

To Our Stakeholders

Striving toward Medium- to Long-Term Growth

Akihiro Teramachi
President and CEO
THK CO., LTD.

Responding to the Coronavirus (COVID-19)

Since February 3, 2020, the THK Group has convened daily coronavirus 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.

Looking Back on the 2021 Fiscal Year

As the coronavirus pandemic continued during the 2021 fiscal year, demand in the industrial machinery business recovered significantly in developed nations and other regions following in the footsteps of China, which was the first country to resume economic activities. In these circumstances, we used our strengthened production capabilities to steadily convert demand into revenue. Meanwhile, the automotive and transportation business was impacted by decreased automobile production due to shortages in semiconductors and other materials. As a result, consolidated revenue reached ¥318.1 billion, an increase of 45.3% from the previous fiscal year.

In terms of costs, as demand rapidly recovered in the industrial machinery business, the volume effect of higher revenue contributed to an increase in profitability in spite of factors such as increased transportation costs and steel prices. Meanwhile, the automotive and transportation business was impacted by lower automobile production and higher steel prices. As a result,

we achieved an operating profit of ¥30.2 billion.

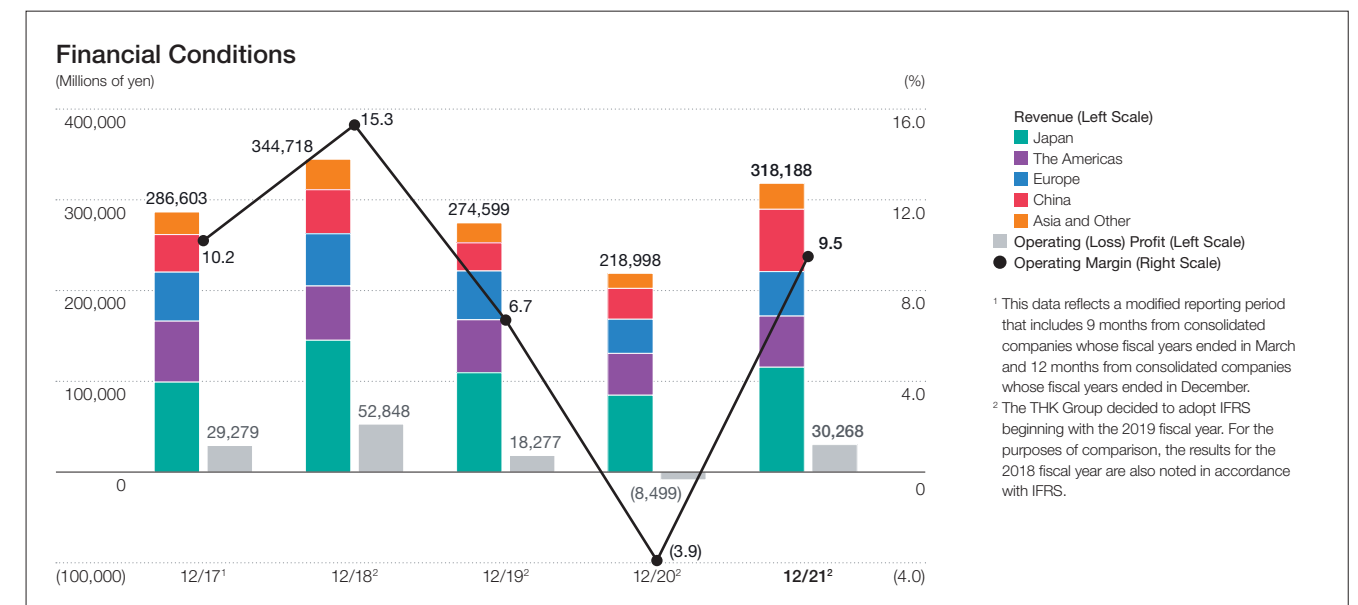
THK's Business and Management Targets

Based on our corporate philosophy of *providing innovative products to the world and generating new trends to contribute to the creation of an affluent society*, we promote our three growth strategies of full-scale globalization, the development of new business areas, and a change in business style in order to expand our business domains. Our vision is to be a manufacturing and innovative services company that goes beyond simply creating things, expanding our business to include everything from before to after the sale, broadening our interactions with customers, and genuinely contributing to their business. Furthermore, we are strengthening our sustainability and ESG activities, which are at the core of those efforts.

Due to the pandemic, our management targets were revised to the following: consolidated revenue of ¥500 billion, an operating profit of ¥100 billion, an EPS of ¥590, and an ROE of 17%, which we aim to achieve in 2026. In both our industrial machinery business and automotive and transportation business, we intend to achieve higher growth than the average market growth rate forecast.

Measures to Achieve Our Management Targets

Under these circumstances, the THK Group has accelerated its provision of new solutions in various domains to create a new kind of customer experience. In the industrial machinery business, we will promote the THK DX Project in order to reduce time spent on routine tasks and shift employees toward work with higher added value as well as to develop measures to expand sales. In order to achieve this, we are actively working to further promote





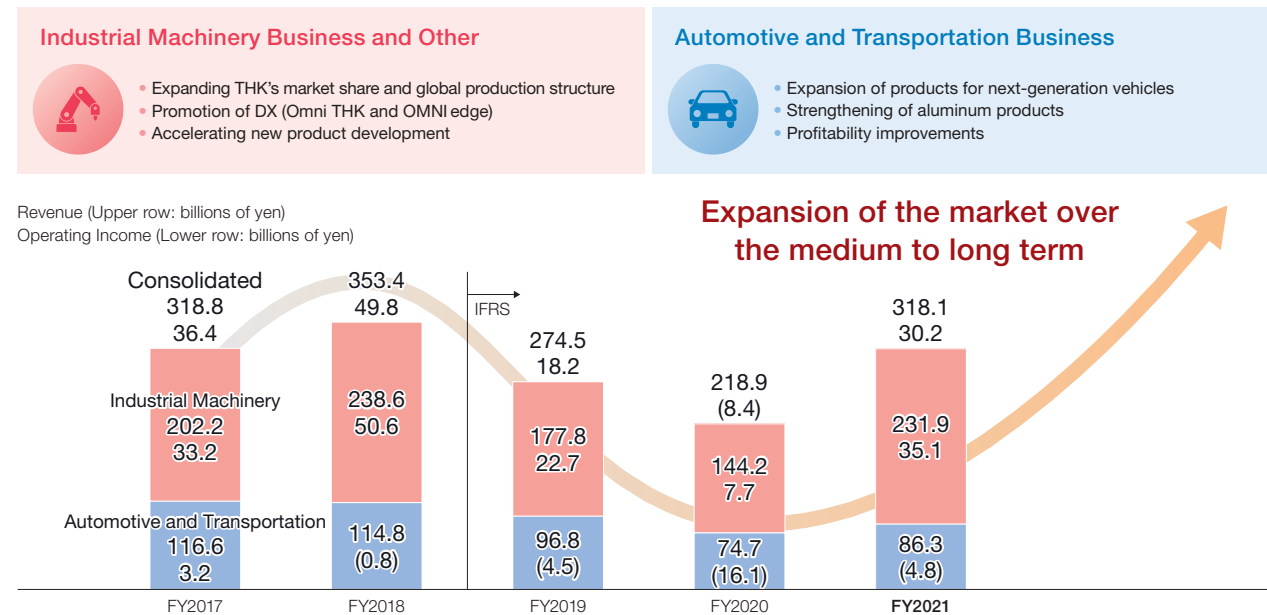
As we continue to expand new services such as these, in our existing product areas, we will promote the introduction of high-precision products, such as those for increasingly precise semiconductor manufacturing equipment. In our new business areas, our products are steadily being adopted more than ever before in medical devices, railways, 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 labor needs in service industries such as logistics, retail, and restaurants, and we are accelerating our provision of new products and various types of robots to respond to this demand.

Dramatic changes are occurring in the automotive and transportation business as CASE progresses in the automotive industry, including horizontal specialization and the emergence of new manufacturers from different industries. Under these circumstances, we will work on improving our profitability, and as we strengthen our traditional linkage and suspension business, we will also propose and add new products in line with CASE and MaaS. Furthermore, in addition to integrated brake controls, whose shipping volume is steadily increasing, we are developing other new products for next-generation automobiles and will further expand this business over the medium to long term.

In addition, as both business divisions advance their respective initiatives, we are strengthening our global production structure to support medium- to long-term top-line expansion. At our new factory for THK India, operations began in November 2021. Other efforts have also been made to further increase our

Omni THK, introduce various ICT tools and systems, and develop digital talent that will be at the core of these efforts. For our “OMNIedge” IoT service for the manufacturing industry, we have expanded our lineup and range of services. In March 2021, actuators were added to the list of compatible products. As for the service itself, OMNIedge was expanded to cover more regions outside of Japan, and two new bonus features launched in July: the no-wait manufacturing ticket and IoT risk coverage. This service can be added to machine components already in use, so we anticipate enormous demand for OMNIedge as automation and robotization advance.

Revenue Trends

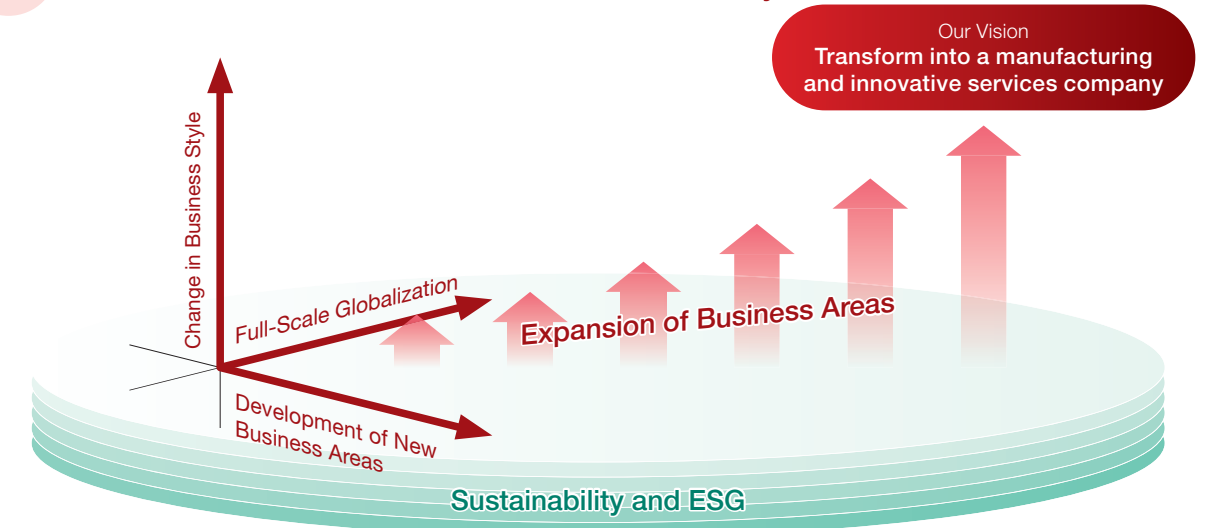


* The figures for the automotive and transportation business are the combined figures of THK RHYTHM and TRA.

THK's Business

Corporate Philosophy

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



production capabilities, such as moving forward with the construction of new facilities at THK NIIGATA in Japan. In China, where demand is expected to increase over the medium to long term, both THK Changzhou and THK Liaoning are adding facilities on their sites as well. At the same time, we are strengthening our bottom line through exhaustive improvements in productivity made by utilizing automation, robotization, and the IoT in our production processes in addition to utilizing ICT tools in our internal business processes, including in our sales and administrative departments.

In this manner, we will promote various initiatives aimed at the creation of a sustainable society in addition to growing our business in a sustainable manner and improving our corporate value. As we work toward achieving our established goals, we kindly request the continued support of all stakeholders.

April 2022

Akihiro Teramachi
President and CEO
THK CO., LTD.

寺町 章博

Striving for Sustainable Growth and Solutions to Social Challenges

As exemplified by sustainability, society and corporations generate common value through corporate activities that minimize the negative impacts and strengthen the positive. With this mindset of working for the benefit of all in addition to our individual interests, THK is promoting various initiatives to achieve the creation of a sustainable society. Therefore, in August 2021, we established medium- and long-term targets to achieve carbon neutrality. To minimize our negative impact, we have established the Carbon Neutrality Promotion Project, which is working to further reduce the CO₂ emitted through our business activities. Meanwhile, to strengthen our positive impact, we are expanding our offerings of linear motion and other products and services that contribute to energy conservation.

