

Please note that the following is an unofficial English translation of Japanese original text of the Notice of Convocation of the 52nd Ordinary General Meeting of Shareholders of THK CO., LTD. The Company provides this translation for reference and convenience purposes only. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail.

## To Our Shareholders:



Akihiro Teramachi  
Representative Director and President  
THK CO., LTD.:

Dear Shareholders:

We would like to take this opportunity to express our deep gratitude for your support.

It gives us great pleasure to inform you that the 52nd Ordinary General Meeting of Shareholders of THK CO., LTD. (the “Company”), will be held as outlined below.

During the fiscal year under review, the impact of the novel coronavirus disease (COVID-19) pandemic continued, and a strong sense of uncertainty regarding the future of the global economy remained. Even amid this situation, China quickly restarted its economic activity, and a recovery was also seen in the United States and other advanced countries. As this occurred, there were signs that overall business sentiment was beginning to improve with progress on vaccination in each country and so forth.

Under such conditions, with a view toward materializing medium- to long-term growth and enhanced corporate value, the THK Group is developing its business activities based on its strategic focuses: “Full-Scale Globalization” aiming to expand its geographic business areas, “Development of New Business Areas” aiming to expand the areas of application of its products, and “Change in Business Style” aiming to thoroughly apply Artificial Intelligence (AI), IoT, robotics, and other technologies.

In the industrial machinery business, the Company as a whole has promoted “Omni THK” under the THK DX Project in an effort to maximize the value provided to customers through the utilization of AI and IoT, and further expand sales. In terms of products for OMNledge, THK’s IoT service for the manufacturing industry aimed at realizing predictive failure detection for our customers facilities, in March 2021, THK added actuator-focused applications to our lineup. In terms of capabilities and services, we expanded our overseas service regions, and in July, we began providing new incentives including our “No wait manufacturing ticket” and “IoT risk compensation.” On the production front, in addition to enhancing productivity by promoting automation

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of production lines and the incorporation of robots into the production process, in November 2021, we started up a new plant in India, and moved forward with the construction of new plant buildings for expansion at THK Niigata in Japan, and in Changzhou and Liaoning in China, working to further strengthen our production capacity.

In the automotive & transportation business, while the Company is working on further expanding the L&S (linkage and suspension) business, it is also accelerating the development and sales of new products for automobiles by applying the core linear motion system technologies.

We will strive to meet the expectations of our shareholders by continuing to push forward with “Full-Scale Globalization,” “Development of New Business Areas,” and “Change in Business Style” and promoting initiatives to realize a sustainable society, as well as working on profitability improvement to drive growth and improve corporate value further.

We look forward to your continuous support and encouragement in the coming years.

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## Management Philosophy

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

In accordance with the management philosophy and from the perspective of maximizing corporate value, the Company aims to enhance the THK Group's long-term corporate value by continuously growing through appropriate cooperation with all stakeholders, including our shareholders.

Security Code 6481  
February 25, 2022

To Shareholders

12-10, Shibaura 2-chome, Minato-ku, Tokyo, Japan  
**THK CO., LTD.**  
Representative Director and President: Akihiro Teramachi

### **Notice of Convocation of the 52nd Ordinary General Meeting of Shareholders**

We would like to express our appreciation for your loyal patronage.

We are writing to inform you that the 52nd Ordinary General Meeting of Shareholders of THK CO., LTD. (the “Company”) will be held as outlined below.

Having carefully considered the options for preventing the spread of COVID-19, we request that you refrain from attending the meeting in person, and, instead, exercise your voting rights in writing or via an electronic method such as the Internet.

Please review the reference documents for the Ordinary General Meeting of Shareholders attached to this letter and exercise your voting rights no later than 17:30 Japan time on Friday, March 18, 2022.

**1. Date and Time:** Saturday, March 19, 2022, 13:30 (Reception desk: open at 12:30)

**2. Place** 10-30, Takanawa 4-chome, Minato-ku, Tokyo  
Shinagawa Prince Hotel, Annex Tower 5th Floor (Prince Hall)

### **3. Agenda**

#### **Reports:**

1. Business report, consolidated financial statements, and the results of the audits of the consolidated financial statements by the accounting auditor and the Audit and Supervisory Committee for the 52nd Term (January 1, 2021 to December 31, 2021)
2. Report of financial statements for the 52nd Term (January 1, 2021 to December 31, 2021)

#### **Resolutions:**

- Proposal 1:** Surplus Appropriation
- Proposal 2:** Partial Amendments to the Articles of Incorporation
- Proposal 3:** Appointment of Nine (9) Directors (Excluding Directors who are Audit and Supervisory Committee Members)
- Proposal 4:** Appointment of Three (3) Directors who are Audit and Supervisory Committee Members
- Proposal 5:** Appointment of One (1) Substitute Director who is an Audit and Supervisory Committee Member
- Proposal 6:** Determination of Remuneration to Grant Restricted Stocks to Directors (Excluding Directors who are Audit and Supervisory Committee Members and Outside Directors)

#### 4. Disclosure on the Company's Website

Based on laws and regulations and the Company's Articles of Incorporation, we have posted the following items on our website (<https://www.thk.com/us/ir/shareholder/meeting.html>), and thus do not provide them in this convocation notice.

- (1) Systems to ensure the adequacy of operations and the status of operation of such systems
- (2) Notes to the consolidated financial statements
- (3) Notes to the non-consolidated financial statements

The Company's Audit and Supervisory Committee and the accounting auditor audited the business report, the consolidated financial statements and non-consolidated financial statements included in this convocation notice as well as the notes to the financial statements shown above, which are posted on the Company's website.

- ⊙ We will also accept your questions regarding the (1) systems to ensure the adequacy of operations and the status of operation of such systems, (2) notes to the consolidated financial statements, and (3) notes to the non-consolidated financial statements, which are disclosed on the Company's website, at the Ordinary General Meeting of Shareholders.
- ⊙ If corrections to the reference documents for the Ordinary General Meeting of Shareholders, the business report, the financial statements and the consolidated financial statements may be made, the revised contents will be posted on our Company's website: (<https://www.thk.com/us/ir/shareholder/meeting.html>).
- ⊙ If attending the meeting, please submit the enclosed voting sheet to the reception desk on arrival. Please bring this convocation notice with you.
- ⊙ When exercising voting rights by proxy, the proxy must be another shareholder of the Company holding voting rights as provided under the Company's Articles of Incorporation. There shall be one proxy.

## **Notice regarding COVID-19**

The Company places the utmost priority on protecting the health of its shareholders and furthermore remains committed to ensuring the safety of its staff members who facilitate the Ordinary General Meeting of Shareholders. As such, we will implement measures as follows with the aim of helping to prevent further transmission of COVID-19. We ask for your understanding and cooperation.

- We request that you refrain from attending the meeting in person, and, instead, exercise your voting rights in writing or via an electronic method such as the Internet.
- For shareholders who are considering the possibility of attending the meeting in person, we request that you refrain from attending the meeting if you are showing signs of infection with COVID-19 (cold-like symptoms, fever, lethargy, shortness of breath, etc.).
- Shareholders considering to attend this general meeting of shareholders in person are requested to take the condition of your health into consideration including taking your temperature and to take measures to protect yourself from infection, such as wearing a face mask.
- On the day of the meeting, everyone in attendance will be asked to wear a face mask and to otherwise cooperate with efforts at the reception area with respect to having their temperatures taken and using alcohol-based hand sanitizer.

In addition to the aforementioned, we reserve the right to take action that includes the possibility of denying shareholders admission to the meeting venue in order to help prevent other shareholders from becoming infected with COVID-19, particularly if we find that a shareholder has a temperature of 37.5 degrees Celsius or higher, or if a shareholder cannot wear a face mask. We thank you for your understanding in this regard.

- Within the venue, we will arrange the seating to leave as much space as possible between shareholders. Therefore, the number of seats is less than the previous years.
- The provision of beverages to attendants has been cancelled.
- “THK Group Products Exhibition” which is normally held every year after the Ordinary General Meeting of Shareholders has been cancelled.

If future developments necessitate a major change in the way the Ordinary General Meeting of Shareholders will be run, shareholders will be informed via the website stated below.

The Company website: <https://www.thk.com/us/ir/shareholder/meeting.html>

## Guidance on the Exercise of Voting Rights

- Attending the Meeting  
Please submit the enclosed voting sheet to the reception desk on arrival at the meeting. Please bring this convocation notice with you.
- Exercising Voting Rights in Writing  
Please indicate your consent/dissent concerning each proposal shown on the enclosed voting sheet, and return it to us by no later than 17:30 on Friday, March 18 (Japan Time), 2022.
- Exercising Voting Rights via the Internet, etc.  
Please access the voting website (<https://evote.tr.mufg.jp/>) and indicate your consent/dissent concerning each proposal by no later than 17:30 on Friday, March 18 (Japan Time), 2022.  
Please refer to “Guidance on the Exercise of Voting Rights via the Internet, etc.” described on the next page.

To institutional investors,  
To exercise voting rights with regard to the proposals made at the Ordinary General Meeting of Shareholders of the Company, other than the above method to exercise voting rights using the Internet, institutional investors may use the “Voting Rights Electronic Exercise Platform” operated by ICJ Co., Ltd., provided that the shareholder has already subscribed to use of the platform.

### Notification of Cancellation of THK Group Products Exhibition

The Company has decided to cancel its “THK Group Products Exhibition” after the Ordinary General Meeting of Shareholders, out of respect for the notion of preventing transmission of COVID-19.

### Notice of Publication of Five Decades in Business

The Company celebrated its 50th anniversary of its establishment on April 10, 2021. To commemorate this milestone, the Company is currently in the process of compiling a timeline profiling our history spanning five decades. Shareholders who wish to receive a copy of the Company’s history have sent back the application forms enclosed with the interim reporting documents slated for release in September 2021, however, the editing work is taking some time, and the project is expected to be completed in July 2022. We apologize to the shareholders who took the trouble to express an interest, and ask for your further patience.  
Moreover, we will send out application forms for the THK 50-year history together with the shareholder documents to be dispatched after the annual general meeting of shareholders. Those shareholders who would like a copy of the history and did not apply last time, are welcome to apply using this form.

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**Guidance on the Exercise of Voting Rights via the Internet, etc.**

You are requested to exercise your voting rights via the Internet by accessing the voting website using your smartphone, PC, other device, and following the guidance shown on your screen.

**Deadline for exercising your voting rights:** 17:30, Friday, March 18, 2022.

**How to exercise your voting rights by scanning the QR code using a smartphone**

By scanning the “QR code for login,” you can log in without entering a “login ID” and “temporary password.”

“QR code” is a registered trademark of DENSO WAVE INCORPORATED.

**\* You can exercise your voting rights only once using the following method.**

1. Scan the QR code  
Scan the “QR code for login” provided on the right-hand side of the enclosed duplicate of your voting form, using your smartphone.
2. Choose the method of exercising your voting rights  
Choose the method of exercising your voting rights, on the screen displayed to allow you to choose the method of indicating your consent/dissent concerning each proposal.
3. Choose consent/dissent for each proposal  
Choose consent/dissent for each proposal, in accordance with the guidance on the screen.

Complete the exercise in accordance with the guidance shown on the screen.

When logging in for the second time and thereafter, please log in following the guidance provided on the next page.



### **How to exercise your voting rights by entering a login ID and temporary password**

1. Access the voting website  
Click on the “Next” button.  
Voting website: <https://evote.tr.mufg.jp/>
2. Enter the “login ID” and “temporary password” shown on the duplicate (right-hand side) of your voting form  
Click on the “Login” button.
3. Enter the “temporary password” in the “current password” field.  
Enter both the “new password” and “new password (for confirmation)”  
Click on the “Send” button.

Thereafter enter your consent/dissent in accordance with the guidance shown on the screen.

- In the event that voting rights are exercised both by mail and via the Internet, the vote via the Internet shall prevail.
- In the event that voting rights are exercised multiple times via the Internet, the most recent vote shall prevail.
- Some Internet environments, some services or some models of the device that you are using may not enable access to the website.
- Any fees that arise from accessing the site for the exercise of voting rights (e.g., dial-up connection charges, telecommunication charges) shall be borne by the shareholder.

For Questions Regarding How to Operate the Voting Website
Mitsubishi UFJ Trust & Banking Corporation Securities Agent Division <b>Tel.: 0120-173-027</b> (Toll-free, hours of operation: 9:00–21:00 Japan time)

## Reference Documents for the Ordinary General Meeting of Shareholders

### Proposal 1: Surplus Appropriation

The Company proposes the appropriation of surplus as follows.

In light of consolidated business performance in the fiscal year under review (52nd term), we would like to pay the following term-end dividend for the 52nd term and make the following other surplus appropriation, having given comprehensive consideration to the Company's business performance, the Group's business environment, internal reserves to prepare for future business development, consecutive dividends policy, and other factors.

#### 1. Matters Related to Term-end Dividends

The Company sets its payout ratio on a consolidated basis at 30%. For the term-end dividend, we would like to pay out ¥37 per share of common stock in addition to a commemorative dividend for the 50th anniversary of THK's founding of ¥2.5 for a total of ¥39.5.

As a result, annual dividend for the 52nd term, including the interim dividend of ¥20.5 (of which, a commemorative dividend of ¥2.5), will be ¥60 per share (of which, a commemorative dividend of ¥5).

(1) Type of Property for Dividends

Cash

(2) Allotment of Property for Dividends

¥39.5 per share of common stock (of which, a commemorative dividend of ¥2.5) for a total of ¥4,924,613,086

(3) Effective Date of Distribution of Surplus

Effective date to be March 22, 2022

#### 2. Matters Related to Other Surplus Appropriation

(1) Account item and amount of increase in surplus

General reserve ¥3,000,000,000

(2) Account item and amount of decrease in surplus

Profit surplus carried forward ¥3,000,000,000

**Proposal 2: Partial Amendments to the Articles of Incorporation**

1. Reasons for the Amendments

The amended provision set forth in the wording of Supplementary Provision Article 1 of the Act Partially Amending the Companies Act (Act No. 70 of 2019) takes effect on September 1, 2022. Accordingly, to prepare for the introduction of a system for the electronic provision of materials for the general meeting of shareholders, the Company proposes that the following amendments be made to the Articles of Incorporation.

- (1) The proposed amended Article 16 paragraph 1 stipulates that information that corresponds to content such as reference materials for the general meeting of shareholders be provided by electronic means.
- (2) The proposed amended Article 16 paragraph 2 establishes a provision that limits the scope of matters provided in documents issued to shareholders who request documents.
- (3) The provision for Internet disclosure and deemed provision of reference documents for general meetings of shareholders, etc. (Article 16 of the current Articles of Incorporation) is to be deleted as it is no longer necessary.
- (4) In accordance with the new establishments and deletions above, a supplementary provision regarding the effective date, etc., is to be established.

2. Details for the Amendments

The proposed amendments are as follows.

(The proposed amendments are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p>Chapter 3 General Meeting of Shareholders  <u>(Internet Disclosure and Deemed Provision of Reference Documents for General Meetings of Shareholders, Etc.)</u>                      Article 16.  <u>When convening a General Meeting of Shareholders, by disclosing—through a method that utilizes the Internet in accordance with the provisions of the applicable Ordinance of the Ministry of Justice—information pertaining to matters that should be recorded or indicated in reference documents for General Meetings of Shareholders, business reports, financial statements, and consolidated financial statements, the Company may be deemed to have provided the information to the shareholders.</u>                      (Newly established)</p> <p>(Newly established)</p>	<p>(Deleted)</p> <p><u>(Measures for Providing Information in Electronic Format, Etc.)</u>                      Article 16.                      1. <u>When convening a General Meeting of Shareholders, it shall take measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. in electronic format.</u>                      2. <u>Among items for which the measures for providing information in electronic format will be taken, the Company may exclude all or some of those items stipulated by Ministry of Justice Order from statements in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents by the record date of voting rights.</u></p>

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Current Articles of Incorporation	Proposed Amendments
<p>(Supplementary Provisions) (Newly established)</p> <p>(Newly established)</p> <p>(Newly established)</p>	<p>(Supplementary Provisions)</p> <p>2. <u>The amendments of Article 16 of the Articles of Incorporation shall be effective from September 1, 2022, which is the date of enforcement of the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) (hereinafter referred to as the “Date of Enforcement”).</u></p> <p>3. <u>Notwithstanding the provision of the preceding paragraph, Article 16 of the Articles of Incorporation (Internet Disclosure and Deemed Provision of Reference Documents for General Meetings of Shareholders, Etc.) before amendment shall remain in effect for general meetings of shareholders held on a date within six months of the Date of Enforcement.</u></p> <p>4. <u>This Supplementary Provision shall be deleted on the date when six months has elapsed from the date of Enforcement or three months has elapsed from the date of a general meeting of shareholders in the preceding paragraph, whichever later.</u></p>

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**Proposal 3: Appointment of Nine (9) Directors (Excluding Directors who are Audit and Supervisory Committee Members)**

The tenure of all eight (8) Directors (excluding Directors who are Audit and Supervisory Committee Members) will expire at the close of this Ordinary General Meeting of Shareholders. The Company hereby proposes a total of nine (9) Directors (excluding Directors who are Audit and Supervisory Committee Members), including two (2) Outside Directors.

The candidates for Directors (excluding Directors who are Audit and Supervisory Committee Members) are as follows:

Candidate No.	Name (Age)		Current Position and Duties in the Company
1	Reappointment Male	Akihiro Teramachi (70)	Representative Director, President and CEO
2	Reappointment Male	Toshihiro Teramachi (63)	Director, Executive Vice President and CIO
3	Reappointment Male	Hiroshi Imano (68)	Director, Executive Vice President and CFO
4	Reappointment Male	Takashi Teramachi (43)	Director and Senior Managing Executive Officer Senior General Manager of Industrial Machinery Headquarters
5	Reappointment Male	Nobuyuki Maki (61)	Director and Senior Managing Executive Officer Senior General Manager of Automotive & Transportation Headquarters
6	Reappointment Male	Junji Shimomaki (68)	Director and Managing Executive Officer General Manager of Industrial Machinery Headquarters Senior General Manager of Sales Division, Industrial Machinery Headquarters
7	Reappointment Male	Junichi Sakai (74)	Director (In charge of Quality Assurance, Risk Management, and Production Engineering)
8	Reappointment Candidate for Outside Director Candidate for Independent Officer Male	Masaaki Kainosho (71)	Outside Director
9	New Candidate for Outside Director Candidate for Independent Officer Female	Junko Kai (54)	Outside Director

Note: The age is as of this Ordinary General Meeting of Shareholders.

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Candidate No.	Name (Date of Birth)	Brief History, Position, Assigned Tasks and Significant Positions Concurrently Held	Number of the Shares of the Company Held
1	<p>[Reappointment] [Male]</p> <p><b>Akihiro Teramachi</b> (April 5, 1951)</p> <p>Service years as Director: 40 years</p> <p>Attendance at the Board of Directors meetings: 100% (16 of 16 meetings)</p>	<p>Oct. 1975 Joined the Company</p> <p>Mar. 1982 Director, General Manager of Administration Division</p> <p>Jun. 1987 Managing Director and Senior General Manager of Control Division</p> <p>Jun. 1994 Director and Executive Vice President</p> <p>May 1995 Representative Director and President of DAITO SEIKI CO., LTD. (currently THK INTECHS CO., LTD.)</p> <p>Jan. 1997 Representative Director and President of the Company (current position)</p> <p>&lt;Significant positions concurrently held&gt;</p> <p>Chairman of JAPAN MACHINE ACCESSORY ASSOCIATION (General Incorporated Association)</p>	3,299,510
	<p>[Rationale for Appointment as a Candidate for Director]</p> <p>With regard to the rationale for the appointment of Akihiro Teramachi as a candidate for Director, Mr. Teramachi has shown leadership as a top manager responsible for the supervision and control of the Company and the entire Group operating in Japan and overseas, and based on his considerable experience and actual performance, we judged Mr. Teramachi to be a human resource who can supervise and control the entire Group appropriately, especially in our efforts for global business development and development into new fields, as well as change in business style, to improve the corporate value of the THK Group.</p> <p>Note: There is no special interest relationship between Akihiro Teramachi and the Company.</p>		
2	<p>[Reappointment] [Male]</p> <p><b>Toshihiro Teramachi</b> (November 18, 1958)</p> <p>Service years as Director: 23 years and 9 months</p> <p>Attendance at the Board of Directors meetings: 100% (16 of 16 meetings)</p>	<p>Dec. 1988 Joined the Company</p> <p>Jun. 1989 Director, Manager of UK Branch of THK Europe GmbH (currently THK GmbH)</p> <p>Aug. 1992 Director and Executive Vice President of PGM Ballscrews Ireland Ltd. (currently THK Manufacturing of Ireland Ltd.)</p> <p>Feb. 1993 Representative Director and President of THK GmbH</p> <p>May 1993 Representative Director and President of THK Europe B.V.</p> <p>Jun. 1998 Director of the Company</p> <p>Jun. 2005 Managing Director</p> <p>Jun. 2012 Director and Executive Vice President (current position)</p>	100,400
	<p>[Rationale for Appointment as a Candidate for Director]</p> <p>With regard to the rationale for the appointment of Toshihiro Teramachi as a candidate for Director, Mr. Teramachi has supervised and controlled the Company and the entire Group operating in Japan and overseas, and based on his considerable experience and actual performance, we judged Mr. Teramachi to be a human resource who can supervise and control the entire Group appropriately, especially in our efforts for global business development and development into new fields, as well as change in business style, to improve the corporate value of the THK Group.</p> <p>Note: There is no special interest relationship between Toshihiro Teramachi and the Company.</p>		

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Candidate No.	Name (Date of Birth)	Brief History, Position, Assigned Tasks and Significant Positions Concurrently Held	Number of the Shares of the Company Held
3	<p>[Reappointment] [Male]</p> <p><b>Hiroshi Imano</b> (January 31, 1954)</p> <p>Service years as Director: 13 years and 9 months</p> <p>Attendance at the Board of Directors meetings: 100% (16 of 16 meetings)</p>	<p>Mar. 2004 Resigned from Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.)</p> <p>Apr. 2004 Joined the Company</p> <p>May 2004 President of THK MANUFACTURING OF CHINA (WUXI) CO., LTD.</p> <p>Oct. 2007 General Manager of Production Division of the Company</p> <p>Dec. 2007 Representative Director and President of THK Manufacturing of Europe S.A.S.</p> <p>Jun. 2008 Director of the Company</p> <p>Jun. 2010 Managing Director</p> <p>Jun. 2012 Director and Executive Vice President (current position)</p>	3,700
	<p>[Rationale for Appointment as a Candidate for Director] With regard to the rationale for the appointment of Hiroshi Imano as a candidate for Director, Mr. Imano has supervised and controlled the Company and the entire Group operating in Japan and overseas, and based on his considerable experience and actual performance, we judged Mr. Imano to be a human resource who can supervise and control the entire Group appropriately, especially in our efforts for global business development and development into new fields, as well as change in business style, to improve the corporate value of the THK Group.</p> <p>Note: There is no special interest relationship between Hiroshi Imano and the Company.</p>		
4	<p>[Reappointment] [Male]</p> <p><b>Takashi Teramachi</b> (November 17, 1978)</p> <p>Service years as Director: 7 years and 9 months</p> <p>Attendance at the Board of Directors meetings: 100% (16 of 16 meetings)</p>	<p>Sep. 2013 Resigned from Sumitomo Corporation</p> <p>Nov. 2013 Joined the Company</p> <p>Jan. 2014 General Manager of IMT Division</p> <p>Jun. 2014 Director (current position) Executive Officer Deputy General Manager of IMT Division Representative Director and President of THK INTECHS CO., LTD.</p> <p>Jun. 2016 Senior Managing Executive Officer (current position) Senior General Manager of Industrial Machinery Headquarters (current position)</p>	3,100
	<p>[Rationale for Appointment as a Candidate for Director] With regard to the rationale for the appointment of Takashi Teramachi as a candidate for Director, based on his considerable experience and actual performance as a person responsible for the THK Group's robotics and unit products fields, we judged Mr. Teramachi to be a human resource who can appropriately supervise and control the entire Group and the businesses that he is in charge of, especially in our efforts for global business development and development into new fields, as well as change in business style, to improve the corporate value of the THK Group.</p> <p>Note: There is no special interest relationship between Takashi Teramachi and the Company.</p>		

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Candidate No.	Name (Date of Birth)	Brief History, Position, Assigned Tasks and Significant Positions Concurrently Held	Number of the Shares of the Company Held
5	<p>[Reappointment] [Male]</p> <p><b>Nobuyuki Maki</b> (May 12, 1960)</p> <p>Service years as Director: 6 years and 9 months</p> <p>Attendance at the Board of Directors meetings: 100% (16 of 16 meetings)</p>	<p>Apr. 1983 Joined the Company</p> <p>Jul. 1992 Manager of Chicago Branch of THK America, Inc.</p> <p>Jan. 2003 Representative Director and President of THK Manufacturing of America, Inc.</p> <p>Oct. 2007 Manager of Yamaguchi Plant of the Company</p> <p>Jun. 2010 Director Senior General Manager of Production Division</p> <p>Jun. 2014 Managing Executive Officer (Retired as Director following the introduction of the Executive Officer System)</p> <p>Apr. 2015 Senior General Manager of Sales Support Division</p> <p>May 2015 General Manager of L&amp;S Business Integration Division</p> <p>Jun. 2015 Director (current position)</p> <p>Nov. 2015 Director and Managing Executive Officer Senior General Manager of Automotive &amp; Transportation Business Unit</p> <p>Jun. 2016 Director and Senior Managing Executive Officer (current position) Senior General Manager of Automotive &amp; Transportation Headquarters (current position)</p>	4,500
<p>[Rationale for Appointment as a Candidate for Director] With regard to the rationale for the appointment of Nobuyuki Maki as a candidate for Director, based on his considerable experience and actual performance as a person responsible for supervising and controlling the automotive &amp; transportation business and a person responsible for controlling the production of the Company and the entire Group operating in Japan and overseas and the domestic and overseas sales operations of the THK Group, we judged Mr. Maki to be a human resource who can appropriately supervise and control the entire Group and the businesses that he is in charge of, especially in our efforts for global business development and development into new fields, as well as change in business style, to improve the corporate value of the THK Group.</p> <p>Note: There is no special interest relationship between Nobuyuki Maki and the Company.</p>			



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Candidate No.	Name (Date of Birth)	Brief History, Position, Assigned Tasks and Significant Positions Concurrently Held	Number of the Shares of the Company Held
6	<p>[Reappointment] [Male]</p> <p><b>Junji Shimomaki</b> (October 6, 1953)</p> <p>Service years as Director: 5 years and 9 months</p> <p>Attendance at the Board of Directors meetings: 100% (16 of 16 meetings)</p>	<p>Apr. 1976 Joined the Company</p> <p>Jul. 1992 Manager of Tokyo Branch</p> <p>Feb. 2003 General Manager of East Japan Sales Region I</p> <p>Jun. 2004 General Manager of East Japan Sales Region II</p> <p>Jun. 2009 Director Senior General Manager of Sales Division</p> <p>Oct. 2011 General Manager of ACE Division</p> <p>Jun. 2014 Managing Executive Officer (current position) (Retired as Director following the introduction of the Executive Officer System)</p> <p>Jun. 2016 Director (current position) General Manager of Industrial Machinery Headquarters (current position) Senior General Manager of Sales Division, Industrial Machinery Headquarters (current position)</p>	9,200
<p>[Rationale for Appointment as a Candidate for Director] With regard to the rationale for the appointment of Junji Shimomaki as a candidate for Director, based on his considerable experience and actual performance as a person responsible for supervising and controlling the industrial machinery business and a person responsible for controlling the sales operations of the Company and the entire Group operating in Japan and overseas, we judged Mr. Shimomaki to be a human resource who can appropriately supervise and control the entire Group and the businesses he is in charge of, especially in our efforts for global business development and development into new fields, as well as change in business style, to improve the corporate value of the THK Group.</p> <p>Note: There is no special interest relationship between Junji Shimomaki and the Company.</p>			

**[Translation for Reference and Convenience Purposes Only]**

Candidate No.	Name (Date of Birth)	Brief History, Position, Assigned Tasks and Significant Positions Concurrently Held	Number of the Shares of the Company Held
7	<p>[Reappointment] [Male]</p> <p><b>Junichi Sakai</b> (October 5, 1947)</p> <p>Service years as Director: 17 years and 9 months</p> <p>Attendance at the Board of Directors meetings: 100% (16 of 16 meetings)</p>	<p>Jan. 1990 Resigned from NIPPEI TOYAMA CORPORATION Joined the Company</p> <p>Jul. 1992 General Manager of Mechatronics Division</p> <p>Oct. 1994 General Manager of Sales Engineering Division</p> <p>Mar. 2000 General Manager of East Japan Sales Region I</p> <p>Feb. 2003 General Manager of Quality Assurance Division General Manager of Advanced Technology Information Center</p> <p>Jun. 2004 Director (current position)</p> <p>Sep. 2006 General Manager of Quality Assurance Division General Manager of Advanced Technology Information Center</p> <p>Jun. 2014 Executive Officer General Manager of ICB Center</p> <p>Jun. 2016 In charge of Quality Assurance, Risk Management, and Production Engineering (current position)</p>	5,150
<p>[Rationale for Appointment as a Candidate for Director]</p> <p>The rationale for the appointment of Junichi Sakai as a candidate for Director is that we believe that he is capable of appropriately engaging in overall supervision and management of the THK Group and businesses he is in charge of as the THK Group undertakes full-scale globalization and development of new business areas, as well as change in business style, to enhance the corporate value of the THK Group on the basis of his abundant experience and accomplishments gained in management as a technology, quality and sales executive.</p> <p>Note: There is no special interest relationship between Junichi Sakai and the Company.</p>			

[Translation for Reference and Convenience Purposes Only]

Candidate No.	Name (Date of Birth)	Brief History, Position, Assigned Tasks and Significant Positions Concurrently Held	Number of the Shares of the Company Held
	<p>[Reappointment] [Outside Director] [Independent] [Male]</p> <p>Masaaki Kainosho (January 21, 1951)</p> <p>Service years as Outside Director: 9 years and 9 months</p> <p>Attendance at the Board of Directors meetings: 100% (16 of 16 meetings)</p>	<p>Apr. 1976 Joined Mitsui Bank (currently Sumitomo Mitsui Banking Corporation)</p> <p>Apr. 1996 Resigned from The Sakura Bank, Limited (currently Sumitomo Mitsui Banking Corporation)</p> <p>May 1996 Joined SAP Japan Co., Ltd.</p> <p>Sep. 1999 Resigned from SAP Japan Co., Ltd. Joined Japan Business Create Co., Ltd.</p> <p>Jan. 2005 Resigned from Japan Business Create Co., Ltd. Representative Director of K-BRAIN CO., LTD. (currently KAINOSHO CO., LTD.) (current position)</p> <p>Apr. 2011 Professor of Otsuma Women's University Junior College Division (current position)</p> <p>Jun. 2012 Outside Director of the Company (current position)</p> <p>&lt;Significant positions concurrently held&gt;</p> <p>Representative Director of KAINOSHO CO., LTD. Professor of Otsuma Women's University Junior College Division</p>	<p>3,800</p>
8	<p>[Rationale for Appointment as a Candidate for Outside Director and overview of expected roles]</p> <p>The rationale for the appointment of Masaaki Kainosho as a candidate for Outside Director is that we expect that he will help ensure the objectivity, neutrality and legality of the Company's management as the THK Group undertakes full-scale globalization and development of new business areas, as well as change in business style, to enhance the corporate value of the THK Group on the basis of his abundant experience and accomplishments, and insights gained as a university professor knowledgeable about business administration and as the manager of a management consulting company.</p> <p>Although Mr. Kainosho held a position at Mitsui Bank, from April 1976 to April 1996, which was a previous entity of Sumitomo Mitsui Banking Corporation, currently a lender to the Company, he consistently belonged to an IT system-related unit and the Company did not have any transactional relationship with Mitsui Bank at that time. Therefore, we have determined that Mr. Kainosho can maintain his independence and perform his duties appropriately as Outside Director of the Company.</p> <p>Notes:</p> <ol style="list-style-type: none"> <li>1. There is no special interest relationship between Masaaki Kainosho and the Company.</li> <li>2. Masaaki Kainosho is a candidate for Outside Director.</li> <li>3. Under the provisions of Article 427, Paragraph 1, of the Companies Act, the Company has entered into an agreement with Masaaki Kainosho to limit his indemnity liability under Article 423, Paragraph 1, thereof. The limitation of liability under the agreement is either the higher of ¥10 million or the minimum liability limit stipulated in Article 425, Paragraph 1, of the Companies Act. If Mr. Kainosho is reelected, the Company intends to continue the limited liability agreement with him as an Outside Director.</li> <li>4. The Company registered Masaaki Kainosho as an independent officer in accordance with the regulations of the Tokyo Stock Exchange. If Mr. Kainosho is reelected, the Company intends to continue to register him as an independent officer.</li> <li>5. In 2021, the Company sold all of the Sumitomo Mitsui Financial Group, Inc. shares that it owned.</li> </ol>		

[Translation for Reference and Convenience Purposes Only]

Candidate No.	Name (Date of Birth)	Brief History, Position, Assigned Tasks and Significant Positions Concurrently Held	Number of the Shares of the Company Held
9	<p>[Newly elected] [Outside Director] [Independent] [Female]</p> <p>Junko Kai (September 29, 1967)</p>	<p>Apr. 1992 Registered at the Daini Tokyo Bar Association</p> <p>Dec. 2002 Partner attorney of Hamaji Takahasi Kai Law Office (current position)</p> <p>Jun. 2006 Member of the Daini Tokyo Bar Association's discipline enforcement committee</p> <p>Mar. 2007 Instructor for defense in criminal cases, the Legal Training and Research Institute</p> <p>Apr. 2010 Conciliation Commissioner, of Tokyo Family Court (current position)</p> <p>Jul. 2010 Reserve member of Disciplinary Committee, The Japanese Institute of Certified Public Accountants</p> <p>Oct. 2010 Examiner for the national bar examination (Code of Criminal Procedure) Examiner for the preliminary national bar examination (Code of Criminal Procedure)</p> <p>Jun. 2014 Member of the Ministry of Health, Labour and Welfare's Committee for Public Procurement for Special Pension Accounts (current position)</p> <p>Oct. 2015 Special Member of Ministry of Land, Infrastructure, Transport and Tourism's Chuo Construction Disturbance Inspection Meeting (current position)</p> <p>Feb. 2016 Member of the Daini Tokyo Bar Association's disciplinary committee</p> <p>Jun. 2017 Substitute Audit &amp; Supervisory Board Member of Idemitsu Kosan Co.,Ltd. (current position)</p> <p>Jun. 2019 Outside Director of NARITA INTERNATIONAL AIRPORT CORPORATION (current position)</p> <p>Jun. 2020 Substitute Audit &amp; Supervisory Board Member of MITSUI-SOKO HOLDINGS Co., Ltd. (current position)</p> <p>Jun. 2021 Member of the Daini Tokyo Bar Association's discipline enforcement committee (current position)</p> <p>Jun. 2021 Outside Audit &amp; Supervisory Board Member of JSR Corporation (current position)</p> <p>&lt;Significant positions concurrently held&gt; Partner attorney of Hamaji Takahasi Kai Law Office Outside Director of NARITA INTERNATIONAL AIRPORT CORPORATION Outside Audit &amp; Supervisory Board Member of JSR Corporation</p>	—
<p>[Rationale for Appointment as a Candidate for Outside Director and overview of expected roles] The rationale for the appointment of Junko Kai as a candidate for Outside Director is that although she has no experience of being directly involved in corporate management in the past, we expect that she will help ensure the objectivity, neutrality and appropriateness of the Company's management as the THK Group undertakes full-scale globalization and development of new business areas, as well as change in business style, to enhance the corporate value of the Group on the basis of her abundant experience and accomplishments, and insights as a legal expert who has legal expertise gained over the years as a lawyer.</p> <p>Notes: 1. There is no special interest relationship between Junko Kai and the Company. 2. Junko Kai is a candidate for Outside Director.</p>			

[Translation for Reference and Convenience Purposes Only]

Candidate No.	Name (Date of Birth)	Brief History, Position, Assigned Tasks and Significant Positions Concurrently Held	Number of the Shares of the Company Held
		<p>3. If Junko Kai is newly elected, under the provisions of Article 427, Paragraph 1, of the Companies Act, the Company intends to enter into an agreement with Ms. Kai to limit her indemnity liability under Article 423, Paragraph 1, thereof. The limitation of liability under the agreement is either the higher of ¥10 million or the minimum liability limit stipulated in Article 425, Paragraph 1, of the Companies Act.</p> <p>4. If Junko Kai is newly elected, the Company plans to register her as an independent officer in accordance with the regulations of the Tokyo Stock Exchange.</p>	

- Notes:
1. The summary of the Audit and Supervisory Committee's opinion regarding the appointment of Directors and remuneration, etc. is as follows.

The Nomination Advisory Committee deliberated each candidate's qualifications as a Director by examining their knowledge, experience, and ability, etc. One Audit and Supervisory Committee Member participated in deliberations as a member of the Nomination Advisory Committee. The Audit and Supervisory Committee had a discussion based on the deliberation results of the Nomination Advisory Committee. As a result, we have determined that the nomination procedure was carried out properly and each candidate is qualified to be a Director of the Company.

The Audit and Supervisory Committee deliberated over remuneration for Directors based on the deliberation results of the Remuneration Advisory Committee, in which one Audit and Supervisory Committee Member participates in deliberations, as was the case with the deliberations by the Nomination Advisory Committee. As a result, we have determined that remuneration is appropriate considering that the decision procedure was carried out properly in accordance with the remuneration system.
  2. The Company has entered into a liability insurance contract with an insurance company for directors and officers, as stipulated in Article 430-3, Paragraph 1 of the Companies Act, with the Directors as the insured, and plans to renew the contract with the same terms in July 2022. If the election of candidates is approved and adopted with this proposal, each candidate will be insured under the said contract.

[Translation for Reference and Convenience Purposes Only]

**Proposal 4: Appointment of Three (3) Directors who are Audit and Supervisory Committee Members**

The tenure of all three (3) Directors who are Audit and Supervisory Committee Members will expire at the close of this Ordinary General Meeting of Shareholders. The Company hereby proposes a total of three (3) Directors who are Audit and Supervisory Committee Members.

The Company has obtained the consent of the Audit and Supervisory Committee to this proposal.

The candidates for Directors who are Audit and Supervisory Committee Members are as follows:

Candidate No.	Name (Date of Birth)	Brief History, Position, Assigned Tasks and Significant Positions Concurrently Held	Number of the Shares of the Company Held
1	<p>[Reappointment] [Outside Director] [Independent] [Male]</p> <p>Masakatsu Hioki (July 30, 1950)</p> <p>Service years as Outside Director: 7 years and 9 months</p> <p>Service years as Director who is an Audit and Supervisory Committee Member: 5 years and 9 months</p> <p>Attendance at the Board of Directors meetings: 100% (16 of 16 meetings)</p> <p>Attendance at the Audit and Supervisory Committee meetings: 100% (14 of 14 meetings)</p>	<p>Apr. 1975 Joined Komatsu Ltd.</p> <p>Apr. 2004 Executive Officer of Komatsu Ltd.</p> <p>Apr. 2008 Senior Executive Officer of Komatsu Ltd.</p> <p>Jul. 2012 Advisor of Komatsu Ltd.</p> <p>Jun. 2014 Outside Director of the Company</p> <p>Nov. 2014 Outside Director of SUKIYA Co., Ltd. (current position)</p> <p>Apr. 2015 Visiting Professor of Ritsumeikan University Graduate School</p> <p>May 2016 Outside Director of ZUIKO CO., LTD. (current position)</p> <p>Jun. 2016 Outside Director (Audit and Supervisory Committee Member) of the Company (current position)</p> <p>&lt;Significant positions concurrently held&gt;</p> <p>Outside Director of SUKIYA Co., Ltd.</p> <p>Outside Director of ZUIKO CO., LTD.</p>	1,600
	<p>[Rationale for Appointment as a Candidate for Outside Director who is an Audit and Supervisory Committee Member and overview of expected roles]</p> <p>The rationale for the appointment of Masakatsu Hioki as a candidate for Outside Director who is an Audit and Supervisory Committee Member is that we expect that he will help ensure the objectivity, neutrality and legality of the Company's management as the THK Group undertakes full-scale globalization and development of new business areas, as well as change in business style, to enhance the corporate value of the Group on the basis of his abundant experience, accomplishments, and insights mainly as a person responsible for personnel and general affairs in the management division of a global enterprise and a manufacturer. Mr. Hioki is a former employee of Komatsu Ltd., and the Company has business transactions with Komatsu Ltd. involving sales, etc. of the Company's products. However, the amount of such transactions accounts for less than 1% of the Company's and Komatsu's sales revenue in the</p>		

[Translation for Reference and Convenience Purposes Only]

Candidate No.	Name (Date of Birth)	Brief History, Position, Assigned Tasks and Significant Positions Concurrently Held	Number of the Shares of the Company Held
		<p>current consolidated fiscal year. Therefore, we have determined that Mr. Hioki can maintain his independence and perform his duties appropriately as Outside Director of the Company.</p> <p>Notes:</p> <ol style="list-style-type: none"> <li>1. There is no special interest relationship between Masakatsu Hioki and the Company.</li> <li>2. Masakatsu Hioki is a candidate for Outside Director.</li> <li>3. Under the provisions of Article 427, Paragraph 1, of the Companies Act, the Company has entered into an agreement with Masakatsu Hioki to limit his indemnity liability under Article 423, Paragraph 1, thereof. The limitation of liability under the agreement is either the higher of ¥10 million or the minimum liability limit stipulated in Article 425, Paragraph 1, of the Companies Act. If Mr. Hioki is reelected, the Company intends to continue the limited liability agreement with him as an Outside Director.</li> <li>4. The Company registered Masakatsu Hioki as an independent officer in accordance with the regulations of the Tokyo Stock Exchange. If Mr. Hioki is reelected, the Company intends to continue to register him as an independent officer.</li> <li>5. In 2021, the Company sold all of the Komatsu Ltd. shares that it owned. Furthermore, the Company has withdrawn itself from the shareholding association of the said company.</li> </ol>	

**[Translation for Reference and Convenience Purposes Only]**

Candidate No.	Name (Date of Birth)	Brief History, Position, Assigned Tasks and Significant Positions Concurrently Held	Number of the Shares of the Company Held
2	<p>[Reappointment] [Outside Director] [Independent] [Male]</p> <p><b>Tomitoshi Omura</b> (August 3, 1954)</p> <p>Service years as Outside Director: 5 years and 9 months</p> <p>Service years as Director who is an Audit and Supervisory Committee Member: 5 years and 9 months</p> <p>Attendance at the Board of Directors meetings: 100% (16 of 16 meetings)</p> <p>Attendance at the Audit and Supervisory Committee meetings: 100% (14 of 14 meetings)</p>	<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 Managing Director of Omura Accounting Office (current position)</p> <p>Jun. 2016 Outside Director (Audit and Supervisory Committee Member) of the Company (current position)</p> <p>&lt;Significant positions concurrently held&gt;</p> <p>Managing Director of Omura Accounting Office</p>	2,200
<p>[Rationale for Appointment as a Candidate for Outside Director who is an Audit and Supervisory Committee Member and overview of expected roles]</p> <p>The rationale for the appointment of Tomitoshi Omura as a candidate for Outside Director who is an Audit and Supervisory Committee Member is that we expect that he will help ensure the objectivity, neutrality and legality of the Company’s management as the THK Group undertakes full-scale globalization and development of new business areas, as well as change in business style, to enhance the corporate value of the Group on the basis of his abundant experience, accomplishments, and insights as an accounting expert who has knowledge in corporate accounting gained over many years as a certified public accountant.</p> <p>Although Mr. Omura has no experience of being directly involved in corporate management in the past, we have determined that he can perform his duties appropriately as Outside Director of the Company for the reasons above.</p>			



[Translation for Reference and Convenience Purposes Only]

Candidate No.	Name (Date of Birth)	Brief History, Position, Assigned Tasks and Significant Positions Concurrently Held	Number of the Shares of the Company Held
	<p>Notes:</p> <ol style="list-style-type: none"><li>1. There is no special interest relationship between Tomitoshi Omura and the Company.</li><li>2. Tomitoshi Omura is a candidate for Outside Director.</li><li>3. Under the provisions of Article 427, Paragraph 1, of the Companies Act, the Company has entered into an agreement with Tomitoshi Omura to limit his indemnity liability under Article 423, Paragraph 1, thereof. The limitation of liability under the agreement is either the higher of ¥10 million or the minimum liability limit stipulated in Article 425, Paragraph 1, of the Companies Act. If Mr. Omura is reelected, the Company intends to continue the limited liability agreement with him as an Outside Director.</li><li>4. The Company registered Tomitoshi Omura as an independent officer in accordance with the regulations of the Tokyo Stock Exchange. If Mr. Omura is reelected, the Company intends to continue to register him as an independent officer.</li></ol>		

[Translation for Reference and Convenience Purposes Only]

Candidate No.	Name (Date of Birth)	Brief History, Position, Assigned Tasks and Significant Positions Concurrently Held	Number of the Shares of the Company Held
3	<p>[Reappointment] [Outside Director] [Independent] [Male]</p> <p>Yoshiki Ueda (March 10, 1953)</p> <p>Service years as Outside Director: 5 years and 9 months</p> <p>Service years as Director who is an Audit and Supervisory Committee Member: 5 years and 9 months</p> <p>Attendance at the Board of Directors meetings: 100% (16 of 16 meetings)</p> <p>Attendance at the Audit and Supervisory Committee meetings: 100% (14 of 14 meetings)</p>	<p>Apr. 1976 Joined Mitsubishi Corporation</p> <p>Apr. 2007 Deputy General Manager of Kansai Branch of Mitsubishi Corporation</p> <p>Apr. 2008 Executive of Mitsubishi Corporation</p> <p>Jun. 2010 President &amp; CEO of Mitsubishi Corporation Technos</p> <p>Jun. 2011 Chairman of Japan Machine Tool Distributors Association</p> <p>Jun. 2015 Advisor of Mitsubishi Corporation Technos</p> <p>Jun. 2016 Outside Director (Audit and Supervisory Committee Member) of the Company (current position)</p> <p>Jun. 2016 Outside Director of SINTOKOGIO, LTD.</p> <p>Nov. 2016 Corporate Advisor to Makino Milling Machine Co., Ltd.</p> <p>Dec. 2016 Visiting Professor of National University Corporation Shizuoka University</p> <p>Jun. 2017 Outside Director, Representative Director &amp; Chairman of SINTOKOGIO, LTD. (current position)</p> <p>Jun. 2018 External Director, Representative Director &amp; Vice-Chairman of Makino Milling Machine Co., Ltd.</p> <p>Jun. 2020 External Director, Representative Director &amp; Chairman of Makino Milling Machine Co., Ltd.</p> <p>&lt;Significant positions concurrently held&gt;</p> <p>Outside Director, Representative Director &amp; Chairman of SINTOKOGIO, LTD.</p>	2,200
<p>[Rationale for Appointment as a Candidate for Outside Director who is an Audit and Supervisory Committee Member and overview of expected roles]</p> <p>The rationale for the appointment of Yoshiki Ueda as a candidate for Outside Director who is an Audit and Supervisory Committee Member is that we expect that he will help ensure the objectivity, neutrality and legality of the Company's management as the THK Group undertakes full-scale globalization and development of new business areas, as well as change in business style, to enhance the corporate value of the Group on the basis of his abundant experience, actual performance and insights, given that he has experience gained from years of involvement in the field of machinery-related business in a global company and is highly adept also in corporate management.</p> <p>Mr. Ueda is currently an Outside Director of SINTOKOGIO, LTD. The Company also has business transactions with SINTOKOGIO, LTD. involving purchases, etc. of the said company's products, but the amount of such transactions accounts for less than 1% of the Company's and SINTOKOGIO's sales revenue in the current consolidated fiscal year. Therefore, we have determined that Mr. Ueda can maintain his independence and perform his duties appropriately as Outside Director of the Company.</p> <p>Notes:</p> <ol style="list-style-type: none"> <li>1. There is no special interest relationship between Yoshiki Ueda and the Company.</li> <li>2. Yoshiki Ueda is a candidate for Outside Director.</li> <li>3. Under the provisions of Article 427, Paragraph 1, of the Companies Act, the Company has entered into an agreement with Yoshiki Ueda to limit his indemnity liability under Article 423, Paragraph 1, thereof. The limitation of liability under the agreement is either the higher of ¥10 million or the minimum liability limit stipulated in Article 425, Paragraph 1, of the</li> </ol>			

**[Translation for Reference and Convenience Purposes Only]**

Candidate No.	Name (Date of Birth)	Brief History, Position, Assigned Tasks and Significant Positions Concurrently Held	Number of the Shares of the Company Held
		<p>Companies Act. If Mr. Ueda is reelected, the Company intends to continue the limited liability agreement with him as an Outside Director.</p> <p>4. The Company registered Yoshiaki Ueda as an independent officer in accordance with the regulations of the Tokyo Stock Exchange. If Mr. Ueda is reelected, the Company intends to continue to register him as an independent officer.</p>	

(Note) The Company has entered into a liability insurance contract with an insurance company for directors and officers, as stipulated in Article 430-3, Paragraph 1 of the Companies Act, with the Directors as the insured, and plans to renew the contract with the same terms in July 2022. If the election of candidates is approved and adopted with this proposal, each candidate will be insured under the said contract.

[Translation for Reference and Convenience Purposes Only]

<Reference>

Primary expertise and experience of candidates for Directors are as follows:

Composition of the Board of Directors (Skill Matrix)

	Corporate management	Finance/ Accounting	Governance/ Risk management	Global business	Sales/ Marketing	DX/ IT	Development/ Technology/ Manufacture
Akihiro Teramachi	●		●	●	●	●	●
Toshihiro Teramachi	●			●	●	●	
Hiroshi Imano	●	●	●	●			●
Takashi Teramachi	●				●	●	●
Nobuyuki Maki	●			●	●		●
Junji Shimomaki				●	●		
Junichi Sakai			●		●		●
Masaaki Kainosho	●		●		●	●	
Junko Kai			●				
Masakatsu Hioki			●	●			
Tomitoshi Omura		●	●				
Yoshiki Ueda	●		●	●	●		

**[Translation for Reference and Convenience Purposes Only]**

**Proposal 5: Appointment of One (1) Substitute Director who is an Audit and Supervisory Committee Member**

As the effective tenure of Tetsuro Toriumi, who was appointed as a substitute Director who is an Audit and Supervisory Committee Member at the 50th Ordinary General Meeting of Shareholders held on March 20, 2020, expires at the beginning of this Ordinary General Meeting of Shareholders, the Company hereby proposes the appointment of one (1) substitute Director who is an Audit and Supervisory Committee Member to prepare for the contingency in which the Company does not have the number of Directors who are Audit and Supervisory Committee Members required by laws and regulations.

The Company has obtained the consent of the Audit and Supervisory Committee to this proposal.

The candidate for substitute Director who is an Audit and Supervisory Committee Member is as follows:

Name (Date of Birth)	Brief History, Position, Assigned Tasks and Significant Positions Concurrently Held	Number of the Shares of the Company Held
[Reappointment] [Outside Director] [Independent] [Male]  Tetsuro Toriumi (August 3, 1950)	Apr. 1979 Registered at the Daini Tokyo Bar Association Apr. 1979 Joined Masuda & Ejiri Jun. 1982 Joined Ray Connell law firm in Vancouver May 1983 Joined Bronson, Bronson & McKinnon LLP in San Francisco  Jan. 1985 Partner attorney of Masuda & Ejiri Apr. 1993 Partner attorney of Asahi Law Offices Apr. 2007 Partner attorney of TMI Associates (current position) <Significant positions concurrently held> Partner attorney of TMI Associates	—
<p>[Rationale for Appointment as a Candidate for Substitute Outside Director who is an Audit and Supervisory Committee Member and overview of expected role]</p> <p>The rationale for the appointment of Tetsuro Toriumi as a candidate for substitute Outside Director who is an Audit and Supervisory Committee Member is that we expect that he will help ensure the objectivity, neutrality and legality of the Company’s management as the THK Group undertakes full-scale globalization and development of new business areas, as well as change in business style, to enhance the corporate value of the Group on the basis of his abundant experience and accomplishments, and insights as a legal expert who has legal expertise gained over the years as a lawyer and experience in working for foreign law firms. Although Mr. Toriumi has no experience of being directly involved in corporate management in the past, we have determined that he can perform his duties appropriately as Outside Director of the Company for the reasons above.</p> <p>Notes:</p> <ol style="list-style-type: none"> <li>1. There is no special interest relationship between Tetsuro Toriumi and the Company.</li> <li>2. Tetsuro Toriumi is a candidate for Outside Director.</li> <li>3. If Tetsuro Toriumi assumes office as Director, under the provisions of Article 427, Paragraph 1, of the Companies Act, the Company intends to enter into an agreement with Mr. Toriumi to limit his indemnity liability under Article 423, Paragraph 1, thereof. The limitation of liability under the agreement is either the higher of ¥10 million or the minimum liability limit stipulated in Article 425, Paragraph 1, of the Companies Act.</li> </ol>		

**[Translation for Reference and Convenience Purposes Only]**

Name (Date of Birth)	Brief History, Position, Assigned Tasks and Significant Positions Concurrently Held	Number of the Shares of the Company Held
<p>4. If Tetsuro Toriumi assumes office as an Outside Director, the Company intends to register him as an independent officer in accordance with the regulations of the Tokyo Stock Exchange.</p> <p>5. The Company has entered into a liability insurance contract with an insurance company for directors and officers, as stipulated in Article 430-3, Paragraph 1 of the Companies Act, with the Directors as the insured, and plans to renew the contract with the same terms in July 2022. If Tetsuro Toriumi becomes an Audit and Supervisory Committee Member, he will be insured under the said contract.</p>		

**Proposal 6: Determination of Remuneration to Grant Restricted Stocks to Directors (Excluding Directors who are Audit and Supervisory Committee Members and Outside Directors)**

As for the amount of remuneration for the Company's Directors (excluding Directors who are Audit and Supervisory Committee Members), etc., it was approved at the 46th Ordinary General Meeting of Shareholders held on June 18, 2016 that the total fixed remuneration amount was approved to be within ¥100 million per month (including ¥10 million per month for Outside Directors excluding the portion of employee's salary for Directors who concurrently serve as employees), and performance-based remuneration was approved to be no more than the separately determined maximum amount.

As part of the revision to the remuneration plan for Directors, the Company hereby proposes the introduction of a restricted stock remuneration plan for Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors; hereinafter, "Eligible Directors") in order to provide them an incentive to sustainably increase the Company's corporate value and to further promote shared value between shareholders and them, and the allotment of common shares of the Company that are subject to restrictions including a prohibition on transfers until certain circumstances arise and acquisition of these shares by the Company without contribution in the event that certain circumstances arise (hereinafter, "Restricted Stocks") as stated below.

The Company, therefore, requests your approval to change the calculating unit for the above fixed remuneration amount (aggregate amount) for Directors from the monthly amount to the annual amount and revise the amount to no more than ¥1,200 million (of which the amount for Outside Directors shall be no more than ¥120 million per year; excluding the portion of employee's salary for Directors who concurrently serve as employees) in annualized terms without any change made to the current maximum amount of remuneration as well as to provide remuneration to grant Restricted Stocks (monetary remuneration claims) to Eligible Directors, other than fixed remuneration amount for Directors, within the maximum amount of the fixed remuneration amount (that is no more than ¥1,200 million). The Company will make no change to performance-based remuneration.

Based on this proposal, remuneration provided to Eligible Directors to grant them Restricted Stocks shall be monetary remuneration claims, and the total amount shall be no more than ¥1,200 million per year (excluding the portion of employee's salary for Directors who concurrently serve as employees) including the total fixed remuneration amount for Directors.

In addition, it has been prescribed that the specific amount of remuneration for each Eligible Director to be provided to allot Restricted Stocks shall rely on criteria determined by comprehensively taking into account various factors such as the degree of contribution to the Company by the Eligible Director, and the Company thinks that the content of the criteria is reasonable. However, remuneration to grant Restricted Stocks shall not be provided to Outside Directors.

The number of Directors (excluding Directors who are Audit and Supervisory Committee Members) is currently eight (8) (including one (1) Outside Director). Subject to the approval and adoption of Proposal 3, "Appointment of Nine (9) Director(s) (excluding Directors who are Audit and Supervisory Committee Members)" as originally proposed, the number of Directors (excluding Directors who are Audit and Supervisory Committee Members) will be nine (9) (including two (2) Outside Directors).

**[Translation for Reference and Convenience Purposes Only]**

Specific details and maximum number of Restricted Stocks  
to be provided to Eligible Directors

1. Allotment of and payment for Restricted Stocks

The Company shall provide monetary remuneration claims to Eligible Directors as remuneration related to Restricted Stocks within the scope of the above annual amount in accordance with the resolution of its Board of Directors, and each Eligible Director shall receive allotted Restricted Stocks by paying all the monetary claims by means of contribution in kind.

The amount to be paid in for Restricted Stocks shall be determined by the Board of Directors based on the closing price of the Company's common shares on the Tokyo Stock Exchange on the business day immediately before each date of resolution by the Board of Directors of the Company regarding the issuance or disposal of the shares (if there is no closing price on such date, the closing price on the closest preceding trading day) within the extent that the amount will not be particularly advantageous to Eligible Directors who subscribe the common shares.

In addition, the above monetary remuneration claims shall be provided on the condition that Eligible Directors have agreed to the above contribution in kind and entered into an agreement on allotment of Restricted Stocks containing the terms and conditions specified in 3. below (hereinafter, the "Allotment Agreement").

2. Total number of Restricted Stocks

The number of common shares of the Company to be allotted to Eligible Directors shall be no more than 270 thousand shares per fiscal year. However, if, on or after the day on which this proposal is approved and adopted, the Company performs a share split (including allotment of its common shares without contribution) or a reverse share split of its common shares, or any other reason arises necessitating an adjustment to the total number of its common shares to be issued or disposed of as Restricted Stocks, the relevant total number may be reasonably adjusted.

3. Terms and conditions of the agreement on allotment of Restricted Stocks

(1) Restriction Period

Eligible Directors who have received Restricted Stocks allotted shall not transfer, create a security interest on, or otherwise dispose of allotted common shares of the Company that the Eligible Director has received under the Allotment Agreement (hereinafter, "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 Director retires from the position of Director of the Company (excluding situations where the Eligible Director retires and is reappointed at the same time) (hereinafter, the "Restriction Period") (hereinafter, "transfer restrictions").

(2) Acquisition of Restricted Stocks without contribution

In the event that the Eligible Director who has received an allotment of Restricted Stocks retires as Director of the Company during the period between the start date of the Restriction Period and the day before the Ordinary General Meeting of Shareholders first held during the Restriction Period, the Company shall automatically acquire these Allotted Shares without contribution, unless the reason is deemed justifiable by the Company's Board of Directors.

Any Allotted Shares for which the transfer restrictions have not been lifted in accordance with the reasons stipulated in (3) below at the expiration of the Restriction Period stipulated in (1) above shall automatically be acquired by the Company without contribution.



**[Translation for Reference and Convenience Purposes Only]**

(3) Lifting of transfer restrictions

The Company shall lift the transfer restrictions of all of the Allotted Shares upon expiration of the Restriction Period, on the condition that the Eligible Director who has received Restricted Stocks allotted has remained in the position of Director of the Company from the start date of the Restriction Period until the day of the Ordinary General Meeting of Shareholders first held during the Restriction Period. However, if the Eligible Director retires from the position of Director of the Company before the expiration of the Restriction Period due to a reason the Board of Directors of the Company deems justifiable, the Board of Directors of the Company shall rationally adjust the number of the Allotted Shares on which the transfer restrictions are to be lifted, and the timing of lifting as needed.

(4) Treatment during reorganization, etc.

Notwithstanding the provision of (1) above, if, during the Restriction Period, matters relating to a merger agreement in which the Company is the disappearing company, a share exchange agreement or share transfer plan in which the Company becomes a wholly owned subsidiary, or other reorganization, etc. are approved at the Company's General Meeting of Shareholders (or at a meeting of its Board of Directors in cases where approval at the Company's General Meeting of Shareholders is not required in relation to the reorganization, etc.), the Company shall lift the transfer restrictions on the Allotted Shares with the number of shares that is reasonably determined considering the period from the start date of the Restriction Period to the date of approval of the reorganization, etc. prior to the date on which the reorganization, etc. becomes effective, by resolution of the Board of Directors of the Company.

(5) Other matters

Other matters regarding the Allotment Agreement shall be determined by the Board of Directors of the Company.

<Reference>

The Company will allot restricted stocks similar to the above Restricted Stocks to Executive Officers who do not concurrently serve as Directors of the Company at or after the close of the Ordinary General Meeting of Shareholders.

**[Translation for Reference and Convenience Purposes Only]**

(Reference) The Company's 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 10 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 10 years before the assumption of office, within 10 years before assuming such office)
2. Entity for which the Company is a major client or its business operator
3. The Company's major client or its business operator
4. 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. Person who falls under 2, 3 or 4 above in the past one year
6. Spouse or a relative within the second degree of kinship of the following persons (excluding those who are not important)
  - (a) Person who falls under 2 through 5 above
  - (b) A business operator of the Group
  - (c) 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" 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 as well as stakeholders including shareholders, or a business operator who belongs to such an organization.

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

(Submitted Documents)

## **Business Report**

(From January 1, 2021 to December 31, 2021)

### **1. Present Status of the Corporate Group**

#### **(1) Review of Business Performance in the Current Fiscal Year**

##### **1. Business Progress and Results**

###### **Economic Environment**

In this fiscal year, while there were strong uncertainties remaining in the outlook for the global economy due to the worldwide COVID-19 pandemic; however, in addition to China, which resumed its economic activities earlier than other countries, the economies in the United States and other developed countries also showed a sign of recovery. In such a situation, with the progress of vaccinations in countries around the world, the overall economic sentiment showed a shift toward a recovery trend.

###### **Overall Summary of Revenue**

The THK Group has identified “Full-Scale Globalization,” the “Development of New Business Areas,” and “Change in Business Style” as cornerstones of its growth strategy to expand the markets of its products such as LM Guide (Linear Motion Guide). As to Full-Scale Globalization, while the markets in emerging countries such as China are growing by dint of the factory automation progress, which is also spreading to developed-country users, the THK Group endeavors to expand its global sales network to meet such demand. Regarding Development of New Business Areas, while the THK Group’s products are getting widely adopted in various business fields, the THK Group is working on expanding sales of not only existing products but also new developed products. Such business fields include automobile parts, medical equipment, aircraft, and robot, which are close to consumer goods, as well as seismic isolation and damping systems and renewable energy, which offer products that reduce risks arising from natural disasters and climate change.

In addition to promoting these strategies above, the THK Group is also committed to further expand its business fields by changing its business style enabled by making full use of AI and robot technologies in many ways.

In the industrial machinery business, following China, which resumed its economic activities earlier than other countries, demand has rapidly recovered in other areas including developed countries. The THK Group captured such demand and successfully increased revenue. On the other hand, the transportation equipment business was affected by the automobile production cuts due to shortages in semiconductors and other components. As a result, consolidated revenue amounted to ¥318,188 million, up ¥99,189 million, or 45.3%, compared to the figure a year earlier.

###### **Overall Summary of Income**

On the cost front, in spite of the automobile production cuts and price hikes in steel products, the cost to revenue ratio improved by 3.9% from a year earlier to 74.9%

[Translation for Reference and Convenience Purposes Only]

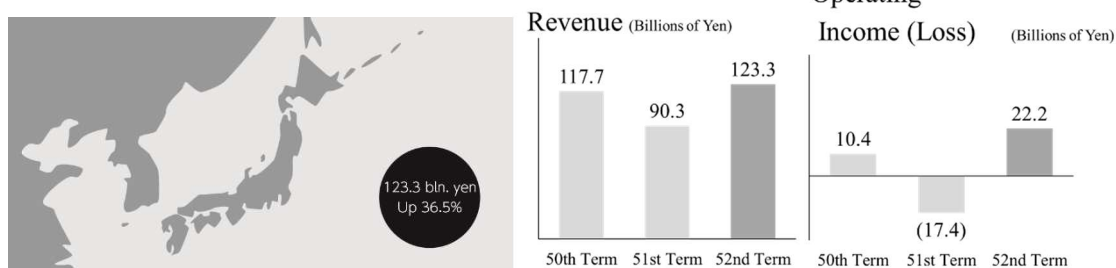
because of the increased revenue in the industrial machinery business and the various activities to improve its productivity that THK Group has implemented.

Selling, general and administrative (SGA) expenses amounted to ¥50,988 million, up ¥6,154 million, or 13.7%, compared to the figure a year earlier due mainly to the increased sales. The ratio to revenue improved by 4.5% from a year earlier to 16.0% because of the THK Group's endeavors to contain costs and improve operating efficiency as well as the increased sales. As a result, the THK Group recorded operating income of ¥30,268 million, which rose by ¥38,768 million from operating loss of ¥8,499 million a year earlier, and operating margin was 9.5%.

Finance income and finance costs were ¥2,145 million and 2,430 million, respectively. As a result, the THK Group recorded income before tax of ¥29,984 million, which rose by ¥39,709 million from loss before tax of ¥9,725 million a year earlier, and profit for the year attributable to owners of the parent of ¥23,007 million, which rose by ¥32,999 million from loss for the year attributable to owners of the parent of ¥9,992 million a year earlier.

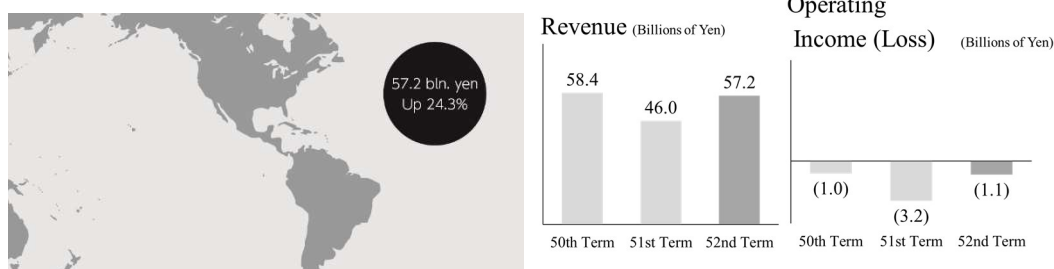
## Segment Breakdown

### Japan



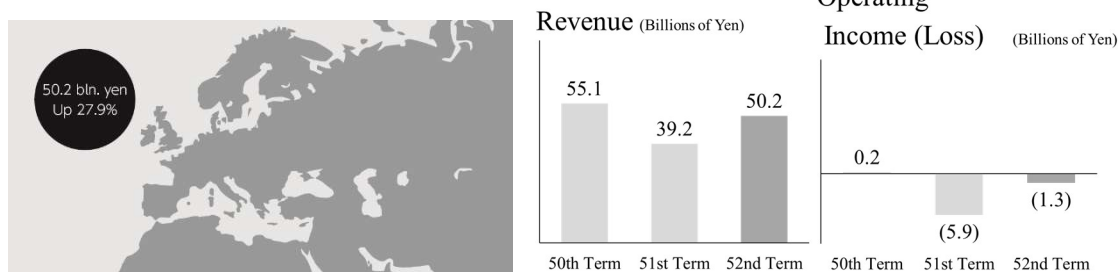
In the industrial machinery business in Japan, there were signs of recovery in demand across the board, including demand for electronics products that has continued its recovery trend. In such a situation, the THK Group stably captured such demand and successfully increased revenue by utilizing various measures to improve its productivity such as plant expansion, automation and robotization that the THK Group has implemented. As a result, revenue amounted to ¥123,373 million, up ¥32,994 million, or 36.5%, compared to the figure a year earlier. The THK Group recorded operating income (segment income) of ¥22,262 million, which rose by ¥39,663 million from operating loss (segment loss) of ¥17,400 million a year earlier due mainly to the increased revenue.

## The Americas



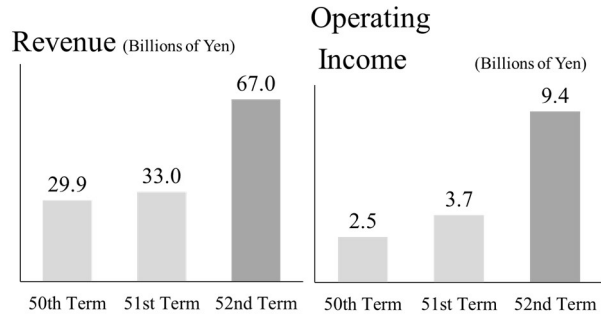
In the industrial machinery business in the Americas, there were signs of recovery in demand across the board, particularly in demand for electronics products. In such a situation, the THK Group stably captured such demand and successfully increased revenue by utilizing various measures to improve its productivity that the THK Group has implemented. As a result, revenue amounted to ¥57,220 million, up ¥11,201 million, or 24.3%, compared to the figure a year earlier. The THK Group recorded operating loss (segment loss) of ¥1,134 million due to the loss recorded in the transportation equipment business, although the degree of loss improved by ¥2,105 million from operating loss (segment loss) of ¥3,239 million a year earlier mainly because of the increased revenue.

## Europe



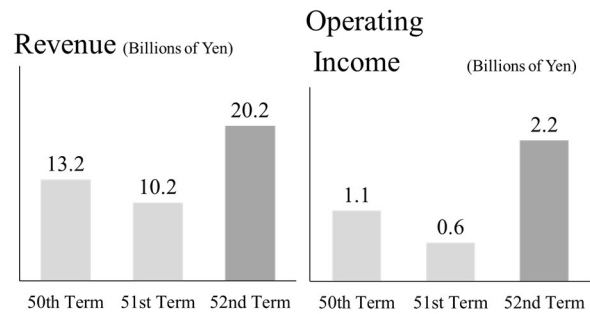
In the industrial machinery business in Europe, while there were signs of recovery in demand across the board, the THK Group stably captured such demand and successfully increased revenue by utilizing various measures to improve its productivity that the THK Group has implemented. As a result, revenue amounted to ¥50,247 million, up ¥10,973 million, or 27.9%, compared to the figure a year earlier. The THK Group recorded operating loss (segment loss) of ¥1,337 million due to the loss recorded in the transportation equipment business, although the degree of loss improved by ¥4,645 million from operating loss (segment loss) of ¥5,983 million a year earlier mainly because of the increased revenue.

## China



As economic activities in China were resumed earlier than other countries and the recovery trend of demand across the board continues, the THK Group captured such demand and successfully increased revenue by utilizing various measures to improve its productivity that the THK Group has implemented. As a result, revenue amounted to ¥67,072 million, up ¥33,987 million, or 102.7%, compared to the figure a year earlier. Operating income (segment income) amounted to ¥9,459 million, up ¥5,729 million, or 153.6%, compared to the figure a year earlier due mainly to the increased revenue.

## Other Areas



In other countries and regions, the THK Group continued to expand and deepen transactions with existing customers and to cultivate new customers while demand for THK Group's products was widely expanded in India and the ASEAN countries. In addition, the recovery of demand in China favorably affected the THK Group's revenue in some countries. As a result, revenue amounted to ¥20,274 million, up ¥10,033 million, or 98.0%, compared to the figure a year earlier. Operating income (segment income) amounted to ¥2,278 million, up ¥1,631 million or 252.2%, compared to the figure a year earlier due mainly to the increased sales.

### Overall Summary of 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 LM 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

**[Translation for Reference and Convenience Purposes Only]**

automobiles, seismic isolation and damping systems, medical equipment, aircraft, renewable energy, and robotics.

Turning to activities outside Japan, we established the R&D Center in China, the Company's first overseas R&D facility, in 2010 and started its full-scale operation in 2012. Together with the R&D Division of Germany-based THK RHYTHM AUTOMOTIVE, a subsidiary included in THK's scope of consolidation in 2015, the THK Group is working to establish an R&D framework for product development at optimal locations covering the Americas, Europe, and Asia to enable development of products that more accurately meet diverse needs of global customers.

In the industrial machinery business, THK developed the Model SRN-G, a full roller guide with enhanced robustness. THK will continue to contribute to the demand for high-performance in machine tools. The cross-roller guide Model VRG, which was newly launched, prevents the occurrence of gauge misalignment through the use of THK's proprietary rack and pinion, and realizes stable operation with light and smooth motion. It is most suitable for semiconductor manufacturing equipment, manufacturing equipment for electronic parts, and optical measurement equipment. THK also developed the THK-NM1, made of non-magnetic materials, and launched the LM Guide and ball spline for high-performance, non-magnetic applications that can be used in electron beam lithography equipment and electron microscopes. In the linear bushing field, THK developed the Model LMHB and worked to expand our lineup. With a design that press fits and assembles the linear bushing main body into a housing, the Model LMHB contributes to more compact machinery equipment and reduces the number of assembly processes. In the ball screw field, THK greatly expanded its lineup of miniature ball screws including the Model MBF, MTF, and Miniature BLK. These products are most suitable for semiconductor manufacturing equipment, electronic part mounter, and medical equipment. In the actuator field, THK launched the LM guide actuator KR-RL Model, using a right/left screw for the drive of ball screw axis. Opening/closing motion can be realized with one motor, KR-RL Model can be used in applications including grasping, measurement, and positioning. For the field of seismic isolation and damping device, THK developed the server rack damping system TRMD Model. The TRMD Model can be installed while the server is operating as the damping system is installed on the top of the server rack.

In the robotics realm, THK has launched "SEED-Noid," the life-sized upper body humanoid, "SEED-Lifter," a lifting unit, and "SEED-Mover," a carriage of omnidirectional movement as the SEED-R7 Series. These platform robots contribute to total cost reductions and the acceleration of development for our customers by reducing the burden associated with robot development as each unit integrates the mechanical design, electrical and electronic control, and basic software necessary for service robots. Furthermore, THK won the "Machinery and Robotics Component Award" in the "Super" Monodzukuri Component Grand Awards, sponsored by the MONODZUKURI Nihon Conference and THE NIKKAN KOGYO SHIMBUN, LTD., for its development of the TNH Model adaptive hand series that learns the configuration of the work process to adhere to or grasp parts and allow stable transfer. With no need to have dedicated hands for each work process or to exchange hands as the work processes that can adhere to or be grasped by the TNH Model, such as small components, food, plastic products, ceramics, etc., are well rounded,

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the TNH Model realizes reduced costs by reducing up-front costs and enhancing productivity.

In IoT-related fields, having embarked on the full-scale launch of its OMNIedge IoT service for the manufacturing industry in January 2020, THK has initiated service operation of predictive failure detection that involves visually monitoring the status of components with respect to linear motion (LM) guides, ball screws and actuators. Starting in 2022, we added predictive failure detection to our lineup of rotating components including motors, fans, and pumps.

In the automotive & transportation business, THK launched aluminum products which were manufactured by a new method to meet the needs for reducing the weight of automobiles with the transition to electric vehicles and strived to expand sales. In North America, having succeeded in internalizing aluminum forging technology, THK has been serving not only U.S. customers but also Japanese manufacturers who require local sources of procurement.

In addition to the linkage and suspension (L&S) business, the THK Group has developed and is mass-producing ball screw products for “CASE” automobiles as a second pillar for our business. THK has been striving to expand sales by developing a series of similar products, as it has been decided that ball screw products will also be newly employed with respect to automotive suspension-related components.

In addition to continuing to promote the development of next-generation products aimed at a true market 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.

#### Overall Summary of the Operation and Production Systems

In our four key geographical regions of Japan, the Americas, Europe and Asia, the THK Group is pursuing the establishment of a “unified producer-retailer system at the locations closer to centers of demand,” in which products will be produced and sold locally. In addition, we are making various efforts to expand sales to wide-ranging customers who actually use machinery equipment, in addition to machinery equipment manufacturers.

In terms of sales activities, the THK Group has expanded sales by maximizing the value offered to customers by utilizing digital technology, such as IoT and AI. For “OMNIedge” IoT service, which enables predictive failure detection in facilities of manufacturing industry customers, THK added actuator-focused applications to our lineup in March 2021. In terms of capabilities and services, we expanded our overseas service regions, and in July, we began providing new incentives including our “No wait manufacturing ticket” and “IoT risk compensation.” In this way, we are pushing ahead faster with new initiatives amid the rapid progress of digital technology.

In terms of production, in addition to continuing to promote automation and the incorporation of robots into the production process in each region, in November 2021, a new plant in India began operations. Furthermore, in Japan, we moved forward with the expansion of new buildings at THK Niigata, and in China, which is expected to experience increased demand in the medium to long term, we moved forward with the expansion of new buildings on our factory sites in Changzhou and Liaoning, working to further strengthen our production capacity.



**[Translation for Reference and Convenience Purposes Only]**

**Term-end Dividends**

Not only its basic policy which is to provide shareholders with stable and continuous dividends, THK also places priority on providing shareholders with proactive distribution of profit befitting operating results, simultaneously strengthening its financial soundness by securing internal reserve. According to this policy, THK sets its payout ratio on a consolidated basis at 30% and a minimum dividend for a fiscal year at ¥15.00 per share (¥7.5 per share for both interim dividend and term-end dividend). THK plans to make effective use of internal reserve by investing it to research and development activities, production facilities, and IT systems, to respond globalization.

Since THK celebrated the 50th anniversary of its founding on April 10, 2021, THK plans to add commemorative dividends of ¥5.00 per share (¥2.5 per share for both interim dividend and term-end dividend) to the dividend determined based on the payout ratio at 30% for the year ended December 31, 2021.

In accordance with this policy, THK plans to pay ¥39.5 per share for the term-end dividends. As a result, cash dividends applicable for the year ended December 31, 2021 will be ¥60.0 per share, including the interim dividends of ¥20.5 per share.

**2. Status of Capital Investments**

Total capital investments in the consolidated fiscal year under review amounted to ¥21,729 million, consisting mostly of investments in buildings and processing facilities that were made to reinforce production facilities and improve product quality. The main investment amount at each base is as follows:

Domestic Operational Bases	THK CO., LTD.	(Millions of Yen)
	Yamaguchi Plant	2,496
	Yamagata Plant	2,116
	Production Division	2,085
	THK NIIGATA CO., LTD.	1,007
Overseas Operational Bases	THK MANUFACTURING OF CHINA (CHANGZHOU) CO., LTD.	1,351
	THK RHYTHM AUTOMOTIVE CANADA LTD.	1,315
	THK MANUFACTURING OF CHINA (WUXI) CO., LTD.	1,296
	THK RHYTHM AUTOMOTIVE CZECH a.s.	1,169
	THK MANUFACTURING OF CHINA (LIAONING) CO., LTD.	902

**3. Status of Funding**

The Company has concluded Specified Commitment Line Contract totaling ¥30,000 million with its main correspondent financial institutions.

[Translation for Reference and Convenience Purposes Only]

**(2) Assets and Profit/Loss**

Assets and Profit/Loss of the Group



**[Translation for Reference and Convenience Purposes Only]**

**1. Assets and Profit/Loss of the Group (Consolidated)  
Under the Japanese GAAP**

Millions of Yen				
Item	49th Term (Term Ended December 2018)	50th Term (Term Ended December 2019)	51st Term (Term Ended December 2020)	52nd Term (Term Ended December 2021; Current Consolidated Fiscal Year)
Sales Revenue	353,479	277,900	—	—
Operating Income	49,832	17,265	—	—
Ordinary Income	51,758	18,940	—	—
Net Income Attributable to Owners of the Parent	35,400	9,602	—	—
Total Assets	462,931	459,909	—	—
Net Assets	294,719	294,229	—	—
Net Income per Share (Yen)	279.70	75.87	—	—
Net Assets per Share (Yen)	2,240.74	2,238.77	—	—
Return on Equity (%)	12.8	3.4	—	—
Equity Ratio (%)	61.3	61.6	—	—

- Notes: 1. Net income per share is calculated based on the average number of outstanding shares of the term. Net assets per share are calculated based on the number of outstanding shares at the term end. In calculating net income per share and net assets per share, the number of shares of treasury stock is deducted from the total average number of outstanding shares of the term and the total number of outstanding shares at the term end, respectively.
2. Effective from the beginning of the 50th Term, the Company applied “Partial Amendments to Accounting Standard for Tax Effect Accounting” (Statement No. 28 issued by Accounting Standards Board of Japan, February 16, 2018). The 49th Term figures in the above table have been retrospectively adjusted in accordance with the revised standard.

**[Translation for Reference and Convenience Purposes Only]**

International Financial Reporting Standards (IFRS)

Millions of Yen				
Item	49th Term (Term Ended December 2018)	50th Term (Term Ended December 2019)	51st Term (Term Ended December 2020)	52nd Term (Term Ended December 2021; Current Consolidated Fiscal Year)
Revenue	344,718	274,599	218,998	318,188
Operating Income (Loss)	52,848	18,277	(8,499)	30,268
Profit (Loss) Before Tax	52,262	18,168	(9,725)	29,984
Profit (Loss) Attributable to Owners of the Parent	36,100	11,690	(9,992)	23,007
Total Assets	471,369	468,945	460,173	516,086
Total Equity	289,278	291,132	275,148	314,289
Basic Earnings (Loss) per Share (Yen)	285.23	92.37	(78.95)	181.97
Equity Attributable to Owners of the Parent per Share (Yen)	2,198.17	2,214.98	2,105.54	2,442.90
Profit Ratio to Equity Attributable to Owners of the Parent (%)	13.3	4.2	(3.7)	8.1
Ratio of Equity Attributable to Owners of the Parent (%)	59.0	59.8	57.9	59.0

Note: Starting from the 51st Term, International Financial Reporting Standards (IFRS) has been applied for the preparation of consolidated financial statements.  
For your reference, figures for the 49th and 50th Terms are also noted in accordance with IFRS.

2. Assets and Profit/Loss of the Company (Non-consolidated)

Millions of Yen				
Item	49th Term (Term Ended December 2018)	50th Term (Term Ended December 2019)	51st Term (Term Ended December 2020)	52nd Term (Term Ended December 2021; Current Fiscal Year)
Net Sales	186,311	136,189	102,866	167,583
Operating Income	34,699	11,933	365	16,718
Ordinary Income	39,053	15,746	2,118	21,914
Net income (Loss)	28,035	7,559	(13,183)	18,348

Note: Effective from the beginning of the 50th Term, the Company applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Statement No. 28 issued by Accounting Standards Board of Japan, February 16, 2018). The 49th Term figures in the above table have been retrospectively adjusted in accordance with the revised standard.

**(3) Description of Main Business Operations (As of December 31, 2021)**

The THK Group supplies the world with vital machinery components that convert “sliding” motion into “rolling” motion, thereby enabling motion parts to move “lighter” and “more accurately” in linear motions. Since its establishment in 1971, the Company has been contributing to the development of industry with respect to 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 machine components that include THK’s LM Guide (Linear Motion Guide), 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. 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 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 serving as an essential business 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.

#### **(4) Future Tasks**

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 producer-retailer 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. Meanwhile, we believe there is still plenty of latent demand for linear motion products overseas. This is because linear motion products, including the THK Group’s LM Guide, maintain high levels of familiarity and a high market share in Japan yet overseas have achieved low rates of market penetration relative to that of Japan. As such, we have been working to expand our sales network and to strengthen production structure in recent years, particularly in China and other emerging markets poised for growing 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,” we believe that while the main customers of our LM guides and other product groups are now capital goods manufacturers, the adoption of THK Group’s products is expanding 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 automobiles, medical equipment, aircraft, and service robotics. We have pinpointed substantial demand in areas close at hand beyond the industrial realm, and accordingly aim to tap such demand through efforts that involve accelerating our pace of expansion into new fields of business by launching new products that apply our core linear motion system technologies developed thus far.

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. We will furthermore take a multifaceted approach to expanding our business by creating new forms of customer experience, through initiatives that include promoting our Omni THK platform for communicating with customers, our OMNIedge IoT service for the manufacturing industry, and our THK DX Project.

Along with these initiatives, we will raise our corporate value by vigorously pressing ahead with improving profitability and strengthening our financial position.

[Translation for Reference and Convenience Purposes Only]

**(5) Status of Major Subsidiaries**

1. Status of Major Subsidiaries

Name of Company	Capital Stock	Percentage of Voting Rights Held by the Company	Description of Main Business Operations
THK INTECHS CO., LTD.	¥100 million	100%	Manufacturing of mechanical element devices and vital machinery components
TALK SYSTEM CORPORATION	¥400 million	99.00	Sales of vital machinery components, etc.
TRA Holdings CO., LTD.	¥100 million	70.00	Holding and controlling company of transport equipment business
THK RHYTHM CO., LTD.	¥490 million	70.00 (70.00)	Manufacturing and sales of transport equipment parts
THK Holdings of America, L.L.C.	USD 120,000 thousand	100	Holding and controlling company in North America
THK America, Inc.	USD 20,100 thousand	100 (100)	Sales of the Company's products in North America
THK Manufacturing of America, Inc.	USD 75,000 thousand	100 (100)	Manufacturing of vital machinery components and transport equipment parts in North America
THK RHYTHM NORTH AMERICA CO., LTD.	USD 66 thousand	70.00 (70.00)	Manufacturing and sales of transport equipment parts in North America
THK RHYTHM AUTOMOTIVE MICHIGAN CORPORATION	USD 70,000 thousand	100	Manufacturing and sales of transport equipment parts in North America
THK RHYTHM AUTOMOTIVE CANADA LIMITED	CAD 150,000 thousand	100	Manufacturing and sales of transport equipment parts in North America
THK Europe B.V.	EUR 90,000 thousand	100	Holding and controlling company in Europe
THK GmbH	EUR 1,000 thousand	100 (100)	Sales of the Company's products in Europe
THK Manufacturing of Europe S.A.S.	EUR 72,040 thousand	100 (100)	Manufacturing of vital machinery components in Europe
THK RHYTHM AUTOMOTIVE GmbH	EUR 1,000 thousand	100	Manufacturing and sales of transport equipment parts in Europe
THK RHYTHM AUTOMOTIVE CZECH a.s.	CZK 335,479 thousand	100	Manufacturing and sales of transport equipment parts in Europe
THK CAPITAL UNLIMITED COMPANY	USD 250,000 thousand	100	In-group financing and fund management for THK's group companies in the Americas

**[Translation for Reference and Convenience Purposes Only]**

Name of Company	Capital Stock	Percentage of Voting Rights Held by the Company	Description of Main Business Operations
THK FINANCE UNLIMITED COMPANY	EUR 50,000 thousand	100	In-group financing and fund management for THK's group companies in Europe
THK (CHINA) CO., LTD.	CNY 2,296,109 thousand	100	Holding and controlling company in China and sales of vital machinery components
DALIAN THK CO., LTD.	CNY 420,997 thousand	70.00 (25.00)	Manufacturing and sales of vital machinery components in China
THK MANUFACTURING OF CHINA (WUXI) CO., LTD.	CNY 806,494 thousand	100 (100)	Manufacturing of vital machinery components in China
THK MANUFACTURING OF CHINA (LIAONING) CO., LTD.	CNY 848,827 thousand	100 (100)	Manufacturing of vital machinery components in China
THK RHYTHM GUANGZHOU CO., LTD.	CNY 91,498 thousand	70.00 (70.00)	Manufacturing and sales of transport equipment parts in China
THK RHYTHM CHANGZHOU CO., LTD.	CNY 237,265 thousand	75.00 (58.33)	Manufacturing and sales of transport equipment parts in China
THK RHYTHM (THAILAND) CO., LTD.	THB 350,000 thousand	70.00 (70.00)	Manufacturing and sales of transport equipment parts in other Asian countries
THK India Pvt. Ltd.	INR 5,500,000 thousand	99.98 (0.02)	Manufacturing and sales of vital machinery components in India

Note: Figures in parentheses in the "Percentage of Voting Rights Held by the Company" indicate indirect ownership.

**2. Status of Major Affiliated Companies**

Name of Company	Capital Stock	Percentage of Voting Rights Held by the Company	Principal Business
SAMICK THK CO., LTD.	KRW 10,500 million	33.82%	Manufacturing and sale of vital machinery components in South Korea

**3. Progress of Business Combination**

- A. THK India Pvt. Ltd. conducted a capital increase in June 2021, bringing its capital stock amount to INR 5,500,000 thousand
- B. THK (CHINA) CO., LTD. conducted a capital increase in October 2021, bringing its capital stock amount to CNY 2,296,109 thousand.



[Translation for Reference and Convenience Purposes Only]

**(6) Major Offices and Plants** (As of December 31, 2021)

Head Office	12-10, Shibaura 2-chome, Minato-ku, Tokyo, Japan
Production Sites (Domestic Plants)	Kofu Plant (Chuo-shi, Yamanashi), Gifu Plant (Fuwa-gun, Gifu) Mie Plant (Matsusaka-shi, Mie), Yamaguchi Plant (Sanyo Onoda-shi, Yamaguchi) Yamagata Plant (Higashine-shi, Yamagata) THK INTECHS CO., LTD. (Sunto-gun, Shizuoka; Kurokawa-gun, Miyagi) THK NIIGATA CO., LTD. (Agano-shi, Niigata) THK RHYTHM CO., LTD. (Hamamatsu-shi, Shizuoka; Nakatsu-shi, Oita)
Production Sites (Overseas Plants)	THK Manufacturing of America, Inc. (United States) THK RHYTHM NORTH AMERICA CO., LTD. (United States) THK RHYTHM AUTOMOTIVE MICHIGAN CORPORATION (United States) THK RHYTHM AUTOMOTIVE CANADA LIMITED (Canada) THK RHYTHM MEXICANA, S.A. DE C.V. (Mexico) THK Manufacturing of Ireland Ltd. (Ireland) THK Manufacturing of Europe S.A.S. (France) THK RHYTHM AUTOMOTIVE GmbH (Germany) THK RHYTHM AUTOMOTIVE CZECH a.s. (Czech) DALIAN THK CO., LTD. (China) THK MANUFACTURING OF CHINA (WUXI) CO., LTD. (China) THK MANUFACTURING OF CHINA (LIAONING) CO., LTD. (China) THK RHYTHM GUANGZHOU CO., LTD. (China) THK RHYTHM CHANGZHOU CO., LTD. (China) THK RHYTHM (THAILAND) CO., LTD. (Thailand) THK MANUFACTURING OF VIETNAM CO., LTD. (Vietnam)
Sales Offices (Domestic)	THK CO., LTD.: 29 offices in nationwide TALK SYSTEM CORPORATION: 20 offices in nationwide
Sales Offices (Overseas)	THK America, Inc. (United States) THK GmbH (Germany) THK (CHINA) CO., LTD. (China) THK TAIWAN CO., LTD. (Taiwan) THK LM SYSTEM Pte. Ltd. (Singapore)
Research Sites (Domestic)	Head Office (Minato-ku, Tokyo) Technology Center (Ota-ku, Tokyo)
Research Sites (Overseas)	THK (CHINA) CO., LTD. R&D Center (China) THK RHYTHM AUTOMOTIVE GmbH (Germany)

**[Translation for Reference and Convenience Purposes Only]**

**(7) Status of Employees (As of December 31, 2021)**

1. Employees of the Group

Business Segment	Number of Employees	Change from the Previous Consolidated Fiscal Year-End
Japan	5,524	- 12
Americas	1,823	- 70
Europe	1,844	- 119
China	2,939	+ 167
Other	943	+ 193
Total	13,073	+ 159

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

2. Status of Employees of the Company

Number of Employees	Change from the Previous Fiscal Year	Average Age	Average Years of Service
3,968 employees	+ 11	40.5	18.1

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

**(8) Status of Significant Borrowings (As of December 31, 2021)**

(Millions of Yen)

Lender	Amount of Borrowing
Mizuho Bank, Ltd.	14,155
MUFG Bank, Ltd.	10,477
Sumitomo Mitsui Banking Corporation	2,692
Mizuho Trust & Banking Co., Ltd.	1,000
Sumitomo Mitsui Trust Bank, Limited	800
THE YAMAGUCHI BANK, Ltd.	700
Resona Bank, Limited.	600
The Yamanashi Chuo Bank, Ltd.	500

[Translation for Reference and Convenience Purposes Only]

**2. Current Status of the Company**

**(1) Status of Stocks** (As of December 31, 2021)

1. Total number of authorized shares: 465,877,700
2. Total number of outstanding shares (incl. 5,184,154 of treasury shares) 129,856,903
3. Number of shareholders: 22,768
4. Major shareholders (Top 10):

Shareholder	Number of Shares Held (Thousand Shares)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd., Trust Account	20,620	16.53
Custody Bank of Japan, Ltd., Trust Account	18,433	14.78
SSBTC CLIENT OMNIBUS ACCOUNT	3,846	3.08
Akihiro Teramachi	3,299	2.64
THE CHASE MANHATTAN BANK 385013	2,900	2.32
FTC Co., Ltd.	2,774	2.22
JP MORGAN CHASE BANK 385635	2,006	1.60
Custody Bank of Japan, Ltd., Trust Account 9	1,805	1.44
NORTHERN TRUST CO. (AVFC) RE 10PCT TREATY ACCOUNT	1,796	1.44
Mizuho Bank, Ltd.	1,600	1.28

Notes: 1. The treasury shares held by the Company, which is 5,184,154 shares in total, are excluded from the above-mentioned Shareholders.

2. Shareholding ratio is calculated by excluding treasury stock.

**(2) Status of Corporate Officers**

1. Status of Directors (As of December 31, 2021)

Position in the Company	Name	Duties or Significant Positions Concurrently Held
Representative Director and President	Akihiro Teramachi	CEO Chairman of JAPAN MACHINE ACCESSORY ASSOCIATION (General Incorporated Association)
Director and Executive Vice President	Toshihiro Teramachi	CIO
Director and Executive Vice President	Hiroshi Imano	CFO
Director	Takashi Teramachi	Senior Managing Executive Officer Senior General Manager of Industrial Machinery Headquarters
Director	Nobuyuki Maki	Senior Managing Executive Officer Senior General Manager of Automotive & Transportation Headquarters

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Position in the Company	Name	Duties or Significant Positions Concurrently Held
Director	Junji Shimomaki	Managing Executive Officer General Manager of Industrial Machinery Headquarters Senior General Manager of Sales Division, Industrial Machinery Headquarters
Director	Junichi Sakai	In charge of Quality Assurance, Risk Management, and Production Engineering
Director	Masaaki Kainosho	Representative Director of KAINOSHO CO., LTD. Professor at Otsuma Women's University Junior College Division
Director (Audit and Supervisory Committee Member)	Masakatsu Hioki	Outside Director of SUKIYA Co., Ltd. Outside Director of ZUIKO CO., LTD.
Director (Audit and Supervisory Committee Member)	Tomitoshi Omura	Registered as Certified Public Accountant Managing Director of Omura Accounting Office
Director (Audit and Supervisory Committee Member)	Yoshiki Ueda	Outside Director of SINTOKOGIO, LTD.

- Notes: 1. Director Masaaki Kainosho and Directors (Audit and Supervisory Committee Members) Masakatsu Hioki, Tomitoshi Omura and Yoshiki Ueda are Outside Directors.
2. The Company registered Directors Masaaki Kainosho and Directors (Audit and Supervisory Committee Members) Masakatsu Hioki, Tomitoshi Omura and Yoshiki Ueda, as independent officers, as stipulated under the guidelines of the Tokyo Stock Exchange.
3. Director (Audit and Supervisory Committee Member) Tomitoshi Omura is a certified public accountant and has a substantial level of expertise in finance and accounting.
4. THK established the Audit and Supervisory Committee Secretariat to support the execution of duties by the Audit and Supervisory Committee, and assigns a dedicated employee. Audit and Supervisory Committee Members and the Audit and Supervisory Committee Secretariat collect and share information by attending important meetings, etc., and they work in close cooperation with internal control departments responsible for the internal control system and implement measures to facilitate access to information under the control of each department. By taking such measures, Audit and Supervisory Committee Members and the Audit and Supervisory Committee Secretariat conduct an organizational audit by utilizing the internal control system to

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ensure the effectiveness of audits. Accordingly, THK does not appoint full-time Audit and Supervisory Committee Members.

<Reference>

The Company introduced the Executive Officer System. The Executive Officers excluding those concurrently serving as Directors are as follows:

(As of December 31, 2021)

Position in the Company	Name	Duties
Managing Executive Officer	Takashi Okubo	Executive Vice Chairman of THK (CHINA) CO., LTD.
Managing Executive Officer	Masaki Sugita	Representative Director and President of THK Holdings of America, L.L.C. Representative Director and President of THK America, Inc.
Managing Executive Officer	Tetsuya Hayashida	Special Appointive Officer to President
Managing Executive Officer	Masato Sawada	General Manager of Automotive & Transportation Headquarters Director and Executive Vice Chairman of THK RHYTHM CO., LTD.
Managing Executive Officer	Takanobu Hoshino	General Manager of IMT Division, Industrial Machinery Headquarters Director and Executive Vice Chairman of THK INTECHS CO., LTD.
Managing Executive Officer	Akihiko Kambe	Senior General Manager of Production Division, Industrial Machinery Headquarters
Managing Executive Officer	Kaoru Hoshide	Senior General Manager of Engineering Division, Industrial Machinery Headquarters
Managing Executive Officer	Toshiki Matsuda	Representative Director and President of THK Europe B.V. Representative Director and President of THK GmbH Representative Director and President of THK France S.A.S. Representative Director and President of THK Manufacturing of Europe S.A.S. Representative Director and President of THK Manufacturing of Ireland Ltd.
Executive Officer	Naoki Kinoshita	President of THK (CHINA) CO., LTD.

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Position in the Company	Name	Duties
Executive Officer	Yukio Yamada	General Manager of Sales Division, Industrial Machinery Headquarters General Manager of International Sales Division, Sales Division, Industrial Machinery Headquarters
Executive Officer	Takehiro Nakanishi	Deputy Senior General Manager of Production Division, Industrial Machinery Headquarters General Manager of Production Engineering Department, Production Division, Industrial Machinery Headquarters General Manager of Global Procurement Department, Production Division, Industrial Machinery Headquarters
Executive Officer	Takuya Sakamoto	Senior General Manager of IOT Innovation Division
Executive Officer	Yasutoshi Hoshino	Deputy General Manager of Corporate Strategy Headquarters
Executive Officer	Kenji Nakane	General Manager of Finance & Accounting Department, Corporate Strategy Headquarters
Executive Officer	Masaki Kimura	General Manager of The President's Office General Manager of Corporate Planning Department, Corporate Strategy Headquarters
Executive Officer	Akira Furihata	Representative Director and President of THK RHYTHM CO., LTD.

## 2. Description of Limited Liability Agreement

Pursuant to the provision of Article 427, Paragraph 1, of the Companies Act, the Company and each Outside Director entered into an agreement that limits the indemnity liability under Article 423, Paragraph 1 of the said Act.

Under this agreement, the limitation of liability for an Outside Director is the higher of ¥10 million or the minimum liability limit set forth in Article 425, Paragraph 1, of the Companies Act on condition that the Outside Director fulfills due diligence and there is no gross negligence or no knowledge of it of the Outside Director with regard to the execution of duties that caused such liability.

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**3. Description of Directors and Officers Liability Insurance Contracts**

The Company has entered into a liability insurance contract with an insurance company for directors and officers, 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, and plans to renew the said contract in July 2022.

(i) Summary of insurance incidents subject to coverage

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.

(ii) Insurance fee

Insurance fees are paid in full by the Company.

**4. Remuneration for Directors**

Classification	Amount of Remuneration (Millions of Yen)	Total Amount of Remuneration by Type (Millions of yen)			Persons Receiving Remuneration (Persons)
		Basic Remuneration	Performance-based Remuneration	Non-monetary Remuneration	
Directors (excluding Audit and Supervisory Committee Members) (Outside Directors)	488 (13)	368 (13)	120 (-)	- (-)	8 (1)
Directors (Audit and Supervisory Committee Members) (Outside Directors)	49 (49)	49 (49)	- (-)	- (-)	3 (3)
Total (Outside Directors)	537 (62)	417 (62)	120 (-)	- (-)	11 (4)

- Notes: 1. Pursuant to resolutions of the General Meeting of Shareholders, the maximum fixed remuneration for a Director (excluding Audit and Supervisory Committee Member) is ¥100 million a month, not including the salary of employees who concurrently serve as Directors (Resolution of the Ordinary General Meeting of Shareholders in June 2016). At the conclusion of this General Meeting of Shareholders, the number of eligible Directors is eight (8), including one (1) Outside Director.
2. Pursuant to resolutions of the General Meeting of Shareholders, the maximum remuneration for a Director (Audit and Supervisory Committee Member) is ¥10 million a month (Resolution of the Ordinary General Meeting of Shareholders in June 2016). At the conclusion of this General Meeting of Shareholders, the number of eligible Directors is three (3), including three (3) Outside Directors.
3. Profit attributable to owners of the parent is used as the performance indicator for performance-based remuneration for Directors (excluding Outside Directors) pursuant to resolutions of the General Meeting of Shareholders, and profit attributable to owners of the parent was ¥23,007 million for the

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fiscal year under review. The maximum amount of performance-based remuneration is the sum of the amount obtained by multiplying profit attributable to owners of the parent for the fiscal year associated with the payment of the remuneration by 3% and the amount obtained by multiplying the average profit attributable to owners of the parent for the latest four fiscal years, which include the subject fiscal year, by 3% (Resolution of the Ordinary General Meeting of Shareholders in June 2016). At the conclusion of this General Meeting of Shareholders, the number of eligible Directors is seven (7), excluding Outside Directors. In addition, the changes in profit attributable to owners of the parent are shown in “1. Assets and Profit/Loss of the Group (Consolidated), International Financial Reporting Standards (IFRS)” on page 44.

4. There were eight (8) Directors (excluding Audit and Supervisory Committee Members) (of which one (1) was Outside Director) and three (3) Directors (Audit and Supervisory Committee Members) (of which three (3) were Outside Directors) at the end of the fiscal year under review.



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5. Matters Related to Outside Officers

A. Status of important concurrent services in other corporations, etc. and relationships between the Company and other such corporations, etc.

- Director Masaaki Kainosho is the Representative Director of KAINOSHO CO., LTD. and a professor at Otsuma Women's University Junior College Division. There is no special relationship between the Company and KAINOSHO CO., LTD., or Otsuma Women's University Junior College Division.
- Director Masakatsu Hioki (Audit and Supervisory Committee Member) is an Outside Director of SUKIYA CO., LTD. and an Outside Director of ZUIKO CO., LTD. There is no special relationship between the Company and SUKIYA CO., LTD., or ZUIKO CO., LTD.
- Director Tomitoshi Omura (Audit and Supervisory Committee Member) is the Managing Director of Omura Accounting Office. There is no special relationship between the Company and Omura Accounting Office.
- Director Yoshiki Ueda (Audit and Supervisory Committee Member) is an Outside Director of SINTOKOGIO, LTD. The Company has business transactions with SINTOKOGIO, LTD. involving purchase, etc. of its products, but the amount of such transactions accounts for less than 1% of the Company's and SINTOKOGIO's sales revenue in the current consolidated fiscal year.

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B. Status of major business activities in the current fiscal year

Title	Name	Attendance at the Board of Directors meetings	Attendance at the Audit and Supervisory Committee meetings	Presentations at the Board of Directors meetings and the Audit and Supervisory Committee meetings as well as summary of duties performed in relation to the roles expected from Outside Director
Outside Director	Masaaki Kainosho	100% (16 of 16 meetings)	-	Mr. Kainosho made comments based on his abundant experience, broad knowledge and insight as a university professor highly adept in management and as the manager of a management consulting firm. In addition, he supervised the Company's management from an objective and neutral standpoint in order to improve the corporate value of the THK Group and fulfilled his expected roles.
Outside Director (Audit and Supervisory Committee Member)	Masakatsu Hioki	100% (16 of 16 meetings)	100% (14 of 14 meetings)	Mr. Hioki made comments based on his abundant experience, broad knowledge and insight mainly as a person responsible for personnel and general affairs in the management division of a global enterprise and a manufacturer. In addition, he supervised the Company's management from an objective and neutral standpoint in order to improve the corporate value of the THK Group and fulfilled his expected roles.

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Outside Director (Audit and Supervisory Committee Member)	Tomitoshi Omura	100% (16 of 16 meetings)	100% (14 of 14 meetings)	Mr. Omura made comments based on his abundant experience, broad knowledge and insight as a certified public accountant highly adept in corporate accounting. In addition, he supervised the Company's management from an objective and neutral standpoint in order to improve the corporate value of the THK Group and fulfilled his expected roles.
Outside Director (Audit and Supervisory Committee Member)	Yoshiki Ueda	100% (16 of 16 meetings)	100% (14 of 14 meetings)	Mr. Ueda made comments based on his abundant experience gained from his involvement in the field of machinery-related business in a global company, as well as broad knowledge and insight in corporate management. In addition, he supervised the Company's management from an objective and neutral standpoint in order to improve the corporate value of the THK Group and fulfilled his expected roles.

6. Policies, etc. for determining the details of the remuneration of individual Directors  
At the Board of Directors meeting held on March 20, 2021, the Company resolved to adopt the policies for determining the details of the remuneration of individual Directors.

The Company's policies for determining the details of the remuneration of individual Directors are as follows.

(a) Basic policy

The basic policy is to have a remuneration structure linked to the interest of shareholders so that it works as a sustainable incentive to improve corporate value, and appropriate levels of remuneration shall be ensured in light of their relevant duties in determining remuneration for individual Directors. Specifically, the remuneration of an Executive Director shall consist of basic remuneration as fixed remuneration and performance-based remuneration, and basic remuneration only shall be paid to an Outside Director who is in charge of the audit function in light of his/her duties. Each component of remuneration shall be monetary remuneration.

(b) Policy for determining the amount of individual remuneration of basic remuneration

Basic remuneration of Executive Directors of the Company shall be monthly fixed remuneration and determined based on operating performance during the previous fiscal

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year, and the total amount of remuneration during the current fiscal year shall not exceed ¥100 million per month. Each Director shall be evaluated based on his/her job responsibilities and track record according to the degree of his/her contribution so far as well as expected degree of contribution, etc., and the total amount of remuneration shall be allocated in accordance with such evaluation. Basic remuneration for Outside Directors shall not exceed ¥10 million per month 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.

**(c) Policy for determining the amount of performance-based remuneration**

Performance-based remuneration shall be determined based on the evaluation of job responsibilities and the degree of contribution of each Director during a relevant fiscal year. It shall be determined so that the total amount to be paid for the relevant fiscal year shall not exceed an amount as calculated by adding an amount calculated by multiplying the average amount of profit attributable to owners of the parent over the most recent four (4) fiscal years including the relevant fiscal year by 3%, to an amount calculated by multiplying the amount of profit attributable to owners of the parent for the fiscal year by 3%, in order to even out changes in the demand and supply trend of the Company's business and take into consideration operating performance of each fiscal year.

**(d) Policy for determining the ratio between the amount of basic remuneration and that of performance-based remuneration in the amount of remuneration for individual Directors**

In regard to the ratio between the amount of basic remuneration and that of performance-based remuneration for an Executive Director, basic remuneration shall also be reviewed each fiscal year 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 amount of basic remuneration determined accordingly, operating performance during the fiscal year and that over the most recent four (4) fiscal years as well as the degree of contribution by the entire management shall be taken into consideration to determine the ratio. In determining the ratio, the Remuneration Advisory Committee shall be consulted on an original proposal and its recommendation shall be respected.

**(e) Policy for determining the timing of and conditions for the payment of remuneration to Directors**

With regards to the timing and conditions of the payment of remuneration to Directors, basic remuneration shall be calculated for each calendar month and paid monthly, and performance-based remuneration shall be paid once a year in April; any change to this shall be subject to a resolution by the Board of Directors.

**(f) Matters relating to the delegation of the determination of remuneration of individual Directors to Directors**

With regards to the amount of remuneration of individual Directors, the determination for Director and Executive Vice Presidents, etc. who are responsible for the operation of the entire Company without specific line responsibilities shall be delegated to the

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Director and President, and that for other Directors who are in charge of specific business lines/fields shall be delegated jointly to the Director and President and two (2) Director and Executive Vice Presidents. The authorities to be delegated in each case shall be to determine the amount of basic remuneration of each Director as well as the evaluation and allocation of performance-based remuneration based on operating performance of the business line that each Director is in charge of.

The Board of Directors shall obtain a recommendation on the policies for determining the total amounts of basic remuneration and performance-based remuneration as well as allocating to individual Directors from the Remuneration Advisory Committee to ensure such authorities are exercised properly by the above delegates. The above delegates shall respect the details of such recommendation to determine individual amounts of remuneration, independently or after discussions. The Remuneration Advisory Committee shall be comprised of four (4) persons of the Director and President, one (1) Executive Vice President, an Outside Director, as well as an Outside Director who is an Audit and Supervisory Committee Member.

The Board of Directors has delegated the authority to determine the amount of basic remuneration of each Director as well as the 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 President, Toshihiro Teramachi, Executive Vice President, and Hiroshi Imano, 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 for individual Directors for the fiscal year under review are in line with the policies for determining the remuneration because the determination of the details of the remuneration and the details of the determined remuneration were consistent with the policies and because the report from the Remuneration Advisory Committee was respected.

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**(3) Status of Accounting Auditor**

1. Name: Grant Thornton Taiyo LLC

2. Amount of Remuneration of the Accounting Auditor Pertinent to the Fiscal Year under Review:

(Millions of Yen)

	Amount of Remuneration
1. Amount of remuneration as the accounting auditor for the current fiscal year	105
2. Total sum of monies or money equivalent to be paid by the Company and its subsidiaries to the accounting auditor	105

Notes: 1. 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 of the Company checked and verified the Accounting Auditors’ actual performance by audit item in the accounting audit plan for the previous fiscal year and hours spent for auditing each tier, the transition in the amounts of remuneration paid to the Accounting Auditors and the status of execution of duties by the Accounting Auditors. Based on such verification, the board inspected the Accounting Auditors’ accounting audit plan for the current fiscal year and the adequacy of the amounts of remuneration. As a result, the Audit and Supervisory Committee gave consent under Article 399, Paragraphs 1 and 3, of the Companies Act.

2. Under the audit agreement between the Company and the accounting auditor, the Company does not classify the amount of auditing remuneration for the audit set forth in the Companies Act and the audit set forth in the Financial Instruments and Exchange Act. Therefore, the amount shown in 1. above includes auditing remuneration under the Financial Instruments and Exchange Act.

3. Matters Related to the Audit of the Financial Statements of Important Consolidated Subsidiaries

Of the Company’s important subsidiaries, 21 subsidiaries including THK America, Inc. were audited by certified public accountants or audit firms other than the Company’s Accounting Auditor, Grant Thornton Taiyo LLC.

4. Description of Non-Audit Activities

Not applicable

5. Policy for Determining Dismissal and 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

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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.

**(4) Basic Beliefs towards the Elimination of Anti-Social Forces and the Degree of the Introduction of Necessary Steps**

The Company has established its own system which aims to remove anti-social forces as below:

- A. The Company has declared in the “the THK’s Corporate Basic Policies” that it shall “take a firm stance against anti-social forces.”
- B. The Company, as a member of the “Liaison Council of Tokyo Metropolitan Policy’s Anti-Crime Syndicate (the “Council”),” collects information at monthly meetings hosted by the Council and on other occasions. In addition, the Corporate Strategy Headquarters is engaged in the management of relevant information in an integrated manner.
- C. If the Company receives an inappropriate demand from anti-social forces, the Corporate Strategy Headquarters and the Risk Management Division are to respond to it. In so doing, staff at the Corporate Strategy Headquarters and the Risk Management Division who have participated in lectures and other courses of the Council will respond to such a matter while in conjunction with the police station under the jurisdiction and so forth, and will take resolute steps such as resorting to legal means through our corporate lawyers as necessary.
- D. In order to extirpate transactions with companies that have relations with anti-social forces, the Company strives to conclude a Memorandum of Understanding regarding extirpation of transactions with anti-social forces with our business partners.

**(5) Basic Policies on Control of the Company**

Based on the management philosophy 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

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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.



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**Consolidated Statements of Financial Position**

(As of December 31, 2021)

(Millions of Yen)

<b>Assets</b>		<b>Liabilities</b>	
<b>Current assets</b>	<b>313,922</b>	<b>Current liabilities</b>	<b>78,599</b>
Cash and cash equivalents	151,430	Trade and other payables	49,984
Trade and other receivables	86,293	Bonds and borrowings	2,545
Inventories	64,378	Other financial liabilities	2,931
Other financial assets	0	Provisions	341
Other current assets	11,818	Income taxes payable	7,964
<b>Non-current assets</b>	<b>202,163</b>	Other current liabilities	14,831
Property, plant and equipment	158,135	<b>Non-current liabilities</b>	<b>123,197</b>
Goodwill and intangible assets	18,744	Bonds and borrowings	99,212
Investments accounted for using the equity method	6,048	Other financial liabilities	10,128
Other financial assets	10,388	Net defined benefit liabilities	5,701
Deferred tax assets	5,530	Provisions	189
Net defined benefit asset	3,224	Deferred tax liabilities	5,396
Other non-current assets	90	Other non-current liabilities	2,569
		<b>Total liabilities</b>	<b>201,796</b>
		<b>Equity</b>	
		<b>Total equity attributable to owners of the parent</b>	<b>304,555</b>
		Common stock	34,606
		Capital surplus	40,413
		Retained earnings	233,607
		Treasury stock	(11,237)
		Other components of equity	7,165
		<b>Non-controlling interests</b>	<b>9,733</b>
		<b>Total Equity</b>	<b>314,289</b>
<b>Total assets</b>	<b>516,086</b>	<b>Total liabilities and equity</b>	<b>516,086</b>

[Translation for Reference and Convenience Purposes Only]

**Consolidated Statements of Profit or Loss**  
(From January 1, 2021, to December 31, 2021)

(Millions of Yen)

Accounting Item	Amount
Revenue	318,188
Cost of sales	238,434
Gross profit	79,753
Selling, general and administrative expenses	50,988
Other income	2,316
Other expenses	1,171
Share of profit in investments accounted for using the equity method	358
<b>Operating income</b>	<b>30,268</b>
Financial income	2,145
Financial costs	2,430
<b>Profit before tax</b>	<b>29,984</b>
Income tax expense	6,820
<b>Profit for the year</b>	<b>23,164</b>
<b>Attributable to</b>	
Owners of the parent	23,007
Non-controlling interests	157
<b>Total</b>	<b>23,164</b>

[Translation for Reference and Convenience Purposes Only]

**Consolidated Statements of Changes in Equity**  
(From January 1, 2021, to December 31, 2021)

(Millions of Yen)

	Equity attributable to owners of the parent									Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity				Total		
					Exchange differences on translating foreign operations	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Subtotal			
Beginning balance	34,606	40,413	219,712	(14,006)	(16,201)	1,966	–	(14,235)	266,491	8,657	275,148
Profit for the year	–	–	23,007	–	–	–	–	–	23,007	157	23,164
Other comprehensive income	–	–	–	–	21,707	30	1,951	23,689	23,689	1,080	24,770
Total comprehensive income for the year	–	–	23,007	–	21,707	30	1,951	23,689	46,696	1,237	47,934
Purchase of treasury stock	–	–	–	(5,088)	–	–	–	–	(5,088)	–	(5,088)
Cancellation of treasury stock	–	–	(7,857)	7,857	–	–	–	–	–	–	–
Payment of dividends	–	–	(3,543)	–	–	–	–	–	(3,543)	–	(3,543)
Transfer from other components of equity to retained earnings	–	–	2,288	–	–	(337)	(1,951)	(2,288)	–	–	–
Other	–	–	–	–	–	–	–	–	–	(161)	(161)
Total transactions with owners	–	–	(9,112)	2,768	–	(337)	(1,951)	(2,288)	(8,632)	(161)	(8,794)
Ending balance	34,606	40,413	233,607	(11,237)	5,506	1,658	–	7,165	304,555	9,733	314,289

[Translation for Reference and Convenience Purposes Only]

**Balance Sheet**  
(As of December 31, 2021)

(Millions of Yen)

Assets		Liabilities	
<b>Current Assets</b>	<b>157,201</b>	<b>Current Liabilities</b>	<b>56,168</b>
Cash and deposits	64,673	Accounts payable	8,469
Notes receivable	943	Electronically recorded obligations—operating	14,463
Electronically recorded monetary claims—operating	21,374	Short-term loans payable	10,625
Accounts receivable	33,516	Current portion of long-term loans payable	2,185
Merchandise and finished goods	8,306	Lease obligations	190
Work in process	6,797	Accrued payables	6,228
Raw materials and supplies	8,848	Accrued expenses	3,202
Prepaid expenses	742	Income taxes payable	5,693
Short-term loans	5,969	Advances	17
Accrued receivables	4,548	Deposits received	2,094
Other	1,484	Reserve for bonuses	2,950
Allowance for bad debts	(4)	Other	50
<b>Fixed Assets</b>	<b>239,864</b>	<b>Long-Term Liabilities</b>	<b>101,137</b>
<b>Tangible fixed assets</b>	<b>56,829</b>	Bonds payable	70,000
Buildings	13,992	Long-term loans payable	28,740
Structures	831	Lease obligations	462
Machinery and equipment	29,692	Reserve for employees' retirement benefits	1,171
Automobiles and transportation equipment	28	Other	763
Tools and supplies	982	<b>Total Liabilities</b>	<b>157,305</b>
Land	6,899	<b>Net Assets</b>	
Lease properties	578	<b>Shareholders' Equity</b>	<b>237,811</b>
Construction in progress	3,823	<b>Common stock</b>	<b>34,606</b>
<b>Intangible fixed assets</b>	<b>866</b>	<b>Capital surplus</b>	<b>47,471</b>
Software	770	Capital reserve	47,471
Other	96	Other capital surplus	0
<b>Investments and other assets</b>	<b>182,168</b>	<b>Profit surplus</b>	<b>166,965</b>
Investment securities	5,002	Legal retained earnings	1,958
Affiliates' stocks	113,006	Other profit surplus	165,007
Investment in affiliated companies	51,456	Reserve for advanced depreciation of land	15
Long-term loans	8,500	Dividend reserve	2,000
Insurance reserve	1,128	General reserve	154,000
Deferred tax assets	2,254	Profit surplus carried forward	8,991
Other	857	<b>Treasury stock</b>	<b>(11,232)</b>
Allowance for bad debts	(36)	<b>Valuation/Conversion Difference</b>	<b>1,948</b>
		<b>Net unrealized gain on available-for-sale securities</b>	<b>1,948</b>
		<b>Total Net Assets</b>	<b>239,760</b>
<b>Total Assets</b>	<b>397,066</b>	<b>Total Liabilities and Net Assets</b>	<b>397,066</b>

[Translation for Reference and Convenience Purposes Only]

**Statement of Income**

(From January 1, 2021, to December 31, 2021)

(Millions of Yen)

Accounting Item	Amount	
<b>Sales Revenue</b>		<b>167,583</b>
<b>Cost of Sales</b>		<b>122,783</b>
<b>Gross Profit</b>		<b>44,799</b>
Selling, general, and administrative expenses		28,081
<b>Operating Income</b>		<b>16,718</b>
<b>Non-Operating Income</b>		
Interest received	136	
Dividends received	3,547	
Rent income	498	
Royalty income	900	
Miscellaneous income	640	5,723
<b>Non-Operating Expenses</b>		
Interest expenses	121	
Interest on corporate bonds	130	
Foreign exchange losses	54	
Rent expenses	97	
Miscellaneous loss	123	527
<b>Ordinary Income</b>		<b>21,914</b>
<b>Extraordinary Income</b>		
Gain on sale of fixed assets	12	
Gain on sales of investment securities	335	
Employment adjustment subsidy	18	366
<b>Extraordinary Loss</b>		
Loss on disposition and sale of fixed assets	165	
Loss on valuation of investment securities	165	330
<b>Net Income before Income Taxes</b>		<b>21,949</b>
Income taxes-current	5,340	
Income taxes-deferred	(1,739)	3,600
<b>Net Income</b>		<b>18,348</b>

[Translation for Reference and Convenience Purposes Only]

**Statement of Changes in Shareholders' Equity**  
(From January 1, 2021, to December 31, 2021)

(Millions of Yen)

	Shareholders' Equity										
	Common stock	Capital Surplus			Legal retained earnings	Profit Surplus					Total profit surplus
		Capital reserve	Other capital surplus	Total capital surplus		Other profit surplus					
						Special depreciation reserve	Reserve for advanced depreciation of land	Dividend reserve	General reserve	Profit surplus carried forward	
Balance as of January 1, 2021	34,606	47,471	0	47,471	1,958	0	15	3,000	166,000	(10,955)	160,018
Change in the fiscal year											
Dividends from surplus										(3,543)	(3,543)
Reimbursement from the special depreciation reserves						(0)				0	-
Reimbursement from dividend reserve								(1,000)		1,000	-
Reimbursement from general reserve									(12,000)	12,000	-
Net income										18,348	18,348
Acquisition of treasury stock											
Cancellation of treasury stock										(7,857)	(7,857)
Changes in items other than shareholders' equity during the fiscal year (net amount)											
Total changes in the fiscal year	-	-	-	-	-	(0)	-	(1,000)	(12,000)	19,947	6,947
Balance as of December 31, 2021	34,606	47,471	0	47,471	1,958	-	15	2,000	154,000	8,991	166,965

	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, 2021	(14,000)	228,095	2,094	2,094	230,190
Changes in the fiscal year					
Dividends from surplus		(3,543)			(3,543)
Reimbursement from the special depreciation reserves		-			-
Reimbursement from dividend reserve		-			-
Reimbursement from general reserve		-			-
Net income		18,348			18,348
Acquisition of treasury stock	(5,088)	(5,088)			(5,088)
Cancellation of treasury stock	7,857	-			-
Changes in items other than shareholders' equity during the fiscal year (net amount)			(145)	(145)	(145)
Total changes in the fiscal year	2,768	9,716	(145)	(145)	9,570
Balance as of December 31, 2021	(11,232)	237,811	1,948	1,948	239,760

[Translation for Reference and Convenience Purposes Only]

**Accounting Audit Report on the Consolidated Financial Statements**

**AUDIT REPORT BY INDEPENDENT AUDITOR**

February 9, 2022

To the Board of Directors of THK CO., LTD.

Grant Thornton Taiyo LLC  
Tokyo office

Designated Executive Employee Certified Public Accountant	Tatsuya Arai (Seal)
Designated Executive Employee Certified Public Accountant	Makio Wada (Seal)
Designated Executive Employee Certified Public Accountant	Motoki Ishikawa (Seal)

**Audit Opinion**

In accordance with the provisions of Article 444, Paragraph 4, of the Companies Act, we audited the consolidated financial statements of THK CO., LTD. (the “Company”), consisting of the consolidated statements of financial position, consolidated statements of profit or loss, consolidated statements of changes in equity and notes on the consolidated financial statements covering the consolidated fiscal year from January 1, 2021, to December 31, 2021.

In our opinion, the consolidated financial statements referred to above, which have been prepared omitting certain disclosure items required by designated international accounting standards in accordance with the provisions of the latter part of Article 120, Paragraph 1 of the Regulation on Corporate Accounting, present fairly, in all material respects, the financial position and results of operations of the Group, which consisted of the Company and its consolidated subsidiaries, applicable to the fiscal year ended December 31, 2021.

**Basis for Audit Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its consolidated subsidiaries in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of Management and the Audit and Supervisory Committee for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the provisions of the latter part of

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Article 120, Paragraph 1 of the Regulation on Corporate Accounting prescribing preparation omitting certain disclosure items required under designated international accounting standards: this includes the maintenance and operation of such internal control as management determines is necessary to enable the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements with the assumption of the Group's ability to continue as a going concern and disclosing matters related to going concern, as required under the provisions of the latter part of Article 120, Paragraph 1 of the Regulation on Corporate Accounting prescribing preparation omitting certain disclosure items required under designated international accounting standards.

The Audit and Supervisory Committee is responsible for overseeing the Directors' performance of duties

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements within the maintenance and operation of the financial reporting process.**

Our responsibilities are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate they could reasonably be expected to influence the decisions of users taken on the basis of the consolidated financial statements.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider, in making those risk assessments, internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates by management and related notes thereto.
- Conclude on the appropriateness of management's use of the going concern basis for preparing the consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related notes to the consolidated financial statements or, if the notes to the consolidated financial statements on material uncertainty are



**[Translation for Reference and Convenience Purposes Only]**

inadequate, to express a qualified opinion with exceptions on the consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the presentation of the consolidated financial statements and the notes thereto are in accordance with the provisions of the latter part of Article 120, Paragraph 1 of the Regulation on Corporate Accounting prescribing preparation omitting certain disclosure items required under designated international accounting standards, as well as evaluate the overall presentation, structure and content of the consolidated financial statements, including the related notes thereto, and whether the consolidated financial statements fairly represent the underlying transactions and accounting events.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.

We also provide the Audit and Supervisory Committee with a statement that we have complied with the ethical requirements in Japan regarding independence that are relevant to our audit of the financial statements, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors.

**Conflicts of Interest**

Our firm and the designated engagement partners have no interest in the Company and its consolidated subsidiaries which should be disclosed in accordance with the Certified Public Accountants Act.

[Translation for Reference and Convenience Purposes Only]

**Accounting Audit Report on the Financial Statements**

**AUDIT REPORT BY INDEPENDENT AUDITOR**

February 9, 2022

To the Board of Directors of THK CO., LTD.

Grant Thornton Taiyo LLC  
Tokyo office

Designated Executive Employee Certified Public Accountant	Tatsuya Arai (Seal)
Designated Executive Employee Certified Public Accountant	Makio Wada (Seal)
Designated Executive Employee Certified Public Accountant	Motoki Ishikawa (Seal)

**Audit Opinion**

In accordance with the provisions of Article 436, Paragraph 2, No. 1, of the Companies Act, we audited the financial statements of THK CO., LTD. (the “Company”), consisting of the balance sheet, statement of income, statement of changes in shareholders’ equity, notes to the non-consolidated financial statements and supplementary schedules (collectively, “non-consolidated financial statements, etc.”) covering the 52nd fiscal year from January 1, 2021, to December 31, 2021.

In our opinion, the non-consolidated financial statements, etc. referred to above present fairly, in all material respects, the financial position and results of operations of the Company, applicable to the fiscal year ended December 31, 2021, in accordance with accounting principles generally accepted in Japan.

**Basis for Audit Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Non-consolidated Financial Statements, Etc. section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the non-consolidated financial statements, etc. in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of Management and the Audit and Supervisory Committee for the Non-consolidated Financial Statements, Etc.**

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements, etc. in accordance with accounting principles generally accepted in Japan; this includes the maintenance and operation of such internal control as management determines is necessary to enable the preparation and fair presentation of non-consolidated financial statements, etc. that are free from material misstatement, whether due to fraud or error.

**[Translation for Reference and Convenience Purposes Only]**

In preparing the non-consolidated financial statements, etc., management is responsible for assessing whether it is appropriate to prepare the non-consolidated financial statements, etc. with the assumption of the Company's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit and Supervisory Committee is responsible for overseeing the Directors' performance of duties within the maintenance and operation of the financial reporting process.

**Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements, Etc.**

Our responsibilities are to obtain reasonable assurance about whether the non-consolidated financial statements, etc. as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the non-consolidated financial statements, etc. based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate they could reasonably be expected to influence the decisions of users taken on the basis of the non-consolidated financial statements, etc.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the non-consolidated financial statements, etc., whether due to fraud or error, and design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider, in making those risk assessments, internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit of the non-consolidated financial statements, etc. is not expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates by management and related notes thereto.
- Conclude on the appropriateness of management's use of the going concern basis for preparing the non-consolidated financial statements, etc. and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related notes to the non-consolidated financial statements, etc. or, if the notes to the non-consolidated financial statements, etc. on material uncertainty are inadequate, to express a qualified opinion with exceptions on the non-consolidated financial statements, etc. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However,

**[Translation for Reference and Convenience Purposes Only]**

future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate whether the presentation of the non-consolidated financial statements, etc. and the notes thereto are in accordance with accounting standards generally accepted in Japan, as well as evaluate the overall presentation, structure and content of the non-consolidated financial statements, etc., including the related notes thereto, and whether the non-consolidated financial statements, etc. fairly represent the underlying transactions and accounting events.

We communicate with the Audit and Supervisory Committee regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.

We also provide the Audit and Supervisory Committee with a statement that we have complied with the ethical requirements in Japan regarding independence that are relevant to our audit of the financial statements, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors.

**Conflicts of Interest**

Our firm and the designated engagement partners have no interest in the Company which should be disclosed in accordance with the Certified Public Accountants Act.

**Audit Report by the Audit and Supervisory Committee**

**AUDIT REPORT**

We, the Audit and Supervisory Committee (the “Committee”), audited the execution of duties of the Directors during the Company’s 52nd fiscal year starting from January 1, 2021, and ended on December 31, 2021. The auditing method and details of audits are as described below.

1. Auditing Method and Content of Audits Performed

Regarding the content of the resolution of the Board of Directors relating to matters stipulated in Article 399-13, Paragraph 1, No. 1-B and C of the Companies Act of Japan and the system developed pursuant to such resolution (internal control system), the Committee received reports from Directors, Executive Officers, and employees concerning the status of the establishment and operation of such system, sought explanation as necessary, and expressed opinions. In addition, we carried out audits according to the following method:

- 1) The Committee, working in coordination with the Company’s Internal Audit Division and departments in charge of internal control in accordance with the Audit and Supervisory Committee’s Auditing Standards specified by the Committee and following the auditing policy and allocation of tasks, attended important meetings, received reports from Directors, Executive Officers, and employees concerning matters relating to the execution of their duties, sought explanation as necessary, inspected important decision-making documents, etc., and investigated the status of operations and assets at the Company’s Head Office and principal offices. As for subsidiaries of the Company, the Committee communicated and exchanged information with directors and audit and supervisory board members, etc. of subsidiaries, and received reports on business from subsidiaries as necessary. In addition, the Committee held its meetings on a monthly basis and deliberated on matters for resolution and sought to share information. Furthermore, the Committee held a meeting separately from the Committee meeting once a month to complement the Committee meeting, and conducted information sharing, exchange of opinions, and deliberations on various matters, as well as seeking to collect information. The Committee also delivered opinions to the Directors on the results of its audit activities as necessary.
- 2) For the basic policy of the Regulation for Enforcement of the Companies Act, Article 118, No. 3-A, as described in the Business Report, the Committee examined the contents of the policy based on the status of deliberations at the Board of Directors meetings, etc.
- 3) The Committee monitored and inspected whether the independent auditors maintained their independence and appropriateness in their implementation of audits, received reports from accounting auditors concerning their execution of duties and requested explanations when necessary. Furthermore, we received the notice stating to the effect that the “System to Ensure Appropriate Execution of Duties” (various provisions stated in Article 131 of the Regulation on Corporate

**[Translation for Reference and Convenience Purposes Only]**

Accounting) is prepared in accordance with the “Quality Control Standards Concerning Audits” (Business Accounting Deliberation Council, October 28, 2005) and requested explanations when necessary.

In accordance with the approach explained above, we reviewed the business reports and supplementary schedules thereof, the financial statements (balance sheet, statement of income, statement of changes in shareholders’ equity and notes to the financial statements) and the supplementary schedules thereof, as well as the consolidated financial statements (consolidated statements of financial position, consolidated statements of profit or loss, consolidated statements of changes in equity and notes to the consolidated financial statements) for the fiscal year under review.

**2. Results of the Audit**

**(1) Audit Results for the Business Report, etc.**

- 1) We are of the opinion that the content of business reports and supplementary schedules comply with laws and regulations and the Articles of Incorporation and fairly reflect the state of the Company.
- 2) We determined no improper acts or material breaches of laws and regulations or the Articles of Incorporation in the execution of duties by Directors.
- 3) We are of the opinion that the content of the Board of Directors resolutions pertaining to the Internal Control System is appropriate. In addition, we did not identify anything that requires comment with regard to execution of duties by Directors concerning said Internal Control System.
- 4) We are of the opinion that the Company’s basic policy regarding persons who control decision making on the Company’s financial and business policies, as described in the Business Report, is appropriate.

**(2) Audit Results for the Financial Statements and Supplementary Schedules**

We are of the opinion that the audit methods and results of Grant Thornton Taiyo LLC are appropriate.

**(3) Audit Results for the Consolidated Financial Statements**

We are of the opinion that the audit methods and results of Grant Thornton Taiyo LLC are appropriate.

February 9, 2022

The Audit and Supervisory Committee of THK CO., LTD.  
Audit and Supervisory Committee Member Masakatsu Hioki  
Audit and Supervisory Committee Member Tomitoshi Omura  
Audit and Supervisory Committee Member Yoshiki Ueda

Note: The Audit and Supervisory Committee Members Masakatsu Hioki, Tomitoshi Omura, and Yoshiki Ueda are Outside Directors provided for in Article 2, No. 15, and Article 331, Paragraph 6, of the Companies Act of Japan.