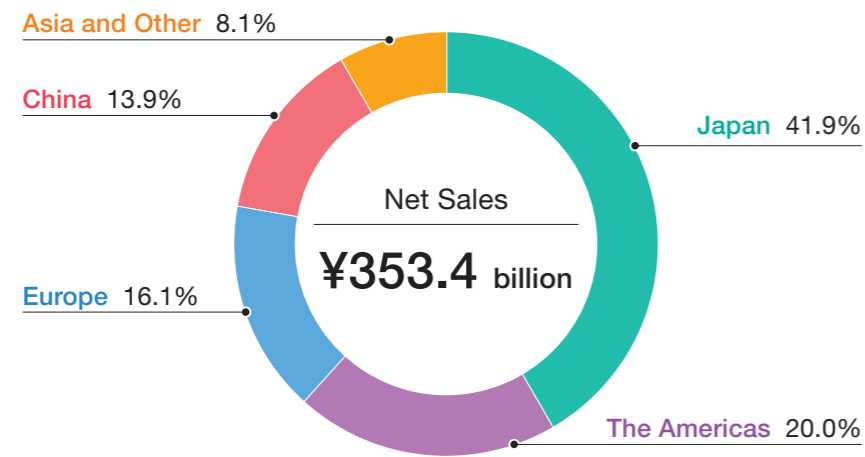


Business Review Review by Geographic Region

As THK advances its growth strategy of full-scale globalization, the Company has established an integrated production and sales structure that encompasses four centers of demand: Japan, the Americas, Europe, and Asia. During the 2018 fiscal year, THK expanded its Omni THK service globally, establishing a structure that enables customers to easily purchase products anytime and anywhere. In terms of production, THK has reduced lead times by improving productivity through efforts related to automation, robotization, and the IoT, in addition to making investments that will increase production volumes in both its industrial machinery and automotive and transportation businesses.

In addition to continuing to bolster its sales structure through means such as expanding the features of Omni THK in each region, THK will accelerate its efforts to establish a secure, flexible production structure. Through promoting the systematization of business processes, including those of support departments, the THK Group will provide products and services promptly to customers and improve its overall productivity.



JAPAN

Operating Conditions and Performance Review

Despite a continued slowdown in exports to Asia and other regions, domestic capital investments held firm in Japan. During the first half of the year, the THK Group captured the overall favorable demand for electronics, general machinery, and machine tools, resulting in net sales of ¥147.9 billion.

Year Ended December 2018 Sales

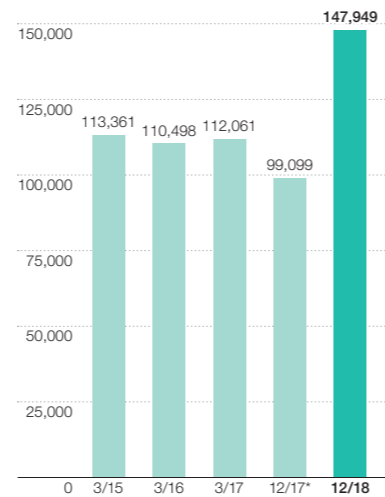
In anticipation of medium- to long-term growth in demand, THK expanded various new services through Omni THK. In partnership with NTT DOCOMO and Cisco Systems, THK began preparations in October 2018 regarding the commercialization of OMNIedge, a

predictive failure detection service for LM Guides and other critical components. In addition to being available in the ASEAN region, China, and Brazil, the Fast Delivery service on the Company's e-commerce website has been launched in parts of Japan.

Production

In December 2018, a portion of the new expansions to the Yamagata plant was completed, and THK RHYTHM KYUSHU—one of the main factories for automotive and transportation products—began expansions to meet the demands of new business. As part of its efforts to improve its productivity, the Company promoted automation and robotization in addition to developing measures that utilize the IoT, such as the Eagle System.

Net Sales (Millions of yen)



* This data reflects a modified reporting period that includes 9 months from consolidated companies whose fiscal years ended in March and 12 months from consolidated companies whose fiscal years ended in December.

THE AMERICAS

Operating Conditions and Performance Review

Steady economic growth led by domestic demand continued in the Americas, driven by favorable consumer spending. Under these circumstances, the THK Group captured the steady demand for electronics and machine tools, resulting in net sales of ¥70.5 billion.

Year Ended December 2018 Sales

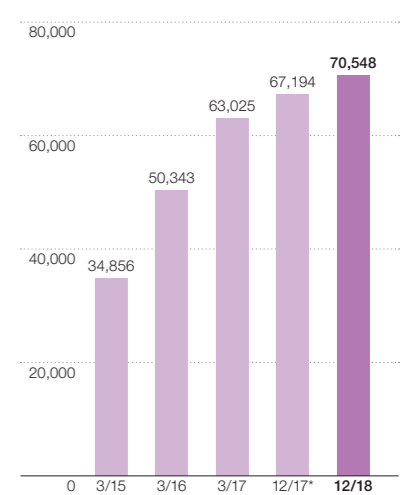
The THK Group increased its market share by expanding transactions with existing customers while taking business from competitors. In addition, the Group promoted efficient sales activities targeting a wide range of customers by making use of its mobile showroom at exhibitions and by expanding Omni THK to Brazil in September 2018.

Furthermore, the Company actively drove sales activities in new business areas such as medical equipment, aircraft, and robotics to generate new demand.

Production

THK capitalized on its strengths as the only company in the linear motion industry with a production facility in North America to meet the needs of the market. In addition, THK reduced manufacturing lead times and increased productivity by sharing information between processes, automating, and making other improvements to machine utilization. Regarding the automotive and transportation business, the expansion of THK RHYTHM MEXICANA was completed, and the expansion of THK RHYTHM NORTH AMERICA began.

Net Sales (Millions of yen)



* This data reflects a modified reporting period that includes 9 months from consolidated companies whose fiscal years ended in March and 12 months from consolidated companies whose fiscal years ended in December.

EUROPE

Operating Conditions and Performance Review

In Europe, moderate economic growth continued with steady capital investments. The THK Group captured the overall steady demand for general machinery and machine tools, resulting in net sales of ¥56.9 billion.

Year Ended December 2018 Sales

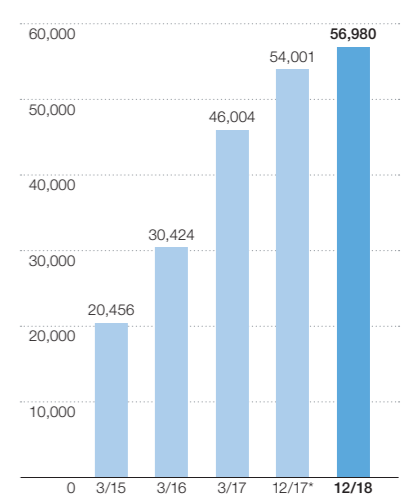
THK secured new business through targeted sales activities. In addition, the Company improved the value it provides to customers by

actively developing various initiatives aimed at expanding sales to a wide range of customers, such as bolstering its acquisition of prospective customers at exhibitions, and by utilizing IT tools in its internal business processes.

Production

THK improved the output and productivity of its production processes through automation, robotization, the redistribution of labor, and other means. Furthermore, the Company made further process improvements and increased productivity by utilizing IT tools.

Net Sales (Millions of yen)



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CHINA

Operating Conditions and Performance Review

In the second half of the year, China saw broad adjustments being made to capital investments due to the trade war with the United States. However, the THK Group captured the demand for electronics and products related to automation and robotization, which had been trending favorably. As a result, net sales stood at ¥49.2 billion.

Year Ended December 2018

Sales

As THK expanded its sales network and cultivated new business areas and new customers, it launched the Omni THK service for China in May 2018. The Company

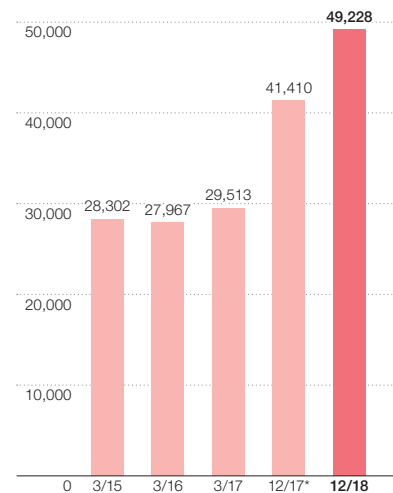
strengthened its efficient sales activities aimed at a wide range of customers by introducing quick-delivery, semi-custom orders to the market, and by providing Omni THK accounts to around 60 distributors.

Production

THK strengthened its production capabilities by executing the initial set-up of new equipment and efficiently using existing equipment, as well as by promoting automation, robotization, and using the IoT to aggregate data, thereby improving productivity. Regarding the automotive and transportation business, the THK RHYTHM CHANGZHOU expansion began as the Company steadily prepared for top-line growth.

Net Sales

(Millions of yen)



* This data reflects a modified reporting period that includes 9 months from consolidated companies whose fiscal years ended in March and 12 months from consolidated companies whose fiscal years ended in December.

ASIA AND OTHER

Operating Conditions and Performance Review

During the second half of the year, the influence of the trade war between the United States and China caused economic slow-downs to spread through Asia. However, the THK Group captured the demand that had been showing a favorable trend particularly in India and the ASEAN region, resulting in net sales of ¥28.7 billion.

Year Ended December 2018

Sales

In Taiwan, the Company bolstered sales to a wide range of customers by expanding transactions with existing customers, as well as by enhancing its sales and distribution network and strengthening its customer

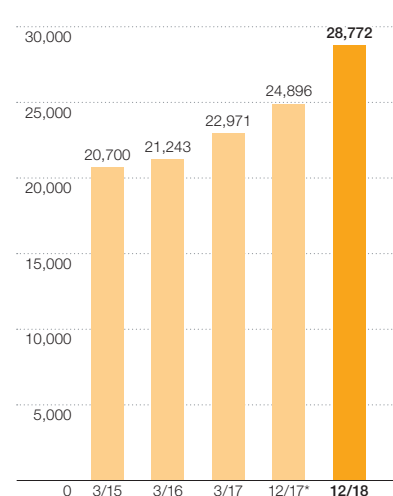
service. Furthermore, as part of its efforts in new business fields, the THK Group generated new demand for seismic isolation systems. In the ASEAN region, THK continued to strengthen the expansion of Omni THK and held technical seminars for distributors and customers in many regions, promoting the superiority of its products.

Production

In Vietnam, the new expansion of THK MANUFACTURING OF VIETNAM was completed in November 2018, thereby increasing the production of miniature LM Guides. In India, where demand is expected to demonstrate medium- to long-term growth, THK began making initial investments toward operating a new factory in January 2020.

Net Sales

(Millions of yen)



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