

Committed to the further study of technology to contribute to the creation of an affluent society.



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● To the victims of the Kumamoto Earthquakes:

Many lives were lost during the Kumamoto Earthquakes which occurred in April of this year. I would like to express my heartfelt sympathy for those who lost their lives and for the families of those individuals. My thoughts are also with those who are still living in emergency accommodations.

Just as I was at the time of the Great East Japan Earthquake, I was moved by the composure of those who maintained order and prioritized helping those in need, despite having suffered greatly themselves. I was also struck by the devotion shown by those who came to volunteer from many different locations. I greatly respect people who have the compassion to think of others, even in a situation like this. I am confident that the area affected by this disaster will recover and see even greater growth in the future.

● Reflecting on the 2015 fiscal year

In the fiscal year 2015, China and other emerging countries showed blunted economic growth, while developed nations, primarily in Europe and North America, were driving forces in leading the world economy in a trend of slow but steady recovery. Although Japan also showed such recovery, the trends seen in exports and production were weak.

Within such an environment, our company has promoted expansion of our business through growth strategies, the pillars of which are *full-scale globalization*, in which we aim to geographically expand our range of business, and *development of new business areas*, in which we aim to expand the range of applications of our products.

For *full-scale globalization*, we have striven to grow our sales network to match with the expansion of FA (Factory Automation) in both developed and emerging nations, such as China.

For *development of new business areas*, we have been developing products in order to break into and extend our reach within new markets, such as seismic isolation/damping devices, renewable energy, aerospace, medical equipment, and robotics. As part of that strategy, this April, we

opened the THK Chubu Technical Support Center at the TOYOTA Branch, newly constructed with a seismic isolation device, where a two-armed NEXTAGE® robot is on permanent display. Here, we are able to sell robots and machine components, as well as offer technical support, at a single location.

In response to our customers' need for *the right product at the right price, in the right quantity, and at the right time and place*, our company is actively working to create a *unified production and sales system in areas of demand*, producing and selling locally in Japan, Europe, Asia, and the Americas. Sales has endeavored to expand its networks into areas like China, India, and the ASEAN region, where there have been forecasts for increased mid-term demand. Production has been working to increase efficiency by advancing automation and installing robots in each region. China has aimed for greater Ball Screw production capability by moving and expanding the DALIAN THK Plant.

Furthermore, in an effort to expand our automotive and transportation business, we acquired the European and North American divisions of the L&S (Linkage and Suspension) business from the American automotive parts company TRW Automotive Inc. (now a ZF Friedrichshafen AG group enterprise), and in doing so, added six new plants to our group in four different countries: the US, Canada, Germany, and the Czech Republic.

Surpassing 45 years

On April 10th of this year, our company celebrated its 45th year anniversary. For this, I would like to express my utmost gratitude to the customers who give us their patronage, to the suppliers who support us, to our shareholders, and to our employees, who show unwavering efforts day in and day out. Based on our corporate philosophy of *providing innovative products to the world and generating new trends to contribute to the creation of an affluent society*, we aim to increase our corporate value as a company focused on creativity and development by developing unique products and one-of-a-kind production technologies. An example of

this is our introduction of unprecedented linear motion products, the Ball Spline and the LM Guide, to the market. Today, these products are used in fields such as robotics, medical equipment, seismic isolation/damping devices, and renewable energy. We provide appropriate solutions to our customers, for needs of which they may not even be aware, by perceiving the areas they are struggling in, reading the demands of the current market environment, and applying customer feedback. This strategy allows us to grow with our customers.

Towards this end, in addition to the two growth strategies I have already mentioned, we have added a new growth strategy, *change in business style*, in which we will expand our use of technologies such as the IoT. By making full use of the IoT, cloud technology, AI, and robotics, we will change the way we do business and reform our systems in terms of where, what, for whom, and how we sell and produce, and, in doing so, we plan to further expand our range of business.

In an effort to grow to be counted among the top ten machine component manufacturers in the 21st century, and to then maintain that position, our company has put forth a major goal: *Global 10 21*. To accomplish this, we will soundly enact our three growth strategies while never wavering in our commitment to creating an affluent society.

In this CSR Report, we present numerous examples of ways in which we contribute to society. THK is a company dedicated to creativity and development, and this CSR report also contains examples of how we are developing new business areas in this regard. Thank you for taking the time to read this report.