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

**Please note that the following is an unofficial English translation of Japanese original text of the Notice of Convocation of the 55th 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:

Dear Shareholders:



Akihiro Teramachi
Representative Director,
Chairman and CEO
THK CO., LTD.

I would like to take this opportunity to express my deep gratitude for your support.

It gives us great pleasure to inform you that the 55th Ordinary General Meeting of Shareholders of THK CO., LTD. (the "Company"), will be held as outlined below.

The environment around us is growing even more uncertain due to rising geopolitical risks, ongoing inflation, China's sluggish economy, and other factors. We face various challenges related to issues such as the advancement of digital technology, the growing environmental protection movement, and the shrinkage of working-age populations in developed nations. However, these challenges are creating a stronger need for our diverse solutions, and our growth potential is expanding.

Against this backdrop, we have set the "Manufacturing and Innovative Services Company" as our vision and aiming to expand our business areas by pursuing growth strategies such as "Full-Scale Globalization," "Development of New Business Areas," and "Change in Business Style." As the prerequisites to promote these initiatives, we will further strengthen our sustainability and ESG, contribute to the realization of a sustainable society, drive growth, and improve corporate value further to meet the expectations of our shareholders.

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

Dear Shareholders:



Takashi Teramachi
Representative Director,
President and COO
THK CO., LTD.

I would like to take this opportunity to express my deep gratitude for your support.

In February 2022, we set our "Management Targets for FY2026." However, while our business opportunities have expanded, the business environment around us has changed dramatically since then. We have been unable to adapt to these changes in a timely fashion, and thus have been unable to meet the targets as well as expectations of our shareholders, with stagnant return on equity (ROE).

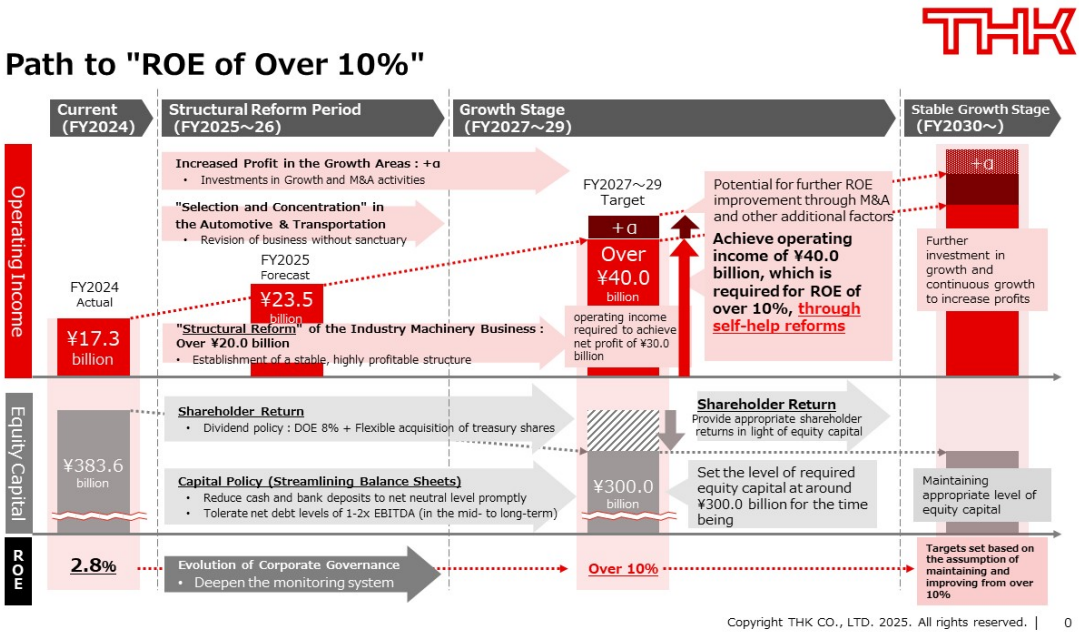
Upon being appointed Representative Director and President in January 2024, I made a statement that "THK will thoroughly strengthen what needs to be strengthened

and courageously change what needs to be changed." In November 2024, we completely revised our conventional management targets and announced our new management policy, "Early Realization of ROE of Over 10%."

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

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

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



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

Securities Code 6481
Date of dispatch: February 27, 2025
Date of initiating measures for providing information in electronic format: February 21, 2025

To Shareholders

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

# Notice of Convocation of the 55th Ordinary General Meeting of Shareholders

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

We are writing to inform you that the 55th Ordinary General Meeting of Shareholders of THK CO., LTD. (the "Company") will be held as outlined below.

When convening this General Meeting of Shareholders, the Company took measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. (items subject to measures for electronic provision) in electronic format, and posted such information on the following websites on the Internet; so please access any of the websites and check the information.

[The Company's website]
https://www.thk.com/jp/ja/ir/stock/meeting/ (in Japanese)

[Website on which materials for the General Meeting of Shareholders are posted]
https://d.sokai.jp/6481/teiji/ (in Japanese)

[Tokyo Stock Exchange's website (Listed Company Search)]
https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show (in Japanese)
(To check the information, please access the above website of Tokyo Stock Exchange, enter "THK" in the "Issue name (company name)" box or the Company's security code "6481" in the "Code" box, click the "Search" button, click the "Basic information" button, select the "Documents for public inspection/PR information" tab, and click the button under "Filed information available for public inspection," "Notice of General Shareholders Meeting/Informational Materials for a General Shareholders Meeting.")

If you do not attend the meeting, you are entitled to exercise your voting rights via the Internet or in writing (by mail), so please review the reference documents for the Ordinary General Meeting of Shareholders, refer to "Guidance on the Exercise of Voting Rights" and exercise your voting rights by no later than 17:30 Japan time on Friday, March 14, 2025.

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

**1. Date and Time:** Saturday, March 15, 2025, 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 55th Term (January 1, 2024 to December 31, 2024)
2. Report of non-consolidated financial statements for the 55th Term (January 1, 2024 to December 31, 2024)

**Resolutions:**

**Proposal 1:** Surplus Appropriation

**Proposal 2:** Appointment of Eight (8) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

**4. Convocation Decisions (Guidance on the Exercise of Voting Rights)**

(1) If voting rights are exercised in writing (by mail), when the voting form does not show any consent/dissent concerning a proposal, the vote shall be counted as affirmative.

(2) In the event that voting rights are exercised multiple times via the Internet, the most recent vote shall prevail.

(3) In the event that voting rights are exercised both via the Internet and in writing (by mail), the vote via the Internet shall prevail, regardless of the date and time of arrival.

(4) When you exercise 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.

⊙ If attending the meeting, please submit the voting sheet sent out with this convocation notice to the reception desk on arrival. Please bring this convocation notice with you.
⊙ If corrections to the items subject to measures for electronic provision may be made, a notice of the corrections as well as the details of the items before and after the corrections will be posted on the above websites on the Internet.
⊙ In accordance with the Companies Act, shareholders shall confirm the items subject to measures for electronic provision by accessing any of the previously mentioned websites as a general rule. The Company shall send written documents only to shareholders who have requested the delivery of written documents by the reference date, but for this General Meeting of Shareholders, the Company shall send written documents including items subject to measures for electronic provision to all shareholders regardless of whether or not delivery of written documents has been requested.
Among items subject to measures for electronic provision are to be taken, the following items are not included in the documents to be delivered in accordance with provisions of laws and regulations and Article 16 of the Company's Articles of Incorporation.

(1) Systems to ensure the adequacy of operations and the status of operation of such systems
(2) Consolidated statements of changes in equity
(3) Notes to the consolidated financial statements
(4) Statement of changes in shareholders' equity
(5) Notes to the non-consolidated financial statements

Therefore, the business report, consolidated financial statements and non-consolidated financial statements presented in this document are some of the documents subject to audit by the Audit and Supervisory Committee and the Accounting Auditor.
⊙ A video of a portion of the General Meeting of Shareholders will be uploaded to the Company's website after the General Meeting of Shareholders.
(https://www.thk.com/jp/ja/ir/stock/meeting/) (in Japanese)

## THK Group Products Exhibition

On the meeting date, the current condition of the Company will be introduced on monitors, and after the conclusion of the General Meeting of Shareholders, "THK Group Products Exhibition" will be held next to the meeting venue.

Please take this opportunity to gain a deeper understanding of the THK Group.

- Only shareholders who attend the General Meeting of Shareholders' will be admitted to the Exhibition venue. Please be reminded that your companions are not allowed to enter there.
- The game at the Exhibition venue may only be played one time per shareholder.



Conceptual image of the Exhibition

## Guidance on the Exercise of Voting Rights

Voting rights at the General Meeting of Shareholders are important rights of shareholders.
Please review the reference documents for the General Meeting of Shareholders and exercise your voting rights.
Voting rights can be exercised by the following three methods.

■ Attending the Meeting
Please submit the voting sheet to the reception desk on arrival at the meeting.
Date and Time: **Saturday, March 15, 2025, 13:30** (Reception desk: open at 12:30)

■ Exercising Voting Rights via the Internet
Please refer to the guidance described on the next page, and indicate your consent/dissent concerning each proposal.
Deadline for exercising your voting rights: No later than **17:30 on Friday, March 14 (Japan Time), 2025**

■ Exercising Voting Rights in Writing (By Mail)
Please indicate your consent/dissent concerning each proposal shown on the voting sheet, and return it to us by deadline shown below, without a postage stamp.
Deadline for exercising your voting rights: No later than **17:30 on Friday, March 14 (Japan Time), 2025**

- In the event that voting rights are exercised both via the Internet, etc. and in writing (by mail), the vote exercised via the Internet shall prevail. In the event that voting rights are exercised multiple times via the Internet, the most recent vote shall prevail.
- If voting rights are exercised in writing (by mail), when the voting form does not show any consent/dissent concerning a proposal, the vote shall be counted as affirmative.

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

### How to exercise your voting rights by scanning the QR code

By using the QR code, you can log into the voting website without entering a login ID and temporary password shown on the voting sheet.

1. Please scan the QR code on your voting form.
   * "QR code" is a registered trademark of DENSO WAVE INCORPORATED.

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

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

Voting website: **https://evote.tr.mufg.jp/**

1. Please access the voting website.

2. Enter the "login ID" and "temporary password" shown on your voting sheet, and click on the "Login" button.

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

| | |
|---|---|
| For questions regarding how to operate your PC or smartphone to exercise voting rights via the Internet, please contact the number shown on the right: | Mitsubishi UFJ Trust & Banking Corporation<br>Securities Agent Division Help Desk<br>**Tel.: 0120-173-027**<br>(Toll-free, hours of operation: 9:00–21:00 Japan time) |

Institutional investors may use the "Voting Rights Electronic Exercise Platform" for institutional investors operated by ICJ Co., Ltd.

## Reference Documents for the Ordinary General Meeting of Shareholders
## Proposal 1: Surplus Appropriation

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

Since the new dividend policy became effective as of the third quarter period of the year ended December 31, 2024, the year-end dividend therefor has been ¥128.5 per share, calculated based on a DOE of 4%, which is for the half of the fiscal year. As a result, cash dividends applicable for the year ended December 31, 2024 will be ¥146.5 per share, including the interim dividends of ¥18.0 per share.

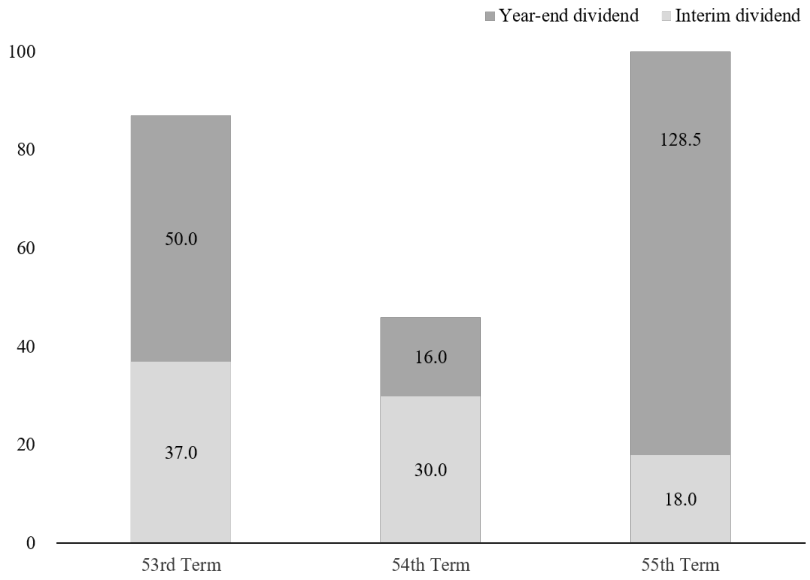
Matters Related to Term-end Dividends

(1) Type of Property for Dividends
Cash

(2) Allotment of Property for Dividends
¥128.5 per share of common stock
Total of ¥15,614,499,014

(3) Effective Date of Distribution of Surplus
March 17, 2025

(Reference) Change in dividends per share



## Proposal 2: Appointment of Eight (8) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

The tenure of all nine (9) 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 eight (8) 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:

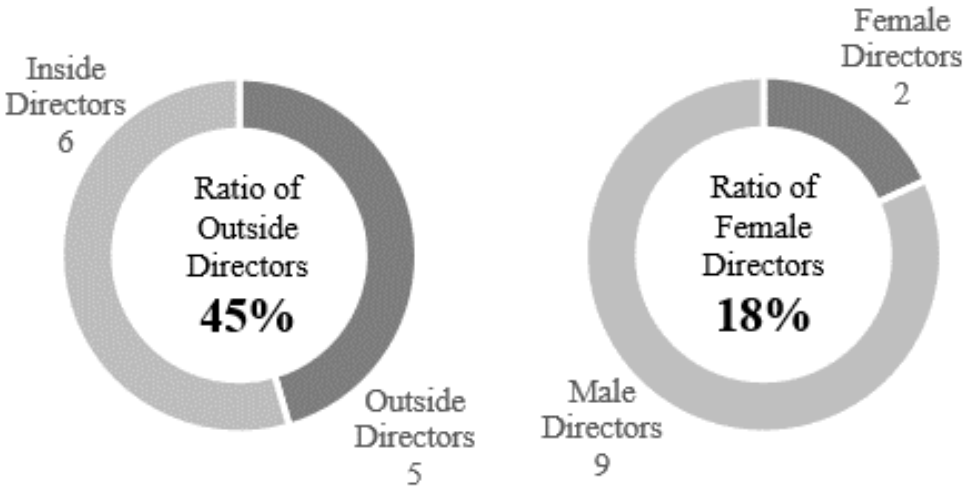
| Candidate No. | Name (Age) | | | Current Position and Duties in the Company |
|---|---|---|---|---|
| 1 | Reappointment Male | Akihiro Teramachi | (73) | Representative Director, Chairman and CEO |
| 2 | Reappointment Male | Takashi Teramachi | (46) | Representative Director, President and COO<br>Senior General Manager of Industrial Machinery Headquarters |
| 3 | Reappointment Male | Hiroshi Imano | (71) | Director and Executive Vice President |
| 4 | Reappointment Male | Nobuyuki Maki | (64) | Director and Senior Managing Executive Officer<br>Senior General Manager of Automotive & Transportation Headquarters |
| 5 | Newly elected Male | Naoki Kinoshita | (63) | Managing Executive Officer<br>Executive Vice Chairman of THK (CHINA) CO., LTD.<br>President of THK (CHINA) CO., LTD. |
| 6 | Reappointment Male | Kenji Nakane | (54) | Director and CFO<br>Executive Officer<br>General Manager of Finance & Accounting Department, Corporate Strategy Headquarters<br>General Manager of Indirect Material Procurement Department, Corporate Strategy Headquarters |
| 7 | Reappointment Candidate for Outside Director Candidate for Independent Officer Female | Junko Kai | (57) | Outside Director |
| 8 | Newly elected Candidate for Outside Director Candidate for Independent Officer Female | Hiroko Kawasaki | (61) | – |

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

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

The composition of the Board of Directors and the Board's skill matrix will be as below if each candidate for a Director position is appointed by decision of this General Meeting of Shareholders.

Composition of the Board of Directors




Skill Matrix of the Board of Directors

| | Corporate management | Finance/ Accounting | Governance/ Risk management | Global business | Sales/ Marketing | DX/IT | Development/ Technology/ Manufacture |
|---|---|---|---|---|---|---|---|
| Akihiro Teramachi | ● | | ● | ● | ● | ● | ● |
| Takashi Teramachi | ● | | | | ● | ● | ● |
| Hiroshi Imano | ● | ● | ● | ● | | | ● |
| Nobuyuki Maki | ● | | | ● | ● | | ● |
| Naoki Kinoshita | ● | | | ● | ● | | |
| Kenji Nakane | | ● | | | | ● | |
| Junko Kai | | | ● | | | | |
| Hiroko Kawasaki | | | ● | | ● | ● | |
| Masakatsu Hioki | | | ● | ● | | | |
| Tomitoshi Omura | | ● | ● | | | | |
| Yoshiki Ueda | ● | | ● | ● | ● | | |

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<table>
<tr><th>Candidate No.</th><th>Name<br>(Date of Birth)</th><th>Brief History, Position, Assigned Tasks and Significant Positions Concurrently Held</th><th>Number of the Shares of the Company Held</th></tr>
<tr><td rowspan="2">1</td><td><br>[Reappointment]<br>[Male]<br><br>Akihiro Teramachi<br>(April 5, 1951)<br><br>Service years as Director: 43 years<br><br>Attendance at the Board of Directors meetings: 16 of 16 meetings</td><td>Oct. 1975 Joined the Company<br>Mar. 1982 Director, General Manager of Administration Division<br>Jun. 1987 Managing Director and Senior General Manager of Control Division<br>Jun. 1994 Director and Executive Vice President<br>May 1995 Representative Director and President of DAITO SEIKI CO., LTD. (currently THK INTECHS CO., LTD.)<br>Jan. 1997 Representative Director and President of the Company<br>Jan. 2024 Representative Director and Chairman (current position)<br><br><Significant positions concurrently held><br>Chairman of JAPAN MACHINE ACCESSORY ASSOCIATION (General Incorporated Association)</td><td>7,112</td></tr>
<tr><td colspan="3">[Rationale for Appointment as a Candidate for Director]<br>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.<br><br>Note: There is no special interest relationship between Akihiro Teramachi and the Company.</td></tr>
</table>

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<table>
<tr><th>Candidate No.</th><th>Name<br>(Date of Birth)</th><th>Brief History, Position, Assigned Tasks and Significant Positions Concurrently Held</th><th>Number of the Shares of the Company Held</th></tr>
<tr><td rowspan="2">2</td><td><br>[Reappointment]<br>[Male]<br><br>Takashi Teramachi<br>(November 17, 1978)<br><br>Service years as Director: 10 years and 9 months<br><br>Attendance at the Board of Directors meetings: 16 of 16 meetings</td><td>Apr. 2003 Joined Sumitomo Corporation<br>Nov. 2013 Joined the Company<br>Jan. 2014 General Manager of IMT Division<br>Jun. 2014 Director<br>Executive Officer<br>Deputy General Manager of IMT Division<br>Representative Director and President of THK INTECHS CO., LTD.<br>Jun. 2016 Senior Managing Executive Officer<br>Senior General Manager of Industrial Machinery Headquarters (current position)<br>Jan. 2024 Representative Director and President (current position)<br><Significant positions concurrently held><br>-</td><td>7,023</td></tr>
<tr><td colspan="3">[Rationale for Appointment as a Candidate for Director]<br>With regard to the rationale for the appointment of Takashi Teramachi as a candidate for Director, based on his considerable experience as a person responsible for supervising and overseeing the industrial machinery related business and Group companies, he has been demonstrating leadership as the Company’s Representative Director and President and executing his duties. We therefore judged Mr. Teramachi to be a human resource who can appropriately supervise and control the entire Group, 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.<br><br>Note: There is no special interest relationship between Takashi Teramachi and the Company.</td></tr>
</table>

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<table>
<tr><th>Candidate No.</th><th>Name<br>(Date of Birth)</th><th>Brief History, Position, Assigned Tasks and Significant Positions Concurrently Held</th><th>Number of the Shares of the Company Held</th></tr>
<tr><td rowspan="2">3</td><td><br>[Reappointment]<br>[Male]<br><br>Hiroshi Imano<br>(January 31, 1954)<br><br>Service years as Director:<br>16 years and 9 months<br><br>Attendance at the Board of Directors meetings:<br>16 of 16 meetings</td><td>Apr. 1977 Joined the Industrial Bank of Japan (currently Mizuho Bank, Ltd.)<br>Apr. 2004 Joined the Company<br>May 2004 President of THK MANUFACTURING OF CHINA (WUXI) CO., LTD.<br>Oct. 2007 General Manager of Production Division of the Company<br>Dec. 2007 Representative Director and President of THK Manufacturing of Europe S.A.S.<br>Jun. 2008 Director of the Company<br>Jun. 2010 Managing Director<br>Jun. 2012 Director and Executive Vice President (current position)<br><Significant positions concurrently held><br>–</td><td>8,007</td></tr>
<tr><td colspan="3">[Rationale for Appointment as a Candidate for Director]<br>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.<br><br>Note: There is no special interest relationship between Hiroshi Imano and the Company.</td></tr>
</table>

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<table>
<tr><th>Candidate No.</th><th>Name<br>(Date of Birth)</th><th>Brief History, Position, Assigned Tasks and Significant Positions Concurrently Held</th><th>Number of the Shares of the Company Held</th></tr>
<tr><td rowspan="2">4</td><td><br>[Reappointment]<br>[Male]<br><br>Nobuyuki Maki<br>(May 12, 1960)<br><br>Service years as Director: 9 years and 9 months<br><br>Attendance at the Board of Directors meetings: 16 of 16 meetings</td><td>Apr. 1983 Joined the Company<br>Jul. 1992 Manager of Chicago Branch of THK America, Inc.<br>Jan. 2003 Representative Director and President of THK Manufacturing of America, Inc.<br>Oct. 2007 Manager of Yamaguchi Plant of the Company<br>Jun. 2010 Director<br>Senior General Manager of Production Division<br>Jun. 2014 Managing Executive Officer<br>(Retired as Director following the introduction of the Executive Officer System)<br>Apr. 2015 Senior General Manager of Sales Support Division<br>May 2015 General Manager of L&S Business Integration Division<br>Jun. 2015 Director (current position)<br>Nov. 2015 Managing Executive Officer<br>Senior General Manager of Automotive & Transportation Business Unit<br>Jun. 2016 Senior Managing Executive Officer (current position)<br>Senior General Manager of Automotive & Transportation Headquarters (current position)<br><Significant positions concurrently held><br>–</td><td>7,906</td></tr>
<tr><td colspan="3">[Rationale for Appointment as a Candidate for Director]<br>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 & 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.<br><br>Note: There is no special interest relationship between Nobuyuki Maki and the Company.</td></tr>
</table>

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<table>
<tr><th>Candidate No.</th><th>Name<br>(Date of Birth)</th><th>Brief History, Position, Assigned Tasks and Significant Positions Concurrently Held</th><th>Number of the Shares of the Company Held</th></tr>
<tr><td rowspan="2">5</td><td><br>[Newly elected]<br>[Male]<br><br>Naoki Kinoshita<br>(November 23, 1961)<br><br>Service years as Director: -<br><br>Attendance at the Board of Directors meetings: -</td><td>Apr. 1985 Joined the Company<br>Feb. 2003 Manager of Sendai Branch<br>Jun. 2005 Vice President of THK (SHANGHAI) CO., LTD.<br>Oct. 2007 Vice President of THK (CHINA) CO., LTD.<br>Feb. 2011 General Manager of West Japan Sales Region I<br>Jun. 2014 Executive Officer<br>President of THK (CHINA) CO., LTD. (current position)<br>Jan. 2022 Executive Officer<br>Executive Vice Chairman of THK (CHINA) CO., LTD. (current position)<br>Mar. 2022 Managing Executive Officer (current position)<br><Significant positions concurrently held><br>–</td><td>3,848</td></tr>
<tr><td colspan="3">[Rationale for Appointment as a Candidate for Director]<br>With regard to the rationale for the appointment of Naoki Kinoshita as a candidate for Director, based on his considerable experience and actual performance as a person responsible for supervising and controlling the holding and controlling companies in China, and a person responsible for controlling the sales operations in Japan and overseas, we judged Mr. Kinoshita 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.<br><br>Note: There is no special interest relationship between Naoki Kinoshita and the Company.</td></tr>
</table>

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<tr><th>Candidate No.</th><th>Name<br>(Date of Birth)</th><th>Brief History, Position, Assigned Tasks and Significant Positions Concurrently Held</th><th>Number of the Shares of the Company Held</th></tr>
<tr><td rowspan="2">6</td><td><br>[Reappointment]<br>[Male]<br><br>Kenji Nakane<br>(July 10, 1970)<br><br>Service years as Director: 2 years<br><br>Attendance at the Board of Directors meetings: 16 of 16 meetings</td><td>Apr. 1993 Joined the Company<br>Jun. 2009 Manager of Finance & Accounting Department, Corporate Strategy Division<br>Jul. 2016 General Manager of Finance & Accounting Department, Corporate Strategy Headquarters (current position)<br>Apr. 2017 Executive Officer (current position)<br>Nov. 2022 General Manager of Indirect Material Procurement Department, Corporate Strategy Headquarters (current position)<br>Mar. 2023 Director (current position)<br><Significant positions concurrently held><br>–</td><td>10,176</td></tr>
<tr><td colspan="3">[Rationale for Appointment as a Candidate for Director]<br>With regard to the rationale for the appointment of Kenji Nakane as a candidate for Director, based on his considerable experience and actual performance as CFO responsible for supervising and controlling the field of finance and accounting of the entire Group, we judged Mr. Nakane 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.<br><br>Note: There is no special interest relationship between Kenji Nakane and the Company.</td></tr>
</table>

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<table>
<tr><th>Candidate No.</th><th>Name<br>(Date of Birth)</th><th>Brief History, Position, Assigned Tasks and Significant Positions Concurrently Held</th><th>Number of the Shares of the Company Held</th></tr>
<tr><td rowspan="2">7</td><td><br>[Reappointment]<br>[Outside Director]<br>[Independent]<br>[Female]<br><br>Junko Kai<br>(September 29, 1967)<br><br>Service years as Outside Director:<br>3 years<br><br>Attendance at the Board of Directors meetings:<br>16 of 16 meetings</td><td>Apr. 1992 Registered at the Daini Tokyo Bar Association<br>Dec. 2002 Partner of Hamani Takahashi Kai Law Office (current position)<br>Jun. 2006 Member of the Daini Tokyo Bar Association’s discipline enforcement committee<br>Mar. 2007 Instructor for defense in criminal cases, the Legal Training and Research Institute<br>Apr. 2010 Conciliation Commissioner, of Tokyo Family Court<br>Jul. 2010 Reserve member of Disciplinary Committee, The Japanese Institute of Certified Public Accountants<br>Oct. 2010 Examiner for the national bar examination (Code of Criminal Procedure)<br>Examiner for the preliminary national bar examination (Code of Criminal Procedure)<br>Jun. 2014 Member of the Ministry of Health, Labour and Welfare’s Committee for Public Procurement for Special Pension Accounts (current position)<br>Oct. 2015 Special Member of Ministry of Land, Infrastructure, Transport and Tourism’s Chuo Construction Disturbance Inspection Meeting (current position)<br>Feb. 2016 Member of the Daini Tokyo Bar Association’s disciplinary committee<br>Jun. 2019 Outside Director of NARITA INTERNATIONAL AIRPORT CORPORATION (current position)<br>Jun. 2021 Member of the Daini Tokyo Bar Association’s discipline enforcement committee<br>Jun. 2021 Outside Audit & Supervisory Board Member of JSR Corporation<br>Mar. 2022 Outside Director of the Company (current position)<br><Significant positions concurrently held><br>Partner of Hamani Takahashi Kai Law Office<br>Outside Director of NARITA INTERNATIONAL AIRPORT CORPORATION</td><td>–</td></tr>
<tr><td colspan="3">[Rationale for Appointment as a Candidate for Outside Director and Overview of Expected Roles]<br>The rationale for the appointment of Junko Kai as a candidate for Outside Director is that we judged her to be a human resource who can contribute to effectively strengthening the decision-making function and supervisory function of the Company’s Board of Directors from the perspectives mainly of management reform issues concerning sustainability and diversity, as well as risk management and compliance with the relevant laws and regulations in promoting the Company’s sustainable growth and improving its medium to long term corporate value, given her abundant experience and insights in law and compliance based on years of experience as a lawyer. Although she has no history of direct company management, for the reasons above, we have deemed her capable of executing the duties of an Outside Director.<br><br>Notes:<br>1. There is no special interest relationship between Junko Kai and the Company.<br>2. Junko Kai is a candidate for Outside Director.<br>3. Under the provisions of Article 427, Paragraph 1, of the Companies Act, the Company has entered into an agreement with Junko 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. If Ms. Kai is reelected, the Company intends to continue the limited liability agreement with her as an Outside Director.</td></tr>
</table>

**[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 |
|---|---|---|---|
| | 4. The Company registered Junko Kai as an independent officer in accordance with the regulations of the Tokyo Stock Exchange. If Ms. Kai is reelected, the Company intends to continue to register her as an independent officer. | | |

**[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 |
|---|---|---|---|
| 8 | <br>[Newly elected]<br>[Outside Director]<br>[Independent]<br>[Female]<br><br>Hiroko Kawasaki<br>(September 21, 1963)<br><br>Service years as Outside Director: -<br><br>Attendance at the Board of Directors meetings: - | Apr. 1987 Joined Nippon Telegraph and Telephone<br>Jul. 2006 Manager of Human Resources Department, Diversity Promotion Office of NTT DOCOMO, INC.<br>Jun. 2010 Manager of Shizuoka Branch, Tokai Branch Office of NTT DOCOMO, INC.<br>Jun. 2012 General Manager of Customer Service Dept. of NTT DOCOMO, INC.<br>Jun. 2014 General Manager of CSR of NTT DOCOMO, INC.<br>Jun. 2017 Executive Officer, General Manager of Hokuriku Regional Office of NTT DOCOMO, INC.<br>Representative Director, President of DOCOMO CS Hokuriku<br>Jun. 2020 Executive Officer, General Manager of Marketing Dept. of NTT DOCOMO, INC.<br>**Apr. 2021 Member of the Labor Policy Council, Ministry of Health, Labor and Welfare of Japan (current position)**<br>Jun. 2021 Managing Director of DOCOMO Systems, Inc.<br>Jun. 2022 Director, Full-Time Audit and Supervisory Committee Member of NTT DOCOMO, INC.<br>Jun. 2023 Outside Director, Audit and Supervisory Committee Member of ENEOS Holdings, Inc.<br>**Jun. 2024 Outside Director of Mitsubishi Shokuhin Co., Ltd. (current position)**<br>**Jun. 2024 Outside Director and Chairperson of the Board of Directors of ENEOS Holdings, Inc. (current position)**<br><Significant positions concurrently held><br>Outside Director and Chairperson of the Board of Directors of ENEOS Holdings, Inc.<br>Outside Director of Mitsubishi Shokuhin Co., Ltd. | – |
| | [Rationale for Appointment as a Candidate for Outside Director and Overview of Expected Roles]<br>The rationale for the appointment of Hiroko Kawasaki as a candidate for Outside Director is that we judged her to be a human resource who can contribute to effectively strengthening the decision-making function and supervisory function of the Company's Board of Directors from the perspectives mainly of DX and sustainability with respect to the management reform issues of deepening governance in promoting the Company's sustainable growth and improving its medium to long term corporate value, given her experience of serving as chairperson of the Board of Directors of a listed company, as well as her involvement in promoting DX and CSR and human resource development with strong leadership in a global company.<br><br>Notes:<br>1. There is no special interest relationship between Hiroko Kawasaki and the Company.<br>2. Hiroko Kawasaki is a candidate for Outside Director.<br>3. If Hiroko Kawasaki is elected, under the provisions of Article 427, Paragraph 1, of the Companies Act, the Company intends to enter into an agreement with Ms. Kawasaki 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.<br>4. If Hiroko Kawasaki is elected, the Company plans to register her as an independent officer in accordance with the regulations of the Tokyo Stock Exchange. | |

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 managed deliberations as the Chairperson 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 managed deliberations as the Chairperson, 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 2025.
If the election of candidates is approved and adopted with this proposal, each candidate will be insured under the said contract.
(i) Summary of insurance incidents subject to coverage
The insurance covers damages that may occur due to an insured 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.

<**Reference**>

■ **Composition of Voluntary Advisory Committees** (As of December 31, 2024)

The Company has established the voluntary Nomination Advisory Committee for election and dismissal, etc. of Director candidates of the Company, and voluntary Remuneration Advisory Committee for remuneration, etc. of the Directors, as an advisory body to the Board of Directors.

In accordance with the resolution of the Board of Directors, each committee is composed of more than three (3) Directors with a majority of Outside Directors, having Outside Director as a Chairperson.

- Voluntary Nomination Advisory Committee
Chairperson: Outside Director Masakatsu Hioki
Member: Representative Director and President Takashi Teramachi
Member: Outside Director Masaaki Kainosho

- Voluntary Remuneration Advisory Committee
Chairperson: Outside Director Yoshiki Ueda
Member: Representative Director and President Takashi Teramachi
Member: Outside Director Masaaki Kainosho

■ Evaluation of the effectiveness of the Board of Directors

In order to ensure the effectiveness of the Board of Directors and improve its functions, THK conducts annual questionnaire regarding the effectiveness of the Board of Directors.

As for the fiscal year ended December 31, 2024, we conducted questionnaire to all Directors through entrusted third party.

| | |
|---|---|
| Back ground | ■ In order to evolve corporate governance toward "Promotion of Management That Emphasizes Profitability and Capital Efficiency" in line with the basic policy, it was determined that the effectiveness of various initiatives needs to be verified from a professional and objective perspective.<br>■ THK **has commissioned a third-party organization to evaluate the effectiveness of the Board of Directors** for the fiscal year 2024, with the aim of deepening discussions at the Board of Directors meetings with "substance" and **leading to further improvements in corporate value**. |
| Evaluation Results | ■ In the effectiveness evaluation for the fiscal year 2024, it was confirmed that the implementation of the "Review of the Criteria for Board of Directors' Agenda Items," which was the issue in the fiscal year 2023, has significantly expanded the scope of agenda items and has led to the revitalization of the Board of Directors.<br>■ On the other hand, as a result of the review for further improvement, **new important issues were identified**.<br>■ Based on the results of these analyses and evaluations, the Board of Directors has **determined such important issues, as well as policies and major initiatives that correspond to those issues**. |

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

| | Future Course of Action | | Details of Initiatives |
|---|---|---|---|
| 1 | Examine the nature of the Board of Directors and cultivate a common understanding | ➡ | ■ Redefine the “ideal board of directors” and the roles expected of directors themselves<br>■ Examine agenda items to be discussed at the Board of Directors meetings (continuing issues)<br>■ Further transfer authority to the executive to make quick business decisions |
| 2 | Strengthen the monitoring system and accelerate strategic discussions | ➡ | ■ Clarify roadmap and milestones to address mid- to long-term execution challenges<br>■ Set KPIs for sustainable corporate value improvement |
| 3 | Advance the Board of Directors’ management and secretariat functions, including agenda setting | ➡ | ■ Consider strategic themes for further discussion from a mid- to long-term perspective<br>■ Prepare an annual discussion schedule to deepen the discussions<br>■ Prepare materials suitable for monitoring and improvement in presentation |
| 4 | Improve planning and discussion of systematic training programs for executive candidates | ➡ | ■ Clarify the ideal image of senior management, including skills and personality, with THK’s future vision in mind<br>■ Conduct candidate assessments and appropriately participate in the development and operation of company-wide appointing and training policies |

(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.

# Business Report

(From January 1, 2024 to December 31, 2024)

## 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, the outlook of the global economy remained uncertain amid concerns such as rising geopolitical risks including the situation in Ukraine and in the Middle East, continuing inflation, and China's sluggish economy shaken by real estate recession.

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 such a situation, demand for products of the industrial machinery business headed for a moderate recovery trend; however, revenue decreased as compared to the figure a year earlier, when the order backlog was at a high level, particularly in the first half of the fiscal year. In the automotive & transportation business, the first half of the year was generally strong due to the easing of automobile parts supply shortages, but automobile production continued to decline in the second half of the year. On the other hand, the yen weakened compared to the previous year. As a result, consolidated revenue amounted to ¥352,759 million, up ¥820 million, or 0.2%, compared to the figure a year earlier.

Overall Summary of Income

On the cost front, the cost to revenue ratio was 76.8%, the same as in the previous year.

Selling, general and administrative expenses amounted to ¥64,639 million, up ¥5,680 million, or 9.6%, compared to the figure a year earlier. The ratio to revenue rose by 1.5% from a year earlier to 18.3% despite the THK Group's endeavors to improve operating efficiency.

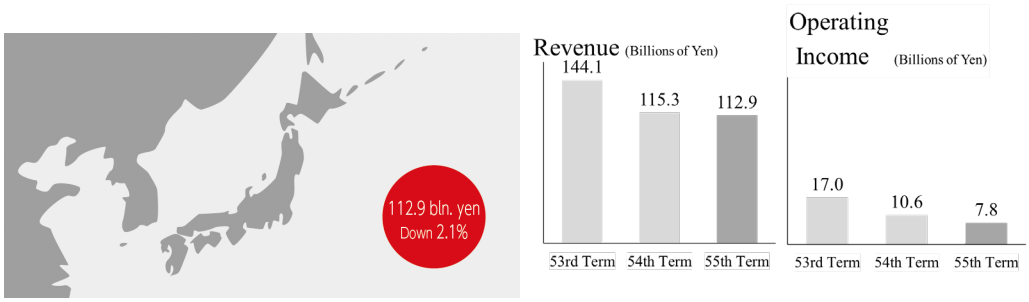
As a result, operating income amounted to ¥17,349 million, down ¥6,358 million, or 26.8%, compared to the figure a year earlier. Operating income margin dropped by 1.8% from a year earlier to 4.9%.

Finance income and finance costs were ¥3,116 million and ¥1,683 million, respectively.

As a result, income before tax amounted to ¥18,782 million, down ¥6,506 million, or 25.7%, compared to the figure a year earlier. Profit attributable to owners of the parent amounted to ¥10,439 million, down ¥7,959 million, or 43.3%, compared to the figure a year earlier.

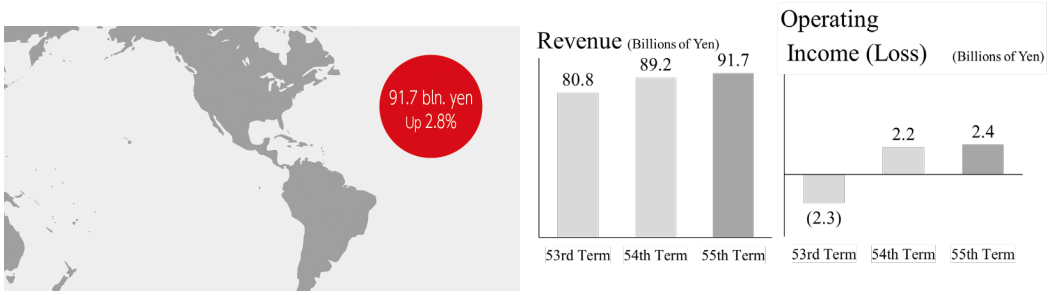
Segment Breakdown

## Japan



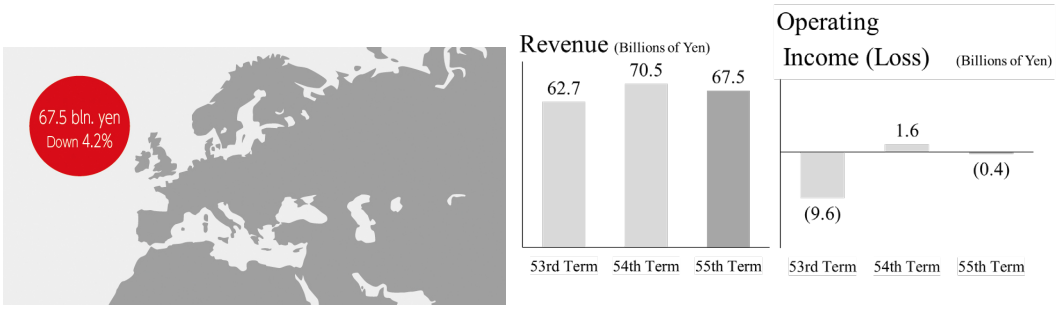

In Japan, revenue amounted to ¥112,905 million, down ¥2,451 million, or 2.1%, compared to the figure a year earlier, when the order backlog of the industrial machinery business was at a high level. Segment income (operating income) amounted to ¥7,845 million, down ¥2,773 million, or 26.1%, compared to the figure a year earlier due mainly to the decrease in revenue.

## The Americas



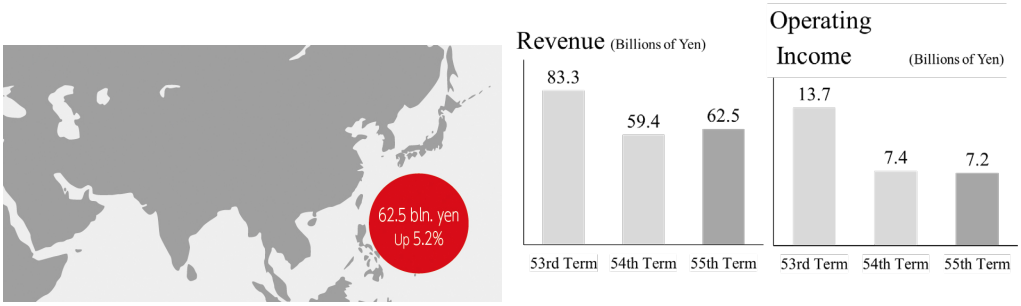

In the Americas, revenue amounted to ¥91,756 million, up ¥2,530 million, or 2.8%, compared to the figure a year earlier due mainly to the weaker yen. Segment income (operating income) amounted to ¥2,408 million, up ¥188 million, or 8.5%, compared to the figure a year earlier due mainly to the increase in revenue.

## Europe



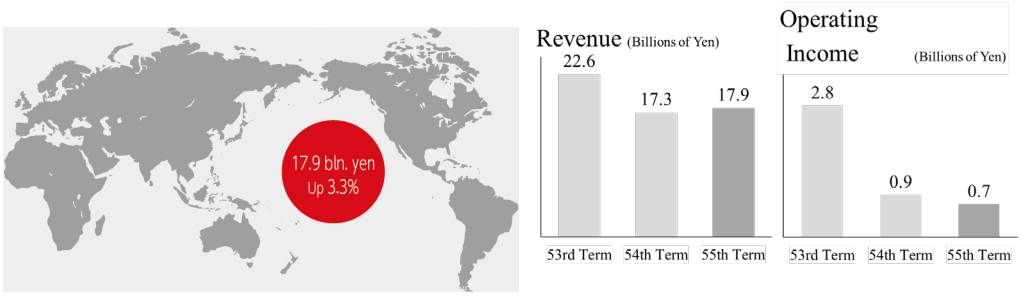

In Europe, revenue amounted to ¥67,599 million, down ¥2,948 million, or 4.2%, compared to the figure a year earlier due mainly to weak demand in the industrial machinery business and the impact of a decline in automobile production in the automotive & transportation business. Segment income (operating income) dropped by ¥2,087 million, and consequently turned to ¥407 million of segment loss (operating loss).

## China




In China, revenue amounted to ¥62,525 million, up ¥3,115 million, or 5.2%, compared to the figure a year earlier due mainly to the weaker yen. Segment income (operating income) amounted to ¥7,202 million, down ¥284 million, or 3.8%, compared to the figure a year earlier.

## Other Areas




In other countries and regions, the THK Group expanded its sales channels and implemented aggressive sales activities to cultivate new customers while demand for THK Group's products was widely expanded in India and the ASEAN countries. In such a situation, revenue amounted to ¥17,972 million, up ¥574 million, or 3.3%, compared to the figure a year earlier due mainly to the weaker yen. Segment income (operating income) amounted to ¥746 million, down ¥235 million or 24.0%, compared to the figure a year earlier.

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 linear motion systems and other products by applying the core technologies and know-how in linear motion systems, including mechatronics such as Precision XY Stage and Linear motor actuators, and products in fields close to consumer goods such as automobiles, seismic isolation and damping systems, medical equipment, aircraft, renewable energy, and robotics.

Turning to activities outside Japan, we established the R&D Center in China, the Company's R&D facility. We also established the R&D Division of THK RHYTHM AUTOMOTIVE in Germany, and 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 Super-Low Waving Caged Ball LM Guide Model SPH in the area of LM Guide products. Its dimensions are ISO-compliant, achieving super-low waving that is best-in-class among linear motion guides. We also expanded our lineup of the super-heavy load LM Guide Model NR-X/NRS-X for machine tools. These help meet the high performance requirements of machine tools. We developed the Low-Magnetic Permeability LM Guide HSR-M0 that uses THK-NM1, a ferrous material that offers both the high load performance required of an LM Guide and high levels of non-magnetism. We are working to expand our sales of products for applications with high performance and non-magnetic property requirements, such as electron beam lithography systems and electron microscopes. Furthermore, we also sought to expand our lineup with the compatible LM Guide Model RSX, which is easy to use in a wide range of markets. In addition, we developed the Model HSR-X, with an improvement on the compact HSR which provides highly compatible, ball retention functions.

In the area of ball splines, we developed our smallest diameter ball splines, Model LT/LF3X and Model LT/LF3XD. These contribute to the further miniaturization of equipment.

In the actuator field, THK added a lead variation for the LM guide actuator KR Model, which is used for a wide range of purposes.

In seismic isolation, we have begun accepting orders for the new Seismic Isolation Table Model CGM, used as a seismic countermeasure for semiconductor manufacturing equipment (vertical furnaces).

In IoT-related fields, for OMNIedge, a solution that helps reduce customer manufacturing site losses and maximize overall equipment effectiveness (OEE), we launched a predictive part failure detection AI solution for linear motion products such as the LM Guides and ball screws and for rotating components, such as motors and pumps, and an AI solution for detecting equipment wear, damage, and breakage. Furthermore, we simultaneously released a skill management AI solution for centrally managing human resource skill information and an integrated maintenance management system that supports the comprehensive management and operation of maintenance activities. We will continue to develop solutions that help reduce production site loss and maximize overall equipment effectiveness (OEE).

In our factory automation fields, in August 2024 we officially released our next-generation linear transport system, Versatile Transport System (VTS). In recent years, production sites have been required to handle the production of a wide variety of articles, in varying quantities. This VTS system is a linear system that can flexibly assist with automation. For Model PPR, robots specialized for the pick and place process of small components such as electronic components, we are continuing our development to meet the needs of the market and promoting to expand overseas.

Our flexible next-generation transfer robot SIGNAS can be used without placing guide tape on the floor, simply by placing signpost markers along the route, and can also traverse rough surfaces. This makes it easy to set up routes for them, and we have received a large number of inquiries regarding their use not only in automobile and electrical device factories but also logistics centers, food plants, and other new customers. We will continue our development to further improve their performance so they can be used by a wider range of customers.

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. We have been selling these products as automatic braking components, and also expanding sales for next-generation suspensions.

Furthermore, we will aim to expand sales into new fields such as eAxle and ball screws for new brake systems.

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

THK Group's vision is being a "Manufacturing and Innovative Services Company," and we are implementing various measures to achieve this. In our four key geographical regions of Japan, the Americas, Europe and Asia, the THK Group is pursuing the establishment of a "unified retailer-producer system at the locations closer to centers of demand," in which products will be produced and sold locally.

In the industrial machinery business, production sites face increasingly complex social issues related to automation, labor shortages, and sustainability. Until now, we have done business primarily focusing on machinery components that solve the problems of machine builders, but going forward, we will also engage in FA solution business that looks beyond machine builders to actual machine users to solve the problems they face, as well. From the perspective of the evolution of vital machinery components, we will seek to increase our points of contact with machine users to develop high quality products that help solve problems for both machine builders and users. Furthermore, we will use the diverse information we collect from these multiple levels of customers in all of our operations, such as development and production, to reinforce our development work in growth fields and to strengthen our business foundation. To accelerate these efforts, in March 2024, we separated our sales divisions into our vital machinery component business and our FA solution business, and we clearly defined the roles of each.

In terms of production, we have worked to improve productivity per person by thoroughly promoting automation in our plants around the world. The market environment of the automotive & transportation business has been declining in recent years, and prices, such as steel prices and labor costs, have been rising, causing a decline in profitability. In December 2024, we decided to discontinue production activities at THK RHYTHM MALAYSIA Sdn. Bhd., a consolidated subsidiary in Malaysia.

Term-end Dividends

On November 12, 2024, THK announced "Notice Regarding Decision of Basic Policy (Early Realization of ROE of Over 10%) for Revision of the Current Management Targets for FY2026 (Five-Year Plan)."

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

Since the new dividend policy became effective as of the third quarter period of the year ended December 31, 2024, the year-end dividend therefor has been ¥128.5 per share, calculated based on a DOE of 4%, which is for the half of the fiscal year. As a result, cash dividends applicable for the year ended December 31, 2024 will be ¥146.5 per share, including the interim dividends of ¥18.0 per share.

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

2. Status of Capital Investments

Total capital investments in the consolidated fiscal year under review amounted to ¥31,843 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) |
| | Production Division | 2,372 |
| | Yamaguchi Plant | 2,248 |
| | Yamagata Plant | 1,713 |
| | THK KIRYU CO., LTD. | 1,397 |
| Overseas Operational Bases | THK India Pvt. Ltd. | 3,355 |
| | THK MANUFACTURING OF VIETNAM CO., LTD. | 2,253 |
| | THK MANUFACTURING OF CHINA (WUXI) CO., LTD. | 1,901 |
| | MANUFACTURING OF CHINA (LIAONING) CO., LTD. | 1,754 |
| | THK Manufacturing of America, Inc. | 1,704 |

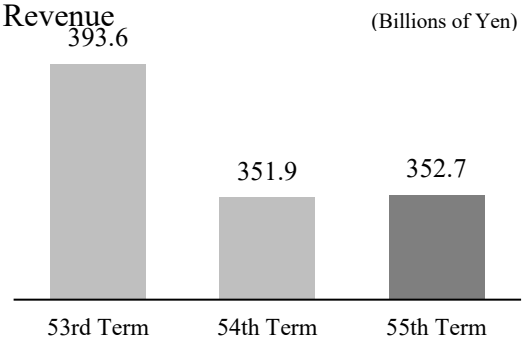
3. Status of Funding

For effective funding of operating capital, the Company has concluded Specified Commitment Line Contract totaling ¥30,000 million with its main correspondent financial institutions.

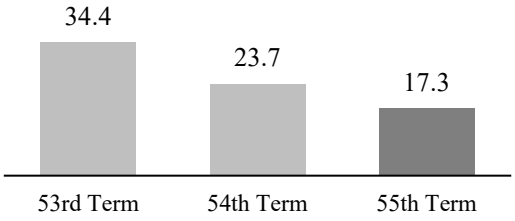
## (2) Assets and Profit/Loss

Assets and Profit/Loss of the Group

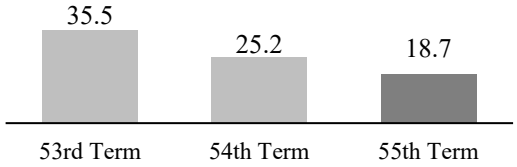
Revenue (Billions of Yen)



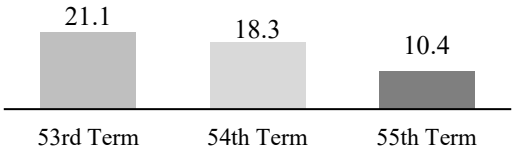

Operating Income (Billions of Yen)



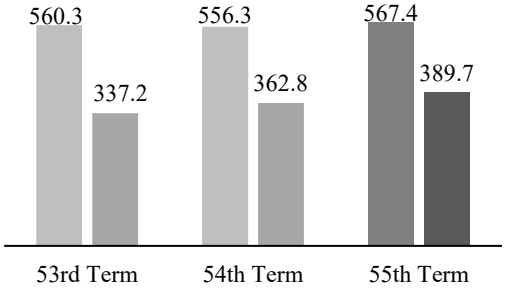

Profit Before Tax (Billions of Yen)



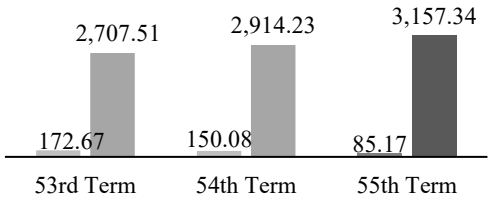

Profit Attributable to Owners of the Parent (Billions of Yen)



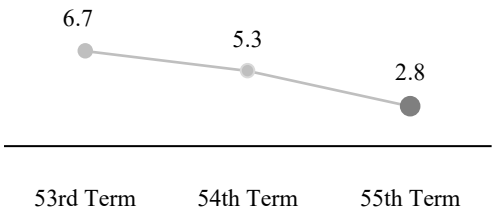

Total Assets / Total Equity (Billions of Yen)



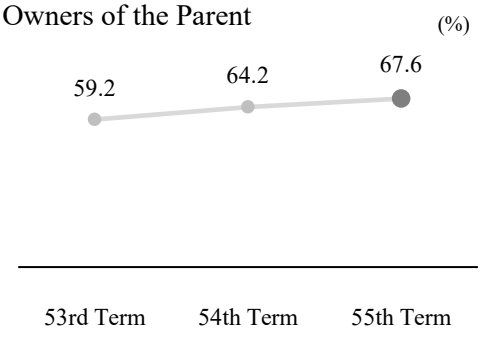

Basic Earnings per Share/ Equity Attributable to Owners of the Parent per Share (Yen)




Profit Ratio to Equity Attributable to Owners of the Parent (ROE) (%)




Ratio to Equity Attributable to Owners of the Parent (%)



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

1. Assets and Profit/Loss of the Group (Consolidated)
International Financial Reporting Standards (IFRS)

| Millions of Yen | | | | |
|---|---|---|---|---|
| Item | 52nd Term (Term Ended December 2021) | 53rd Term (Term Ended December 2022) | 54th Term (Term Ended December 2023) | 55th Term (Term Ended December 2024; Current Consolidated Fiscal Year) |
| Revenue | 318,188 | 393,687 | 351,939 | 352,759 |
| Operating Income | 30,268 | 34,460 | 23,707 | 17,349 |
| Profit Before Tax | 29,984 | 35,596 | 25,289 | 18,782 |
| Profit Attributable to Owners of the Parent | 23,007 | 21,198 | 18,398 | 10,439 |
| Total Assets | 516,086 | 560,304 | 556,351 | 567,418 |
| Total Equity | 314,289 | 337,281 | 362,898 | 389,795 |
| Basic Earnings per Share (Yen) | 181.97 | 172.67 | 150.08 | 85.17 |
| Equity Attributable to Owners of the Parent per Share (Yen) | 2,442.90 | 2,707.51 | 2,914.23 | 3,157.34 |
| Profit Ratio to Equity Attributable to Owners of the Parent (%) | 8.1 | 6.7 | 5.3 | 2.8 |
| Ratio of Equity Attributable to Owners of the Parent (%) | 59.0 | 59.2 | 64.2 | 67.6 |

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

| Millions of Yen | | | | |
|---|---|---|---|---|
| Item | 52nd Term (Term Ended December 2021) | 53rd Term (Term Ended December 2022) | 54th Term (Term Ended December 2023) | 55th Term (Term Ended December 2024; Current Fiscal Year) |
| Revenue | 167,583 | 197,624 | 144,227 | 144,737 |
| Operating Income | 16,718 | 25,722 | 7,138 | 4,121 |
| Ordinary Income | 21,914 | 35,105 | 15,905 | 18,020 |
| Net income | 18,348 | 6,094 | 13,037 | 15,495 |

### (3) Description of Main Business Operations (As of December 31, 2024)

The THK Group supplies the world with vital machinery components that convert "sliding" motion into "rolling" motion, thereby enabling motion parts to move in a "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, 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

In the "Management Targets for FY2026" announced in February 2022, we set targets of ¥500,000 million in revenue, ¥100,000 million in operating income, ¥590 in earnings per share (EPS), and 17% return on equity (ROE). In November 2024, as the basic policy for revision of these targets, we announced "Early Realization of ROE of Over 10%."

We revised our targets because the environment around our business has changed significantly, including rising geopolitical risks, ongoing inflation, and China's sluggish economy, making the achievement of our initial targets unfeasible. Within this environment, our ROE has remained stagnant, and we have been unable to meet the expectations of our shareholders. On January 1, 2024, Takashi Teramachi was appointed Representative Director and President of the Company. He stated in his policy speech that "THK will thoroughly strengthen what needs to be strengthened and courageously change what needs to be changed" under the vision of "Manufacturing and Innovative Services Company," that THK has stated. THK has been considering drastic measures based on its reflection that the above situation was caused not only by the external environment but also by THK's own various problems.

As a result, while THK's primary focus has been on increasing returns, the numerator of ROE, THK will also place greater emphasis on "business selection and concentration" and "controlling equity capital," the denominator of ROE. THK will strive to promptly achieve an ROE of over 10%, a level that exceeds THK's cost of equity, and thereafter will work to achieve a stable ROE that exceeds its cost of equity.

The policy of our revisions is “Promotion of Management That Emphasizes Profitability and Capital Efficiency,” and we will implement business selection and concentration based on strict comparison and scrutiny of ROIC (return on invested capital) and cost of capital. At the same time, in order to “thoroughly strengthen what needs to be strengthened,” we will be highly disciplined mainly in making “capital investments that contribute to productivity improvement including IT,” “investments in human resources,” and “investments in research and development.” Under our capital policy, we will maintain a dividend on equity (DOE) ratio of 8% as our dividend policy until we achieve our goal of “Early Realization of ROE over 10%.” Furthermore, to increase the viability, we have carried out efforts such as revising the composition of our Board of Directors and having a third-party organization evaluate the effectiveness of the Board with the goal of “Evolution of Corporate Governance.” We will also boldly carry out diverse other initiatives, such as strengthening the monitoring system that applies the PDCA cycle, reinforcing our compensation system for officers, further revising the composition of the Board of Directors, and enhancing our environmental and other sustainability-related measures.

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

## **(5) Status of Major Subsidiaries** (As of December 31, 2024)

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 CO.,LTD. | ¥400 million | 99.00 | Sales of vital machinery components, etc. |
| TRA Holdings CO., LTD. | ¥100 million | 100 | Holding and controlling company of transport equipment business |
| THK RHYTHM CO., LTD. | ¥490 million | 100 (100) | Manufacturing and sales of transport equipment parts |
| THK America, Inc. | USD 20,100 thousand | 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 | 100 (100) | 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 |
| THK FINANCE UNLIMITED COMPANY | EUR 50,000 thousand | 100 | In-group financing and fund management for THK's group companies in Europe |

| Name of Company | Capital Stock | Percentage of Voting Rights Held by the Company | Description of Main Business Operations |
|---|---|---|---|
| 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 | 100 (100) | Manufacturing and sales of transport equipment parts in China |
| THK RHYTHM CHANGZHOU CO., LTD. | CNY 237,265 thousand | 100 (100) | Manufacturing and sales of transport equipment parts in China |
| THK RHYTHM (THAILAND) CO., LTD. | THB 350,000 thousand | 100 (100) | Manufacturing and sales of transport equipment parts in other Asian countries |
| THK India Pvt. Ltd. | INR 11,000,000 thousand | 100 (0.02) | Manufacturing and sales of vital machinery components in India |

Notes: 1. Figures in parentheses in the "Percentage of Voting Rights Held by the Company" indicate indirect ownership.
2. THK India Pvt. Ltd. conducted a capital increase in March and December 2024, bringing its capital stock amount to INR 11,000,000 thousand.
3. On December 16, 2024, the Company transferred its 16.67% ownership stake in THK RHYTHM CHANGZHOU CO., LTD. to THK RHYTHM CO., LTD.

2. Status of Major Affiliated Companies

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

**(6) Major Offices and Plants** (As of December 31, 2024)

| | |
|---|---|
| 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)<br>Mie Plant (Matsusaka-shi, Mie), Yamaguchi Plant (Sanyo Onoda-shi, Yamaguchi)<br>Yamagata Plant (Higashine-shi, Yamagata)<br>THK INTECHS CO., LTD. (Sunto-gun, Shizuoka; Kurokawa-gun, Miyagi)<br>THK NIIGATA CO., LTD. (Agano-shi, Niigata)<br>THK RHYTHM CO., LTD. (Hamamatsu-shi, Shizuoka; Nakatsu-shi, Oita) |
| Production Sites (Overseas Plants) | THK Manufacturing of America, Inc. (United States)<br>THK RHYTHM NORTH AMERICA CO., LTD. (United States)<br>THK RHYTHM AUTOMOTIVE MICHIGAN CORPORATION (United States)<br>THK RHYTHM AUTOMOTIVE CANADA LIMITED (Canada)<br>THK RHYTHM MEXICANA, S.A. DE C.V. (Mexico)<br>THK Manufacturing of Ireland Ltd. (Ireland)<br>THK Manufacturing of Europe S.A.S. (France)<br>THK RHYTHM AUTOMOTIVE GmbH (Germany)<br>THK RHYTHM AUTOMOTIVE CZECH a.s. (Czech)<br>DALIAN THK CO., LTD. (China)<br>THK MANUFACTURING OF CHINA (WUXI) CO., LTD. (China)<br>THK MANUFACTURING OF CHINA (LIAONING) CO., LTD. (China)<br>THK MANUFACTURING OF CHINA (CHANGZHOU) CO., LTD. (China)<br>THK RHYTHM GUANGZHOU CO., LTD. (China)<br>THK RHYTHM CHANGZHOU CO., LTD. (China)<br>THK RHYTHM (THAILAND) CO., LTD. (Thailand)<br>THK MANUFACTURING OF VIETNAM CO., LTD. (Vietnam)<br>THK India Pvt. Ltd. (India) |
| Sales Offices (Domestic) | THK CO., LTD.: 29 offices in nationwide<br>TALK SYSTEM CO.,LTD.: 19 offices in nationwide |
| Sales Offices (Overseas) | THK America, Inc. (United States)<br>THK GmbH (Germany)<br>THK (CHINA) CO., LTD. (China)<br>THK TAIWAN CO., LTD. (Taiwan)<br>THK LM SYSTEM Pte. Ltd. (Singapore) |
| Research Sites (Domestic) | Head Office (Minato-ku, Tokyo)<br>Technology Center (Ota-ku, Tokyo) |
| Research Sites (Overseas) | THK (CHINA) CO., LTD. R&D Center (China)<br>THK RHYTHM AUTOMOTIVE GmbH (Germany) |

## (7) Status of Employees (As of December 31, 2024)

1. Employees of the Group

| Business Segment | Number of Employees | Change from the Previous Consolidated Fiscal Year-End |
|---|---|---|
| Japan | 5,723 | + 71 |
| Americas | 1,836 | – 95 |
| Europe | 1,663 | – 135 |
| China | 3,047 | – 44 |
| Other | 999 | + 111 |
| Total | 13,268 | – 92 |

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 |
|---|---|---|---|
| 4,076 employees | + 8 | 41.1 | 18.7 |

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, 2024)

(Millions of Yen)

| Lender | Amount of Borrowing |
|---|---|
| Mizuho Bank, Ltd. | 10,222 |
| MUFG Bank, Ltd. | 8,511 |
| Sumitomo Mitsui Banking Corporation | 2,037 |
| 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 |

## 2. Current Status of the Company

### (1) Status of Stocks (As of December 31, 2024)

1. Total number of authorized shares: 465,877,700
2. Total number of outstanding shares (incl. 8,344,292 of treasury shares) 129,856,903
3. Number of shareholders: 14,827
4. Major shareholders (top 10):

| Shareholder | Number of Shares Held (Thousand Shares) | Shareholding Ratio (%) |
|---|---|---|
| The Master Trust Bank of Japan, Ltd., Trust Account | 18,551 | 15.26 |
| Custody Bank of Japan, Ltd., Trust Account | 16,368 | 13.47 |
| STATE STREET BANK AND TRUST COMPANY 505001 | 6,621 | 5.44 |
| TERAMACHI CORPORATION | 6,014 | 4.94 |
| JP MORGAN CHASE BANK 385632 | 3,007 | 2.47 |
| BBH (LUX) FOR FIDELITY FUNDS-GLOBAL TECHNOLOGY POOL | 2,570 | 2.11 |
| JPMorgan Securities Japan Co., Ltd. | 2,254 | 1.85 |
| JP MORGAN CHASE BANK 385781 | 2,008 | 1.65 |
| JP MORGAN CHASE BANK 385864 | 1,990 | 1.63 |
| Mizuho Bank, Ltd. | 1,600 | 1.31 |

Notes: 1. The treasury shares held by the Company, which is 8,344,292 shares in total, are excluded from the above-mentioned Shareholders.
2. Shareholding ratio is calculated by excluding treasury stock.

5. Status of shares delivered to the Company's Officers in consideration for execution of their duties during the current fiscal year

| | Type and number of Shares | Number of eligible persons |
|---|---|---|
| Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors) | Common stock of the Company 9,952 shares | 7 persons |

Note: The details of the Company's share-based remuneration are described in "6. Policies, etc. for determining the details of the remuneration of individual Directors" on page 51.

## (2) Status of Corporate Officers

1. Status of Directors (As of December 31, 2024)

| Position in the Company | Name | Duties or Significant Positions Concurrently Held |
|---|---|---|
| Representative Director and Chairman | Akihiro Teramachi | CEO<br>Chairman of JAPAN MACHINE ACCESSORY ASSOCIATION (General Incorporated Association) |
| Representative Director and President | Takashi Teramachi | COO<br>Senior General Manager of Industrial Machinery Headquarters |
| Director and Executive Vice President | Hiroshi Imano | |
| Director and Executive Vice President | Toshihiro Teramachi | CIO |
| Director | Nobuyuki Maki | Senior Managing Executive Officer<br>Senior General Manager of Automotive & Transportation Headquarters |
| Director | Junji Shimomaki | Senior Managing Executive Officer<br>General Manager of Industrial Machinery Headquarters, Responsible for Sales |
| Director | Kenji Nakane | CFO<br>Executive Officer<br>General Manager of Finance & Accounting Department, Corporate Strategy Headquarters<br>General Manager of Indirect Material Procurement Department, Corporate Strategy Headquarters |
| Director | Masaaki Kainosho | Representative Director of KAINOSHO CO., LTD. |
| Director | Junko Kai | Partner of Hamani Takahashi Kai Law Office<br>Outside Director of NARITA INTERNATIONAL AIRPORT CORPORATION |
| Director (Audit and Supervisory Committee Member) | Masakatsu Hioki | Outside Director of SUKIYA Co., Ltd.<br>Outside Director of ZUIKO CO., LTD. (Audit and Supervisory Committee Member) |
| Director (Audit and Supervisory Committee Member) | Tomitoshi Omura | Registered as Certified Public Accountant<br>Managing Director of Omura Accounting Office |

| Position in the Company | Name | Duties or Significant Positions Concurrently Held |
|---|---|---|
| Director (Audit and Supervisory Committee Member) | Yoshiki Ueda | Outside Director, Representative Director & Chairman of SINTOKOGIO, LTD. |

Notes: 1. Directors Masaaki Kainosho and Junko Kai, 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 Junko Kai, 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 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, 2024)

| Position in the Company | Name | Duties |
|---|---|---|
| Managing Executive Officer | Naoki Kinoshita | Executive Vice Chairman of THK (CHINA) CO., LTD.<br>President of THK (CHINA) CO., LTD. |
| Managing Executive Officer | Nobufumi Sato | Representative Director and President of THK America, Inc. |
| Managing Executive Officer | Kaoru Hoshide | Senior General Manager of Engineering Division, Industrial Machinery Headquarters |
| Managing Executive Officer | Masaki Sugita | General Manager of Service Robot Division, Industrial Machinery Headquarters |
| Managing Executive Officer | Tetsuya Hayashida | Special Appointive Officer to President |
| Managing Executive Officer | Takanobu Hoshino | General Manager of IMT Division, Industrial Machinery Headquarters<br>Director and Executive Vice Chairman of THK INTECHS CO., LTD. |
| Managing Executive Officer | Toshiki Matsuda | Representative Director and President of THK Europe B.V.<br>Representative Director and President of THK GmbH<br>Representative Director and President of THK France S.A.S.<br>Representative Director and President of THK Manufacturing of Europe S.A.S. |
| Managing Executive Officer | Masato Sawada | General Manager of Automotive & Transportation Headquarters<br>Director and Executive Vice Chairman of THK RHYTHM CO., LTD. |
| Managing Executive Officer | Toshihiro Takahashi | Senior General Manager of Production Division, Industrial Machinery Headquarters |
| Managing Executive Officer | Yutaka Nakano | Senior General Manager of LM System Sales Division, Industrial Machinery Headquarters |
| Managing Executive Officer | Takuya Sakamoto | Senior General Manager of FA Solution Sales Division, Industrial Machinery Headquarters<br>Senior General Manager of IOT Innovation Division |

| Position in the Company | Name | Duties |
|---|---|---|
| Managing Executive Officer | Yukio Yamada | General Manager of LM System Sales Division, Industrial Machinery Headquarters<br>General Manager of International Sales Department, LM System Sales Division, Industrial Machinery Headquarters |
| Managing Executive Officer | Takehiro Nakanishi | General Manager of Production Division, Industrial Machinery Headquarters<br>General Manager of Global Procurement Department, Production Division, Industrial Machinery Headquarters<br>General Manager of Global Sales & Manufacturing Management Department, Industrial Machinery Headquarters |
| Executive Officer | Masaki Kimura | General Manager of The President's Office<br>General Manager of Corporate Planning Department, Corporate Strategy Headquarters |
| Executive Officer | Katsuya Iida | General Manager of Product Planning Department, Industrial Machinery Headquarters<br>General Manager of Engineering and Development Department, Engineering Division, Industrial Machinery Headquarters<br>General Manager of Engineering Department, THK (CHINA) CO., LTD. |
| Executive Officer | Katsumi Fujita | General Manager of Human Resources & General Affairs Department, Corporate Strategy Headquarters |
| Executive Officer | Akihiko Kambe | President of THK NIIGATA CO., LTD. |
| Executive Officer | Akira Furihata | Representative Director and President of THK RHYTHM CO., LTD. |
| Executive Officer | Toshihiko Enomoto | General Manager of Production Division, Industrial Machinery Headquarters<br>General Manager of Production Engineering Department, Production Division, Industrial Machinery Headquarters<br>Director of THK INTECHS 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.

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 2025.

(i) Summary of insurance incidents subject to coverage
The insurance covers damages that may occur due to an insured 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) | 614<br>(32) | 465<br>(32) | 120<br>(–) | 29<br>(–) | 9<br>(2) |
| Directors (Audit and Supervisory Committee Members) (Outside Directors) | 57<br>(57) | 57<br>(57) | –<br>(–) | –<br>(–) | 3<br>(3) |
| Total<br>(Outside Directors) | 672<br>(90) | 522<br>(90) | 120<br>(–) | 29<br>(–) | 12<br>(5) |

Notes: 1. Pursuant to resolutions of the General Meeting of Shareholders, the maximum fixed remuneration for a Director (excluding Audit and Supervisory Committee Members) is ¥1,200 million per year (including ¥120 million or less a year for Outside Directors), not including the salary of employees who concurrently serve as Directors (Resolution of the Ordinary General Meeting of Shareholders in March 2022). At the conclusion of this General Meeting of Shareholders, the number of eligible Directors (excluding Audit and

Supervisory Committee Members) is nine (9), including two (2) Outside Directors.

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 (Audit and Supervisory Committee Members) 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 ¥10,439 million for the fiscal year under review. The maximum amount of performance-based remuneration is, in accordance with the viewpoint of providing an incentive to grow significantly as a global company, 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 (4) 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 35.
4. Restricted stock remuneration for Directors (excluding Directors who are Outside Directors and Audit and Supervisory Committee Members) pursuant to resolutions of the General Meeting of Shareholders is no more than ¥1,200 million per year including the fixed remuneration (of which the amount for Outside Directors shall be no more than ¥120 million per year) and no more than 270,000 shares of common stock (Resolution of the Ordinary General Meeting of Shareholders in March 2022). At the conclusion of this General Meeting of Shareholders, the number of eligible Directors is seven (7), excluding Outside Directors.
5. There were nine (9) Directors (excluding Audit and Supervisory Committee Members) (of which two (2) were Outside Directors) 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.

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. There is no special relationship between the Company and the relevant company.
- Director Junko Kai is a partner of Hamani Takahashi Kai Law Office and an Outside Director of NARITA INTERNATIONAL AIRPORT CORPORATION. There is no special relationship between the Company and the relevant office or companies.
- Director Masakatsu Hioki (Audit and Supervisory Committee Member) is an Outside Director of SUKIYA CO., LTD. and an Outside Director of ZUIKO CO., LTD. (Audit and Supervisory Committee Member). There is no special relationship between the Company and the relevant companies.
- 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 the relevant office.
- Director Yoshiki Ueda (Audit and Supervisory Committee Member) is an Outside Director, Representative Director & Chairman of SINTOKOGIO, LTD. The Company has business transactions with the relevant company 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.

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%<br><br>(16 of 16 meetings) | – | Mr. Kainosho made comments at meetings of the Board of Directors based on his abundant experience, broad knowledge and insight as the manager of a management consulting firm and as a university professor highly adept in 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. |

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

| 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 | Junko Kai | 100%<br><br>(16 of 16 meetings) | – | Ms. Kai made comments at meetings of the Board of Directors based on her abundant experience, broad knowledge and insight as a legal expert who is an attorney. In addition, she supervised the Company's management from an objective and neutral standpoint in order to improve the corporate value of the THK Group and fulfilled her expected roles. |
| Outside Director (Audit and Supervisory Committee Member) | Masakatsu Hioki | 100%<br><br>(16 of 16 meetings) | 100%<br><br>(13 of 13 meetings) | Mr. Hioki made comments at meetings of the Board of Directors and meetings of the Audit and Supervisory Committee 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. |

| 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 (Audit and Supervisory Committee Member) | Tomitoshi Omura | 100%<br><br>(16 of 16 meetings) | 100%<br><br>(13 of 13 meetings) | Mr. Omura made comments at meetings of the Board of Directors and meetings of the Audit and Supervisory Committee 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%<br><br>(16 of 16 meetings) | 100%<br><br>(13 of 13 meetings) | Mr. Ueda made comments at meetings of the Board of Directors and meetings of the Audit and Supervisory Committee 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 November 12, 2024, the Company resolved to adopt the policies for determining the details of the remuneration of individual Directors.

The Company's policies (as of December 31, 2024) for determining the details of the remuneration of individual Directors are as follows.

[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 (excluding Directors who are Audit and Supervisory Committee Members). Specifically, the remuneration of an Executive Director of the Company shall mainly consist of fixed remuneration determined according to the Director's job roles and responsibilities, as well as restricted stock remuneration with the aim of granting a medium-term incentive and performance-based remuneration based on the annual and medium-term performance. Fixed remuneration only shall be paid to an Outside Director who is in charge of the monitoring function in light of his/her duties. Fixed remuneration and performance-based remuneration shall be monetary remuneration, and restricted stock remuneration shall be monetary remuneration claims for granting Restricted Stocks.

[Fixed remuneration]
Fixed remuneration shall be determined based on operating performance during the previous fiscal year, and the total amount of fixed remuneration of Directors during the current fiscal year shall not exceed ¥1,200 million per year. Each Director shall be individually 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 determined as stated above shall be allocated to each Director in accordance with such evaluation. Fixed remuneration for Outside Directors shall not exceed ¥120 million per year and be determined in light of the level of remuneration paid by companies similar to the Company in size and those belonging to related industry sectors/business types.

[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. Its amount 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. This remuneration shall not be paid to Outside Directors.

[Restricted stock remuneration]
As restricted stock remuneration, common stock 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 shall be allotted to Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors) in order to provide them an incentive to sustainably increase the Company's corporate value and to share interests between shareholders and them. In addition, in accordance with the resolution of its Board of Directors, the total amount shall be allotted to Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors)

as no more than ¥1,200 million per year including the fixed remuneration (of which the amount for Outside Directors shall be no more than ¥120 million per year) and no more than 270,000 shares of common stock.

[Policy for determining ratio]
In regard to the ratio between the amount of fixed remuneration and that of performance-based remuneration for an Executive Director, fixed 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 fixed 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.

The number of shares to be granted to an eligible Director as restricted stock remuneration shall be calculated so that the value of the shares is equivalent to about 5% of the total amount of fixed remuneration paid to the Director as of the initial date of introduction. On the basis of the above ratio as of the initial date of introduction, such ratio shall be adjusted to a proper provision ratio according to future changes in the business environment in order to encourage willingness to contribute to a sustainable increase in the Company's corporate value, share the benefits and risks of stock price fluctuations with shareholders, and contribute to improving its share value and corporate value.

[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, fixed 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. With regards to the timing and conditions of the granting (payment) of restricted stock remuneration to eligible Directors, it shall be paid once a year in April under the Allotment Agreement concluded between the Company and each eligible Director.

[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 (excluding Directors who are Audit and Supervisory Committee Members) (for Restricted Stocks, the number of shares to be granted to each Director), 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 two (2) Representative Directors, and that for other Directors who are in charge of specific business lines/fields shall be delegated jointly to two (2) Representative Directors and two (2) Director and Executive Vice Presidents. The authorities to be delegated in each case shall be to determine the amount of fixed 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, and the number of Restricted Stocks to be granted to each Director.

The Board of Directors shall obtain a recommendation on the policies for determining the total amounts of fixed remuneration and performance-based remuneration (for Restricted Stocks, the total number of shares to be granted) 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 is comprised of three (3) persons of one (1) Representative Director, 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 fixed remuneration of each Director, 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, as well as the number of restricted stocks granted to each Director, excluding Outside Directors, to Akihiro Teramachi, Representative Director, Chairman and CEO, Takashi Teramachi, Representative Director, President and COO, Hiroshi Imano, Director and Executive Vice President, and Toshihiro Teramachi, Director, Executive Vice President and CIO. 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 is 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.

## (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 | 109 |
| 2. Total sum of monies or money equivalent to be paid by the Company and its subsidiaries to the accounting auditor | 109 |

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, 20 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

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.

6. Suspension of Operations Imposed on the Accounting Auditor in the Past Two Years
Summary of disciplinary action announced by the Financial Services Agency as of December 26, 2023

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

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

**(4) 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

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.

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

## Consolidated Statements of Financial Position

(As of December 31, 2024)

(Millions of Yen)

| Assets | | Liabilities | |
|---|---|---|---|
| **Current assets** | **326,804** | **Current liabilities** | **80,929** |
| Cash and cash equivalents | 138,293 | Trade and other payables | 34,040 |
| Trade and other receivables | 81,474 | Bonds and borrowings | 23,371 |
| Inventories | 91,660 | Other financial liabilities | 4,315 |
| Other financial assets | 2,002 | Provisions | 425 |
| Other current assets | 13,375 | Income taxes payable | 3,013 |
| **Non-current assets** | **240,613** | Other current liabilities | 15,763 |
| Property, plant and equipment | 203,783 | **Non-current liabilities** | **96,693** |
| Goodwill and intangible assets | 9,207 | Bonds and borrowings | 73,143 |
| Investments accounted for using the equity method | 6,709 | Other financial liabilities | 7,891 |
| Other financial assets | 11,152 | Net defined benefit liabilities | 5,859 |
| Deferred tax assets | 5,142 | Provisions | 65 |
| Net defined benefit asset | 4,243 | Deferred tax liabilities | 6,827 |
| Other non-current assets | 374 | Other non-current liabilities | 2,906 |
| | | **Total liabilities** | **177,623** |
| | | **Equity** | |
| | | **Total equity attributable to owners of the parent** | **383,645** |
| | | Common stock | 34,606 |
| | | Capital surplus | 40,120 |
| | | Retained earnings | 260,638 |
| | | Treasury stock | (21,104) |
| | | Other components of equity | 69,384 |
| | | **Non-controlling interests** | **6,149** |
| | | **Total Equity** | **389,795** |
| **Total assets** | **567,418** | **Total liabilities and equity** | **567,418** |

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

# Consolidated Statements of Profit or Loss

(From January 1, 2024 to December 31, 2024)

(Millions of Yen)

| Accounting Item | Amount |
|---|---|
| Revenue | 352,759 |
| Cost of sales | 270,975 |
| Gross profit | 81,784 |
| Selling, general and administrative expenses | 64,639 |
| Other income | 2,553 |
| Other expenses | 2,404 |
| Share of profit in investments accounted for using the equity method | 55 |
| **Operating income** | **17,349** |
| Financial income | 3,116 |
| Financial costs | 1,683 |
| **Profit before tax** | **18,782** |
| Income tax expense | 8,125 |
| **Profit for the year** | **10,657** |
| | |
| **Attributable to** | |
| Owners of the parent | 10,439 |
| Non-controlling interests | 217 |
| **Total** | **10,657** |

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

# Balance Sheet

(As of December 31, 2024)

(Millions of Yen)

| Assets | | Liabilities | |
|---|---|---|---|
| **Current Assets** | **122,793** | **Current Liabilities** | **51,768** |
| Cash and deposits | 24,603 | Accounts payable | 6,772 |
| Notes receivable | 556 | Electronically recorded obligations—operating | 4,651 |
| Electronically recorded monetary claims—operating | 17,832 | Short-term loans payable | 4,597 |
| Accounts receivable | 27,239 | Current portion of bonds payable | 20,000 |
| Merchandise and finished goods | 14,966 | Current portion of long-term loans payable | 2,185 |
| Work in process | 5,308 | Lease obligations | 229 |
| Raw materials and supplies | 8,968 | Accrued payables | 5,019 |
| Prepaid expenses | 1,294 | Accrued expenses | 3,456 |
| Short-term loans | 15,610 | Income taxes payable | 1,774 |
| Accrued receivables | 4,749 | Contract liabilities | 2 |
| Other | 1,667 | Deposits received | 300 |
| Allowance for bad debts | (4) | Reserve for bonuses | 2,750 |
| **Fixed Assets** | **243,075** | Other | 28 |
| **Tangible fixed assets** | **66,643** | **Long-Term Liabilities** | **73,190** |
| Buildings | 13,107 | Bonds payable | 50,000 |
| Structures | 624 | Long-term loans payable | 22,185 |
| Machinery and equipment | 35,853 | Lease obligations | 245 |
| Automobiles and transportation equipment | 56 | Other | 759 |
| Tools and supplies | 1,496 | **Total Liabilities** | **124,959** |
| Land | 6,899 | **Net Assets** | |
| Lease properties | 424 | **Shareholders' Equity** | **239,167** |
| Construction in progress | 8,180 | **Common stock** | **34,606** |
| **Intangible fixed assets** | **2,350** | **Capital surplus** | **47,501** |
| Software | 1,931 | Capital reserve | 47,471 |
| Other | 419 | Other capital surplus | 30 |
| **Investments and other assets** | **174,081** | **Profit surplus** | **178,157** |
| Investment securities | 4,923 | Legal retained earnings | 1,958 |
| Affiliates' stocks | 116,758 | Other profit surplus | 176,198 |
| Investment in affiliated companies | 42,700 | Reserve for advanced depreciation of land | 15 |
| Long-term loans | 6,217 | Dividend reserve | 2,000 |
| Insurance reserve | 1,239 | General reserve | 157,000 |
| Prepaid pension costs | 697 | Profit surplus carried forward | 17,182 |
| Deferred tax assets | 726 | **Treasury stock** | **(21,098)** |
| Other | 855 | **Valuation/Conversion Difference** | **1,742** |
| Allowance for bad debts | (36) | **Net unrealized gain on available-for-sale securities** | **1,742** |
| | | **Total Net Assets** | **240,909** |
| **Total Assets** | **365,869** | **Total Liabilities and Net Assets** | **365,869** |

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

# Statement of Income

(From January 1, 2024 to December 31, 2024)

(Millions of Yen)

| Accounting Item | Amount | |
|---|---|---|
| **Revenue** | | **144,737** |
| **Cost of Sales** | | **107,988** |
| **Gross Profit** | | **36,748** |
| Selling, general, and administrative expenses | | 32,627 |
| **Operating Income** | | **4,121** |
| **Non-Operating Income** | | |
| Interest received | 191 | |
| Dividends received | 11,688 | |
| Foreign exchange profit | 687 | |
| Rent income | 474 | |
| Royalty income | 1,012 | |
| Miscellaneous income | 604 | 14,657 |
| **Non-Operating Expenses** | | |
| Interest expenses | 230 | |
| Interest on corporate bonds | 264 | |
| Rent expenses | 86 | |
| Miscellaneous loss | 176 | 758 |
| **Ordinary Income** | | **18,020** |
| **Extraordinary Income** | | |
| Gain on sale of fixed assets | 28 | |
| Gain on sales of investment securities | 441 | |
| Employment adjustment subsidy | 240 | 710 |
| **Extraordinary Loss** | | |
| Loss on disposition and sale of fixed assets | 112 | 112 |
| **Net Income before Income Taxes** | | **18,618** |
| Income taxes-current | 3,274 | |
| Income taxes-deferred | (151) | 3,122 |
| **Net Income** | | **15,495** |

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

## Accounting Audit Report on the Consolidated Financial Statements

## AUDIT REPORT BY INDEPENDENT AUDITOR

February 12, 2025

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 | Kenichi Nakamura (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 to the consolidated financial statements covering the consolidated fiscal year from January 1, 2024 to December 31, 2024.

In our opinion, the consolidated financial statements referred to above conform to the accounting standard 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, and 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, 2024.

### 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.

### Other Information

The other information refers to the business report and its supplementary schedules. Management is responsible for preparing and disclosing the other information. In addition, the Audit and Supervisory Committee is responsible for overseeing the

Directors' performance of duties within the maintenance and operation of the reporting process for the other information.

The scope of our audit opinion on the consolidated financial statements does not include the content of the other information, and we do not express an opinion regarding the other information.

Our responsibility in auditing the consolidated financial statements is to read through the other information, and in the process of reading it, we examine whether there are material differences between the other information and the consolidated financial statements or the knowledge we have gained in the auditing process, and we also pay attention as to whether there are any indications in the other information of material errors besides such material differences.

If we determine there to be material errors in the other information based on the work we have performed, we are required to report those facts.

There are no matters to report regarding the other information.

**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 conform to the accounting standard 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: 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, where necessary, disclosing matters related to going concern conform to the accounting standard 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.

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 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 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 conform to the accounting standard 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 prescribing preparation, 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. We communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, the contents of measures for eliminating obstruction factors when such measures are employed, and the contents of safeguards used to reduce obstruction factors to permissible levels when such safeguards are employed.

**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 Non-Consolidated Financial Statements

## AUDIT REPORT BY INDEPENDENT AUDITOR

February 12, 2025

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

Grant Thornton Taiyo LLC

Tokyo office

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|---|---|
| Designated Executive Employee<br>Certified Public Accountant | Tatsuya Arai (Seal) |
| Designated Executive Employee<br>Certified Public Accountant | Kenichi Nakamura (Seal) |
| Designated Executive Employee<br>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 non-consolidated 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 55th fiscal year from January 1, 2024 to December 31, 2024.

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, 2024, 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.

### Other Information

The other information refers to the business report and its supplementary schedules. Management is responsible for preparing and disclosing the other information. In addition, the Audit and Supervisory Committee is responsible for overseeing the Directors' performance of duties within the maintenance and operation of the reporting process for the other information.

The scope of our audit opinion on the non-consolidated financial statements, etc. does not include the content of the other information, and we do not express an opinion regarding the other information.

Our responsibility in auditing the non-consolidated financial statements, etc. is to read through the other information, and in the process of reading it, we examine whether there are material differences between the other information and the non-consolidated financial statements, etc. or the knowledge we have gained in the auditing process, and we also pay attention as to whether there are any indications in the other information of material errors besides such material differences.

If we determine there to be material errors in the other information based on the work we have performed, we are required to report those facts.

There are no matters to report regarding the other information.

**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.

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, 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. We communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, the contents of measures for eliminating obstruction factors when such measures are employed, and the contents of safeguards used to reduce obstruction factors to permissible levels when such safeguards are employed.

## 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.

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

## 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 55th fiscal year starting from January 1, 2024, and ended on December 31, 2024. 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 utilized remote means such as web conference systems, 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. Also, 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

Accounting) is prepared in accordance with the "Quality Control Standards Concerning Audits" (Business Accounting Deliberation Council) and requested explanations when necessary. We immediately received a report from the accounting auditor regarding the disciplinary action taken against the accounting auditor by the Financial Services Agency as of December 26, 2023, and also received an explanation of the "business improvement plan" that the audit firm submitted to the FSA as of January 31, 2024. We confirmed that this matter had no impact on the quality of the Company's audits and, through an internal inspection by the audit firm, confirmed that there were no other important matters related to quality management, and then deliberated the appropriateness of reappointing the accounting auditor. Following this, we received multiple updates on the progress being made on improvement plans, and we confirmed that improvement measures were being steadily implemented and steady improvements were being made.

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 12, 2025

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.