

Working to Create an **Affluent Society** With Pride as an Essential Business



Coronavirus Response

I would like to express my sympathies for everyone stricken by the coronavirus, and I hope for your swift recovery. I also offer my sincere condolences for the lives that have been tragically lost. At the same time, I would like to share my deepest gratitude to medical professionals for their selfless devotion to the care of their patients.

At THK, we launched our coronavirus response task force in early February 2020, working quickly to determine thorough internal precautions to allow us to fulfill our role as an essential business by continuing to supply customers with products. We asked a lot of our employees and their families, but thanks to everyone's cooperation with our requests to avoid going out in public unnecessarily and to follow other safety measures, we were able to maintain our supply structure even during this time of crisis. I believe it will take some time before we are able to return to more peaceful days, but we will strive to operate our business in a sound manner that is healthy for both mind and body as all of us proudly continue to face this difficult situation and fulfill our duty as an essential business. In any case, I hope we will quickly see an end to this crisis gripping the world.

Reflecting on 2020

As I mentioned, the coronavirus has thrown everything into chaos over the past year. Due to the spread of the coronavirus, the world has faced the greatest economic crisis since the Great Depression. In this environment, we saw low demand for our industrial machinery business everywhere except China, which quickly re-opened its economy in spite of the pandemic. In our automotive and transportation business, we faced a series of automotive manufacturer shutdowns mainly from April to June. While this had a significant negative impact on our business performance, it did provide great momentum to CASE¹ and MaaS.²

Viewing This Adversity as an Opportunity

While the future is still clouded in uncertainty, we anticipate that recent advancements in technologies such as AI and the IoT will drive medium- to long-term demand growth in electrical and electronic fields, especially regarding semiconductors and sensors. The pace of automation and robotization is also picking up in areas like the service industry, and it will likely be propelled even further by the increased need for contactless service, particularly from the coronavirus pandemic. Furthermore, we anticipate that the major surge in electric vehicles will spur a revolution in the existing supply chain. In this way, our business opportunities will continue to grow over the medium to long term. In order to soundly seize these opportunities and continue to grow, it is crucial that we pour even greater effort into our *change in business style* growth strategy in addition to *full-scale globalization* and the *development of new business areas* so that we will generate a new user experience and expand the scope of our business.

Even before the pandemic, we launched Omni THK, a virtual platform for communicating with customers, and introduced OMNIedge, an IoT service that helps improve customers' productivity. We have also developed various types of remote and contactless robots during the pandemic. By developing products that meet the needs of the present, we are actively working to realize CSV³ and achieve the SDGs.

Furthermore, while we are working to accelerate our business processes by promoting DX (digital transformation) activities, we are also performing the kind of talent development required for the digital age as it becomes increasingly critical to hone employee intuition and generate new systems that only people can carry out.

Celebrating 50 Years

In April 2021, THK celebrated its 50th anniversary. Under our growth strategy of a *change in business style*, we will continue to promote efforts such as the THK DX Project, Omni THK, and OMNIedge in order to build a strong foundation that will enable us to adapt and continue to grow even in times of great change in our external environment. Furthermore, in order to further improve our corporate value, all of us at THK will bring together the knowledge we have cultivated over the years and work as one to meet everyone's expectations in our pursuit of achieving a sustainable and affluent society.

¹ CASE stands for Connected, Autonomous, Shared & Services, and Electric.

² MaaS, which is short for "Mobility as a Service," refers to IT-based systems that make transportation more efficient and convenient to use.

³ CSV is an abbreviation of "creating shared value." This is a strategy of using a company's strengths to solve social challenges and lead to sustained corporate growth.