THK’s History

THK CO., LTD. manufactures and supplies vital machine components around the world. THK products help to convert slippage into controlled rotary motion, enabling parts of machinery to move smoothly, easily, and precisely with linear motion. As a company focused on creation and development driven by its corporate philosophy of providing innovative products to the world and generating new trends to contribute to the creation of an affluent society, THK has continued to focus on the development of a variety of products, including the Linear Motion (LM) Guide, since its establishment in 1971.

The 1970s
Establishment and the Early Years

While rolling motion was commonly achieved through rolling contact utilizing rotary bearings, linear motion was considered difficult to achieve through rolling contact, and it primarily came from sliding contact instead. In 1971, THK developed the ball spline, which enabled a higher level of linear motion precision and performance. This ball spline was the predecessor to THK's current mainstay product, the LM Guide, which was first introduced in 1972.

In 1979, the Company’s products were adopted by a U.S.-based pioneer of the machine center and world-class leader of its day. This breakthrough was the catalyst for the increased use of the LM Guide in machine tools.

Revenue
(Millions of yen)

Ball Spline
Developed in the same year that THK was established, the ball spline was the precursor to the LM Guide. This revolutionary product allows balls to roll along a round groove machined into the ball spline's shaft, allowing the load that the device can tolerate and permitting the transmission of torque.

1971 THK established
1972 THK Europe GmbH (GER) established
1977 Kitakata Plant (JPN) established

LM Guide
Developed utilizing the structure and mechanisms of ball splines, the LM Guide today is THK’s mainstay product. The use of the LM Guide by a major U.S.-based machine tool manufacturer sparked a significant increase in the application of these products in machine tools.

1972 THK America, Inc. (USA) established
1992 THK Europe GmbH (GER) established
1994 GDL Plant (JPN) established
1995 Mix Plant (JPN) established
1999 THK listed on the over-the-counter (OTC) market

Caged Ball LM Guide
The Caged Ball LM Guide was developed as the second-generation LM Guide. By keeping the balls in place, the use of caged ball technology extends service life, reduces noise, and enables long-term maintenance-free operation when compared with the first-generation LM Guide.

1991 Yamagata Plant (JPN) established
1993 Production and sale of the Caged Ball LM Guide began
1994 DALIAN THK CO., LTD. (CHN) established
1997 THK Manufacturing of America, Inc. (USA) established

The 1980s
Significant Developments in Factory Automation (FA)

In 1971, THK developed the ball spline, which enabled a higher level of linear motion precision and performance. This ball spline was the precursor to the LM Guide, which was first introduced in 1972. While rolling motion was commonly achieved through rolling contact utilizing rotary bearings, linear motion was considered difficult to achieve through rolling contact, and it primarily came from sliding contact instead. In 1971, THK developed the ball spline, which enabled a higher level of linear motion precision and performance. This ball spline was the precursor to the LM Guide, which was first introduced in 1972.

The 1980s and Ongoing
The Rise of the Electronics Industry

During the 1980s, the use of the LM Guide in semiconductor manufacturing equipment surged dramatically, in line with the increase in semiconductor demand. Entering the 2000s, amid the proliferation of mobile devices and digital home appliances, as well as the uprising in demand for semiconductor, flat panel display, and other similar manufacturing equipment, there was a rise in the use of the LM Guide, especially the second-generation Caged Ball LM Guide. In tune with the increasing globalization of manufacturing, THK accelerated its business development around the world.

2000 THK Manufacturing of Europe S.A.S. (FR) established
2001 THK Manufacturing of Japan Co., Ltd. (JPN) established
2004 THK Manufacturing of China (MO) Co., Ltd. (CHN) established
2005 THK Manufacturing of China (MO) Co., Ltd. (CHN) established
2005 THK Manufacturing of China (MO) Co., Ltd. (CHN) established
2006 THK Manufacturing of Vietnam Co., Ltd. (VNM) established

As globalization has progressed, the market around THK has also steadily expanded with the rapid development of new technologies such as AI and the IoT. Under these circumstances, the Company aims to expand its business domains through three growth strategies: expanding its geographical range through full-scale globalization; broadening the range of its product applications through the development of new business areas; and fully utilizing AI, the IoT, robots, and other technologies in a variety of ways through a change in business styles. While moving forward with these strategies, THK is accelerating the initiatives being conducted in its industrial machinery and automotive and transportation business areas to achieve the following management targets: consolidated revenues of ¥550 billion, an operating income of ¥100 billion, an ROE of 17%, and an EPS of ¥560. Furthermore, the Company will aim to achieve not only these management targets, but also long-term growth and an increase in its corporate value as it contributes to the creation of a sustainable society.

2011 THK RHYTHM CHANGHOU CO., LTD. (CHN) established
2012 THK RHYTHM (THAILAND) CO., LTD. established
2015 THK (SHANGHAI) CO., LTD. (CHN) established
2016 THK (SAIGON) CO., LTD. (VNM) established
2017 THK (CHINA) CO., LTD. (CHN) established
2018 THK listed on the first section of the Tokyo Stock Exchange

Management Base

2006 Financial and Non-Financial Highlights
2008 To Our Stakeholders
2012 Activities to Foster Medium- to Long-Term Growth
2016 Research and Development
2018 THK’s Products
2022 Review by Geographic Region
25 THK’s Response to the Coronavirus (COVID-19)
26 Management Base
26 Corporate Governance
30 Involvement in Society
32 Harmony with the Environment
33 Subsidiaries & Affiliate
34 Corporate Data

Please refer to THK’s website for the Financial Section: https://www.thku.com/english/annual/
Value Creation

With solid capital supporting its manufacturing, sales, and R&D activities, THK has provided solutions to customers in the form of tough, durable, and high-quality products and extensive know-how. THK has grown rapidly as a result, contributing to society through manufacturing.

To achieve long-term growth and contribute to the creation of an affluent society during a time when the business environment changes at a bewildering pace, THK will promote its growth strategies and strengthen the various forms of capital that support its business.

**THK’s Capital (2020 Fiscal Year)**

<table>
<thead>
<tr>
<th></th>
<th>Consolidated</th>
<th>Non-consolidated</th>
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</thead>
<tbody>
<tr>
<td>Equity Attributable to Owners of the Parent</td>
<td>¥266.4 billion</td>
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<tr>
<td>Ratio of Equity Attributable to Owners of the Parent</td>
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<tr>
<td>Employees</td>
<td>12,914</td>
<td>3,957</td>
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<tr>
<td>Ratio of Female Employees</td>
<td>22.4%</td>
<td></td>
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<tr>
<td>Ratio of Group Employees Outside of Japan</td>
<td>57%</td>
<td></td>
</tr>
<tr>
<td>Number of Registered Patents</td>
<td>3,957</td>
<td>1,229</td>
</tr>
</tbody>
</table>

**Value Chain**

- **Business**
  - **Industrial Machinery Business**
    - Automotive and Transportation Business

- **Value Creation**
  - **Corporate Philosophy**
    - Providing innovative products to the world and generating new trends to contribute to the creation of an affluent society
  - **Three Key Characteristics**
    - Innovative Core Technology
    - Ample Expertise and Wide-Reaching Proposals
    - Global Structure for Supplying Products
  - **Growth Strategies**
    - Full-Scale Globalization
    - Development of New Business Areas
    - Change in Business Style

**Risks (Challenges) Opportunities (Advantages)**

- **Production Facilities**
  - Japan: 12
  - Outside of Japan: 25

**Corporate Governance**

- **Output**
  - Core technology products
  - High-precision, high-rigidity, high-quality, long-service-life, low-noise products
- **Activities**
  - Industrial Machinery Business
  - Automotive and Transportation Business
  - Review by Geographic Region
  - Next-generation products
  - Renewable energy, robots, seismic isolation systems

**Value Creation**

THK stands for “Toughness,” “High Quality,” and “Knowledge.” THK applies these aspects of its identity to the development of products and technology in order to contribute to the development of society and industry.
Three Key Characteristics and Strategies

The Key Characteristics of THK, the Pioneer and Top Manufacturer of the LM Guide

As the world’s leading manufacturer in its field with a proven track record of long-standing success, THK has fostered three key characteristics over many years. Drawing on the strengths of its corporate culture, the Company is further honing these key characteristics in an effort to secure long-term growth and generate corporate value.

1. Innovative Core Technology
   THK pioneered the development of the world’s first LM Guide based on an original concept and innovative technology. By providing components essential to increased precision, rigidity, speed, and energy efficiency in such wide-ranging fields as machine tools and semiconductor manufacturing equipment, the Company has consistently played a major role in the ongoing development of industry.

2. High-Quality Products and Wide-Reaching Proposals
   Since it successfully developed the LM Guide, THK has commanded the leading share of the global market. As the world’s top manufacturer, the Company has earned the trust of its customers by creating high-quality products and wide-reaching proposals based on extensive expertise developed in response to customers’ needs. In addition to refining these key characteristics, THK has actively expanded its reach beyond the field of industrial machinery to also encompass fields related to consumer goods.

3. Global Structure for Supplying Products
   THK has actively promoted the development of an integrated production and sales structure with facilities and operations close to centers of demand. The Company currently maintains local production and sales networks that cover its four principal markets: Japan, the Americas, Europe, and Asia. As a result of its activities, THK has steadily built a global business platform, with branches currently established in 23 countries around the world, and continues to cultivate new markets.

Strategies to Expand Business Domains

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

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

2. Development of New Business Areas
   THK is accelerating its expansion into fields related to consumer goods such as automotive parts, seismic isolation and damping systems, medical equipment, aircraft, robotics, and renewable energy. In order to capitalize on the vast potential in these industries, THK is honing its abundant expertise and the core linear motion system technology it has cultivated over time to accelerate the pace at which it develops new business areas.

3. Change in Business Style
   As digital technology rapidly develops, the Company is also making efforts to further expand its business domains by ensuring the thorough use of new technologies such as AI, the IoT, and robotics in sales, production, and development. In this way, THK is working to transform the frameworks and methods by which it does business.
Financial and Non-Financial Highlights

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

Financial and Non-Financial Highlights

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Operating Margin

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<tr>
<td>Gross Profit</td>
<td>54,442</td>
<td>53,975</td>
<td>44,298</td>
<td>52,903</td>
<td>67,024</td>
<td>67,766</td>
<td>70,464</td>
<td>72,112</td>
<td>67,469</td>
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<tr>
<td>Operating Profit</td>
<td>21,844</td>
<td>19,745</td>
<td>11,692</td>
<td>17,370</td>
<td>28,388</td>
<td>23,169</td>
<td>24,653</td>
<td>29,279</td>
<td>52,848</td>
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<tr>
<td>(Loss) Profit before Income Taxes</td>
<td>21,612</td>
<td>18,520</td>
<td>14,737</td>
<td>24,004</td>
<td>33,501</td>
<td>19,612</td>
<td>23,057</td>
<td>31,034</td>
<td>52,262</td>
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Equity Attributable to Owners of the Parent

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<td>31,034</td>
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Equity Attributable to Owners of the Parent/Return on Revenue

<table>
<thead>
<tr>
<th>2017/18 (%)</th>
<th>2018/19 (%)</th>
<th>2019/20 (%)</th>
<th>2020/21 (%)</th>
<th>2021/22 (%)</th>
<th>2022/23 (%)</th>
<th>2023/24 (%)</th>
<th>2024/25 (%)</th>
<th>2025/26 (%)</th>
<th>2026/27 (%)</th>
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<td>Japan</td>
<td>38.5</td>
<td>40.1</td>
<td>47.9</td>
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Cash Dividends per Share/Payout Ratio

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<th>2017/18 (%)</th>
<th>2018/19 (%)</th>
<th>2019/20 (%)</th>
<th>2020/21 (%)</th>
<th>2021/22 (%)</th>
<th>2022/23 (%)</th>
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<td>Japan</td>
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Ratio of Equity Attributable to Owners of the Parent

<table>
<thead>
<tr>
<th>2017/18 (%)</th>
<th>2018/19 (%)</th>
<th>2019/20 (%)</th>
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<th>2021/22 (%)</th>
<th>2022/23 (%)</th>
<th>2023/24 (%)</th>
<th>2024/25 (%)</th>
<th>2025/26 (%)</th>
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<tbody>
<tr>
<td>Japan</td>
<td>59.6</td>
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Carbon Dioxide Emissions

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<thead>
<tr>
<th>2017/18 t-CO2 (t-CO2)</th>
<th>2018/19 t-CO2 (t-CO2)</th>
<th>2019/20 t-CO2 (t-CO2)</th>
<th>2020/21 t-CO2 (t-CO2)</th>
<th>2021/22 t-CO2 (t-CO2)</th>
<th>2022/23 t-CO2 (t-CO2)</th>
<th>2023/24 t-CO2 (t-CO2)</th>
<th>2024/25 t-CO2 (t-CO2)</th>
<th>2025/26 t-CO2 (t-CO2)</th>
<th>2026/27 t-CO2 (t-CO2)</th>
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<td>Japan</td>
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</table>

The THK Group decided to adopt IFRS beginning with the 2019 fiscal year. For purposes of comparison, the results for the 2018 fiscal year are also noted in accordance with IFRS.
To Our Stakeholders

Responding to the Coronavirus (COVID-19)
Since February 3, 2020, the THK Group has convened daily coronavirus response task force meetings to collect and share information from all over Japan and around the world in order to take swift action and prevent the spread of the virus. As an essential business, many customers have urged us to continue supplying THK Group products. As we do so, we consider the health and safety of our customers, suppliers, local communities, and all of our employees and their families to be our number one priority, and we will take even greater steps to prevent infections. We will continue to vigilantly remind all of our employees to take the virus seriously and be careful of how they spend their time outside of work.

Management Targets
The THK Group established the following as our 2022 fiscal year management targets: consolidated revenue of ¥500 billion, an operating income of ¥100 billion, an ROE of 17%, and an EPS of ¥60. These targets assumed an average IMF global economic growth rate of 3.8%. However, partly as a result of the pandemic, the average was well below that projection at 1.0%.

In addition, market conditions for both sides of our business fell short of our estimates due to the state of the global economy. The revenue from our automotive and transportation business was also lower than expected due to other factors such as the delay in the large product launch planned for 2020 and reductions from purchased supplied materials due to the transition to IFRS. As a result, we have determined that we must reevaluate the time frame for achieving these management targets.

Medium- to Long-Term Market Expansion
Nevertheless, there is no doubt that the THK Group’s markets will experience medium- to long-term growth. As current megatrends revolve around macrodynamic changes such as the rapid advancement of digital technology, the heightened momentum of environmental conservation, and the labor shortages and increased lifespans occurring in developed countries, the keywords to address these changes are 5G, AI, the IoT, CASE, Industry 4.0, automation, and labor and energy savings. These keywords drive demand for the types of solutions THK offers.

Furthermore, as our business environment evolves drastically due to the coronavirus, we believe these changes will drive greater demand for semiconductors in response to the rise of remote work, as well as greater demand for automation to meet the increased need for contactless service. We believe this dramatic growth potential will persist over the medium to long

Financial Conditions

<table>
<thead>
<tr>
<th>Revenue (Left Scale)</th>
<th>Japan</th>
<th>The Americas</th>
<th>Europe</th>
<th>China</th>
<th>Asia and Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>300,000</td>
<td>372,577</td>
<td>280,023</td>
<td>344,718</td>
<td>371,636</td>
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</tr>
<tr>
<td>200,000</td>
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<td>52,848</td>
<td>18,277</td>
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<tr>
<td>100,000</td>
<td>-100,000</td>
<td>0</td>
<td>-100,000</td>
<td>0</td>
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</tr>
</tbody>
</table>

1 This data reflects a modified reporting period that includes the ten months from consolidation of companies whose fiscal years ended in March and 10 months from consolidated companies whose fiscal years ended in December.
2 The THK Group decided to adopt IFRS with the purpose of comparison, the results for the 2019 fiscal year are also noted in accordance with IFRS.
Under these circumstances, the THK Group has accelerated its steps toward further growth, in alignment with the THK DX Project, we have established a platform for communicating with customers: Omni THK. In addition, we are conducting a free trial for robotic components. We began recruiting participants last November and received greater interest than planned, so we are involving more companies in the trial beyond the original scope of thirty. This makes it clear that the need for predictive failure detection is expanding to various types of components. Many customers have also requested the ability to diagnose the status of components and achieve predictive failure detection in their overseas factories, as well as the ability to check overseas conditions remotely during the pandemic. In these circumstances, we began offering global compatibility using international communication networks. Furthermore, we are promoting connectivity with FANUC CORPORATION’S FIELD system and other industrial platforms in order to expand Omni edge’s applications beyond individual units. As automation and unmanned operations become more prominent, we need to strengthen our ability to monitor operations. We believe that Omni edge will become increasingly vital worldwide in order to keep lines running.

As we continue to expand new services such as these, in our existing product areas, we will promote the introduction of highly rigid, high-precision products, such as those for increasingly precise semiconductor manufacturing equipment. In our new business areas, our products are steadily being adopted more than ever before in medical devices, aircraft, and fields that mitigate risks from natural disasters and climate change, such as seismic isolation and damping systems and renewable energy. Additionally, due to labor shortages and rising labor costs, there has been an increasing demand for products that will reduce

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**Steps Toward Further Growth**

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**Medium- to Long-Term Market Expansion**

- **Megatrends**
  - Changes in technology
  - Changes in the global environment
  - Changes in macrodynamics
  - Coronavirus pandemic

- **Drivers for change**
  - Changes in technology
  - Changes in the global environment
  - Changes in macrodynamics
  - Coronavirus pandemic

- **Requires**
  - High-quality parts
  - Energy savings
  - Labor savings
  - SG

- **THK’s Solutions**
  - Products related to semiconductors and FA
  - Products related to service robots
  - Products related to medical equipment
  - Products related to motion control
  - Products related to robotics
  - Products related to automation
  - Electric actuators
  - Next-generation auto parts

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**Industrial Machinery Business**

- **Expansion of Top Line**
  - Strategic sales to a wide range of customers
  - Continuous development of new products
  - Development of new business areas
  - Active and efficient sales and marketing activities
  - Development of global e-commerce structure

**Striving for Sustainable Growth and Solutions to Social Challenges**

Our high-performance, high-quality products have contributed to labor and energy savings as well as advancements in machinery and many other industries, and many customers look to us as an essential business to keep them supplied with products, no matter the circumstances. In addition to seizing opportunities for market expansion exemplifying the keywords of change that reflect the times, we will continue to establish our global production structure, improve our global procurement rate, and further strengthen our BCP to achieve our corporate philosophy of providing innovative products to the world and making new trends contribute to the creation of an affluent society. Furthermore, we will contribute to society through our business activities, we will also make efforts to achieve a sustainable society as the world experiences climate and other environmental changes. As we work toward achieving our established goals, we kindly request the continued support of all stakeholders.

April 2021

Akihiro Teramachi
Chairman and CEO
THK Co., Ltd.
Activities to Foster Medium- to Long-Term Growth

As current megatrends revolve around macrodynamic changes such as the rapid advancement of digital technology, the heightened momentum of environmental conservation, and the labor shortages and increased life-spans occurring in developed countries, the keywords to address these changes are 5G, AI, the IoT, CASE, Industry 4.0, automation, and labor and energy savings. These keywords drive demand for the various solutions THK offers. The Company is promoting various initiatives in both its industrial machinery and automotive and transportation businesses to realize this growth potential.

IOT Innovation Division Activities for Industrial Machinery

Launching OMNI edge Service for Ball Screws and Actuators

Phase-one sales of the “OMNI edge” IoT service for the manufacturing industry officially began for LM Guide applications in January 2020. During that year, OMNI edge was installed on around 300 pieces of primary equipment at user facilities and around 700 machines used for production at THK’s own factories, achieving visualisation for components while collecting and analyzing numerical data on a daily basis. Many users have expressed their praise of and hopes for the service, and THK is expanding it into a solution that best suits the needs of many customers. Under those circumstances, THK added compatibility for ball screws, which are often used alongside the LM Guide, in November 2020. In March 2021, service was also expanded to actuators, which are widely used in automatic machines such as transfer and assembly equipment.

This makes it clear that the need for predictive failure detection is expanding to various types of components.

Conducting a Free OMNI edge Trial for Rotary Components

THK is conducting a free trial for rotary components. THK began recruiting participants in November 2020 and received greater interest than planned, so the original scope of thirty companies was expanded to involve more businesses.

Now Offering Overseas Compatibility: New Service Compatible with Global SIM

Customers who have installed OMNI edge include automotive component, food, and raw material manufacturers, and over half possess factories overseas. Those customers are looking to diagnose the status of components and predict machine failures in both their domestic and international factories. In addition, the coronavirus pandemic has made it difficult to travel abroad and check facilities in person, so many customers have expressed the desire to be able to check things remotely. To that end, THK began offering Global SIM compatibility for OMNI edge using international communications networks.

Connecting to FANUC CORPORATION’s FIELD system Open Platform for the Manufacturing Industry

THK will begin offering connectivity with FANUC CORPORATION’s FIELD system industrial platform as the first step in expanding the scope of OMNI edge predictive failure detection beyond individual devices. For the next phase, THK is looking to develop an original app that will heighten added value by utilizing FIELD system Apps, starting with the feature of monitoring components with OMNI edge installed. The Company will also work toward making the service compatible with other industrial platforms.
Achieving DX through Omni THK

Omni THK is a platform for communicating with customers, providing support in the form of inventory searches, fast delivery orders, product selection, CAD data, quotes, and more. In addition, it provides a new user experience through the ability to manage components by linking customer product control information with THK product information. By constructing an internal system that automates every step from receiving to shipping the customer’s order, THK hopes to drastically boost productivity and customer satisfaction.

Expanding THK’s Global Production Structure

In an effort to support medium- to long-term top-line expansion, THK is strengthening the global production structure for its industrial machinery business. SAMICK THK (an affiliate in South Korea) began operating in November 2020, and the new THK India factory (India) is scheduled to begin production in summer 2021.

Capitalizing on CASE

The automotive industry is said to be undergoing a once-in-a-century revolution, and “CASE” is the keyword that exemplifies this new era. CASE is an acronym combining the words “Connected,” “Autonomous,” “Shared,” and “Electric.” Together, these elements have given birth to revolutionary technologies and services and are creating ripples of change that intersect with other industries. In the midst of this trend, the THK Group has capitalized on its core linear motion product technology and has been developing and mass-producing new linear motion products for self-driving cars, as well as working to expand the use of such products in various automotive mechanisms. While the adoption of electric vehicles is expected to change the configuration of existing L&S [linkage and suspension] components, THK will advance proposals for new offerings in the belief that a collaboration with the linear motion products under development can lead to a new generation of L&S components. The Group will further accelerate its development and sales activities in anticipation of expanded use of such products spurred by CASE.

Activities to Improve Profitability

The automotive and transportation business experienced an operating loss of ¥16.1 billion during the 2020 fiscal year. This main cause was impairment losses and restructuring charges incurred as a result of the decrease in revenue due to market conditions worsened by the global spread of the coronavirus. An operating loss is also anticipated for the 2021 fiscal year in part due to revenue expected to be even lower than what was forecast before the pandemic. However, THK will continue to carry out the recovery plan executed in 2020 and work to achieve a profit in Q4 2021 for the automotive and transportation business as a whole by revising its product portfolio and other means.

Accelerating the Development and Proposal of Linear Motion Products for Automobiles

As THK makes improvements in profitability, in response to the CASE-driven shift towards electric automobiles, the Company has utilized new production methods to introduce aluminum products to the market in order to expand sales and meet customer needs for more lightweight components. THK has also developed aluminum hot forging technology in-house in North America, and products manufactured with this technology have been adopted by both American and Japanese-owned businesses looking to procure items locally. As a second pillar, in addition to its linkage and suspension business, the Company is also developing and mass-producing ball screws for use in CASE-related automatic braking systems. These products are officially being adopted for new suspension-related components, and THK is working to realize these items and expand sales. Furthermore, as a third pillar, the THK Group is promoting the development of next-generation products incorporating multiple technologies in development departments in Japan and overseas by looking forward five or ten years and anticipating needs customers might not be aware of yet while also working to expand the Company’s product lineup to meet current customer needs.
THK’s Philosophy on Intellectual Property

Basic policy
As a company focused on creation and development, THK values and promotes the creation and full utilization of its intellectual property to contribute to the development of its customers around the world and to the creation of an affluent society through the development of innovative products.

By applying for patents and preserving its specialized knowledge, THK exercises exclusive rights to its linear motion technology and eliminates imitations. At the same time, to avoid infringing upon the patents of others in the industry, THK works with its planning and development departments to conduct thorough patent searches while still in the development stage, and the Company internally educates its employees so that they respect the patent rights of third parties to avoid patent infringement.

Through full-scale globalization and other means, THK is striving to expand the breadth of its preservation of effective intellectual property rights that contribute to industry.

Expanding Applications to Consumer Fields

Achieving high load capacity and durability, the Utility Slide ATG is a new product aimed at adoption in logistics and railway fields, where utility grade is required. This product is anticipated to be in demand particularly for the container-fetching mechanisms of transfer shuttles in automated warehouses, open-and-close mechanisms of railway vehicle doors, and sliding mechanisms of aircraft passenger seats.

As THK accelerates its development of new business areas, which is one of its growth strategies, the Company will refine its core linear motion system technology and extensive expertise in order to expand the use of its products in logistics, railway, and other consumer fields and provide optimal solutions for the challenges these industries face.

Example Applications

- Utility Slide ATG
- Transfer shuttles in automated warehouses
- Railway vehicle doors
- Aircraft passenger seats
- Storage space for railway vehicle maintenance

To meet the varied needs of its customers in the industrial machinery field, THK has expanded its lineup of linear motion products and developed a wide array of new products that contribute to the automation of customers’ production lines.

In terms of the IoT, the “OMN” edge IoT service for the manufacturing industry had its full commercial launch in January 2020. This service visualizes the status of LM Guides and ball screw products and enables predictive failure detection. For the next phase of development, the Company plans to make the service available for rotary components of pumps, fans, conveyors, and other devices that use bearings.

With regard to robots, THK developed and introduced the SIGNAS transfer robot to the market. Distinguishing itself from conventional AGVs (automated guided vehicles), SIGNAS features an original autonomous movement control system that achieves a new level of user-friendliness. In addition, the Company developed a thermometric robot that helps reduce the risk of viral transmission through in-person interaction as a way to prevent the spread of the coronavirus.

In its automotive and transportation business, in response to the shift toward electric automobiles, THK has utilized new production methods to introduce aluminum products to the market in order to expand sales and meet customer needs for more lightweight components. The Company has also developed aluminum hot forging technology in-house in North America, and products manufactured with this technology have been adopted by both American and Japanese-owned businesses looking to procure items locally. As a second pillar, in addition to its linkage and suspension business, the Company is also developing and mass-producing ball screws for use in CASE-related automatic braking systems. Ball screw products are also officially being adopted for new suspension-related components, and THK will work to sensitize these items and expand sales. Furthermore, as a third pillar, the THK Group will promote the development of next-generation products incorporating multiple technologies in development departments in Japan and overseas by looking forward five or ten years and anticipating needs customers might not be aware of yet while also working to expand the Company’s product lineup to meet current customer needs.

Guided by the corporate philosophy of providing innovative products to the world and generating new trends to contribute to the creation of an affluent society, THK continually strives to create original products as a company focused on creation and development.
THK's Products

THK was the first company in the world to develop the Linear Motion (LM) Guide, which is based on an original concept and innovative technology. THK also develops, produces, and supplies to the world a range of other vital machine components, including ball screws and electric actuators, as well as automotive and transportation components, such as L&S (Linkage and Suspension) products. All of THK's technologies infuse every type of mechanism with smoother and more accurate movement, driving innovation around the world.

The LM Guide

The LM Guide is a machine component that converts sliding motion into rolling motion, enabling machine parts to move smoothly, easily, and precisely with linear motion. As a result, the LM Guide has enabled the precision, rigidity, speed, and energy-saving properties of a wide range of industrial machinery. With the introduction of products such as the Caged Ball LM Guide in 1996 and the Caged Roller LM Guide in 2001, the Company has continued to improve every aspect of the LM Guide and further expand its applications. As a result, LM Guide products with caged ball and caged roller technology are now vital components of machine tools, semiconductor manufacturing equipment, and other industrial equipment.

Ball Screws

Ball screws are machine components that function by causing a large number of balls to circulate between a screw shaft and a nut. This mechanism efficiently converts rotary motion into linear motion. With the Caged Ball Screw, THK has incorporated caged ball technology into its existing ball screw designs, thus helping to achieve longer life with reduced noise and provide an extended period of maintenance-free operation.

Ball Cages and Roller Cages

The cages are resin parts that hold and guide the balls or rollers as they move. The use of cages reduces noise and friction by preventing direct contact between the balls or rollers. This allows for a longer service life, reduced noise, and an extended period of maintenance-free operation.

Ball Splines

Developed in 1971, the same year that THK was established, ball splines were the precursor to the LM Guide. This revolutionary linear motion guide element allows balls to roll along a rounded groove machined into the ball spline's shaft, boosting the load that the device can tolerate and permitting the transmission of torque. Compared with the products that came before, these ball splines boosted the permissible load by a factor of 13 and service life by a factor of 2,200. THK offers an extensive lineup featuring ball splines with integrated ball screws and other products that are used in a variety of equipment, including industrial robots, medical equipment, and chip mounters.

Cross-Roller Rings

Cross-roller rings are roller bearings that feature internal cylindrical rollers arranged orthogonally so as to facilitate load bearing in every direction. The incorporation of the spacer cages between rollers prevents roller skew and friction between the rollers. Possessing high rigidity while maintaining a compact structure, cross-roller rings are used in the rotating parts of many different types of industrial machinery, including the joint areas and rotating parts of industrial robots, as well as machining center swivel tables. Other applications include rotating parts of medical equipment and semiconductor manufacturing equipment.

Electric Actuators

Electric actuators are hybrid products combining a guide component, such as an LM Guide, with a ball screw, linear motor, or other drive component. In industries such as electronics, there is an increasing need to shorten development and manufacturing lead times. Modularization allows these electric actuators to meet such requirements by simplifying the design and reducing assembly time. THK offers a varied lineup of electric actuators ranging from basic, cost-effective units to high-end components designed to operate with high precision or perform to clean room specifications. Such advanced electric actuators have become indispensable parts in equipment used in the manufacture or inspection of semiconductors and liquid crystal displays.
Renewable Energy
Due to their unique mechanisms, THK’s shaft units for wind turbines possess high strength and durability in addition to achieving dramatically lower torque and improved power generation efficiency. In 2017, THK began supplying these products to Challenergy Inc., which developed the world’s first wind turbine capable of generating energy even during typhoons.

Automotive and Transportation Equipment-Related Products
The automotive and transportation business, centered on THK RHYTHM and THK RHYTHM AUTOMOTIVE (TRA), focuses on products related to undercarriage L&S (linkage and suspension) components. Made from aluminum, THK’s link balls are highly resistant to corrosion and wear. They are also considerably lighter than traditional steel parts.

THK also develops and mass-produces ball screws for automatic brakes, which utilize the core linear motion product technology of its industrial machinery business. As CASE progresses within the automotive industry, the Company is accelerating its development and introduction of new products that respond to this trend.

Seismic Isolation and Damping Systems
Seismic isolation and damping systems make use of THK’s core linear motion system technology. The THK Group supplies a broad range of products from seismic isolation and damping systems for high-rise buildings, low-rise residences, and other structures such as temples and shrines, to seismic isolation systems for servers and a variety of manufacturing equipment. In this manner, the Group is helping to minimize the damage caused by earthquakes.

Products Using Core Linear Motion System Technology
Seismic Isolation System for Buildings
Seismic Isolation Platforms

Works of Art

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New Products

Compact Ball Spline Model LFK-X/LFH-X
These lightweight models are designed with a low core height, helping to reduce equipment size and weight.

Miniature Roller LM Guide Model HRG
This world’s smallest roller guide helps keep devices lightweight, compact, and operational with a longer service life.

Super-High-Speed LM Guide Model FHS
This product achieves speeds unmatched by competitors—up to 15 m/s—while maintaining the same load rating as the conventional LM Guide.

High-Speed, Compact Precision Ball Screw SDA10VZ
The ideal ball circulation structure enables high-speed rotation, and the reduced nut length helps make equipment more compact.

Transfer Robot SIGNAS
This robot uses a new, never-before-seen guidance method that allows users to set up or change the travel path simply by placing markers to guide the robot. Two types are available to carry or pull loads, and they can travel over rough terrain.

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As THK advances its growth strategy of full-scale globalization, the Company has established an integrated production and sales structure that encompasses four centers of demand: Japan, the Americas, Europe, and Asia. During the 2020 fiscal year, as the impact of the coronavirus spread to every region, THK actively utilized its Omni THK communication platform to remotely connect with customers and began selling its “OMNI edge” industrial IoT service for LM Guide and ball screw applications in the Japanese market. In terms of production, while demand was sluggish due to the coronavirus, the Company worked to boost productivity through efforts that utilized automation, robotization, and IoT in preparation for when demand recovers. In addition to continuing to strengthen its sales structure through Omni THK in each region, during the 2021 fiscal year, THK will promote the expansion of OMNI edge and accelerate its efforts to establish a secure, flexible production structure. Furthermore, the Company will move forward with the THK DX Project in order to improve productivity throughout the Group.

### Review by Geographic Region

#### Japan

**Operating Conditions and Performance Review**

Revenue in Japan decreased 22.6% year-on-year, to ¥846.6 billion.

In the industrial machinery business, while demand for machine tool products remained low, demand related to electronics experienced a recovery. In the automotive and transportation business, the spread of the coronavirus impacted the production and shipping of THK products primarily between April and June 2020. As a result, revenue decreased.

**Year Ended December 2020**

- **Sales**
  
  In the industrial machinery business, THK increased its market share by expanding transactions with existing customers as well as sales to a wide range of customers while taking business from competitors. In addition, the Group bolstered its online sales activities during the pandemic. Furthermore, the Company actively drove sales activities related to products for medical equipment and other new business areas in order to generate new demand.

#### Europe

**Operating Conditions and Performance Review**

Revenue in Europe decreased 30.0% year-on-year, to ¥46.0 billion.

While demand related to the industrial machinery business showed signs of recovery mainly in electronics, the spread of the coronavirus impacted the production and shipping of automotive and transportation business products primarily between April and June 2020. As a result, revenue decreased.

**Year Ended December 2020**

- **Sales**
  
  In the industrial machinery business, THK improved productivity by altering layouts and other new business areas in order to generate new demand.

#### Asia and Other

**Revenue**

(Millions of yen)

<table>
<thead>
<tr>
<th>Region</th>
<th>Revenue</th>
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<tr>
<td>Asia and Other</td>
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<td>Japan</td>
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#### JAPAN

**Operating Conditions and Performance Review**

Revenue in Japan decreased 21.1% year-on-year, to ¥46.6 billion.

Threats to the global automobile industry, mainly in electronics, the spread of the coronavirus impacted the production and shipping of THK products. In the industrial machinery business, THK improved productivity by altering layouts and other new business areas in order to generate new demand.

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  In the industrial machinery business, THK increased its market share by expanding transactions with existing customers as well as sales to a wide range of customers while taking business from competitors. In addition, the Group bolstered its online sales activities during the pandemic. Furthermore, the Company actively drove sales activities related to products for medical equipment and other new business areas in order to generate new demand.

#### THE AMERICAS

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**Year Ended December 2020**

- **Sales**
  
  In the industrial machinery business, THK increased its market share by expanding transactions with existing customers as well as sales to a wide range of customers while taking business from competitors. In addition, the Group bolstered its online sales activities during the pandemic. Furthermore, the Company actively drove sales activities related to products for medical equipment and other new business areas in order to generate new demand.

#### EUROPE

**Operating Conditions and Performance Review**

Revenue in Europe decreased 30.0% year-on-year, to ¥46.0 billion.

In the industrial machinery business, some locations suspended operations from mid-March to mid-April due to the spread of the coronavirus. In the automotive and transportation business, the pandemic impacted the production and shipping of THK products primarily between April and June 2020. As a result, revenue decreased.

**Year Ended December 2020**

- **Sales**
  
  In the industrial machinery business, THK increased its market share by expanding transactions with existing customers as well as sales to a wide range of customers while taking business from competitors. In addition, the Group bolstered its online sales activities during the pandemic. Furthermore, the Company actively drove sales activities related to products for medical equipment and other new business areas in order to generate new demand.
As coronavirus cases have spread around the world, many customers have requested that THK continue supplying products as an essential business. Therefore, the Group has enacted a number of measures to prevent infections.

At the same time, the coronavirus has caused drastic changes to the business environment that are expanding THK’s market opportunities.

**Coronavirus Response**

As a result of these measures, THK was able to maintain operations at its Japanese production facilities while ensuring the health and safety of employees. THK has also expanded its sales activities online, leveraging virtual meetings, technical webinars, and remote seminars to continue interacting with customers.

**Expanded Market Opportunities from Changes in the Business Environment**

With the spread of the coronavirus, there has been a substantial impact on the economy. This has led to dramatic changes in the business environment that have provided new opportunities for THK. The Group has been able to expand its market opportunities through remote work and remote learning, as well as automation in logistics, etc.

THK’s Response to the Coronavirus (COVID-19)

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Corporate Governance

Basic Stance on Corporate Governance
Intending to maximize its corporate value, THK strives to maintain solid corporate governance in order to make medium- to long-term improvements to its corporate value by sustaining growth through appropriate cooperation with all its shareholders and other stakeholders.

THK’s Corporate Governance Framework

In June 2014, THK introduced an executive officer system. After the Company’s 46th General Meeting of Shareholders on June 18, 2016, and in conjunction with its establishment of an Audit and Supervisory Committee, THK instituted a non-mandatory Nomination Advisory Committee and a Remuneration Advisory Committee to act as advisors to the Board of Directors. In doing so, THK has endeavored to bring enhanced transparency and objectivity to management, strengthen the auditing functions of the Board of Directors, and bring enhanced transparency and objectivity to management-related decision-making and the management of corporate affairs.

Board of Directors
THK’s Board of Directors comprises a total of eight directors—including one outside director—who are not members of the Audit and Supervisory Committee, in addition to three outside directors who are Audit and Supervisory Committee members. The Board of Directors makes decisions on important matters of general management and carries out the oversight of directors and executive officers in the execution of their duties. There are also four outside directors whose independence meets the evaluation criteria stipulated by the Tokyo Stock Exchange and THK. With over a third of the directors being outside directors who possess specialized professional knowledge and qualifications related to corporate accounting or general management, the structure has further enhanced management neutrality, legally, and validity while improving the board’s management oversight function.

Audit and Supervisory Committee
Comprising three outside directors who are Audit and Supervisory Committee members, the Audit and Supervisory Committee utilizes the internal control system to audit and supervise directors and executive officers with regard to the current status of the execution of their duties. The effectiveness of the audits is also enhanced by collaboration between the Audit and Supervisory Committee and independent auditors. In addition, the Audit and Supervisory Committee Secretariat has been established to support the Audit and Supervisory Committee and its members. The Audit and Supervisory Committee Secretariat follows the instructions of the Audit and Supervisory Committee, coordinates with each department, and conveys instructions to the Internal Audit Department and the Risk Management Department, which is responsible for the maintenance and operation of internal controls.

Nomination Advisory Committee and Remuneration Advisory Committee
The non-mandatory Nomination Advisory Committee and Remuneration Advisory Committee are each composed of four directors, two of whom are outside directors. This composition is in accordance with the rules for both committees, which stipulate that outside directors must make up half or more of the members. As advisory bodies to the Board of Directors, both committees review and deliberate on director candidates and remuneration proposals, and they propose the content and outcomes of those deliberations to the Board of Directors. The Board of Directors conducts its own deliberations on the subject matter before deciding on a resolution.

Executive Officer System
By introducing the executive officer system, THK has endeavored to accelerate decision-making and operational execution, in addition to improving the management oversight function of the Board of Directors and clarifying responsibilities relating to the management of corporate affairs. As a means to share information throughout the Group and improve corporate governance through collaboration between the directors, executive officers, and other members of the management team, the Company implemented its Executive Officers, which is attended by directors and executive officers, and established the Global Management Strategy Meeting, which is attended by members of the Board of Executive Officers in addition to those in charge of each division, department, and affiliate company. To clarify the roles and responsibilities of executive officers relating to the management of corporate affairs, an executive officer’s term in office is deigned to be one year.

General Meeting of Shareholders
THK has consistently regarded active communication with all stakeholders as a crucial part of management. Accordingly, the Company is actively committed to maintaining fair and proper disclosure of corporate information. In an aim to have open meetings, THK has held its General Meeting of Shareholders on a Saturday every year since 1998, thereby avoiding the period when many shareholder meetings are scheduled. At the General Meeting of Shareholders, the Company provides seating for business partners and other stakeholders to observe the proceedings. A product exhibition is held after the end of the meeting to help more people gain a greater understanding of the Company.

Compliance Structure
The Compliance Committee, chaired by the CEO, approves the annual activity plan and reports on the execution of those activities, as well as on the handling of legal violations by employees and other matters to report internally. This committee is also attended by outside directors and a legal advisor, and it functions in a proper and legal manner. In addition, THK has established compliance subcommittees reporting to the Compliance Committee, with the working group members being selected from each site and department. The working group members play an important role in maintaining the compliance system by means such as holding voluntary seminars on compliance and fulfilling an advisory function.

Risk Management Committee
THK has established a risk management structure that anticipates future circumstances, enabling management to take appropriate risks by identifying, analyzing, and responding to conceivable risks from the perspective of management and the company as a whole. Under its policy of “We facilitate assertive governance with elements of bold risk-taking,” the Risk Management Committee convenes annually and is headed by the CEO. The committee, which is attended by outside directors and legal counsel, approves the annual activity plan and works to establish, promote, and maintain the risk management structure by controlling risks throughout the entire Group.
The Selection of Outside Directors

**Masaaki Kainosho**

**Outside Director as of June 2020**

**Significant concurrent positions:**
- Representative Director of KAINOSHO CO., LTD.
- Professor at Osaka Women’s University
- Junior College Division

*Reason for selection*

In addition to being a university professor deeply versed in business administration, Masaaki Kainosho possesses a wealth of experience, a history of success, and sound judgment from managing an executive consulting company.

*Independent status*

Masaaki Kainosho was employed at THK’s current lender, Sumitomo Mitsui Banking Corporation (previously Mitsui Bank), from April 1976 to April 1996. However, he was consistently working in a systems-related division, and the THK Group did not do business with Mitsui Bank at the time. Therefore, he is considered to be independent.

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**Masakatsu Hioki**

**Outside Director as of June 2016**

**Significant concurrent positions:**
- Outside Director of KAINOSHO CO., LTD.
- Outside Director of ZUKKO CO., LTD.

*Reason for selection*

In addition to possessing sound judgment, Masakatsu Hioki has extensive experience and a proven history of success as an executive responsible primarily for human resources and general affairs in a global manufacturing company.

*Independent status*

Masakatsu Hioki began his career with Komatsu Ltd. although THK and Komatsu do have a business relationship that includes the sale of THK products, the sum value of those transactions equals less than 1% of THK’s and Komatsu’s consolidated net sales for the corresponding fiscal year. Therefore, he is considered to be independent.

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**Tomitoshi Omura**

**Outside Director as of June 2016**

**Significant concurrent positions:**
- Certified Public Accountant

*Reason for selection*

In addition to the knowledge of corporate accounting he has gained over many years as a certified public accountant, Tomitoshi Omura is an accounting expert who possesses a wealth of experience, a history of success, and sound judgment.

*Independent status*

There are no particular conflicts of interest concerning Tomitoshi Omura’s relationship with THK. Additionally, although he does not have direct experience in corporate management, the Company has determined that he appropriately executes his duties as an outside director because of the abovementioned reasons.

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**Yoshiki Ueda**

**Outside Director as of June 2016**

**Significant concurrent positions:**
- Advisor of Makino Milling Machine Co., Ltd.
- Voting Professor of National University Corporation Shizuoka University

*Reason for selection*

In addition to possessing sound judgment, Yoshiki Ueda has extensive experience and a proven history of success as an executive deeply versed in corporate management, having spent many years at a global company active in machinery-related fields.

*Independent status*

Yoshiki Ueda is an outside director at SINTOKOGIO, LTD., an advisor at Makino Milling Machine Co., Ltd., and a visiting professor at National University Corporation Shizuoka University. Although THK and SINTOKOGIO do have a business relationship that includes the purchase of SINTOKOGIO products, the sum value of those transactions equals less than 1% of THK’s and SINTOKOGIO’s consolidated net sales for the corresponding fiscal year. Additionally, although THK and Makino Milling Machine Co., Ltd. have a business relationship that includes the sale of THK products, the sum value of those transactions equals less than 1% of THK’s and Makino Milling Machine’s consolidated net sales for the corresponding fiscal year. There are no particular conflicts of interest regarding the relationship between the Company and Shizuoka University.
As a good corporate citizen, THK actively contributes to society in the following ways.

1. Establishing a basic philosophy of contributing to society through our business activities
2. Identifying areas to prioritize our efforts and using our corporate resources to promote specific contributions based on our corporate philosophy
3. Coordinating and cooperating with various stakeholders, including NPOs, NGOs, local communities, governments, and international institutions
4. Supporting employees’ own community contributions and involvement
5. Participating in the social efforts of the industry and business community

THK signed the UN Global Compact in February 2020. The UN Global Compact is an initiative based on universal principles regarding human rights, labor, the environment, and anti-corruption, and it calls for corporations and organizations to take sound, responsible actions to achieve sustainable growth for society. In support of this initiative, we will contribute to sustainable growth for society through our global business activities.

Establishing the THK Group Human Rights Policy

In the past, the THK Group has engaged with human rights in a manner based on the UN Guiding Principles on Business and Human Rights. THK established the THK Group Human Rights Policy after signing the UN Global Compact in February 2020. The THK Group will promote activities that demonstrate an even greater level of respect for human rights and contribute to the creation of an affluent society.

THK Group Human Rights Policy

Established June 2020

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

Basic Concept

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

Scope of Application

This Policy applies to all officers and employees of the THK Group. In addition to this Policy, all officers and employees of the THK Group comply with the standards encouraging respect for human rights in their respective companies.

THK Group also expects all business partners associated with the THK Group’s business activities to support and comply with this Policy.

Conduct Guidelines

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

Working with Vendors

THK Basic Policy on Procurement

In order to continue to provide THK products that satisfy our customers, we establish good, healthy, and mutually beneficial relationships with our suppliers.

Activities

1. Procurement practices emphasizing communication with suppliers, evaluating and choosing suppliers with thorough consideration for OQCES
2. Fair and equitable dealings in compliance with all pertinent laws and social norms
3. Efforts to minimize costs. Encouraging the active pursuit of cost-saving projects and value analysis initiatives
4. Pursuit of global procurement
5. Implementation of a BCP (business continuity plan)
6. Environmental consciousness through green procurement

THK’s Supply Chain

THK’s daily operations are performed in accordance with its policy to manufacture products in the optimal location and to conduct its business and improve its technology in a way that meets the needs of its customers. Throughout its supply chain, from design to sales, THK strives to adhere to social norms and be environmentally conscious in order to create a sustainable society. In accordance with the revised RHIS directive effective in 2021, companies will no longer be able to ship steel, aluminum alloys, or copper alloys that contain lead to Europe. After conducting a survey of its suppliers, THK is continuing to work with them to consider a change to lead-free products.

Three Products Selected for Tokyo Robot Collection’s Service Robot Demos

The Tokyo Robot Collection® promoted by the city of Tokyo is installing demos of robots that will reduce in-person contact at overnight treatment facilities for people with minor coronavirus symptoms, as well as robots aimed at automating and streamlining the work of municipal complexes in response to the aging population and declining birthrate. These THK robots were selected for demonstration: a thermometric robot, transfer robot, and autonomously moving digital signage.

Thermometric Robot: SEED-Noid

The head of this service robot uses a thermal camera to measure body temperature. If a fever is detected, a remote operator can take appropriate action.

Transfer Robot: SEED-Mover with Lifter

This transfer robot combines an autonomously moving trolley and a lifter that raises and lowers its height. The trolley can move in any direction and turn 360°, even in tight spaces, and the lifter can both raise/lower objects and move them forward and backward.

Autonomously Moving Display Signage

This transfer robot combines an autonomously moving trolley and a display. The trolley can move in any direction, even in tight spaces. Able to turn 360°, the display can be used for many purposes, including broadcasting commercial advertisements and remotely measuring temperatures.

* Tokyo Robot Collection. This project aims to conduct demonstrations of robots that cause with humans as they provide services in order to lead to the development of a new implementation model for addressing Tokyo’s challenges and to promote the latest in robotics and other technologies. These demonstrations take place at various locations in Tokyo where services are provided, including mobility support (excluding self-driving automobile systems), security, cleaning, and customer services.
Harmony with the Environment

The THK Group contributes to both society and the economy through our pioneering role as manufacturers of the Linear Motion Guide and other products. We also believe that it is a company’s social responsibility to leave the global environment in a healthy state for the next generation, which is why we are promoting the following initiatives to continually decrease our environmental impact and to sustain and improve the natural environment.

1. We consider conservation of the environment to be a major management challenge, and we are striving to accurately understand how our business activities, products, and services impact the environment. All divisions set appropriate environmental goals to address this challenge.
2. In addition to complying with environmental laws, we have set self-imposed standards that are reviewed regularly to improve the efficiency and effectiveness of our environmental management.
3. We will continually promote the development of products that help reduce environmental impact.
4. We will cut down energy use in our business activities and continually promote the reduction of energy consumption and greenhouse gas emissions.
5. With a particular focus on the reduction and recycling of waste, we will not only continue to promote the saving and recycling of resources, but also strive to prevent pollution.
6. We recognize the impact our business activities have on biodiversity, and we will actively work toward the conservation of all life on Earth.
7. To achieve greater collaboration with regard to our environmental activities, we provide guidance and support to our affiliate companies and business partners, and also strive to work in cooperation and harmony with the community.
8. This basic environmental policy is disseminated to all divisions in the group through education, training, and awareness campaigns, and we facilitate the timely release of information on the environment both within and outside the Group.

Structure for the Promotion of Environmental Activities

THK has developed a structure that promotes various initiatives aimed at reducing the environmental impact of its business activities. The Environmental Committee, chaired by the CEO, convenes quarterly and approves each year's environmental targets and environmental promotion schedule. In addition to reporting to the state of energy conservation activities, the management of hazardous materials, and the status of compliance with various other environmental laws and regulations, it also considers necessary improvements as appropriate.

The General Meeting for Environmental Measures convenes twice a year, headed by the Vice President. Representatives from each production facility and office department gather to recognize the necessity of proactive efforts toward reducing environmental impact. They share useful data such as the status of energy use at each facility and examples of the results of energy-saving projects, and connect this information to improvement initiatives. Specifically, they report on activities to reduce environmental impact that are suitable to each business location, such as the discovery and elimination of wasteful uses of energy, the transition to energy-efficient production equipment and HVAC systems, the installation of solar panels in open spaces, the conversion of lighting to LED bulbs, and so on.

As part of its activities to reduce environmental impact, THK distributed reusable shopping bags as gifts to celebrate the anniversary of THK's founding.

Reused shopping bags distributed on the anniversary of THK's founding.
## Corporate Data

**As of December 31, 2020**

### Company Profile

- **Headquarters**: 2-12-10 Shibaura, Minato-ku, Tokyo 108-8506, Japan
- **Telephone**: +81-3-5730-3911
- **Established**: April 1971
- **Number of Employees**: 12,914 (consolidated); 3,957 (parent company)
- **Month of Ordinary General Meeting of Shareholders**: March
- **URL**: www.thk.com
- **Independent Auditors**: Grant Thornton Taiyo LLC

### Stock Information

- **Common Stock**: Authorized issued
  - Authorized: 465,877,700 shares
  - Issued: 133,856,903 shares
- **Stock Exchange Listing**: Tokyo Stock Exchange (First Section)
- **Stock Transfer Agent**: Mitsubishi UFJ Trust and Banking Corporation
- **Number of Shareholders**: 17,265

### Major Shareholders

<table>
<thead>
<tr>
<th>Shareholders</th>
<th>Number of Issued Shares Held (Thousands of shares)</th>
<th>Shareholding Ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Custody Bank of Japan, Ltd. (Trust Account)</td>
<td>14,662</td>
<td>11.74</td>
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<tr>
<td>The Master Trust Bank of Japan, Ltd. (Trust Account)</td>
<td>12,089</td>
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<tr>
<td>SBTC CLIENT CANBUSB ACCOUNT</td>
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<tr>
<td>(NHK)</td>
<td>3,293</td>
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<td>JP MORGAN CHASE BANK 586553</td>
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<td>THE CHASE MORGAN BANK 365373</td>
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<td>Custody Bank of Japan, Ltd. (Trust Account 5)</td>
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<td>Custody Bank of Japan, Ltd. (Trust Account 6)</td>
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<td>BBRE STREET BANK WEST CLIENT - TREATY 555254</td>
<td>1,781</td>
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</table>

1. The Company holds 7,286 million shares of treasury stock, but it is omitted from the above list of major shareholders.
2. The calculation of the shareholding ratio does not include treasury stock.

### Shareholder Composition

<table>
<thead>
<tr>
<th>Shareholder Type</th>
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<th>Shareholding Ratio (%)</th>
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<td>Other Corporations</td>
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<td>Overseas Institutions</td>
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<td>Individuals and Others</td>
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<td>Treasury Stock</td>
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<td>5.44</td>
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### Stock Price and Trading Volume

<table>
<thead>
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<th>Stock Price (Yen)</th>
<th>Trading Volume (Thousands of shares)</th>
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