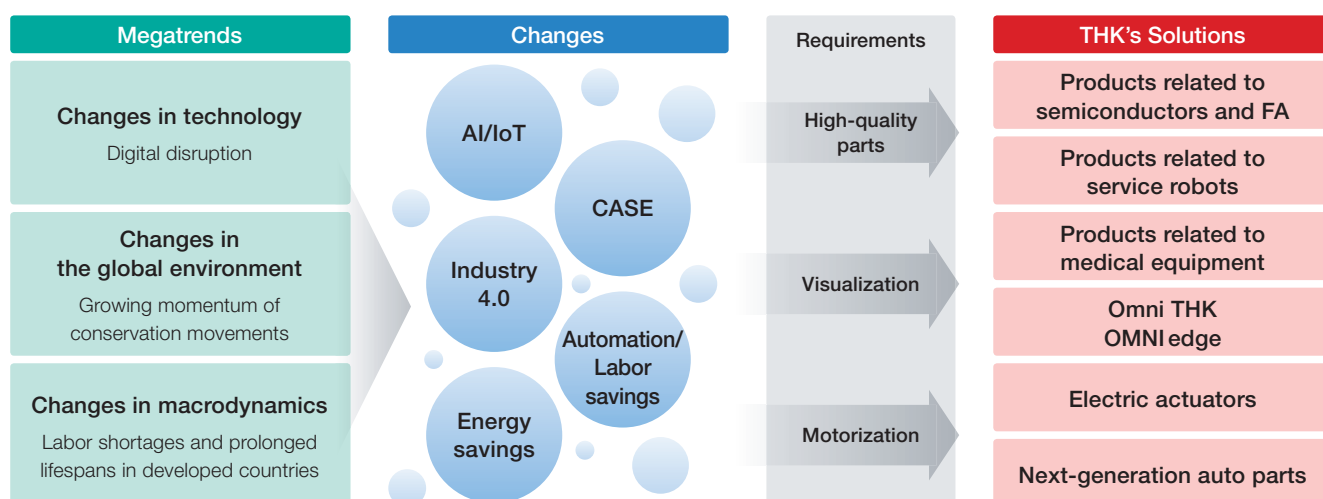


Activities to Foster Medium- to Long-Term Growth

Current megatrends revolve around macrodynamic changes such as the rapid evolution of digital technology, the heightened momentum of environmental conservation, and the labor shortages and increased lifespans occurring in developed countries. As a result of these trends, the wave of advances in AI and the IoT has given rise to the concept of “CASE” in the automotive industry, but this wave’s influence is expected to affect many manufacturing industries. In particular, Industry 4.0 is expected to strongly push these concepts, significantly advancing the use of automation and labor- and energy-saving technologies in manufacturing, service, and other industries. These keywords revolving around change drive demand for the various solutions THK offers. The Company is promoting various initiatives in both its industrial machinery and automotive and transportation businesses to realize this growth potential.

Medium- to Long-Term Market Expansion



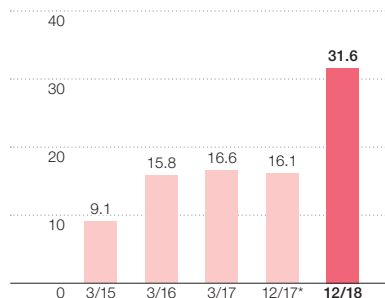
Expanding THK's Global Production Structure

In an effort to support medium- to long-term top-line expansion, THK is strengthening the global production structure for its industrial machinery business. The Company finished building and began operating new facilities on the grounds of THK MANUFACTURING OF VIETNAM in November 2018 and the Yamagata plant in March 2019.

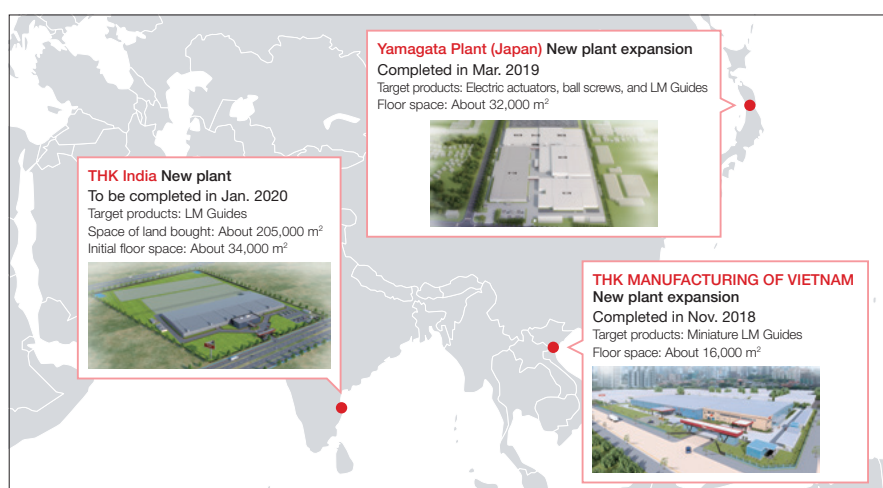
In January 2019, construction started on a new factory in THK India to begin operations in January 2020. THK will continue to strengthen its production structure in order to steadily capture the anticipated medium- to long-term growth of demand spurred by the aforementioned keywords that accompany evolving trends.

Capital Expenditure

(Billions 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.





New Initiatives to Expand the Market: The Launch of OMNI edge

In the manufacturing industry, the aging of society and other factors have led to turnover, raising concerns about worsening labor shortages. At the same time, many companies rely on manual work performed by experienced personnel when it comes to maintenance and predictive failure detection for automatic and other production equipment. To solve these kinds of problems in the manufacturing

industry, THK has partnered with NTT DOCOMO and Cisco Systems to begin preparations to commercialize OMNI edge: a new predictive failure detection service for equipment, made possible through sensing technology that visualizes THK's LM Guides and other linear motion components.

What Is OMNI edge?

OMNI edge is a platform in which a THK sensor is installed on a new or preexisting LM Guide or another machine component to visualize and analyze information about the damage or lubrication status and relay the results to the customer. Providing this predictive failure detection service will help customers improve their productivity and reduce overall costs. Visualizing the reliability of THK's products will also heighten the Company's predominance over new competitors. Furthermore, with the active participation of other machine component manufacturers and by connecting to the IoT infrastructure being developed by major machine manufacturers, the Company will be able to construct big data from numerous environments and applications. Doing so will make it possible to improve the predictive failure service and develop more solutions.

THK SENSING SYSTEM

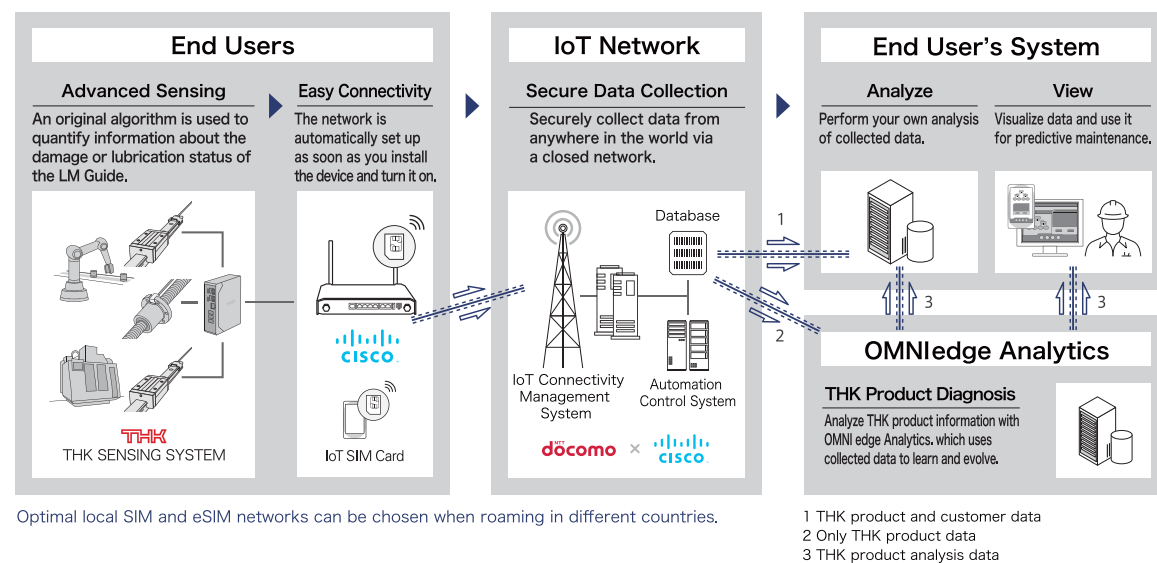
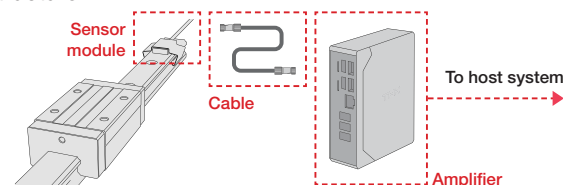
Concept

- Quantification of LM Guide condition

Features

- Quantifies condition (damage/lubrication) of LM Guide
- Can be installed on current equipment

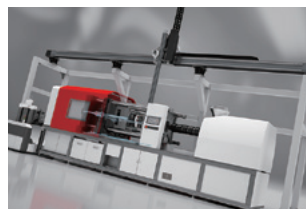
Structure



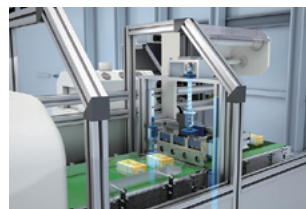
Future Applications



Transfer robots

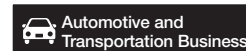


Injection molding machines



Automatic wrapping machines

*OMNI edge can also be used for various other types of general industrial equipment.



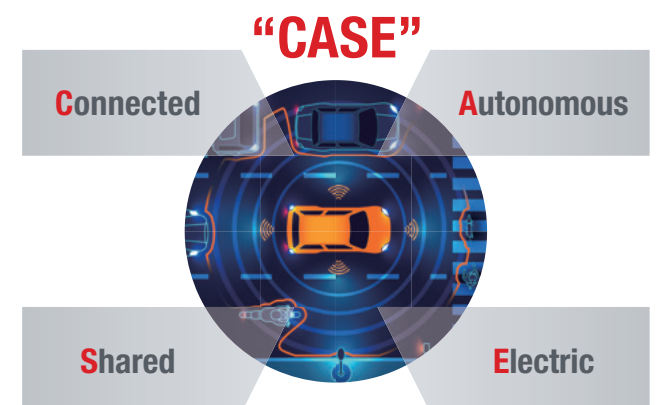
Supporting the Next-Generation Automotive Industry

THK has continued to promote its mainstay link ball products since its foundation. Working to expand its automotive and transportation business further, the Company acquired RHYTHM CORPORATION (currently THK RHYTHM CO., LTD.) in 2007. In 2015, THK completed the transfer of the L&S (Linkage and Suspension) business from what was previously TRW Automotive Inc. and incorporated it into the THK Group as THK RHYTHM AUTOMOTIVE (TRA). Making use of the global automotive and transportation business platform it acquired, THK has contributed to the automotive industry as an independent global supplier.

Expanding the L&S Business and New Automotive Products

The automotive industry is undergoing a once-in-a-century revolution, and "CASE" is the keyword that exemplifies this new era. CASE is an acronym combining the words "Connected," "Autonomous," "Shared," and "Electric." Together, these elements have given birth to revolutionary technologies and services and are creating ripples of change that have intersected with other industries.

Under these circumstances, while the L&S business, centered around THK RHYTHM and TRA, is actively promoting sales activities to gain new business, it is making use of its Group synergy to invest in equipment in every region around the world to increase production for



that new business. In terms of new automotive products, the THK Group has been working to promote next-generation L&S system products and expand the use of linear motion products for steering, brakes, suspensions, and various other automotive mechanisms. As demand for linear motion products is expected to rise from the momentum provided by CASE trends, the THK Group will further accelerate its development and sales activities in anticipation of the expansion of linear motion product use.

Automotive and Transportation Business Initiatives

Main Initiatives

Expansion of L&S Business

Sales activities that fully utilize the shared sales and production structures of THK RHYTHM and TRA

The launch of new products for automobiles

Accelerated development of new products for automobiles, driven by CASE trends

Continuing capital expenditures for production expansion in anticipation of large projects

THK RHYTHM NORTH AMERICA (USA)

New plant expansion
To be complete in 2019



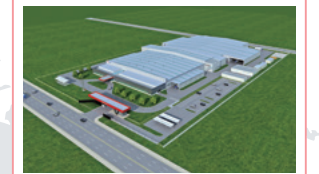
THK RHYTHM MEXICANA (MEXICO)

New plant expansion
Completed in 2018



THK RHYTHM CHANGZHOU (CHINA)

New plant expansion
To be complete in 2019



THK RHYTHM KYUSHU (JAPAN)

New plant expansion
Completed in 2019



Production
Facilities: 14
Development
Facilities: 1