THK

ANNUAL REPORT 2020

THK's History

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

The 1970s:
Establishment and the Early Years

While rolling motion was commonly achieved through rolling contact utilizing rotary bearings, linear motion was considered difficult to achieve through rolling contact, and it primarily came from sliding contact instead.

In 1971, THK developed the ball spline, which enabled a higher level of linear motion precision and performance. This ball spline was the predecessor to THK's current mainstay product, the LM Guide, which was first introduced in 1972.

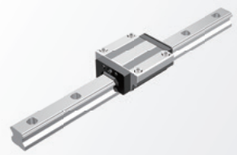
In 1978, the Company's products were adopted by a U.S.-based pioneer of the machining center and world-class leader of its day. This breakthrough was the catalyst for the increased use of the LM Guide in machine tools.

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

1971 THK established
1972 Production and sale of the LM Guide began
1977 Kofu Plant (JPN) established

The 1980s:
Significant Developments in Factory Automation (FA)

The 1973 oil crisis saw the demise of heavy industry, pushing technology-based industries, such as the automotive, semiconductor, and home appliance industries, increasingly to the fore. Buoyed by depreciation in the value of the yen as well as the outstanding quality of products manufactured in Japan, export volumes to Europe and the United States climbed steadily. Under these circumstances, there was a demand for mass production of high-quality products. With FA advancing across production front lines, machine tool production volumes increased, and the proportion of advanced machine tools with numerical control (NC) saw steady growth. Against this backdrop, the application of the LM Guide experienced explosive growth.

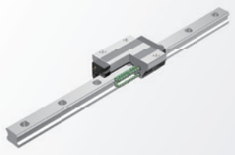


LM Guide
Developed utilizing the structure and mechanism of ball splines, the LM Guide today is THK's mainstay product. The use of the LM Guide by a major U.S.-based machine tool manufacturer spurred a significant increase in the application of these products in machine tools.

1981 THK America, Inc. (USA) established
1982 THK Europe GmbH (GER) established
1984 Gifu Plant (JPN) established
1985 Mie Plant (JPN) established
Yamaguchi Plant (JPN) established
1989 THK listed on over-the-counter (OTC) market
THK TAIWAN CO., LTD. (TPE) established

The 1990s and Onward:
The Rise of the Electronics Industry

During the 1990s, the use of the LM Guide in semiconductor manufacturing equipment surged dramatically, in line with the increase in semiconductor demand. Entering the 2000s, amid the proliferation of mobile devices and digital home appliances, as well as the upswing in demand for semiconductor, flat panel display, and other similar manufacturing equipment, there was a rise in the use of the LM Guide, especially the second-generation Caged Ball LM Guide. In tune with the increasing globalization of manufacturing, THK accelerated its business development around the world.



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

1991 Yamagata Plant (JPN) established
1996 Production and sale of the Caged Ball LM Guide began
DALIAN THK CO., LTD. (CHN) established
1997 THK Manufacturing of America, Inc. (USA) established
2000 THK Manufacturing of Europe S.A.S. (FRA) established
2001 Production and sale of the Caged Roller LM Guide began
THK listed on the first section of the Tokyo Stock Exchange (TSE)
2003 THK (SHANGHAI) CO., LTD. (CHN) established
2004 THK MANUFACTURING OF CHINA (WUXI) CO., LTD. (CHN) established
2005 THK MANUFACTURING OF CHINA (LIAONING) CO., LTD. (CHN) established
THK (CHINA) CO., LTD. (CHN) established
2006 THK LM SYSTEM Pte. Ltd. (SIN) established
2007 Acquisition of RHYTHM CORPORATION (now THK RHYTHM CO., LTD.)
THK RHYTHM (THAILAND) CO., LTD. (THA) established
2008 THK MANUFACTURING OF VIETNAM CO., LTD. (VNM) established
2011 THK RHYTHM CHANGZHOU CO., LTD. (CHN) established
THK RHYTHM MALAYSIA Sdn. Bhd. (MYS) became a consolidated subsidiary
2012 THK RHYTHM MEXICANA S.A. DE C.V. (MEX) established
THK India Private Limited (IND) established
2015 Purchased the European and North American L&S business from TRW Automotive Inc. and established THK RHYTHM AUTOMOTIVE (TRA)
2017 TRA Holdings, CO., LTD. (JPN) established

Toward a New Era
Achieving Management Targets and Expanding Business Domains by Implementing Three Growth Strategies

As globalization has progressed, the market around THK has also steadily expanded with the rapid development of new technologies such as AI and the IoT. Under these circumstances, the Company aims to expand its business domains through three growth strategies: expanding its geographical range through *full-scale globalization*; broadening the range of its product applications through the *development of new business areas*; and fully utilizing AI, the IoT, robots, and other technologies in a variety of ways through a *change in business style*. While moving forward with those strategies, THK is accelerating the initiatives being conducted in its industrial machinery and automotive and transportation businesses to achieve the following management targets: consolidated revenue of ¥500 billion, an operating income of ¥100 billion, an ROE of 17%, and an EPS of ¥560. Furthermore, the Company will aim to achieve not only these management targets, but also long-term growth and an increase in its corporate value as it contributes to the creation of a sustainable society.

As it was the year during which THK transitioned to a new reporting period, the data for the fiscal year that ended December 2017 reflects a modified reporting period that includes 9 months from consolidated companies whose fiscal years ended in March and 12 months from consolidated companies whose fiscal years ended in December.

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Please refer to THK's website for the Financial Section.
https://www.thk.com/eng/ir/annual/

Disclaimer
This report contains forward-looking statements from THK CO., LTD. and its consolidated subsidiaries pertaining to plans, forecasts, strategies, and results. These forward-looking statements are based on currently available information, and actual results may vary significantly from the forward-looking statements contained in this report due to a range of variable factors.

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

Value Creation

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

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

THK stands for "**T**oughness," "**H**igh Quality," and "**K**now-how."
THK applies these aspects of its identity to the development of products and technology in order to contribute to the development of society and industry.

Challenges facing society

- Labor shortages
- Demand for the sophistication of industry
- Disaster mitigation
- Environmental conservation
- Governance issues
- Infectious diseases

THK's Capital (2020 Fiscal Year)

Equity Attributable to Owners of the Parent ¥266.4 billion

Ratio of Equity Attributable to Owners of the Parent 57.9%

Employees
- Consolidated 12,914
- Non-consolidated 3,957

Ratio of Female Employees
- Consolidated 22.4%
- Non-consolidated 15.1%

Ratio of Group Employees Outside of Japan 57%

* Group employees outside of Japan include employees dispatched overseas from Japan.

R&D Expenses ¥4.9 billion

R&D Facilities 3

Number of Registered Patents
- Japan 603
- Outside of Japan 1,229

Production Facilities
- Japan 12
- Outside of Japan 25

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

Three Key Characteristics
- Innovative Core Technology
- Ample Expertise and Wide-Reaching Proposals
- Global Structure for Supplying Products

Growth Strategies
- Full-Scale Globalization
- Development of New Business Areas
- Change in Business Style

Business
- Industrial Machinery Business
- Automotive and Transportation Business

Value Chain

01 Design

Risks (Challenges)	Opportunities (Advantages)
Vying with competitors	Working with Sales to develop new products that serve customer needs
Quality	Establishing a global structure for sharing quality information

02 Procurement/ Purchasing

Risks (Challenges)	Opportunities (Advantages)
Stable material procurement	Leveraging global procurement networks and managing inventory through RPA
Cooperation with suppliers	Creating a forum to exchange ideas through the THK Association and working with suppliers to refine technology

03 Production

Risks (Challenges)	Opportunities (Advantages)
Workplace accidents	Promoting automation, installing safety devices on every machine, and expanding accident prevention measures to other facilities
Environmental issues	Improving existing equipment to reduce CO_2 emissions and working alongside business partners to reduce plastic waste

04 Distribution

Risks (Challenges)	Opportunities (Advantages)
Environmental issues	Calculating the optimal arrangement of trucks based on shipping data and actively using returnable containers
Legal compliance	Staying in close contact with shipping companies to reduce driver waiting times in order to comply with Japan's new system of accountability for freight owners

05 Sales

Risks (Challenges)	Opportunities (Advantages)
Vying with competitors	Effectively using Omni THK, OMNI edge, and other sales tools that utilize IoT technology and are unique to THK
Understanding transaction details	Holding seminars led by the Legal Section to teach Sales personnel about contract contents

Output

Products

Core technology products
High precision, high rigidity, long service life, low noise

Next-generation products
Renewable energy, robots, seismic isolation systems

Corporate Activities

Strengthening our business foundation
Governance, compliance, BCP

Connecting with local communities
Community involvement, volunteering, developing the next generation

Strengthening supply chain relations
THK Association, technology proposals

Actively sharing information with shareholders
IR events, IR tools

Revolutionizing how we work
Human rights, diversity, health and safety, supporting development

Efforts for environmental conservation
Conserving energy, managing hazardous materials, reducing waste

Activities

- Industrial Machinery Business p. 12
- Automotive and Transportation Business p. 15
- Review by Geographic Region p. 22

Development of core technology and next-generation products

- Corporate Governance p. 26

Strengthening relationships with stakeholders

- Involvement in Society p. 30

Creating a pleasant work environment

- Harmony with the Environment p. 32

Reducing environmental impact

Three Key Characteristics and Strategies

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

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

KEY CHARACTERISTICS

1 Innovative Core Technology

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

2 High-Quality Products and Wide-Reaching Proposals

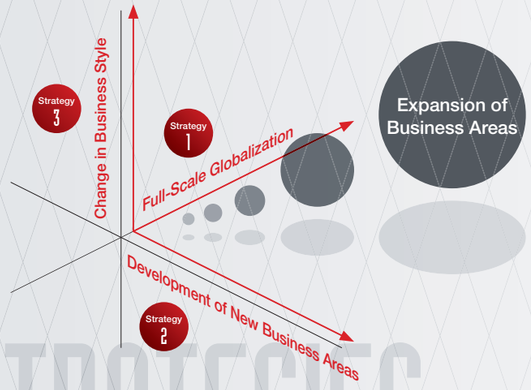
Since it successfully developed the LM Guide, THK has commanded the leading share of the global market. As the world's top manufacturer, the Company has earned the trust of its customers by creating high-quality products and wide-reaching proposals based on extensive expertise developed in response to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

3 Global Structure for Supplying Products

THK has actively promoted the development of an integrated production and sales structure with facilities and operations close to centers of demand. The Company currently maintains local production and sales networks that cover its four principal markets: Japan, the Americas, Europe, and Asia. As a result of its activities, THK has steadily built a global business platform, with branches currently established in 25 countries around the world, and continues to cultivate new markets.

Strategies to Expand Business Domains

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



STRATEGIES

Strategy 1 Full-Scale Globalization

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

Strategy 2 Development of New Business Areas

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

Strategy 3 Change in Business Style

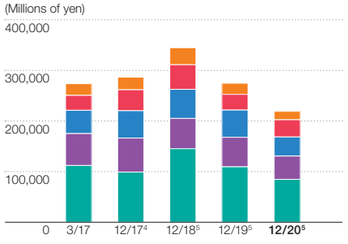
As digital technology rapidly develops, the Company is also making efforts to further expand its business domains by ensuring the thorough use of new technologies such as AI, the IoT, and robotics in sales, production, and development. In this way, THK is working to transform the frameworks and methods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

Financial and Non-Financial Highlights

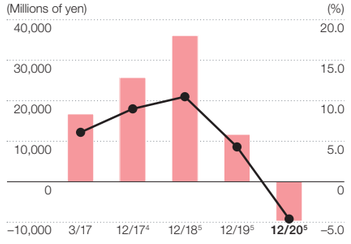
In an effort to better facilitate the global comparison of financial information in the capital market and to strengthen its global financial management by standardizing accounting processes, the THK Group decided to adopt the International Financial Reporting Standards (IFRS) beginning with the 2019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

	Millions of yen										Thousands of U.S. dollars[3]
	3/2011	3/2012	3/2013	3/2014	3/2015	3/2016	3/2017	12/2017[4]	12/2018[5]	12/2019[5]	12/2020[5]	12/2020
Revenue[1]	¥ 190,661	¥ 196,866	¥ 168,366	¥ 185,466	¥ 217,678	¥ 240,478	¥ 273,577	¥ 286,603	¥ 344,718	¥ 274,599	**¥ 218,998**	**$2,121,046**
Japan	117,304	117,900	101,443	101,052	113,361	110,498	112,061	99,099	145,238	109,424	**84,675**	**820,096**
The Americas	20,812	22,279	22,527	28,900	34,856	50,343	63,025	67,194	59,792	58,390	**46,097**	**446,460**
Europe	16,106	19,979	15,194	18,427	20,456	30,424	46,004	54,001	57,540	53,766	**37,625**	**364,406**
China	13,219	17,087	13,203	19,351	28,302	27,967	29,513	41,410	48,554	30,996	**34,006**	**329,355**
Asia and Other	23,218	19,620	15,996	17,734	20,700	21,243	22,971	24,896	33,592	22,021	**16,594**	**160,716**
Gross Profit	54,442	53,975	44,298	52,903	67,024	67,766	70,464	72,112	101,985	67,469	**46,430**	**449,685**
Operating (Loss) Profit	21,844	19,745	11,692	17,370	28,388	23,169	24,653	29,279	52,848	18,277	**(8,499)**	**(82,314)**
(Loss) Profit before Income Taxes	21,612	18,520	14,737	24,004	33,501	19,612	23,057	31,034	52,262	18,168	**(9,725)**	**(94,188)**
(Loss) Profit Attributable to Owners of the Parent	13,959	12,641	9,808	15,590	22,705	13,575	16,731	25,729	36,100	11,690	**(9,992)**	**(96,774)**
Total Assets	279,768	288,333	293,145	336,416	373,610	407,808	414,931	436,664	471,369	468,945	**460,173**	**4,456,881**
Total Equity	167,937	175,516	189,058	222,148	250,498	250,540	251,540	281,754	289,278	291,132	**275,148**	**2,664,871**
Per Share	**Yen**							**Yen**				**U.S. dollars[3]**
(Loss) Earnings Attributable to Owners of the Parent—Basic	¥ 108.55	¥ 98.31	¥ 76.96	¥ 123.16	¥ 179.36	¥ 107.24	¥ 132.18	¥ 203.28	¥ 285.23	¥ 92.37	**¥ (78.95)**	**$ (0.76)**
(Loss) Earnings Attributable to Owners of the Parent—Diluted	—	—	—	—	—	—	—	—	—	—	**—**	**—**
Equity Attributable to Owners of the Parent	1,296.52	1,352.00	1,479.41	1,736.51	1,957.48	1,953.97	1,966.80	2,140.71	2,198.17	2,214.98	**2,105.54**	**20.39**
Cash Dividend	16	20	18	26	50	50	41	62	85	32	**15**	**0.14**
Overseas Revenue Ratio (%)	38.5	40.1	39.7	45.5	47.9	54.1	59.0	65.4	57.9	60.2	**61.3**	
Operating Margin (%)	11.5	10.0	6.9	9.4	13.0	9.6	9.0	10.2	15.3	6.7	**(3.9)**	
Ratio of Profit to Equity Attributable to Owners of the Parent (ROE) (%)	8.5	7.4	5.4	7.7	9.7	5.5	6.7	9.9	13.3	4.2	**(3.7)**	
Return on Assets (ROA) (%)[2]	8.6	7.1	4.2	5.7	8.2	6.1	6.1	7.0	11.2	4.1	**(1.7)**	
Ratio of Equity Attributable to Owners of the Parent (%)	59.6	60.3	63.9	65.3	66.3	60.7	60.0	62.0	59.0	59.8	**57.9**	
Asset Turnover Ratio (Times)	0.74	0.69	0.58	0.59	0.61	0.62	0.67	0.67	0.75	0.58	**0.47**	

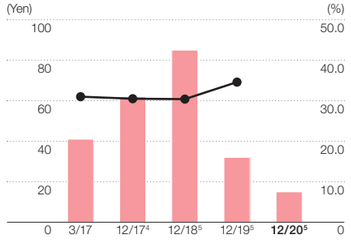
Revenue



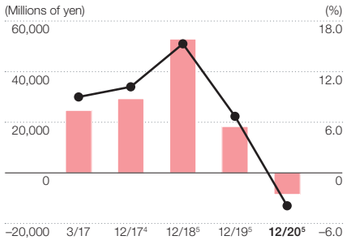
(Loss) Profit Attributable to Owners of the Parent/Return on Revenue



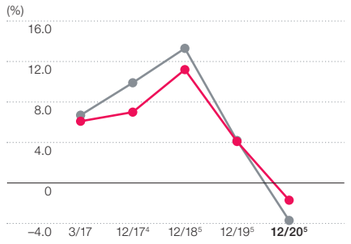
Cash Dividends per Share/ Payout Ratio



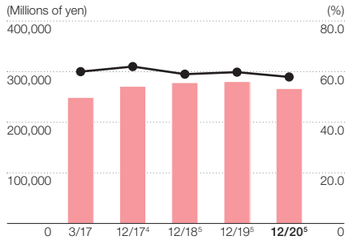
Operating (Loss) Profit/ Operating Margin



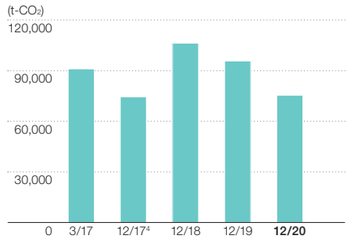
Return on Assets (ROA)/ Ratio of Profit to Equity Attributable to Owners of the Parent (ROE)



Equity Attributable to Owners of the Parent/ Ratio of Equity Attributable to Owners of the Parent

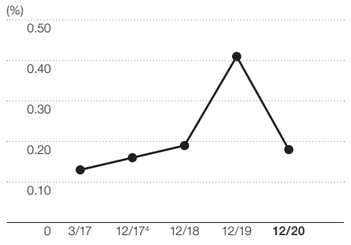


CO_2 Emissions

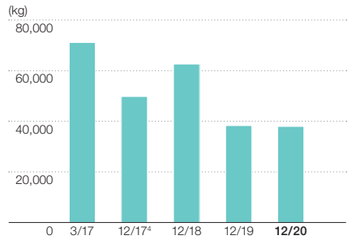


Emissions Rate

3/17 data excludes NIPPON SLIDE and THK RHYTHM (Hamamatsu, Inasa, Kyushu)



PRTR-Designated Substances



This data was taken from the following 12 production facilities in Japan:
Yamagata, Kofu, Gifu, Mie, Yamaguchi, THK NIIGATA, THK INTECHS (Sendai and Mishima), NIPPON SLIDE, and THK RHYTHM (Hamamatsu, Inasa, and Kyushu)

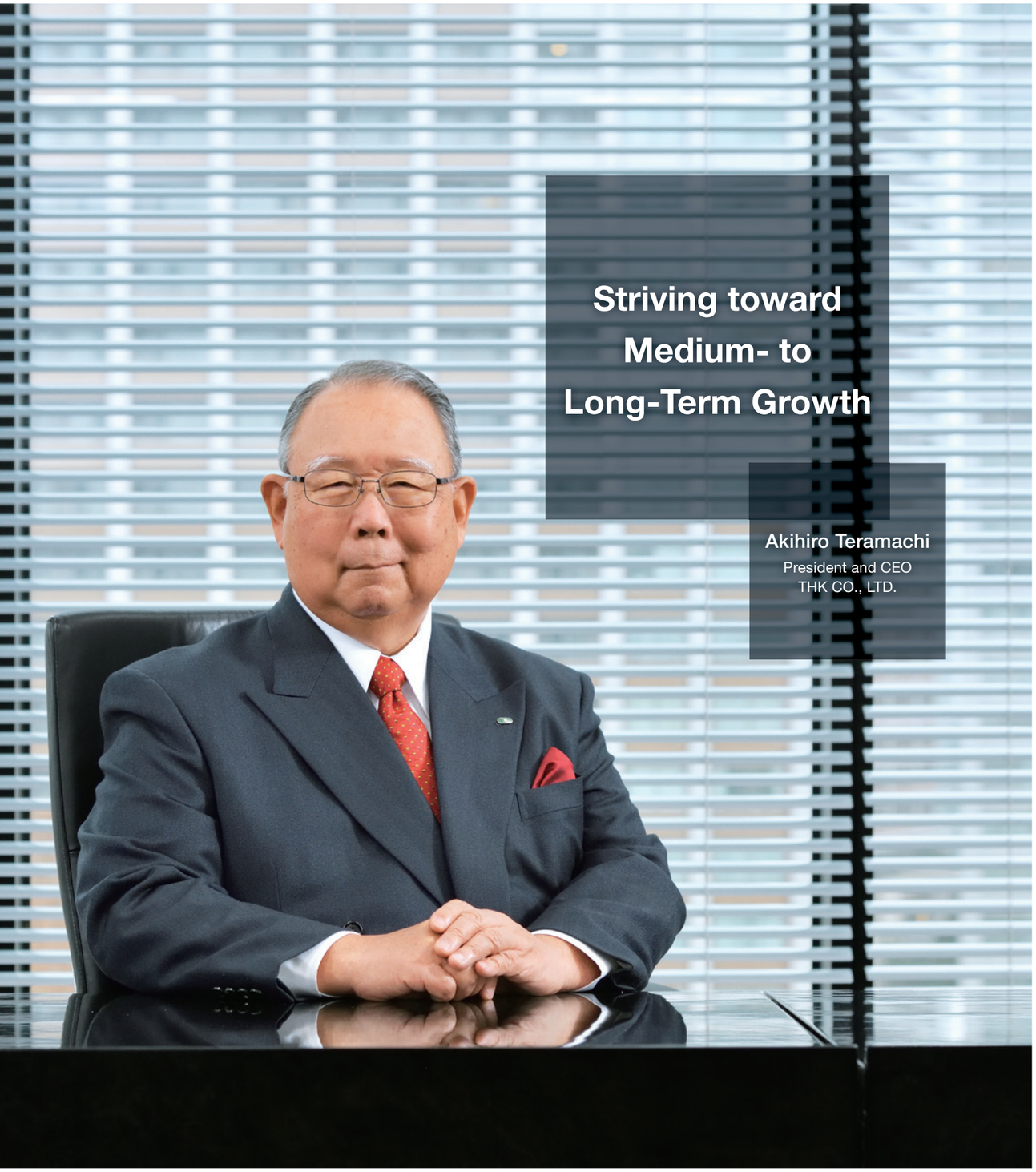
HR Data (Parent Company)

	3/2017	12/2017[4]	12/2018	12/2019	12/2020
Number of Employees (Consolidated)	11,738	13,364	13,478	13,260	**12,914**
Number of Employees	3,429	3,581	3,773	3,891	**3,957**
Average Years of Service	18.3	17.5	17.1	17.3	**17.6**
Ratio of Female Employees (%)	14.5	14.5	14.4	15.0	**15.1**
Individuals on Childcare Leave	21	41	46	52	**56**
Turnover Ratio (%)	1.5	1.6	1.8	1.5	**1.2**
Percentage of Employees with Disabilities (%)	2.17	2.20	2.12	2.30	**2.32**

Data from the 2017 fiscal year that ended December 31, 2017, includes data from January to March 2017.

[1] Segments are based on where THK's customers are located.
[2] Return on assets (ROA) represents operating (loss) profit plus interest and dividend income as a percentage of average total assets.
[3] U.S. dollar amounts are provided for reference only, converted from Japanese yen at the rate of ¥103.25 = U.S. $1, the approximate rate of exchange prevailing in Tokyo on December 31, 2020.
[4] This data reflects a modified reporting period that includes 9 months from consolidated companies whose fiscal years ended in March and 12 months from consolidated companies whose fiscal years ended in December.
[5] The THK Group decided to adopt IFRS beginning with the 2019 fiscal year. For the purposes of comparison, the results for the 2018 fiscal year are also noted in accordance with IFRS.

To Our Stakeholders



Striving toward Medium- to Long-Term Growth

Akihiro Teramachi
President and CEO
THK CO., LTD.

Responding to the Coronavirus (COVID-19)

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

Looking Back on the 2020 Fiscal Year

As automotive manufacturers faced shutdowns due to the spread of the coronavirus during the 2020 fiscal year, the automotive and transportation business was hit hard mainly in April through June. Our industrial machinery business also saw a downward trend in orders from the pandemic, primarily in developed countries. As a result, our consolidated revenue decreased 20.2%, to ¥218.9 billion. However, the second half of the year brought a recovery in demand in China, where economic activity resumed ahead of other countries.

In order to reduce financial losses as revenue declined, the industrial machinery business sought to control every kind of cost. While the automotive and transportation business continued to pursue improvements in profitability, the financial results of the consolidated subsidiaries who operate this business include impairment losses and restructuring charges incurred as a result of the decrease in revenue due to market conditions worsened by the global spread of the coronavirus. As a result, we experienced an operating loss of ¥8.4 billion.

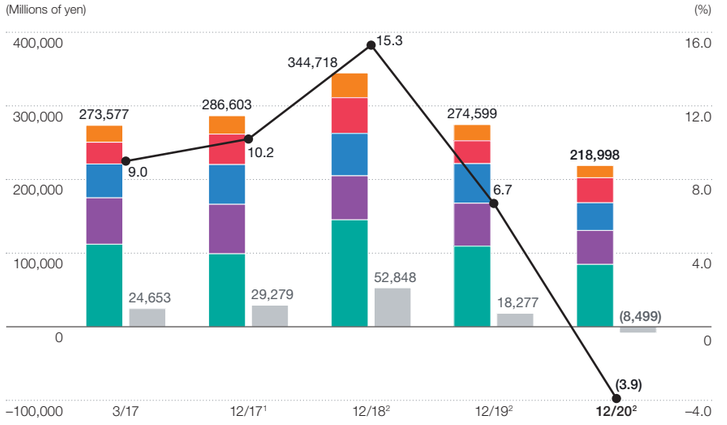
Management Targets

The THK Group established the following as our 2022 fiscal year management targets: consolidated revenue of ¥500 billion, an operating income of ¥100 billion, an ROE of 17%, and an EPS of ¥560. These targets assumed an average IMF global economic growth rate of 3.8%. However, partly as a result of the pandemic, the average was well below that projection at 1.0%. In addition, market conditions for both sides of our business fell short of our estimates due to the state of the global economy. The revenue from our automotive and transportation business was also lower than expected due to other factors such as the delay in the large product launch planned for 2020 and reductions from purchased supplied materials due to the transition to IFRS. As a result, we have determined that we must reevaluate the time frame for achieving these management targets.

Medium- to Long-Term Market Expansion

Nevertheless, there is no doubt that the THK Group's markets will experience medium- to long-term growth. As current megatrends revolve around macrodynamic changes such as the rapid advancement of digital technology, the heightened momentum of environmental conservation, and the labor shortages and increased lifespans occurring in developed countries, the keywords to address these changes are 5G, AI, the IoT, CASE, Industry 4.0, automation, and labor and energy savings. These keywords drive demand for the types of solutions THK offers. Furthermore, as our business environment evolves drastically due to the coronavirus, we believe these changes will drive greater demand for semiconductors in response to the rise of remote work, as well as greater demand for automation to meet the increased need for contactless service. We believe this dramatic growth potential will persist over the medium to long

Financial Conditions



[1] This data reflects a modified reporting period that includes 9 months from consolidated companies whose fiscal years ended in March and 12 months from consolidated companies whose fiscal years ended in December.
[2] The THK Group decided to adopt IFRS beginning with the 2019 fiscal year. For the purposes of comparison, the results for the 2018 fiscal year are also noted in accordance with IFRS.

term, so we will continue to promote our growth strategies of full-scale globalization, the development of new business areas, and a change in business style.

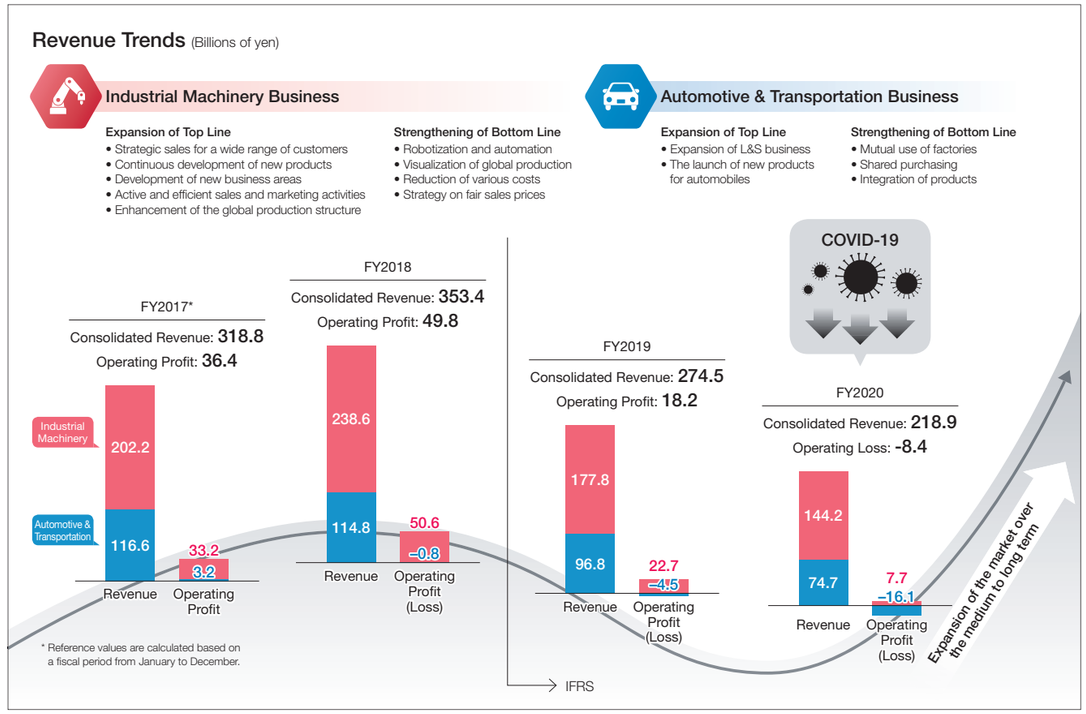
Steps Toward Further Growth

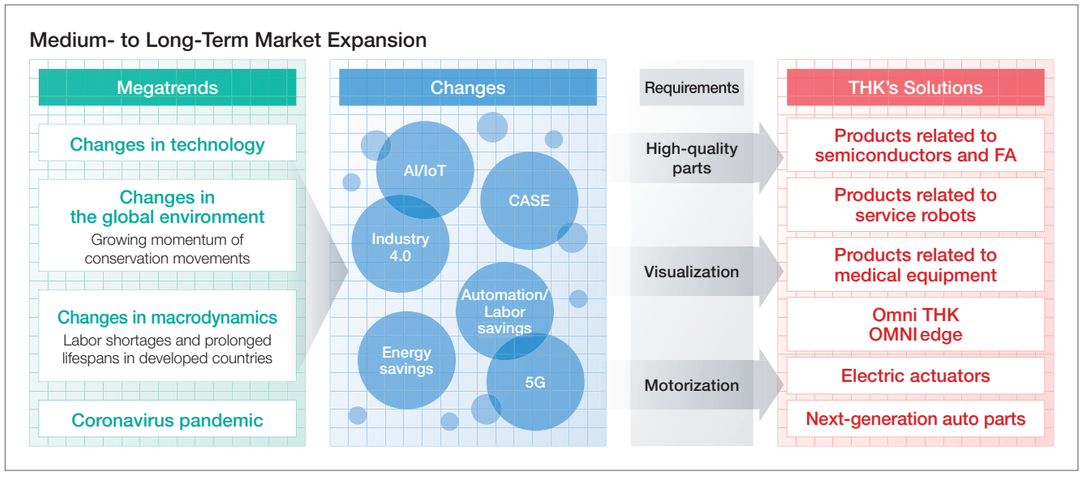
Under these circumstances, the THK Group has accelerated its provision of new solutions in various domains to create a new kind of customer experience. For our industrial machinery business, in alignment with the THK DX Project, we have established a platform for communicating with customers: Omni THK. While we provide and promote services such as quoting, shipping date replies, and drawing downloads through Omni THK on the front end, behind the scenes, we are pushing the limit of customer responsiveness through comprehensive improvements in productivity achieved via DX (digital transformation). In this way, we are working to maximize customer satisfaction. As for our "OMNI edge" IoT service for the manufacturing industry, we added compatibility for ball screws, which are often used alongside the LM Guide, in November 2020. In March 2021, service was also expanded to actuators, which are widely used in automatic machines such as transfer and assembly equipment. In addition, we are conducting a free trial for rotary components. We began recruiting participants last November and received greater interest than planned, so we are involving more companies in the trial beyond the original scope of thirty. This makes it clear that the need for predictive failure detection is expanding to various types of components. Many customers have also requested the ability to diagnose the status of components and achieve predictive failure detection in their overseas factories, as well as the ability to check overseas conditions remotely during the pandemic. In these circumstances, we began offering global compatibility using international communications networks. Furthermore, we are promoting connectivity with FANUC CORPORATION's FIELD system and other industrial platforms in order to expand OMNI edge's applications beyond individual units. As automation and unmanned operations become more prominent, we need to strengthen our ability to monitor operations. We believe that OMNI edge will become increasingly vital worldwide in order to keep lines running.

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

Although our automotive and transportation business experienced an operating loss in 2020 due to the aforementioned reasons, we intend to continue with our recovery plan in 2021, cutting around ¥1.3 billion in costs and revising our product portfolio. In doing so, we aim to achieve a profit in Q4 2021 for the automotive and transportation business as a whole. As we move forward with these initiatives aimed at improving profitability, we are also accelerating our efforts to develop and sell new automotive products that make use of our core linear motion technology, spurred by the momentum of self-driving automobiles, electric vehicles, and other CASE trends.

In addition, as both business divisions advance their respective initiatives, we have strengthened our global production structure to support medium- to long-term top-line expansion. In November 2020, SAMICK THK (our affiliate in South Korea) began operations at a new factory. Our new THK India plant (India) is scheduled to begin production in summer 2021. At the same time, we are controlling costs and strengthening our bottom line through exhaustive improvements in productivity made by utilizing automation, robotization, and the IoT in our production processes in addition to utilizing IT tools in our internal business processes, including in our sales and administrative departments.





Striving for Sustainable Growth and Solutions to Social Challenges

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

April 2021

Akihiro Teramachi
President and CEO
THK CO., LTD.

Activities to Foster Medium- to Long-Term Growth

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

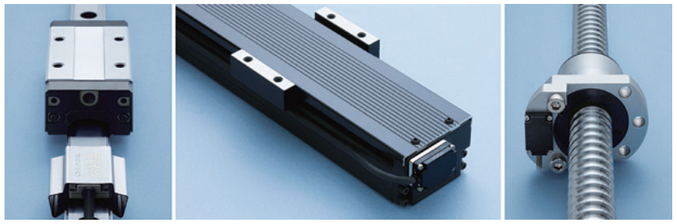
Industrial Machinery Business

IOT Innovation Division Activities for Industrial Machinery

Launching OMNI edge Service for Ball Screws and Actuators

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

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



Conducting a Free OMNI edge Trial for Rotary Components

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

Application period:

- Applications opened November 16, 2020.
- They will close once the participants have been selected.

* Companies will be chosen to participate based on careful consideration of the applications.

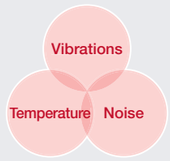
Applicable Components

Rotary components of pumps, motors, conveyors, fans, etc.

Sensor Used

Wireless sensor
(available with or without an internal battery)

Collectible Data



Now Offering Overseas Compatibility: New Service Compatible with Global SIM

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

Available Countries

- United States, Thailand, Indonesia, China

* Started shipping at the end of February 2021.
* Service will be expanded to other countries where Japanese companies have a large presence (Mexico, ASEAN countries, etc.).

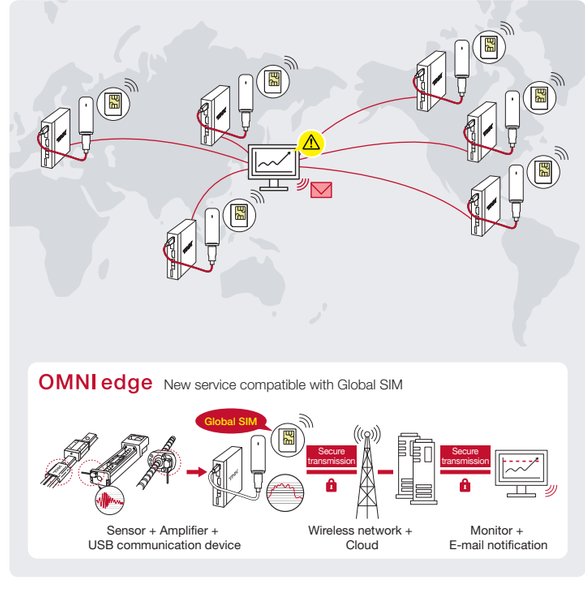
Features

- Manage international equipment maintenance without traveling
- Simple pricing

* ¥10,000 monthly fee per device in a foreign country

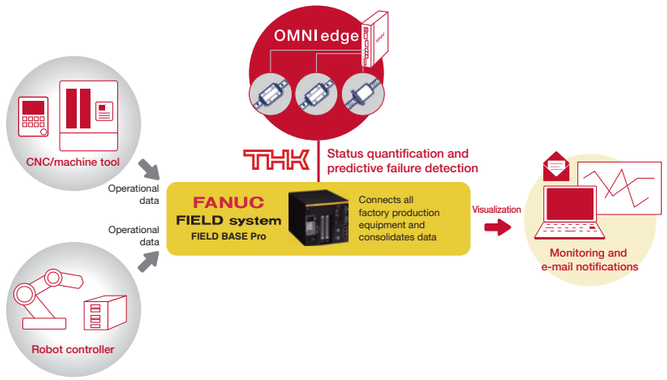
- Application available in three languages

* Japanese, English, Chinese (Simplified)



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

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

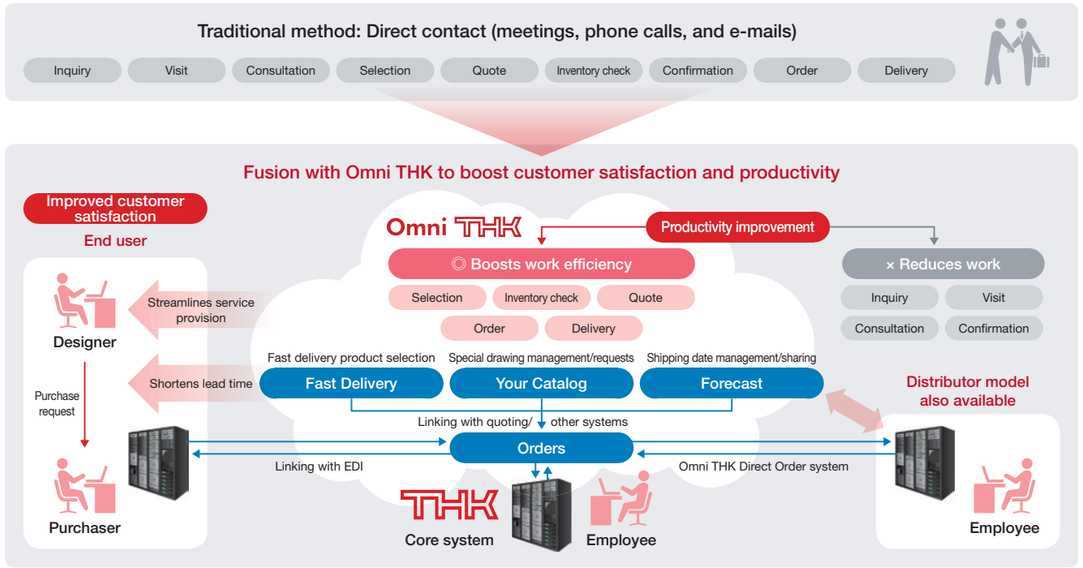


Compatibility will be expanded to various other industrial platforms

FIELD system
EDGECROSS
MindSphere

Achieving DX through Omni THK

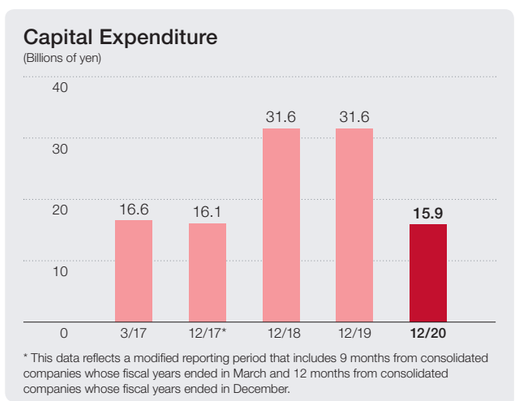
Omni THK is a platform for communicating with customers, providing support in the form of inventory searches, fast delivery orders, product selection, CAD data, quotes, and more. In addition, it provides a new user experience through the ability to manage components by linking customer product control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



Expanding THK's Global Production Structure

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

THK will continue to strengthen its production structure in order to steadily capture the anticipated medium- to long-term growth of demand.



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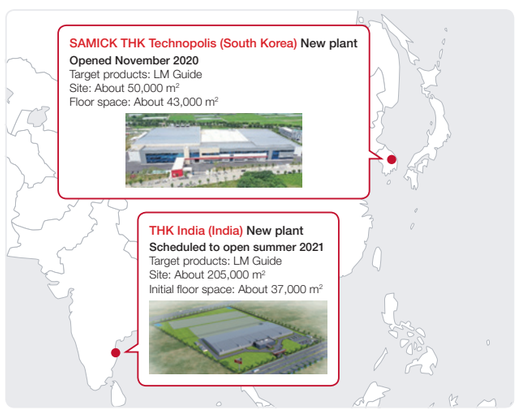
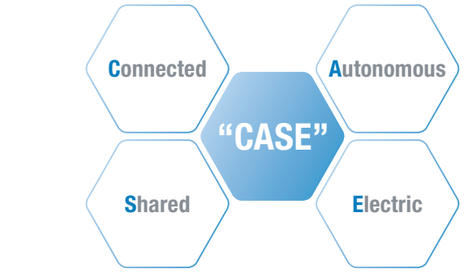


Automotive and Transportation Business

Capitalizing on CASE

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



Activities to Improve Profitability

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

Accelerating the Development and Proposal of Linear Motion Products for Automobiles

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

Research and Development

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

A Global R&D System for the Next Generation

THK conducts R&D at the Technology Center and its new headquarters established in October 2017 in Tokyo. At these locations, the Company is endeavoring to use its core linear motion system technology and expertise to develop its mainstay linear motion systems, mechatronic devices such as XY precision stages and linear motor actuators, and products in fields related to consumer goods such as automotive parts, seismic isolation and damping systems, and medical equipment.

In 2010, the THK Group established the R&D Center in China. This facility, which was THK's first R&D facility outside of Japan, began full operation in 2012. With the addition of TRA's German R&D facility in 2015, the THK Group is on its way to building R&D structures oriented toward the Americas, Europe, and Asia in order to more accurately meet the needs of customers around the world.

Headquarters (Tokyo)

Technology Center (Tokyo)

R&D Center (China)

Initiatives During the 2020 Fiscal Year

To meet the varied needs of its customers in the industrial machinery field, THK has expanded its lineup of LM Guide and ball screw products and developed a wide array of new products that contribute to the automation of customers' production lines.

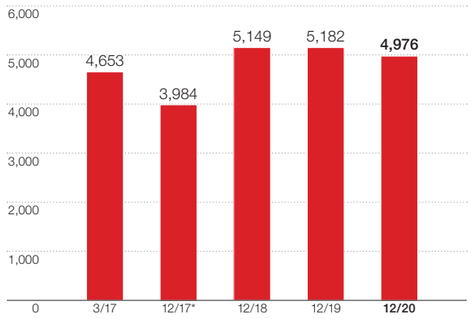
In terms of the IoT, the "OMNI edge" IoT service for the manufacturing industry had its full commercial launch in January 2020. This service visualizes the status of LM Guide and ball screw products and enables predictive failure detection. For the next phase of development, the Company plans to make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

With regard to robots, THK developed and introduced the SIGNAS transfer robot to the market. Distinguishing itself from conventional AGVs (automated guided vehicles), SIGNAS features an original autonomous movement control system that achieves a new, never-before-seen guidance method. In addition, the Company developed a thermometric robot that helps reduce the risk of viral transmission through in-person interaction as a way to prevent the spread of the coronavirus.

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

R&D Expenses

(Millions of yen)



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THK's Philosophy on Intellectual Property

Basic policy

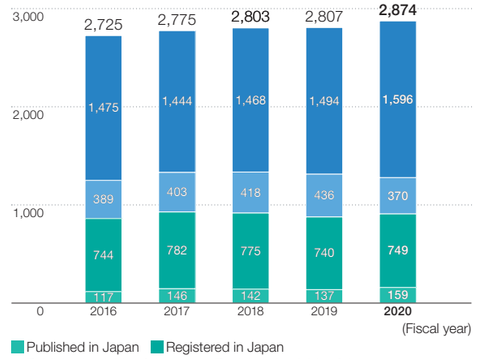
As a company focused on creation and development, THK values and promotes the creation and full utilization of its intellectual property to continue contributing to the development of its customers around the world and to the creation of an affluent society through the development of innovative products.

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

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

Intellectual Property

(Number of holdings)



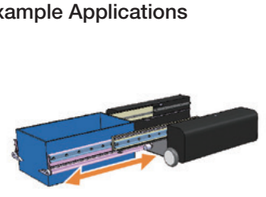
Due to the change in the fiscal year period in 2017, the data from the 2017 fiscal year onward reflects a period from January 1 to December 31, and the data for prior years reflects a period from April 1 to March 31.

Expanding Applications to Consumer Fields

Achieving high load capacity and durability, the Utility Slide ATG is a new product aimed at adoption in logistics and railway fields, where utility grade is required. This product is anticipated to be in demand particularly for the container-fetching mechanisms of transfer shuttles in automated warehouses, open-and-close mechanisms of railway vehicle doors, and sliding mechanisms of aircraft passenger seats. As THK accelerates its development of new business areas, which is one of its growth strategies, the Company will refine its core linear motion system technology and extensive expertise in order to expand the use of its products in logistics, railway, and other consumer fields and provide optimal solutions for the challenges these industries face.

Utility Slide ATG

Example Applications



Transfer shuttles in automated warehouses

Railway vehicle doors

Aircraft passenger seats

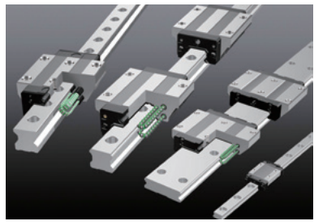
Storage space for railway vehicle maintenance

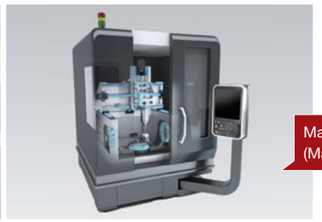
THK's Products

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

The LM Guide

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

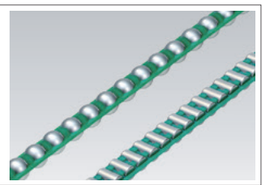




Machine tool (Machining center)

Ball Cages and Roller Cages

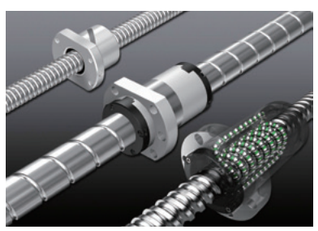
The cages are resin parts that hold and guide the balls or rollers as they move. The use of cages reduces noise and friction by preventing direct contact between the balls or rollers. This allows for a longer service life, reduced noise, and an extended period of maintenance-free operation.

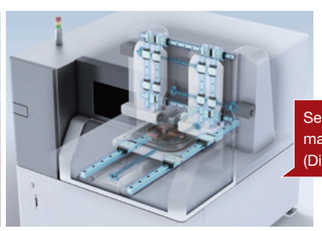


Ball Screws

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

As a result, these products are now essential elements in machine tools, industrial robots, semiconductor manufacturing equipment, and other industrial equipment. THK also offers ball screws that are designed to support high loads, making them ideally suited for replacing the hydraulic cylinders used in equipment such as injection molding machines, presses, and die casting machines.

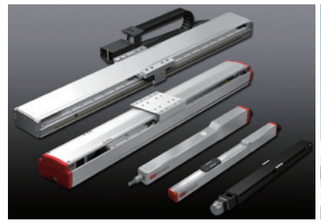


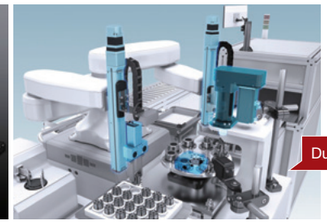


Semiconductor manufacturing equipment (Dicing saw)

Electric Actuators

Electric actuators are hybrid products combining a guide component, such as an LM Guide, with a ball screw, linear motor, or other drive component. In industries such as electronics, there is an increasing need to shorten development and manufacturing lead times. Modularization allows these electric actuators to meet such requirements by simplifying the design and reducing assembly time. THK offers a varied lineup of electric actuators ranging from basic, cost-effective units to high-end components designed to operate with high precision or perform to clean room specifications. Such advanced electric actuators have become indispensable parts in equipment used in the manufacture or inspection of semiconductors and liquid crystal displays.

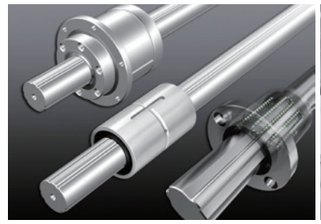


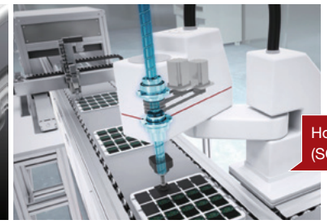


Dual-arm robot

Ball Splines

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

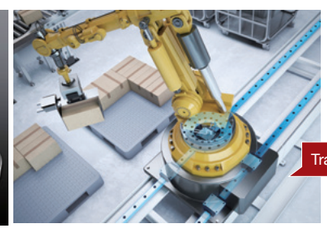




Horizontal articulated robot (SCARA robot)

Cross-Roller Rings

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



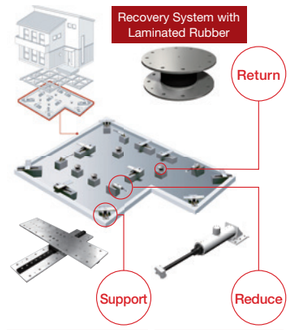
Transfer robot

Products Using Core Linear Motion System Technology

Seismic Isolation and Damping Systems

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

Seismic Isolation System for Buildings



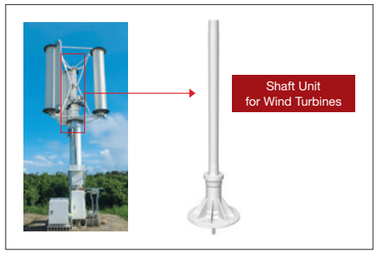
Seismic Isolation Platforms

Servers

Works of Art

Renewable Energy

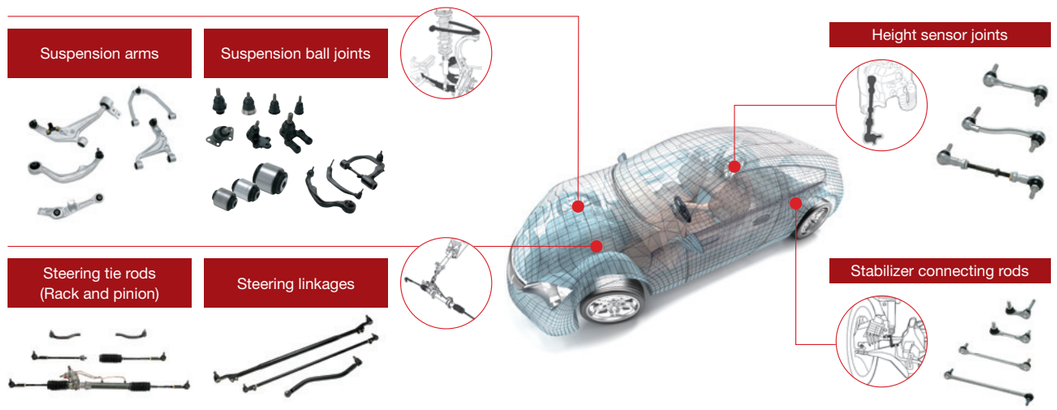
Due to their unique mechanisms, THK's shaft units for wind turbines possess high strength and durability in addition to achieving dramatically lower torque and improved power generation efficiency. In 2017, THK began supplying these products to Challenergy Inc., which developed the world's first wind turbine capable of generating energy even during typhoons.



Automotive and Transportation Equipment-Related Products

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

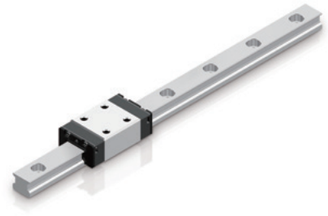
THK also develops and mass-produces ball screws for automatic brakes, which utilize the core linear motion product technology of its industrial machinery business. As CASE progresses within the automotive industry, the Company is accelerating its development and introduction of new products that respond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



New Products

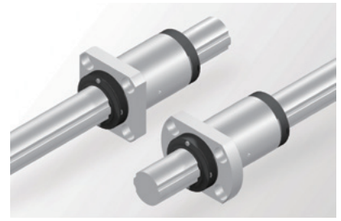
Super-High-Speed LM Guide Model FHS

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



Miniature Roller LM Guide Model HRG

The world's smallest roller guide helps keep devices lightweight, compact, and operational with a longer service life.

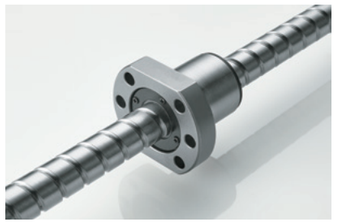


Compact Ball Spline Model LFK-X/LFH-X

These lightweight models are designed with a low core height, helping to reduce equipment size and weight.

High-Load Ball Screw for Presses Model HBN-P

This improved product roughly doubles the permissible load of conventional products. A small-diameter ball screw shaft can be selected to help reduce equipment size.



High-Speed, Compact Precision Ball Screw SDA10VZ

The ideal ball circulation structure enables high-speed rotation, and the reduced nut length helps make equipment more compact.

Rod Actuator CRES6000

This low-noise rod actuator is optimal for consumer fields. With its ability to raise, lower, open, close, and recline, it is used in a variety of situations.

Utility Slide ATG

This product achieves a greater load capacity and durability than regular slide rails. It is optimal for sliding mechanisms used in new fields such as logistics and railways.

Transfer Robot SIGNAS

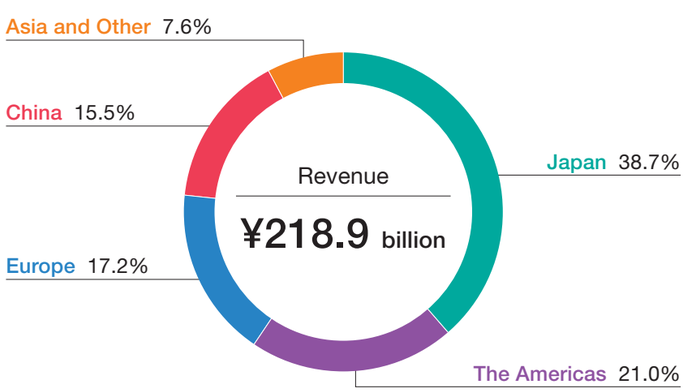
This robot uses a new, never-before-seen guidance method that allows users to set up or change the travel path simply by placing markers to guide the robot. Two types are available to carry or pull loads, and they can travel over rough terrain.

Thermometric Robot

This robot features a card reader, records temperatures, and can be moved to different locations by remote operation. It helps reduce the risk of infection during the coronavirus pandemic.

Review by Geographic Region

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



JAPAN

Operating Conditions and Performance Review

Revenue in Japan decreased 22.6% year-on-year, to ¥84.6 billion.

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

Year Ended December 2020

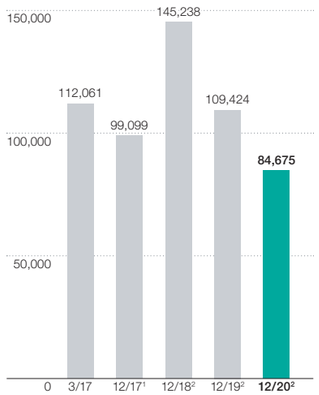
● Sales

As digital technology progresses, the Company developed new features for Omni THK to further expand sales. The “OMNI edge” IoT service for the manufacturing industry launched for LM Guide applications in January 2020, and ball screw applications were added to the lineup in November for phase two of the roll-out. For phase three, THK began recruiting participants for a free trial involving rotary component applications.

● Production

As THK faced a difficult demand environment due to the pandemic, it sought to minimize financial losses by implementing thorough cost controls. At the same time, in order to increase its output for when demand does recover, the Company worked to further improve its productivity by promoting various initiatives that utilize automation, robotization, and digital technology.

Revenue
(Millions of yen)



[1] This data reflects a modified reporting period that includes 9 months from consolidated companies whose fiscal years ended in March and 12 months from consolidated companies whose fiscal years ended in December.
[2] The THK Group decided to adopt IFRS beginning with the 2019 fiscal year. For the purposes of comparison, the results for the 2018 fiscal year are also noted in accordance with IFRS.

THE AMERICAS

Operating Conditions and Performance Review

Revenue in the Americas decreased 21.1% year-on-year, to ¥46.0 billion.

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

Year Ended December 2020

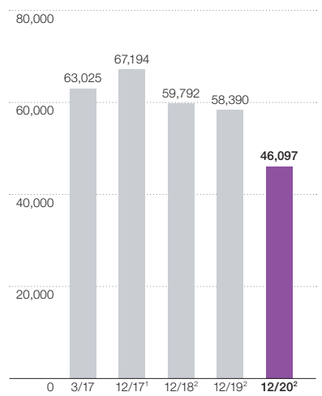
● Sales

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

● Production

Capitalizing on its strengths as the only company in the linear motion industry with a production facility in North America, THK has conducted its production activities in a way that meets customer needs, and it has made improvements in productivity by increasing its utilization of automation, robotization, and IT tools.

Revenue
(Millions of yen)



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EUROPE

Operating Conditions and Performance Review

Revenue in Europe decreased 30.0% year-on-year, to ¥37.6 billion.

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

Year Ended December 2020

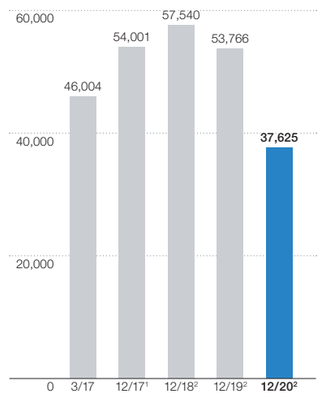
● Sales

In the industrial machinery business, in addition to expanding transactions with existing customers, THK actively promoted various initiatives aimed at expanding sales to a wider range of customers. Furthermore, the Company accelerated its efforts to take business from competitors in new fields related to medicine, food, aircraft, railways, and robots. The Company also bolstered its online sales activities during the pandemic.

● Production

THK improved productivity by altering layouts and installing new equipment to promote further automation and robotization. In addition, the Company strengthened its quality control structures through various means, including thoroughly training employees on quality and correcting machining programs with the automatic capture of inspection data.

Revenue
(Millions of yen)



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CHINA

Operating Conditions and Performance Review

Revenue in China increased 9.7% year-on-year, to ¥34.0 billion.

Locations in both the industrial machinery and automotive and transportation businesses suspended operations from the beginning of the Spring Festival holiday (Chinese New Year) to mid-February due to the spread of the coronavirus. However, demand recovered after that as economic activity resumed in China ahead of other regions. As a result, revenue increased.

Year Ended December 2020

● Sales

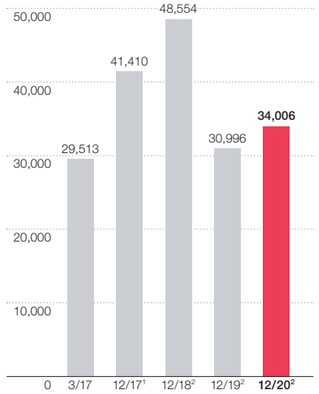
As a result of promoting various initiatives that capitalize on our manufacturing sales structure in order to thoroughly capture business in new domains, THK was able to limit financial losses during the challenging moments of the pandemic and steadily capture demand when it recovered rapidly in the second half of the year. Furthermore, the Group enhanced its distributor sales network and further utilized Omni THK in order to expand sales to a wide range of customers.

● Production

Each plant further improved its productivity by promoting automation and robotization of its processes and by using the IoT to collect and analyze data. In addition, the Company established a production structure that can flexibly respond to a dramatically changing external environment.

Revenue

(Millions of yen)



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² The THK Group decided to adopt IFRS beginning with the 2019 fiscal year. For the purposes of comparison, the results for the 2018 fiscal year are also noted in accordance with IFRS.

ASIA AND OTHER

Operating Conditions and Performance Review

Revenue in Asia and other regions decreased 24.6% year-on-year, to ¥16.5 billion.

As the range of demand for THK products is steadily growing in India, the ASEAN region, and other parts of the world, the Group bolstered its sales network and undertook aggressive sales activities to acquire new customers. However, revenue decreased due to the overall low demand caused in part by the spread of the coronavirus.

Year Ended December 2020

● Sales

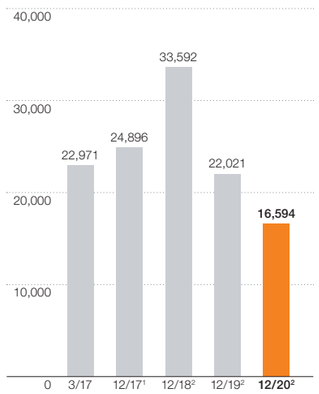
In Taiwan, THK expanded transactions with existing customers; bolstered its indirect sales network; and worked to cultivate new business areas such as the medical, food, and packaging industries. In the ASEAN region, the Company promoted the use of Omni THK and its Technical Support Site in order to expand sales to a wide range of customers. Furthermore, various activities such as online seminars were conducted to expand sales of electric actuators even during the pandemic.

● Production

Each plant further improved the productivity of its production processes through automation and robotization. In India, where demand is expected to demonstrate medium- to long-term growth, operations at the new factory were delayed until the summer of 2021 in response to the pandemic and demand trends.

Revenue

(Millions of yen)



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² The THK Group decided to adopt IFRS beginning with the 2019 fiscal year. For the purposes of comparison, the results for the 2018 fiscal year are also noted in accordance with IFRS.

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

As coronavirus cases have spread around the world, many customers have requested that THK continue supplying products as an essential business. Therefore, the Group has enacted a number of measures to prevent infections.

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

Coronavirus Response

As coronavirus cases have spread around the world, many customers have asked THK to continue supplying products. Therefore, in order to fulfill its role as an essential business, the Group has implemented a number of countermeasures.

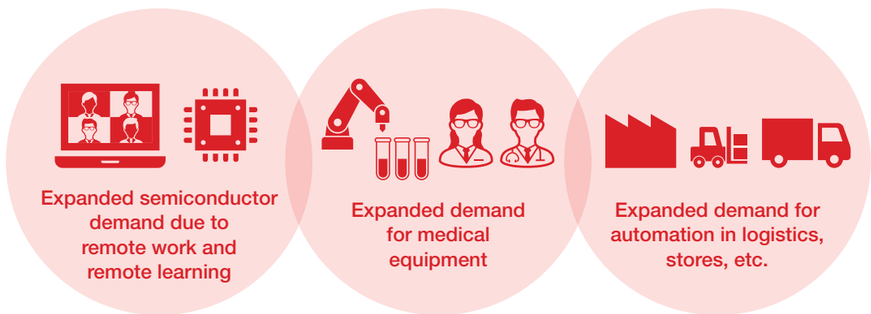
On February 3, 2020, the Company instituted a coronavirus response task force headed by the CEO. These meetings continue to be held every day, using virtual meeting tools to collect and share information with business locations all over Japan and around the world. Measures were also taken to prevent the spread of the virus. In Japan, the Company encouraged hand washing, required masks to be worn, instituted daily temperature checks, established home quarantine periods for those with fevers and anyone who was in contact with them, prohibited in-person meetings with guests and unnecessary business travel, limited visitors to factories, and forbade the use of public transit. In these and other efforts, THK requested the full compliance of employees, their families, and suppliers. Furthermore, the Company transitioned to remote work, formed value chain teams, and took other steps to thoroughly prevent infections and ensure business continuity. During the peak, around 90% of headquarters and sales staff were working from home.

As a result of these measures, THK was able to maintain operations at its Japanese production facilities even when a state of emergency was declared, and although some overseas factories were forced to suspend operations, they were able to resume activity quickly once they reopened. In terms of sales, while it became difficult to interact with customers in person, representatives continued their activities online, inviting engineers to virtual meetings, and hosting technical webinars. In addition, THK actively promoted the use of Omni THK, its platform for remotely communicating with customers. Through these means, the Company was able to continue its sales activities without any major issues.

Coronavirus response task force

Expanded Market Opportunities from Changes in the Business Environment

While the spread of the coronavirus did have a substantial impact on the economy, it brought dramatic changes to the business environment that indicate expanded market opportunities for the THK Group. A number of fields are experiencing increased demand: semiconductors (from the rise in remote work), automation (from the broadened need for contactless solutions), medical equipment, and more. Therefore, although the impact of the coronavirus resulted in a short-term demand adjustment, THK's business opportunities are expected to expand over the medium to long term, and the Company is working on various initiatives to steadily capture that demand.



Corporate Governance

Basic Stance on Corporate Governance

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

THK's Corporate Governance Framework

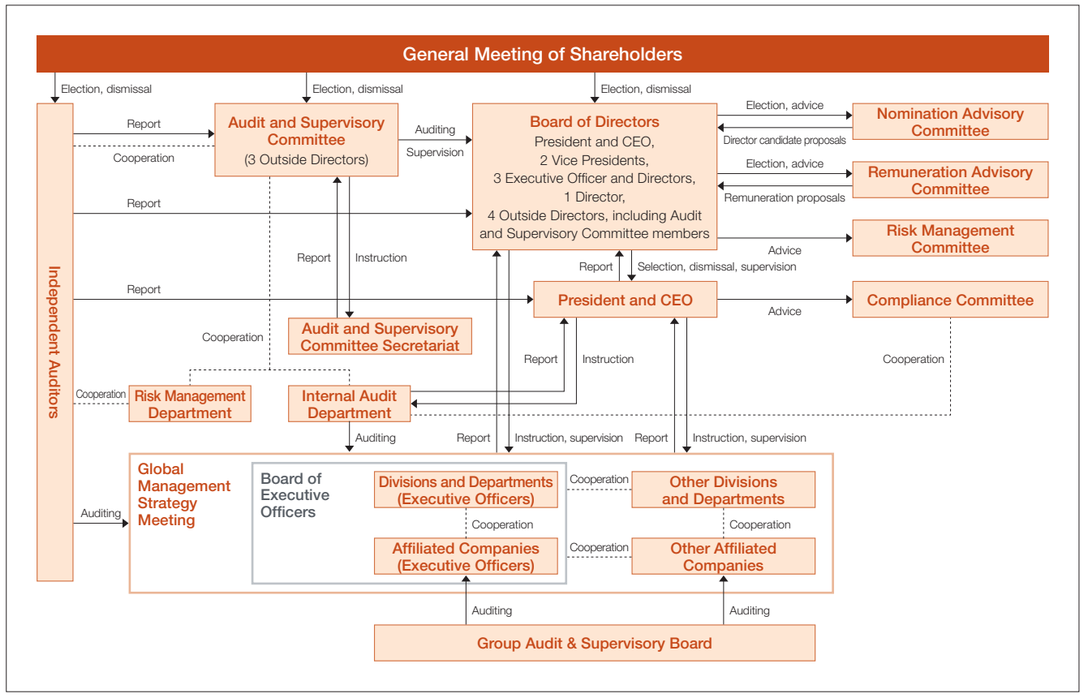
In June 2014, THK introduced an executive officer system. After the Company's 46th General Meeting of Shareholders on June 18, 2016, and in conjunction with its establishment of an Audit and Supervisory Committee, THK instituted a non-mandatory Nomination Advisory Committee and a Remuneration Advisory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

Board of Directors

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

Audit and Supervisory Committee

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



Nomination Advisory Committee and Remuneration Advisory Committee

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

Executive Officer System

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

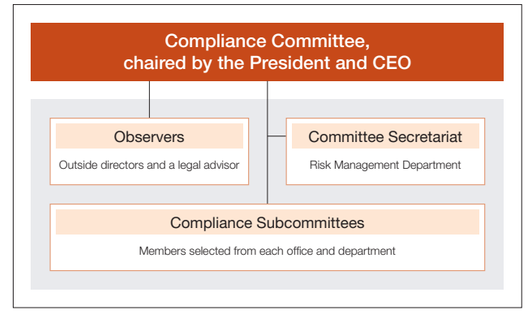
General Meeting of Shareholders

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

* As a precaution against the coronavirus (COVID-19), there were no seats for observers or a product exhibition at the 50th and 51st General Meeting of Shareholders.

Compliance Structure

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



Risk Management Committee

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

Board of Directors and Executive Officers (As of March 22, 2021)

Directors

Akihiro Teramachi
President and CEO

Toshihiro Teramachi
Executive Vice President and CIO

Hiroshi Imano
Executive Vice President and CFO

Takashi Teramachi
Director and Senior Managing Executive Officer
Senior General Manager of
Industrial Machinery Headquarters

Nobuyuki Maki
Director and Senior Managing
Executive Officer
Senior General Manager of
Automotive & Transportation Headquarters

Junji Shimomaki
Director and Managing Executive Officer
General Manager of
Industrial Machinery Headquarters
Senior General Manager of Sales Division,
Industrial Machinery Headquarters

Junichi Sakai
Director
(In charge of Quality Assurance,
Risk Management, and Production Engineering)

Masaaki Kainosho
Outside Director

Masakatsu Hioki
Outside Director
(Audit and Supervisory Committee Member)

Tomitoshi Omura
Outside Director
(Audit and Supervisory Committee Member)

Yoshiki Ueda
Outside Director
(Audit and Supervisory Committee Member)

Executive Officers

Managing Executive Officer
Takashi Okubo
Executive Vice Chairman of THK (CHINA) CO., LTD.

Managing Executive Officer
Masaki Sugita
Representative Director and President of
THK Holdings of America, L.L.C.
Representative Director and President of THK America, Inc.

Managing Executive Officer
Tetsuya Hayashida
Special Appointive Officer to President

Managing Executive Officer
Masato Sawada
General Manager of Automotive & Transportation Headquarters
Director and Executive Vice Chairman of THK RHYTHM CO., LTD.

Managing Executive Officer
Takanobu Hoshino
General Manager of IMT Division, Industrial Machinery Headquarters
Director and Executive Vice Chairman of THK INTECHS CO., LTD.

Managing Executive Officer
Akihiko Kambe
Senior General Manager of Production Division,
Industrial Machinery Headquarters

Managing Executive Officer
Kaoru Hoshide
Senior General Manager of Engineering Division,
Industrial Machinery Headquarters

Managing Executive Officer
Toshiki Matsuda
Representative Director and President of THK Europe B.V.
Representative Director and President of THK GmbH
Representative Director and President of THK France S.A.S.
Representative Director and President of
THK Manufacturing of Europe S.A.S.
Representative Director and President of
THK Manufacturing of Ireland Ltd.

Executive Officer
Naoki Kinoshita
President of THK (CHINA) CO., LTD.

Executive Officer
Yukio Yamada
General Manager of Sales Division,
Industrial Machinery Headquarters
General Manager of International Sales Division, Sales Division,
Industrial Machinery Headquarters

Executive Officer
Takehiro Nakanishi
Deputy Senior General Manager of Production Division,
Industrial Machinery Headquarters
General Manager of Production Engineering Department,
Production Division, Industrial Machinery Headquarters
General Manager of Global Procurement Department,
Production Division, Industrial Machinery Headquarters

Executive Officer
Takuya Sakamoto
Head of IOT Innovation Division

Executive Officer
Yasutoshi Hoshino
Deputy General Manager of Corporate Strategy Headquarters

Executive Officer
Kenji Nakane
General Manager of Finance & Accounting Department,
Corporate Strategy Headquarters

Executive Officer
Masaki Kimura
Head of The President's Office
Head of Corporate Planning Department,
Corporate Strategy Headquarters

Executive Officer
Akira Furihata
Representative Director and President of THK RHYTHM CO., LTD.

The Selection of Outside Directors

Masaaki Kainosho

Outside Director (as of June 2012)

Significant concurrent positions:
Representative Director of KAINOSHO CO., LTD.
Professor at Otsuma Women's University
Junior College Division

Reason for selection	In addition to being a university professor deeply versed in business administration, Masaaki Kainosho possesses a wealth of experience, a history of success, and sound judgment from managing an executive consulting company.
Independent status	Masaaki Kainosho was employed at THK's current lender, Sumitomo Mitsui Banking Corporation (previously Mitsui Bank), from April 1976 to April 1996. However, he was consistently working in a systems-related division, and the THK Group did not do business with Mitsui Bank at the time. Therefore, he is considered to be independent.

Masakatsu Hioki

Outside Director, Audit and Supervisory
Committee Member (as of June 2016)

Significant concurrent positions:
Outside Director of SUKIYA Co., Ltd.
Outside Director of ZUIKO CO., LTD.

Reason for selection	In addition to possessing sound judgment, Masakatsu Hioki has extensive experience and a proven history of success as an executive responsible primarily for human resources and general affairs in a global manufacturing company.
Independent status	Masakatsu Hioki began his career with Komatsu Ltd. Although THK and Komatsu do have a business relationship that includes the sale of THK products, the sum value of those transactions equals less than 1% of THK's and Komatsu's consolidated net sales for the corresponding fiscal year. Therefore, he is considered to be independent.

Tomitoshi Omura

Outside Director, Audit and Supervisory
Committee Member (as of June 2016)

Significant concurrent positions:
Certified Public Accountant
Managing Director of Omura Accounting Office

Reason for selection	In addition to the knowledge of corporate accounting he has gained over many years as a certified public accountant, Tomitoshi Omura is an accounting expert who possesses a wealth of experience, a history of success, and sound judgment.
Independent status	There are no particular conflicts of interest concerning Tomitoshi Omura's relationship with THK. Additionally, although he does not have direct experience in corporate management, the Company has determined that he appropriately executes his duties as an outside director because of the aforementioned reasons.

Yoshiki Ueda

Outside Director, Audit and Supervisory
Committee Member (as of June 2016)

Significant concurrent positions:
Outside Director of SINTOKOGIO, LTD.
Advisor of Makino Milling Machine Co., Ltd.
Visiting Professor of National University Corporation
Shizuoka University

Reason for selection	In addition to possessing sound judgment, Yoshiki Ueda has extensive experience and a proven history of success as an executive deeply versed in corporate management, having spent many years at a global company active in machinery-related fields.
Independent status	Yoshiki Ueda is an outside director at SINTOKOGIO, LTD., an advisor at Makino Milling Machine Co., Ltd., and a visiting professor at National University Corporation Shizuoka University. Although THK and SINTOKOGIO do have a business relationship that includes the purchase of SINTOKOGIO products, the sum value of those transactions equals less than 1% of THK's and SINTOKOGIO's consolidated net sales for the corresponding fiscal year. Additionally, although THK and Makino Milling Machine do have a business relationship that includes the sale of THK products, the sum value of those transactions equals less than 1% of THK's and Makino Milling Machine's consolidated net sales for the corresponding fiscal year. There are no particular conflicts of interest regarding the relationship between the Company and Shizuoka University.

Involvement in Society

As a good corporate citizen, THK actively contributes to society in the following ways.

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

Signing the UN Global Compact

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

Establishing the THK Group Human Rights Policy

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

THK Group Human Rights Policy

Established June 2020

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

▶ Basic Concept

The THK Group supports and respects the United Nations Guiding Principles on Business and Human Rights and other international standards regarding human rights. In addition, as a signatory company to the United Nations Global Compact, the THK Group acts in accordance with the Ten Principles of the United Nations Global Compact concerning human rights, labor, the environment, and anti-corruption.

This Policy functions as the dominant policy for the "THK Group Action Charter" and all other standards that relate to initiatives encouraging respect for human rights within the THK Group. Furthermore, this Policy is an indication of the THK Group's commitment to respect for human rights.

▶ Scope of Application

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

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

▶ Conduct Guidelines

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

Working with Vendors

THK's daily operations are performed in accordance with its policy to manufacture products in the optimal location and to conduct its business and improve its technology in a way that meets the needs of its customers.

Throughout its supply chain, from design to sales, THK strives to adhere to social norms and be environmentally conscious in order to create a sustainable society. In accordance with the revised RoHS directive effective in 2021, companies will no longer be able to ship steel, aluminum alloys, or copper alloys that contain lead to Europe. After conducting a survey of its suppliers, THK is continuing to work with them to consider a change to lead-free products.

THK Basic Policy on Procurement

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

Activities

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

THK's Supply Chain

Design
- Long-term maintenance-free operation
- Low noise, low dust generation
- Develop grease that can be used in the food industry

Purchasing/Procurement
- Check for presence of environmentally hazardous materials
- Comply with the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors
- Reject dealings with criminal organizations

Production
- Comply with the Energy Conservation Act
- Pursue zero emissions
- Reduce impact on the environment
- Maintain safe working environment

Distribution
- Reject dealings with criminal organizations
- Security declarations for air shipments
- Reduce waste via reusable containers

Sales
- Collect and reuse packaging materials
- Enforce safe driving practices
- Fair and proper transactions

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

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

Thermometric Robot: SEED-Noid

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

Transfer Robot: SEED-Mover with Lifter

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

Autonomously Moving Display Signage

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

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

Management Base

Harmony with the Environment

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

THK Group's Basic Environmental Policy

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

Revised on August 21, 2019

Structure for the Promotion of Environmental Activities

THK has developed a structure that promotes various initiatives aimed at reducing the environmental impact of its business activities.

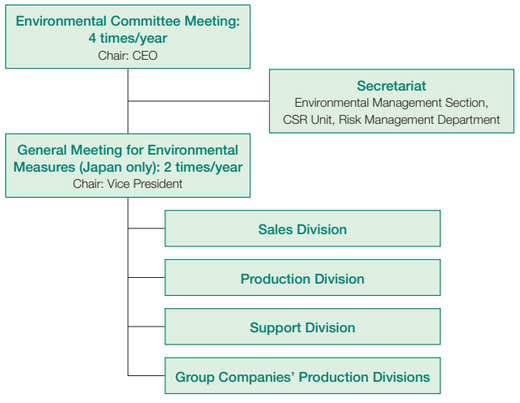
The Environmental Committee, chaired by the CEO, convenes quarterly and approves each year's environmental targets and environmental promotion schedule. In addition to reporting on the state of energy conservation activities, the management of hazardous materials, and the status of compliance with various other environmental laws and regulations, it also considers necessary improvements as appropriate.

The General Meeting for Environmental Measures convenes twice a year, headed by the Vice President. Representatives from each production facility and office department gather to recognize the necessity of proactive efforts toward reducing environmental impact. They share useful data such as the status of energy use at each facility and examples of the results of energy-saving projects, and connect this information to improvement initiatives.

Specifically, they report on activities to reduce environmental impact that are suitable to each business location, such as the discovery and elimination of wasteful uses of energy, the transition to energy-efficient production equipment and HVAC systems, the installation of solar panels in open spaces, the conversion of lighting to LED bulbs, and so on.

As part of its activities to reduce environmental impact, THK distributed reusable shopping bags as gifts to celebrate the anniversary of the Company's founding and to promote increased awareness among employees of the problem of plastics, particularly shopping bags, in society.

Structure for the Promotion of Environmental Activities



Reusable shopping bags distributed on the anniversary of THK's founding

Subsidiaries & Affiliate

As of December 31, 2020

Subsidiaries	Main Operations	Head Office	Percentage Owned by the Company, Directly or Indirectly (%)
THK INTECHS CO., LTD.	Manufacture and sale of vital machinery components and machinery	Tokyo, Japan	100.00
TALK SYSTEM CO., LTD.	Sale of machinery parts and various types of equipment	Tokyo, Japan	99.00
THK NIIGATA CO., LTD.	Manufacture of ball splines	Niigata, Japan	100.00
THK RHYTHM CO., LTD.	Transportation equipment-related business	Shizuoka, Japan	70.00
NIPPON SLIDE CO., LTD.	Manufacture and sale of slide rails	Tokyo, Japan	100.00
TRA Holdings, CO., LTD.	Holding and management company	Tokyo, Japan	70.00
THK Holdings of America, L.L.C.	Holding and management company	Illinois, U.S.A.	100.00
THK America, Inc.	Sale of the LM Guide, ball screws	Illinois, U.S.A.	100.00
THK Manufacturing of America, Inc.	Manufacture of the LM Guide, special bearings	Ohio, U.S.A.	100.00
THK RHYTHM NORTH AMERICA CO., LTD.	Transportation equipment-related business	Tennessee, U.S.A.	70.00
THK RHYTHM MEXICANA, S.A. DE C.V.	Transportation equipment-related business	Guanajuato, Mexico	99.99
THK RHYTHM AUTOMOTIVE MICHIGAN CORPORATION	Transportation equipment-related business	Michigan, U.S.A.	100.00
THK RHYTHM AUTOMOTIVE CANADA LIMITED	Transportation equipment-related business	Ontario, Canada	100.00
THK Europe B.V.	Holding and management company	Amsterdam, Netherlands	100.00
THK GmbH	Sale of the LM Guide, ball screws	Ratingen, Germany	100.00
THK France S.A.S.	Sale of the LM Guide, ball screws	Tremblay-en-France, France	100.00
THK Manufacturing of Europe S.A.S.	Manufacture of the LM Guide, ball screws	Ensisheim, France	100.00
THK Manufacturing of Ireland Ltd.	Manufacture of ball screws	Dublin, Ireland	100.00
THK RHYTHM AUTOMOTIVE GmbH	Transportation equipment-related business	Dusseldorf, Germany	100.00
THK RHYTHM AUTOMOTIVE CZECH a.s.	Transportation equipment-related business	Dacice, Czech Republic	100.00
THK CAPITAL UNLIMITED COMPANY	Financing and loan management for affiliated companies in the Americas	Dublin, Ireland	100.00
THK FINANCE UNLIMITED COMPANY	Financing and loan management for affiliated companies in Europe	Dublin, Ireland	100.00
THK (CHINA) CO., LTD.	Holding and management company, sale of the LM Guide	Dalian, China	100.00
THK (SHANGHAI) CO., LTD.	Sale of the LM Guide, ball screws	Shanghai, China	100.00
DALIAN THK CO., LTD.	Manufacture and sale of ball screws, actuators	Dalian, China	70.00
THK MANUFACTURING OF CHINA (WUXI) CO., LTD.	Manufacture of the LM Guide	Wuxi, China	100.00
THK MANUFACTURING OF CHINA (LIAONING) CO., LTD.	Manufacture of the LM Guide	Dalian, China	100.00
THK RHYTHM GUANGZHOU CO., LTD.	Transportation equipment-related business	Guangzhou, China	70.00
THK RHYTHM CHANGZHOU CO., LTD.	Transportation equipment-related business	Changzhou, China	75.00
THK MANUFACTURING OF CHINA (CHANGZHOU) CO., LTD.	Manufacture of LM-related parts, unit products	Changzhou, China	100.00
THK TAIWAN CO., LTD.	Sale of the LM Guide, ball screws	Taipei, Taiwan	100.00
THK LM SYSTEM Pte. Ltd.	Sale of the LM Guide, ball screws	Kaki Bukit, Singapore	100.00
THK RHYTHM (THAILAND) CO., LTD.	Transportation equipment-related business	Rayong, Thailand	70.00
THK MANUFACTURING OF VIETNAM CO., LTD.	Manufacture of the LM Guide, slide rails	Bac Ninh, Vietnam	100.00
THK RHYTHM MALAYSIA Sdn. Bhd.	Transportation equipment-related business	Penang, Malaysia	56.00
THK India Pvt. Ltd.	Sale of the LM Guide, ball screws	Karnataka, India	99.98

Affiliate	Main Operations	Head Office	Percentage Owned by the Company, Directly or Indirectly (%)
SAMICK THK CO., LTD.	Manufacture and sale of the LM Guide	Daegu, South Korea	33.82

Corporate Data

As of December 31, 2020

Company Profile

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

Stock Information

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

Major Shareholders

Shareholders	Number of Issued Shares Held (Thousands of shares)	Shareholding Ratio (%)
Custody Bank of Japan, Ltd. (Trust Account)	14,869	11.74
The Master Trust Bank of Japan, Ltd. (Trust Account)	12,899	10.19
SSBTC CLIENT OMNIBUS ACCOUNT	3,728	2.94
Akihiro Teramachi	3,399	2.68
FTC CO., LTD.	2,774	2.19
JP MORGAN CHASE BANK 385635	2,733	2.15
THE CHASE MANHATTAN BANK 385013	2,365	1.86
Custody Bank of Japan, Ltd. (Trust Account 5)	1,978	1.56
Custody Bank of Japan, Ltd. (Trust Account 6)	1,785	1.41
STATE STREET BANK WEST CLIENT - TREATY 505234	1,781	1.40

[1] The Company holds 7.286 million shares of treasury stock, but it is omitted from the above list of major shareholders.
[2] The calculation of the shareholding ratio does not include treasury stock.

Shareholder Composition

Shareholder Type	Number of Shareholders	Number of Issued Shares Held (Thousands of shares)	Shareholding Ratio (%)
Financial Institutions	68	46,463	34.71
Securities Companies	35	2,418	1.81
Other Corporations	263	4,866	3.64
Overseas Institutions	597	57,751	43.14
Individuals and Others	16,301	15,070	11.26
Treasury Stock	1	7,286	5.44

Stock Price and Trading Volume

THK CO., LTD.

URL: www.thk.com