officers, as well as Global Business Strategy Meetings attended by members of the Executive Officers' Meetings and

the personnel responsible for each business division and affiliated company. By collaborating with Directors, including outside Directors (excluding Directors who are Audit and Supervisory Committee Members), Directors who are Audit and Supervisory Committee Members, Executive Officers, and other members of management, we aim to share information throughout the Group and work to improve corporate governance of the Group.

In addition, we have established the Risk Management Committee and the Compliance Committee, both of which are chaired by the Director and President, in order to achieve the objectives of developing, penetrating, and firmly establishing the Company's risk management and compliance system. Adding outside Directors and outside experts as observers, both committees are working to build a cross-sectional risk management and compliance system for the Group.

Furthermore, we have established the Sustainability Committee comprised of Directors, including outside Directors, in order to develop, penetrate, and firmly establish a sustainability promotion system with the objectives of enhancing our corporate value and realizing a sustainable society.

The schematic diagram of the Company's corporate governance system and internal control system is as follows.



(b) Development status of internal control system, development status of risk management system, and development status of system to ensure the appropriateness of subsidiary operations

1. Structures for ensuring that Directors' and employees' execution of their respective duties at the THK Group complies with laws and regulations and the Articles of Incorporation

The Company established the "THK's Corporate Basic Policies" and the "THK Group Action Charter" and has disseminated such policies by distributing the "THK Code of Conduct Handbook" and has provided related education and guidance to ensure that executives and employees comply with applicable laws, regulations and the Articles of Incorporation and perform their duties under sound social norms. Furthermore, the Company has established a Compliance Committee (which held four meetings) and a Risk Management Committee (which held one meeting), chaired by the Representative Director and President, as well as a Compliance Subcommittee as a subordinate organization of the Compliance Committee, to establish a group-wide compliance structure and risk management structure, identify problems, and make improvements. In addition, the Company has established and operates the "THK Group Helpline," which is available for use by executives and employees of domestic THK Group companies, and also the "THK Business Partners Helpline," which is available for use by executives and employees of the Company's business partners.

2. Matters related to the preservation and management of information regarding Directors' execution of their duties

The Company records and appropriately preserves information on Directors' execution of their duties, such as minutes of the Board of Directors meeting, in documents or electromagnetic media in accordance with the Document Management Regulations and the Security Control Regulations.

The Company has established the Information Security Committee (which held four meetings), chaired by the Representative Director and President, in an effort to build up, penetrate and firmly establish the information security system to implement proper use and management of information.

3. Regulations and other structures concerning the management of risk of loss for the THK Group

To address the operational risks, the Company has formulated rules and guidelines and prepared manuals (Emergency Response Manual, Security Control Regulations, Information Systems Management Regulations, etc.), and has established the Risk Management Division to monitor the status of cross-sectional risks and conduct company-wide measures. In cases when an unpredicted situation occurs, such as a disaster or an accident, the Risk Management Division has quickly collected information, notified related sections and provided instructions. In addition, the Company has formulated a business continuity plan (BCP) and has established a BCP Promotion Conference as a subordinate organization of the Risk Management Committee to review the BCP as appropriate, while formulating Risk Management Regulations and promoting the establishment of a group-wide risk management structure at the Risk Management Committee.

4. Structures for ensuring that the duties of the THK Group's Directors are efficiently executed

The Company's Board of Directors (held 16 meetings) defines management objectives and establishes a Global Business Strategy Meeting (including General Meeting) (held 4 times) attended by responsible personnel such as the THK Group's Directors and Executive Officers to manage their progress and monitor the status of achievement of such objectives. In addition, the Company introduces an Executive Officer System as stipulated under the Articles of Incorporation and determines an efficient structure for executing operations in order to achieve the objectives.

The Company also formulates the THK Group Basic Policy for Financial Management related to the THK Group's overall financial management and introduces an accounting system, a consolidated performance management system, and a THK Group finance system (cash management system) that are common to the THK Group with the aim of accelerating consolidated account closing work and streamlining fund management.

5. Structures for ensuring the appropriateness of operations at the THK Group

The Company designates the Risk Management Division as a department in charge of internal control of the THK Group, and facilitates its improvement and operation, collecting information related to the internal controls, conducting related discussion efficiently, sharing information and communicating its instructions and requests. The Company's Internal Audit Division has conducted the internal audits of the THK Group to check whether the business execution activities were conducted in accordance with the intended purposes, efficiently and in compliance with laws. The results of such audits have been reported to the Representative Director and President. Moreover, to ensure the reliability of financial reports of the THK Group, based on the "Internal Control Regulations for Financial Reporting," the Company has been improving and operating the relevant control system.

The Company has received reports on the status of business operation of the entire THK Group and other important matters at Global Business Strategy Meetings and Executive Officers' meetings (held 12 times), attended by the Directors and Executive Officers of the THK Group. The Company also formulated its "Regulations for the Management of Affiliates," thereby collecting important information of the Group companies such as sales performance and the financial position of the Group companies.

6. Structures for cases where the Audit and Supervisory Committee orders an employee to be appointed as its assistant, and matters related to ensuring the independence of the employee from Directors (excluding Directors who are Audit and Supervisory Committee Members) and the effectiveness of the Audit and Supervisory Committee's instructions to the employee

The Company has established the Audit and Supervisory Committee Secretariat to assist the duties of the Audit and Supervisory Committee and support the smooth execution of their duties, and appointed a dedicated employee for this purpose. The Company defines that the employee assigned to the Audit and Supervisory Committee Secretariat shall exclusively perform tasks related to the Audit and Supervisory Committee, and decisions on personnel matters including personnel transfer related to such employee shall require the consent of the Audit and Supervisory Committee.

7. Structures for Directors, etc. and employees of the THK Group, or persons who have received a report from such individuals, to report to the Company's Audit and Supervisory Committee

The Company has stipulated in the THK Group Helpline Regulations that it can report on the status and content of reporting from the THK Group Helpline, which is available for use by executives and employees of the domestic Group companies, to the Audit and Supervisory Committee. The content of internal reports received through the THK Group Helpline is reported to the Compliance Committee meeting, which the Representative Director and President as well as Directors who are Audit and Supervisory Committee Members of the Company attend. When the Audit and Supervisory Committee requests a report, the Company reports on the results of internal audit and the status of other activities, the content of internal reports received through the THK Group Helpline and the content of reports on compliance. In addition, the Company periodically reports on the status of development and operation of matters stipulated in the Basic Policy for Internal Control at the Board of Directors meeting.

8. Structures for ensuring that a person reporting to the Audit and Supervisory Committee is protected from being unfavorably treated on the grounds that he/she has made such a report

The Company has stipulated in the THK Group Helpline Regulations that executives and employees of the Company shall not be treated in a disadvantageous way on the grounds of making such a report.

9. Matters relating to policy concerning procedures for advance payment or reimbursement of expenses incurred in the execution of duties of a Director who is an Audit and Supervisory Committee Member, and treatment of other expenses or debts incurred in the execution of such duties

The Company allocates a budget to pay for expenses incurred by the execution of duties by Directors who are Audit and Supervisory Committee Members and quickly processes such expenses and obligations when Directors who are Audit and Supervisory Committee Members requested the Company to reimburse for such expenses. If a Director who is an Audit and Supervisory Committee Member independently requests the use of external experts in executing his/her duties, the Company shall bear such expenses unless such duties are unnecessary for the execution of duties of said Director who is an Audit and Supervisory Committee Member.

10. Structures for ensuring that audits by the Audit and Supervisory Committee are effectively conducted

The Company holds meetings where the Audit and Supervisory Committee exchanges opinions with the Representative Director and President, principal Directors (excluding Directors who are Audit and Supervisory Committee Members), and Executive Officers. In addition, the Company established a three-way audit liaison meeting (held 4 times) between the Audit and Supervisory Committee, Accounting Auditor and Internal Audit Division, as well as outside Directors (excluding Directors who are Audit and Supervisory Committee Members). In addition, the Company established a system to ensure that audits by the Audit and Supervisory Committee are carried out effectively by holding four meetings of the Board of Auditors of the THK Group to promote close cooperation between the Audit and Supervisory Committee and Auditors of the Company's subsidiaries.

- (c) Liability limitation agreements for Directors (excluding those who are Executive Directors, etc.)

Pursuant to the provision of Article 427, Paragraph 1 of the Companies Act, the Company and each Director (excluding a Director who is an Executive Director, etc.) entered into an agreement that limits the indemnity liability under Article 423, Paragraph 1 of the said Act. The maximum amount of liability for damages of a Director (excluding a Director who is an Executive Director, etc.) under this agreement shall be the higher of the minimum liability amount set forth in Article 425, Paragraph 1 of the Companies Act or ¥10 million. Liability is limited only when the Directors (excluding those who are Executive Directors, etc.) acted in good faith and without gross negligence in the execution of their duties as the cause of liability.

- (d) Directors and officers liability insurance contract

The Company has entered into a directors and officers liability insurance contract with an insurance company, as stipulated in Article 430-3, Paragraph 1 of the Companies Act, with officers and Executive Officers, etc. of the Company and its subsidiaries as the insured. Insurance fees are paid in full by the Company. The insurance covers damages that may occur due to an insured director or officer being held liable for the execution of his/her duties or being subject to a claim related to the pursuit of such liability. However, there are certain exemptions, such as no coverage for damages caused by acts which the insured committed knowing such acts were in violation of laws and regulations.

- (iii) The Articles of Incorporation stipulate that the number of Directors (excluding Directors who are Audit and Supervisory Committee Members) of the Company shall be ten or less and the number of Directors who are Audit and Supervisory Committee Members shall be five or less.
- (iv) The Articles of Incorporation stipulate that the election of Directors of the Company shall be resolved by a majority of the votes of shareholders, with the attendance of shareholders holding one-third or more of the voting rights of shareholders who are entitled to exercise voting rights, and that all election resolutions shall not be subject to cumulative voting.

- (v) Based on the provisions of Article 165, Paragraph 2 of the Companies Act, the Company's Articles of Incorporation stipulate that it is possible to acquire its own shares through market transactions, etc., by resolution of the Board of Directors. The purpose of this is to implement a flexible capital policy that is tailored to changes in the business environment.
- (vi) The Articles of Incorporation stipulate that, by resolution of the Board of Directors, the Company may distribute dividend of surplus funds (interim dividend) as stipulated in Article 454, Paragraph 5 of the Companies Act to the shareholders or registered share pledgees listed or recorded in the final shareholder registry on June 30 of each year. The purpose of this is to flexibly return profits to shareholders.
- (vii) The Company's Articles of Incorporation stipulate that special resolutions of the General Meeting of Shareholders stipulated in Article 309, Paragraph 2 of the Companies Act shall be passed by two-thirds or more of the votes of shareholders, with the attendance of shareholders holding one-third or more of the voting rights of shareholders who are entitled to exercise voting rights. The purpose of this is to facilitate the smooth operation of the General Meeting of Shareholders by relaxing the quorum required for special resolutions at the General Meeting of Shareholders.

(viii) Basic policies on control of the Company

Based on the management philosophy and others common throughout the THK Group of "providing innovative products to the world and generating new trends to contribute to the creation of an affluent society," the Group will enhance transparency of its management for all stakeholders, including our shareholders, from the viewpoint of "maximizing corporate value" in conducting appropriate and efficient management. By doing so, the Group will take initiatives with the aim of enhancing the THK Group's medium to long term corporate value by continuously growing through appropriate cooperation with stakeholders.

The Company's basic policy regarding takeover defense measures calls for not introducing such measures. When a party attempts a large-scale acquisition of the Company's stocks and the Company's stocks are targeted for a tender offer, the Company will clearly explain the stance of its Board of Directors and counterproposal, if any. At the same time, the Company will not take any measures to unreasonably interfere with shareholders' right to relinquish the stocks upon accepting the tender offer.

In addition, when such large-scale acquisition is deemed to be an act taken by an inappropriate party, the Company will form a "Countermeasure Headquarters" to carefully examine the purpose of acquisition by the acquirer and the details of the proposal, among other things, in light of the common interest of shareholders and other considerations, with the intention of determining and implementing concrete action.

(ix) Activities of the Board of Directors and committees

(a) Board of Directors

In the fiscal year under review, the Company held Board of Directors meetings 16 times in total, and the number of times each member attended is as follows.

Position	Name	Number of Times Attended
Representative Director and Chairman	Akihiro Teramachi	16 of 16 meetings (100%)
Representative Director, President and CEO	Takashi Teramachi	16 of 16 meetings (100%)
Director and Executive Vice President	Hiroshi Imano	16 of 16 meetings (100%)
Director and Senior Managing Executive Officer	Nobuyuki Maki	16 of 16 meetings (100%)
Director and Senior Managing Executive Officer	Naoki Kinoshita	13 of 13 meetings (100%) (Note)
Director, CFO and Executive Officer	Kenji Nakane	16 of 16 meetings (100%)
Outside Director	Junko Kai	16 of 16 meetings (100%)
Outside Director	Hiroko Kawasaki	13 of 13 meetings (100%) (Note)
Outside Director (Audit and Supervisory Committee Member)	Masakatsu Hioki	16 of 16 meetings (100%)
Outside Director (Audit and Supervisory Committee Member)	Tomitoshi Omura	16 of 16 meetings (100%)
Outside Director (Audit and Supervisory Committee Member)	Yoshiki Ueda	16 of 16 meetings (100%)

(Note) Naoki Kinoshita and Hiroko Kawasaki were appointed as Directors at the Ordinary General Meeting of Shareholders held on March 15, 2025.

The main topics reviewed in these meetings are as follows.

- Matters related to medium-term management targets
- Matters related to the settlement of accounts and finances
- Matters related to the General Meeting of Shareholders
- Matters related to Directors and the Board of Directors
- Matters related to sustainability, etc.
- Matters related to internal control and compliance
- Other important matters

(b) Voluntary Nomination Advisory Committee

In the fiscal year under review, the Company held meetings of the voluntary Nomination Advisory Committee 5 times in total, and the number of times each member attended is as follows.

Position	Name	Number of Times Attended
Representative Director, President and CEO	Takashi Teramachi	5 of 5 meetings (100%)
Outside Director (Audit and Supervisory Committee Member); Committee Chairman	Masakatsu Hioki	5 of 5 meetings (100%)
Outside Director	Hiroko Kawasaki	4 of 4 meetings (100%)
Outside Director	Masaaki Kainosho	1 of 1 meetings (100%)

(Note) Masaaki Kainosho retired from his position on March 15, 2025, after which Hiroko Kawasaki was appointed as Committee member.

The main topics reviewed in these meetings are as follows.

- Formulation of proposals for Director Candidates
- Review of the skill matrix
- Succession planning
- Consideration of ideal profile of management talent

(c) Voluntary Remuneration Advisory Committee

In the fiscal year under review, the Company held meetings of the voluntary Remuneration Advisory Committee 2 times in total, and the number of times each member attended is as follows.

Position	Name	Number of Times Attended
Representative Director, President and CEO	Takashi Teramachi	2 of 2 meetings (100%)
Outside Director (Audit and Supervisory Committee Member); Committee Chairman	Yoshiki Ueda	2 of 2 meetings (100%)
Outside Director	Junko Kai	1 of 1 meetings (100%)
Outside Director	Masaaki Kainosho	1 of 1 meetings (100%)

(Note) Masaaki Kainosho retired from his position on March 15, 2025, after which Junko Kai was appointed as Committee member.

The main topics reviewed in these meetings are as follows.

- Review of policies for determining individual remuneration, etc., for Directors
- Formulation of remuneration proposals for Directors

## (2) [Status of executives]

## (i) List of executives

(a) The status of the Company's executives as of March 18, 2026 (the submission date of the securities report) is as follows.

9 males, 2 females (proportion of female executives: 18.1%)

## Status of Directors

Position	Name	Date of Birth	Brief History	Term	Number of Shares Owned (Thousands of Shares)	
Representative Director and Chairman	Akihiro Teramachi	April 5, 1951	Oct. 1975	Resigned from Okuma Iron Works Ltd.	(Note 3)	22
			Oct. 1975	Joined the Company		
			Apr. 1977	Assumed the position of Kofu Plant Manager		
			Mar. 1982	Assumed the position of Director, General Manager of Administration Division		
			Jun. 1986	Assumed the position of Director of DAITO SEIKI CO., LTD.		
			Jun. 1987	Assumed the position of Managing Director and Senior General Manager of Control Division of the Company		
			Jun. 1994	Assumed the position of Director and Executive Vice President		
			May 1995	Assumed the position of Representative Director and President of DAITO SEIKI CO., LTD.		
			Jan. 1997	Assumed the position of Representative Director and President of the Company		
			Jan. 1997	Assumed the position of Director and Chairman of DAITO SEIKI CO., LTD.		
			Jun. 1997	Assumed the position of Director and Chairman of THK Yasuda Co., Ltd. (currently THK NIIGATA CO., LTD.) (current position)		
			Jun. 1998	Assumed the position of Representative Director and Chairman of THK Holdings of America, L.L.C.		
			Jun. 1998	Assumed the position of Representative Director and Chairman of THK America, Inc. (current position)		
			Jun. 1998	Assumed the position of Representative Director and Chairman of THK Manufacturing of America, Inc. (current position)		
Jun. 1998	Assumed the position of Representative Director and Chairman of PGM Ballscrews Ireland Ltd. (currently THK Manufacturing of Ireland Ltd.) (current position)					

Position	Name	Date of Birth	Brief History	Term	Number of Shares Owned (Thousands of Shares)
Representative Director and Chairman	Akihiro Teramachi	April 5, 1951	<p>Sep. 1998 Assumed the position of Representative Director and Chairman of THK Europe B.V. (current position)</p> <p>Nov. 1998 Assumed the position of Representative Director and Chairman of THK GmbH (current position)</p> <p>Jul. 1999 Assumed the position of Executive Chairman of THK TAIWAN CO., LTD. (current position)</p> <p>May 2001 Assumed the position of Representative Director and Chairman of THK Manufacturing of Europe S.A.S. (current position)</p> <p>Jun. 2002 Assumed the position of Director and Chairman of TALK SYSTEM CO., LTD. (current position)</p> <p>Aug. 2003 Assumed the position of Executive Chairman of THK (SHANGHAI) CO., LTD. (current position)</p> <p>Mar. 2004 Assumed the position of Executive Chairman of THK MANUFACTURING OF CHINA (WUXI) CO., LTD. (current position)</p> <p>Feb. 2005 Assumed the position of Executive Chairman of THK MANUFACTURING OF CHINA (LIAONING) CO., LTD. (current position)</p> <p>Sep. 2005 Assumed the position of Executive Chairman of THK (CHINA) CO., LTD. (current position)</p> <p>May 2007 Assumed the position of Representative Director and Chairman of Rhythm Corporation (currently THK RHYTHM CO., LTD.) (current position)</p> <p>Jun. 2009 Assumed the position of Director and Chairman of THK INTECHS CO., LTD. (current position)</p> <p>Jul. 2014 Assumed the position of Executive Chairman of THK MANUFACTURING OF CHINA (CHANGZHOU) CO., LTD. (current position)</p> <p>May 2015 Assumed the position of Representative Director and President of THK RHYTHM AUTOMOTIVE MICHIGAN CORPORATION (current position)</p>	(Note 3)	22

Position	Name	Date of Birth	Brief History	Term	Number of Shares Owned (Thousands of Shares)	
Representative Director and Chairman	Akihiro Teramachi	April 5, 1951	Jun. 2015	Assumed the position of Representative Director and President of THK RHYTHM AUTOMOTIVE CANADA LIMITED (current position)	(Note 3)	22
			Jun. 2015	Assumed the position of Representative Director and President of THK RHYTHM AUTOMOTIVE GmbH (current position)		
			Sep. 2015	Assumed the position of Representative Director and Chairman of THK RHYTHM AUTOMOTIVE CZECH a.s. (current position)		
			Nov. 2016	Assumed the position of Director of THK CAPITAL UNLIMITED COMPANY (current position)		
			Nov. 2016	Assumed the position of Director of THK FINANCE UNLIMITED COMPANY (current position)		
			Oct. 2017	Assumed the position of Representative Director and President of TRA Holdings CO., LTD.		
			Mar. 2023	Assumed the position of Representative Director and Chairman of TRA Holdings CO., LTD. (current position)		
			Jan. 2024	Assumed the position of Representative Director, Chairman and CEO of the Company		
Mar. 2025	Assumed the position of Representative Director and Chairman of the Company (current position)					

Position	Name	Date of Birth	Brief History		Term	Number of Shares Owned (Thousands of Shares)
Representative Director, President and CEO Senior General Manager of Industrial Machinery Headquarters	Takashi Teramachi	November 17, 1978	Apr. 2003	Joined Sumitomo Corporation	(Note 3)	24
			Sep. 2013	Resigned from Sumitomo Corporation		
			Nov. 2013	Joined the Company		
			Jan. 2014	Assumed the position of General Manager of IMT Division		
			Jun. 2014	Assumed the positions of Director, Executive Officer and Deputy General Manager of IMT Division of the Company and Representative Director and President of THK INTECHS CO., LTD.		
			Jun. 2016	Assumed the positions of Director, Senior Managing Executive Officer and Senior General Manager of Industrial Machinery Headquarters of the Company and Representative Director and President of THK INTECHS CO., LTD.		
			Jan. 2020	Assumed the positions of Director, Senior Managing Executive Officer and Senior General Manager of Industrial Machinery Headquarters of the Company and Director of THK INTECHS CO., LTD.		
			Mar. 2020	Assumed the position of Director, Senior Managing Executive Officer and Senior General Manager of Industrial Machinery Headquarters of the Company		
			Jan. 2024	Assumed the position of Representative Director, President and COO and Senior General Manager of Industrial Machinery Headquarters		
			Mar. 2025	Assumed the position of Representative Director, President and CEO and Senior General Manager of Industrial Machinery Headquarters (current position)		

Position	Name	Date of Birth	Brief History	Term	Number of Shares Owned (Thousands of Shares)
Director and Executive Vice President	Hiroshi Imano	January 31, 1954	<p>Apr. 1977    Joined The Industrial Bank of Japan, Limited</p> <p>Apr. 2002    Seconded to the Company Assumed the position of Deputy General Manager of Corporate Strategy Division</p> <p>Mar. 2004    Resigned from Mizuho Corporate Bank, Ltd.</p> <p>Apr. 2004    Joined the Company</p> <p>May 2004    Assumed the position of President of THK MANUFACTURING OF CHINA (WUXI) CO., LTD.</p> <p>Oct. 2007    Assumed the position of General Manager of Production Division of the Company</p> <p>Dec. 2007    Assumed the position of Representative Director and President of THK Manufacturing of Europe S.A.S.</p> <p>Jun. 2008    Assumed the position of Director and General Manager of Production Division of the Company</p> <p>Jun. 2010    Assumed the position of Managing Director</p> <p>Jun. 2012    Assumed the position of Director and Executive Vice President (current position)</p> <p>Jun. 2017    Assumed the position of Director, Executive Vice President and CFO</p>	(Note 3)	20

Position	Name	Date of Birth	Brief History	Term	Number of Shares Owned (Thousands of Shares)
Director and Senior Managing Executive Officer Senior General Manager of Automotive & Transportation Headquarters	Nobuyuki Maki	May 12, 1960	<p>Apr. 1983    Joined the Company</p> <p>Jul. 1992    Assumed the position of Manager of Chicago Branch of THK America, Inc.</p> <p>Jan. 2003    Assumed the position of Representative Director and President of THK Manufacturing of America, Inc.</p> <p>Oct. 2007    Assumed the position of Yamaguchi Plant Manager of the Company</p> <p>Jun. 2010    Assumed the position of Director and Senior General Manager of Production Division</p> <p>Jun. 2014    Assumed the position of Managing Executive Officer and Senior General Manager of Production Division</p> <p>Apr. 2015    Assumed the position of Managing Executive Officer, Senior General Manager of Production Division and Senior General Manager of Sales Support Division</p> <p>May 2015    Assumed the position of Managing Executive Officer, Senior General Manager of Production Division, Senior General Manager of Sales Support Division and General Manager of L&amp;S Business Integration Division</p> <p>Jun. 2015    Assumed the position of Director, Managing Executive Officer and General Manager of L&amp;S Business Integration Division</p> <p>Nov. 2015    Assumed the position of Director, Managing Executive Officer and Senior General Manager of Automotive &amp; Transportation Business Unit</p> <p>Jun. 2016    Assumed the position of Director, Senior Managing Executive Officer and Senior General Manager of Automotive &amp; Transportation Headquarters (current position)</p>	(Note 3)	10

Position	Name	Date of Birth	Brief History		Term	Number of Shares Owned (Thousands of Shares)
Director and Senior Managing Executive Officer General Manager of Industrial Machinery Headquarters and Executive Vice Chairman and President of THK (CHINA) CO., LTD.	Naoki Kinoshita	November 23, 1961	Apr. 1985 Feb. 2011 Jun. 2014 Jan. 2022 Mar. 2022 Mar. 2025	Joined the Company Assumed the position of General Manager of West Japan Sales Region I Assumed the position of Executive Officer of the Company and President of THK (CHINA) CO., LTD. Assumed the position of Executive Officer of the Company and Executive Vice Chairman of THK (CHINA) CO., LTD. Assumed the position of Managing Executive Officer Assumed the position of Director, Senior Managing Executive Officer, General Manager of Industrial Machinery Headquarters and Executive Vice Chairman and President of THK (CHINA) CO., LTD. (current position)	(Note 3)	6
Director, CFO and Executive Officer General Manager of Finance & Accounting Department, Corporate Strategy Headquarters and General Manager of Indirect Material Procurement Department, Corporate Strategy Headquarters	Kenji Nakane	July 10, 1970	Apr. 1993 Jun. 2009 Jul. 2016 Apr. 2017 Nov. 2022 Mar. 2023	Joined the Company Assumed the position of General Manager of Finance & Accounting Department, Corporate Strategy Division Assumed the position of General Manager of Finance & Accounting Department, Corporate Strategy Headquarters Assumed the position of Executive Officer and General Manager of Finance & Accounting Department, Corporate Strategy Headquarters Assumed the position of Executive Officer, General Manager of Finance & Accounting Department, Corporate Strategy Headquarters and General Manager of Indirect Material Procurement Department, Corporate Strategy Headquarters (current position) Assumed the position of Director and CFO (current position)	(Note 3)	13

Position	Name	Date of Birth	Brief History	Term	Number of Shares Owned (Thousands of Shares)
Director	Junko Kai	September 29, 1967	<p>Apr. 1992 Registered at the Daini Tokyo Bar Association</p> <p>Dec. 2002 Assumed the position of Partner of Hamani Takahashi Kai Law Office (current position)</p> <p>Jun. 2006 Assumed the position of Member of the Daini Tokyo Bar Association's discipline enforcement committee</p> <p>Mar. 2007 Assumed the position of Instructor for defense in criminal cases, the Legal Training and Research Institute</p> <p>Apr. 2010 Assumed the position of Conciliation Commissioner of Tokyo Family Court</p> <p>Jul. 2010 Assumed the position of Reserve member of Disciplinary Committee, The Japanese Institute of Certified Public Accountants</p> <p>Oct. 2010 Assumed the position of Examiner for the national bar examination (Code of Criminal Procedure)</p> <p>Assumed the position of Examiner for the preliminary national bar examination (Code of Criminal Procedure)</p> <p>Jun. 2014 Assumed the position of Member of the Ministry of Health, Labour and Welfare's Committee for Public Procurement for Special Pension Accounts (current position)</p> <p>Oct. 2015 Assumed the position of Special Member of Ministry of Land, Infrastructure, Transport and Tourism's Chuo Construction Disturbance Inspection Meeting (current position)</p> <p>Feb. 2016 Assumed the position of Member of the Daini Tokyo Bar Association's disciplinary committee</p> <p>Jun. 2019 Assumed the position of outside Director of NARITA INTERNATIONAL AIRPORT CORPORATION (current position)</p> <p>Jun. 2021 Assumed the position of Member of the Daini Tokyo Bar Association's discipline enforcement committee</p> <p>Jun. 2021 Assumed the position of outside Audit &amp; Supervisory Board Member of JSR Corporation</p> <p>Mar. 2022 Assumed the position of Director of the Company (current position)</p> <p>Jun. 2025 Assumed the position of outside Director of MITSUI-SOKO HOLDINGS Co., Ltd. (current position)</p>	(Note 3)	-

Position	Name	Date of Birth	Brief History		Term	Number of Shares Owned (Thousands of Shares)
Director	Hiroko Kawasaki	September 21, 1963	Apr. 1987	Joined Nippon Telegraph and Telephone (currently NTT, Inc.)	(Note 3)	0
			Jul. 2006	Assumed the position of Manager of Human Resources Department, Diversity Promotion Office of NTT DOCOMO, INC.		
			Jun. 2010	Assumed the position of Manager of Shizuoka Branch, Tokai Branch Office of NTT DOCOMO, INC.		
			Jun. 2012	Assumed the position of General Manager of Customer Service Dept. of NTT DOCOMO, INC.		
			Jun. 2014	Assumed the position of General Manager of CSR of NTT DOCOMO, INC.		
			Jun. 2017	Assumed the position of Executive Officer, Executive General Manager of Hokuriku Regional Office of NTT DOCOMO, INC. and Representative Director, President of DOCOMO CS Hokuriku		
			Jun. 2020	Assumed the position of Executive Officer, General Manager of Marketing Dept. of NTT DOCOMO, INC.		
			Apr. 2021	Assumed the position of Member of the Labor Policy Council, Ministry of Health, Labour and Welfare of Japan (current position)		
			Jun. 2021	Assumed the position of Managing Director of DOCOMO Systems, Inc.		
			Jun. 2022	Assumed the position of Director, Full-Time Audit and Supervisory Committee Member of NTT DOCOMO, INC.		
			Jun. 2023	Assumed the position of outside Director, Audit and Supervisory Committee Member of ENEOS Holdings, Inc.		
			Jun. 2024	Assumed the position of outside Director of Mitsubishi Shokuhin Co., Ltd.		
			Jun. 2024	Assumed the position of outside Director and Chairperson of the Board of Directors of ENEOS Holdings, Inc. (current position)		
			Mar. 2025	Assumed the position of Director of the Company (current position)		
			Jun. 2025	Assumed the position of outside Director (Member of the Audit & Supervisory Committee) of Nomura Research Institute, Ltd. (current position)		

Position	Name	Date of Birth	Brief History	Term	Number of Shares Owned (Thousands of Shares)
Director (Audit and Supervisory Committee Member)	Masakatsu Hioki	July 30, 1950	<p>Apr. 1975    Joined Komatsu Ltd.</p> <p>Apr. 2004    Assumed the position of Executive Officer of Komatsu Ltd.</p> <p>Apr. 2008    Assumed the position of Senior Executive Officer of Komatsu Ltd.</p> <p>Jul. 2012    Assumed the position of Advisor of Komatsu Ltd.</p> <p>Dec. 2013    Assumed the position of Director of Japan Center for Technology Management, a specified non-profit organization</p> <p>Jun. 2014    Assumed the position of Director of the Company</p> <p>Nov. 2014    Assumed the position of outside Director of SUKIYA CO., LTD. (current position)</p> <p>Feb. 2015    Assumed the position of Senior Fellow of Mercer Japan Ltd.</p> <p>Apr. 2015    Assumed the position of Visiting Professor of Ritsumeikan University Graduate School of Management</p> <p>May 2016    Assumed the position of outside Director of ZUIKO CO., LTD.</p> <p>Jun. 2016    Assumed the position of Director (Audit and Supervisory Committee Member) of the Company (current position)</p> <p>May 2023    Assumed the position of Director (Audit and Supervisory Committee Member) of ZUIKO CO., LTD.</p>	(Note 4)	3
Director (Audit and Supervisory Committee Member)	Tomitoshi Omura	August 3, 1954	<p>Oct. 1976    Registered as Assistant CPA</p> <p>Oct. 1977    Joined Fuji Accounting Office</p> <p>Oct. 1980    Joined Asahi &amp; Co. (currently KPMG AZSA LLC.)</p> <p>Mar. 1982    Registered as Certified Public Accountant</p> <p>Dec. 1989    Assumed the position of Managing Director of Omura Accounting Office (current position)</p> <p>Jun. 2016    Assumed the position of Director (Audit and Supervisory Committee Member) of the Company (current position)</p>	(Note 4)	3

Position	Name	Date of Birth	Brief History	Term	Number of Shares Owned (Thousands of Shares)
Director (Audit and Supervisory Committee Member)	Yoshiki Ueda	March 10, 1953	<p>Apr. 1976 Joined Mitsubishi Corporation</p> <p>Apr. 2007 Assumed the position of Deputy General Manager of Kansai Branch of Mitsubishi Corporation</p> <p>Apr. 2008 Assumed the position of Executive of Mitsubishi Corporation</p> <p>Jun. 2010 Assumed the position of President &amp; CEO of Mitsubishi Corporation Technos</p> <p>Jun. 2011 Assumed the position of Chairman of Japan Machine Tool Distributors Association</p> <p>Jun. 2015 Assumed the position of Advisor of Mitsubishi Corporation Technos</p> <p>Jun. 2016 Assumed the position of Director (Audit and Supervisory Committee Member) of the Company (current position)</p> <p>Jun. 2016 Assumed the position of outside Director of SINTOKOGIO, LTD.</p> <p>Nov. 2016 Assumed the position of Corporate Advisor of Makino Milling Machine Co., Ltd.</p> <p>Dec. 2016 Assumed the position of Visiting Professor of National University Corporation Shizuoka University</p> <p>Jun. 2017 Assumed the position of outside Director, Representative Director &amp; Chairman of SINTOKOGIO, LTD. (current position)</p> <p>Jun. 2018 Assumed the position of Representative Director &amp; Vice-Chairman of Makino Milling Machine Co., Ltd.</p> <p>Jun. 2020 Assumed the position of Representative Director &amp; Chairman of Makino Milling Machine Co., Ltd.</p> <p>Jan. 2021 Assumed the position of Corporate Advisor of Makino Milling Machine Co., Ltd.</p>	(Note 4)	3
Total					108

- (Notes) 1. Representative Director, President and CEO Takashi Teramachi is the biological son of Representative Director and Chairman Akihiro Teramachi.
2. Director Junko Kai, Director Hiroko Kawasaki, Director Masakatsu Hioki, Director Tomitoshi Omura and Director Yoshiki Ueda are outside Directors.
3. The term of office of Directors is from the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ended December 2024 to the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ended December 2025.
4. The term of office of Directors (Audit and Supervisory Committee Members) is from the conclusion of

the Ordinary General Meeting of Shareholders for the fiscal year ended December 2023 to the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ended December 2025.

5. In preparation for cases in which the number of Directors who are Audit and Supervisory Committee Members falls short of the number stipulated by laws and regulations, the Company has elected one Director who is a substitute Audit and Supervisory Committee Member as stipulated in Article 329, Paragraph 3 of the Companies Act.

The brief history of the Director who is a substitute Audit and Supervisory Committee Member is as follows:

(Name)	(Date of Birth)	(Term)	(Brief History)	(Number of Shares Owned)
Hidetaka Miyake	April 15, 1972	Apr. 2000	Joined Public Prosecutors Office of Ministry of Justice as a Public Prosecutor	(Note 4) —
		Jun. 2004	Registered as an attorney at law Joined Ashurst LLP, Tokyo Office (currently Ashurst Horitsu Jimusho Gaikokuho Kyodo Jigyo)	
		Jan. 2010	Joined the Securities and Exchange Surveillance Commission, Financial Services Agency	
		Jul. 2013	Joined Ernst & Young ShinNihon LLC	
		Apr. 2017	Joined Anderson Mori & Tomotsune LPC (currently Anderson Mori & Tomotsune)	
		Jan. 2020	Assumed the position of Partner of Anderson Mori & Tomotsune (current position)	
		Jun. 2023	Assumed the position of outside Auditor of MITSUI-SOKO HOLDINGS Co., Ltd. (current position)	

- (b) The proposal items (subject to resolution) “Appointment of Eight (8) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)” and “Appointment of Three (3) Directors Who Are Audit and Supervisory Committee Members” are being submitted for approval at the Ordinary General Meeting of Shareholders scheduled to be held on March 20, 2026. Should these proposals be approved, the status of the Company’s Directors is expected to be as follows.  
9 males, 2 females (proportion of female executives: 18.1%)

Status of Directors

Position	Name	Date of Birth	Brief History	Term	Number of Shares Owned (Thousands of Shares)
Representative Director and Chairman	Akihiro Teramachi	April 5, 1951	<p>Oct. 1975 Resigned from Okuma Iron Works Ltd.</p> <p>Oct. 1975 Joined the Company</p> <p>Apr. 1977 Assumed the position of Kofu Plant Manager</p> <p>Mar. 1982 Assumed the position of Director, General Manager of Administration Division</p> <p>Jun. 1986 Assumed the position of Director of DAITO SEIKI CO., LTD.</p> <p>Jun. 1987 Assumed the position of Managing Director and Senior General Manager of Control Division of the Company</p> <p>Jun. 1994 Assumed the position of Director and Executive Vice President</p> <p>May 1995 Assumed the position of Representative Director and President of DAITO SEIKI CO., LTD.</p> <p>Jan. 1997 Assumed the position of Representative Director and President of the Company</p> <p>Jan. 1997 Assumed the position of Director and Chairman of DAITO SEIKI CO., LTD.</p> <p>Jun. 1997 Assumed the position of Director and Chairman of THK Yasuda Co., Ltd. (currently THK NIIGATA CO., LTD.) (current position)</p> <p>Jun. 1998 Assumed the position of Representative Director and Chairman of THK Holdings of America, L.L.C.</p> <p>Jun. 1998 Assumed the position of Representative Director and Chairman of THK America, Inc. (current position)</p> <p>Jun. 1998 Assumed the position of Representative Director and Chairman of THK Manufacturing of America, Inc. (current position)</p> <p>Jun. 1998 Assumed the position of Representative Director and Chairman of PGM Ballscrews Ireland Ltd. (currently THK Manufacturing of Ireland Ltd.) (current position)</p>	(Note 3)	22

Position	Name	Date of Birth	Brief History	Term	Number of Shares Owned (Thousands of Shares)
Representative Director and Chairman	Akihiro Teramachi	April 5, 1951	<p>Sep. 1998 Assumed the position of Representative Director and Chairman of THK Europe B.V. (current position)</p> <p>Nov. 1998 Assumed the position of Representative Director and Chairman of THK GmbH (current position)</p> <p>Jul. 1999 Assumed the position of Executive Chairman of THK TAIWAN CO., LTD. (current position)</p> <p>May 2001 Assumed the position of Representative Director and Chairman of THK Manufacturing of Europe S.A.S. (current position)</p> <p>Jun. 2002 Assumed the position of Director and Chairman of TALK SYSTEM CO., LTD. (current position)</p> <p>Aug. 2003 Assumed the position of Executive Chairman of THK (SHANGHAI) CO., LTD. (current position)</p> <p>Mar. 2004 Assumed the position of Executive Chairman of THK MANUFACTURING OF CHINA (WUXI) CO., LTD. (current position)</p> <p>Feb. 2005 Assumed the position of Executive Chairman of THK MANUFACTURING OF CHINA (LIAONING) CO., LTD. (current position)</p> <p>Sep. 2005 Assumed the position of Executive Chairman of THK (CHINA) CO., LTD. (current position)</p> <p>May 2007 Assumed the position of Representative Director and Chairman of Rhythm Corporation (currently THK RHYTHM CO., LTD.) (current position)</p> <p>Jun. 2009 Assumed the position of Director and Chairman of THK INTECHS CO., LTD. (current position)</p> <p>Jul. 2014 Assumed the position of Executive Chairman of THK MANUFACTURING OF CHINA (CHANGZHOU) CO., LTD. (current position)</p> <p>May 2015 Assumed the position of Representative Director and President of THK RHYTHM AUTOMOTIVE MICHIGAN CORPORATION (current position)</p>	(Note 3)	22

Position	Name	Date of Birth	Brief History	Term	Number of Shares Owned (Thousands of Shares)	
Representative Director and Chairman	Akihiro Teramachi	April 5, 1951	Jun. 2015	Assumed the position of Representative Director and President of THK RHYTHM AUTOMOTIVE CANADA LIMITED (current position)	(Note 3)	22
			Jun. 2015	Assumed the position of Representative Director and President of THK RHYTHM AUTOMOTIVE GmbH (current position)		
			Sep. 2015	Assumed the position of Representative Director and Chairman of THK RHYTHM AUTOMOTIVE CZECH a.s. (current position)		
			Nov. 2016	Assumed the position of Director of THK CAPITAL UNLIMITED COMPANY (current position)		
			Nov. 2016	Assumed the position of Director of THK FINANCE UNLIMITED COMPANY (current position)		
			Oct. 2017	Assumed the position of Representative Director and President of TRA Holdings CO., LTD.		
			Mar. 2023	Assumed the position of Representative Director and Chairman of TRA Holdings CO., LTD. (current position)		
			Jan. 2024	Assumed the position of Representative Director, Chairman and CEO of the Company		
			Mar. 2025	Assumed the position of Representative Director and Chairman of the Company (current position)		

Position	Name	Date of Birth	Brief History		Term	Number of Shares Owned (Thousands of Shares)
Representative Director, President and CEO	Takashi Teramachi	November 17, 1978	Apr. 2003	Joined Sumitomo Corporation	(Note 3)	24
			Sep. 2013	Resigned from Sumitomo Corporation		
			Nov. 2013	Joined the Company		
			Jan. 2014	Assumed the position of General Manager of IMT Division		
			Jun. 2014	Assumed the positions of Director, Executive Officer and Deputy General Manager of IMT Division of the Company and Representative Director and President of THK INTECHS CO., LTD.		
			Jun. 2016	Assumed the positions of Director, Senior Managing Executive Officer and Senior General Manager of Industrial Machinery Headquarters of the Company and Representative Director and President of THK INTECHS CO., LTD.		
			Jan. 2020	Assumed the positions of Director, Senior Managing Executive Officer and Senior General Manager of Industrial Machinery Headquarters of the Company and Director of THK INTECHS CO., LTD.		
			Mar. 2020	Assumed the position of Director, Senior Managing Executive Officer and Senior General Manager of Industrial Machinery Headquarters of the Company		
			Jan. 2024	Assumed the position of Representative Director, President and COO and Senior General Manager of Industrial Machinery Headquarters		
			Mar. 2025	Assumed the position of Representative Director, President and CEO and Senior General Manager of Industrial Machinery Headquarters (current position)		

Position	Name	Date of Birth	Brief History	Term	Number of Shares Owned (Thousands of Shares)
Director	Nobuyuki Maki	May 12, 1960	<p>Apr. 1983    Joined the Company</p> <p>Jul. 1992    Assumed the position of Manager of Chicago Branch of THK America, Inc.</p> <p>Jan. 2003    Assumed the position of Representative Director and President of THK Manufacturing of America, Inc.</p> <p>Oct. 2007    Assumed the position of Yamaguchi Plant Manager of the Company</p> <p>Jun. 2010    Assumed the position of Director and Senior General Manager of Production Division</p> <p>Jun. 2014    Assumed the position of Managing Executive Officer and Senior General Manager of Production Division</p> <p>Apr. 2015    Assumed the position of Managing Executive Officer, Senior General Manager of Production Division and Senior General Manager of Sales Support Division</p> <p>May 2015    Assumed the position of Managing Executive Officer, Senior General Manager of Production Division, Senior General Manager of Sales Support Division and General Manager of L&amp;S Business Integration Division</p> <p>Jun. 2015    Assumed the position of Director, Managing Executive Officer and General Manager of L&amp;S Business Integration Division</p> <p>Nov. 2015    Assumed the position of Director, Managing Executive Officer and Senior General Manager of Automotive &amp; Transportation Business Unit</p> <p>Jun. 2016    Assumed the position of Director, Senior Managing Executive Officer and Senior General Manager of Automotive &amp; Transportation Headquarters</p>	(Note 3)	10

Position	Name	Date of Birth	Brief History	Term	Number of Shares Owned (Thousands of Shares)
Director	Naoki Kinoshita	November 23, 1961	<p>Apr. 1985    Joined the Company</p> <p>Feb. 2011    Assumed the position of General Manager of West Japan Sales Region I</p> <p>Jun. 2014    Assumed the position of Executive Officer of the Company and President of THK (CHINA) CO., LTD.</p> <p>Jan. 2022    Assumed the position of Executive Officer of the Company and Executive Vice Chairman of THK (CHINA) CO., LTD.</p> <p>Mar. 2022    Assumed the position of Managing Executive Officer</p> <p>Mar. 2025    Assumed the position of Director, Senior Managing Executive Officer, General Manager of Industrial Machinery Headquarters and Executive Vice Chairman and President of THK (CHINA) CO., LTD.</p>	(Note 3)	6
Director CFO	Kenji Nakane	July 10, 1970	<p>Apr. 1993    Joined the Company</p> <p>Jun. 2009    Assumed the position of General Manager of Finance &amp; Accounting Department, Corporate Strategy Division</p> <p>Jul. 2016    Assumed the position of General Manager of Finance &amp; Accounting Department, Corporate Strategy Headquarters</p> <p>Apr. 2017    Assumed the position of Executive Officer and General Manager of Finance &amp; Accounting Department, Corporate Strategy Headquarters</p> <p>Nov. 2022    Assumed the position of Executive Officer, General Manager of Finance &amp; Accounting Department, Corporate Strategy Headquarters and General Manager of Indirect Material Procurement Department, Corporate Strategy Headquarters</p> <p>Mar. 2023    Assumed the position of Director and CFO (current position)</p>	(Note 3)	13

Position	Name	Date of Birth	Brief History	Term	Number of Shares Owned (Thousands of Shares)
Director	Nobufumi Sato	December 22, 1964	<p>Apr. 1987    Joined the Company</p> <p>Nov. 2007    Assumed the position of Branch Manager of Hitachi Branch</p> <p>Jun. 2014    Assumed the position of General Manager of West Japan Sales Region II</p> <p>Oct. 2018    Assumed the position of General Manager of East Japan Sales Region I</p> <p>Apr. 2021    Assumed the position of Director and Executive Vice President of THK America, Inc.</p> <p>Jan. 2022    Assumed the position of Representative Director and President of THK America, Inc.</p> <p>Mar. 2022    Assumed the position of Managing Executive Officer</p> <p>Mar. 2026    Assumed the position of Director (current position)</p>	(Note 3)	3

Position	Name	Date of Birth	Brief History	Term	Number of Shares Owned (Thousands of Shares)
Director	Junko Kai	September 29, 1967	<p>Apr. 1992 Registered at the Daini Tokyo Bar Association</p> <p>Dec. 2002 Assumed the position of Partner of Hamani Takahashi Kai Law Office (current position)</p> <p>Jun. 2006 Assumed the position of Member of the Daini Tokyo Bar Association's discipline enforcement committee</p> <p>Mar. 2007 Assumed the position of Instructor for defense in criminal cases, the Legal Training and Research Institute</p> <p>Apr. 2010 Assumed the position of Conciliation Commissioner of Tokyo Family Court</p> <p>Jul. 2010 Assumed the position of Reserve member of Disciplinary Committee, The Japanese Institute of Certified Public Accountants</p> <p>Oct. 2010 Assumed the position of Examiner for the national bar examination (Code of Criminal Procedure)</p> <p>Assumed the position of Examiner for the preliminary national bar examination (Code of Criminal Procedure)</p> <p>Jun. 2014 Assumed the position of Member of the Ministry of Health, Labour and Welfare's Committee for Public Procurement for Special Pension Accounts (current position)</p> <p>Oct. 2015 Assumed the position of Special Member of Ministry of Land, Infrastructure, Transport and Tourism's Chuo Construction Disturbance Inspection Meeting (current position)</p> <p>Feb. 2016 Assumed the position of Member of the Daini Tokyo Bar Association's disciplinary committee</p> <p>Jun. 2019 Assumed the position of outside Director of NARITA INTERNATIONAL AIRPORT CORPORATION (current position)</p> <p>Jun. 2021 Assumed the position of Member of the Daini Tokyo Bar Association's discipline enforcement committee</p> <p>Jun. 2021 Assumed the position of outside Audit &amp; Supervisory Board Member of JSR Corporation</p> <p>Mar. 2022 Assumed the position of Director of the Company (current position)</p> <p>Jun. 2025 Assumed the position of outside Director of MITSUI-SOKO HOLDINGS Co., Ltd. (current position)</p>	(Note 3)	-

Position	Name	Date of Birth	Brief History	Term	Number of Shares Owned (Thousands of Shares)
Director	Hiroko Kawasaki	September 21, 1963	<p>Apr. 1987 Joined Nippon Telegraph and Telephone (currently NTT, Inc.)</p> <p>Jul. 2006 Assumed the position of Manager of Human Resources Department, Diversity Promotion Office of NTT DOCOMO, INC.</p> <p>Jun. 2010 Assumed the position of Manager of Shizuoka Branch, Tokai Branch Office of NTT DOCOMO, INC.</p> <p>Jun. 2012 Assumed the position of General Manager of Customer Service Dept. of NTT DOCOMO, INC.</p> <p>Jun. 2014 Assumed the position of General Manager of CSR of NTT DOCOMO, INC.</p> <p>Jun. 2017 Assumed the position of Executive Officer, Executive General Manager of Hokuriku Regional Office of NTT DOCOMO, INC. and Representative Director, President of DOCOMO CS Hokuriku</p> <p>Jun. 2020 Assumed the position of Executive Officer, General Manager of Marketing Dept. of NTT DOCOMO, INC.</p> <p>Apr. 2021 Assumed the position of Member of the Labor Policy Council, Ministry of Health, Labour and Welfare of Japan (current position)</p> <p>Jun. 2021 Assumed the position of Managing Director of DOCOMO Systems, Inc.</p> <p>Jun. 2022 Assumed the position of Director, Full-Time Audit and Supervisory Committee Member of NTT DOCOMO, INC.</p> <p>Jun. 2023 Assumed the position of outside Director, Audit and Supervisory Committee Member of ENEOS Holdings, Inc.</p> <p>Jun. 2024 Assumed the position of outside Director of Mitsubishi Shokuhin Co., Ltd.</p> <p>Jun. 2024 Assumed the position of outside Director and Chairperson of the Board of Directors of ENEOS Holdings, Inc. (current position)</p> <p>Mar. 2025 Assumed the position of Director of the Company (current position)</p> <p>Jun. 2025 Assumed the position of outside Director (Member of the Audit &amp; Supervisory Committee) of Nomura Research Institute, Ltd. (current position)</p>	(Note 3)	0

Position	Name	Date of Birth	Brief History	Term	Number of Shares Owned (Thousands of Shares)
Director (Audit and Supervisory Committee Member)	Yoshiki Ueda	March 10, 1953	<p>Apr. 1976 Joined Mitsubishi Corporation</p> <p>Apr. 2007 Assumed the position of Deputy General Manager of Kansai Branch of Mitsubishi Corporation</p> <p>Apr. 2008 Assumed the position of Executive of Mitsubishi Corporation</p> <p>Jun. 2010 Assumed the position of President &amp; CEO of Mitsubishi Corporation Technos</p> <p>Jun. 2011 Assumed the position of Chairman of Japan Machine Tool Distributors Association</p> <p>Jun. 2015 Assumed the position of Advisor of Mitsubishi Corporation Technos</p> <p>Jun. 2016 Assumed the position of Director (Audit and Supervisory Committee Member) of the Company (current position)</p> <p>Jun. 2016 Assumed the position of outside Director of SINTOKOGIO, LTD.</p> <p>Nov. 2016 Assumed the position of Corporate Advisor of Makino Milling Machine Co., Ltd.</p> <p>Dec. 2016 Assumed the position of Visiting Professor of National University Corporation Shizuoka University</p> <p>Jun. 2017 Assumed the position of outside Director, Representative Director &amp; Chairman of SINTOKOGIO, LTD. (current position)</p> <p>Jun. 2018 Assumed the position of Representative Director &amp; Vice-Chairman of Makino Milling Machine Co., Ltd.</p> <p>Jun. 2020 Assumed the position of Representative Director &amp; Chairman of Makino Milling Machine Co., Ltd.</p> <p>Jan. 2021 Assumed the position of Corporate Advisor of Makino Milling Machine Co., Ltd.</p>	(Note 4)	3

Position	Name	Date of Birth	Brief History	Term	Number of Shares Owned (Thousands of Shares)
Director (Audit and Supervisory Committee Member)	Masakatsu Hioki	July 30, 1950	<p>Apr. 1975 Joined Komatsu Ltd.</p> <p>Apr. 2004 Assumed the position of Executive Officer of Komatsu Ltd.</p> <p>Apr. 2008 Assumed the position of Senior Executive Officer of Komatsu Ltd.</p> <p>Jul. 2012 Assumed the position of Advisor of Komatsu Ltd.</p> <p>Dec. 2013 Assumed the position of Director of Japan Center for Technology Management, a specified non-profit organization</p> <p>Jun. 2014 Assumed the position of Director of the Company</p> <p>Nov. 2014 Assumed the position of outside Director of SUKIYA CO., LTD. (current position)</p> <p>Feb. 2015 Assumed the position of Senior Fellow of Mercer Japan Ltd.</p> <p>Apr. 2015 Assumed the position of Visiting Professor of Ritsumeikan University Graduate School of Management</p> <p>May 2016 Assumed the position of outside Director of ZUIKO CO., LTD.</p> <p>Jun. 2016 Assumed the position of Director (Audit and Supervisory Committee Member) of the Company (current position)</p> <p>May 2023 Assumed the position of Director (Audit and Supervisory Committee Member) of ZUIKO CO., LTD.</p>	(Note 4)	3
Director (Audit and Supervisory Committee Member)	Tomitoshi Omura	August 3, 1954	<p>Oct. 1976 Registered as Assistant CPA</p> <p>Oct. 1977 Joined Fuji Accounting Office</p> <p>Oct. 1980 Joined Asahi &amp; Co. (currently KPMG AZSA LLC.)</p> <p>Mar. 1982 Registered as Certified Public Accountant</p> <p>Dec. 1989 Assumed the position of Managing Director of Omura Accounting Office (current position)</p> <p>Jun. 2016 Assumed the position of Director (Audit and Supervisory Committee Member) of the Company (current position)</p>	(Note 4)	3
Total					92

(Notes) 1. Representative Director, President and CEO Takashi Teramachi is the biological son of Representative Director and Chairman Akihiro Teramachi.

2. Director Junko Kai, Director Hiroko Kawasaki, Director Yoshiki Ueda, Director Masakatsu Hioki, and Director Tomitoshi Omura are outside Directors.

3. The term of office of Directors is from the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ended December 2025 to the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ending December 2026.
4. The term of office of Directors (Audit and Supervisory Committee Members) is from the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ended December 2025 to the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ending December 2027.
5. The positions of Director Nobuyuki Maki, Director Naoki Kinoshita, Director Kenji Nakane, and Director Nobufumi Sato have not yet been determined as of March 18, 2026 (the submission date of the securities report). These details are scheduled to be disclosed in the semi-annual securities report.
6. In preparation for cases in which the number of Directors who are Audit and Supervisory Committee Members falls short of the number stipulated by laws and regulations, the Company has elected one Director who is a substitute Audit and Supervisory Committee Member as stipulated in Article 329, Paragraph 3 of the Companies Act.

The brief history of the Director who is a substitute Audit and Supervisory Committee Member is as follows:

(Name)	(Date of Birth)	(Term)	(Brief History)	(Number of Shares Owned)
Hidetaka Miyake	April 15, 1972	Apr. 2000	Joined Public Prosecutors Office of Ministry of Justice as a Public Prosecutor	—
		Jun. 2004	Registered as an attorney at law Joined Ashurst LLP, Tokyo Office (currently Ashurst Horitsu Jimusho Gaikokuho Kyodo Jigyo)	
		Jan. 2010	Joined the Securities and Exchange Surveillance Commission, Financial Services Agency	
		Jul. 2013	Joined Ernst & Young ShinNihon LLC	
		Apr. 2017	Joined Anderson Mori & Tomotsune LPC (currently Anderson Mori & Tomotsune)	
		Jan. 2020	Assumed the position of Partner of Anderson Mori & Tomotsune (current position)	
		Jun. 2023	Assumed the position of outside Auditor of MITSUI-SOKO HOLDINGS Co., Ltd. (current position)	

(ii) Status of outside executives

The Company has five outside Directors.

Outside Directors are appointed from among those who have specialized knowledge and qualifications, etc., related to corporate accounting and management in general, and who can judge the legality, objectivity and appropriateness of management from their own professional standpoint.

Through attendance at meetings of the Board of Directors and important meetings such as the Global Business Strategy Meetings, outside Directors are able to apply their extensive experience and wide-ranging insight from the position of an independent third party, and provide expert and appropriate opinions and advice on all aspects of the Company's management. They fulfill their responsibility to supervise the execution of duties by the Board of Directors and Directors, etc.

The interests between the Company and the outside Directors are as follows. The status of each outside Director's holding of the Company's shares is as described in "(2) Status of executives."

- Director Junko Kai is a partner of Hamani Takahashi Kai Law Office, an outside Director of NARITA INTERNATIONAL AIRPORT CORPORATION, and an outside Director of MITSUI-SOKO HOLDINGS Co., Ltd. There is no special relationship between the Company and the relevant office or companies.
- Director Hiroko Kawasaki is an outside Director of ENEOS Holdings, Inc. and an outside Director (Member of the Audit & Supervisory Committee) of Nomura Research Institute, Ltd. There is no special relationship between the Company and the relevant office or companies.
- Director (Audit and Supervisory Committee Member) Masakatsu Hioki is an Outside Director of SUKIYA CO., LTD. There is no special relationship between the Company and the relevant company.
- Director (Audit and Supervisory Committee Member) Tomitoshi Omura is the Managing Director of Omura Accounting Office. There is no special relationship between the Company and the relevant office.
- Director (Audit and Supervisory Committee Member) Yoshiki Ueda is an outside Director of SINTOKOGIO, LTD. The Company formerly had business transactions with SINTOKOGIO, LTD. involving purchases, etc. of the said company's products, but there were no transactions in the fiscal year under review.

In October 2015, the Company established standards for judging the independence of outside Directors of the Company. In appointing independent outside Directors, their independence is determined according to the standards for judging the independence of outside Directors established by the Company in addition to the standards for judging the independence of independent directors/auditors established by the Tokyo Stock Exchange.

The standards for judging the independence of outside Directors of the Company are as follows.

(Standards for Independence of Outside Directors)

The Company formulated its Standards for Independence of Outside Directors as follows. Any person who falls under any of the following items is judged not to be "independent."

1. Not currently a business operator of the Group but was a business operator of the Company within ten years before the assumption of current office (provided, however, with regard to a person who was a non-Executive Director, Auditor or Accounting Advisor sometime within ten years before the assumption of office, within ten years before assuming such office)
2. An entity for which the Company is a major client or its business operator
3. The Company's major client or its business operator

4. A consultant, Certified Public Accountant or other accounting expert or a legal expert such as a lawyer who is receiving from the Company a large amount of money or other assets other than officer's remuneration (if the recipient of such money or asset is an organization such as a corporation, a person who belongs to such an organization)
5. A person who falls under 2, 3 or 4 above in the past one year
6. A spouse or a relative within the second degree of kinship of the following persons (excluding those who are not important)
  - (a) A person who falls under 2 through 5 above
  - (b) A business operator of the Group
  - (c) A person who falls under (b) above in the past one year
7. The Company's shareholder who holds 10% or more of the current total voting rights of the Company (if the shareholder is an organization such as a corporation, a business operator of the organization)

Notes: A "business operator":

A "business operator" refers to a person who executes business duties as prescribed in Article 2, Paragraph 3, Item 6, of the Regulation for Enforcement of the Companies Act, including Executive Directors, Executive Officers, Managers and other employees but excluding non-Executive Directors and Auditors.

The Company's concept of "major" and "importance":

A person or an organization such as a corporation that gives significant influence on the Company's decision making and that is deemed to be able to give significant influence on stakeholders including shareholders, or a business operator who belongs to such an organization.

Specifically, the Company's client whose transaction amount with the Company accounts for a significant part of the Company's revenue and the Group's management (Directors and Executive Officers, etc.) are considered to be major and/or important.

- (iii) Mutual cooperation between supervision or audits by outside Directors and internal audits, audits by the Audit and Supervisory Committee and accounting audits, and their relationship with internal control divisions

The Company enhances the effectiveness of audits by holding a three-way audit liaison meeting attended by the Audit and Supervisory Committee, the Accounting Auditor and the Internal Audit Division, as well as outside Directors (excluding Directors who are Audit and Supervisory Committee Members).

The relationship between the Audit and Supervisory Committee and the internal control divisions is as described in "(3) Status of audits (ii) Status of internal audits."

(3) [Status of audits]

(i) Status of audits by the Audit and Supervisory Committee

The Company has three Audit and Supervisory Committee Members, all of whom are outside Directors. Audit and Supervisory Committee Member Tomitoshi Omura is a certified public accountant and has a substantial level of expertise in corporate accounting.

In addition, we have established the Audit and Supervisory Committee Secretariat to assist with the operation of the Audit and Supervisory Committee and the Audit and Supervisory Committee Members, and have appointed dedicated employees as well as support staff who hold concurrent posts.

The Audit and Supervisory Committee Secretariat reports the collected audit-related information to the Audit and Supervisory Committee in a prompt and detailed manner to enhance information sharing among Directors who are Audit and Supervisory Committee Members, as well as coordinates with each department, such as sending instructions to the Internal Audit Division and the Risk Management Division, which is responsible for the development and operation of internal controls, following the instructions of the Audit and Supervisory Committee.

In the fiscal year under review, the Company held meetings of the Audit and Supervisory Committee 13 times in total, and the number of times each Audit and Supervisory Committee Member attended is as follows.

Position	Name	Number of Times Attended
Audit and Supervisory Committee Member (Independent outside Director)	Masakatsu Hioki	13 of 13 meetings (100%)
Audit and Supervisory Committee Member (Independent outside Director)	Tomitoshi Omura	13 of 13 meetings (100%)
Audit and Supervisory Committee Member (Independent outside Director)	Yoshiki Ueda	13 of 13 meetings (100%)

The Audit and Supervisory Committee's specific considerations include the basic audit policy and audit plan, the status of the development and operation of the internal control system, the adequacy of audits by the Accounting Auditor, and their remuneration.

The Committee conducts activities in accordance with the prepared audit plan. For accounting audits, the Committee receives an explanation of the audit plan from the Accounting Auditor in advance, holds discussions, receives reports on the audit results, and monitors and verifies whether the Accounting Auditor maintains an independent position and conducts appropriate audits. In addition, the Committee receives reports from the Accounting Auditor on the status of execution of their duties, and requests explanations as necessary. Furthermore, the Committee holds regular meetings of the Group's Board of Auditors with the auditors of domestic associates to exchange information on audits.

In addition, the Committee attends important meetings such as Board of Directors' meetings (16 times in total in FY2025), the Global Business Strategy Meetings, and the Executive Officers' Meetings (12 times in total in FY2025). The Committee also attends Internal Control Liaison Meetings concerning the internal control system and opinion exchange meetings to exchange information and opinions with key executives, including those in charge of domestic associates, and relevant divisions such as the Internal Audit Division and the Risk Management Division.

(ii) Status of internal audits

The Company has established the Internal Audit Division, which monitors the business activities of each business division as a group directly reporting to the Representative Director and President that is independent from any other division.

The Internal Audit Division consists of seven members and carries the dual responsibilities of conducting internal audits and evaluating internal controls.

During internal audits, the business activities of each division and Group company are audited. While there is no system for reporting the results of internal audits directly to the Board of Directors, the General Manager of the Internal Audit Division prepares an internal audit report, which he/she then submits directly to the Representative Director and also provides a copy to the Audit and Supervisory Committee.

During evaluations of internal controls, internal controls related to financial reporting are evaluated based on the Financial Instruments and Exchange Act. The results of internal control evaluations are summarized in a report on the effectiveness of internal control over financial reporting and reported directly to the Board of Directors.

(iii) Status of accounting audits

a. Audit firm name

Grant Thornton Taiyo LLC

b. Continuous audit period

2006 onwards

c. Name of the certified public accountant who performed the work

Tatsuya Arai (Grant Thornton Taiyo LLC)

Kenichi Nakamura (Grant Thornton Taiyo LLC)

Motoki Ishikawa (Grant Thornton Taiyo LLC)

d. Composition of assistants involved in audit work

There are 20 certified public accountants, 15 people who have passed the CPA exam, etc. and 13 other people assisting in the accounting audit of the Company.

e. Audit firm selection policy and reasons

The Audit and Supervisory Committee has determined that Grant Thornton Taiyo LLC is qualified as an Accounting Auditor of the Company from the perspectives of the following policy for determining dismissal or non-reappointment of Accounting Auditors, audit quality, independence and efficiency. Therefore, we have decided to reappoint Grant Thornton Taiyo LLC as the Accounting Auditor for the current fiscal year as well.

(Policy for determining dismissal or non-reappointment of Accounting Auditors)

The Audit and Supervisory Committee, if it considers it necessary, such as in the case where the performance of the Accounting Auditor's duties is hindered, decides the details of the proposal for the dismissal or non-reappointment of the Accounting Auditor to be presented to the General Meeting of Shareholders.

In addition, if it is considered that the Accounting Auditor comes under any of the items of Article 340, Paragraph 1 of the Companies Act, the Accounting Auditor will be dismissed with the consent of all Audit and Supervisory Committee Members. In this case, the Audit and Supervisory Committee Member selected by the Audit and Supervisory Committee will report the dismissal of the Accounting Auditor and the reason for such dismissal at the first General Meeting of Shareholders held after such dismissal.

f. Evaluation of audit firms by the Audit and Supervisory Committee

The Company's Audit and Supervisory Committee monitors and verifies whether the Accounting Auditor maintains an independent position and conducts appropriate audits. In addition, the Audit and Supervisory Committee evaluates, in every term, whether the Accounting Auditor's duties are properly performed, through audit activities during the period such as by seeking explanations from the Accounting Auditor on the status of quality control and the appropriateness of the work execution system as necessary.

(iv) Suspension of operations imposed on the Accounting Auditor in the past two years

Summary of disciplinary action announced by the Financial Services Agency as of December 26, 2023

a. Target of disciplinary action

Grant Thornton Taiyo LLC

b. Contents of disciplinary action

- Suspension of operations related to the conclusion of new contracts for a period of three months (from January 1, 2024 to March 31, 2024, excluding the period renewal of audit agreements and the conclusion of new agreements associated with the listing of companies with whom an audit agreement already exists)
- Business improvement order (improvements to business management system)
- Prohibition of the partner materially responsible for the action that resulted in the disciplinary action from involving in a part of the audit activities (examination of audit activities) for a period of three months (from January 1, 2024 to March 31, 2024)

c. Reason for disciplinary action

Two certified public accountants, who are partners of the said audit firm, neglected to exercise considerable care when auditing another client's correction report, etc. and certified that financial documents that contained material misstatements contained no material misstatements.

(v) Details of audit remuneration, etc.

a. Remuneration for auditing certified public accountants, etc.

Classification	Previous Fiscal Year		Current Fiscal Year	
	Remuneration based on audit certification work (Millions of Yen)	Remuneration based on non-audit work (Millions of Yen)	Remuneration based on audit certification work (Millions of Yen)	Remuneration based on non-audit work (Millions of Yen)
Reporting company	109	–	95	3
Consolidated subsidiaries	–	–	–	–
Total	109	–	95	3

In the current fiscal year, the non-audit work of the Company consists of writing comfort letters to underwriters for the issuance of corporate bonds.

- b. Remuneration for organizations belonging to the same network (Grant Thornton) as auditing certified public accountants, etc. (excluding a.)

Classification	Previous Fiscal Year		Current Fiscal Year	
	Remuneration based on audit certification work (Millions of Yen)	Remuneration based on non-audit work (Millions of Yen)	Remuneration based on audit certification work (Millions of Yen)	Remuneration based on non-audit work (Millions of Yen)
Reporting company	–	–	–	–
Consolidated subsidiaries	100	37	118	50
Total	100	37	118	50

Non-audit services at consolidated subsidiaries include preparation of tax returns and tax advice.

- c. Details of remuneration based on other important audit certification services

(Previous fiscal year)

Not applicable

(Current fiscal year)

Not applicable

- d. Policy for determining audit remuneration

There is no applicable policy. Audit remuneration is decided after taking into account the content of the on-site audit, the number of days, etc.

- e. Reasons why the Audit and Supervisory Committee agreed to the remuneration, etc. of the Accounting Auditor

In line with the “Practical Guidelines on the Alliance with Accounting Auditors” announced by the Japan Audit & Supervisory Board Members Association, the Audit and Supervisory Committee checked and verified the Accounting Auditor’s actual performance by audit item in the audit plans for the previous fiscal years, the transition in the amounts of remuneration paid to them, and the status of their execution of duties, and then inspected the audit plan for the current fiscal year and the adequacy of the amounts of remuneration. As a result, the Committee gave consent to the remuneration, etc. for the Accounting Auditor under Article 399, Paragraphs 1 and 3 of the Companies Act.

(4) [Executive remuneration, etc.]

- (i) Matters pertaining to the policy regarding the determination of the amount of executive remuneration, etc. or its calculation method

The policy regarding the determination of the amount of executive remuneration, etc. or its calculation method, as of March 18, 2026, is as follows.

Remuneration for executives consists of fixed amount remuneration that is provided stably to executives according to their position and role, remuneration based on restricted stock that aims to provide medium-term incentives, and performance-based remuneration based on annual and medium-term performances.

At the 52nd Ordinary General Meeting of Shareholders held on March 19, 2022, it was approved that the total amount of remuneration, etc. for Directors (excluding Directors who are Audit and Supervisory Committee Members) will be no more than ¥1,200 million per year (of which remuneration for outside Directors will be no more than ¥120 million per year), and at the 46th Ordinary General Meeting of Shareholders held on June 18, 2016, that the total monthly remuneration for Audit and Supervisory Committee Members will be no more than ¥10 million.

Fixed amount remuneration is also reviewed each fiscal year, taking into account the Company's operating performance, based on the intent of clarifying the Company's operating performance and an individual role's responsibilities for the results and operating performance. With the fixed amount remuneration determined accordingly, operating performance during the fiscal year and that over the most recent four fiscal years as well as the degree of contribution by the entire management are taken into consideration to determine the ratio between the fixed amount remuneration and the amount of performance-based remuneration for an Executive Director.

In addition, the number of restricted stocks to be granted as remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members and outside Directors) is calculated at around 5% of the total amount of fixed amount remuneration paid to Directors (excluding Directors who are Audit and Supervisory Committee Members and outside Directors) at the time of initial introduction. In order to contribute to the sustainable improvement of the Company's corporate value, share the benefits and risks of stock price fluctuations with shareholders, and increase the willingness to contribute to the raised stock price and improvement of corporate value, we will adjust the above-mentioned ratio based on the initial introduction to respond to future changes in the business environment, and will provide an appropriate payment ratio.

The Board of Directors has delegated the authority to determine the number of restricted stocks to be granted to each Director as well as the amount of fixed remuneration of each Director, and evaluation and allocation of performance-based remuneration based on operating performance of the business line that each Director, excluding outside Directors, is in charge of, to Akihiro Teramachi, Director and Chairman, Takashi Teramachi, Director and President, and Hiroshi Imano, Director and Executive Vice President. The reason for the delegation is that the Company determined that they are appropriate for evaluating the business that each Director is in charge of, while taking into account company-wide operating performance, etc.

In addition, the Board of Directors has judged that the remuneration, etc. for individual Directors for the fiscal year under review is in line with the policies for determining the details of the remuneration, etc. for individual Directors because the determination of the details of the remuneration, etc. and the details of the determined remuneration, etc. were consistent with the policies and because the report from the voluntary Remuneration Advisory Committee, of which outside Directors form a majority, was respected. For details of the activities of the voluntary Remuneration Advisory Committee, please refer to "IV. Information on the Reporting Company 4. Status of Corporate Governance, etc. (1) Outline of corporate governance (ix) Activities of the Board of Directors and committees (c) Voluntary Remuneration Advisory Committee."

(1) Fixed amount remuneration (total amount)

No more than ¥1,200 million per year (for outside Directors, (excluding Directors who are Audit and Supervisory Committee Members) no more than ¥120 million per year)

(2) Performance-based remuneration (total amount)

In order for Directors to share profits with shareholders and increase their motivation to improve performance, the amount of remuneration for Directors is linked with annual and medium-term performances. Namely, the upper limit of performance-based remuneration is calculated by adding the amount obtained by multiplying the amount of profit attributable to owners of the parent in the fiscal year in which remuneration is paid by 3%, to the amount obtained by multiplying the average amount of profit attributable to owners of the parent for the most recent four fiscal years including the relevant fiscal year by 3%, taking into consideration the medium-term initiatives and results. However, the Company does not provide remuneration to outside Directors. As profit attributable to owners of the parent for the current fiscal year was a loss, no performance-linked remuneration was paid.

(3) Restricted stock remuneration

The Company provides monetary remuneration claims to eligible Directors (excluding Directors who are Audit and Supervisory Committee Members and outside Directors) as remuneration related to restricted

stocks, within the fixed amount remuneration of ¥1,200 million per year (for outside Directors, within ¥120 million per year), and each eligible Director receives allotted restricted stocks by paying all the monetary claims by means of contribution in kind. The total number of common stocks of the Company to be allotted to eligible Directors shall be within 270,000 shares in each fiscal year. Eligible Directors who have received allotted common stocks of the Company under the Allotment Agreement shall not transfer, create a security interest on, or otherwise dispose of those stocks during the period from the day on which stocks are allotted under the Allotment Agreement to the time that the eligible Director retires from the position of Director of the Company (excluding situations where the eligible Director retires and is reappointed at the same time).

The amount of remuneration for Directors who are Audit and Supervisory Committee Members is no more than ¥10 million per month. The amount of remuneration for Directors who are Audit and Supervisory Committee Members is determined through discussions among the Directors who are Audit and Supervisory Committee Members.

Should approval be granted at the Board of Directors meeting scheduled to be held immediately following the Ordinary General Meeting of Shareholders on March 20, 2026, the matters pertaining to policy regarding the determination of the amount of executive remuneration, etc. or its calculation method, will be as follows.

Remuneration for executives consists of fixed amount remuneration that is determined according to their position and role, remuneration based on restricted stock that aims to provide medium to long term incentives, and performance-based remuneration based on annual performance that aims to provide short-term incentives.

At the 52nd Ordinary General Meeting of Shareholders held on March 19, 2022, it was approved that the total amount of remuneration, etc. for Directors (excluding Directors who are Audit and Supervisory Committee Members) will be no more than ¥1,200 million per year (of which remuneration for outside Directors will be no more than ¥120 million per year), and at the 46th Ordinary General Meeting of Shareholders held on June 18, 2016, that the total monthly remuneration for Audit and Supervisory Committee Members will be no more than ¥10 million.

The ratio of each type of remuneration within the remuneration, etc. for individual Executive Directors shall be in accordance with their position and grade, and shall be determined by the Board of Directors following deliberation and recommendation by the Remuneration Advisory Committee, which is chaired by an outside Director and composed of a majority of outside Directors.

For details of the activities of the voluntary Remuneration Advisory Committee, please refer to “IV. Information on the Reporting Company 4. Status of Corporate Governance, etc. (1) Outline of corporate governance (ix) Activities of the Board of Directors and committees (c) Voluntary Remuneration Advisory Committee.”

#### (1) Fixed amount remuneration (total amount)

The total amount of fixed remuneration for Directors for the fiscal year shall be no more than ¥1,200 million per year (including no more than ¥120 million per year for outside Directors). Remuneration levels shall be benchmarked against companies in the manufacturing sector listed on the Prime Market with comparable operating income, and shall be determined by the Board of Directors following deliberation and recommendation by the Remuneration Advisory Committee, based on the grade assigned to each individual according to the scale of their roles and responsibilities under the grading system established by the Board of Directors.

Fixed remuneration for outside Directors shall not exceed ¥120 million per year and be determined in light of the level of remuneration paid by companies similar to the Company in size and those belonging to related industry sectors/business types.

(2) Performance-based remuneration (total amount)

The amount shall be determined based on the Company's operating performance and individual KPI evaluations, subject to an upper limit calculated by adding the amount obtained by multiplying the amount of profit attributable to owners of the parent in the fiscal year in which remuneration is paid by 3%, to the amount obtained by multiplying the average amount of profit attributable to owners of the parent for the most recent four fiscal years including the relevant fiscal year by 3%, taking into consideration the medium-term initiatives and results. The Company's operating performance shall be evaluated using ROE, with a structure under which no remuneration is paid or remuneration increases linearly depending on the level of ROE achieved, and where the rate of increase is steepened and additional remuneration provided when ROE is 10% or more. Individual KPI evaluations shall reflect a combination of quantitative and qualitative indicators. However, the Company does not provide remuneration to outside Directors. As profit attributable to owners of the parent for the current fiscal year was a loss, no performance-linked remuneration was paid.

(3) Restricted stock remuneration

The Company provides monetary remuneration claims to eligible Directors (excluding Directors who are Audit and Supervisory Committee Members and outside Directors) as remuneration related to restricted stocks, within the fixed amount remuneration of ¥1,200 million per year (for outside Directors, within ¥120 million per year), and each eligible Director receives allotted restricted stocks by paying all the monetary claims by means of contribution in kind. The total number of common stocks of the Company to be allotted to eligible Directors shall be within 270,000 shares in each fiscal year. Eligible Directors who have received allotted common stocks of the Company under the Allotment Agreement shall not transfer, create a security interest on, or otherwise dispose of those stocks during the period from the day on which stocks are allotted under the Allotment Agreement to the time that the eligible Director retires from the position of Director of the Company (excluding situations where the eligible Director retires and is reappointed at the same time).

The amount of remuneration for Directors who are Audit and Supervisory Committee Members is no more than ¥10 million per month. The amount of remuneration for Directors who are Audit and Supervisory Committee Members is determined through discussions among the Directors who are Audit and Supervisory Committee Members.

(ii) Total amount of remuneration, etc., for each executive classification of the reporting company, total amount of remuneration, etc., by type, and number of applicable executives

Executive Classification	Total Amount of Remuneration, etc. (Millions of Yen)	Total Amount of Remuneration, etc. by Type (Millions of Yen)				Executives Receiving Remuneration (Persons)
		Fixed remuneration	Performance-based remuneration	Retirement benefits	Restricted stock remuneration	
Directors (excluding Audit and Supervisory Committee Members) (excluding outside Directors)	511	353	—	—	157	8
Directors (Audit and Supervisory Committee Members) (excluding outside Directors)	—	—	—	—	—	—
Outside executives	88	88	—	—	—	6

(iii) Total amount of consolidated remuneration, etc., for each executive

Name	Total Amount of Consolidated Remuneration, etc. (Millions of Yen)	Executive Classification	Company Classification	Amount of Consolidated Remuneration, etc. by Type (Millions of Yen)			
				Fixed remuneration	Performance-based remuneration	Retirement benefits	Restricted stock remuneration
Akihiro Teramachi	130	Director	Reporting company	84	–	–	46
Takashi Teramachi	138	Director	Reporting company	88	–	–	50

(Note) Only persons whose total consolidated remuneration, etc., is ¥100 million or more are listed.

(5) [Shareholding status]

(i) Criteria and concepts for classification of investment stocks

The Company classifies investment stocks held for pure investment purposes and investment stocks held for purposes other than pure investment purposes as follows.

Investment stocks held for pure investment purposes:

Stocks held for the purpose of pursuing stock price appreciation and dividend income

Investment stocks held for purposes other than pure investment:

Stocks held for the purpose of strengthening relationships of trust with important business partners and contributing to the medium to long term growth and improvement of corporate value of the Company

(ii) Investment stocks held for purposes other than pure investment

a. Holding policy, method of verifying the rationality of holdings, and details of verification by the Board of Directors, etc., regarding the propriety of holding individual security names

The Company's Corporate Governance Guidelines ("Guidelines") stipulate our policy on holding as follows.

- For the purpose of facilitating or strengthening business activities such as transactions, the Company shall, at its Board of Directors, comprehensively consider the profits directly obtained by the Group from holdings, the profits obtained from the maintenance and development of business relationships, and the amount of investment and the opinions of related departments, etc., and if it is determined to be beneficial, the Company will hold the shares of our business partners as cross-shareholdings.

Under this policy, each year the Company regularly checks the financial condition, business performance, valuation gains and losses on the stocks we hold, dividend yield, ROE, stock price trends, etc., of the companies in which we hold stocks. The Board of Directors makes the final decision on the propriety of holding stocks upon verifying medium to long term economic rationality and future prospects in light of the transaction size, nature, and relationship with the Company. In addition, the Guidelines stipulate the following regarding the exercise of voting rights related to cross-shareholdings.

- With respect to the exercise of voting rights of cross-shareholdings, the Company judges whether or not it is beneficial to the Company's business activities based on the content of the proposal, and will not make affirmative judgments on proposals that may damage the shareholders' value of the Company.

b. Number of names of securities and book value

	Number of Names of Securities (Security name)	Total Book Value (Millions of Yen)
Unlisted stocks	9	372
Stocks other than unlisted stocks	12	4,435

(Security names whose number of shares held increased in the current fiscal year)

	Number of Names of Securities (Security name)	Total Acquisition Price Related to the Increase in the Number of Shares Held (Millions of Yen)	Reason for Increase in Number of Shares Held
Unlisted stocks	1	50	Increase due to new investment
Stocks other than unlisted stocks	3	2	Increase due to purchases by the stock ownership association of business partners

(Security names whose number of shares held decreased in the current fiscal year)

	Number of Names of Securities (Security name)	Total Selling Price Related to the Decrease in the Number of Shares Held (Millions of Yen)
Unlisted stocks	–	–
Stocks other than unlisted stocks	1	49

- c. Information on the number of shares held for each security name of specified equity securities and deemed holdings of equity securities, book value, etc.

Specified equity securities

Security Name	Current Fiscal Year	Previous Fiscal Year	Purpose of Holding, Outline of Business Alliance, etc., Quantitative Effect of Holding, and Reason for Increase in Number of Shares Held *1	Owns Shares of the Company
	Number of shares (Shares)	Number of shares (Shares)		
	Book value (Millions of Yen)	Book value (Millions of Yen)		
TSUGAMI CORPORATION	300,000	300,000	It is a sales destination for linear motion products, and we have determined that continuing to strengthen our business relationship will contribute to improving the Company's corporate value over the medium to long term.	Yes
	861	467		
Mitsubishi UFJ Financial Group, Inc.	293,900	293,900	It is determined that it will contribute to the medium to long term improvement of the Company's corporate value through the facilitation of fund procurement for business activities and the collection, etc., of financial information.	No *2
	732	542		
NITTOKU CO., LTD.	300,000	300,000	It is a sales destination for linear motion products, and we have determined that continuing to strengthen our business relationship will contribute to improving the Company's corporate value over the medium to long term.	Yes
	727	619		

Security Name	Current Fiscal Year	Previous Fiscal Year	Purpose of Holding, Outline of Business Alliance, etc., Quantitative Effect of Holding, and Reason for Increase in Number of Shares Held *1	Owns Shares of the Company
	Number of shares (Shares)	Number of shares (Shares)		
	Book value (Millions of Yen)	Book value (Millions of Yen)		
TOKYO SEIMITSU CO., LTD.	52,000	52,000	It is a sales destination for linear motion products, and we have determined that continuing to strengthen our business relationship will contribute to improving the Company's corporate value over the medium to long term.	Yes
	577	382		
Mizuho Financial Group, Inc.	63,900	63,900	It is determined that it will contribute to the medium to long term improvement of the Company's corporate value through the facilitation of fund procurement for business activities and the collection, etc., of financial information.	No *2
	364	247		
Okuma Corporation	100,026	99,977	It is a sales destination for linear motion products, and we have determined that continuing to strengthen our business relationship will contribute to improving the Company's corporate value over the medium to long term. The number of shares held increased due to participation in the stock ownership association.	Yes
	363	340		
NACHI-FUJIKOSHI CORP.	63,777	63,576	It is a sales destination for linear motion products, and we have determined that continuing to strengthen our business relationship will contribute to improving the Company's corporate value over the medium to long term. The number of shares held increased due to participation in the stock ownership association.	Yes
	277	201		
Neturen Co., Ltd.	200,000	200,000	It is a subcontractor that is responsible for part of the manufacturing process, and we have determined that continuing to strengthen our business relationship will contribute to improving the Company's corporate value over the medium to long term.	Yes
	255	195		
ONEX CORPORATION	53,000	53,000	It is a subcontractor that is responsible for part of the manufacturing process, and we have determined that continuing to strengthen our business relationship will contribute to improving the Company's corporate value over the medium to long term.	Yes
	91	103		

Security Name	Current Fiscal Year	Previous Fiscal Year	Purpose of Holding, Outline of Business Alliance, etc., Quantitative Effect of Holding, and Reason for Increase in Number of Shares Held *1	Owns Shares of the Company
	Number of shares (Shares)	Number of shares (Shares)		
	Book value (Millions of Yen)	Book value (Millions of Yen)		
TOBA, INC.	18,399	17,938	It is a sales destination for linear motion products, and we have determined that continuing to strengthen our business relationship will contribute to improving the Company's corporate value over the medium to long term. The number of shares held increased due to participation in the stock ownership association.	No
	74	62		
MICRON MACHINERY CO., LTD.	30,000	30,000	It is a sales destination for linear motion products, and we have determined that continuing to strengthen our business relationship will contribute to improving the Company's corporate value over the medium to long term.	No
	62	47		
HEPHAIST Co., Ltd.	50,000	50,000	It is a sales destination for linear motion products, and we have determined that continuing to strengthen our business relationship will contribute to improving the Company's corporate value over the medium to long term.	Yes
	47	18		
Laboro.AI Inc.	–	117,370	Sold shares in the current fiscal year.	No
	–	117		

\*1 It is difficult to individually describe the quantitative effects of cross-shareholdings because the Company holds such shares for the purpose of maintaining and developing medium to long term business relationships, including maintenance services, and from the perspective of confidentiality.

\*2 The company in which we hold stocks does not hold shares of the Company, but its subsidiary does.

(iii) Investment stocks held for pure investment purposes

Not applicable

## V. [Financial Information]

### 1. Method of Preparing Consolidated Financial Statements and Non-Consolidated Financial Statements

- (1) The Company's consolidated financial statements are based on International Financial Reporting Standards ("IFRS") pursuant to Article 312 of the "Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements" (Ministry of Finance Order No. 28 of 1976).
- (2) The Company's non-consolidated financial statements are prepared in accordance with the "Regulation on Terminology, Forms and Preparation Methods of Financial Statements" (Ministry of Finance Order No. 59 of 1963; hereinafter referred to as the "Regulation on Financial Statements").

In addition, the Company falls under the category of a company submitting special financial statements, and prepares financial statements in accordance with the provisions of Article 127 of the Regulation on Financial Statements.

### 2. Special Efforts to Ensure Appropriateness of Consolidated Financial Statements, etc. and Establishment of System to Properly Prepare Consolidated Financial Statements, etc. Based on IFRS

The Company has taken special measures to ensure the appropriateness of consolidated financial statements, etc., and has established a system that allows the proper preparation of consolidated financial statements, etc. based on IFRS. The contents are as follows.

- (1) As a special effort to ensure the appropriateness of consolidated financial statements, to properly understand the content of accounting standards, etc., or to develop a system that can appropriately respond to changes in accounting standards, etc., the Company is a member of the Financial Accounting Standards Foundation.
- (2) The Company obtains press releases, etc., published by the International Accounting Standards Board in a timely manner, understands the latest standards, and establishes group accounting policies in accordance with IFRS, based on which we conduct accounting.

1. [Consolidated Financial Statements, etc.]  
 (1) [Consolidated financial statements]  
 (i) [Consolidated statements of financial position]

(Millions of Yen)

	Notes	Previous Fiscal Year (December 31, 2024)	Current Fiscal Year (December 31, 2025)
<b>Assets</b>			
Current assets			
Cash and cash equivalents	7	138,293	110,008
Trade and other receivables	8	81,474	63,528
Inventories	10	91,660	65,177
Other financial assets	9	2,002	2,001
Other current assets	11	13,375	7,526
Subtotal		326,804	248,241
Assets held for sale	12	—	36,126
Total current assets		326,804	284,367
Non-current assets			
Property, plant and equipment	13	203,783	162,901
Goodwill and intangible assets	14	9,207	3,197
Investments accounted for using the equity method		6,709	5,347
Other financial assets	9	11,152	10,880
Deferred tax assets	16	5,142	6,005
Retirement benefit asset	20	4,243	129
Other non-current assets	11	374	162
Total non-current assets		240,613	188,624
Total assets		567,418	472,992

(Millions of Yen)

	Notes	Previous Fiscal Year (December 31, 2024)	Current Fiscal Year (December 31, 2025)
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	19	34,040	18,585
Bonds and borrowings	17	23,371	33,205
Other financial liabilities	17	4,315	2,884
Provisions	21	425	99
Income taxes payable	16	3,013	3,057
Other current liabilities	22	15,763	14,157
Subtotal		80,929	71,990
Liabilities directly associated with assets held for sale	12	–	28,377
Total current liabilities		80,929	100,368
<b>Non-current liabilities</b>			
Bonds and borrowings	17	73,143	90,000
Other financial liabilities	17	7,891	6,621
Retirement benefit liabilities	20	5,859	1,408
Provisions	21	65	65
Deferred tax liabilities	16	6,827	6,174
Other non-current liabilities	22,23	2,906	2,605
Total non-current liabilities		96,693	106,874
Total liabilities		177,623	207,242
<b>Equity</b>			
Common stock	24	34,606	34,606
Capital surplus	24	40,120	39,580
Retained earnings	24	260,638	128,734
Treasury stock	24	(21,104)	(22,445)
Other components of equity		69,384	66,715
Other components of equity associated with a disposal group held for sale		–	14,142
Total equity attributable to owners of the parent		383,645	261,333
Non-controlling interests		6,149	4,416
Total equity		389,795	265,749
Total liabilities and equity		567,418	472,992

(ii) [Consolidated statements of profit or loss and consolidated statements of comprehensive income]  
[Consolidated statements of profit or loss]

(Millions of Yen)

	Notes	Previous Fiscal Year (From January 1, 2024 to December 31, 2024)	Current Fiscal Year (From January 1, 2025 to December 31, 2025)
<b>Continuing operations</b>			
Revenue	6,26	222,737	240,444
Cost of sales		154,487	169,949
Gross profit		68,249	70,495
Selling, general and administrative expenses	27	53,639	54,341
Other income	29	2,091	1,450
Other expenses	29	833	1,581
Share of profit (loss) in investments accounted for using the equity method		55	(1,587)
Operating income	6	15,923	14,436
Financial income	30	3,036	3,048
Financial costs	30	1,089	1,738
Profit before tax		17,870	15,746
Income tax expense	16	6,659	5,185
Profit from continuing operations		11,210	10,561
<b>Discontinued operation</b>			
Loss from discontinued operation	39	(552)	(80,040)
Profit (loss)		10,657	(69,479)
<b>Profit (loss) attributable to:</b>			
Owners of the parent		10,439	(69,891)
Non-controlling interests		217	412
Profit (loss)		10,657	(69,479)
<b>Earnings per share</b>			
<b>Basic earnings (loss) per share (yen):</b>			
Continuing operations	32	88.30	89.85
Discontinued operation	32	(3.14)	(708.52)
Basic earnings (loss) per share	32	85.17	(618.66)
<b>Diluted earnings (loss) per share (yen):</b>			
Continuing operations	32	—	—
Discontinued operation	32	—	—
Diluted earnings (loss) per share	32	—	—

[Consolidated statements of comprehensive income]

(Millions of Yen)

	Notes	Previous Fiscal Year (From January 1, 2024 to December 31, 2024)	Current Fiscal Year (From January 1, 2025 to December 31, 2025)
Profit (loss)		10,657	(69,479)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Financial assets measured at fair value through other comprehensive income	31	248	836
Remeasurements of defined benefit plans	31	846	1,157
Share of other comprehensive income of investments accounted for using the equity method	31	(123)	187
Total of items that will not be reclassified to profit or loss		971	2,181
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations	31	23,763	10,715
Share of other comprehensive income of investments accounted for using the equity method	31	(179)	86
Total of items that may be reclassified to profit or loss		23,583	10,802
Other comprehensive income, net of tax		24,554	12,984
Comprehensive income		35,212	(56,495)
Comprehensive income attributable to:			
Owners of the parent		34,505	(57,093)
Non-controlling interests		706	598
Comprehensive income		35,212	(56,495)

(iii) [Consolidated statements of changes in equity]  
 Previous fiscal year (from January 1, 2024 to December 31, 2024)

(Millions of Yen)

	Notes	Equity attributable to owners of the parent				Other components of equity
		Common stock	Capital surplus	Retained earnings	Treasury stock	Exchange differences on translation of foreign operations
Beginning balance		34,606	40,102	253,440	(17,130)	44,825
Profit		–	–	10,439	–	–
Other comprehensive income	31	–	–	–	–	23,094
Total comprehensive income		–	–	10,439	–	23,094
Purchase of treasury stock	24	–	–	–	(4,020)	–
Disposition of treasury stock	24	–	17	–	47	–
Dividends	25	–	–	(4,168)	–	–
Transfer from other components of equity to retained earnings		–	–	926	–	–
Other		–	–	–	–	–
Total transactions with owners		–	17	(3,241)	(3,973)	–
Ending balance		34,606	40,120	260,638	(21,104)	67,919

Equity attributable to owners of the parent							
Other components of equity							
	Notes	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Subtotal	Total	Non-controlling interests	Total equity
Beginning balance		1,419	–	46,245	357,264	5,633	362,898
Profit		–	–	–	10,439	217	10,657
Other comprehensive income	31	250	721	24,065	24,065	488	24,554
Total comprehensive income		250	721	24,065	34,505	706	35,212
Purchase of treasury stock	24	–	–	–	(4,020)	–	(4,020)
Disposition of treasury stock	24	–	–	–	65	–	65
Dividends	25	–	–	–	(4,168)	–	(4,168)
Transfer from other components of equity to retained earnings		(205)	(721)	(926)	–	–	–
Other		–	–	–	–	(191)	(191)
Total transactions with owners		(205)	(721)	(926)	(8,124)	(191)	(8,315)
Ending balance		1,464	–	69,384	383,645	6,149	389,795

Current fiscal year (from January 1, 2025 to December 31, 2025)

(Millions of Yen)

	Notes	Equity attributable to owners of the parent				Other components of equity
		Common stock	Capital surplus	Retained earnings	Treasury stock	Exchange differences on translation of foreign operations
Beginning balance		34,606	40,120	260,638	(21,104)	67,919
Loss		–	–	(69,891)	–	–
Other comprehensive income	31	–	–	–	–	10,616
Total comprehensive income		–	–	(69,891)	–	10,616
Purchase of treasury stock	24	–	(369)	–	(35,986)	–
Disposition of treasury stock	24	–	87	–	527	–
Cancellation of treasury stock	24	–	(117)	(33,999)	34,117	–
Dividends	25	–	–	(29,393)	–	–
Changes in ownership interests in subsidiaries without losing control		–	(140)	–	–	55
Transfer from other components of equity to retained earnings		–	–	1,380	–	–
Transfer to other components of equity associated with a disposal group held for sale		–	–	–	–	(14,142)
Other		–	–	–	–	–
Total transactions with owners		–	(540)	(62,012)	(1,341)	(14,086)
Ending balance		34,606	39,580	128,734	(22,445)	64,449

		Equity attributable to owners of the parent							
		Other components of equity			Subtotal	Other components of equity associated with a disposal group held for sale	Total	Non-controlling interests	Total equity
Notes	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans							
	Beginning balance	1,464	–	69,384	–	383,645	6,149	389,795	
	Profit (loss)	–	–	–	–	(69,891)	412	(69,479)	
	Other comprehensive income	31	856	1,325	12,798	–	12,798	185	12,984
	Total comprehensive income		856	1,325	12,798	–	(57,093)	598	(56,495)
	Purchase of treasury stock	24	–	–	–	–	(36,356)	–	(36,356)
	Disposition of treasury stock	24	–	–	–	–	615	–	615
	Cancellation of treasury stock	24	–	–	–	–	–	–	–
	Dividends	25	–	–	–	–	(29,393)	–	(29,393)
	Changes in ownership interests in subsidiaries without losing control		–	–	55	–	(84)	(119)	(204)
	Transfer from other components of equity to retained earnings		(55)	(1,325)	(1,380)	–	–	–	–
	Transfer to other components of equity associated with a disposal group held for sale		–	–	(14,142)	14,142	–	–	–
	Other		–	–	–	–	–	(2,212)	(2,212)
	Total transactions with owners		(55)	(1,325)	(15,467)	14,142	(65,219)	(2,331)	(67,550)
	Ending balance		2,265	–	66,715	14,142	261,333	4,416	265,749

## (iv) [Consolidated statements of cash flows]

(Millions of Yen)

	Notes	Previous Fiscal Year (From January 1, 2024 to December 31, 2024)	Current Fiscal Year (From January 1, 2025 to December 31, 2025)
Cash flows from operating activities			
Profit before tax		17,870	15,746
Profit (loss) before tax from discontinued operation	39	912	(79,871)
Depreciation and amortization		23,981	24,301
Loss recognized on the measurement to fair value less costs to sell of the disposal group held for sale		–	81,639
Increase or decrease in retirement benefit assets or liabilities		(857)	(876)
Financial income		(3,116)	(1,333)
Financial costs		763	1,586
Share of (profit) loss of investments accounted for using the equity method		(55)	1,587
(Increase) decrease in trade and other receivables		(570)	(1,394)
(Increase) decrease in inventories		(5,391)	5,481
Increase (decrease) in trade and other payables		(6,805)	(81)
Other		2,439	1,459
Subtotal		29,170	48,245
Interests and dividends received		2,889	1,556
Interests paid		(473)	(755)
Income taxes paid		(3,174)	(6,298)
Net cash provided by operating activities		28,412	42,748
Cash flows from investing activities			
Purchase of property, plant and equipment		(29,563)	(18,895)
Proceeds from sale of property, plant and equipment		428	198
Purchase of other financial assets		(156)	(196)
Proceeds from sales of other financial assets		394	130
Payments for transfers of receivables		(2,600)	–
Proceeds from acquisition of a subsidiary resulting in change in scope of consolidation		13	–
Other		(2,740)	(1,035)
Net cash used in investing activities		(34,223)	(19,798)
Cash flows from financing activities			
Repayments of long-term borrowings	33	(2,185)	(2,185)
Proceeds from short-term borrowings	33	–	20,000
Proceeds from issuance of bonds	33	–	30,000
Payments for redemption of bonds	33	(10,000)	(20,000)
Purchase of treasury stock	24	(4,020)	(36,519)
Dividends paid	25	(4,167)	(29,359)
Dividends paid to non-controlling interests		(184)	(2,192)
Repayments of lease liabilities	33	(2,096)	(2,140)
Other		–	340
Net cash used in financing activities		(22,652)	(42,055)
Effect of exchange rate changes on cash and cash equivalents		10,270	1,346
Net increase (decrease) in cash and cash equivalents		(18,193)	(17,758)
Cash and cash equivalents at the beginning of the year	7	156,486	138,293
Cash and cash equivalents at the end of the year	7	138,293	120,534

[Notes to the consolidated financial statements]

1. Reporting entity

THK CO., LTD. (the “Company”) is a stock company located in Japan. The Company’s consolidated financial statements, which end on December 31, 2025, consist of the Company and its subsidiaries (the “Group”) and the Group’s interests in associates.

Details of the Group’s business are described in Note “6. Segment information” of the Consolidated Financial Statements.

2. Basis of preparation

(1) Compliance with IFRS

The Group’s consolidated financial statements meet the requirements for a “specified company complying with any designated international accounting standards” listed in Article 1-2 of the “Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements” (Ministry of Finance Order No. 28 of 1976). Therefore, it has been prepared in accordance with IFRS pursuant to the provisions of Article 312 of the above regulation.

These consolidated financial statements were approved by the Representative Director, President and CEO Takashi Teramachi on March 18, 2026.

(2) Functional currency and presentation currency

The Group’s consolidated financial statements are presented in Japanese yen, the Company’s functional currency, rounded down to the nearest million yen.

(3) Change in accounting policies

The Group has applied standards and interpretation policies which became mandatory from the current fiscal year. Their application did not have a significant impact on the accompanying consolidated financial statements.

(4) Changes in the presentation method

(Changes following the classification of the automotive & transportation business as a discontinued operation)

On February 2, 2026, the Company entered into a basic agreement concerning a business transfer of its automotive & transportation business with AP87 Co., Ltd., a special purpose company indirectly funded by investment funds serviced by Advantage Partners, Inc.

Since the requirements of classification of assets as held for sale in accordance with IFRS 5, “Non-current Assets Held for Sale and Discontinued Operations” have been met, the automotive & transportation business has been classified as a discontinued operation since the current fiscal year. Profit or loss from the automotive & transportation business classified as the discontinued operation is presented in the amount net of income tax expense in the separate line after profit from continuing operations in the consolidated statements of profit or loss.

3. Material accounting policy information

(1) Basis of consolidation

(i) Subsidiaries

Subsidiaries are companies controlled by the Group. The Group has determined that it controls a company in case the Group has exposure or rights to variable returns from its involvement in the company and has the ability to influence those returns through its power over the company.

The financial statements of subsidiaries are included in the scope of consolidation from the date control is obtained until the date control is lost.

Receivables and payables balances and internal transaction volumes between our group companies, as well as unrealized gains and losses arising from transactions between our group companies, are eliminated when preparing consolidated financial statements.

Disposal of a portion of a subsidiary's interest is accounted for as an equity transaction if control continues. The difference between the non-controlling interest adjustment and the fair value of the consideration is recognized directly in equity as equity attributable to owners of the parent company.

(ii) Associates

Associates are companies over which the Group has significant influence over the financial and operating policies, but not under control or joint control.

Associates are accounted for using the equity method from the date the Group gains significant influence until the date it loses significant influence. Investments in associates include goodwill (net of accumulated impairment losses) recognized on acquisition.

(2) Business combination

Business combinations are accounted for using the acquisition method. The purchase price is measured as the sum of the acquisition-date fair value of the assets transferred, liabilities assumed, and equity instruments issued by the Company in exchange for control of the acquiree. If the purchase price exceeds the fair value of identifiable assets and liabilities, it is recorded as goodwill in the consolidated statements of financial position. Conversely, if it falls below the fair value, it is immediately recorded as profit or loss in the consolidated statements of profit or loss.

A decision is made for each business combination whether to measure non-controlling interests at fair value or at a proportionate share of the recognized amount of identifiable net assets.

The additional acquisition of non-controlling interests after obtaining control is accounted for as an equity transaction, so no goodwill is recognized from such transaction.

Identifiable assets and liabilities of the acquired company are measured at fair value on the date of acquisition, except for the following.

- Deferred tax assets and liabilities and assets and liabilities related to employee benefit agreements
- Remuneration agreement based on shares of the acquired company
- Assets or disposal groups classified as held for sale in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations"

In the case of a business combination achieved in stages, the Group's previously held equity interest in the acquiree is remeasured at its fair value on the acquisition date and any gains or losses incurred are recognized in profit or loss.

(3) Foreign currency translation

1) Foreign currency transactions

Foreign currency transactions are translated into the functional currency of each company of the Group at the exchange rate on the date of the transaction or a rate that approximates it.

Monetary assets and liabilities denominated in foreign currencies at the end of the period are translated into the functional currency at the exchange rate at the end of the period.

Non-monetary assets and liabilities denominated in foreign currencies measured at fair value are translated into the functional currency at the exchange rate on the date the fair value is determined.

Exchange differences arising from translation or settlement are recognized in profit or loss. However, exchange differences arising from financial assets measured through other comprehensive income are recognized as other comprehensive income.

## 2) Financial statements of foreign operations

Assets and liabilities of foreign operations are translated into Japanese yen using the exchange rate at the end of the period, whereas income and expenses of them are translated into Japanese yen using the average exchange rate during the period. Exchange differences arising from the translation of financial statements of foreign operations are recognized in other comprehensive income. The exchange differences on translation of foreign operations are recognized in profit or loss in the period in which the foreign operations are disposed of.

## (4) Financial instruments

### 1) Financial assets

#### (i) Initial recognition and measurement

The Group classifies its financial assets as those measured at fair value through profit or loss or through other comprehensive income and those measured at amortized cost. This classification is made at the time of initial recognition.

The Group recognizes a financial instrument on the trade date when the Group becomes a party to the contract of the financial asset.

All financial assets are measured at fair value plus transaction cost, except for those classified as financial assets measured at fair value through profit or loss.

Financial assets are classified as those measured at amortized cost if both of the following conditions are met:

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets other than those measured at amortized cost are classified as financial assets measured at fair value.

Except for equity instruments held for trading that have to be measured at fair value through profit or loss, the Group designates each equity instrument as at fair value through profit or loss or through other comprehensive income and continues the designation for each equity instrument.

#### (ii) Subsequent measurement

After the initial recognition, financial assets are measured according to their types as follows.

##### (a) Financial assets measured at amortized cost

Financial assets measured at amortized cost are measured at amortized cost using the effective interest method.

##### (b) Financial assets measured at fair value

A change in fair value for financial assets measured at fair value is recognized as profit or loss.

Of equity instruments, however, for those designated as financial assets measured at fair value through other comprehensive income, a change in fair value is recognized in other comprehensive income.

Dividends paid from those financial assets are recognized in profit or loss as part of financial income in the fiscal year under review.

#### (iii) Derecognition of financial assets

The Group derecognizes financial assets when contractual rights to cash flows from the financial assets expire, or when the Group transfers most of all risks and economic values of the financial assets elsewhere. When the Group continues to control the transferred financial assets, it recognizes liabilities related to the assets to the extent of the continuous control.

#### (iv) Impairment of financial assets

For financial assets measured at amortized cost, the Group recognizes allowance for bad debts against the expected credit loss associated with those financial assets.

The Group assesses whether the credit risk associated with each financial asset has increased significantly since the initial recognition at the end of each reporting period, and when the credit risk has not increased significantly, the Group recognizes the 12-month expected credit loss in allowance for bad debts. When the credit risk has increased significantly since the initial recognition, the Group recognizes the amount equal to the lifetime expected credit loss as allowance for bad debts.

The Group considers, as a general rule, that there has been a significant increase in credit risk when payments have not been made and more than 30 days have passed since the contractual due date. The assessment of whether or not credit risk has increased significantly takes into account information that is reasonably available to the Group and supportable (e.g. internal and external credit ratings) as well as past due information.

When the credit risk on a financial asset is considered low at the end of the reporting period, the Group determines that the credit risk on the financial asset has not increased significantly since initial recognition.

However, with regard to trade receivables that do not contain a significant financing component, the allowance for bad debts is always recognized at an amount equal to the lifetime expected credit losses, regardless of whether or not there has been a significant increase in credit risk since initial recognition.

Expected credit losses are measured as the present value of the difference between all contractual cash flows to be paid to a company under the contract and all cash flows that the company expects to receive.

The Group measures expected credit losses of a financial asset in a way that reflects the following items.

- Unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- Time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group makes necessary adjustments to the expected credit losses measured above if being affected by significant changes in the economy and other factors.

The Group directly reduces the gross carrying amount of a financial asset when it has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

Provision of allowance for bad debts on financial assets is recognized in profit or loss. If any event arises that reduces allowance for bad debts, reversal of allowance for bad debts is recognized in profit or loss.

## 2) Financial liabilities

### (i) Initial recognition and measurement

The Group classifies its financial liabilities as those measured at fair value through profit or loss or those measured at amortized cost. This classification is made at the time of initial recognition.

The Group initially recognizes issued debt securities on the date of issue. All other financial liabilities are initially recognized on the trade date when the Group becomes a party to the contract for the financial instrument.

All financial liabilities are initially measured at fair value, but financial liabilities measured at amortized cost are measured after deducting directly attributable transaction costs.

### (ii) Subsequent measurement

After the initial recognition, financial liabilities are measured according to their types as follows.

(a) Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss are measured at fair value after initial recognition, and changes in fair value are recognized in profit or loss for the period.

(b) Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost are measured at amortized cost using the effective interest method after initially recognized.

When the effective interest method amortization and recognition are discontinued, gains and losses are recognized in profit or loss for the period as part of financial costs.

(iii) Derecognition of financial liabilities

The Group derecognizes a financial liability when it is extinguished, i.e. when the obligation specified in the contract is discharged, canceled or expired.

3) Presentation of financial assets and financial liabilities

Financial assets and financial liabilities are offset in the consolidated statements of financial position and presented on a net basis only if the Group has the legal right to set off the balance and intends to settle net or realize the asset and settle the liability at the same time.

4) Derivatives

The Group utilizes derivatives, including forward exchange contracts and interest-rate swap contracts, to hedge currency risk and interest rate risk. These derivatives are initially recognized at fair value when the contract is entered into, and are subsequently remeasured at fair value.

(5) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and deposits that can be withdrawn at any time.

(6) Inventories

Inventories are measured at the lower of acquisition cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories is determined by the weighted average method, in principle, and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

(7) Property, plant and equipment

Items of property, plant and equipment are presented at acquisition cost less any accumulated depreciation and impairment losses.

Acquisition cost includes any costs directly attributable to the acquisition of assets, dismantling costs, removal costs, and restoration costs for the land on which the property, plant and equipment have been located.

Items of property, plant and equipment other than land and construction in progress are depreciated over the estimated useful lives using the straight-line method. The estimated useful lives of major items of property, plant and equipment are as follows:

- Buildings and structures: 5 to 50 years
- Machinery and vehicles: 4 to 12 years

The estimated useful lives, residual values, and depreciation method are subject to review at the end of each fiscal year, and any change to them is prospectively applied as a change in an accounting estimate.

(8) Goodwill

The Group initially measures goodwill at the amount calculated by deducting the net recognized amount (usually, fair value) of identifiable assets acquired and liabilities assumed at the date of acquisition from fair

value of consideration for the transfer including the recognized amount of non-controlling interests in the acquiree, which is measured at the date of acquisition.

Goodwill is not amortized. Instead, it is tested for impairment annually, or whenever there are indications of potential impairment.

Impairment losses of goodwill are recognized in the consolidated statements of profit or loss, and not reversed subsequently.

In addition, goodwill is carried at acquisition cost less accumulated impairment losses on consolidated statements of financial position.

#### (9) Intangible assets

Separately acquired intangible assets are measured at acquisition cost at the time of initial recognition. Intangible assets acquired through business combinations are measured at fair value at the acquisition date. After initial recognition, intangible assets are presented at acquisition cost less any accumulated amortization and impairment losses.

After initial recognition, intangible assets other than those with indefinite useful lives are amortized over the estimated useful lives using the straight-line method and are presented at cost less any accumulated amortization and impairment losses. The estimated useful lives of major intangible assets are as follows:

- Software for internal use: 5 years

The estimated useful lives, residual values, and amortization method are subject to review at the end of each fiscal year, and any change to them is prospectively applied as a change in an accounting estimate.

#### (10) Leases

For leases as lessee, the Group measures right-of-use assets at cost and lease liabilities at the present value of the total accrued lease payments at the commencement date of the leases, and includes and presents the right-of-use assets in “Property, plant and equipment” and the lease liabilities in “Other financial liabilities” in the consolidated statements of financial position.

Right-of-use assets are depreciated over the shorter of their useful lives and lease terms using the straight-line method.

Lease payments are allocated to financial costs and repayments of lease liabilities based on the effective interest method. Financial costs are recognized in the consolidated statements of profit or loss.

However, for short-term leases with a lease term of 12 months or less and leases for which the underlying asset is of low value, the Group does not recognize right-of-use assets or lease liabilities, but recognizes the total lease payments associated with those leases as expenses on either a straight-line method over the lease term or another systematic basis.

#### (11) Impairment of non-financial assets

The Group determines at the end of every reporting period whether there is any indication that carrying amounts of the Group’s non-financial assets excluding inventories and deferred tax assets may be impaired. If any indication exists, the recoverable amount of the asset is estimated. For goodwill and intangible assets with indefinite useful lives or not yet available for use, the recoverable amount is estimated at the same time each year, irrespective of whether there is any indication of impairment.

The recoverable amount of an asset or a cash-generating unit is the higher of its value in use and fair value less cost of disposal. In calculating value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects the time value of money and the risks specific to the asset. Assets that are not tested individually in impairment test are integrated into the smallest cash-generating unit that generates cash inflows largely independent of the cash inflows from other assets or groups of assets through continuing use. To test goodwill for impairment, cash-generating units to which the goodwill is allocated are integrated so that impairment is tested reflecting the smallest unit related to the goodwill. Goodwill acquired in business combination is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate independent cash inflows. The recoverable amount of cash-generating units to which the corporate assets are attributed is determined if there is any indication of impairment in the corporate assets.

An impairment loss is recognized as profit or loss, if the carrying amount of an asset or cash-generating unit exceeds the estimated recoverable amount. The impairment loss recognized in association with a cash-generating unit is first allocated to reduce the carrying amount of goodwill allocated to this unit, and then the carrying amounts of other assets in the cash-generating unit are reduced on a pro rata basis.

(12) Non-current assets held for sale and discontinued operations

The Group classifies a non-current asset or disposal group that will principally be recovered through a sale transaction rather than through continuing use into a non-current assets or a disposal group held for sale, if it is highly probable that the asset or disposal group will be sold within one year and available for immediate sale in its present condition, and management of the Group is committed to a plan to sell the asset or disposal group.

The non-current asset is not depreciated or amortized while it is classified as held for sale or while it is part of a disposal group classified as held for sale, and the non-current asset or disposal group classified as held for sale is measured at the lower of its carrying amount or fair value less costs to sell.

The Group classifies its business that is considered as a unit on which management decisions are made into a discontinued operation, if it has already been sold or meets the criteria for being classified as held for sale.

(13) Employee benefits

(i) Post-employment benefits

The Group has defined benefit plans and defined contribution plans as post-employment benefit plans for employees.

In defined benefit plans, the Group calculates the amount of defined benefit obligations separately for each plan by discounting the estimated amounts of future benefits that employees have earned in exchange for their service rendered in the prior fiscal years and the fiscal year under review to the present value, and recognizes the calculated amount of defined benefit obligations less the fair value of plan assets in the consolidated statements of financial position.

The Group determines the present value of its defined benefit obligations, the related current service cost, and past service cost using the projected unit credit method.

The discount rate is determined by reference to market yields at the end of the fiscal year on high quality corporate bonds, reflecting the estimated timing of benefit payments.

Liabilities or assets associated with the defined benefit plans are determined by subtracting the fair value of plan assets from the present value of defined benefit obligations. However, if defined benefit plans are overfunded, the asset ceiling of the net amount of defined benefit assets is the present value of available economic benefits available in the form of returns from the plans or reductions in future contributions to the plans.

Remeasurements of the defined benefit plans are recognized at once as other comprehensive income for the period in which the remeasurements arise, and are immediately transferred from other components of equity to retained earnings.

Past service cost resulting from a plan amendment or curtailment is recognized as profit or loss at the earlier of the dates when the plan amendment or curtailment occurs and when related restructuring costs or termination benefits are recognized.

In defined contribution plans, contributions payable to the plans are recognized as profit or loss at the time when employees render the related service.

(ii) Short-term employee benefits

Short-term employee benefits such as wages are recognized as profit or loss at the time when employees render the related service.

Bonuses are recognized as a liability when the Group has a present legal or constructive obligation to make such payments and can make a reliable estimate of the obligation.

Paid absences are recognized as a liability at the time when employees render service that increases their entitlement to future paid absences.

(14) Provisions

The Group recognizes a provision when it has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. When the time value of money is material, the estimated future cash flows are discounted to present value using a pre-tax interest rate that reflects the time value of money and the risks inherent in the liability. Unwinding of the discounted amount arising from the passage of time is recognized as a financial cost.

(15) Revenue

The Group recognizes revenue under the following steps for contracts with customers, excluding interest and dividend income, etc., under IFRS 9 “Financial Instruments.”

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The Group’s main products and services had been industrial machinery and transportation equipment. Since the current fiscal year, however, the Group has changed its business structure to one based on the industrial machinery business. On February 2, 2026, the Company entered into a basic agreement concerning a business transfer of its automotive & transportation business with AP87 Co., Ltd., a special purpose company indirectly funded by investment funds serviced by Advantage Partners, Inc. Since the requirements of classification of assets as held for sale in accordance with IFRS 5, “Non-current Assets Held for Sale and Discontinued Operations” have been met, the automotive & transportation business has been classified as a discontinued operation since the current fiscal year. Industrial machinery business mainly engages in manufacturing and sales of vital machinery components centering on a linear motion system as well as manufacturing and sales of industrial machinery.

Of these, it is determined that the performance obligation is satisfied for sales within the same country, unless otherwise stipulated in the contract, at the time the product arrives at the customer, and for export sales, at the time when it is assumed that the customer has obtained control of the product based on the terms and conditions of trade. Revenue is recorded at the time when the performance obligation is satisfied.

(16) Financial income and financial costs

Financial income mainly consists of interest income, dividends income, foreign exchange profit, and changes in fair value of financial assets measured at fair value through profit or loss. Interest income is recognized when incurred using the effective interest method. Dividends income is recognized when the right to receive the dividend is established.

Financial costs mainly consist of interest expenses, foreign exchange losses, and changes in fair value of financial assets measured at fair value through profit or loss. Interest expense is recognized when incurred using the effective interest method.

## (17) Government subsidies

Government subsidies are recognized at fair value when there is reasonable assurance that the conditions for granting the subsidies will be met and that the grant will be received.

When a government subsidy relates to an expense item, it is recognized as revenue on a systematic basis over the period in which the related costs intended to be compensated by the subsidy are recognized as an expense. Subsidies related to assets are recognized as deferred income and recognized in profit or loss on a systematic basis over the estimated useful lives of the related assets.

## (18) Income tax

Income tax expense consists of current tax and deferred tax. They are recognized in profit or loss unless they arise from items recognized directly in other comprehensive income or equity, or from business combinations.

Current taxes are measured at the amounts expected to be paid to or refunded from the tax authorities. Tax rates and tax laws used to calculate tax amounts are those that have been enacted or substantially enacted by the end of the period.

Deferred taxes are recognized on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of the reporting period, and are recognized on loss carry forwards and tax credit carry forwards.

Deferred tax assets and liabilities are not recorded for the following temporary differences.

- Temporary differences arising from the initial recognition of goodwill
- Temporary differences arising from the initial recognition of assets and liabilities arising from transactions that do not affect accounting profit or taxable income (loss) and that do not create equal amounts of taxable temporary differences and deductible temporary differences at the time of the transaction, excluding business combination transactions
- With regard to deductible temporary differences related to investments in subsidiaries and associates, if it is highly probable that the temporary differences will not be resolved in the foreseeable future, or if it is unlikely that the taxable income for which the temporary difference is to be used will be earned.
- With regard to taxable temporary differences related to investments in subsidiaries and associates, if it is possible to control the timing of the elimination of the temporary differences, and it is highly likely that the temporary differences will not be eliminated within the foreseeable period.

Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable income will be available against which the deductible temporary differences can be used.

The carrying amount of deferred tax assets is reviewed each period and is reduced to the extent that it is probable that sufficient taxable income will not be available to utilize all or part of the deferred tax assets. Unrecognized deferred tax assets are reviewed each period and recognized to the extent that it becomes probable that future taxable income will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured by tax rates and tax laws, which are expected to apply to the period in which the asset is realized or the liability is settled, based on tax rates and laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are offset if we have a legally enforceable right to set off current tax assets and current tax liabilities and are imposed by the same tax authority on the same tax entity, or if we intend to settle the net amount of current tax liabilities and current tax assets of separate taxable entities, or to realize the asset and settle the liability at the same time.

## (19) Earnings per share

Basic earnings per share is computed by dividing profit or loss attributable to common stockholders of the parent company by the weighted average number of common stocks outstanding during the period, adjusted

for treasury stock. Diluted earnings per share information is not calculated as the Company has not issued potential shares.

(20) Segment information

A business segment is a unit of business activity that earns income and incurs expenses, including transactions with other business segments. Individual financial information is available regarding the results of operations of all business segments. The Board of Directors of the Company regularly reviews it in order to allocate management resources to each segment and evaluate performance.

(21) Treasury stock

Treasury stock is valued at cost and deducted from equity. No gain or loss is recognized on the purchase, sale or disposition of treasury stock of the Company. The difference between the carrying amount and the consideration at the time of sale is recognized as equity.

#### 4. Significant accounting estimates and judgments involving estimates

The preparation of consolidated financial statements in accordance with IFRS requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. The effect of reassessing accounting estimates is recognized in the period in which the estimates are reassessed and in subsequent future periods.

Judgments and estimates made by management that have a material impact on the amounts in the consolidated financial statements are as follows.

- Scope of consolidation (Note “3. Material accounting policy information (1) Basis of consolidation”)
- Matters related to financial instruments (Note “3. Material accounting policy information (4) Financial instruments,” Note “9. Other financial assets,” and Note “35. Financial instruments”)
- Valuation of inventories (Note “10. Inventories”)
- Impairment of non-financial assets (Note “15. Impairment of non-financial assets”)
- Recoverability of deferred tax assets (Note “16. Income tax”)
- Accounting and valuation of provisions (Note “21. Provisions”)
- Measurement of defined benefit obligations (Note “20. Employee benefits”)

#### 5. Issued standards and interpretation policies that have not yet been applied

Among major new standards or interpretation policies that have been created or revised by the date of approval of the consolidated financial statements for issuance, the following was not applied early by the Group: The impact of the application of IFRS 18 on the Group is currently being assessed.

Standard	Name of Standard	Mandatory Application Date (fiscal year beginning on or after that date)	Timing of Application by the Group	Outline of New or Amended Standard
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027	Fiscal year ending December 2027	A new standard that replaces IAS 1, the current accounting standard on presentation and disclosure in financial statements

#### 6. 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 mainly manufactures and sells machine element components such as LM (linear motion) guides and ball screws. 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.

On February 2, 2026, the Company entered into a basic agreement concerning a business transfer of its automotive & transportation business with AP87 Co., Ltd., a special purpose company indirectly funded by investment funds serviced by Advantage Partners, Inc. Since the requirements of classification of assets as

held for sale in accordance with IFRS 5, “Non-current Assets Held for Sale and Discontinued Operations” have been met, the amounts of each reportable segment in the following tables are stated at the total amount of the industrial machinery business and the automotive & transportation business, with reconciliation of the automotive & transportation business as a discontinued operation. The figures for the previous fiscal year are also reclassified in the same manner.

(2) Information on reportable segments

Segment income is computed based on operating income. The reportable segment information is prepared under the same accounting policies as those used in consolidation.

Intersegment revenue is based on prevailing market prices.

Previous fiscal year (from January 1, 2024 to December 31, 2024)

(Millions of Yen)

	Reportable Segments					Total	Adjustment (Note 3)	Consolidated (Before Reclassification to Discontinued Operation)	Reclassification to Discontinued Operation	Consolidated (After Reclassification to Discontinued Operation)
	Japan	The Americas	Europe	China	Others					
Revenue										
Revenue to external customers	112,905	91,756	67,599	62,525	17,972	352,759	–	352,759	(130,022)	222,737
Inter-segment revenue	60,752	189	813	3,634	4,643	70,034	(70,034)	–	–	–
Total	173,658	91,945	68,413	66,160	22,615	422,793	(70,034)	352,759	(130,022)	222,737
Segment income (loss) (Note 4)	7,845	2,408	(407)	7,202	746	17,795	(446)	17,349	(1,426)	15,923
Financial income	12,210	1,639	2,394	650	169	17,063	(13,947)	3,116	(79)	3,036
Financial costs	541	709	3,036	46	56	4,390	(2,707)	1,683	(593)	1,089
Profit (loss) before tax	19,515	3,337	(1,049)	7,805	858	30,468	(11,685)	18,782	(912)	17,870
Segment assets	428,762	95,393	126,646	106,215	56,432	813,450	(246,032)	567,418	–	567,418
Other items										
Depreciation and amortization	9,535	4,252	2,995	5,272	1,624	23,681	(193)	23,488	(7,047)	16,440
Investments accounted for using the equity method	6,709	–	–	–	–	6,709	–	6,709	–	6,709
Share of profit of investments accounted for using the equity method	55	–	–	–	–	55	–	55	–	55
Capital investments	14,879	3,667	1,830	5,742	5,723	31,843	–	31,843	(4,551)	27,291

- (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.

3. Adjustments are as follows.
  - (1) Segment income (loss) adjustment of ¥(446) million is the eliminations of intersegment transactions.
  - (2) Segment assets adjustment of ¥(246,032) million is the eliminations of intersegment transactions.
  - (3) Depreciation and amortization adjustment of ¥(193) million is the intersegment adjustments.
4. Segment income (loss) is adjusted with operating income in the consolidated statements of profit or loss.

Current fiscal year (from January 1, 2025 to December 31, 2025)

(Millions of Yen)

	Reportable Segments					Total	Adjustment (Note 3)	Consolidated (Before Reclassification to Discontinued Operation)	Reclassification to Discontinued Operation	Consolidated (After Reclassification to Discontinued Operation)
	Japan	The Americas	Europe	China	Others					
Revenue										
Revenue to external customers	110,859	90,248	67,516	76,034	21,603	366,262	–	366,262	(125,817)	240,444
Inter-segment revenue	63,352	247	1,116	2,150	4,908	71,775	(71,775)	–	–	–
Total	174,212	90,495	68,632	78,184	26,512	438,037	(71,775)	366,262	(125,817)	240,444
Segment income (loss) (Note 4)	(3,618)	(36,279)	(26,219)	1,874	111	(64,130)	(912)	(65,042)	79,478	14,436
Financial income	40,090	303	1,448	330	126	42,300	(39,161)	3,138	(90)	3,048
Financial costs	1,800	617	248	62	65	2,794	(572)	2,221	(482)	1,738
Profit (loss) before tax	34,671	(36,592)	(25,019)	2,142	172	(24,624)	(39,500)	(64,125)	79,871	15,746
Segment assets	423,015	32,511	81,983	106,944	55,226	699,682	(226,690)	472,992	–	472,992
Other items										
Depreciation and amortization	10,229	3,921	2,942	5,001	1,686	23,782	(188)	23,593	(6,088)	17,505
Investments accounted for using the equity method	5,347	–	–	–	–	5,347	–	5,347	–	5,347
Share of loss of investments accounted for using the equity method	(1,587)	–	–	–	–	(1,587)	–	(1,587)	–	(1,587)
Capital investments	9,557	3,246	2,177	2,746	3,313	21,041	–	21,041	(3,835)	17,205

- (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.

3. Adjustments are as follows.
  - (1) Segment income (loss) adjustment of ¥(912) million is the eliminations of intersegment transactions.
  - (2) Segment assets adjustment of ¥(226,690) million is the eliminations of intersegment transactions.
  - (3) Depreciation and amortization adjustment of ¥(188) million is the intersegment adjustments.
4. Segment income (loss) is adjusted with operating income in the consolidated statements of profit or loss.

7. Cash and cash equivalents

The breakdown of cash and cash equivalents is as follows.

(Millions of Yen)

	Previous Fiscal Year (December 31, 2024)	Current Fiscal Year (December 31, 2025)
Cash and deposits	138,293	110,008
Cash and cash equivalents on the consolidated statements of financial position	138,293	110,008
Cash and cash equivalents included in assets held for sale	–	10,526
Cash and cash equivalents on the consolidated statements of cash flows	138,293	120,534

8. Trade and other receivables

The breakdown of trade and other receivables is as follows.

(Millions of Yen)

	Previous Fiscal Year (December 31, 2024)	Current Fiscal Year (December 31, 2025)
Notes and accounts receivable - trade	62,290	45,141
Electronically recorded monetary claims - operating	19,636	18,466
Allowance for bad debts	(452)	(79)
Total	81,474	63,528

Trade and other receivables are classified as financial assets measured at amortized cost.

9. Other financial assets

(1) Breakdown of other financial assets

The breakdown of other financial assets is as follows.

(Millions of Yen)

	Previous Fiscal Year (December 31, 2024)	Current Fiscal Year (December 31, 2025)
Financial assets measured at amortized cost		
Leasehold deposits	24	23
Security money	1,521	1,055
Short-term loans	2,000	2,000
Long-term loans	145	170
Other	1,454	1,317
Financial assets measured at fair value through profit or loss		
Derivative assets	2,528	1,699
Other	1,252	1,262
Financial assets measured at fair value through other comprehensive income		
Share	4,105	5,245
Other	121	107
Total	13,155	12,881
Current assets	2,002	2,001
Non-current assets	11,152	10,880
Total	13,155	12,881

(2) Financial assets measured at fair value through other comprehensive income

The main stocks and fair values of financial assets measured at fair value through other comprehensive income are as follows.

(Millions of Yen)

Stock	Previous Fiscal Year (December 31, 2024)	Current Fiscal Year (December 31, 2025)
TSUGAMI CORPORATION	467	861
Mitsubishi UFJ Financial Group, Inc.	542	732
NITTOKU CO., LTD.	619	727
TOKYO SEIMITSU CO., LTD.	382	577
Mizuho Financial Group, Inc.	247	364
Okuma Corporation	340	363

Stocks are designated as financial assets measured at fair value through other comprehensive income, as they are held mainly for the purpose of cross-shareholdings.

(3) Derecognition of financial assets measured at fair value through other comprehensive income

The Group derecognizes a part of financial assets measured at fair value through other comprehensive income by sell-offs of them for the purpose of streamlining assets and reviewing business relationships.

The cumulative gains or losses recognized in fair value at the time of sale and other comprehensive income for each fiscal year are as follows.

(Millions of Yen)

Previous Fiscal Year (From January 1, 2024 to December 31, 2024)		Current Fiscal Year (From January 1, 2025 to December 31, 2025)	
Fair value	Cumulative gains or losses	Fair value	Cumulative gains or losses
394	296	138	80

If financial assets measured at fair value through other comprehensive income are derecognized, the cumulative gains or losses recognized in other comprehensive income are transferred to retained earnings. Cumulative gains or losses (after tax) in other comprehensive income transferred to retained earnings for the fiscal years ended December 31, 2024 and 2025 were ¥205 million and ¥55 million, respectively.

The breakdown of dividends income recognized from equity instruments is as follows.

(Millions of Yen)

Previous Fiscal Year (From January 1, 2024 to December 31, 2024)		Current Fiscal Year (From January 1, 2025 to December 31, 2025)	
Investments derecognized during the period	Investments held at the end of the period	Investments derecognized during the period	Investments held at the end of the period
8	100	0	342

#### 10. Inventories

The breakdown of inventories is as follows.

(Millions of Yen)

	Previous Fiscal Year (December 31, 2024)	Current Fiscal Year (December 31, 2025)
Merchandise and finished goods	34,502	27,681
Work in process	16,452	11,463
Raw materials and supplies	40,705	26,031
Total	91,660	65,177

For the fiscal years ended December 31, 2024 and 2025, the amounts of write-down (reversal) of inventories related to continuing operations, excluding the discontinued operation, recognized as an expense were ¥(105) million and ¥545 million, respectively.

#### 11. Other assets

The breakdown of other assets is as follows.

(Millions of Yen)

	Previous Fiscal Year (December 31, 2024)	Current Fiscal Year (December 31, 2025)
Other current assets		
Prepaid expenses	3,101	1,737
Advance payments to suppliers	1,394	607
Accrued receivables, etc.	4,218	2,107
Other	4,660	3,073
Total	13,375	7,526
Other non-current assets		
Long-term prepaid expenses	374	157
Other	–	4
Total	374	162

## 12. Assets held for sale

Assets classified as assets held for sale and liabilities directly associated with them are as follows:

(Millions of Yen)

	Previous Fiscal Year (December 31, 2024)	Current Fiscal Year (December 31, 2025)
Assets held for sale:		
Cash and cash equivalents	–	10,526
Trade and other receivables	–	21,842
Inventories	–	3,757
Total	–	36,126
Liabilities directly associated with assets held for sale:		
Trade and other payables	–	15,501
Other financial liabilities	–	2,299
Provisions	–	31
Income taxes payable	–	120
Retirement benefit liabilities	–	3,785
Deferred tax liabilities	–	2,181
Other current liabilities	–	3,875
Other non-current liabilities	–	580
Total	–	28,377

On February 2, 2026, the Company entered into a basic agreement concerning a business transfer of its automotive & transportation business with AP87 Co., Ltd., a special purpose company indirectly funded by investment funds serviced by Advantage Partners, Inc. Since the requirements of classification of assets as held for sale in accordance with IFRS 5, “Non-current Assets Held for Sale and Discontinued Operations” have been met, the Group’s assets and liabilities related to the automotive & transportation business have been classified as a disposal group held for sale since the current fiscal year.

Assets held for sale are measured at the fair values less costs to sell since they are less than the carrying amounts of the assets held for sale. In relation to this measurement, the Company recorded a loss on business liquidation amounting to ¥81,639 million, which is included in the “Loss from discontinued operation” in the consolidated statements of profit or loss.

The fair value is based on the transfer price and its hierarchy is Level 3.

For details including the timing of the business transfer, please refer to “V. Financial Information, 1. Consolidated Financial Statements, etc., Notes to the consolidated financial statements, 40. Subsequent event (Transfer of the automotive & transportation business).”

13. Property, plant and equipment

(1) Increase/decrease table

Changes in carrying amounts, acquisition costs, and accumulated depreciation and impairment losses of property, plant and equipment are as follows.

Carrying amount

(Millions of Yen)

	Land	Buildings and structures	Machinery and vehicles	Construction in progress	Other	Total
January 1, 2024	15,416	51,957	96,885	16,634	5,662	186,556
Acquisition	1,901	1,002	3,093	24,091	123	30,213
Depreciation	(51)	(4,673)	(15,171)	–	(1,947)	(21,844)
Sale or disposal	–	(203)	(374)	(369)	(16)	(964)
Transfer from construction in progress	8	2,569	14,117	(19,144)	2,558	108
Exchange differences on translation of foreign operations	403	1,929	4,314	622	253	7,524
Other	397	1,877	268	(356)	1	2,188
December 31, 2024	18,076	54,461	103,132	21,477	6,635	203,783
Acquisition	–	895	786	17,419	1,183	20,284
Depreciation	(87)	(4,682)	(15,421)	–	(2,141)	(22,333)
Sale or disposal	–	(71)	(482)	(57)	(58)	(669)
Transfer from construction in progress	–	2,801	17,835	(22,309)	1,675	3
Exchange differences on translation of foreign operations	242	1,112	2,790	205	198	4,550
Transfer to assets held for sale	(4,763)	(9,281)	(21,190)	(4,683)	(1,804)	(41,723)
Other	9	244	(388)	(900)	41	(992)
December 31, 2025	13,477	45,480	87,062	11,151	5,729	162,901

(Note) Depreciation of property, plant and equipment is included in “Cost of sales,” “Selling, general and administrative expenses,” and “Loss from discontinued operation” in the consolidated statements of profit or loss.

Acquisition cost

(Millions of Yen)

	Land	Buildings and structures	Machinery and vehicles	Construction in progress	Other	Total
January 1, 2024	17,274	120,882	298,314	16,634	31,787	484,893
December 31, 2024	20,112	129,592	321,139	21,477	33,884	526,206
December 31, 2025	14,248	110,495	229,990	11,151	26,157	392,043

Accumulated depreciation and impairment losses

(Millions of Yen)

	Land	Buildings and structures	Machinery and vehicles	Construction in progress	Other	Total
January 1, 2024	1,857	68,924	201,429	–	26,124	298,336
December 31, 2024	2,036	75,130	218,006	–	27,249	322,423
December 31, 2025	771	65,014	142,927	–	20,428	229,141

14. Goodwill and intangible assets

(1) Increase/decrease table

Changes in carrying amounts, acquisition costs, and accumulated amortization and impairment losses of goodwill and intangible assets are as follows.

Carrying amount

(Millions of Yen)

	Goodwill	Intangible assets		Total
		Software	Other	
January 1, 2024	2,612	2,424	4,456	9,492
Acquisition	–	1,129	1	1,131
Amortization	–	(699)	(1,464)	(2,164)
Sale or disposal	–	(2)	–	(2)
Exchange differences on translation of foreign operations	341	22	282	645
Other	94	(2)	11	104
December 31, 2024	3,048	2,872	3,286	9,207
Acquisition	–	708	1	710
Amortization	–	(821)	(1,086)	(1,908)
Sale or disposal	–	(0)	–	(0)
Exchange differences on translation of foreign operations	(8)	17	311	319
Transfer to assets held for sale	(2,944)	(343)	(1,947)	(5,235)
Other	–	98	5	103
December 31, 2025	94	2,531	571	3,197

(Note) Amortization of intangible assets is included in “Cost of sales,” “Selling, general and administrative expenses,” and “Loss from discontinued operation” in the consolidated statements of profit or loss.

Acquisition cost

(Millions of Yen)

	Goodwill	Intangible assets		Total
		Software	Other	
January 1, 2024	13,329	9,673	23,124	46,127
December 31, 2024	15,386	10,742	24,399	50,528
December 31, 2025	94	9,160	984	10,239

Accumulated amortization and impairment losses

(Millions of Yen)

	Goodwill	Intangible assets		Total
		Software	Other	
January 1, 2024	10,716	7,248	18,668	36,634
December 31, 2024	12,338	7,869	21,112	41,320
December 31, 2025	–	6,628	413	7,042

The carrying amount of “Goodwill” was ¥2,953 million for THK RHYTHM AUTOMOTIVE MICHIGAN CORPORATION and ¥94 million for THK KIRYU CO., LTD. at the end of the previous fiscal year. The carrying amount of “Goodwill” was ¥94 million for THK KIRYU CO., LTD. at the end of the current fiscal year.

In addition, expenditures for research and development activities related to continuing operations, excluding the discontinued operation, recognized as expenses during the previous fiscal year and the current fiscal year amounted to ¥6,336 million and ¥5,774 million, respectively. They are included in “Cost of sales” and “Selling, general and administrative expenses” in the consolidated statements of profit or loss.

15. Impairment of non-financial assets

Impairment test of goodwill

Goodwill arising in a business combination is allocated to the cash-generating units that benefit from the business combination on the date of acquisition.

The breakdown of the carrying amount of goodwill by segment is as follows.

(Millions of Yen)

	Previous Fiscal Year (December 31, 2024)	Current Fiscal Year (December 31, 2025)
Japan	94	94
The Americas	2,953	–
Total	3,048	94

The Group tests goodwill for impairment each period or whenever there is an indication of impairment. The recoverable amount in the impairment test is calculated based on value in use.

In the previous fiscal year, an impairment test of goodwill was performed for THK RHYTHM AUTOMOTIVE MICHIGAN CORPORATION, and no impairment loss was recorded as the recoverable amount exceeded the carrying amount.

On February 2, 2026, the Company entered into a basic agreement concerning a business transfer of its automotive & transportation business with AP87 Co., Ltd., a special purpose company indirectly funded by investment funds serviced by Advantage Partners, Inc. Since the requirements of classification of assets as held for sale in accordance with IFRS 5, “Non-current Assets Held for Sale and Discontinued Operations” have been met, the full amount of goodwill of THK RHYTHM AUTOMOTIVE MICHIGAN CORPORATION has been recorded as a loss on business liquidation of discontinued operation since the current fiscal year.

16. Income tax

(1) Deferred tax assets and deferred tax liabilities

The breakdown and increase/decrease of deferred tax assets and deferred tax liabilities by major cause are as follows.

Previous fiscal year (from January 1, 2024 to December 31, 2024)

(Millions of Yen)

	January 1, 2024	Recognized through profit or loss	Recognized in other comprehen- sive income	Transfer to assets held for sale	December 31, 2024
Deferred tax assets					
Retirement benefit liabilities	581	(6)	41	—	616
Inventories (unrealized gains)	1,169	346	—	—	1,516
Accrued bonus	895	199	—	—	1,095
Loss carry forwards	1,674	(656)	—	—	1,017
Inventory valuation loss	191	31	—	—	223
Accrued business tax	46	163	—	—	209
Non-current assets (unrealized gains)	657	(17)	—	—	639
Excess of depreciation and amortization	806	(37)	—	—	769
Accrued expenses	241	(6)	—	—	235
Impairment losses	626	(241)	—	—	385
Allowance for bad debts	60	(42)	—	—	17
Paid absences	509	106	—	—	616
Lease liabilities	2,216	(171)	—	—	2,044
Other	1,119	(243)	—	—	876
<b>Total</b>	<b>10,794</b>	<b>(573)</b>	<b>41</b>	<b>—</b>	<b>10,262</b>
Deferred tax liabilities					
Depreciation	4,207	674	—	—	4,882
Carrying amounts adjustments due to market valuation at the time of consolidation of subsidiaries	1,275	(58)	—	—	1,216
Financial assets measured at fair value through other comprehensive income	1,944	—	34	—	1,978
Revaluation reserve for land	1,172	—	—	—	1,172
Derivatives	107	79	—	—	187
Right-of-use assets	2,129	(186)	—	—	1,942
Other	553	13	—	—	567
<b>Total</b>	<b>11,391</b>	<b>521</b>	<b>34</b>	<b>—</b>	<b>11,948</b>

Current fiscal year (from January 1, 2025 to December 31, 2025)

(Millions of Yen)

	January 1, 2025	Recognized through profit or loss	Recognized in other comprehen- sive income	Transfer to assets held for sale	December 31, 2025
Deferred tax assets					
Retirement benefit liabilities	616	106	63	(14)	771
Inventories (unrealized gains)	1,516	128	–	–	1,644
Accrued bonus	1,095	14	–	(52)	1,057
Loss carry forwards	1,017	368	–	(1,343)	42
Inventory valuation loss	223	36	–	(25)	233
Accrued business tax	209	(31)	–	(7)	171
Non-current assets (unrealized gains)	639	37	–	–	676
Excess of depreciation and amortization	769	27	–	(270)	525
Accrued expenses	235	27	–	(97)	165
Impairment losses	385	130	–	(515)	–
Allowance for bad debts	17	36	–	(47)	7
Paid absences	616	67	–	–	683
Lease liabilities	2,044	(176)	–	(52)	1,815
Loss on business liquidation	–	3,058	–	–	3,058
Other	876	(289)	–	(254)	332
<b>Total</b>	<b>10,262</b>	<b>3,542</b>	<b>63</b>	<b>(2,682)</b>	<b>11,186</b>
Deferred tax liabilities					
Depreciation	4,882	461	–	(1,667)	3,676
Carrying amounts adjustments due to market valuation at the time of consolidation of subsidiaries	1,216	(986)	–	(230)	–
Financial assets measured at fair value through other comprehensive income	1,978	–	(625)	(245)	1,107
Revaluation reserve for land	1,172	–	–	(754)	418
Derivatives	187	48	–	–	236
Right-of-use assets	1,942	(85)	–	(88)	1,768
Other	567	3,695	–	(115)	4,147
<b>Total</b>	<b>11,948</b>	<b>3,134</b>	<b>(625)</b>	<b>(3,102)</b>	<b>11,354</b>

Tax loss carry forwards and deductible temporary differences for which deferred tax assets have not been recognized are as follows.

(Millions of Yen)

	Previous Fiscal Year (December 31, 2024)	Current Fiscal Year (December 31, 2025)
Tax loss carry forwards	30,347	21,118
Deductible temporary differences	16,614	8,039
<b>Total</b>	<b>46,962</b>	<b>29,158</b>

The carry-over deadline for tax loss carry forwards for which deferred tax assets have not been recognized is as follows.

(Millions of Yen)

	Previous Fiscal Year (December 31, 2024)	Current Fiscal Year (December 31, 2025)
1st year	946	–
2nd year	232	–
3rd year	605	5
4th year	826	38
5th year onwards	27,737	21,075
Total	30,347	21,118

The total amounts of taxable temporary differences related to investments in subsidiaries for which deferred tax liabilities have not been recognized were ¥2,505 million and ¥18,636 million for the previous fiscal year and the current fiscal year, respectively. Deferred tax liabilities are not recognized because the Group can control the timing of reversing the temporary differences and it is highly probable that the temporary differences will not be reversed within the foreseeable period.

(2) Income tax expense

The breakdown of income tax expense is as follows.

(Millions of Yen)

	Previous Fiscal Year (From January 1, 2024 to December 31, 2024)	Current Fiscal Year (From January 1, 2025 to December 31, 2025)
Current tax expense	6,905	6,809
Deferred tax expense	(245)	(1,624)
Total	6,659	5,185

The factors of the difference between the legal effective tax rate and the average actual tax rate are as follows.

(%)

	Previous Fiscal Year (From January 1, 2024 to December 31, 2024)	Current Fiscal Year (From January 1, 2025 to December 31, 2025)
Legal effective tax rate	30.6	30.6
Items permanently not included as a deductible, such as entertainment costs	2.3	2.1
Items permanently not included as revenue, such as dividends income	(23.5)	(81.6)
Share of profit of investments accounted for using the equity method	(0.1)	3.1
Equal installments of inhabitant tax	0.3	0.4
Difference between parent company's legal effective tax rate and subsidiary's tax rate	(2.6)	(5.0)
Special deduction for experimental research	(3.5)	(2.5)
Valuation allowance	8.7	(11.5)
Investment relationship in consolidated subsidiaries	25.6	93.2
Other	(0.6)	4.1
The average actual tax rate	37.3	32.9

The Group is mainly subject to corporate tax, inhabitant tax, and business tax, and for each of these, the legal effective tax rate calculated based on these taxes was 30.6% for the previous fiscal year and the current fiscal year. However, overseas subsidiaries are subject to corporate tax, etc., in the area where they are located.

### (3) Global minimum tax

In Japan where the Company is domiciled, following the tax reform in fiscal 2023, the income inclusion rule (IIR) has been introduced as one of the BEPS global minimum tax rules, which levies on the Company an additional surcharge until the tax burden rate of its subsidiary, etc. reaches up to the minimum tax rate (15%).

As a result of the assessment of the impact of the rules with external tax experts, the Group found that transitional safe harbor relief measures are provided in most of the jurisdictions where the Group is operating its business activities, and assumes no material exposure to Pillar Two income taxes.

The Group has applied a temporary exception to the requirements in IAS 12 "Income taxes" regarding deferred tax assets and liabilities related to Pillar Two income taxes, therefore does not recognize and disclose their information.

17. Bonds and borrowings

(1) Breakdown of financial liabilities

The breakdown of “Bonds and borrowings” and “Other financial liabilities” is as follows.

(Millions of Yen)

	Previous Fiscal Year (December 31, 2024)	Current Fiscal Year (December 31, 2025)	Average Interest Rate (%)	Due Date
Short-term borrowings	227	20,070	1.057	–
Current portion of long-term borrowings	3,143	3,135	(0.177)	–
Current portion of bonds payable	20,000	10,000	0.290	–
Long-term borrowings	23,143	20,000	0.489	2027–2029
Bonds payable	50,000	70,000	0.840	2027–2030
Short-term lease liabilities	2,273	2,115	–	–
Long-term lease liabilities	6,790	5,897	–	2027–2039
Other	3,143	1,493	–	–
Total	108,721	132,712	–	–
Current liabilities	27,686	36,090	–	–
Non-current liabilities	81,034	96,621	–	–
Total	108,721	132,712	–	–

- (Notes)
1. The average interest rate is the weighted average interest rate for the balance at the end of the period.
  2. “Bonds and borrowings” are classified as financial liabilities measured at amortized cost.

A summary of the bond issuance terms is as follows.

(Millions of Yen)

Company Name	Bond	Date of Issue	Previous Fiscal Year (December 31, 2024)	Current Fiscal Year (December 31, 2025)	Interest Rate (%)	Collateral	Redemption Deadline
THK CO., LTD.	12th Unsecured Bonds	February 7, 2018	10,000 (10,000)	–	0.270	None	February 7, 2025
THK CO., LTD.	14th Unsecured Bonds	February 6, 2019	10,000	10,000 (10,000)	0.290	None	February 6, 2026
THK CO., LTD.	15th Unsecured Bonds	February 7, 2020	10,000	10,000	0.250	None	February 5, 2027
THK CO., LTD.	17th Unsecured Bonds	September 15, 2020	10,000 (10,000)	–	0.180	None	September 12, 2025
THK CO., LTD.	18th Unsecured Bonds	September 14, 2022	10,000	10,000	0.430	None	September 14, 2027
THK CO., LTD.	19th Unsecured Bonds	December 14, 2022	10,000	10,000	0.539	None	December 14, 2027
THK CO., LTD.	20th Unsecured Bonds	December 8, 2023	10,000	10,000	0.674	None	December 8, 2028
THK CO., LTD.	21st Unsecured Bonds	January 29, 2025	–	10,000	1.156	None	January 29, 2030
THK CO., LTD.	22nd Unsecured Bonds	July 17, 2025	–	20,000	1.418	None	July 17, 2030
Total			70,000 (20,000)	80,000 (10,000)	–	–	–

(Note) Amounts in parentheses represent amounts redeemable within one year.

## 18. Leases

The Group mainly leases buildings and vehicles. Contract terms range from 5 to 15 years. There are no material purchase options, escalation clauses, or restrictions imposed by the lease agreements (such as dividends, restrictions on additional borrowings, and additional leases).

The breakdown of profit and loss related to leases is as follows.

(Millions of Yen)

	Previous Fiscal Year (From January 1, 2024 to December 31, 2024)	Current Fiscal Year (From January 1, 2025 to December 31, 2025)
Depreciation of right-of-use assets		
Land	71	115
Buildings and structures	1,362	1,364
Machinery and vehicles	378	390
Other	141	186
Total	1,954	2,057
Interest expense on lease liabilities	95	83
Short-term lease expense	1,154	1,242
Low-value asset lease expense	36	35
Variable lease payments (Note)	3	11

(Note) Expenses related to variable lease payments not included in the measurement of lease liabilities.

The breakdown of the carrying amount of right-of-use assets is as follows.

(Millions of Yen)

	Previous Fiscal Year (December 31, 2024)	Current Fiscal Year (December 31, 2025)
Right-of-use assets		
Land	4,093	3,716
Buildings and structures	6,628	5,849
Machinery and vehicles	1,103	1,013
Other	868	830
Total	12,693	11,409

Increases in right-of-use assets for the previous fiscal year and the current fiscal year were ¥1,093 million and ¥1,266 million, respectively.

Total cash outflows related to leases for the previous fiscal year and the current fiscal year were ¥2,193 million and ¥2,223 million, respectively.

The maturity analysis of lease liabilities is described in Note “35. Financial instruments (2) (ii) Liquidity risk management.”

## 19. Trade and other payables

The breakdown of trade and other payables is as follows.

(Millions of Yen)

	Previous Fiscal Year (December 31, 2024)	Current Fiscal Year (December 31, 2025)
Notes and accounts payable - trade	21,117	9,333
Electronically recorded obligations - operating	6,928	5,395
Other	5,994	3,856
Total	34,040	18,585

Trade and other payables are classified as financial liabilities measured at amortized cost.

## 20. Employee benefits

The Company and some of its consolidated subsidiaries employ funded and unfunded defined benefit plans and defined contribution plans to provide employees with retirement benefits. These pension plans are exposed to general investment risk, interest rate risk, inflation risk, etc., but we judge that they are not material.

The funded defined benefit plan is managed by a pension fund that is legally separated from the Group. The board of directors of pension funds and pension investment trustees are required by law to act in the best interests of plan members, and are responsible for managing plan assets based on prescribed policies.

### (1) Defined benefit plan

#### (i) Reconciliation table of defined benefit obligations and plan assets

The relationship between defined benefit obligations and plan assets, and net defined benefit liabilities and assets recorded in the consolidated statements of financial position is as follows.

(Millions of Yen)

	Previous Fiscal Year (December 31, 2024)	Current Fiscal Year (December 31, 2025)
Present value of funded defined benefit obligations	27,333	13,536
Fair value of plan assets	(32,169)	(20,322)
Subtotal	(4,836)	(6,785)
Present value of unfunded defined benefit obligations	1,338	1,041
Impact of the asset ceiling	5,112	7,023
Net defined benefit liability and asset	1,615	1,279
Amounts on the consolidated statements of financial position		
Retirement benefit liabilities	5,859	1,408
Retirement benefit asset	(4,243)	(129)
Net defined benefit liabilities and assets recorded in the consolidated statements of financial position	1,615	1,279

(ii) Reconciliation table of the present value of defined benefit obligations

Changes in the present value of defined benefit obligations are as follows.

(Millions of Yen)

	Previous Fiscal Year (From January 1, 2024 to December 31, 2024)	Current Fiscal Year (From January 1, 2025 to December 31, 2025)
Beginning balance of the present value of defined benefit obligations	29,156	28,671
Current service cost	1,107	996
Interest expense	755	789
Remeasurements		
Actuarial differences resulting from changes in financial assumptions	(769)	(1,845)
Benefit payment	(1,757)	(1,720)
Exchange differences on translation of foreign operations	179	518
Transfer to liabilities directly associated with assets held for sale	—	(12,833)
Ending balance of the present value of defined benefit obligations	28,671	14,577

The weighted average duration of defined benefit obligations was 11.2 years and 10.4 years for the previous fiscal year and the current fiscal year, respectively.

(iii) Reconciliation table of fair value of plan assets

Changes in the fair value of plan assets are as follows.

(Millions of Yen)

	Previous Fiscal Year (From January 1, 2024 to December 31, 2024)	Current Fiscal Year (From January 1, 2025 to December 31, 2025)
Beginning balance of fair value of plan assets	29,560	32,169
Interest revenue	898	978
Remeasurements		
Return on plan assets	1,683	909
Contributions from employers	1,345	1,301
Benefit payment	(1,566)	(1,389)
Exchange differences on translation of foreign operations	247	649
Transfer to assets held for sale	—	(14,295)
Ending balance of fair value of plan assets	32,169	20,322

The Group plans to contribute ¥1,296 million in the next fiscal year (fiscal year ending December 2026).

(iv) Breakdown of plan assets by item

The breakdown of major items of plan assets is as follows.

(Millions of Yen)

	Previous Fiscal Year (December 31, 2024)			Current Fiscal Year (December 31, 2025)		
	Assets with active market prices	Assets without active market prices	Total	Assets with active market prices	Assets without active market prices	Total
Cash and cash equivalents	76	–	76	83	–	83
Equity instruments						
Domestic stocks	1,954	–	1,954	2,378	–	2,378
Foreign stocks	7,977	–	7,977	1,710	–	1,710
Debt instruments						
Domestic bonds	3,162	–	3,162	3,043	–	3,043
Foreign bonds	10,682	–	10,682	3,938	–	3,938
Life insurance general account	–	6,390	6,390	–	7,186	7,186
Other	–	1,924	1,924	–	1,981	1,981
Total	23,853	8,315	32,169	11,153	9,168	20,322

The Group's plan asset management policy aims to secure stable earnings over the medium to long term in order to ensure future payments of defined benefit obligations in accordance with internal regulations. Specifically, we set a target rate of return and asset composition ratio for each investment asset within the range of allowable risk determined each fiscal year, and manage by maintaining that ratio. When reviewing the asset composition ratio, we consider the introduction of plan assets that are highly correlated with changes in defined benefit obligations.

In addition, based on the Defined Benefit Corporate Pension Act, we regularly review the amount of contributions, such as recalculating contributions every five years, so that we can maintain financial balance in the future.

(v) Reconciliation table of the impact of the asset ceiling

Increase/decrease in the impact of the asset ceiling are as follows:

(Millions of Yen)

	Previous Fiscal Year (From January 1, 2024 to December 31, 2024)	Current Fiscal Year (From January 1, 2025 to December 31, 2025)
Beginning balance of the impact of the asset ceiling	3,501	5,112
Remeasurements		
Changes in the impact of the asset ceiling	1,611	1,911
Ending balance of the impact of the asset ceiling	5,112	7,023

(vi) Major assumptions in actuarial calculations

The major assumptions used in the actuarial calculations are as follows.

(%)

	Previous Fiscal Year (December 31, 2024)	Current Fiscal Year (December 31, 2025)
Discount rate	1.9	2.9

(vii) Sensitivity analysis

If the discount rate used in the actuarial calculation changes by 0.5%, the impact on the present value of defined benefit obligations is as follows. This analysis assumes all other variables are constant, but in practice changes in other assumptions can affect the sensitivity analysis.

(Millions of Yen)

	Previous Fiscal Year (December 31, 2024)	Current Fiscal Year (December 31, 2025)
If the discount rate increases by 0.5%	(1,315)	(665)
If the discount rate decreases by 0.5%	1,485	724

(2) Defined contribution plan

The amounts recognized as expenses related to defined contribution plans in the previous fiscal year and the current fiscal year were ¥649 million and ¥663 million, respectively.

21. Provisions

The breakdown and increase/decrease of provisions are as follows.

(Millions of Yen)

	Asset Retirement Obligations	Provision for Structural Reform	Other Provisions	Total
December 31, 2024	65	425	0	490
Increase during the period	—	—	—	—
Periodic interest expense by discount calculation	0	—	—	0
Amount of decrease during period (use for purpose)	—	(280)	(0)	(280)
Transfer to liabilities directly associated with assets held for sale	—	(31)	—	(31)
Other	—	(14)	—	(14)
December 31, 2025	65	99	—	164

The breakdown of provisions in the consolidated statements of financial position is as follows.

(Millions of Yen)

	Previous Fiscal Year (December 31, 2024)	Current Fiscal Year (December 31, 2025)
Current liabilities	425	99
Non-current liabilities	65	65
Total	490	164

## 22. Other liabilities

The breakdown of other liabilities is as follows.

(Millions of Yen)

	Previous Fiscal Year (December 31, 2024)	Current Fiscal Year (December 31, 2025)
Other current liabilities		
Accrued consumption taxes	455	942
Accrued bonus	4,161	4,148
Other accrued expenses	10,618	8,957
Other	526	108
Total	15,763	14,157
Other non-current liabilities		
Accrued paid absences	2,020	1,950
Other	886	654
Total	2,906	2,605

## 23. Deferred income

The breakdown of deferred income is as follows.

(Millions of Yen)

	Previous Fiscal Year (December 31, 2024)	Current Fiscal Year (December 31, 2025)
Non-current liabilities		
Government subsidies	475	153
Total	475	153

Deferred income related to government subsidies is primarily received for the purchase of property, plant and equipment.

There are no unfulfilled conditions or other contingencies attached to government subsidies recognized as deferred income.

## 24. Equity and other items of equity

### (1) Number of authorized shares and total number of issued shares

Changes in the number of authorized shares and the total number of issued shares are as follows.

(Shares)

	Previous Fiscal Year (From January 1, 2024 to December 31, 2024)	Current Fiscal Year (From January 1, 2025 to December 31, 2025)
Number of authorized shares		
Common stock	465,877,700	465,877,700
Total number of issued shares		
Beginning balance	129,856,903	129,856,903
Increase (decrease) during the period	–	(10,757,100)
Ending balance	129,856,903	119,099,803

(Notes) 1. All shares issued by the Company are non-par value common stocks with no restrictions on the content of rights, and all issued shares are fully paid in.

2. The main factor for decrease during the current fiscal year is the cancellation of treasury stock (10,757,100 shares) pursuant to the provisions of Article 178 of the Companies Act.

### (2) Treasury stock

Changes in the number and balance of treasury stocks are as follows.

	Number of Shares (Shares)	Total Amount (Millions of Yen)
January 1, 2024	7,263,677	17,130
Increase (decrease) during the period	1,083,997	3,973
December 31, 2024	8,347,674	21,104
Increase (decrease) during the period	(1,267,652)	1,341
December 31, 2025	7,080,022	22,445

(Notes) 1. The main factors for changes during the previous fiscal year are the purchase of treasury stock (1,104,004 shares) and the disposition of treasury stock through restricted stock remuneration (20,007 shares).

2. The main factors for changes during the fiscal year under review are the purchase of treasury stock (9,655,852 shares), the disposition of treasury stock through restricted stock remuneration (72,492 shares), the disposition of treasury stock as share grant through the Employee Shareholding Association (93,912 shares), and the cancellation of treasury stock (10,757,100 shares).

3. The number of shares of the Company held by associates is 10,000 shares in both the previous fiscal year and the current fiscal year.

### (3) Capital surplus

Under the Companies Act of Japan (“Companies Act”), it is stipulated that at least one-half of the paid-in or paid-in amount for the issuance of shares is incorporated in the common stock, and the remainder is incorporated in the capital reserve included in capital surplus. In addition, under the Companies Act, the capital reserve can be incorporated into the common stock by resolution of a General Meeting of Shareholders.

### (4) Retained earnings

Under the Companies Act, it is stipulated that one-tenth of the amount paid out as dividends from surplus shall be set aside as capital reserves or legal retained earnings until the total amount of capital reserves and

legal retained earnings reaches one-fourth of the common stock. Accumulated legal retained earnings can be used to cover deficits. In addition, the legal retained earnings reserve can be withdrawn by resolution of the General Meeting of Shareholders.

## 25. Dividends

The amount of dividends paid is as follows.

Previous fiscal year (from January 1, 2024 to December 31, 2024)

Resolution	Type of Stock	Total Dividend Amount (Millions of Yen)	Dividend per Share (Yen)	Reference Date	Effective Date
Ordinary General Meeting of Shareholders, Mar. 16, 2024	Common stock	1,961	16.0	Dec. 31, 2023	Mar. 18, 2024
Board of Directors Meeting, Aug. 7, 2024	Common stock	2,207	18.0	Jun. 30, 2024	Sep. 12, 2024

Current fiscal year (from January 1, 2025 to December 31, 2025)

Resolution	Type of Stock	Total Dividend Amount (Millions of Yen)	Dividend per Share (Yen)	Reference Date	Effective Date
Ordinary General Meeting of Shareholders, Mar. 15, 2025	Common stock	15,614	128.5	Dec. 31, 2024	Mar. 17, 2025
Board of Directors Meeting, Aug. 6, 2025	Common stock	13,779	123.0	Jun. 30, 2025	Sep. 11, 2025

Dividends with effective dates in the following fiscal year are as follows.

Previous fiscal year (from January 1, 2024 to December 31, 2024)

Resolution	Type of Stock	Total Dividend Amount (Millions of Yen)	Dividend per Share (Yen)	Reference Date	Effective Date
Ordinary General Meeting of Shareholders, Mar. 15, 2025	Common stock	15,614	128.5	Dec. 31, 2024	Mar. 17, 2025

Current fiscal year (from January 1, 2025 to December 31, 2025)

The Company plans to submit the following as a proposal for the Ordinary General Meeting of Shareholders to be held on March 20, 2026.

Resolution	Type of Stock	Total Dividend Amount (Millions of Yen)	Dividend per Share (Yen)	Reference Date	Effective Date
Ordinary General Meeting of Shareholders, Mar. 20, 2026	Common stock	13,778	123.0	Dec. 31, 2025	Mar. 23, 2026

## 26. Revenue

### (1) Revenue disaggregation

The disaggregation of revenues from main products and services and the relationship with reportable segments are as follows.

Previous fiscal year (from January 1, 2024 to December 31, 2024)

(Millions of Yen)

	Reportable Segments					
	Japan	The Americas	Europe	China	Other	Total
By product and service						
Industrial machinery	103,002	27,038	20,678	57,393	14,626	222,737
Total	103,002	27,038	20,678	57,393	14,626	222,737
Timing of revenue recognition						
Goods transferred at a point in time	103,002	27,038	20,678	57,393	14,626	222,737
Total	103,002	27,038	20,678	57,393	14,626	222,737

Current fiscal year (from January 1, 2025 to December 31, 2025)

(Millions of Yen)

	Reportable Segments					
	Japan	The Americas	Europe	China	Other	Total
By product and service						
Industrial machinery	101,057	28,810	21,100	70,907	18,570	240,444
Total	101,057	28,810	21,100	70,907	18,570	240,444
Timing of revenue recognition						
Goods transferred at a point in time	101,057	28,810	21,100	70,907	18,570	240,444
Total	101,057	28,810	21,100	70,907	18,570	240,444

The Group's main products and services had been industrial machinery and transportation equipment. Since the current fiscal year, however, the Group has changed its business structure to one based on the industrial machinery business. On February 2, 2026, the Company entered into a basic agreement concerning a business transfer of its automotive & transportation business with AP87 Co., Ltd., a special purpose company

indirectly funded by investment funds serviced by Advantage Partners, Inc. Since the requirements of classification of assets as held for sale in accordance with IFRS 5, “Non-current Assets Held for Sale and Discontinued Operations” have been met, the automotive & transportation business has been classified as a discontinued operation since the current fiscal year. Industrial machinery business mainly engages in manufacturing and sales of vital machinery components centering on a linear motion system as well as manufacturing and sales of industrial machinery.

Of these, it is determined that the performance obligation is satisfied for sales within the same country, unless otherwise stipulated in the contract, at the time the product arrives at the customer, and for export sales, at the time when it is assumed that the customer has obtained control of the product based on the terms and conditions of trade. Revenue is recorded at the time when the performance obligation is satisfied.

Revenue is recorded mainly in accordance with contracts with customers, but when rebates are given according to transaction volume, etc., for a certain period of time, the amount is measured after deducting the calculated rebate. In addition, the amount of the promised consideration does not include a significant financial component.

(2) Contract balance

The breakdown of receivables, contract assets, and contract liabilities arising from contracts with customers is as follows.

(Millions of Yen)

	Previous Fiscal Year (December 31, 2024)	Current Fiscal Year (December 31, 2025)
Contract liabilities	740	281

Contract liabilities are mainly advances received, and the consideration for which performance obligations have not been satisfied at the end of the period is recorded. All balances at the beginning of each fiscal year are recognized as income for each fiscal year.

The amounts of revenue recognized in the previous fiscal year and the current fiscal year, which were included in the balance of contract liabilities at the beginning of the fiscal year, were ¥871 million and ¥740 million, respectively.

27. Selling, general and administrative expenses

The breakdown of selling, general and administrative expenses is as follows.

(Millions of Yen)

	Previous Fiscal Year (From January 1, 2024 to December 31, 2024)	Current Fiscal Year (From January 1, 2025 to December 31, 2025)
Packing and transportation costs	5,278	5,156
Advertising expenses	2,259	1,653
Personnel expenses	24,603	25,578
Depreciation and amortization	2,938	3,071
Research and development expenses	6,335	5,772
Other	12,224	13,107
Total	53,639	54,341

28. Personnel expenses

The breakdown of personnel expenses is as follows.

(Millions of Yen)

	Previous Fiscal Year (From January 1, 2024 to December 31, 2024)	Current Fiscal Year (From January 1, 2025 to December 31, 2025)
Salaries	39,780	42,296
Bonuses	4,052	4,159
Retirement benefit expenses	1,193	1,107
Other	15,510	15,284
Total	60,537	62,848

(Note) Personnel expenses are included in “Cost of sales” and “Selling, general and administrative expenses” in the consolidated statements of profit or loss.

29. Other income and expenses

(1) Other income

(Millions of Yen)

	Previous Fiscal Year (From January 1, 2024 to December 31, 2024)	Current Fiscal Year (From January 1, 2025 to December 31, 2025)
Gain on sale of fixed assets	37	54
Rent income	360	387
Employment adjustment subsidy	244	–
Other	1,449	1,009
Total	2,091	1,450

(2) Other expenses

(Millions of Yen)

	Previous Fiscal Year (From January 1, 2024 to December 31, 2024)	Current Fiscal Year (From January 1, 2025 to December 31, 2025)
Loss on retirement of fixed assets	386	655
Other	446	925
Total	833	1,581

30. Financial income and financial costs

(1) Financial income

(Millions of Yen)

	Previous Fiscal Year (From January 1, 2024 to December 31, 2024)	Current Fiscal Year (From January 1, 2025 to December 31, 2025)
Interest income		
Financial assets measured at amortized cost	2,698	1,082
Dividends income		
Financial assets measured at fair value through other comprehensive income	109	342
Foreign exchange profit	–	1,623
Other	228	–
Total	3,036	3,048

(2) Financial costs

(Millions of Yen)

	Previous Fiscal Year (From January 1, 2024 to December 31, 2024)	Current Fiscal Year (From January 1, 2025 to December 31, 2025)
Interest expenses		
Financial liabilities measured at amortized cost	367	659
Lease liabilities	95	83
Foreign exchange losses	626	–
Other	–	995
Total	1,089	1,738

### 31. Other comprehensive income

Amounts arising during the current period, reclassification adjustments to profit or loss, and tax effects for each item of other comprehensive income are as follows.

(Millions of Yen)

	Previous Fiscal Year (From January 1, 2024 to December 31, 2024)	Current Fiscal Year (From January 1, 2025 to December 31, 2025)
Financial assets measured at fair value through other comprehensive income		
Amount incurred during the period	373	1,220
Tax effect amount	(125)	(384)
Financial assets measured at fair value through other comprehensive income	248	836
Remeasurements of defined benefit plans		
Amount incurred during the period	804	1,094
Tax effect amount	41	63
Remeasurements of defined benefit plans	846	1,157
Exchange differences on translation of foreign operations		
Amount incurred during the period	23,763	10,715
Reclassification adjustment amount	–	–
Before tax effect adjustment	23,763	10,715
Tax effect amount	–	–
Exchange differences on translation of foreign operations	23,763	10,715
Share of other comprehensive income of investments accounted for using the equity method		
Amount incurred during the period	(303)	274
Reclassification adjustment amount	–	–
Share of other comprehensive income of investments accounted for using the equity method	(303)	274
<b>Total other comprehensive income</b>	<b>24,554</b>	<b>12,984</b>

32. Earnings per share

Basic earnings (loss) per share and calculation basis are as follows. There are no potential common stocks with a dilutive effect.

	Previous Fiscal Year (From January 1, 2024 to December 31, 2024)	Current Fiscal Year (From January 1, 2025 to December 31, 2025)
Profit (Loss) Attributable to Owners of the Parent (Millions of Yen)	10,439	(69,891)
Continuing operations	10,824	10,150
Discontinued operation	(384)	(80,042)
Weighted Average Number of Common Stocks Outstanding (Thousands of Shares)	122,577	112,971
Basic Earnings (Loss) per Share (Yen)	85.17	(618.66)
Continuing operations	88.30	89.85
Discontinued operation	(3.14)	(708.52)

33. Cash flow information

Changes in liabilities arising from financing activities

Changes in liabilities arising from financing activities are as follows.

Previous fiscal year (from January 1, 2024 to December 31, 2024)

(Millions of Yen)

	January 1, 2024	Changes With Cash Flows	Changes Without Cash Flows			December 31, 2024
			Exchange rate fluctuation	New lease	Other	
Short-term borrowings	303	(75)	–	–	–	227
Long-term borrowings	28,458	(2,185)	12	–	–	26,286
Bonds payable	80,000	(10,000)	–	–	–	70,000
Lease liabilities	9,768	(2,096)	128	1,367	(104)	9,063
Derivatives	(2,262)	–	14	–	(228)	(2,476)
Total	116,268	(14,356)	154	1,367	(332)	103,101

Derivatives are held for the purpose of hedging trade receivables and payables denominated in foreign currencies and long-term borrowings.

Current fiscal year (from January 1, 2025 to December 31, 2025)

(Millions of Yen)

	January 1, 2025	Changes With Cash Flows	Changes Without Cash Flows			December 31, 2025
			Exchange rate fluctuation	New lease	Other	
Short-term borrowings	227	19,843	–	–	–	20,070
Long-term borrowings	26,286	(2,185)	(966)	–	–	23,135
Bonds payable	70,000	10,000	–	–	–	80,000
Lease liabilities	9,063	(2,140)	99	1,229	(239)	8,012
Derivatives	(2,476)	–	(36)	–	829	(1,684)
Total	103,101	25,517	(903)	1,229	589	129,534

Derivatives are held for the purpose of hedging trade receivables and payables denominated in foreign currencies and long-term borrowings.

### 34. Share-based payment

#### (1) Overview of the restricted stock remuneration plan

The Company has established an equity-settled share-based payment plan (the “Plan”) under which restricted stock is allocated to Directors of the Company excluding Directors who are Audit and Supervisory Committee Members and outside Directors, and Executive Officers who do not concurrently serve as Directors of the Company (the “Eligible Directors, etc.”).

The Eligible Directors, etc., will contribute to the Company all of the monetary remuneration claims paid by the Company under the Plan as property contributed in kind, and the Company will issue or dispose of common stock of the Company to the Eligible Directors, etc.

In addition, when issuing or disposing of the Company’s common stock under the Plan, a restricted stock allocation agreement (the “Allotment Agreement”) shall be concluded between the Company and the Eligible Directors, etc.

This includes, among others, the following:

(i) The Eligible Directors, etc., shall not transfer to a third party, create a security interest on, or otherwise dispose of allotted common stock of the Company that the Eligible Directors, etc., have received under the Allotment Agreement (the “Allotted Shares”) during the period specified by the Board of Directors of the Company, which is a period from the day on which shares are allotted under the Allotment Agreement until the time that the Eligible Directors, etc. retire from the position determined in advance by the Board of Directors of the Company.

(ii) In the event of a certain event, the Company shall acquire the Allotted Shares free of charge.

#### (2) Number of shares of the Company granted based on the restricted stock remuneration plan and the fair value of such shares

	Granted on April 15, 2024	Granted on April 14, 2025
Number of Shares Granted	20,007 shares	72,492 shares
Fair Value per Share	¥3,255	¥3,785

- (Notes)
1. Subject to the condition that the Eligible Director, etc., continues to hold the position of Director, etc. of the Company, the restriction on transfer will be lifted at the expiration of the restriction period.
  2. The fair value is calculated based on the closing price of the Company’s common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of the Board of Directors’ resolution regarding the grant of shares.
  3. The restriction period is from the date of grant until his/her retirement from the position of Director, etc. of the Company (except in the case of reappointment upon retirement).

#### (3) Expenses related to share-based payment

The total amount of expenses recognized for the restricted stock remuneration plan is as follows.

(Millions of Yen)

	Previous Fiscal Year (From January 1, 2024 to December 31, 2024)	Current Fiscal Year (From January 1, 2025 to December 31, 2025)
Equity-settlement type	58	222

Expenses related to the share-based payment agreement are included in “Selling, general and administrative expenses” in the consolidated statements of profit or loss.

## 35. Financial instruments

### (1) Capital management

The Group manages capital in pursuit of maximizing its corporate value through sustainable growth.

Primary indicators used by the Group in capital management include ROE and EPS, etc.

These indicators are regularly monitored and reported to the management.

The Group is not subject to any material capital restrictions.

### (2) Financial risk management

The Group is exposed to financial risks (credit risk, liquidity risk, currency risk, interest rate risk, and market price fluctuation risk) in the course of operating activities and conducts risk management in accordance with certain policy to mitigate these financial risks. The Group uses derivative transactions to avoid foreign exchange volatility risks or interest rate volatility risks and, in accordance with its policy, does not carry out any speculative transactions.

#### (i) Credit risk management

For trade receivables, the Group manages credit granted to its business partners and protects its receivables in accordance with the "Control Rules on Trade Receivables." In addition, departments concerned regularly monitor the status of major business partners so that they can early identify and mitigate concerns about the collection of receivables mainly due to a deterioration in the financial conditions of the business partners.

As parties with whom the Group enters into derivative transactions are financial institutions with high credit ratings, the Group deems that there is little credit risk in dealing with them.

The carrying amount of financial assets presented in the consolidated financial statements represents the maximum exposure to credit risk of financial assets held by the Group.

The Group determines allowance for bad debts by distinguishing trade receivables from other receivables.

When collection of all or portion of the above receivables is considered impossible or extremely difficult, it is deemed to be a default.

When delinquency of a debtor is caused not by temporary funding requirement but primarily by significant financial difficulty of the debtor, and the collectability of receivables is considered to be of particular concern, such financial assets are deemed to be credit-impaired.

The Group always sets allowance for bad debts on trade receivables that do not contain a significant financing component at an amount equal to the lifetime expected credit losses.

Increase (decrease) in allowance for bad debts are as follows.

(Millions of Yen)

	Previous Fiscal Year (From January 1, 2024 to December 31, 2024)	Current Fiscal Year (From January 1, 2025 to December 31, 2025)
Beginning balance	145	523
Increase during the period	457	268
Amount of decrease during period (use for purpose)	(89)	(287)
Amount of decrease during period (reversal)	(9)	(14)
Transfer to assets held for sale	–	(287)
Other increase (decrease)	19	0
Ending balance	523	203

None of the financial assets that were directly written off during the current fiscal year are currently being collected.

Credit risk exposures related to trade receivables are as follows.

(Millions of Yen)

Days Past Due	Previous Fiscal Year (December 31, 2024)	Current Fiscal Year (December 31, 2025)
No overdue	79,742	63,128
Within 30 days	983	368
More than 30 days and within 60 days	311	79
More than 60 days and within 90 days	217	7
More than 90 days	672	24
Total	81,926	63,608

None of receivables other than trade receivables were deemed to have significantly increased credit risk, and credit risk to the carrying amount of such receivables is immaterial.

(ii) Liquidity risk management

A liquidity risk refers to a risk of the Group becoming not able to repay the financial liability for debts on the due date.

The Group prepares and updates cash flow management plans in a timely manner to manage liquidity risk.

The balance of financial liabilities (including derivative financial instruments) by maturity is as follows.

Previous fiscal year (December 31, 2024)

(Millions of Yen)

	Carrying Amount	Contractual Cash Flows	Within One Year	More Than One Year and Within Five Years	More Than Five Years
Non-derivative financial liabilities					
Short-term borrowings	227	227	227	—	—
Trade and other payables	34,040	34,040	34,040	—	—
Long-term borrowings	26,286	26,674	3,236	23,438	—
Bonds payable	70,000	70,606	20,240	50,365	—
Lease liabilities	9,063	9,325	2,285	4,464	2,575
Derivative financial liabilities					
Currency derivatives	51	51	51	—	—
Total	139,670	140,927	60,083	78,268	2,575

(Note) Net receivables and payables arising from derivative transactions are presented on a net basis.

Current fiscal year (December 31, 2025)

(Millions of Yen)

	Carrying Amount	Contractual Cash Flows	Within One Year	More Than One Year and Within Five Years	More Than Five Years
Non-derivative financial liabilities					
Short-term borrowings	20,070	20,070	20,070	—	—
Trade and other payables	18,585	18,585	18,585	—	—
Long-term borrowings	23,135	23,430	3,231	20,198	—
Bonds payable	80,000	82,162	10,603	71,559	—
Lease liabilities	8,012	8,215	2,127	4,219	1,868
Derivative financial liabilities					
Currency derivatives	15	15	15	—	—
Total	149,819	152,480	54,634	95,977	1,868

(Note) Net receivables and payables arising from derivative transactions are presented on a net basis.

(iii) Currency risk management

The Group enters into transactions in foreign currencies because of its global business development, and is exposed to risk that profit or loss, cash flows, and others are subject to fluctuations in foreign exchange rates.

To avoid such risk, the Group has entered into forward exchange contracts as a derivative transaction for trade receivables and payables denominated in foreign currencies. The Finance & Accounting Department of Corporate Strategy Headquarters has entered into and managed transactions associated with the derivative transactions, and the General Manager of the Finance & Accounting Department of the Corporate Strategy Headquarters reports the status of such transactions in the monthly Board of Directors meeting.

Foreign exchange sensitivity analysis

If the U.S. dollar, the euro, and the Chinese yuan were to appreciate by 1% on the unhedged exposures of foreign currency-denominated assets and liabilities outstanding in each reporting period, the following impacts would be recorded in pre-tax income in the consolidated statements of profit or loss.

However, this analysis assumes that other fluctuation factors (balance, interest rate, etc.) are constant.

(Millions of Yen)

	Currency	Previous Fiscal Year (From January 1, 2024 to December 31, 2024)	Current Fiscal Year (From January 1, 2025 to December 31, 2025)
Profit Before Tax	USD	(64)	(27)
	EUR	(79)	5
	CNY	(9)	(17)

(iv) Interest rate risk management

The Group pays interest incurred to finance working capital, capital investment and other general corporate needs in order to carry out its business activities, and is exposed to interest rate risk that future cash flows of interest may fluctuate if it has borrowings with variable interest rates because the amount of interest is subject to fluctuations in market interest rates.

The Group has entered into interest-rate swaps to hedge interest rate volatility risks involved in borrowings, and interest-rate and currency swaps to hedge foreign exchange volatility risks and interest rate volatility risks involved in foreign currency-denominated borrowings.

Interest-rate sensitivity analysis

For each reporting period, the impact of a 1% increase in interest rates on profit before tax in the consolidated statements of profit or loss is as follows.

However, this analysis assumes that other fluctuation factors (balance, exchange rate, etc.) are constant.

(Millions of Yen)

	Previous Fiscal Year (From January 1, 2024 to December 31, 2024)	Current Fiscal Year (From January 1, 2025 to December 31, 2025)
Profit Before Tax	945	906

(v) Market price fluctuation risk management

Some of equity instruments held by the Group are exposed to market price fluctuation risk. The Group holds equity instruments for its policy objective, and none of them are held for short-term trading. The equity instruments include listed and unlisted shares. The Group regularly checks fair value and financial conditions of their issuers (i.e. business partners).

Market price fluctuation risk at the end of the fiscal year under review is considered immaterial.

(3) Fair value of financial instruments

For financial instruments measured at fair value, the fair value measurement amounts are classified from Level 1 to Level 3 according to the observability and materiality of the inputs used for measurement.

Level 1: Market prices of identical assets or liabilities in active markets (unadjusted)

Level 2: Fair value calculated using observable prices, directly or indirectly, other than Level 1

Level 3: Fair value derived from valuation techniques that include unobservable inputs

(i) Calculation methods of fair values

The calculation methods of fair values of financial instruments are as follows.

(Cash and cash equivalents, trade and other receivables, and trade and other payables)

The fair values of these financial instruments are almost equal to their carrying amounts because they are settled in a short time. For this reason, their fair values are based on their carrying amounts.

(Other financial assets and other financial liabilities)

The fair value of listed shares is measured based on market prices at the end of the reporting period. The fair value of unlisted shares is measured using valuation techniques including those based on discounted future cash flows, on market prices of comparable companies and on net asset value.

Derivatives are measured, as financial assets or liabilities measured at fair value through profit or loss, based on prices presented by the trading financial institutions.

(Bonds and borrowings)

Bonds are determined based on market prices or prices quoted by the trading financial institutions.

The fair value of long-term borrowings with variable interest rates is almost equal to their carrying amount because market interest rates are reflected in them in a short time. For this reason, the fair value is based on the carrying amount.

(ii) Financial instruments measured at amortized cost

Carrying amounts and fair values of financial instruments measured at amortized cost are as follows.

(Millions of Yen)

	Previous Fiscal Year (December 31, 2024)		Current Fiscal Year (December 31, 2025)	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities measured at amortized cost				
Bonds payable	70,000	69,125	80,000	78,044
Total	70,000	69,125	80,000	78,044

(Note) The fair value of bonds payable is classified as Level 2.

(iii) Financial instruments measured at fair value

The fair value hierarchy for financial instruments measured at fair value is as follows.

Previous fiscal year (December 31, 2024)

(Millions of Yen)

	Level 1	Level 2	Level 3	Total
Assets:				
Financial assets measured at fair value through profit or loss				
Other financial assets				
Derivatives	–	2,528	–	2,528
Stocks, etc.	–	–	1,252	1,252
Financial assets measured at fair value through other comprehensive income				
Other financial assets				
Stocks, etc.	3,479	–	626	4,105
Other	–	–	121	121
Total	3,479	2,528	2,000	8,009
Liabilities:				
Financial liabilities measured at fair value through profit or loss				
Other financial liabilities				
Derivatives	–	51	–	51
Total	–	51	–	51

Current fiscal year (December 31, 2025)

(Millions of Yen)

	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Financial assets measured at fair value through profit or loss				
Other financial assets				
Derivatives	–	1,699	–	1,699
Stocks, etc.	–	–	1,262	1,262
Financial assets measured at fair value through other comprehensive income				
Other financial assets				
Stocks, etc.	4,569	–	675	5,245
Other	–	–	107	107
Total	4,569	1,699	2,046	8,314
<b>Liabilities:</b>				
Financial liabilities measured at fair value through profit or loss				
Other financial liabilities				
Derivatives	–	15	–	15
Total	–	15	–	15

Transfers between levels of the fair value hierarchy are recognized on the date the event or change in circumstances that caused the transfer occurs. There were no material transfers between Level 1 and Level 2 fair values during each fiscal year.

(iv) Valuation process

Financial instruments classified as Level 3 are valued and the valuation results are analyzed by external valuation experts or appropriate valuation personnel in accordance with valuation policies and procedures approved by the responsible person at the Finance & Accounting Department. The valuation results are reviewed and approved by the General Manager of the Finance & Accounting Department of the Corporate Strategy Headquarters.

- (v) Reconciliation table from the beginning balance to the end balance of financial instruments classified as Level 3

Changes in financial instruments classified as Level 3 from the beginning of the fiscal year to the end of the fiscal year are as follows.

(Millions of Yen)

	Previous Fiscal Year (From January 1, 2024 to December 31, 2024)	Current Fiscal Year (From January 1, 2025 to December 31, 2025)
Beginning balance	2,011	2,000
Total gain and loss	33	18
Profit or loss (Note 1)	22	18
Other comprehensive income (Note 2)	10	(0)
Purchase	45	178
Other	(90)	(150)
Ending balance	2,000	2,046
Changes in unrealized gains and losses for the period recorded in profit or loss for assets held at the end of the reporting period (Note 1)	22	18

- (Notes)
1. Included in “Financial income” and “Financial costs” in the consolidated statements of profit or loss.
  2. Included in “Financial assets measured at fair value through other comprehensive income” in the consolidated statements of comprehensive income.

### 36. Important subsidiary

The main consolidated subsidiaries are as shown in “I. Overview of the Group, 4. Information on Subsidiaries and Associates.”

### 37. Related parties

Remuneration for key executives

(Millions of Yen)

	Previous Fiscal Year (From January 1, 2024 to December 31, 2024)	Current Fiscal Year (From January 1, 2025 to December 31, 2025)
Fixed Amount Remuneration/Performance-Linked Remuneration	588	441
Share-Based Payment	29	157
Total	618	599

### 38. Commitment

The Group's commitments for spending after the balance sheet date are as follows.

(Millions of Yen)

	Previous Fiscal Year (December 31, 2024)	Current Fiscal Year (December 31, 2025)
Acquisition of Property, Plant and Equipment	4,079	1,098
Total	4,079	1,098

39. Discontinued operation

(1) Outline of discontinued operation

On February 2, 2026, the Company entered into a basic agreement concerning a business transfer of its automotive & transportation business with AP87 Co., Ltd., a special purpose company indirectly funded by investment funds serviced by Advantage Partners, Inc. Since the requirements of classification of assets as held for sale in accordance with IFRS 5, “Non-current Assets Held for Sale and Discontinued Operations” have been met, the profit and loss from the automotive & transportation business have been classified as those from a discontinued operation, and those for the previous fiscal year are presented in the same manner.

(2) Profit and loss from the discontinued operation

(Millions of Yen)

	Previous Fiscal Year (From January 1, 2024 to December 31, 2024)	Current Fiscal Year (From January 1, 2025 to December 31, 2025)
Revenue	130,022	125,817
Cost of sales	116,487	112,721
Gross profit	13,534	13,095
Selling, general and administrative expenses	10,999	10,260
Other income	462	615
Other expenses	1,570	82,930
Operating income (loss)	1,426	(79,478)
Financial income	79	90
Financial costs	593	482
Profit (loss) before tax	912	(79,871)
Income tax expense	1,465	168
Loss from discontinued operation	(552)	(80,040)

(Note) Other expenses for the current fiscal year include a loss on business liquidation of ¥81,639 million recognized in relation to the measurement of assets held for sale at fair values less costs to sell.

(3) Cash flows from discontinued operation

Cash flows from discontinued operation are as follows:

(Millions of Yen)

	Previous Fiscal Year (From January 1, 2024 to December 31, 2024)	Current Fiscal Year (From January 1, 2025 to December 31, 2025)
Cash flows from operating activities	5,030	2,583
Cash flows from investing activities	(5,047)	(4,286)
Cash flows from financing activities	629	4,438

40. Subsequent event

(Transfer of the automotive & transportation business)

On February 2, 2026, the Company entered into a basic agreement concerning transfer of shares and assignment of receivables associated with its automotive & transportation business with AP87 Co., Ltd., a special purpose company indirectly funded by investment funds serviced by Advantage Partners, Inc. The transfer is planned to be completed on June 1, 2026.

(1) Reasons of transfer

The Company has established “Early Realization of ROE of Over 10%” as its new management policy and announced its management indicator targets and measures to achieve them at the announcement of financial results in February 2025. In addition to the “structural reform” in the industrial machinery business and the “selection and concentration” in the automotive & transportation business, the new management policy places greater emphasis on controlling shareholders’ equity, which is the denominator of ROE. In light of these circumstances, for the automotive & transportation business, the Company conducted a thorough examination of the expected cost of capital and return on invested capital (ROIC) at present and in the future as well. As a result, the Company has determined that transferring the automotive & transportation business is the most appropriate option.

(2) Name of transferee

AP87 Co., Ltd.

(3) Date of transfer

June 1, 2026 (scheduled)

(4) Names, businesses and transactions with the Company of consolidated subsidiaries that are subject to transfer

Name of subsidiaries	Businesses	Transactions
TRA Holdings CO., LTD.	A holding company of the automotive & transportation business	The Company and this subsidiary have entered loan agreements and other transactions.
THK RHYTHM AUTOMOTIVE CANADA LIMITED	Manufacturing and sales of transport equipment parts in the Americas	No items to report.
THK RHYTHM AUTOMOTIVE MICHIGAN CORPORATION	Manufacturing and sales of transport equipment parts in the Americas	No items to report.
THK RHYTHM AUTOMOTIVE CZECH a.s.	Manufacturing and sales of transport equipment parts in Europe	No items to report.
THK RHYTHM AUTOMOTIVE GmbH	Manufacturing and sales of transport equipment parts in Europe	No items to report.

(Note) TRA Holdings CO., LTD. directly or indirectly holds 100% of the shares in the following six companies. As a result of the transfers of shares, all the shares of these six subsidiaries will be transferred.

Name of subsidiaries	Businesses	Transactions
THK RHYTHM CO., LTD.	Manufacturing and sales of transport equipment parts	The Company and this subsidiary have entered loan agreements and other transactions.
THK RHYTHM NORTH AMERICA CO., LTD.	Manufacturing and sales of transport equipment parts in the Americas	No items to report.
THK RHYTHM MEXICANA, S.A. DE C.V.	Manufacturing and sales of transport equipment parts in the Americas	No items to report.
THK RHYTHM GUANGZHOU CO., LTD.	Manufacturing and sales of transport equipment parts in China	No items to report.
THK RHYTHM CHANGZHOU CO., LTD.	Manufacturing and sales of transport equipment parts in China	No items to report.
THK RHYTHM (THAILAND) CO., LTD.	Manufacturing and sales of transport equipment parts in other Asian areas	No items to report.

(5) Number of shares to be transferred, transfer price and number of holding shares before and after the transfers of shares

(i) TRA Holdings CO., LTD.

(1)	Number of shares held before the transfer	200,000 shares (voting rights: 200,000 rights, 100%)
(2)	Number of shares to be transferred	200,000 shares (voting rights: 200,000 rights)
(3)	Number of shares after the transfer	0 shares (voting rights: 0 rights, 0%)

(ii) THK RHYTHM AUTOMOTIVE CANADA LIMITED

(1)	Number of shares held before the transfer	500,000 shares (voting rights: 500,000 rights, 100%)
(2)	Number of shares to be transferred	500,000 shares (voting rights: 500,000 rights)
(3)	Number of shares after the transfer	0 shares (voting rights: 0 rights, 0%)

(iii) THK RHYTHM AUTOMOTIVE MICHIGAN CORPORATION

(1)	Number of shares held before the transfer	510 shares (voting rights: 510 rights, 100%)
(2)	Number of shares to be transferred	510 shares (voting rights: 510 rights)
(3)	Number of shares after the transfer	0 shares (voting rights: 0 rights, 0%)

(iv) THK RHYTHM AUTOMOTIVE CZECH a.s.

(1)	Number of shares held before the transfer	335,479 shares (voting rights: 335,479 rights, 100%)
(2)	Number of shares to be transferred	335,479 shares (voting rights: 335,479 rights)
(3)	Number of shares after the transfer	0 shares (voting rights: 0 rights, 0%)

(v) THK RHYTHM AUTOMOTIVE GmbH

(1)	Number of shares held before the transfer	1,000,000 shares (voting rights: 1,000,000 rights, 100%)
(2)	Number of shares to be transferred	1,000,000 shares (voting rights: 1,000,000 rights)
(3)	Number of shares after the transfer	0 shares (voting rights: 0 rights, 0%)

Due to non-disclosure obligations, the transfer price of the shares presented above is not disclosed.

(2) [Others]

Semi-annual information for the fiscal year under review, etc.

(YTD Period)	Semi-annual	Full Year
Revenue (Millions of Yen)	114,137	240,444
Profit Before Tax (Millions of Yen)	6,866	15,746
Profit (Loss) Attributable to Owners of the Parent (Millions of Yen)	3,727	(69,891)
Basic Earnings (Loss) per Share (Yen)	32.72	(618.66)

(Accounting Period)	Second Quarter	Fourth Quarter
Semi-annual Basic Earnings (Loss) per Share (Yen)	30.43	(670.83)

(Note) From the current fiscal year, the automotive & transportation business has been classified as a discontinued operation. Therefore, revenue and profit before tax in the table above represent amounts from continuing operations and exclude amounts from the discontinued operation, whereas profit (loss) attributable to owners of the parent is presented at the total amount of the continuing operations and discontinued operation.

2. [Non-consolidated Financial Statements, etc.]

(1) [Non-consolidated financial statements]

(i) [Non-consolidated balance sheet]

(Millions of Yen)

	Previous Fiscal Year (December 31, 2024)	Current Fiscal Year (December 31, 2025)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	24,603	26,283
Notes receivable	*5 556	*5 175
Electronically recorded monetary claims - operating	*5 17,832	*5 16,375
Accounts receivable	*2 27,239	*2 26,850
Merchandise and finished goods	14,966	13,784
Work in process	5,308	6,062
Raw materials and supplies	8,968	9,936
Prepaid expenses	1,294	1,336
Short-term loans	*2 15,610	*2 16,652
Accrued receivables	*2 4,749	*2 4,479
Other	*2 1,667	*2 2,517
Allowance for bad debts	(4)	(3)
<b>Total current assets</b>	<b>122,793</b>	<b>124,451</b>
<b>Fixed assets</b>		
<b>Tangible fixed assets</b>		
Buildings	13,107	12,656
Structures	624	575
Machinery and equipment	35,853	37,016
Vehicles	56	41
Tools and supplies	1,496	1,736
Land	6,899	6,899
Lease assets	424	289
Construction in progress	8,180	6,158
<b>Total tangible fixed assets</b>	<b>*1 66,643</b>	<b>*1 65,373</b>
<b>Intangible fixed assets</b>		
Software	1,931	1,899
Other	419	374
<b>Total intangible fixed assets</b>	<b>2,350</b>	<b>2,273</b>
<b>Investments and other assets</b>		
Investment securities	4,923	6,070
Shares of subsidiaries and associates	116,758	93,504
Investments in capital of subsidiaries and associates	42,700	42,700
Long-term loans	*2 6,217	*2 6,217
Insurance reserve	1,239	1,182
Prepaid pension costs	697	1,486
Deferred tax assets	726	2,830
Other	855	844
Allowance for bad debts	(36)	(1,017)
<b>Total investments and other assets</b>	<b>174,081</b>	<b>153,818</b>
<b>Total fixed assets</b>	<b>243,075</b>	<b>221,465</b>
<b>Total assets</b>	<b>365,869</b>	<b>345,917</b>

(Millions of Yen)

	Previous Fiscal Year (December 31, 2024)	Current Fiscal Year (December 31, 2025)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable	*2 6,772	*2 6,986
Electronically recorded obligations - operating	4,651	4,118
Short-term loans payable	*2 4,597	*2 24,866
Current portion of bonds payable	20,000	10,000
Current portion of long-term loans payable	2,185	2,185
Lease obligations	229	150
Accrued payables	*2 5,019	*2 4,950
Accrued expenses	*2 3,456	*2 3,619
Income taxes payable	1,774	911
Contract liabilities	2	0
Deposits received	300	185
Reserve for bonuses	2,750	2,750
Provision for loss on business liquidation	—	42,000
Other	28	44
<b>Total current liabilities</b>	<b>51,768</b>	<b>102,768</b>
<b>Long-term liabilities</b>		
Bonds payable	50,000	70,000
Long-term loans payable	22,185	20,000
Lease obligations	245	194
Other	759	731
<b>Total long-term liabilities</b>	<b>73,190</b>	<b>90,925</b>
<b>Total liabilities</b>	<b>124,959</b>	<b>193,694</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Common stock	34,606	34,606
<b>Capital surplus</b>		
Capital reserve	47,471	47,471
Other capital surplus	30	—
<b>Total capital surplus</b>	<b>47,501</b>	<b>47,471</b>
<b>Profit surplus</b>		
Legal retained earnings	1,958	1,958
<b>Other profit surplus</b>		
Reserve for advanced depreciation of land	15	15
Dividend reserve	2,000	2,000
General reserve	157,000	157,000
Profit surplus carried forward	17,182	(70,912)
<b>Total profit surplus</b>	<b>178,157</b>	<b>90,061</b>
Treasury stock	(21,098)	(22,439)
<b>Total shareholders' equity</b>	<b>239,167</b>	<b>149,700</b>
<b>Valuation/conversion difference, etc.</b>		
Net unrealized gain on available-for-sale securities	1,742	2,522
<b>Total valuation/conversion difference, etc.</b>	<b>1,742</b>	<b>2,522</b>
<b>Total net assets</b>	<b>240,909</b>	<b>152,223</b>
<b>Total liabilities and net assets</b>	<b>365,869</b>	<b>345,917</b>

## (ii) [Non-consolidated statements of income]

(Millions of Yen)

	Previous Fiscal Year (From January 1, 2024 to December 31, 2024)		Current Fiscal Year (From January 1, 2025 to December 31, 2025)	
Revenue	*1	144,737	*1	145,070
Cost of sales	*1	107,988	*1	108,662
Gross profit		36,748		36,408
Selling, general and administrative expenses	*1,*2	32,627	*1,*2	32,172
Operating income		4,121		4,235
Non-operating income				
Interest received	*1	191	*1	306
Dividends received	*1	11,688	*1	40,151
Foreign exchange profit	*1	687	*1	31
Rent income	*1	474	*1	558
Royalty income	*1	1,012	*1	1,145
Miscellaneous income	*1	604	*1	476
Total non-operating income		14,657		42,670
Non-operating expenses				
Interest expenses	*1	230	*1	292
Interest on corporate bonds		264		469
Bond issuance cost		—		166
Rent expenses	*1	86	*1	161
Commission for purchase of treasury stock		—		532
Miscellaneous loss	*1	176	*1	180
Total non-operating expenses		758		1,802
Ordinary income		18,020		45,103
Extraordinary income				
Gain on sale of fixed assets	*3	28	*3	46
Gain on sale of investment securities		441		66
Employment adjustment subsidy		240		—
Total extraordinary income		710		113
Extraordinary loss				
Loss on sale and retirement of fixed assets	*4	112	*4	160
Loss on valuation of shares of subsidiaries and associates		—	*5	27,177
Provision of allowance for bad debts for subsidiaries and associates		—		980
Provision for loss on business liquidation		—	*6	42,000
Total extraordinary loss		112		70,319
Net income (loss) before income taxes		18,618		(25,102)
Income taxes - current		3,274		2,058
Income taxes - deferred		(151)		(2,459)
Total income taxes		3,122		(400)
Net income (loss)		15,495		(24,701)

## (iii) [Statement of changes in equity]

Previous fiscal year (from January 1, 2024 to December 31, 2024)

(Millions of Yen)

	Shareholders' equity			
	Common stock	Capital surplus		
		Capital reserve	Other capital surplus	Total capital surplus
Balance as of January 1, 2024	34,606	47,471	12	47,484
Changes in the fiscal year				
Dividends from surplus				
Provision of general reserve				
Net income				
Purchase of treasury stock				
Disposition of treasury stock			17	17
Net changes in items other than shareholders' equity during the fiscal year				
Total changes in the fiscal year	–	–	17	17
Balance as of December 31, 2024	34,606	47,471	30	47,501

	Shareholders' equity					
	Profit surplus					
	Legal retained earnings	Other profit surplus				Total profit surplus
Reserve for advanced depreciation of land		Dividend reserve	General reserve	Profit surplus carried forward		
Balance as of January 1, 2024	1,958	15	2,000	152,000	10,855	166,829
Changes in the fiscal year						
Dividends from surplus					(4,168)	(4,168)
Provision of general reserve				5,000	(5,000)	–
Net income					15,495	15,495
Purchase of treasury stock						
Disposition of treasury stock						
Net changes in items other than shareholders' equity during the fiscal year						
Total changes in the fiscal year	–	–	–	5,000	6,327	11,327
Balance as of December 31, 2024	1,958	15	2,000	157,000	17,182	178,157

	Shareholders' equity		Valuation/conversion difference, etc.		Total net assets
	Treasury stock	Total shareholders' equity	Net unrealized gain on available-for-sale securities	Total valuation/conversion difference, etc.	
Balance as of January 1, 2024	(17,125)	231,795	1,701	1,701	233,497
Changes in the fiscal year					
Dividends from surplus		(4,168)			(4,168)
Provision of general reserve		–			–
Net income		15,495			15,495
Purchase of treasury stock	(4,020)	(4,020)			(4,020)
Disposition of treasury stock	47	65			65
Net changes in items other than shareholders' equity during the fiscal year			40	40	40
Total changes in the fiscal year	(3,973)	7,371	40	40	7,412
Balance as of December 31, 2024	(21,098)	239,167	1,742	1,742	240,909

Current fiscal year (from January 1, 2025 to December 31, 2025)

(Millions of Yen)

	Shareholders' equity			
	Common stock	Capital surplus		
		Capital reserve	Other capital surplus	Total capital surplus
Balance as of January 1, 2025	34,606	47,471	30	47,501
Changes in the fiscal year				
Dividends from surplus				
Net loss				
Purchase of treasury stock				
Disposition of treasury stock			87	87
Cancellation of treasury stock			(117)	(117)
Net changes in items other than shareholders' equity during the fiscal year				
Total changes in the fiscal year	–	–	(30)	(30)
Balance as of December 31, 2025	34,606	47,471	–	47,471

	Shareholders' equity					
	Profit surplus					Total profit surplus
	Legal retained earnings	Other profit surplus				
Reserve for advanced depreciation of land		Dividend reserve	General reserve	Profit surplus carried forward		
Balance as of January 1, 2025	1,958	15	2,000	157,000	17,182	178,157
Changes in the fiscal year						
Dividends from surplus					(29,393)	(29,393)
Net loss					(24,701)	(24,701)
Purchase of treasury stock						
Disposition of treasury stock						
Cancellation of treasury stock					(33,999)	(33,999)
Net changes in items other than shareholders' equity during the fiscal year						
Total changes in the fiscal year	–	–	–	–	(88,095)	(88,095)
Balance as of December 31, 2025	1,958	15	2,000	157,000	(70,912)	90,061

	Shareholders' equity		Valuation/conversion difference, etc.		Total net assets
	Treasury stock	Total shareholders' equity	Net unrealized gain on available-for-sale securities	Total valuation/conversion difference, etc.	
Balance as of January 1, 2025	(21,098)	239,167	1,742	1,742	240,909
Changes in the fiscal year					
Dividends from surplus		(29,393)			(29,393)
Net loss		(24,701)			(24,701)
Purchase of treasury stock	(35,986)	(35,986)			(35,986)
Disposition of treasury stock	527	615			615
Cancellation of treasury stock	34,117	–			–
Net changes in items other than shareholders' equity during the fiscal year			779	779	779
Total changes in the fiscal year	(1,341)	(89,466)	779	779	(88,686)
Balance as of December 31, 2025	(22,439)	149,700	2,522	2,522	152,223

[Notes]

**(Significant accounting policies)**

1. Valuation basis and method for securities

(1) Other securities

Other than stocks, etc., without market prices

Fair value method based on the market price, etc., as of the last date of the fiscal year (Valuation difference is reported, net of applicable taxes, in a separate component of net assets. The cost of securities sold is determined by the moving-average method.)

Stocks, etc., without market prices

Moving-average cost method

Equity interests in investment business limited partnerships (those deemed to be securities under Article 2, Paragraph 2 of the Financial Instruments and Exchange Act) are based on the most recent financial statements available according to the settlement date stipulated in the partnership agreement. The amount equivalent to the equity is treated as a net amount.

(2) Shares of and investments in capital of subsidiaries and associates

Moving-average cost method

2. Valuation basis and method for derivatives

Fair value method has been adopted.

3. Valuation basis and method for inventories

(1) Merchandise and finished goods

Stated at cost by the gross average method, in principle. (Amounts in the balance sheets were calculated by writing down the book value as a result of a decrease in profitability.)

(2) Work in process

For planned products, stated at cost by the gross average method, in principle. For made-to-order products, stated at cost by the specific identification method, in principle. (Amounts in the balance sheets were calculated by writing down the book value as a result of a decrease in profitability.)

(3) Raw materials and supplies

Stated at cost by the gross average method, in principle. (Amounts in the balance sheets were calculated by writing down the book value as a result of a decrease in profitability.)

4. Depreciation method for fixed assets

(1) Tangible fixed assets (excluding lease assets)

Straight-line method

(2) Intangible fixed assets (excluding lease assets)

Straight-line method

However, software for internal use is amortized by the straight-line method over the estimated internal useful life (five years).

(3) Lease assets

Leased properties related to non-ownership transfer finance lease transactions

Depreciation is calculated using the straight-line method with the useful life equal to the lease period and the residual value of zero.

5. Accounting standards for significant allowances

(1) Allowance for bad debts

To prepare for losses from bad debts related to receivables, an allowance is provided for bad debts estimated based on the actual rate of losses from bad debts for ordinary receivables, and on the estimated recoverability for specific doubtful receivables.

(2) Reserve for bonuses

To prepare for bonus payments to employees, the reserve for bonuses is provided at an amount as a defrayment for the fiscal year under review based on the estimated amount of future payments.

(3) Provision for loss on business liquidation

To prepare for losses arising in connection with the sale of businesses, etc., an amount estimated to be incurred is provided.

(4) Reserve for employees' retirement benefits

The reserve for employees' retirement benefits is provided at an amount recognized to have accrued as of the balance-sheet date based on the projected retirement benefit obligation and fair value of pension assets at the end of the fiscal year under review.

The actuarial gain or loss is amortized by the straight-line method over a certain period of time (ten years) that is within the average remaining service period at the time of recognition starting from the fiscal year following the recognition.

Prior service cost is charged to expenses using the straight-line method over a certain period (15 years) that is within the average remaining service period of the employees when incurred.

6. Method of hedge accounting

(1) Method of hedge accounting

The special accounting treatment is adopted for interest-rate swaps because they satisfy the requirements of such special accounting. The integrated treatment (special accounting treatment, appropriation treatment) is adopted for interest-rate and currency swaps that satisfy the requirements of such integrated treatment.

(2) Hedging instruments and hedged items

Interest-rate swaps                      Interest on borrowings

Interest-rate and currency swaps    Foreign currency-denominated borrowings and interest on borrowings

(3) Hedge policy

Interest-rate swaps are intended to hedge interest rate volatility risks involved in borrowings. Interest-rate and currency swaps are intended to hedge foreign exchange volatility risks and interest rate volatility risks involved in foreign currency-denominated borrowings.

(4) Valuation method for hedge validity

Valuation of the validity of interest-rate swaps is omitted because they satisfy the requirements of the special accounting treatment. Valuation of the validity of interest-rate and currency swaps is omitted because they satisfy the requirements of integrated treatment (special accounting treatment, appropriation treatment).

7. Accounting standards for revenue and expenses

The Company applies the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc., and recognizes revenue by applying the following five steps to customer contracts.

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The Company’s main products and services had been industrial machinery and transportation equipment. Since the current fiscal year, however, the Company has changed its business structure to one based on the industrial machinery business. On February 2, 2026, the Company entered into a basic agreement concerning a business transfer of its automotive & transportation business with AP87 Co., Ltd., a special purpose company indirectly funded by investment funds serviced by Advantage Partners, Inc. Industrial machinery business mainly engages in manufacturing and sales of vital machinery components centering on a linear motion system as well as manufacturing and sales of industrial machinery.

Of these, it is determined that the performance obligation is satisfied for sales within the same country, unless otherwise stipulated in the contract, at the time the product arrives at the customer, and for export sales, at the time when it is assumed that the customer has obtained control of the product based on the terms and conditions of trade. Revenue is recorded at the time when the performance obligation is satisfied.

8. Other important matters that form the basis for the preparation of non-consolidated financial statements

(1) Accounting for retirement benefits

The method of accounting for unrecognized actuarial gains and losses related to retirement benefits and unrecognized past service cost differs from the method used in the consolidated financial statements.

**(Significant accounting estimates)**

Valuation of investments in associates

(1) Amounts recorded on the non-consolidated financial statements for the fiscal year under review

(Millions of Yen)

Accounting Item	Previous Fiscal Year	Current Fiscal Year
Shares of subsidiaries and associates	116,758	93,504
Investments in capital of subsidiaries and associates	42,700	42,700
Loss on valuation of shares of subsidiaries and associates	—	27,177
Provision for loss on business liquidation	—	42,000

(2) Information that is useful for understanding the details of the accounting estimates

In valuing investments in associates, excluding where there are market prices or values reasonably determined, the Company recognizes the impairment of investments when the actual value of an investment has significantly

declined due to a deterioration in the financial conditions of the relevant investee, except where substantiated by sufficient proof of recoverability.

Recoverability in the event of a significant decline in the actual value is reasonably estimated based on business plans, etc., of associates.

Such estimate is primarily influenced by the management's judgment on the reasonableness of the business plans of associates that involve future uncertainty, and this may have a material impact on the amounts to be recognized in non-consolidated financial statements for the following fiscal years.

**(Matters related to balance sheet)**

\*1 Amount of tax purpose reduction entry with national subsidy:

(Millions of Yen)

	Previous Fiscal Year (December 31, 2024)	Current Fiscal Year (December 31, 2025)
	150	150

\*2 Monetary claims and monetary obligations to subsidiaries and associates (excluding those separately indicated)

(Millions of Yen)

	Previous Fiscal Year (December 31, 2024)	Current Fiscal Year (December 31, 2025)
Short-term monetary claims	26,209	29,504
Short-term monetary liabilities	8,428	9,233
Long-term monetary claims	6,217	6,217

3 Guarantee liability

(Millions of Yen)

	Previous Fiscal Year (December 31, 2024)	Current Fiscal Year (December 31, 2025)
Electricity rate liabilities		
THK RHYTHM AUTOMOTIVE CANADA LIMITED	31	30
Trade payables		
THK RHYTHM CO., LTD.	32	29
TALK SYSTEM CO., LTD.	34	23
THK INTECHS CO., LTD.	–	1
NIPPON SLIDE CO., LTD.	13	–
Total	112	84

4 The Company has concluded Specified Commitment Line Contract with its main correspondent financial institutions to efficiently procure working capital.

(Millions of Yen)

	Previous Fiscal Year (December 31, 2024)	Current Fiscal Year (December 31, 2025)
Loan limit of Specified Commitment Line Contract	30,000	50,000
Borrowing outstanding balance	–	20,000
Balance	30,000	30,000

- \*5 Regarding the accounting treatment of bills maturing on the last day of the term, it is treated as if the settlement was made on the maturity date.  
 In addition, as the last day of the current fiscal year was a holiday for financial institutions, the bills maturing on the last day of the next term are treated as having been settled on the maturity date.

(Millions of Yen)

	Previous Fiscal Year (December 31, 2024)	Current Fiscal Year (December 31, 2025)
Notes receivable	26	21
Electronically recorded monetary claims - operating	2,610	2,241

**(Matters related to statement of income)**

\*1 Volume of transactions with associates

(Millions of Yen)

	Previous Fiscal Year (From January 1, 2024 to December 31, 2024)	Current Fiscal Year (From January 1, 2025 to December 31, 2025)
Revenue	59,652	61,778
Purchases	23,619	22,115
Other operating transactions	1,467	1,614
Non-operating transactions	3,450	3,426

\*2 Major expenses, amounts, and approximate ratios of selling, general and administrative expenses are as follows.

(Millions of Yen)

	Previous Fiscal Year (From January 1, 2024 to December 31, 2024)	Current Fiscal Year (From January 1, 2025 to December 31, 2025)
Packing and transportation costs	3,216	2,898
Advertising expenses	1,780	1,276
Salaries	8,781	9,241
Provision for reserve for bonuses	1,031	1,052
Retirement benefit expenses	286	269
Rent expenses	2,259	2,443
Depreciation	821	917
Research and development expenses	6,277	5,676
Commission expenses	710	598
Outsourcing expenses	1,984	2,557

(%)

Approximate percentage		
Selling expenses	15.8	13.3
General and administrative expenses	84.2	86.7

\*3 The breakdown of gain on sale of fixed assets is as follows.

(Millions of Yen)

	Previous Fiscal Year (From January 1, 2024 to December 31, 2024)	Current Fiscal Year (From January 1, 2025 to December 31, 2025)
Machinery and equipment	26	45
Vehicles	2	–
Tools and supplies	0	1
Total	28	46

\*4 The breakdown of loss on disposition and sale of fixed assets is as follows.

(Millions of Yen)

	Previous Fiscal Year (From January 1, 2024 to December 31, 2024)	Current Fiscal Year (From January 1, 2025 to December 31, 2025)
Buildings	65	12
Structures	0	0
Machinery and equipment	12	69
Vehicles	0	0
Tools and supplies	0	5
Lease assets	–	0
Construction in progress	32	72
Software	1	–
Total	112	160

\*5 Loss on valuation of shares of subsidiaries and associates

Previous fiscal year (from January 1, 2024 to December 31, 2024)

Not applicable

Current fiscal year (from January 1, 2025 to December 31, 2025)

The Company recorded loss on valuation of shares of subsidiaries and associates amounting to ¥27,177 million under extraordinary loss as it recognized impairment loss due to the decline in the actual value of shares of consolidated subsidiaries TRA Holdings CO., LTD., THK RHYTHM AUTOMOTIVE CANADA LIMITED, THK RHYTHM AUTOMOTIVE CZECH a.s., THK RHYTHM AUTOMOTIVE GmbH, and THK RHYTHM AUTOMOTIVE MICHIGAN CORPORATION.

\*6 Provision for loss on business liquidation

Previous fiscal year (from January 1, 2024 to December 31, 2024)

Not applicable

Current fiscal year (from January 1, 2025 to December 31, 2025)

On February 2, 2026, the Company entered into a basic agreement concerning a business transfer of its automotive & transportation business with AP87 Co., Ltd., a special purpose company indirectly funded by investment funds serviced by Advantage Partners, Inc. Consequently, a loss amounting to ¥42,000 million that is expected to be incurred at the time of transfer was recorded as provision for loss on business liquidation under extraordinary loss.

**(Matters related to securities)**

Previous fiscal year (December 31, 2024)

	<u>Balance sheet amount</u>	<u>Fair value</u>	<u>(Millions of Yen) Difference</u>
Subsidiary shares and associate shares	1,069	6,330	5,261

(Note) Stocks, etc., of subsidiaries and associates without market prices

(Millions of Yen)

Classification	Balance Sheet Amount
Subsidiary Shares	115,622
Associate Shares	66
Total	115,689

These are not included in “Subsidiary shares and associate shares” above because they are stocks, etc., without market prices.

Current fiscal year (December 31, 2025)

	<u>Balance sheet amount</u>	<u>Fair value</u>	<u>(Millions of Yen) Difference</u>
Subsidiary shares and associate shares	1,069	7,587	6,518

(Note) Stocks, etc., of subsidiaries and associates without market prices

(Millions of Yen)

Classification	Balance Sheet Amount
Subsidiary Shares	92,368
Associate Shares	66
Total	92,434

These are not included in “Subsidiary shares and associate shares” above because they are stocks, etc., without market prices.

**(Matters related to tax effect accounting)**

## 1. Breakdown of deferred tax assets and deferred tax liabilities according to the main cause of occurrence

(Millions of Yen)

	Previous Fiscal Year (December 31, 2024)	Current Fiscal Year (December 31, 2025)
<b>(Deferred tax assets)</b>		
Loss on valuation of shares of subsidiaries and associates	10,169	18,491
Provision for loss on business liquidation	—	12,860
Loss on valuation of investments in capital of subsidiaries and associates	1,127	1,127
Reserve for bonuses	842	842
Inventory valuation loss	575	634
Allowance for bad debts	421	721
Accrued business tax	165	139
Accrued retirement compensation for officers	227	218
Accrued expenses	132	123
Loss on valuation of investment securities	142	149
Impairment losses	32	32
Excess of depreciation and amortization	28	11
Other	693	884
Subtotal of deferred tax assets	14,557	36,236
Valuation allowance for total deductible temporary differences	(12,882)	(31,846)
Valuation allowance subtotal	(12,882)	(31,846)
Total deferred tax assets	1,675	4,389
<b>(Deferred tax liabilities)</b>		
Net unrealized gain on available-for-sale securities	(727)	(1,083)
Other	(221)	(475)
Total deferred tax liabilities	(948)	(1,558)
Net deferred tax assets	726	2,830

2. Breakdown of main items that served as the cause of a significant difference between the legal effective tax rate and the corporate tax ratio after application of tax effect accounting

	Previous Fiscal Year (December 31, 2024)	Current Fiscal Year (December 31, 2025)
Legal effective tax rate	30.6	–
(Adjustments)		
Items permanently not included as a deductible, such as entertainment costs	2.0	–
Items permanently not included as revenue, such as dividends received	(18.2)	–
Equal installments of inhabitant tax	0.3	–
Special deduction for experimental research, etc.	(3.4)	–
Valuation allowance	(0.1)	–
Other	5.6	–
Corporate tax ratio after application of tax effect accounting	16.8	–

(Note) The breakdown information for the current fiscal year is omitted because of the recording of net loss before income taxes.

**(Matters related to revenue recognition)**

Information that forms the basis for understanding revenues from contracts with customers has been omitted from the Notes because the same information is presented in “26. Revenue,” in the notes to the consolidated financial statements.

**(Significant subsequent events)**

Notes are omitted because the same information is presented in “40. Subsequent event,” in the notes to the consolidated financial statements.

(iv) [Supplementary schedules]  
[Schedule of tangible fixed assets, etc.]

(Millions of Yen)

Classification	Type of Asset	Balance as of January 1, 2025	Increase During the Period	Decrease During the Period	Depreciation/Amortization for the Period	Balance as of December 31, 2025	Accumulated Depreciation/Amortization
Tangible Fixed Assets	Buildings	13,107	470	7	914	12,656	26,482
	Structures	624	19	0	68	575	1,937
	Machinery and equipment	35,853	7,279	523	5,593	37,016	69,577
	Vehicles	56	2	0	17	41	200
	Tools and supplies	1,496	805	7	559	1,736	10,902
	Land	6,899	–	–	–	6,899	–
	Lease assets	424	70	0	206	289	900
	Construction in progress	8,180	7,021	9,044	–	6,158	–
	Total	66,643	15,671	9,582	7,359	65,373	110,000
Intangible Fixed Assets	Software	1,931	599	–	631	1,899	5,163
	Other	419	498	542	1	374	281
	Total	2,350	1,097	542	632	2,273	5,445
Investments and Other Assets	Long-term prepaid expenses	25	7	–	18	15	96

(Notes) 1. The main item of the amount of increase in buildings during the period is as follows.

Kofu Plant Replacement of changing room windows and associated costs, etc. ¥147 million

2. The main item of the amount of increase in structures during the period is as follows.

Yamagata Plant Concrete floor works at the site of the former underground tank at the first plant ¥5 million

3. The main items of the amount of increase in machinery and equipment during the period are as follows.

Yamaguchi Plant Large system straightening machine, etc. ¥2,219 million

Kofu Plant Renovation of special high-voltage equipment, etc. ¥2,101 million

Yamagata Plant External thread grinding machine, etc. ¥1,324 million

4. The main items of the amount of increase in tools, furniture and fixtures during the period are as follows.

Yamaguchi Plant Mold, etc. ¥245 million

Kofu Plant Installation of network equipment, etc. ¥77 million

5. The main items of the amount of increase in construction in progress during the period are as follows.

Yamaguchi Plant Rail grinding machine, etc. ¥1,558 million

Yamagata Plant Four-disc grinding machine, etc. ¥936 million

Kofu Plant Grinding machine, etc. ¥439 million

6. The main item of the amount of increase in software during the period is as follows.

Head Office Purchase of additional COMPANY license, etc. ¥28 million

7. The main items of the amount of decrease in construction in progress during the period are as follows.
- |                 |  |                |
|-----------------|--|----------------|
| Yamaguchi Plant | Operation of grinding machine, etc.                              | ¥1,889 million |
| Kofu Plant      | Completion of renovation of special high-voltage equipment, etc. | ¥1,777 million |
8. The main item of the amount of decrease in intangible fixed assets during the period is as follows.
- |  |                      |              |
|--|----------------------|--------------|
|  | Transfer to software | ¥542 million |
|--|----------------------|--------------|

[Reserve schedule]

(Millions of Yen)

Line Item	Balance as of January 1, 2025	Increase During the Period	Decrease During the Period	Balance as of December 31, 2025
Allowance for Bad Debts	40	983	4	1,020
Reserve for Bonuses	2,750	2,750	2,750	2,750
Provision for Loss on Business Liquidation	–	42,000	–	42,000

(2) [Major assets and liabilities]

This note is omitted as Consolidated Financial Statements are prepared.

(3) [Other]

Not applicable

## VI. [Overview of Stock-related Administration for the Reporting Company]

Fiscal year	From January 1 to December 31
Ordinary General Meeting of Shareholders	March
Record date	December 31
Record date for dividends of surplus	June 30 and December 31
Number of shares constituting one unit	100 shares
Buyback of shares less than one unit	
Handling office	(Special account) 1-4-5 Marunouchi, Chiyoda-ku, Tokyo, Japan Securities Agency Division, Mitsubishi UFJ Trust and Banking Corporation
Shareholder registry administrator	(Special account) 1-4-5 Marunouchi, Chiyoda-ku, Tokyo, Japan Mitsubishi UFJ Trust and Banking Corporation
Forward office	—
Purchasing fee	Amount separately specified as fees for stock brokerage
Method of public notice	Electronic public notice; however, if the Company cannot give notice by means of electronic public notice due to an accident or other inevitable reason, public notice will be published in Nihon Keizai Shimbun. The Company's electronic public notice is available on its website. <a href="https://www.thk.com/jp/en/ir/">https://www.thk.com/jp/en/ir/</a>
Special benefit for shareholders	Not applicable

(Notes) Shareholders of the Company may not exercise any rights other than the following rights with respect to shares less than one unit that they hold.

1. Rights as stipulated in the items in Article 189, Paragraph 2 of the Companies Act
2. Right to make a claim under Article 166, Paragraph 1 of the Companies Act
3. Right to allotment of shares for subscription and allotment of share options for subscription in proportion to the number of shares held
4. Right to demand the sale of shares less than one unit

## VII. [Reference Information on the Reporting Company]

### 1. [Information on the Parent Company, etc. of Reporting Company]

The Company does not have a parent company, etc.

### 2. [Other Reference Information]

The Company filed the following documents during the period from the beginning date of the fiscal year under review to the filing date of the Annual Securities Report.

#### (1) Annual Securities Report and attached documents, and Confirmation Letter

55th fiscal year (from January 1, 2024 to December 31, 2024)

Filed with the Director-General of the Kanto Local Finance Bureau on March 17, 2025.

#### (2) Internal Control Report and attached documents

55th fiscal year (from January 1, 2024 to December 31, 2024)

Filed with the Director-General of the Kanto Local Finance Bureau on March 17, 2025.

#### (3) Semi-annual Securities Report and Confirmation Letter

Semi-annual period of the 56th fiscal year (from January 1, 2025 to June 30, 2025)

Filed with the Director-General of the Kanto Local Finance Bureau on August 7, 2025.

#### (4) Extraordinary Report

An extraordinary report pursuant to Article 19, Paragraph 2, Item 9-2 “Results of exercise of voting rights at general meeting of shareholders” of the Cabinet Office Order on Disclosure of Corporate Affairs

Filed with the Director-General of the Kanto Local Finance Bureau on March 17, 2025.

An extraordinary report pursuant to Article 19, Paragraph 2, Item 2-2 “Issuance of shares or share option certificates, etc. for which notifications may be omitted” of the Cabinet Office Order on Disclosure of Corporate Affairs

Filed with the Director-General of the Kanto Local Finance Bureau on March 17, 2025.

An extraordinary report pursuant to Article 19, Paragraph 2, Item 3 “Change to a specified subsidiary company,” Item 12 “Event which may have serious effects on the financial position, operating results and cash flow status,” and Item 19 “Event which may have serious effects on the financial position, operating results and cash flow status of the relevant consolidated companies” of the Cabinet Office Order on Disclosure of Corporate Affairs

Filed with the Director-General of the Kanto Local Finance Bureau on February 2, 2026.

An extraordinary report pursuant to Article 19, Paragraph 2, Item 9-4 “Changes to the certified public accountant, etc. for audits” of the Cabinet Office Order on Disclosure of Corporate Affairs

Filed with the Director-General of the Kanto Local Finance Bureau on February 19, 2026.

#### (5) Amendment Report for Extraordinary Report

An extraordinary report pursuant to Article 19, Paragraph 2, Item 2-2 “Issuance of shares or share option certificates, etc. for which notifications may be omitted” of the Cabinet Office Order on Disclosure of Corporate Affairs

Filed with the Director-General of the Kanto Local Finance Bureau on April 7, 2025.

An extraordinary report pursuant to Article 19, Paragraph 2, Item 3 “Change to a specified subsidiary company,” Item 12 “Event which may have serious effects on the financial position, operating results and cash flow status,” and Item 19 “Event which may have serious effects on the financial position, operating results and cash flow status of the relevant consolidated companies” of the Cabinet Office Order on Disclosure of Corporate Affairs

- Filed with the Director-General of the Kanto Local Finance Bureau on February 19, 2026.
- (6) Shelf Registration Statement for Issuance of Straight Corporate Bonds  
Filed with the Director-General of the Kanto Local Finance Bureau on June 3, 2025.
- (7) Amended Shelf Registration Statement for Issuance of Straight Corporate Bonds  
Filed with the Director-General of the Kanto Local Finance Bureau on April 7, 2025.  
Filed with the Director-General of the Kanto Local Finance Bureau on February 2, 2026.  
Filed with the Director-General of the Kanto Local Finance Bureau on February 19, 2026.
- (8) Amendment Report for Securities Registration Statement  
Filed with the Director-General of the Kanto Local Finance Bureau on February 12, 2025.  
Filed with the Director-General of the Kanto Local Finance Bureau on March 17, 2025.  
Filed with the Director-General of the Kanto Local Finance Bureau on April 7, 2025.
- (9) Shelf Registration Supplement for Issuance of Straight Corporate Bonds and attached documents  
Filed with the Director-General of the Kanto Local Finance Bureau on July 10, 2025.
- (10) Share Buyback Report  
(From March 1, 2025 to March 31, 2025)  
Filed with the Director-General of the Kanto Local Finance Bureau on April 15, 2025.  
(From April 1, 2025 to April 30, 2025)  
Filed with the Director-General of the Kanto Local Finance Bureau on May 15, 2025.  
(From May 1, 2025 to May 31, 2025)  
Filed with the Director-General of the Kanto Local Finance Bureau on June 16, 2025.  
(From June 1, 2025 to June 30, 2025)  
Filed with the Director-General of the Kanto Local Finance Bureau on July 15, 2025.  
(From July 1, 2025 to July 31, 2025)  
Filed with the Director-General of the Kanto Local Finance Bureau on August 7, 2025.  
(From August 1, 2025 to August 31, 2025)  
Filed with the Director-General of the Kanto Local Finance Bureau on September 16, 2025.  
(From September 1, 2025 to September 30, 2025)  
Filed with the Director-General of the Kanto Local Finance Bureau on October 15, 2025.  
(From October 1, 2025 to October 31, 2025)  
Filed with the Director-General of the Kanto Local Finance Bureau on November 17, 2025.  
(From November 1, 2025 to November 30, 2025)  
Filed with the Director-General of the Kanto Local Finance Bureau on December 15, 2025.

Part II. [Information on Guarantors, etc. for the Reporting Company]

Not applicable