[Translation for Reference and Convenience Purposes Only]

Please note that the following is an unofficial English translation of Japanese original text of the Notice of Convocation of the 51st Ordinary General Meeting of Shareholders of THK CO., LTD. The Company provides this translation for reference and convenience purposes only. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail.

To Our Shareholders:



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

Dear Shareholders:

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

It gives us great pleasure to inform you that the 51st Ordinary General Meeting of Shareholders of THK CO., LTD. (the "Company"), will be held as outlined below.

Whereas the novel coronavirus disease (COVID-19) pandemic dragged on during the fiscal year under review, customers worldwide prompted the Company to continue supplying its products. Amid that scenario, the Company managed to maintain supply without incident which involved exhaustively implementing measures to prevent transmission of the virus through initiatives that included shifting to a telecommuting framework for the sake of business continuity and establishing a value chain team, all with the aim of delivering on the Company's responsibility to supply products in serving as an essential business, which is indispensable to the society. Meanwhile, although the Company is apt to encounter ongoing demand adjustments over the short-term, we anticipate growing demand over the medium to long term against a backdrop of rapid progress in digital technology.

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

In the industrial machinery business, the Company as a whole has promoted THK DX Project in an effort to maximize the value provided to customers through the utilization of AI and IoT, and further expand sales. The Company has also developed new

functions with respect to its Omni THK platform for communicating with customers. Under its OMNIedge IoT service enabling predictive failure detection in facilities of manufacturing industry customers, the Company launched sales of LM Guide applications in January 2020 and subsequently added ball screw applications to its service lineup in November. On the production front, in addition to enhancing productivity by promoting automation of production lines and the incorporation of robots into the production process, the Company is working to further strengthen its production capacity by progressing construction of new plants in India and South Korea.

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

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

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

Management Philosophy

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

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

[Translation for Reference and Convenience Purposes Only]

Security Code 6481
February 26, 2021

To Shareholders

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

Notice of Convocation of the 51st Ordinary General Meeting of Shareholders

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

We are writing to inform you that the 51st Ordinary General Meeting of Shareholders of THK CO., LTD. (the "Company") will be held as outlined below.

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

Please review the reference documents for the Ordinary General Meeting of Shareholders attached to this letter and exercise your voting rights no later than 17:30 Japan time on Friday, March 19, 2021.

1. Date and Time: Saturday, March 20, 2021, 13:30 (Reception desk: open at 12:30)

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

3. Agenda

Reports:

1. Business report, consolidated financial statements, and the results of the audits of the consolidated financial statements by the accounting auditor and the Audit and Supervisory Committee for the 51st Term (January 1, 2020 to December 31, 2020)
2. Report of financial statements for the 51st Term (January 1, 2020 to December 31, 2020)

Resolutions:

Proposal 1: Surplus Appropriation

Proposal 2: Appointment of Eight (8) Directors (Excluding Directors who are Audit and Supervisory Committee Members)

4. Disclosure on the Company's Website

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

(1) Notes to the consolidated financial statements
(2) Notes to the non-consolidated financial statements

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

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

[Translation for Reference and Convenience Purposes Only]

Notice regarding COVID-19

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

■ We request that you refrain from attending the meeting in person, and, instead, exercise your voting rights in writing or via an electronic method such as the Internet.

■ For shareholders who are considering the possibility of attending the meeting in person, we request that you refrain from attending the meeting if you are showing signs of infection with COVID-19 (cold-like symptoms, fever, lethargy, shortness of breath, etc.).

■ Shareholders considering to attend this general meeting of shareholders in person are requested to take the condition of your health into consideration including taking your temperature and to take measures to protect yourself from infection, such as wearing a face mask.

■ On the day of the meeting, everyone in attendance will be asked to wear a face mask and to otherwise cooperate with efforts at the reception area with respect to having their temperatures taken and using alcohol-based hand sanitizer.

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

■ Within the venue, we will arrange the seating to leave as much space as possible between shareholders. Therefore, the number of seats are less than the previous years.

■ The provision of beverages to attendants has been cancelled.

■ "THK Group Products Exhibition" which is normally held every year after the Ordinary General Meeting of Shareholders has been cancelled.

If future developments necessitate a major change in the way the Ordinary General Meeting of Shareholders will be run, shareholders will be informed via the website stated below.
The Company website: https://www.thk.com/us/ir/shareholder/meeting.html

Guidance on the Exercise of Voting Rights

- Attending the Meeting
  Please submit the enclosed voting sheet to the reception desk on arrival at the meeting. Please bring this convocation notice with you.
- Exercising Voting Rights in Writing
  Please indicate your consent/dissent concerning each proposal shown on the enclosed voting sheet, and return it to us by no later than 17:30 on Friday, March 19 (Japan Time), 2021.
- Exercising Voting Rights via the Internet, etc.
  Please access the voting website (https://evote.tr.mufg.jp/) and indicate your consent/dissent concerning each proposal by no later than 17:30 on Friday, March 19 (Japan Time), 2021.
  Please refer to "Guidance on the Exercise of Voting Rights via the Internet, etc." described on the next page.

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

THK Group Products Exhibition

The Company has decided to cancel its "THK Group Products Exhibition" which it normally holds every year after the Ordinary General Meeting of Shareholders, out of respect for the notion of preventing transmission of COVID-19.

Notice of Publication of Five Decades in Business

The Company will celebrate its 50th anniversary of its establishment on April 10, 2021.
To commemorate this milestone, the Company is currently in the process of compiling a timeline profiling our history spanning five decades, and plan to publish it this fall.
Shareholders who wish to receive a copy of the Company's history are requested to apply using the Five Decades in Business application form enclosed with the interim reporting documents slated for release in September 2021.



Photo of the cover of Four Decades in Business

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

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

Deadline for exercising your voting rights: 17:30, Friday, March 19, 2021.

How to exercise your voting rights by scanning the QR code using a smartphone
By scanning the "QR code for login," you can log in without entering a "login ID" and "temporary password."
"QR code" is a registered trademark of DENSO WAVE INCORPORATED.
*** You can exercise your voting rights only once using the following method.**

1. Scan the QR code
   Scan the "QR code for login" provided on the right-hand side of the enclosed duplicate of your voting form, using your smartphone.

2. Choose the method of exercising your voting rights
   Choose the method of exercising your voting rights, on the screen displayed to allow you to choose the method of indicating your consent/dissent concerning each proposal.

3. Choose consent/dissent for each proposal
   Choose consent/dissent for each proposal, in accordance with the guidance on the screen.

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

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

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

1. Access the voting website
   Click on the "Next" button.
   Voting website: https://evote.tr.mufg.jp/

2. Enter the "login ID" and "temporary password" shown on the duplicate (right-hand side) of your voting form
   Click on the "Login" button.

3. Enter the "temporary password" in the "current password" field.
   Enter both the "new password" and "new password (for confirmation)"
   Click on the "Send" button.

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

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

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

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

The Company proposes the appropriation of surplus as follows:
1. Matters Related to Other Surplus Appropriation
The Company has a negative profit surplus carried forward of ¥10,955 million upon recording a net loss for the fiscal year under review. However, in order to ensure stable dividend payments, we would like to partially draw down our dividend reserve and general reserve as follows.

(1) Account item and amount of decrease in surplus
Dividend reserve ¥1,000,000,000
General reserve ¥12,000,000,000
(2) Account item and amount of increase in surplus
Profit surplus carried forward: ¥13,000,000,000

2. Matters Related to Term-end Dividends
The Company will pay the term-end dividend while having given comprehensive consideration to the Company's business performance, the THK Group's business environment, internal reserves to prepare for future business development, consecutive dividends policy, and other factors.
For the term-end dividend for the 51st term, we would like to pay out ¥7.5 per share of common stock.
As a result, annual dividend for the 51st term, including the interim dividend of ¥7.5, will be ¥15 per share.

(1) Type of Property for Dividends
Cash
(2) Allotment of Property for Dividends
¥7.5 per share of common stock for a total of ¥949,282,793
(3) Effective Date of Distribution of Surplus
Effective date to be March 22, 2021

Proposal 2: Appointment of Eight (8) Directors (Excluding Directors who are Audit and Supervisory Committee Members)

The tenure of all eight (8) Directors (excluding Directors who are Audit and Supervisory Committee Members) will expire at the close of this Ordinary General Meeting of Shareholders. The Company hereby proposes a total of eight (8) Directors (excluding Directors who are Audit and Supervisory Committee Members), including one (1) Outside Director.

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

Candidate No.	Name (Age)			Current Position and Duties in the Company
1	Reappointment	Akihiro Teramachi	(69)	Representative Director, President and CEO
2	Reappointment	Toshihiro Teramachi	(62)	Director, Executive Vice President and CIO
3	Reappointment	Hiroshi Imano	(67)	Director, Executive Vice President and CFO
4	Reappointment	Nobuyuki Maki	(60)	Director and Senior Managing Executive Officer Senior General Manager of Automotive & Transportation Headquarters
5	Reappointment	Takashi Teramachi	(42)	Director and Senior Managing Executive Officer Senior General Manager of Industrial Machinery Headquarters
6	Reappointment	Junji Shimomaki	(67)	Director and Managing Executive Officer General Manager of Industrial Machinery Headquarters Senior General Manager of Sales Division, Industrial Machinery Headquarters
7	Reappointment	Junichi Sakai	(73)	Director (In charge of Quality Assurance, Risk Management, and Production Engineering)
8	Reappointment Candidate for Outside Director Candidate for Independent Officer	Masaaki Kainosho	(70)	Outside Director

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

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<table>
<tr><th>Candidate No.</th><th>Name
(Date of Birth)</th><th>Brief History, Position, Assigned Tasks and Significant Positions Concurrently Held</th><th>Number of the Shares of the Company Held</th></tr>
<tr><td rowspan="2">1</td><td>[Reappointment]

Akihiro Teramachi
(April 5, 1951)

Service years as Director: 39 years

Attendance at the Board of Directors meetings: 100%
(16 of 16 meetings)</td><td>Oct. 1975 Joined the Company
Mar. 1982 Director, General Manager of Administration Division
Jun. 1987 Managing Director and Senior General Manager of Control Division
Jun. 1994 Director and Executive Vice President
May 1995 Representative Director and President of DAITO SEIKI CO., LTD. (currently THK INTECHS CO., LTD.)
Jan. 1997 Representative Director and President of the Company (current position)
<Significant positions concurrently held>
Chairman of JAPAN MACHINE ACCESSORY ASSOCIATION (General Incorporated Association)</td><td>3,399,110</td></tr>
<tr><td colspan="3">[Rationale for Appointment as a Candidate for Director]
With regard to the rationale for the appointment of Akihiro Teramachi as a candidate for Director, Mr. Teramachi has shown leadership as a top manager responsible for the supervision and control of the Company and the entire Group operating in Japan and overseas, and based on his considerable experience and actual performance, we judged Mr. Teramachi to be a human resource who can supervise and control the entire Group appropriately, especially in our efforts for global business development and development into new fields, as well as change in business style, to improve the corporate value of the THK Group.

Note: There is no special interest relationship between Akihiro Teramachi and the Company.</td></tr>
<tr><td rowspan="2">2</td><td>[Reappointment]

Toshihiro Teramachi
(November 18, 1958)

Service years as Director: 22 years and 9 months

Attendance at the Board of Directors meetings: 93%
(15 of 16 meetings)</td><td>Dec. 1988 Joined the Company
Jun. 1989 Director, Manager of UK Branch of THK Europe GmbH (currently THK GmbH)
Aug. 1992 Director and Executive Vice President of PGM Ballscrews Ireland Ltd. (currently THK Manufacturing of Ireland Ltd.)
Feb. 1993 Representative Director and President of THK GmbH
May 1993 Representative Director and President of THK Europe B.V.
Jun. 1998 Director of the Company
Jun. 2005 Managing Director
Jun. 2012 Director and Executive Vice President (current position)</td><td>100,400</td></tr>
<tr><td colspan="3">[Rationale for Appointment as a Candidate for Director]
With regard to the rationale for the appointment of Toshihiro Teramachi as a candidate for Director, Mr. Teramachi has supervised and controlled the Company and the entire Group operating in Japan and overseas, and based on his considerable experience and actual performance, we judged Mr. Teramachi to be a human resource who can supervise and control the entire Group appropriately, especially in our efforts for global business development and development into new fields, as well as change in business style, to improve the corporate value of the THK Group.

Note: There is no special interest relationship between Toshihiro Teramachi and the Company.</td></tr>
</table>

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<table>
<tr><th>Candidate No.</th><th>Name
(Date of Birth)</th><th>Brief History, Position, Assigned Tasks and Significant Positions Concurrently Held</th><th>Number of the Shares of the Company Held</th></tr>
<tr><td rowspan="2">3</td><td>[Reappointment]

Hiroshi Imano
(January 31, 1954)

Service years as Director: 12 years and 9 months

Attendance at the Board of Directors meetings: 100% (16 of 16 meetings)</td><td>Mar. 2004 Resigned from Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.)
Apr. 2004 Joined the Company
May 2004 President of THK MANUFACTURING OF CHINA (WUXI) CO., LTD.
Oct. 2007 General Manager of Production Division of the Company
Dec. 2007 Representative Director and President of THK Manufacturing of Europe S.A.S.
Jun. 2008 Director of the Company
Jun. 2010 Managing Director
Jun. 2012 Director and Executive Vice President (current position)</td><td>3,500</td></tr>
<tr><td colspan="3">[Rationale for Appointment as a Candidate for Director]
With regard to the rationale for the appointment of Hiroshi Imano as a candidate for Director, Mr. Imano has supervised and controlled the Company and the entire Group operating in Japan and overseas, and based on his considerable experience and actual performance, we judged Mr. Imano to be a human resource who can supervise and control the entire Group appropriately, especially in our efforts for global business development and development into new fields, as well as change in business style, to improve the corporate value of the THK Group.

Note: There is no special interest relationship between Hiroshi Imano and the Company.</td></tr>
</table>

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<table>
<tr><th>Candidate No.</th><th>Name
(Date of Birth)</th><th>Brief History, Position, Assigned Tasks and Significant Positions Concurrently Held</th><th>Number of the Shares of the Company Held</th></tr>
<tr><td rowspan="2">4</td><td>[Reappointment]

Nobuyuki Maki
(May 12, 1960)

Service years as Director:
5 years and 9 months

Attendance at the Board of Directors meetings:
93%
(15 of 16 meetings)</td><td>Apr. 1983 Joined the Company
Jul. 1992 Manager of Chicago Branch of THK America, Inc.
Jan. 2003 Representative Director and President of THK Manufacturing of America, Inc.
Oct. 2007 Manager of Yamaguchi Plant of the Company
Jun. 2010 Director
Senior General Manager of Production Division
Jun. 2014 Managing Executive Officer
(Retired as Director following the introduction of the Executive Officer System)
Apr. 2015 Senior General Manager of Sales Support Division
May 2015 General Manager of L&S Business Integration Division
Jun. 2015 Director (current position)
Nov. 2015 Director and Managing Executive Officer
Senior General Manager of Automotive & Transportation Business Unit
Jun. 2016 Director and Senior Managing Executive Officer (current position)
Senior General Manager of Automotive & Transportation Headquarters (current position)</td><td>4,300</td></tr>
<tr><td colspan="3">[Rationale for Appointment as a Candidate for Director]
With regard to the rationale for the appointment of Nobuyuki Maki as a candidate for Director, based on his considerable experience and actual performance as a person responsible for supervising and controlling the automotive & transportation business and a person responsible for controlling the production of the Company and the entire Group operating in Japan and overseas and the domestic and overseas sales operations of the THK Group, we judged Mr. Maki to be a human resource who can appropriately supervise and control the entire Group and the businesses that he is in charge of, especially in our efforts for global business development and development into new fields, as well as change in business style, to improve the corporate value of the THK Group.

Note: There is no special interest relationship between Nobuyuki Maki and the Company.</td></tr>
</table>

[Translation for Reference and Convenience Purposes Only]

<table>
<tr><th>Candidate No.</th><th>Name
(Date of Birth)</th><th>Brief History, Position, Assigned Tasks and Significant Positions Concurrently Held</th><th>Number of the Shares of the Company Held</th></tr>
<tr><td rowspan="2">5</td><td>[Reappointment]

Takashi Teramachi
(November 17, 1978)

Service years as Director:
6 years and 9 months

Attendance at the Board of Directors meetings:
100%
(16 of 16 meetings)</td><td>Sep. 2013 Resigned from Sumitomo Corporation
Nov. 2013 Joined the Company
Jan. 2014 General Manager of IMT Division
Jun. 2014 Director (current position)
Executive Officer
Deputy General Manager of IMT Division
Representative Director and President of THK INTECHS CO., LTD.
Jun. 2016 Senior Managing Executive Officer (current position)
Senior General Manager of Industrial Machinery Headquarters (current position)</td><td>3,100</td></tr>
<tr><td colspan="3">[Rationale for Appointment as a Candidate for Director]
With regard to the rationale for the appointment of Takashi Teramachi as a candidate for Director, based on his considerable experience and actual performance as a person responsible for the THK Group’s robotics and unit products fields, we judged Mr. Teramachi to be a human resource who can appropriately supervise and control the entire Group and the businesses that he is in charge of, especially in our efforts for global business development and development into new fields, as well as change in business style, to improve the corporate value of the THK Group.

Note: There is no special interest relationship between Takashi Teramachi and the Company.</td></tr>
</table>

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<table>
<tr><th>Candidate No.</th><th>Name
(Date of Birth)</th><th>Brief History, Position, Assigned Tasks and Significant Positions Concurrently Held</th><th>Number of the Shares of the Company Held</th></tr>
<tr><td rowspan="2">6</td><td>[Reappointment]

Junji Shimomaki
(October 6, 1953)

Service years as Director:
4 years and 9 months

Attendance at the Board of Directors meetings:
100%
(16 of 16 meetings)</td><td>Apr. 1976 Joined the Company
Jul. 1992 Manager of Tokyo Branch
Feb. 2003 General Manager of East Japan Sales Region I
Jun. 2004 General Manager of East Japan Sales Region II
Jun. 2009 Director
Senior General Manager of Sales Division
Oct. 2011 General Manager of ACE Division
Jun. 2014 Managing Executive Officer (current position)
(Retired as Director following the introduction of the Executive Officer System)
Jun. 2016 Director (current position)
General Manager of Industrial Machinery Headquarters (current position)
Senior General Manager of Sales Division, Industrial Machinery Headquarters (current position)</td><td>8,900</td></tr>
<tr><td colspan="3">[Rationale for Appointment as a Candidate for Director]
With regard to the rationale for the appointment of Junji Shimomaki as a candidate for Director, based on his considerable experience and actual performance as a person responsible for supervising and controlling the industrial machinery business and a person responsible for controlling the sales operations of the Company and the entire Group operating in Japan and overseas, we judged Mr. Shimomaki to be a human resource who can appropriately supervise and control the entire Group and the businesses he is in charge of, especially in our efforts for global business development and development into new fields, as well as change in business style, to improve the corporate value of the THK Group.

Note: There is no special interest relationship between Junji Shimomaki and the Company.</td></tr>
</table>

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<table>
<tr><th>Candidate No.</th><th>Name
(Date of Birth)</th><th colspan="2">Brief History, Position, Assigned Tasks and Significant Positions Concurrently Held</th><th>Number of the Shares of the Company Held</th></tr>
<tr><td rowspan="2">7</td><td>[Reappointment]

Junichi Sakai
(October 5, 1947)

Service years as Director: 16 years and 9 months

Attendance at the Board of Directors meetings: 100%
(16 of 16 meetings)</td><td>Jan. 1990

Jul. 1992
Oct. 1994
Mar. 2000
Feb. 2003

Jun. 2004
Sep. 2006

Jun. 2014

Jun. 2016</td><td>Resigned from NIPPEI TOYAMA CORPORATION
Joined the Company
General Manager of Mechatronics Division
General Manager of Sales Engineering Division
General Manager of East Japan Sales Region I
General Manager of Quality Assurance Division
General Manager of Advanced Technology Information Center
Director (current position)
General Manager of Quality Assurance Division
General Manager of Advanced Technology Information Center
Executive Officer
General Manager of ICB Center
In charge of Quality Assurance, Risk Management, and Production Engineering (current position)</td><td>4,850</td></tr>
<tr><td colspan="3">[Rationale for Appointment as a Candidate for Director]
The rationale for the appointment of Junichi Sakai as a candidate for Director is that we believe that he is capable of appropriately engaging in overall supervision and management of the THK Group and businesses he is in charge of as the THK Group undertakes full-scale globalization and development of new business areas, as well as change in business style, to enhance the corporate value of the THK Group on the basis of his abundant experience and accomplishments gained in management as a technology, quality and sales executive.

Note: There is no special interest relationship between Junichi Sakai and the Company.</td></tr>
</table>

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<table>
<tr><th>Candidate No.</th><th>Name
(Date of Birth)</th><th>Brief History, Position, Assigned Tasks and Significant Positions Concurrently Held</th><th>Number of the Shares of the Company Held</th></tr>
<tr><td rowspan="2">8</td><td>[Reappointment]
[Outside Director]
[Independent]

Masaaki Kainosho
(January 21, 1951)

Service years as Outside Director:
8 years and 9 months

Attendance at the Board of Directors meetings:
100%
(16 of 16 meetings)</td><td>Apr. 1976 Joined Mitsui Bank (currently Sumitomo Mitsui Banking Corporation)
Apr. 1996 Resigned from The Sakura Bank, Limited (currently Sumitomo Mitsui Banking Corporation)
May 1996 Joined SAP Japan Co., Ltd.
Sep. 1999 Resigned from SAP Japan Co., Ltd.
Joined Japan Business Create Co., Ltd.
Jan. 2005 Resigned from Japan Business Create Co., Ltd.
Representative Director of K-BRAIN CO., LTD. (currently KAINOSHO CO., LTD.) (current position)
Apr. 2011 Professor of Otsuma Women’s University Junior College Division (current position)
Jun. 2012 Outside Director of the Company (current position)
<Significant positions concurrently held>
Representative Director of KAINOSHO CO., LTD.
Professor of Otsuma Women’s University Junior College Division</td><td>3,400</td></tr>
<tr><td colspan="3">[Rationale for Appointment as a Candidate for Outside Director]
The rationale for the appointment of Masaaki Kainosho as a candidate for Outside Director is that we expect that he will help ensure the objectivity, neutrality and legality of the Company’s management as the THK Group undertakes full-scale globalization and development of new business areas, as well as change in business style, to enhance the corporate value of the THK Group on the basis of his abundant experience and accomplishments, and insights gained as a university professor knowledgeable about business administration and as the manager of a management consulting company.
Although Mr. Kainosho held a position at Mitsui Bank, from April 1976 to April 1996, which was a previous entity of Sumitomo Mitsui Banking Corporation, currently a lender to the Company, he consistently belonged to an IT system-related unit and the Company did not have any transactional relationship with Mitsui Bank at that time. Therefore, we have determined that Mr. Kainosho can maintain his independence and perform his duties appropriately as Outside Director of the Company.

Notes:
1. There is no special interest relationship between Masaaki Kainosho and the Company.
2. Masaaki Kainosho is a candidate for Outside Director.
3. Under the provisions of Article 427, Paragraph 1, of the Companies Act, the Company has entered into an agreement with Masaaki Kainosho to limit his indemnity liability under Article 423, Paragraph 1, thereof. The limitation of liability under the agreement is either the higher of ¥10 million or the minimum liability limit stipulated in Article 425, Paragraph 1, of the Companies Act. If Mr. Kainosho is reelected, the Company intends to continue the limited liability agreement with him as an Outside Director.
4. The Company registered Masaaki Kainosho as an independent officer in accordance with the regulations of the Tokyo Stock Exchange. If Mr. Kainosho is reelected, the Company intends to continue to register him as an independent officer.</td></tr>
</table>

Notes: 1. The summary of the Audit and Supervisory Committee’s opinion regarding the appointment of Directors and remuneration, etc. is as follows.
The Nomination Advisory Committee deliberated each candidate’s qualifications as a Director by examining their knowledge, experience, and ability, etc. One Audit and Supervisory Committee Member participated in deliberations as a member of the Nomination Advisory Committee. The Audit and Supervisory Committee had a discussion based on the deliberation results of the Nomination Advisory Committee. As a result, we have determined that the

nomination procedure was carried out properly and each candidate is qualified to be a Director of the Company.
The Audit and Supervisory Committee deliberated over remuneration for Directors based on the deliberation results of the Remuneration Advisory Committee, in which one Audit and Supervisory Committee Member participates in deliberations, as was the case with the deliberations by the Nomination Advisory Committee. As a result, we have determined that remuneration is appropriate considering that the decision procedure was carried out properly in accordance with the remuneration system.

2. Summary of Directors and Officers Liability Insurance Contracts
The Company has entered into a liability insurance contract with an insurance company for directors and officers, as stipulated in Article 430-3, Paragraph 1 of the Companies Act, with the Directors as the insured, and plans to renew the said contract in July 2021.
If the election of candidate is approved and adopted with this proposal, each candidate will continue to be insured under the said contract.
(i) Summary of insurance incidents subject to coverage
The insurance covers damages that may occur due to an insured director or officer being held liable for the execution of his/her duties or being subject to a claim related to the pursuit of such liability.
(ii) Insurance fee
Insurance fees are paid in full by the Company.

(Reference) The Company's Standards for Independence of Outside Directors

The Company formulated its Standards for Independence of Outside Directors as follows. Any person who falls under any of the following items is judged not to be "independent."

1. Not currently a business operator of the Group but was a business operator of the Company within 10 years before the assumption of current office (provided, however, with regard to a person who was a non-Executive Director, Auditor or Accounting Advisor sometime within 10 years before the assumption of office, within 10 years before assuming such office)
2. Entity for which the Company is a major client or its business operator
3. The Company's major client or its business operator
4. Consultant, Certified Public Accountant or other accounting expert or a legal expert such as a lawyer who is receiving from the Company a large amount of money or other assets other than officer's remuneration (if the recipient of such money or asset is an organization such as a corporation, a person who belongs to such an organization)
5. Person who falls under 2, 3 or 4 above in the past one year
6. Spouse or a relative within the second degree of kinship of the following persons (excluding those who are not important)
   (a) Person who falls under 2 through 5 above
   (b) A business operator of the Group
   (c) Person who falls under (b) above in the past one year
7. The Company's shareholder who holds 10% or more of the current total voting rights of the Company (if the shareholder is an organization such as a corporation, a business operator of the organization)

Notes:

A "business operator" refers to a person who executes business duties as prescribed in Article 2, Paragraph 3, Item 6, of the Regulation for Enforcement of the Companies Act, including Executive Directors, Executive Officers, Managers and other employees but excluding non-Executive Directors and Auditors.

The Company's concept of "major" and "importance":

A person or an organization such as a corporation that gives significant influence on the Company's decision making as well as stakeholders including shareholders, or a business operator who belongs to such an organization

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

(Submitted Documents)

Business Report

(From January 1, 2020 to December 31, 2020)

1. Present Status of the Corporate Group

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

Beginning with the consolidated fiscal year under review, the THK Group has prepared the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) rather than the Japanese accounting standards as had previously been the case. Quantitative data presented in the Business Report and Consolidated Financial Statements for the consolidated fiscal year under review has been stated to reflect application of the IFRS. This data includes respective figures posted for the fiscal year ended December 31, 2018, and subsequent fiscal years.

1. Business Progress and Results

Economic Environment

In this fiscal year, while demands remained at a low level because of the US-China trade friction, there were growing concerns of the global economic slowdown due to the worldwide COVID-19 pandemic.

Overall Summary of Revenue

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

In the industrial machinery business, demand remained at a low level mainly in developed countries due to the US-China trade friction and the COVID-19 pandemic. In the transportation equipment business, the sluggish car sales and the COVID-19 pandemic had an adverse impact on the Group’s production and shipping operations, especially in the second quarter period from April to June 2020. As a result,

consolidated revenue amounted to ¥218,998 million, down ¥55,601 million, or 20.2%, compared to the figure a year earlier.

Overall Summary of Income

On the cost front, the THK Group continued to implement various activities to improve its productivity and to mitigate the decline in profitability. The cost to revenue ratio, however, rose 3.4% from a year earlier to 78.8% due to the sharp decrease in revenue.

Selling, general and administrative expenses amounted to ¥44,833 million, down ¥4,604 million, or 9.3%, compared to the figure a year earlier. This was mainly attributable to the THK Group's endeavors to contain costs and improve operating efficiency as well as the decreased revenue. The ratio to net revenue, however, worsened by 2.5% from a year earlier to 20.5%.

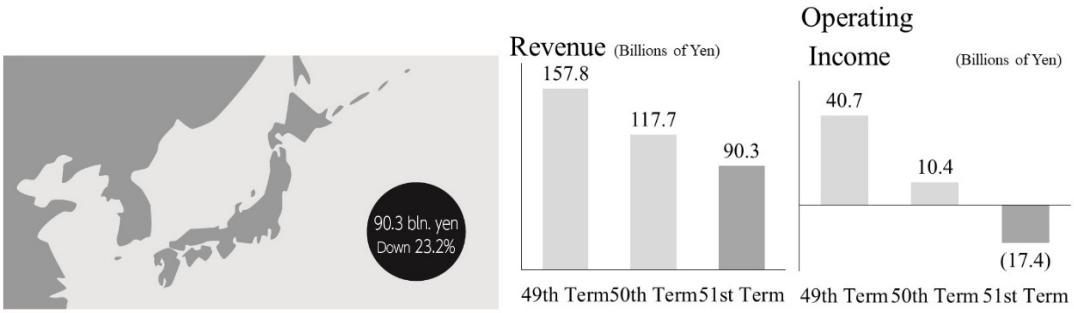
In addition, since there was an indication of impairment arising from decline in revenue impacted by the deterioration of the market environment caused by the COVID-19 pandemic, certain non-current assets held by the Company's consolidated subsidiaries who engage in the transportation equipment business were tested for impairment under IFRS. As a result, the THK Group recognized an impairment loss of non-current assets of ¥8,083 million as other expenses for the year ended December 31, 2020. On the other hand, the THK Group implemented a structural reform to improve its profitability and recorded ¥738 million of restructuring costs of its production system as other expenses. In addition, the THK Group also recorded ¥653 million of non-recurring complaints handling costs incurred in the transportation equipment business as other expenses. Consequently, the THK Group recorded ¥8,499 million of operating loss (¥18,277 million of operating income a year earlier).

Finance income and finance costs were ¥764 million and ¥1,990 million, respectively.

As a result, loss before tax and loss attributable to owners of the parent were ¥9,725 million (¥18,168 million of profit before tax a year earlier) and ¥9,992 million (¥11,690 million of profit attributable to owners of the parent a year earlier), respectively.

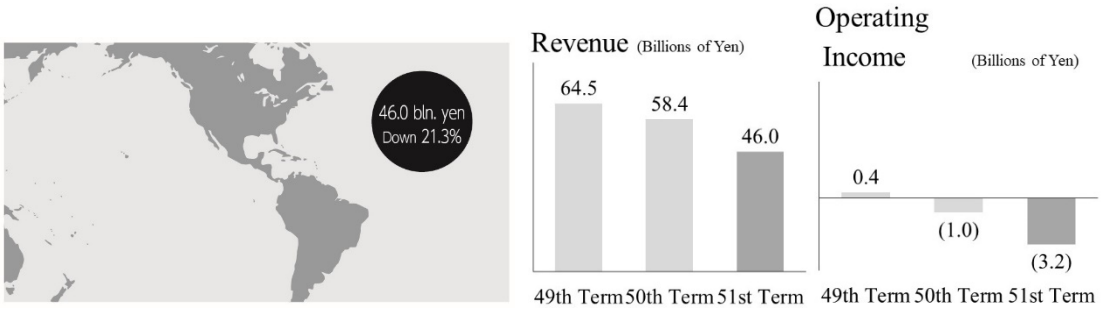
Segment Breakdown

Japan



In the industrial machinery business in Japan, while demand for machine tool products remained at a low level, demand for electronic products, which showed a sign of recovery in the latter half of the previous year, continued its recovery trend. In the transportation equipment business, the COVID-19 pandemic had an adverse impact on the THK Group's production and shipping operations, especially in the second quarter period from April to June 2020. As a result, revenue decreased by ¥27,361 million, or 23.2%, to ¥90,378 million, as compared to the figure a year earlier. Operating income (segment income) dropped by ¥27,884 million, and consequently turned to ¥17,400 million of operating loss (segment loss) due to the decreased revenue, the temporary operation shutdowns, and ¥5,158 million of other expenses recorded for an impairment loss of non-current assets held by THK RHYTHM CO., LTD., a consolidated subsidiary who engages in the transportation equipment business.

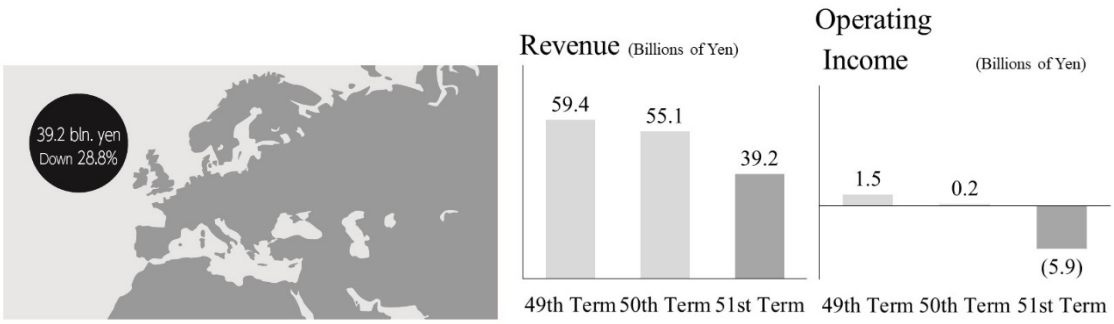
The Americas



In the industrial machinery business in the Americas, demand for electronic products showed a sign of recovery. In the transportation equipment business; however, the COVID-19 pandemic had an adverse impact on the THK Group's production and shipping operations, especially in the second quarter period from April to June 2020. As a result, revenue decreased by ¥12,461 million, or 21.3%, to ¥46,019 million. Operating loss (segment loss) worsened by ¥2,226 million to ¥3,239 million due to the decreased revenue, the temporary operation shutdowns, and ¥994 million of other expenses recorded for an impairment loss of non-current assets held by THK

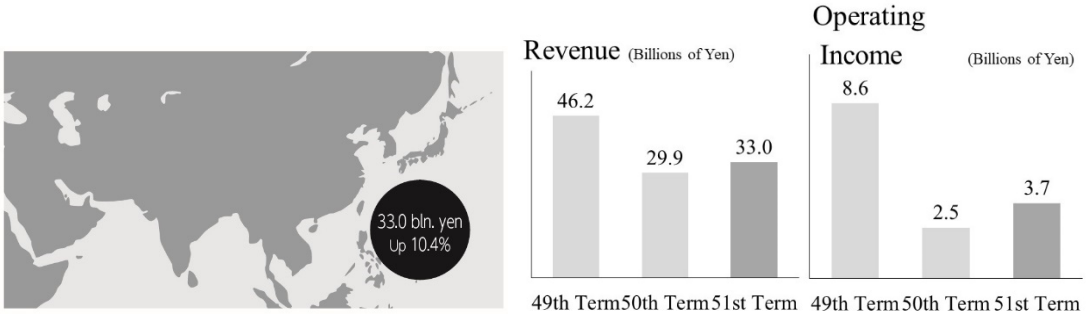
RHYTHM MEXICANA, S.A. DE C.V., a consolidated subsidiary who engages in the transportation equipment business.

Europe



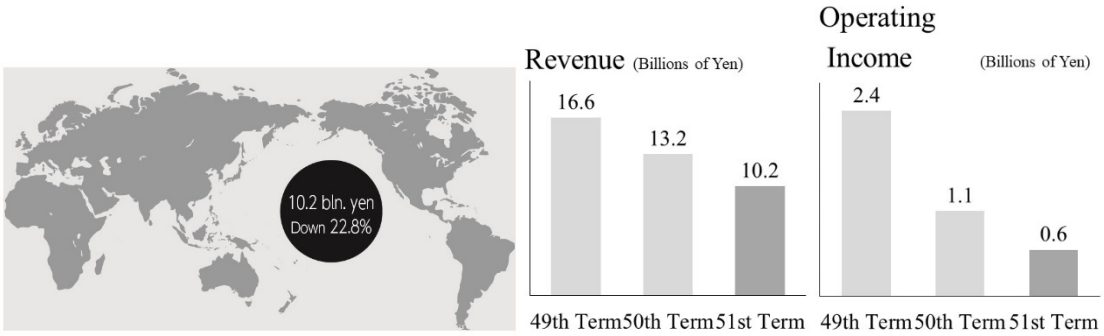
In the industrial machinery business in Europe, the COVID-19 pandemic caused temporary operation shutdowns in certain offices from the middle of March to the middle of April 2020. In the transportation equipment business, the COVID-19 pandemic had an adverse impact on the THK Group's production and shipping operations, especially in the second quarter period from April to June 2020. As a result, revenue decreased by ¥15,868 million, or 28.8%, to ¥39,274 million. Operating income (segment income) dropped by ¥6,271 million, and consequently turned to ¥5,983 million of operating loss (segment loss) due to the decreased revenue, the temporary operation shutdowns, and ¥1,930 million of other expenses recorded for an impairment loss of non-current assets held by THK RHYTHM AUTOMOTIVE GmbH, a consolidated subsidiary who engages in the transportation equipment business.

China



In China, the COVID-19 pandemic caused temporary operation shutdowns in the offices of the industrial machinery business and the transportation equipment business for a period starting from the end of the Chinese New Year to the middle of February 2020. However, demand recovered as economic activities in China subsequently resumed earlier than the other countries. As a result, as compared to the figure a year earlier, revenue increased by ¥3,115 million, or 10.4%, to ¥33,085 million. Operating income (segment income) also increased by ¥1,192 million, or 47.0%, to ¥3,730 million due mainly to the increased revenue.

Other Areas



In other countries and regions, the THK Group continued to expand and deepen transactions with existing customers and to cultivate new customers while demand for THK Group's products was widely expanded in India and the ASEAN countries. Revenue, however, decreased by ¥3,024 million, or 22.8%, to ¥10,240 million, because of the weakness in the overall demand situation due to the COVID-19 pandemic. Operating income (segment income) decreased by ¥528 million, or 45.0%, to ¥647 million due to the decreased revenue.

Overall Summary of Research and Development

The THK Group is actively engaged in R&D activities, conducted primarily at its Head Office and the Technology Center (Tokyo) as an R&D base, to develop core LM systems and other products by applying the core technologies and know-how in Linear Motion Systems, including mechatronics such as Precision XY Stage and Linear motor actuators, and products in fields close to consumer goods such as automobiles, seismic isolation and damping systems, medical equipment, aircraft, renewable energy, and robotics.

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

In the industrial machinery business, THK developed the Model FHS super-high speed LM Guide. As the world's fastest linear motion guide capable of achieving speeds of 15 meters per second, the Model FHS will enable us to tap market opportunities particularly with respect to robotic transfer, laser cutters and unloading robots. THK also launched the Model HRG, which is the world's narrowest roller guide at a width of 8 millimeters. The HRG is a full roller with a structure that employs a roller retaining function, proposing downsizing and weight reduction of the equipment. In the ball spline field, we have augmented our product line with the development of the LFK-X and LFH-X models. These models feature a lower middle flange height which contributes to the possibility of more compact peripheral components. As for ball screws, THK has developed the HBN-P high-load ball screw for presses capable of withstanding double the permissible axial load. Its high

permissible load allows for an equipment design featuring a smaller screw shaft diameter. In addition, THK has supplemented its product lineup with the SDA10VZ high-speed, compact precision ball screw, which aligns with the DIN Standards. THK has been tapping new market opportunities in offering optimal products for the consumer segment, having introduced its CRES6000 rod-type actuator with 6000N thrust and its ATG utility slide.

In the robotics realm, THK has developed and launched its SIGNAS transfer robot. The SIGNAS robot differs from conventional automated guided vehicles (AGV) in that it enlists new guidance methods that are unprecedented as a result of it being equipped with a proprietary autonomous movement control system. Moreover, as a measure to prevent transmission of COVID-19, THK has developed a temperature check robot that helps reduce risk inherent in person-to-person contact.

In IoT-related fields, having embarked on full-scale launch of its OMNIedge IoT service for the manufacturing industry in January 2020, THK has initiated service operation of predictive failure detection that involves visually monitoring the status of components with respect to linear motion (LM) guides and ball screws. As its next stage of development, THK will supplement its lineup with service operations for rotating parts such as pumps, fans, and conveyors that use bearings and other such components.

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

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

Furthermore, as the third pillar of its business, the THK Group is striving to expand sales of its product lineup targeting existing customer needs, while at the same time promoting the development of next-generation products at its R&D divisions in Japan and overseas, utilizing composite technologies to target potential needs five or ten years into the future, of which customers themselves are not yet aware.

Overall Summary of the Operation and Production Systems

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

In terms of sales activities, the THK Group developed new functions for "Omni THK" to maximize its value offered to customers utilizing digital technology such as the IoT and AI as well as further expand sales. As part of its "OMNIedge" IoT service enabling predictive failure detection in facilities of manufacturing industry customers, the Company launched sales of a service for linear motion (LM) guide applications in January 2020 and subsequently added to its lineup of such services for ball screws in November. Further on, the Company has also started a free trial for rotating parts. In this way, it is pushing ahead faster with unprecedented new initiatives amid the rapid progress of digital technology.

In terms of production, the THK Group continued to promote the incorporation of automation and robots into the production process in each region and also progressed construction of a new plant in India, where demand is expected to expand over the medium to long term, and also in South Korea, at its equity-method affiliate SAMICK THK CO., LTD. THK has been striving to further strengthen its production systems amid a scenario where it put the new plant in South Korea into operation in November 2020, but postponed operation of the new plant in India until summer in 2021 largely as a result of sluggish demand due to the COVID-19 pandemic.

Term-end Dividends

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

In accordance with this policy, the Company plans ¥7.5 per share for the year-end dividends. As a result, cash dividends applicable for the year ended December 31, 2020 will be ¥15.0 per share, including the interim dividends of ¥7.5 per share. Since the Company will celebrate the 50th anniversary of its founding on April 10, 2021, it plans to add commemorative dividends of ¥5.00 per share (¥2.5 per share for both interim dividend and year-end dividend) to the dividend determined based on the payout ratio at 30% for the year ending December 31, 2021.

2. Status of Capital Investments

Total capital investments in the consolidated fiscal year under review amounted to ¥16,356 million, consisting mostly of investments in buildings and processing facilities that were made to reinforce production facilities and improve product quality. The main investment amount at each base is as follows:

Domestic Operational Bases	THK CO., LTD.	(Millions of Yen)
	Yamaguchi Plant	1,533
	Yamagata Plant	934
	THK RHYTHM CO., LTD.	1,388
Overseas Operational Bases	THK India Pvt. Ltd.	1,584
	THK RHYTHM CHANGZHOU CO., LTD.	1,311
	THK RHYTHM AUTOMOTIVE CZECH a.s.	1,001
	THK RHYTHM AUTOMOTIVE CANADA LTD.	910
	THK RHYTHM NORTH AMERICA CO., LTD.	579

3. Status of Funding

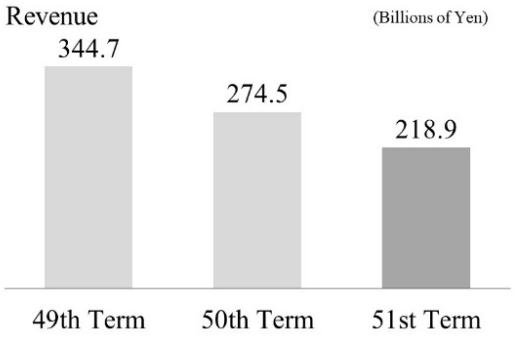
During the consolidated fiscal year under review, the Group raised funds of ¥30,000 million by the issuance of straight bonds.

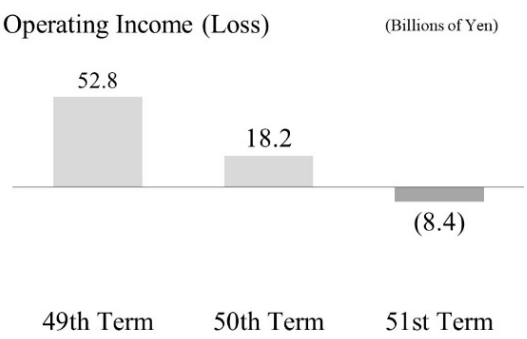
Name of Company	Description	Date of issuance	Total amount of issuance (Millions of Yen)	Rate (%)	Due date
THK CO., LTD.	The Fifteenth Series of THK CO., LTD. Unsecured Straight Bonds (with limited inter-bond pari passu clause)	February 7, 2020	10,000	0.250	February 5, 2027
THK CO., LTD.	The Sixteenth Series of THK CO., LTD. Unsecured Straight Bonds (with limited inter-bond pari passu clause)	September 15, 2020	10,000	0.010	September 15, 2023
THK CO., LTD.	The Seventeenth Series of THK CO., LTD. Unsecured Straight Bonds (with limited inter-bond pari passu clause)	September 15, 2020	10,000	0.180	September 12, 2025

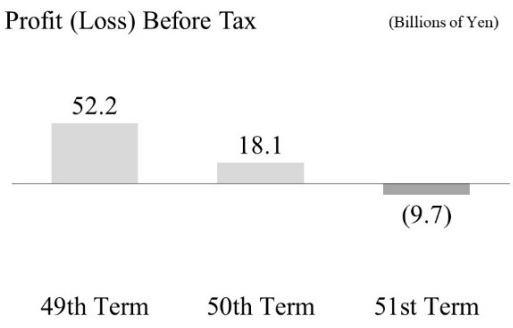
For effective funding of operating capital, the Group has concluded Specified Commitment Line Contract totaling ¥30,000 million with its main correspondent financial institutions.

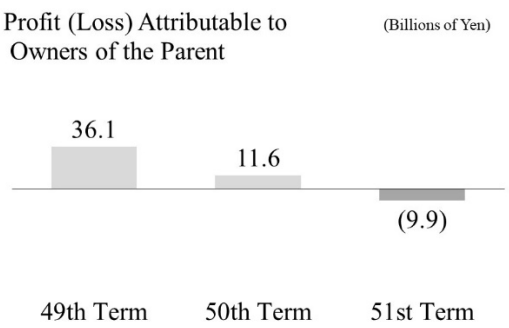
(2) Assets and Profit/Loss

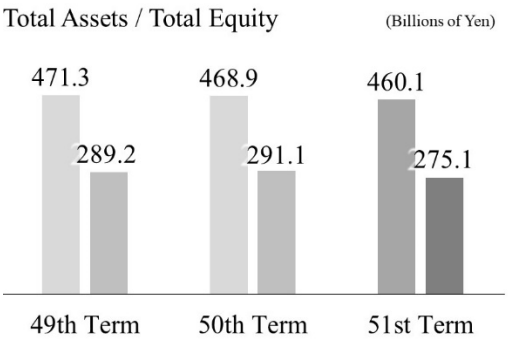
Assets and Profit/Loss of the Group

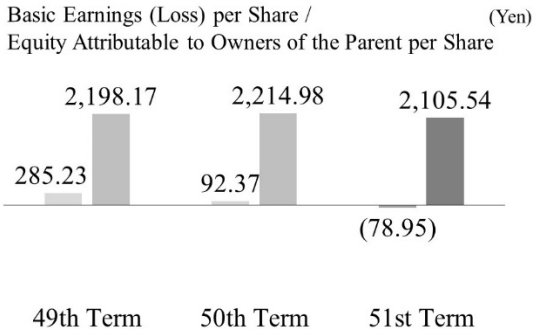


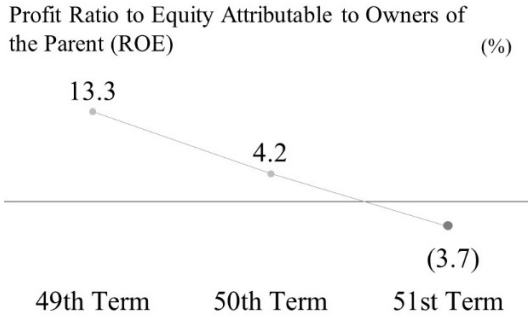


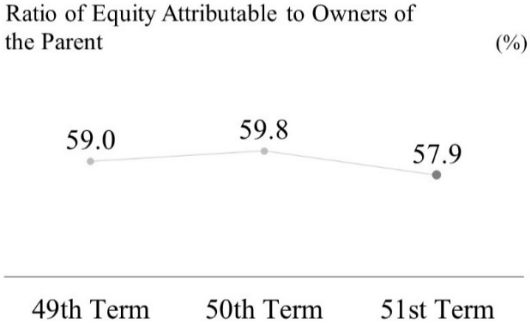












[Translation for Reference and Convenience Purposes Only]

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

Millions of Yen				
Item	48th Term (Term Ended December 2017)	49th Term (Term Ended December 2018)	50th Term (Term Ended December 2019)	51st Term (Term Ended December 2020; Current Consolidated Fiscal Year)
Sales Revenue	286,603	353,479	277,900	–
Operating Income	29,279	49,832	17,265	–
Ordinary Income	31,254	51,758	18,940	–
Net Income Attributable to Owners of the Parent	25,729	35,400	9,602	–
Total Assets	436,664	462,931	459,909	–
Net Assets	281,754	294,719	294,229	–
Net Income per Share (Yen)	203.28	279.70	75.87	–
Net Assets per Share (Yen)	2,140.71	2,240.74	2,238.77	–
Return on Equity (%)	9.9	12.8	3.4	–
Equity Ratio (%)	62.0	61.3	61.6	–

Notes: 1. Net income per share is calculated based on the average number of outstanding shares of the term. Net assets per share are calculated based on the number of outstanding shares at the term end. In calculating net income per share and net assets per share, the number of shares of treasury stock is deducted from the total average number of outstanding shares of the term and the total number of outstanding shares at the term end, respectively.

2. Following the change in the fiscal year-end, the 48th Term covers the nine months from April 1, 2017 to December 31, 2017.

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

International Financial Reporting Standards (IFRS)

Millions of Yen				
Item	48th Term (Term Ended December 2017)	49th Term (Term Ended December 2018)	50th Term (Term Ended December 2019)	51st Term (Term Ended December 2020; Current Consolidated Fiscal Year)
Revenue	–	344,718	274,599	218,998
Operating Income (Loss)	–	52,848	18,277	(8,499)
Profit (Loss) Before Tax	–	52,262	18,168	(9,725)
Profit (Loss) Attributable to Owners of the Parent	–	36,100	11,690	(9,992)
Total Assets	–	471,369	468,945	460,173
Total Equity	–	289,278	291,132	275,148
Basic Earnings (Loss) per Share (Yen)	–	285.23	92.37	(78.95)
Equity Attributable to Owners of the Parent per Share (Yen)	–	2,198.17	2,214.98	2,105.54
Profit Ratio to Equity Attributable to Owners of the Parent (%)	–	13.3	4.2	(3.7)
Ratio of Equity Attributable to Owners of the Parent (%)	–	59.0	59.8	57.9

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

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

Millions of Yen				
Item	48th Term (Term Ended December 2017)	49th Term (Term Ended December 2018)	50th Term (Term Ended December 2019)	51st Term (Term Ended December 2020; Current Fiscal Year)
Net Sales	123,403	186,311	136,189	102,866
Operating Income	18,656	34,699	11,933	365
Ordinary Income	20,756	39,053	15,746	2,118
Net income (Loss)	28,215	28,035	7,559	(13,183)

Notes: 1. Following the change in the fiscal year-end, the 48th Term covers the nine months from April 1, 2017 to December 31, 2017.
2. Effective from the beginning of the 50th Term, the Company applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Statement No. 28 issued by Accounting Standards Board of Japan, February 16, 2018).

The 49th Term figures in the above table have been retrospectively adjusted in accordance with the revised standard.

(3) Description of Main Business Operations (As of December 31, 2020)

The THK Group supplies the world with vital machinery components that convert "sliding" motion into "rolling" motion, thereby enabling motion parts to move "lighter" and "more accurately" in linear motions. Since its establishment in 1971, the Company has been contributing to the development of industry with respect to indispensable component parts, underpinned by its management philosophy of "providing innovative products to the world and generating new trends to contribute to the creation of an affluent society." This has involved serving as a company focused on creation and development in supplying machine components that include THK's LM Guide (Linear Motion Guide), while also achieving improvements in terms of high precision, high rigidity, high speed, and energy saving with respect to various machines and equipment such as machine tools and semiconductor manufacturing equipment. In recent years, the THK Group's products have come to be used across an increasingly extensive range of applications beyond the field of industrial machinery. For instance, in addition to fields close to consumer goods such as automobiles, medical equipment, aircraft, and service robotics, our products are also finding uses in applications aimed at mitigating risk of natural disasters and climate change, including applications in seismic isolation and damping systems, as well as renewable energy. As such, we will accordingly contribute to society through our primary operations serving as an essential business as our many customers worldwide turn to us for product supply, while concurrently striving to increase our corporate value as we engage in initiatives that help give rise to a sustainable society in the midst of global warming and other changes in the global environment.

(4) Future Tasks

The THK Group will endeavor to expand its fields of business based on the pillars of its growth strategy focusing on: "Full-Scale Globalization" aiming to expand its geographic business areas, "Development of New Business Areas" aiming to expand applications of its products, and "Change in Business Style" aiming to thoroughly apply Artificial Intelligence (AI), IoT, robotics, and other technologies.

Under the "Full-Scale Globalization" objective, we have been building a "unified producer-retailer system at the locations closer to centers of demand" whereby products will be produced and sold locally in our four key geographic regions of Japan, the Americas, Europe and Asia. Meanwhile, we believe there is still plenty of latent demand for linear motion products overseas. This is because linear motion products, including the THK Group's LM Guide, maintain high levels of familiarity and a high market share in Japan yet overseas have achieved low rates of market penetration relative to that of Japan. As such, we have been working to expand our sales network and to strengthen production structure in recent years, particularly in China and other emerging markets poised for growing demand over the medium to long term. Moreover, we will derive further growth from efforts that involve enhancing our sales network in a bid to steadily tap demand even in developed countries as the user base continues to expand.

For "Development of New Business Areas," we believe that while the main customers of our LM guides and other product groups are now capital goods

manufacturers, the adoption of THK Group's products is expanding to the fields of applications aimed at mitigating the risk of natural disasters and climate change, such as seismic isolation and damping systems, and renewable energy, in addition to the fields close to consumer goods such as automobiles, medical equipment, aircraft, and service robotics. We have pinpointed substantial demand in areas close at hand beyond the industrial realm, and accordingly aim to tap such demand through efforts that involve accelerating our pace of expansion into new fields of business by launching new products that apply our core linear motion system technologies developed thus far.

Under the "Change in Business Style" objective, we will strive to transform our business approach and framework through painstaking efforts in every aspect of operations encompassing areas that include sales, production, and development with respect to new technologies such as AI, IoT, and robotics, amid a scenario of digital technologies undergoing rapid development. We will furthermore take a multifaceted approach to expanding our business by creating new forms of customer experience, through initiatives that include promoting our Omni THK platform for communicating with customers, our OMNIedge IoT service for the manufacturing industry, and our THK DX Project.

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

(5) Status of Major Subsidiaries

1. Status of Major Subsidiaries

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

Name of Company	Capital Stock	Percentage of Voting Rights Held by the Company	Description of Main Business Operations
THK FINANCE UNLIMITED COMPANY	EUR 50,000 thousand	100	In-group financing and fund management for THK's group companies in Europe
THK (CHINA) CO., LTD.	CNY 2,168,045 thousand	100	Holding and controlling company in China and sales of vital machinery components
DALIAN THK CO., LTD.	CNY 420,997 thousand	70.00 (25.00)	Manufacturing and sales of vital machinery components in China
THK MANUFACTURING OF CHINA (WUXI) CO., LTD.	CNY 806,494 thousand	100 (100)	Manufacturing of vital machinery components in China
THK MANUFACTURING OF CHINA (LIAONING) CO., LTD.	CNY 848,827 thousand	100 (100)	Manufacturing of vital machinery components in China
THK RHYTHM GUANGZHOU CO., LTD.	CNY 91,498 thousand	70.00 (70.00)	Manufacturing and sales of transport equipment parts in China
THK RHYTHM CHANGZHOU CO., LTD.	CNY 237,265 thousand	75.00 (58.33)	Manufacturing and sales of transport equipment parts in China
THK RHYTHM (THAILAND) CO., LTD.	THB 350,000 thousand	70.00 (70.00)	Manufacturing and sales of transport equipment parts in other Asian countries
THK India Pvt. Ltd.	INR 4,000,000 thousand	99.98 (0.03)	Sales of vital machinery components in India

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

2. Status of Major Affiliated Companies

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

3. Progress of Business Combination

A. THK India Pvt. Ltd. conducted a capital increase in September 2020, bringing its capital stock amount to INR 4,000,000 thousand.

B. THK RHYTHM AUTOMOTIVE CANADA LIMITED conducted a capital increase in December 2020, bringing its capital stock amount to CAD 150,000 thousand.

(6) Major Offices and Plants (As of December 31, 2020)

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

(7) Status of Employees (As of December 31, 2020)

1. Employees of the Group

Business Segment	Number of Employees	Change from the Previous Consolidated Fiscal Year-End
Japan	5,536	+ 54
Americas	1,893	– 157
Europe	1,963	– 129
China	2,772	– 141
Other	750	+ 27
Total	12,914	– 346

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

2. Status of Employees of the Company

Number of Employees	Change from the Previous Fiscal Year	Average Age	Average Years of Service
3,957 employees	+ 66	40.0	17.6

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

(8) Status of Significant Borrowings (As of December 31, 2020)

(Millions of Yen)

Lender	Amount of Borrowing
Mizuho Bank, Ltd.	15,466
MUFG Bank, Ltd.	11,133
Sumitomo Mitsui Banking Corporation	2,911
Mizuho Trust & Banking Co., Ltd.	1,000
Sumitomo Mitsui Trust Bank, Limited	800
THE YAMAGUCHI BANK, Ltd.	700
Resona Bank, Limited.	600
The Yamanashi Chuo Bank, Ltd.	500

2. Current Status of the Company

(1) Status of Stocks (As of December 31, 2020)

1. Total number of authorized shares: 465,877,700
2. Total number of outstanding shares (incl. 7,286,864 of treasury shares) 133,856,903
3. Number of shareholders: 17,265
4. Major shareholders (Top 10):

Shareholder	Number of Shares Held (Thousand 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

Notes: 1. The treasury shares held by the Company, which is 7,286,864 shares in total, are excluded from the above-mentioned Shareholders.
2. Shareholding ratio is calculated by excluding treasury stock.

(2) Status of Corporate Officers

1. Status of Directors (As of December 31, 2020)

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

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

Notes: 1. Director Masaaki Kainosho and Directors (Audit and Supervisory Committee Members) Masakatsu Hioki, Tomitoshi Omura and Yoshiki Ueda are Outside Directors.

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

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

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

(As of December 31, 2020)

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

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

2. Description of Limited Liability Agreement

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

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

3. Remuneration for Directors

Classification	Persons Receiving Payment (Persons)	Amount of Payment (Millions of Yen)
Directors (excluding Audit and Supervisory Committee Members) (Outside Directors)	8 (1)	382 (13)
Directors (Audit and Supervisory Committee Members) (Outside Directors)	3 (3)	44 (44)
Total (Outside Directors)	11 (4)	427 (57)

Notes: 1. Pursuant to resolutions of the General Meeting of Shareholders, the maximum remuneration for a Director (excluding Audit and Supervisory Committee Member) is ¥100 million a month, not including the salary of employees who concurrently serve as Directors (Resolution of the Ordinary General Meeting of Shareholders in June 2016).
2. Pursuant to resolutions of the General Meeting of Shareholders, the maximum remuneration for a Director (Audit and Supervisory Committee Member) is ¥10 million a month (Resolution of the Ordinary General Meeting of Shareholders in June 2016).
3. There were eight (8) Directors (excluding Audit and Supervisory Committee Members) (of which one (1) was Outside Director) and three (3) Directors (Audit and Supervisory Committee Members) (of which three (3) were Outside Directors) at the end of the fiscal year under review.
4. The remuneration amounts in the table above include ¥50 million (¥50 million for Directors (excluding Directors who are Audit and Supervisory Committee Members)) to be payable as performance-based remuneration for the fiscal year under review.

4. Matters Related to Outside Officers

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

- Director Masaaki Kainosho is the Representative Director of KAINOSHO CO., LTD. and a professor at Otsuma Women's University Junior College Division. There is no special relationship between the Company and KAINOSHO CO., LTD., or Otsuma Women's University Junior College Division.
- Director Masakatsu Hioki (Audit and Supervisory Committee Member) is an Outside Director of SUKIYA CO., LTD. and an Outside Director of ZUIKO CO., LTD. There is no special relationship between the Company and SUKIYA CO., LTD., or ZUIKO CO., LTD.
- Director Tomitoshi Omura (Audit and Supervisory Committee Member) is the Managing Director of Omura Accounting Office. There is no special relationship between the Company and Omura Accounting Office.

- Director Yoshiki Ueda (Audit and Supervisory Committee Member) is an Outside Director of SINTOKOGIO, LTD., Representative Director & Chairman of Makino Milling Machine Co., Ltd., and Visiting Professor of National University Corporation Shizuoka University. The Company has business transactions with SINTOKOGIO, LTD. involving purchase, etc. of its products, but the amount of such transactions accounts for less than 1% of the Company's and SINTOKOGIO's sales revenue in the current consolidated fiscal year. The Company has business transactions with Makino Milling Machine Co., Ltd. involving purchase, etc. of the company's products, but the amount of such transactions accounts for less than 1% of the Company's and Makino Milling Machine's sales revenue in the current consolidated fiscal year. There is no special relationship between the Company and National University Corporation Shizuoka University.

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

Title	Name	Attendance at the Board of Directors meetings	Attendance at the Audit and Supervisory Committee meetings	Presentations at the Board of Directors meetings and the Audit and Supervisory Committee meetings
Outside Director	Masaaki Kainosho	100% (16 of 16 meetings)	–	Mr. Kainosho made comments based on his abundant experience, broad knowledge and insight as an university professor highly adept in management and as the manager of a management consulting firm.
Outside Director (Audit and Supervisory Committee Member)	Masakatsu Hioki	100% (16 of 16 meetings)	100% (14 of 14 meetings)	Mr. Hioki made comments based on his abundant experience, broad knowledge and insight mainly as a person responsible for personnel and general affairs in the management division of a global enterprise and a manufacturer.
Outside Director (Audit and Supervisory Committee Member)	Tomitoshi Omura	100% (16 of 16 meetings)	100% (14 of 14 meetings)	Mr. Omura made comments based on his abundant experience and, broad knowledge and insight as a certified public accountant highly adept in corporate accounting.
Outside Director (Audit and Supervisory Committee Member)	Yoshiki Ueda	100% (16 of 16 meetings)	100% (14 of 14 meetings)	Mr. Ueda made comments based on his abundant experience gained from his involvement in the field of machinery-related business in a global company, as well as broad knowledge and insight in corporate management.

(3) Status of Accounting Auditor

1. Name: Grant Thornton Taiyo LLC

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

(Millions of Yen)

	Amount of Remuneration
1. Amount of remuneration as the accounting auditor for the current fiscal year	106
2. Total sum of monies or money equivalent to be paid by the Company and its subsidiaries to the accounting auditor	109

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

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

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

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

4. Description of Non-Audit Activities

The Company entrusts the Accounting Auditor with preparation of letters to the leading underwriting firm in the bond issuance, which are services other than those provided for in Article 2, Paragraph 1, of the Certified Public Accountants Act (non-auditing services), and pays the Accounting Auditor for such advisory services.

5. Policy for Determining Dismissal and Non-Reappointment of Accounting Auditors

The Audit and Supervisory Committee, if it considers it necessary, such as in the case where the performance of the accounting auditor's duties is hindered, decides the details

of the proposal for the dismissal or non-reappointment of the accounting auditor to be presented to the General Meeting of Shareholders.

In addition, if it is considered that the accounting auditor comes under any of the items of Article 340, Paragraph 1, of the Companies Act, the accounting auditor will be dismissed with the consent of all Audit and Supervisory Committee Members. In this case, the Audit and Supervisory Committee Member selected by the Audit and Supervisory Committee will report the dismissal of the accounting auditor and the reason for such dismissal at the first General Meeting of Shareholders held after such dismissal.

(4) Systems to Ensure the Adequacy of Operations and the Status of Operation of Such Systems

[Basic Policy for the Internal Control System]

The following is an overview of decisions concerning the systems to ensure compliance with applicable laws and regulations and the Company's Articles of Incorporation in Directors' business executions and other systems to ensure adequacy in the Company's business operations.

1. Structures for ensuring that Directors' and employees' execution of their respective duties at the THK Group complies with laws and regulations and the Articles of Incorporation

To ensure that the THK Group's executives and employees comply with laws and regulations and the Articles of Incorporation and perform their respective duties under sound social norms, the Company establishes the "THK's Corporate Basic Policies" and the "THK Group Action Charter," and familiarizes its executives and employees with the policies and the charter. By repeatedly communicating the spirit of the policies and the charter to the Group's executives and employees, the Representative Director and President ensures that all corporate activities are carried out in compliance with laws and regulations. A Compliance Committee and a Risk Management Committee, chaired by the Representative Director and President, are established to ensure that compliance and corporate ethics form the basis of all our corporate activities. A Compliance Subcommittee, consisting of representatives from all operations divisions, is established as a subordinate organization. The Compliance Committee and the Risk Management Committee, whose observers include Outside Directors and external experts, establish a group-wide compliance structure and risk management structure, identify problems, and provide instructions for improvement. The "THK Group Helpline" is established and operated as a means to enable executives and employees of domestic Group companies to directly provide information regarding any legally questionable acts on a confidential or anonymous basis to the internal department(s) in charge of the matter in question and external experts.

2. Matters related to the preservation and management of information regarding Directors' execution of their duties

The Company records and preserves information on the Directors' execution of their duties in documents or electromagnetic media (hereinafter called "the documents, etc.") in accordance with the Document Management Regulations and the Security Control Regulations. The Directors may view the documents, etc. at any time. The Company establishes the Information Security Committee, chaired by the Representative Director and President, to implement proper use and management of information.

3. Regulations and other structures concerning the management of risk of loss for the THK Group

The departments of the Company in charge of compliance, environment, disasters, quality, information security, export control, risks related to new strains of influenza, etc. shall conduct activities such as establishing rules and guidelines, conducting education and training, and preparing and distributing manuals, while the Risk Management Division is established to monitor the status of cross-sectional risks and make company-wide responses. For any risk that has newly arisen, the Board of

Directors shall promptly appoint a Director or Executive Officer who serves as the response manager. In addition, to ensure continuity of our business in the case of a large-scale earthquake, the THK Group formulates a business continuity plan (BCP) and familiarizes its executives and employees with the plan. The Company's Internal Audit Division conducts audit on the risk management system of each Group company. The Company establishes the Risk Management Committee, chaired by the Representative Director and President, to establish a group-wide risk management system based on the Risk Management Regulations adopted by the Board of Directors. The Risk Management Division periodically collects and identifies risks concerning the THK Group, and reports them to the Risk Management Committee after analyzing and assessing the probability of occurrence and impact of such risks.

4. Structures for ensuring that the duties of the THK Group's Directors are efficiently executed

The Company's Board of Directors defines a company-wide management objective and management plan to be shared among the Directors, Executive Officers and employees from a medium to long term perspective, and conducts progress management thereof by utilizing the "Global Business Strategy Meeting" attended by personnel responsible for business execution such as the THK Group's Directors and Executive Officers in monitoring the status of achievement of such objective and plan. In addition, by formulating and introducing the Executive Officer System as a system under the Articles of Incorporation, the Company seeks to improve the management supervisory function of the Board of Directors and to clarify the roles and responsibilities related to the implementation of operations. Furthermore, the Company seeks to accelerate the process of making decisions and implementation of operations, and determines an efficient structure for implementing operations, which includes determination of specific measures and allotment of authorities for each division in order to achieve the objective. The Board of Directors establishes a system for achieving a company-wide streamlining of its operations by reviewing progress on a monthly and quarterly basis and facilitating improvement as necessary. The Company also formulates the "THK Group Basic Policy for Financial Management" related to the THK Group's overall financial management and introduces an accounting system and a Group finance system that are common to the THK Group companies with the aim of accelerating consolidated account closing work and streamlining fund management. In order to ensure that the duties of the THK Group's Directors are properly and efficiently executed, each Group company establishes internal regulations concerning division of duties and administrative authorities to clarify the authority and responsibility of each corporate officer.

5. Structures for ensuring the appropriateness of operations at the THK Group

The Company establishes a Risk Management Division as a department in charge of internal control of the THK Group, and creates a framework that incorporates a system to efficiently conduct activities such as discussions on internal control among the Group companies, information sharing, and communication of instructions and requests. The Directors of the Company and each president of the Group companies have the authority and responsibility to establish and operate an internal control system for each division. In addition, the Company's Internal Audit Division conducts internal audit of

the THK Group, reports the audit results to the Board of Directors and each president of the Group companies, and reports any matter related to internal control to the Risk Management Division. In response to reporting from the Internal Audit Division, the Risk Management Division instructs the respective Group companies regarding measures to improve internal control and provides assistance and advice on the implementation of such measures as necessary. In addition, "Internal Control Regulations for Financial Reporting" for the THK Group companies are established, maintained and administered as a framework for ensuring the reliability of financial reporting.

The Company periodically holds a "Global Business Strategy Meeting" attended by responsible personnel such as the THK Group's Directors and Executive Officers; in the meeting, such personnel responsible report on the status of operations and important matters. In addition, the Company establishes "Regulations for the Management of Affiliates" that oblige the Group companies to periodically report important information, such as their operating results and financial conditions, to the Company.

6. Structures for cases where the Audit and Supervisory Committee orders an employee to be appointed as its assistant, and matters related to ensuring the independence of the employee from Directors (excluding Directors who are Audit and Supervisory Committee Members) and the effectiveness of the Audit and Supervisory Committee's instructions to the employee

The Company establishes an Audit and Supervisory Committee Secretariat and assigns a dedicated employee to assist the performance of duties and smooth execution of duties by the Audit and Supervisory Committee.

The Company defines that the employee assigned to the Audit and Supervisory Committee Secretariat shall exclusively perform operations related to the Audit and Supervisory Committee, shall not be subject to instructions and orders from Directors who are not Audit and Supervisory Committee Members, and shall follow instructions and orders from the Audit and Supervisory Committee. Decisions on matters pertaining to personnel change and other personnel affairs shall be made with the consent of the Audit and Supervisory Committee to ensure the independence from execution divisions and the effectiveness of instructions from the Audit and Supervisory Committee to the dedicated employee.

7. Structures for Directors, etc. and employees of the THK Group, or persons who have received a report from such individuals, to report to the Company's Audit and Supervisory Committee

The Group's Directors (excluding those who are Audit and Supervisory Committee Members), Executive Officers, and employees respond promptly and adequately in the event that the Audit and Supervisory Committee requests a report on the businesses of the Company or conducts an investigation of operations and property.

The THK Group's Directors (excluding those who are Audit and Supervisory Committee Members), Executive Officers, and employees report immediately to the Audit and Supervisory Committee if facts that may cause significant damage to the THK Group, such as a violation of laws and regulations, are discovered. As a means of reporting, the Audit and Supervisory Committee is established as a contact point for

internal reporting in the THK Group Helpline, which is available for use by executives and employees of the domestic Group companies.
The Internal Audit Division reports the results of internal audit and the status of other activities conducted for the THK Group upon request from the Audit and Supervisory Committee.

The Risk Management Division reports the details of internal reports received via the THK Group Helpline and the details of reports related to compliance for the THK Group to the Audit and Supervisory Committee upon request. In order to ensure that the Basic Policy functions effectively, the Internal Audit Division and the Risk Management Division periodically report to the Board of Directors regarding the development and performance of matters specified in the Basic Policy.

8. Structures for ensuring that a person reporting to the Audit and Supervisory Committee is protected from being unfavorably treated on the grounds that he/she has made such a report

The Company prohibits the Directors (excluding those who are Audit and Supervisory Committee Members), Executive Officers, and employees from unfavorably treating a person directly reporting to the Audit and Supervisory Committee on the grounds that he/she has made such a report.

9. Matters relating to policy concerning procedures for advance payment or reimbursement of expenses incurred in the execution of duties of a Director who is an Audit and Supervisory Committee Member, and treatment of other expenses or debts incurred in the execution of such duties

If a Director who is an Audit and Supervisory Committee Member claims against the Company for reimbursement of any expense incurred in the execution of his/her duties, the Company shall promptly reimburse him/her for such expense or debt, unless such expense or debt is deemed unnecessary for the execution of duties of said Director who is an Audit and Supervisory Committee Member. In addition, the Company sets aside a budget for a certain amount every year for expenses that may be incurred in the execution of duties by the Directors who are Audit and Supervisory Committee Members.

If a Director who is an Audit and Supervisory Committee Member independently requests the use of external experts in executing his/her duties, the Company shall bear such expenses unless such duties are unnecessary for the execution of duties of said Director who is an Audit and Supervisory Committee Member.

10. Structures for ensuring that audits by the Audit and Supervisory Committee are effectively conducted

The Company establishes a system that enables the Audit and Supervisory Committee to periodically exchange opinions and seek close coordination with the Representative Director and President, the Directors (excluding those who are Audit and Supervisory Committee Members), Executive Officers, and the Accounting Auditors. In addition, the Company establishes a system that enables the Audit and Supervisory Committee to hold periodic meetings with the auditors of subsidiaries and seek close cooperation with them.

[Status of Operation of the Internal Control System]

1. Structures for ensuring that Directors' and employees' execution of their respective duties at the THK Group complies with laws and regulations and the Articles of Incorporation

The Company established the "THK's Corporate Basic Policies" and the "THK Group Action Charter" and has disseminated such policies by distributing the "THK Code of Conduct Handbook" and has provided related education and guidance to ensure that executives and employees comply with applicable laws, regulations and the Articles of Incorporation and perform their duties under sound social norms. Furthermore, the Company has established a Compliance Committee (which held four meetings) and a Risk Management Committee (which held one meeting), chaired by the Representative Director and President, as well as a Compliance Subcommittee as a subordinate organization of the Compliance Committee, to establish a group-wide compliance structure and risk management structure, identify problems, and make improvements. In addition, the Company has established and operates the "THK Group Helpline," which is available for use by executives and employees of domestic THK Group companies.

2. Matters related to the preservation and management of information regarding Directors' execution of their duties

The Company records and appropriately preserves information on Directors' execution of their duties, such as minutes of the Board of Directors meeting, in documents or electromagnetic media in accordance with the Document Management Regulations and the Security Control Regulations.

The Company has established the Information Security Committee (which held four meetings), chaired by the Representative Director and President, in an effort to build up, penetrate and firmly establish the information security system to implement proper use and management of information.

3. Regulations and other structures concerning the management of risk of loss for the THK Group

To address the operational risks, the Company has formulated rules and guidelines and prepared manuals (Emergency Response Manual, Security Control Regulations, Information Systems Management Regulations, etc.), and has established the Risk Management Division to monitor the status of cross-sectional risks and conduct company-wide measures. In cases when an unpredicted situation occurs, such as a disaster or an accident, the Risk Management Division has quickly collected information, notified related sections and provided instructions. In addition, the Company has formulated a business continuity plan (BCP) and has established a BCP Promotion Conference as a subordinate organization of the Risk Management Committee to review the BCP as appropriate, while formulating Risk Management Regulations and promoting the establishment of a group-wide risk management structure at the Risk Management Committee. The Company has been taking appropriate measures to address circumstances associated with the COVID-19 pandemic. For instance, the Company has established a COVID-19 response committee chaired by its President pursuant to its Emergency Response Manual. The committee has been sharing information with the Company's respective business locations, and has

furthermore been implementing various measures to prevent transmission of COVID-19, promoting telework arrangements, and imposing restrictions on business travel.

4. Structures for ensuring that the duties of the THK Group's Directors are efficiently executed

The Company's Board of Directors (held 16 meetings) defines management objectives with fiscal 2022 as the final year, and establishes a Global Business Strategy Meeting attended by responsible personnel such as the THK Group's Directors and Executive Officers to manage their progress and monitor the status of achievement of such objectives. In addition, the Company introduces an Executive Officer System as stipulated under the Articles of Incorporation and determines an efficient structure for executing operations in order to achieve the objectives.

The Company also formulates the THK Group Basic Policy for Financial Management related to the THK Group's overall financial management and introduces an accounting system, a consolidated performance management system, and a THK Group finance system (cash management system) that are common to the THK Group with the aim of accelerating consolidated account closing work and streamlining fund management.

5. Structures for ensuring the appropriateness of operations at the THK Group

The Company designates the Risk Management Division as a department in charge of internal control of the THK Group, and facilitates its improvement and operation, collecting information related to the internal controls, conducting related discussion efficiently, sharing information and communicating its instructions and requests. The Company's Internal Audit Division has conducted the internal audits of the THK Group to check whether the business execution activities were conducted in accordance with the intended purposes, efficiently and in compliance with laws. The results of such audits have been reported to the Representative Director and President.

Moreover, to ensure the reliability of financial reports of the THK Group, based on the "Internal Control Regulations for Financial Reporting," the Company has been improving and operating the relevant control system.

The Company has received reports on the status of business operation of the entire THK Group and other important matters at Global Business Strategy Meetings and Executive Officers' meetings (held a total of 12 times), attended by the Directors and Executive Officers of the THK Group. The Company also formulated its "Regulations for the Management of Affiliates," thereby collecting important information of the Group companies such as sales performance and the financial position of the Group companies.

6. Structures for cases where the Audit and Supervisory Committee orders an employee to be appointed as its assistant, and matters related to ensuring the independence of the employee from Directors (excluding Directors who are Audit and Supervisory Committee Members) and the effectiveness of the Audit and Supervisory Committee's instructions to the employee

The Company has established the Audit and Supervisory Committee Secretariat to assist the duties of the Audit and Supervisory Committee and support the smooth execution of their duties, and appointed a dedicated employee for this purpose. The Company defines

that the employee assigned to the Audit and Supervisory Committee Secretariat shall exclusively perform tasks related to the Audit and Supervisory Committee, and decisions on personnel matters including personnel transfer related to such employee shall require the consent of the Audit and Supervisory Committee.

7. Structures for Directors, etc. and employees of the THK Group, or persons who have received a report from such individuals, to report to the Company's Audit and Supervisory Committee

The Company has stipulated in the THK Group Helpline Regulations that it can report on the status and content of reporting from the THK Group Helpline, which is available for use by executives and employees of the domestic Group companies, to the Audit and Supervisory Committee. The content of internal reports received through the THK Group Helpline is reported to the Compliance Committee meeting, which the Representative Director and President as well as Directors who are Audit and Supervisory Committee Members of the Company attend. When the Audit and Supervisory Committee requests a report, the Company reports on the results of internal audit and the status of other activities, the content of internal reports received through the THK Group Helpline and the content of reports on compliance. In addition, the Company periodically reports on the status of development and operation of matters stipulated in the Basic Policy for Internal Control at the Board of Directors meeting.

8. Structures for ensuring that a person reporting to the Audit and Supervisory Committee is protected from being unfavorably treated on the grounds that he/she has made such a report

The Company has stipulated in the THK Group Helpline Regulations that executives and employees of the Company shall not be treated in a disadvantageous way on the grounds of making such a report.

9. Matters relating to policy concerning procedures for advance payment or reimbursement of expenses incurred in the execution of duties of a Director who is an Audit and Supervisory Committee Member, and treatment of other expenses or debts incurred in the execution of such duties

The Company allocates a budget to pay for expenses incurred by the execution of duties by Directors who are Audit and Supervisory Committee Members and quickly processes such expenses and obligations when Directors who are Audit and Supervisory Committee Members requested the Company to reimburse for such expenses. If a Director who is an Audit and Supervisory Committee Member independently requests the use of external experts in executing his/her duties, the Company shall bear such expenses unless such duties are unnecessary for the execution of duties of said Director who is an Audit and Supervisory Committee Member.

10. Structures for ensuring that audits by the Audit and Supervisory Committee are effectively conducted

The Company holds meetings where the Audit and Supervisory Committee exchanges opinions with Representative Director and President, principal Directors (excluding Directors who are Audit and Supervisory Committee Members), and Executive Officers. In addition, the Company established a three-way audit liaison meeting (held

three times) between the Audit and Supervisory Committee, Accounting Auditor and Internal Audit Division, as well as Outside Directors (excluding Directors who are Audit and Supervisory Committee Members). In addition, the Company established a system to ensure that audits by the Audit and Supervisory Committee are carried out effectively by holding four meetings of the Board of Auditors of the THK Group to promote close cooperation between the Audit and Supervisory Committee and Auditors of the Company's subsidiaries.

<Reference>
Outline of the Corporate Governance Framework

Based on its management philosophy, the THK Group is striving to improve its corporate value over the medium to long term by working to enhance corporate governance from the viewpoint of maximizing corporate value.

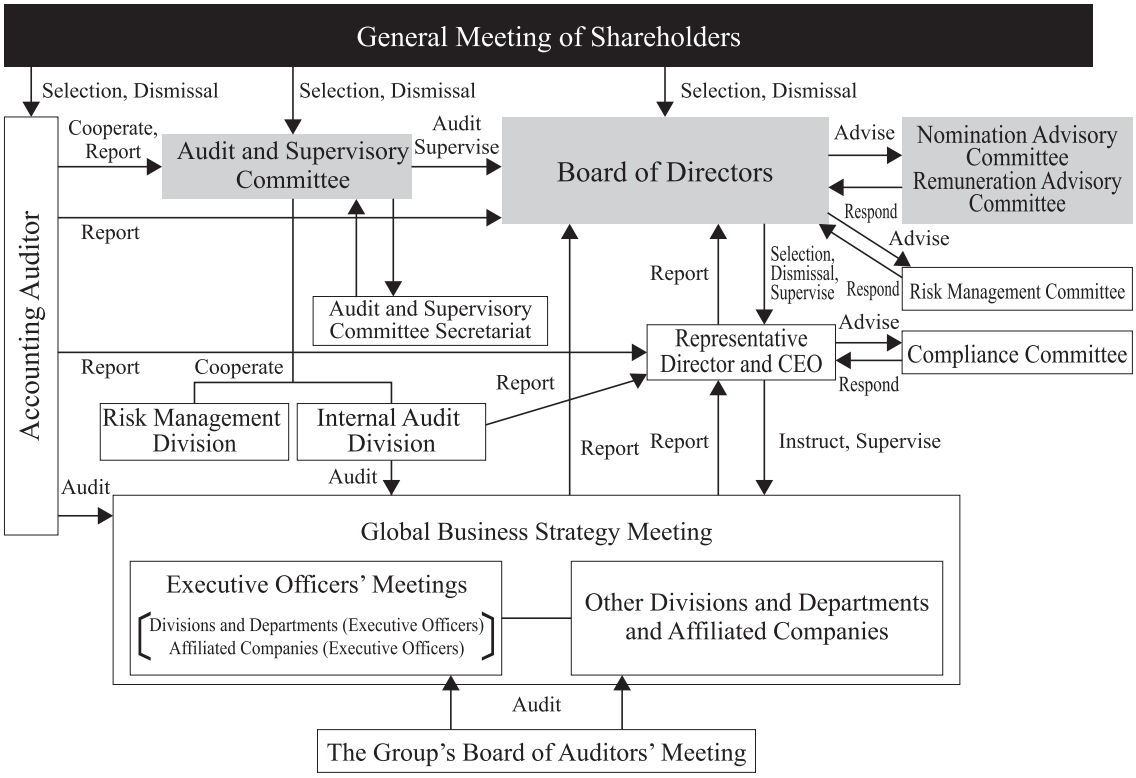
The outline of Company's corporate governance framework is as follows:

Selection of a company structure with an Audit and Supervisory Committee
- Directors (three (3) Outside Directors) who are members of the Audit and Supervisory Committee, which is responsible for the auditing and supervisory functions, exercise voting rights at the Board of Directors meetings.
- The Audit and Supervisory Committee implement audit and supervision on the status of execution of duties of Directors and Executive Officers, etc., through the Internal Control System.

Establishment of the Nomination Advisory Committee and the Remuneration Advisory Committee
- Each committee, functioning as an advisory body to the Board of Directors, examines and deliberates on nomination of Director candidates and remuneration plan for Directors, and the content of deliberation is deliberated and resolved at the Board of Directors.

Introduction of the Executive Officer System
- To clarify the roles and responsibilities of business execution and expedite business execution.

[Translation for Reference and Convenience Purposes Only]



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

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

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

(6) Basic Policies on Control of the Company

Based on the management philosophy common throughout the THK Group of "providing innovative products to the world and generating new trends to contribute to the creation of an affluent society," the Group will enhance transparency of its management for all stakeholders, including our shareholders, from the viewpoint of "maximizing corporate value" in conducting appropriate and efficient management. By doing so, the Group will take initiatives with the aim of enhancing the THK Group's medium to long term corporate value by continuously growing through appropriate cooperation with stakeholders.

The Company's basic policy regarding takeover defense measures calls for not introducing such measures. When a party attempts a large-scale acquisition of the Company's stocks and the Company's stocks are targeted for a tender offer, the Company will clearly explain the stance of its Board of Directors and counterproposal, if any. At the same time, the Company will not take any measures to unreasonably interfere with shareholders' right to relinquish the stocks upon accepting the tender offer.

In addition, when such large-scale acquisition is deemed to be an act taken by an inappropriate party, the Company will form a "Countermeasure Headquarters" to carefully examine the purpose of acquisition by the acquirer and the details of the proposal, among other things, in light of the common interest of shareholders and other considerations, with the intention of determining and implementing concrete action.

[Translation for Reference and Convenience Purposes Only]

Consolidated Statements of Financial Position

(As of December 31, 2020)

(Millions of Yen)

Assets		Liabilities	
Current assets	**274,495**	**Current liabilities**	**58,500**
Cash and cash equivalents	158,839	Trade and other payables	40,293
Trade and other receivables	59,505	Bonds and borrowings	2,244
Inventories	47,237	Other financial liabilities	2,579
Other financial assets	14	Provisions	763
Other current assets	8,899	Income taxes payable	1,001
Non-current assets	**185,678**	Other current liabilities	11,617
Property, plant and equipment	145,922	**Non-current liabilities**	**126,524**
Goodwill and intangible assets	18,779	Bonds and borrowings	100,325
Investments accounted for using the equity method	5,686	Other financial liabilities	11,243
Other financial assets	10,013	Net defined benefit liabilities	7,014
Deferred tax assets	2,937	Provisions	182
Net defined benefit asset	2,227	Deferred tax liabilities	5,463
Other non-current assets	110	Other non-current liabilities	2,295
		Total liabilities	**185,024**
		Equity	
		Total equity attributable to owners of the parent	**266,491**
		Common stock	34,606
		Capital surplus	40,413
		Retained earnings	219,712
		Treasury stock	(14,006)
		Other components of equity	(14,235)
		Non-controlling interests	**8,657**
		Total Equity	**275,148**
Total assets	**460,173**	**Total liabilities and equity**	**460,173**

[Translation for Reference and Convenience Purposes Only]

Consolidated Statements of Profit or Loss

(From January 1, 2020, to December 31, 2020)

(Millions of Yen)

Accounting Item	Amount
Revenue	218,998
Cost of sales	172,567
Gross profit	46,430
Selling, general and administrative expenses	44,833
Other income	3,960
Other expenses	14,217
Share of profit in investments accounted for using the equity method	160
Operating loss	**(8,499)**
Financial income	764
Financial costs	1,990
Loss before tax	**(9,725)**
Income tax expense	2,132
Loss for the year	**(11,857)**
Attributable to	
Owners of the parent	(9,992)
Non-controlling interests	(1,865)
Total	**(11,857)**

[Translation for Reference and Convenience Purposes Only]

Consolidated Statements of Changes in Equity

(From January 1, 2020, to December 31, 2020)

(Millions of Yen)

	Equity attributable to owners of the parent									Non-controlling interests	Total equity
					Other components of equity				Total		
	Common stock	Capital surplus	Retained earnings	Treasury stock	Exchange differences on translating foreign operations	Financial assets measured at fair value through other comprehen-sive income	Remeasure-ments of defined benefit plans	Subtotal			
Beginning balance	34,606	40,413	230,927	(14,004)	(13,479)	1,881	–	(11,598)	280,344	10,787	291,132
Loss for the year	–	–	(9,992)	–	–	–	–	–	(9,992)	(1,865)	(11,857)
Other comprehensive income	–	–	–	–	(2,721)	110	705	(1,905)	(1,905)	(28)	(1,933)
Total comprehensive income for the year	–	–	(9,992)	–	(2,721)	110	705	(1,905)	(11,897)	(1,893)	(13,791)
Purchase of treasury stock	–	–	–	(2)	–	–	–	–	(2)	–	(2)
Payment of dividends	–	–	(1,961)	–	–	–	–	–	(1,961)	–	(1,961)
Transfer from other components of equity to retained earnings	–	–	732	–	–	(26)	(705)	(732)	–	–	–
Other	–	–	8	–	–	–	–	–	8	(236)	(228)
Total transactions with owners	–	–	(1,221)	(2)	–	(26)	(705)	(732)	(1,955)	(236)	(2,192)
Ending balance	34,606	40,413	219,712	(14,006)	(16,201)	1,966	–	(14,235)	266,491	8,657	275,148

[Translation for Reference and Convenience Purposes Only]

Balance Sheet

(As of December 31, 2020)

(Millions of Yen)

Assets		Liabilities	
Current Assets	**142,560**	**Current Liabilities**	**36,953**
Cash and deposits	77,301	Accounts payable	6,258
Notes receivable	718	Electronically recorded obligations—operating	11,113
Electronically recorded monetary claims—operating	12,373	Short-term loans payable	7,755
Accounts receivable	20,386	Current portion of long-term loans payable	2,185
Merchandise and finished goods	9,014	Lease obligations	119
Work in process	4,301	Accrued payables	4,644
Raw materials and supplies	6,053	Accrued expenses	2,536
Prepaid expenses	757	Advances	22
Short-term loans	7,998	Deposits received	187
Accrued receivables	3,162	Reserve for bonuses	2,098
Other	1,830	Other	31
Allowance for bad debts	(1,340)	**Long-Term Liabilities**	**103,465**
Fixed Assets	**228,048**	Bonds payable	70,000
Tangible fixed assets	**54,339**	Long-term loans payable	30,925
Buildings	14,538	Lease obligations	341
Structures	900	Reserve for employees' retirement benefits	1,432
Machinery and equipment	27,886	Other	765
Automobiles and transportation equipment	31	**Total Liabilities**	**140,418**
Tools and supplies	1,118	**Net Assets**	
Land	6,899	**Shareholders' Equity**	**228,095**
Lease properties	410	**Capital stock**	**34,606**
Construction in progress	2,554	**Capital surplus**	**47,471**
Intangible fixed assets	**1,041**	Capital reserve	47,471
Software	924	Other capital surplus	0
Other	117	**Profit surplus**	**160,018**
Investments and other assets	**172,668**	Legal retained earnings	1,958
Investment securities	5,407	Other profit surplus	158,059
Affiliates' stocks	110,700	Special depreciation reserve	0
Investment in affiliated companies	49,179	Reserve for advanced depreciation of land	15
Long-term loans	5,000	Dividend reserve	3,000
Insurance reserve	1,108	General reserve	166,000
Deferred tax assets	431	Profit surplus carried forward	(10,955)
Other	876	**Treasury stock**	**(14,000)**
Allowance for bad debts	(36)	**Valuation/Conversion Difference**	**2,094**
		Net unrealized gain on available-for-sale securities	**2,094**
		Total Net Assets	**230,190**
Total Assets	**370,608**	**Total Liabilities and Net Assets**	**370,608**

[Translation for Reference and Convenience Purposes Only]

Statement of Income

(From January 1, 2020, to December 31, 2020)

(Millions of Yen)

Accounting Item	Amount	
Sales Revenue		**102,866**
Cost of Sales		**78,650**
Gross Profit		**24,216**
Selling, general, and administrative expenses		23,850
Operating Income		**365**
Non-Operating Income		
Interest received	104	
Dividends received	1,234	
Rent income	512	
Royalty income	500	
Miscellaneous income	620	2,973
Non-Operating Expenses		
Interest expenses	114	
Interest on corporate bonds	159	
Bond issuance cost	164	
Arrangement fees	17	
Foreign exchange losses	443	
Rent expenses	114	
Miscellaneous loss	206	1,221
Ordinary Income		**2,118**
Extraordinary Income		
Gain on sale of fixed assets	9	
Gain on sales of investment securities	20	
Employment adjustment subsidy	629	659
Extraordinary Loss		
Loss on disposition and sale of fixed assets	23	
Loss on valuation of investment securities	161	
Loss on valuation of stocks of subsidiaries and associates	9,158	
Loss on valuation of investments in capital of subsidiaries and associates	3,681	
Provision of allowance for doubtful accounts for subsidiaries and associates	1,337	
Temporary lay-off costs	1,208	15,571
Net Loss before Income Taxes		**(12,793)**
Income taxes-current	227	
Income taxes-deferred	162	390
Net Loss		**(13,183)**

[Translation for Reference and Convenience Purposes Only]

Statement of Changes in Shareholders' Equity

(From January 1, 2020, to December 31, 2020)

(Millions of Yen)

	Shareholders' Equity										
		Capital Surplus			Profit Surplus						
						Other profit surplus					
	Capital stock	Capital reserve	Other capital surplus	Total capital surplus	Legal retained earnings	Special depreciation reserve	Reserve for advanced depreciation of land	Dividend reserve	General reserve	Profit surplus carried forward	Total profit surplus
Balance as of January 1, 2020	34,606	47,471	0	47,471	1,958	0	15	3,000	162,000	8,189	175,163
Change in the fiscal year											
Dividends from surplus										(1,961)	(1,961)
Reimbursement from the special depreciation reserves						(0)				0	–
Provision of general reserve									4,000	(4,000)	–
Net loss										(13,183)	(13,183)
Acquisition of treasury stock											
Changes in items other than shareholders' equity during the fiscal year (net amount)											
Total changes in the fiscal year	–	–	–	–	–	(0)	–	–	4,000	(19,144)	(15,145)
Balance as of December 31, 2020	34,606	47,471	0	47,471	1,958	0	15	3,000	166,000	(10,955)	160,018

	Shareholders' Equity		Valuation/Conversion Difference, etc.		Total Net Assets
	Treasury stock	Total share-holders' equity	Net unrealized gain on available-for-sale securities	Total valuation/ conversion difference, etc.	
Balance as of January 1, 2020	(13,998)	243,243	1,842	1,842	245,086
Changes in the fiscal year					
Dividends from surplus		(1,961)			(1,961)
Reimbursement from the special depreciation reserves		–			–
Provision of general reserve		–			–
Net loss		(13,183)			(13,183)
Acquisition of treasury stock	(2)	(2)			(2)
Changes in items other than shareholders' equity during the fiscal year (net amount)			251	251	251
Total changes in the fiscal year	(2)	(15,147)	251	251	(14,895)
Balance as of December 31, 2020	(14,000)	228,095	2,094	2,094	230,190

[Translation for Reference and Convenience Purposes Only]

Accounting Audit Report on the Consolidated Financial Statements

AUDIT REPORT BY INDEPENDENT AUDITOR

February 9, 2021

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

Grant Thornton Taiyo LLC

Tokyo office

Designated Executive Employee Certified Public Accountant	Keita Tajiri (Seal)
Designated Executive Employee Certified Public Accountant	Makio Wada (Seal)
Designated Executive Employee Certified Public Accountant	Motoki Ishikawa (Seal)

Audit Opinion

In accordance with the provisions of Article 444, Paragraph 4, of the Companies Act, we audited the consolidated financial statements of THK CO., LTD. (the "Company"), consisting of the consolidated statements of financial position, consolidated statements of profit or loss, consolidated statements of changes in equity and notes on the consolidated financial statements covering the consolidated fiscal year from January 1, 2020, to December 31, 2020.

In our opinion, the consolidated financial statements referred to above, which have been prepared omitting certain disclosure items required by designated international accounting standards in accordance with the provisions of the latter part of Article 120, Paragraph 1 of the Regulation on Corporate Accounting, present fairly, in all material respects, the financial position and results of operations of the Group, which consisted of the Company and its consolidated subsidiaries, applicable to the fiscal year ended December 31, 2020.

Basis for Audit Opinion

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

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

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

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

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

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

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

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

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment

and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

Conflicts of Interest

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

[Translation for Reference and Convenience Purposes Only]

Accounting Audit Report on the Financial Statements

AUDIT REPORT BY INDEPENDENT AUDITOR

February 9, 2021

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

Grant Thornton Taiyo LLC

Tokyo office

Designated Executive Employee Certified Public Accountant	Keita Tajiri (Seal)
Designated Executive Employee Certified Public Accountant	Makio Wada (Seal)
Designated Executive Employee Certified Public Accountant	Motoki Ishikawa (Seal)

Audit Opinion

In accordance with the provisions of Article 436, Paragraph 2, No. 1, of the Companies Act, we audited the financial statements of THK CO., LTD. (the "Company"), consisting of the balance sheet, statement of income, statement of changes in shareholders' equity, notes to the non-consolidated financial statements and supplementary schedules (collectively, "non-consolidated financial statements, etc.") covering the 51st fiscal year from January 1, 2020, to December 31, 2020.

In our opinion, the non-consolidated financial statements, etc. referred to above present fairly, in all material respects, the financial position and results of operations of the Company, applicable to the fiscal year ended December 31, 2020, in accordance with accounting principles generally accepted in Japan.

Basis for Audit Opinion

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

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

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

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

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

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

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

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

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

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

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

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

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

Conflicts of Interest

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

Audit Report by the Audit and Supervisory Committee

AUDIT REPORT

We, the Audit and Supervisory Committee (the "Committee"), audited the execution of duties of the Directors during the Company's 51st fiscal year starting from January 1, 2020, and ended on December 31, 2020. The auditing method and details of audits are as described below.

1. Auditing Method and Content of Audits Performed

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

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

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

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

2. Results of the Audit

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

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

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

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

(3) Audit Results for the Consolidated Financial Statements

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

February 9, 2021

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

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