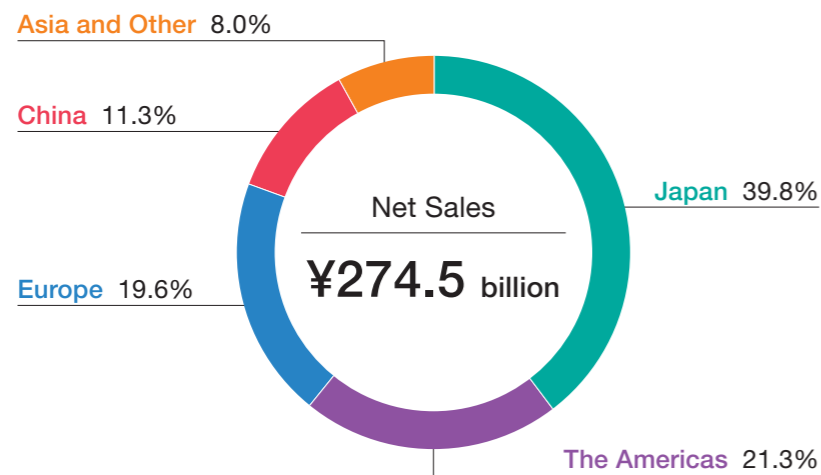


Review by Geographic Region

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 2019 fiscal year, THK worked to expand sales around the world through Omni THK and officially opened orders in Japan for OMNIedge, an IoT service for the manufacturing industry. In terms of production, THK has reduced lead times by improving productivity through efforts related to automation, robotization, and the IoT, as well as by making investments that will increase production volumes in both its industrial machinery and automotive and transportation businesses. In addition to continuing to strengthen its sales structure through Omni THK in each region, during the 2020 fiscal year, THK will promote the expansion of OMNIedge and 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.



The THK Group decided to adopt IFRS beginning with the 2019 fiscal year.

JAPAN

Operating Conditions and Performance Review

Sales in Japan decreased 24.7% year-on-year, to ¥109.4 billion.

The THK Group steadily achieved sales from the backlog of orders it had accumulated during the prior period of strong overall demand. However, revenue decreased as a result of the weakening of exports and production due to a slowdown in foreign demand in China and other regions influenced by the trade friction between the United States and China.

Year Ended December 2019

• Sales

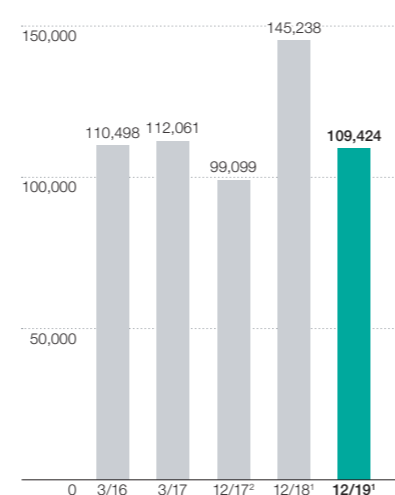
The demand for THK products is expected to demonstrate medium- to long-term growth with the advancement of digital technology. In

December 2019, the Company began officially accepting orders for its OMNIedge IoT service for the manufacturing industry. Orders were opened for LM Guide applications, and THK began recruiting participants for a trial for the ball screw version.

• Production

In March 2019, the expansion of the Yamagata plant was finished, and THK RHYTHM KYUSHU—one of the main factories for the automotive and transportation division—completed its expansion to meet the demands of new, large-scale business. As part of its efforts to improve productivity, the Company promoted automation and robotization in addition to developing measures that utilize digital technology.

Net Sales



¹ The THK Group decided to adopt IFRS beginning with the 2019 fiscal year. For the purposes of comparison, the results for the 2018 fiscal year are also noted in accordance with IFRS.
² 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

Sales in the Americas decreased 2.3% year-on-year, to ¥58.3 billion.

In the midst of continued economic growth centered on domestic demand, the THK Group worked diligently to expand transactions with existing customers through unified production and sales efforts while developing new business areas, including the automotive, medical equipment, and aircraft fields as well as energy-related fields. However, revenue decreased primarily due to demand adjustments in the electronics field.

Year Ended December 2019

• Sales

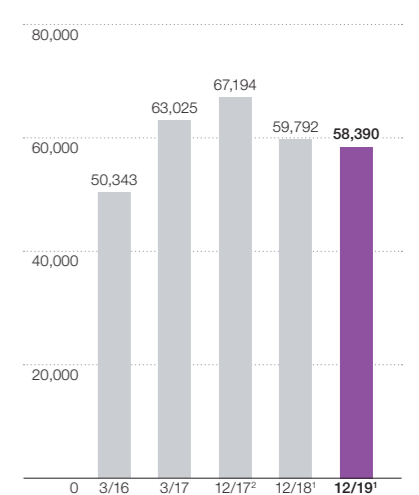
The THK Group increased its market share by expanding transactions with existing customers while taking business from competitors. In

addition, the Group promoted sales activities targeting a wide range of customers by making use of its mobile showroom at exhibitions. Furthermore, the Company actively drove sales activities in medical equipment and other new business areas such as aircraft and robotics to generate new demand.

• Production

THK has made improvements in productivity by reducing manufacturing lead times, automating, and making other improvements to machine utilization in order to capitalize on its strengths as the only company in the linear motion industry with a production facility in North America and to conduct its production activities in a way that meets customer needs. In the automotive and transportation business, the expansion of THK RHYTHM NORTH AMERICA was completed.

Net Sales



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EUROPE

Operating Conditions and Performance Review

Sales in Europe decreased 6.6% year-on-year, to ¥53.7 billion.

As exports and production weakened due to the influence of the trade friction between the United States and China, the THK Group's revenue declined despite working to expand transactions with existing customers through unified production and sales efforts while developing new business areas, including the automotive, medical equipment, aircraft, and robotics fields.

Year Ended December 2019

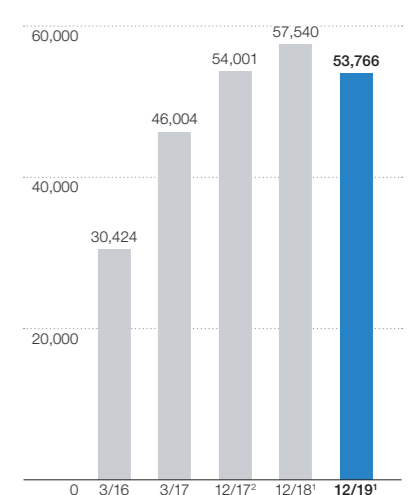
• Sales

In addition to expanding transactions with existing customers, THK actively developed various initiatives aimed at expanding sales to a wide range of customers. Furthermore, the Company accelerated its efforts to take business from competitors in new fields related to medicine, food, and robotics.

• Production

THK improved productivity by analyzing its machining and assembly work processes and installing new equipment to promote further automation and robotization. In addition, the Group promoted additional process improvements such as automating process management through IoT advancements.

Net Sales



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CHINA

Operating Conditions and Performance Review

Sales in China decreased 36.2% year-on-year, to ¥30.9 billion.

China saw broad adjustments being made to capital investments due to trade friction with the United States. Although the THK Group achieved sales from the demand for electronics and products related to automation and robotization, which had been trending favorably, the result of these circumstances was a reduction in revenue.

Year Ended December 2019

● Sales

In order to expand transactions with existing customers as well as sales to a wide range of

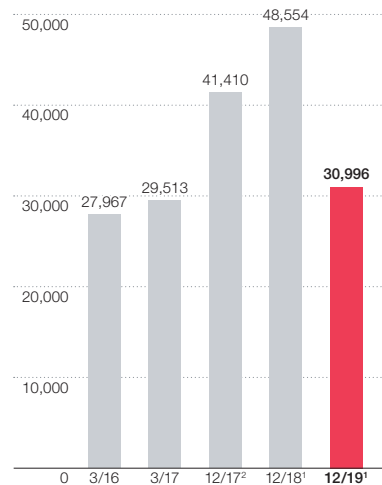
customers, THK has been bolstering its sales network and developing measures to attract more customers at trade shows. The Company has also expanded the lineup of products and distributors available on Omni THK, and the number of registered users has grown.

● Production

Each plant further improved its productivity by promoting automation and robotization based on an analysis of its work processes and by using the IoT to collect and analyze data. With regard to the automotive and transportation business, the THK RHYTHM CHANGZHOU expansion was completed, and the Company steadily prepared for top-line growth.

Net Sales

(Millions of yen)



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ASIA AND OTHER

Operating Conditions and Performance Review

Sales in Asia and other regions decreased 34.4% year-on-year, to ¥22 billion.

As the range of demand for THK products is steadily growing in India, the ASEAN region, and other parts of the world, the Group bolstered its sales network and undertook aggressive sales activities to expand transactions with existing customers and acquire new customers. However, reduced demand in China impacted certain regions, resulting in decreased revenue.

Year Ended December 2019

● Sales

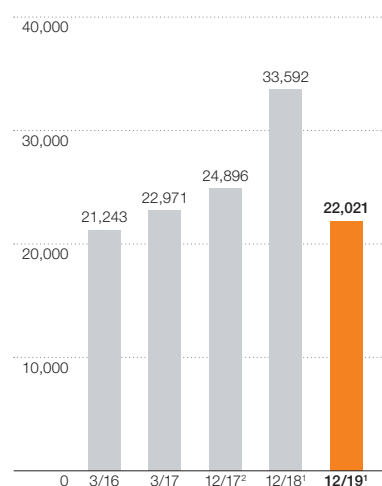
In Taiwan, THK strengthened its top line by expanding sales with existing customers, bolstering its indirect sales network, and introducing quick-delivery products to the market. In the ASEAN region, the Group strengthened efforts to develop Omni THK and thereby expand sales to a wide range of customers. Furthermore, various initiatives were developed to expand sales of electric actuators.

● Production

Each plant further improved the productivity of its production processes through automation and robotization. In India, construction began on a new factory in response to demand that is expected to demonstrate medium- to long-term growth.

Net Sales

(Millions of yen)



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