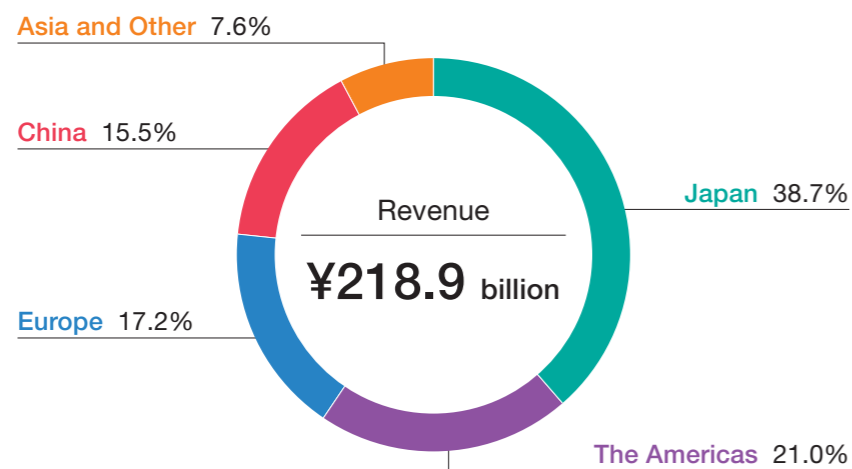


Review by Geographic Region

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 2020 fiscal year, as the impact of the coronavirus spread to every region, THK actively utilized its Omni THK communication platform to remotely connect with customers and began selling its “OMNI edge” industrial IoT service for LM Guide and ball screw applications in the Japanese market. In terms of production, while demand was sluggish due to the coronavirus, the Company worked to boost productivity through efforts that utilized automation, robotization, and the IoT in preparation for when demand recovers. In addition to continuing to strengthen its sales structure through Omni THK in each region, during the 2021 fiscal year, THK will promote the expansion of OMNI edge and accelerate its efforts to establish a secure, flexible production structure. Furthermore, the Company will move forward with the THK DX Project in order to improve productivity throughout the Group.



JAPAN

Operating Conditions and Performance Review

Revenue in Japan decreased 22.6% year-on-year, to ¥84.6 billion.

In the industrial machinery business, while demand for machine tool products remained low, demand related to electronics experienced a recovery. In the automotive and transportation business, the spread of the coronavirus impacted the production and shipping of THK products primarily between April and June 2020. As a result, revenue decreased.

Year Ended December 2020

● Sales

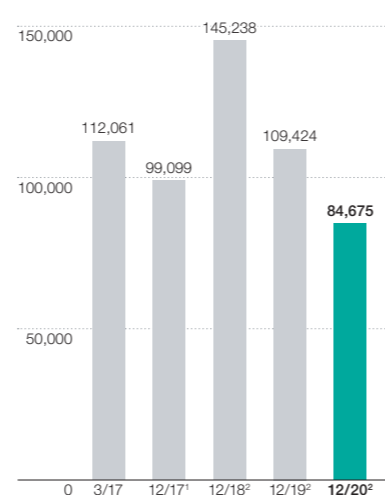
As digital technology progresses, the Company developed new features for Omni THK to further expand sales. The “OMNI edge” IoT

service for the manufacturing industry launched for LM Guide applications in January 2020, and ball screw applications were added to the lineup in November for phase two of the roll-out. For phase three, THK began recruiting participants for a free trial involving rotary component applications.

● Production

As THK faced a difficult demand environment due to the pandemic, it sought to minimize financial losses by implementing thorough cost controls. At the same time, in order to increase its output for when demand does recover, the Company worked to further improve its productivity by promoting various initiatives that utilize automation, robotization, and digital technology.

Revenue
(Millions of yen)



¹ 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.

² 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.

THE AMERICAS

Operating Conditions and Performance Review

Revenue in the Americas decreased 21.1% year-on-year, to ¥46.0 billion.

While demand related to the industrial machinery business showed signs of recovery mainly in electronics, the spread of the coronavirus impacted the production and shipping of automotive and transportation business products primarily between April and June 2020. As a result, revenue decreased.

Year Ended December 2020

● Sales

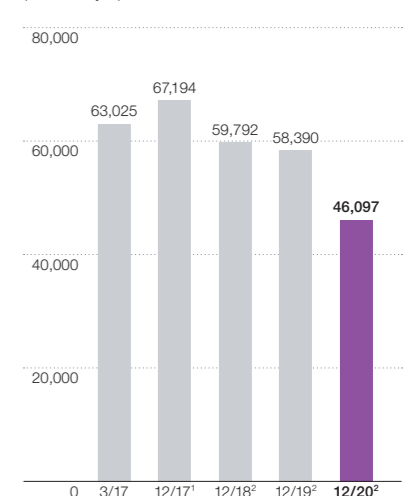
In the industrial machinery business, THK increased its market share by expanding transactions with existing customers as well

as sales to a wide range of customers while taking business from competitors. In addition, the Group bolstered its online sales activities during the pandemic. Furthermore, the Company actively drove sales activities related to products for medical equipment and other new business areas in order to generate new demand.

● Production

Capitalizing on its strengths as the only company in the linear motion industry with a production facility in North America, THK has conducted its production activities in a way that meets customer needs, and it has made improvements in productivity by increasing its utilization of automation, robotization, and IT tools.

Revenue
(Millions of yen)



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EUROPE

Operating Conditions and Performance Review

Revenue in Europe decreased 30.0% year-on-year, to ¥37.6 billion.

In the industrial machinery business, some locations suspended operations from mid-March to mid-April due to the spread of the coronavirus. In the automotive and transportation business, the pandemic impacted the production and shipping of THK products primarily between April and June 2020. As a result, revenue decreased.

Year Ended December 2020

● Sales

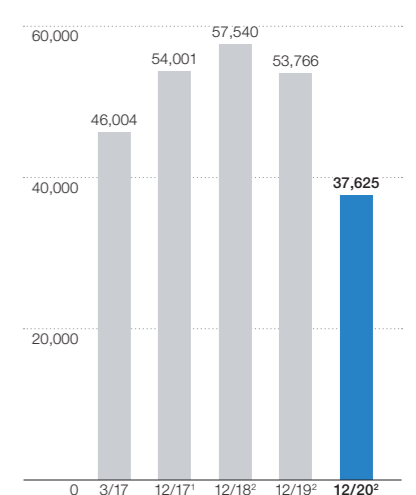
In the industrial machinery business, in addition to expanding transactions with existing customers, THK actively promoted

various initiatives aimed at expanding sales to a wider range of customers. Furthermore, the Company accelerated its efforts to take business from competitors in new fields related to medicine, food, aircraft, railways, and robots. The Company also bolstered its online sales activities during the pandemic.

● Production

THK improved productivity by altering layouts and installing new equipment to promote further automation and robotization. In addition, the Company strengthened its quality control structures through various means, including thoroughly training employees on quality and correcting machining programs with the automatic capture of inspection data.

Revenue
(Millions of yen)



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CHINA

Operating Conditions and Performance Review

Revenue in China increased 9.7% year-on-year, to ¥34.0 billion.

Locations in both the industrial machinery and automotive and transportation businesses suspended operations from the beginning of the Spring Festival holiday (Chinese New Year) to mid-February due to the spread of the coronavirus. However, demand recovered after that as economic activity resumed in China ahead of other regions. As a result, revenue increased.

Year Ended December 2020

● Sales

As a result of promoting various initiatives that capitalize on our manufacturing sales structure

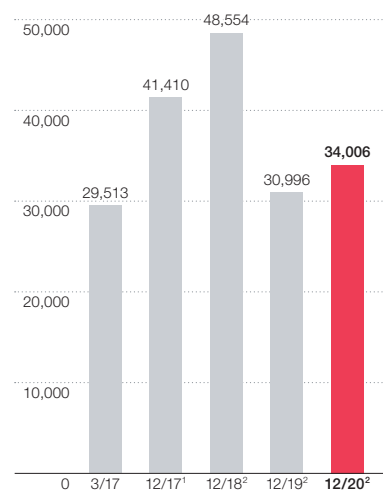
in order to thoroughly capture business in new domains, THK was able to limit financial losses during the challenging moments of the pandemic and steadily capture demand when it recovered rapidly in the second half of the year. Furthermore, the Group enhanced its distributor sales network and further utilized Omni THK in order to expand sales to a wide range of customers.

● Production

Each plant further improved its productivity by promoting automation and robotization of its processes and by using the IoT to collect and analyze data. In addition, the Company established a production structure that can flexibly respond to a dramatically changing external environment.

Revenue

(Millions of yen)



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ASIA AND OTHER

Operating Conditions and Performance Review

Revenue in Asia and other regions decreased 24.6% year-on-year, to ¥16.5 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 acquire new customers. However, revenue decreased due to the overall low demand caused in part by the spread of the coronavirus.

Year Ended December 2020

● Sales

In Taiwan, THK expanded transactions with existing customers; bolstered its indirect sales network; and worked to cultivate new business

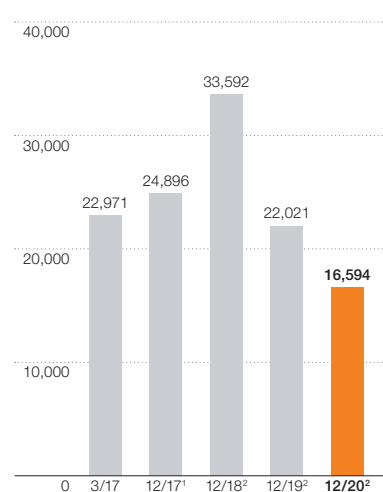
areas such as the medical, food, and packaging industries. In the ASEAN region, the Company promoted the use of Omni THK and its Technical Support Site in order to expand sales to a wide range of customers. Furthermore, various activities such as online seminars were conducted to expand sales of electric actuators even during the pandemic.

● Production

Each plant further improved the productivity of its production processes through automation and robotization. In India, where demand is expected to demonstrate medium- to long-term growth, operations at the new factory were delayed until the summer of 2021 in response to the pandemic and demand trends.

Revenue

(Millions of yen)



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