

Coronavirus Precautions and Value Creation

Fighting Against an Invisible Enemy

In 2020, the entire world waged a battle against the coronavirus. As we are a company with a global footprint, experiencing the spread of the virus in China drove us to take immediate action.

The battle later shifted to our other locations in Japan and abroad, but we were persistent in our efforts to prevent the spread of the virus among THK Group employees, maintain our operations, and continue our provision of products and services to all our customers. With a sense of responsibility and pride as an essential business, we instituted various measures to achieve this goal.

The “Value Creation” section in this year’s report describes our battle against the invisible enemy and the results of our efforts.

1 Challenges Facing Society



2 Investment Capital

Manufacturing capital

- Production facilities: 12 in Japan / 25 outside of Japan

Intellectual capital

- R&D expenses: ¥4,976 million
- R&D facilities: 1 in Japan / 2 outside of Japan
- Intellectual property: 908 in Japan / 1,966 outside of Japan

Human capital

- Employees: 3,957 (Consolidated: 12,914)
- Female employees: 15.1% (Consolidated: 22.4%)
- Consolidated ratio of employees outside of Japan: 57.1%

Operating capital

- Sales offices: 49 in Japan / 73 outside of Japan

3 Primary Impacts of the Coronavirus on THK’s Business

Reduction in revenue

- 2020: ¥218.9 billion (-20.2% year-on-year)

Sales activities

- Prohibited domestic and international business travel (transitioned to virtual sales activities and technical meetings)
- Closed headquarters showroom
- Prohibited visitors
- Facility shutdown in China
- Suspended exhibitions (transitioned to online events)

Production activities

- Industrial machinery business: Operations suspended in China (from end of Chinese New Year holiday to mid-February) and part of Europe (mid-March to mid-April)
- Automotive and transportation business: Impacted by automotive manufacturer shutdowns mainly from April to June

Shareholders

- Suspended exhibition that accompanies the General Meeting of Shareholders

Employees

- Coronavirus cases
- Canceled ceremony for new hires

(As of December 31, 2020)

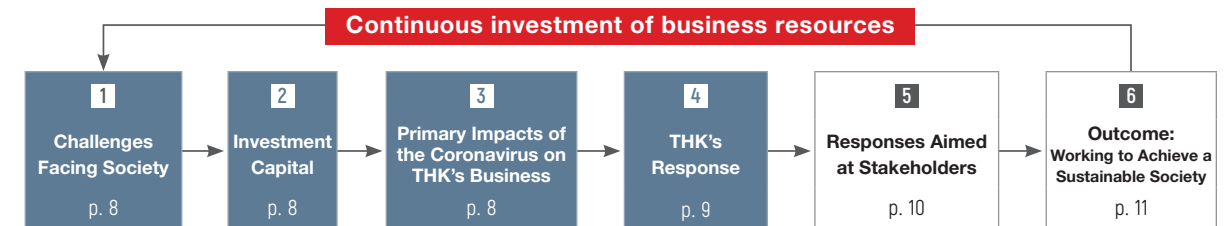
Value Creation

Significant Challenges and Their Relationship with SDGs

Business Segments

In Our Customers’ Words

Outside Director Interview



4 THK’s Response

Established coronavirus response task force on February 3

Head: President Teramachi

Members: Heads of each department/location (including Chinese branches)

Meetings held: 226 (continuing from 2020 into 2021)

Format: Hybrid virtual and in-person participation in a headquarters meeting room to maintain social distancing

Jun. 10th

Directed headquarters and Technology Center staff to gradually return to the office (50% max.)

Employees working from home were also directed to watch their health.

Feb. 28th

Began remote work trial

Excluding factories, 90% of employees were working from home as of March 27.

Jul. 14th

Reinforced staying at home

With the resurgence in cases in major cities, employees were urged to refrain from going out to eat, etc.

21st

Increased remote work ratio

Due to the second wave of infections, the ratio of people working from home was increased.

Mar. 3rd

Began operating value teams of staff essential for business continuity

Teams of primarily office staff (international sales, material purchasing, accounting, systems, engineering, etc.) essential for business continuity were split between the headquarters and Technology Center as they continued their work in order to ensure backups. Team members used a separate building entrance and stayed at a nearby hotel to walk to work.

9th

CEO sent a message to employees in Japan

The message thanked everyone for their help in preventing infections and issued a warning.

Aug. 5th

Encouraged the use of a contact tracing app

Oct. 20th

Called attention to reducing risk of infection

Based on a supercomputer (Fugaku) simulation of how droplets spread, attention was called to reducing the risk of infection by ensuring humidity, ventilation, etc.

Apr. 8th

CEO sent a message to all employees

The message mainly discussed measures to prevent infections and keep the business running.

Nov. 19th

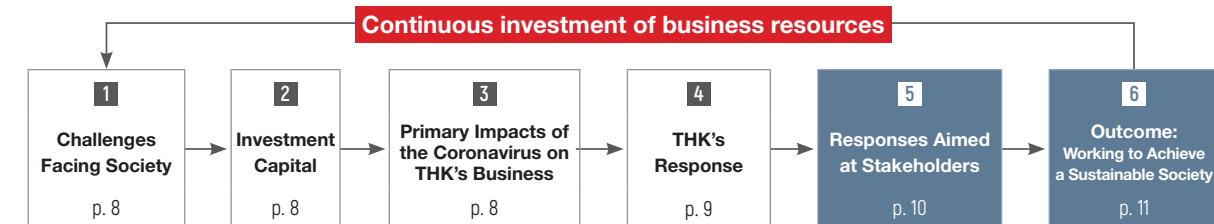
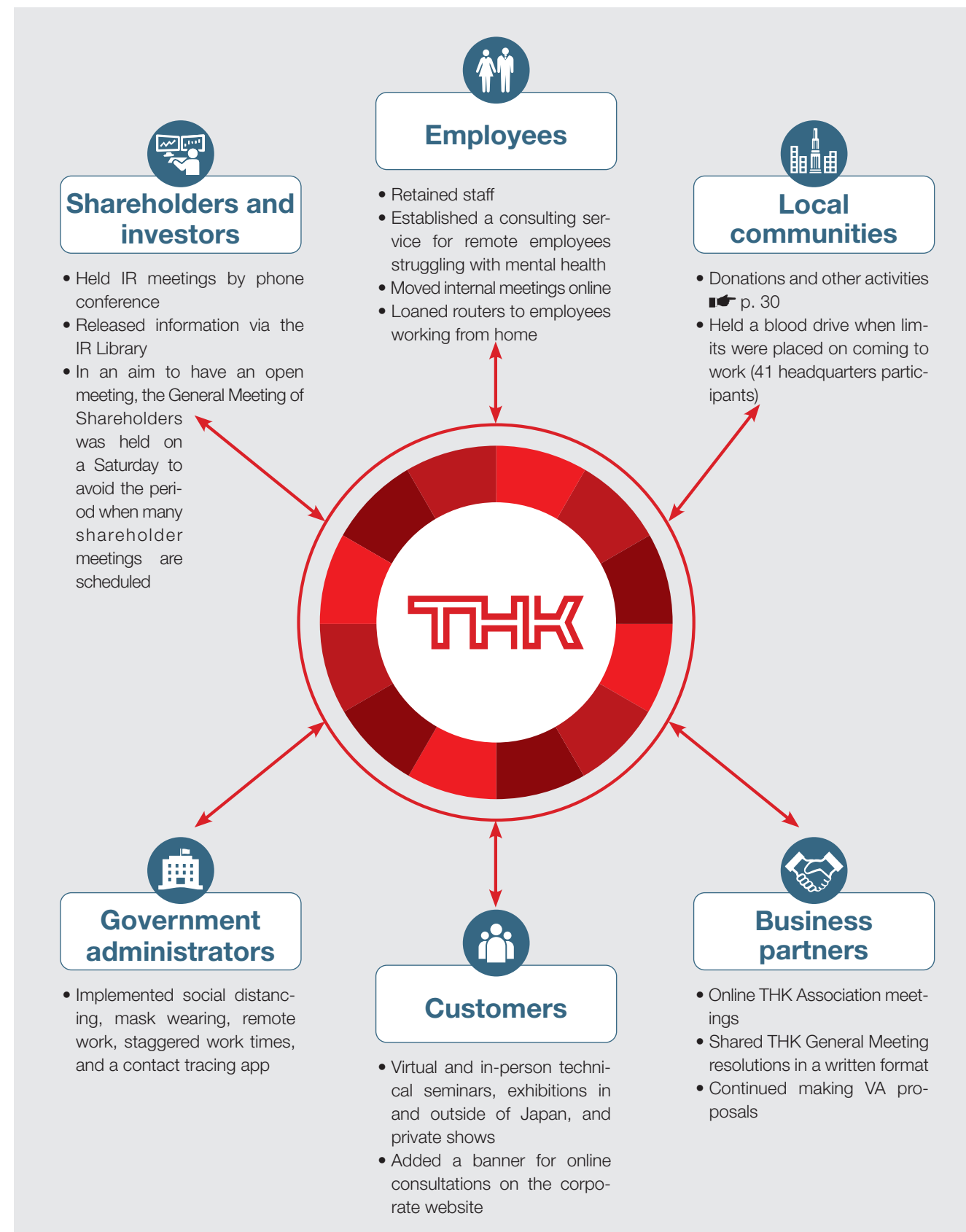
Increased remote work ratio and raised awareness

Due to the third wave of infections, the ratio of people working from home was increased, and awareness was raised about employee mental health.

May 26th

Developed thermometric robot (installed in headquarters lobby)

5 Responses Aimed at Stakeholders



6 Outcome: Working to Achieve a Sustainable Society

Contactless product development



OMNIedge

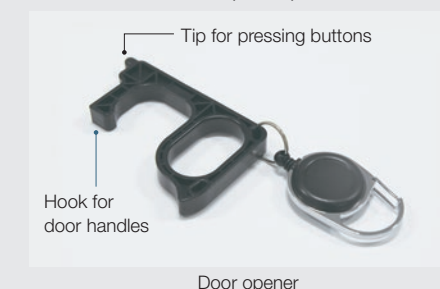
An IoT service that enables constant, remote monitoring of equipment status. Development originally began out of a desire to solve the problems customers were facing with their equipment, and now we have successfully created a sensor that can be added onto existing machinery to quantify the status of components through an original algorithm. p. 14, 17

Transfer robot: SEED-Mover with Lifter

This transfer robot combines an autonomously moving trolley and the lifter that raises and lowers its height. p. 16, 31

Door opener

This tool is aimed at preventing infections from surfaces many people touch in office environments, such as door handles, elevators, and copiers/printers.



Door opener

Three products selected for Tokyo Robot Collection's service robot demos

Three THK robots were selected for the Tokyo Robot Collection: a thermometric robot, transfer robot, and autonomously moving digital signage. p. 31

Creating a pleasant work environment



Earning a doctorate

Tomofumi Ohashi from the Engineering Division's Fundamental Technology Research Laboratory earned a mechanical engineering doctorate at Kobe University's Graduate School of Engineering in March 2020.

p. 28

Strengthening relationships with stakeholders



THK recognized through the Global Niche Top Companies Selection 100 program

THK was one of 113 companies selected for being either a business that has come out on top in a niche field or a raw material company whose importance to the supply chain has risen.

<機械・加工部門 61社>

企業名	代表者氏名	所在地	企業規模	GNT製品・サービス
THK株式会社	寺町 彰博	東京都	大企業	直線運動部の「転がりの化」を実現した「LMガイド」
日機軸株式会社	中野 敏彦	東京都	大企業	航空機用精密部品製造の「カスタード」
日機工業株式会社	渡部 弘治	東京都	中堅企業	工作機械に組み付けて金属等の加工を行う「カスタード」

2020 Global Niche Top Companies Selection 100 list on METI's website

THK selected as a "Noteworthy DX¹ Company" for 2020

THK was one of 21 companies listed on the Tokyo Stock Exchange that were evaluated highly overall for expanding the scope of DX and were selected by METI² for their noteworthy efforts.

証券コード	企業名	業種	2019銘柄	2018銘柄	2017銘柄	2016銘柄	2015銘柄
6481	THK株式会社	機械					
7013	株式会社IHI	機械		○		○	
6701	日本電気株式会社	電気機器				○	

Noteworthy DX Company list for 2020 given on METI's website (21 companies listed by securities code and sector)

¹ Digital transformation

² Ministry of Economy, Trade and Industry

Reducing environmental impact



Efforts to reduce plastic waste

As one initiative to reduce plastic waste, the THK headquarters and other offices replaced visitor coffee cups with paper versions and the stirrers with wood. In addition, all employees were given reusable shopping bags to commemorate the anniversary of THK's founding.

