ANNUAL REPORT 2016

Sodick

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► Editorial Policy

Sodick Group practices information disclosure consistent with the information requirements of its stakeholders. This report presents, on an annual basis, in addition to management information and financial information also non-financial information that is essential for appreciating how Sodick works and operates. Additionally, the Sodick corporate website offers current information about developments at the Group.

► IR Website with Information for Investors

http://www.sodick.jp/ir/

► Disclaimer Concerning Forward Looking Information

Information other than historical facts which this report presents in current plans and strategies of Sodick and Sodick Group concern future projections that are the subject of risks and uncertainties. Readers are reminded that actual business results can significantly deviate from future projections due to an array of factors. Important influences that can affect actual business results include the following: economic conditions in countries and regions where Sodick and Sodick Group engage in business, which include Japan, the U.S., Europe, Asia, and Greater China; trends in demand for the products and services of Sodick; downward pressure on prices caused by intense competition; Sodick's sustained ability amid extremely competitive markets to provide products and services acceptable to customers; foreign exchange rates; and other factors. Readers are reminded that this list of influences capable of affecting business results is not exhaustive.

Create Your Future

若創克実

"We create things if they do not exist in the world."

We at Sodick are at the pioneer of manufacturers of numerically controlled (NC) electrical discharge machines. Since the inception of Sodick, we have vastly improved the precision of machining through our research into ways of controlling electrical discharge machining and through our development of NC machine tools, and in this way have been contributing to the advancement of global manufacturing.

"Create," "Implement," and "Overcome Difficulties" is our mission statement and also the origin of our company name. It incorporates a powerful corporate creed calling on us to create something new, to implement what we have created to give our creativity shape, and overcome the difficulties encountered in the process, and in so doing contribute to advancing the manufacturing efforts of our customers.

We have made it our mission to manufacture machines designed with the aim of pleasing customers. To this end, by practicing at all times "Create, Implement and Overcome Difficulties"—our mission statement—we will further our contribution to society through manufacturing activities, by enhancing our own technology and proceeding with applied development of new product groups.

Key Points in FY03/2016

Net sales

65,100 million yen

(+3.3% compared with the previous fiscal year ↗)

Operating income

6,300 million yen

(+29.9% compared with the previous fiscal year ↗)

- Core business line Machine Tool Operations drove overall performance. Sales and earnings increased compared with the previous fiscal year.
- Profit margins continued to improve from the previous fiscal year thanks mainly to contributions from production efficiency enhancements and procurement cost reductions.

Composition of Sales by Segment

Machine Tool Operations
47,700 million yen

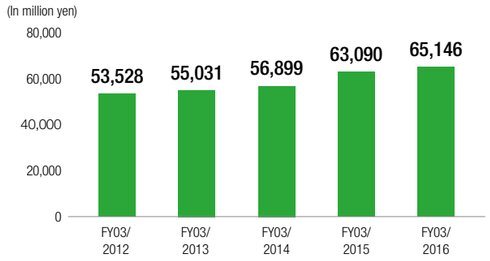
Industrial Machinery Operations
8,600 million yen

Food Processing Machinery Operations
3,500 million yen

Other Operations
5,100 million yen

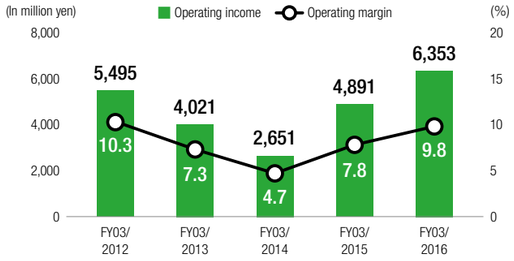
► Net sales

Core business line Machine Tool Operations showed strong performance, driving overall results. Sales in fiscal year ended March 2016 increased 3.3% compared with the previous fiscal year.



► Operating income and operating margin

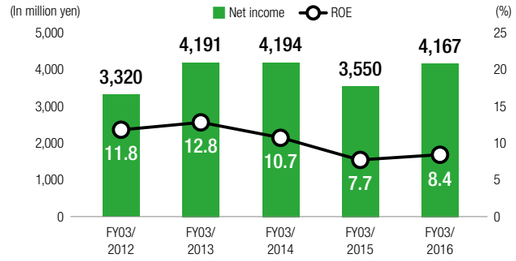
The operating margin improved thanks to gains in production efficiency and procurement cost reductions, etc.



► Profit attributable to owners of the parent and ROE*

Profit attributable to owners of the parent increased. ROE and capital efficiency improved compared with the previous fiscal year.

* ROE (Return on equity) = Net income for the period / (Net assets – Stock warrants – Minority interests)



► Interest-bearing debt and Debt-to-equity ratio*

Interest-bearing debt decreased to around ¥33,800 million consistent with the scheduled repayment of loans. The debt-to-equity ratio reduced to 0.75 times.

* Debt-to-equity ratio = Interest bearing debt / Shareholders' equity

► Net assets and equity ratio

Equity capital increased due to higher earnings, lifting the equity ratio to 49.8%.

► Total assets and ROA*

Total assets decreased, partly also due to foreign-denominated assets diminished by yen appreciation, while ROA improved on higher earnings.

* ROA (Ratio of ordinary income divided by total assets) = Ordinary income / Total assets (Average during the period)

► Facility investment, R&D expenses, and depreciation charges

Facility investment comprised around ¥800 million for building a new factory for food processing machinery. While depreciation charges rose marginally, R&D expenses increased around ¥500 million in connection with metal 3D printer operations.

► Cash flow

Free cash flow decreased compared with the previous fiscal year but remains at a high level of ¥3,806 million.

► Net earnings per share and DOE*

As a dividend policy, Sodick aims to realize a dividend yield on shareholders' equity of at least 2%. The annual dividend for fiscal year ended March 2016 is ¥18 per share.

* Dividend yield on equity = Total dividend / Shareholders' equity

* Special dividend commemorating the listing of the shares of the Company on the First Section of the Tokyo Stock Exchange.

Sodick Group = **Total Manufacturing Solution**

In lock-step with technology innovation in Japan, promoting the advancement of manufacturing.

With electrical discharge machines as the core product line, Sodick Group has been providing total support for all processes of manufacturing from product design to the machining of molds and components, the finishing of machined surfaces, and the shaping of objects, and has been providing optimal solutions for resolving customers' manufacturing issues.

In 2007, Sodick added food processing machinery to its product portfolio. Using its technology capabilities, Sodick has been expanding its business fields while manufacturing and marketing machines and equipment indispensable for the production of goods, contributing in many varied aspects to the advancement of manufacturing.

Steps in manufacturing | Design | Machining | Finishing | Forming

Machine Tool Operations

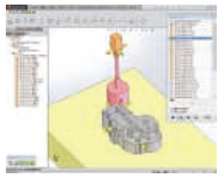
Development, manufacture, and marketing of electrical discharge machines, machining centers, and metal 3D printers

Sodick offers a broad line-up of products which includes electrical discharge machines—where Sodick ranks at the top in global market share—machining centers, and metal 3D printers, among other equipment. Sodick products enjoy high acclaim in a wide range of fields such as the automotive and aerospace industries as well as in the electronics industry typically in smartphone and digital camera applications.

Industrial Machinery Operations

Development, manufacture, and marketing of injection molding machines

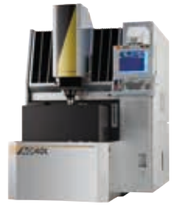
Manufacturers use injection molding machines for the processing of plastic products. This is done by melting plastic material (resin) and filling it into molds (injection) where the material hardens and receives its shape (forming). Plastic components find application in countless general consumer products such as electrical and electronic components, camera lenses, automobiles, medical equipment, and many others. Moreover, Sodick also offers a large variety of molding machines to process new materials such as carbon-fiber and glass-fiber reinforced plastic.


▲ CAD / CAM


▲ Metal 3D printers


▲ Wire electric discharge machines


▲ High speed milling centers


▲ Sinker electric discharge machines


▲ Nano machining centers


▲ Small hole drilling electrical discharge machines

▲ Electron beam machines

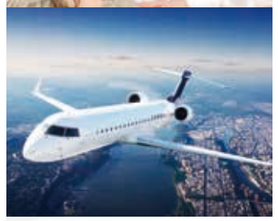

▲ Thermosetting injection molding machine


▲ Horizontal injection molding machines


▲ Special purpose injection molding machines


▶ Vertical injection molding machines

From Sodick through our customers to the final product



Food Processing Machinery Operations

Development, manufacture, and marketing of food processing machinery including noodle manufacturing plants and noodle manufacturing machinery

Sodick offers for every customer the optimal machine unit for noodle types generally sold at convenience stores and supermarkets, such as Japanese-style wheat and buckwheat noodles and Chinese-style noodles.

Thanks to the booming popularity of Japanese food overseas in recent years, demand has been increasing also from foreign users.


▲ Noodle making machine with bi-directional folding operation


▲ Noodle making machinery


▲ Noodle boiling, steaming, and sterilization machine

Other Operations

Precision Mold and Precision Molding Operations

Mold design and manufacture and production of plastic molded products

Element Technology Operations

Development, manufacture, and marketing of linear motor application products and associated control equipment, ceramics products, and LED lighting

Leasing Operations

Leasing of electrical discharge machines, etc.


▲ Ceramics


▲ Linear motors and control equipment


▲ LED lighting


▲ Molded components

Core Technologies Manufactured In-house

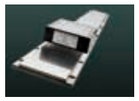
In lock-step with technology innovation in Japan, promoting the advancement of manufacturing.

As a result of the technology development that we at Sodick conduct with the aim of offering our customers enhanced products and services, we have succeeded in switching to in-house production in the core technologies that drive the competitive strength of Sodick. The high percentage of in-house production at Sodick is without parallel and testifies to outstanding technology capabilities.

Linear motors

Successful achievement of high speed, high precision motion, and energy conservation properties

Linear motors are regarded superior to motors with ball screw constructions when it comes to locomotion speed and positioning accuracy. Moreover, with their reduced mechanical contact surfaces, linear motors are highly responsive and deliver steady long-term performance. Sodick has accumulated a wealth of linear motor technology including design and production know-how for the optimal linear motor options in combination with a diversity of machinery and devices.



Motion controllers

How to remote-control linear motors with speed and precision

Motion controllers serve to control the high-speed, high-precision movements of linear motors based on the commands issued by NC units. Sodick owns technology for PID control (realizing control over high speed and high acceleration) and for the manufacture of linear motor motion controllers using modern control theory. Sodick also owns the copyrights for the replication and use of the software that controls the operations of linear motors.

Ceramics

The supportive “bone” material of Sodick products

Ceramics are indispensable for ultra precise machining. Sodick owns manufacturing technology for ceramics-made high-rigidity structural machine components and hydrostatic bearings, which enable positioning with high precision. Sodick uses own-manufactured ceramics as a main component of machinery, which permits building light-weight machine structure of high rigidity.

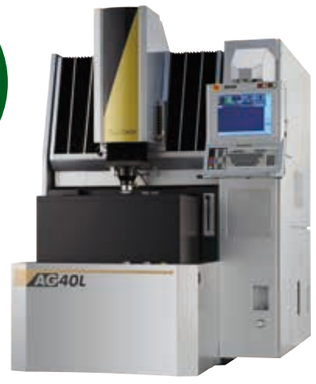
Programmable logic controllers

Advances in automation through the development of general-use PLC

Programmable logic controllers (PLC) serve to control all kinds of automatic machinery. More specifically, PLC are control devices that execute software written in a relay circuitry encoded programming language (known as ladder diagram). Since target applications range widely, general versatility and flexible system construction are required. Sodick-made PLCs can be expanded from a minimum of 16 I/O points to up to 65,536 I/O points and are able to control motors up to 60 axes.

Linear motors
Motion controllers
Ceramics
Programmable logic controllers
NC units
Electric discharge power units

Electrical discharge machines



NC units

Top-flight control towers bring out the full power of Sodick products

NC units are numerically controlled devices that regulate the actions of machine tools and robots through numerical information and servomechanisms. Sodick owns production technology for NC units (including display and data entry units) that can simultaneously control up to eight axes. Sodick also owns the copyrights for the replication and use of software for the numerical control of high-speed milling centers. And precisely because these NC units have been developed for bringing out the full power of Sodick products, they are able to deliver unrivaled ultra-precise, high quality machining performance.

V-LINE® System
Straight-hydraulic mold clamping system
Hybrid systems

Injection molding machines

Electric discharge power supply units

The “heart section” of Sodick electric discharge machining products

In the case of Wire-cut EDM, for example, during high-speed machining the power circuit must generate a current of 1,000A per micro-second. To enable this performance, an electric discharge power circuit device generates a steadily repeating pulse current with the help of pulse control that regulates the power circuit and its current. For machining at the finishing level the electric discharge power circuit device must generate a steadily repeating pulse current at nano-second rate, again with the help of pulse control. In the case of sinker electric discharge machines, in order to perform machining without electrode wear, a steady pulse is issued through a pulse control device that optimizes pulse width and current value. These devices are collectively known as electrical discharge power sources and constitute the heart section that drive the high performance of the machines under their control.

V-LINE® System

Development of methods for the separation of plasticization and injection processes with zero backflow

With the V-LINE® System the molding process occurs after weighing and active path closure, ensuring that the weighed resin is fully injected into the mold.
The V-LINE® System enables accurate fill rations and marks the first-ever method that lends itself to numerical control.

* V-LINE is a registered trademark of Sodick Co., Ltd.

Straight-hydraulic mold clamping system

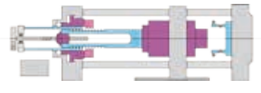
Minimal damage of molds with the proprietary direct pressure mold clamping method of Sodick

To ensure that molds can contain the pressure of the entering molten material, the application of clamping force is necessary to prevent resin from spilling out. In order to release the product from the mold without adding stress, we at Sodick consider it important that the clamping force is consistent with the purpose for which the mold was designed. This concept led to the development of Sodick’s proprietary straight-hydraulic mold clamping system. By employing four technologies, namely, long-span support, LM guide platen support, central ball screw driving mechanism, and tie-bar holdless platen, Sodick succeeded in dramatically improving mold positioning and trajectory repeatability and enabled the manufacture of intricate molds not attainable with the conventional toggle type mold clamping systems.

Hybrid systems

Hybrid Systems – The Best of Two Driving Forces

Sodick’s molding machines use hydraulics for injection and plasticization, and electric motors to open and close the mold and to release the product. Hydraulics provide high output and high response and are therefore perfect for quick injection of plastics into the mold and for applying strong clamping force on the mold. Meanwhile, electrical motors enable superior positioning control and adjustable speed control.



Global Business Development

Targeting the World's Five Major Markets

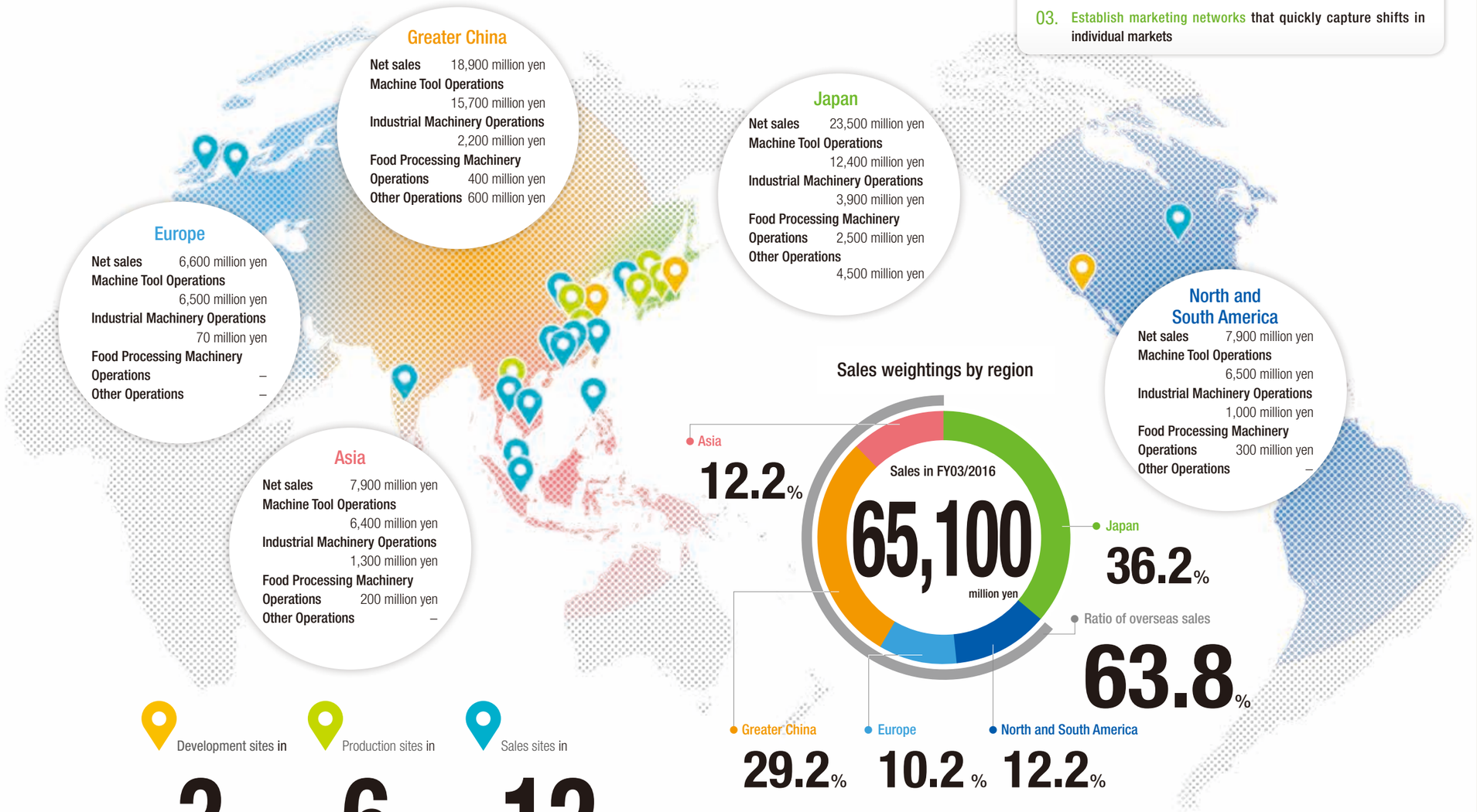
Sodick was early to develop its operations from a global perspective and has grown into a corporate group with its prominent presence in global markets.

Key points of the global initiatives of Sodick

01. Production and marketing framework strategies **focused on the characteristics of each geographic area**
   - ► Matured markets: Expand markets shares by introducing competitive products and strengthen service offerings for existing users
   - ► Emerging markets: Develop low-priced machinery consistent with market needs and strengthen marketing

02. **Increase the percentage of overseas production and overseas sales and reduce foreign exchange risks**

03. Establish marketing networks **that quickly capture shifts in individual markets**



Sales weightings by region

Development sites in **3** locations

Production sites in **6** locations

Sales sites in **12** countries

1980	- Sodick Inc. established in the United States
1988	- Sodick (Thailand) Co., Ltd. established in Thailand
1991	- Shanghai Sodick Software Co., Ltd. established in Shanghai, China
1993	- Sodick Singapore Pte., Ltd. established in Singapore
1994	- Suzhou Sodick Special Equipment Co., Ltd. established in Suzhou, China
1996	- Sodick (Taiwan) Co., Ltd. established in Taiwan - Sodick Technology Malaysia Sdn., Bhd. established in Malaysia
1997	- Sodick Electromechanical (Shanghai) Co. Ltd. established in Shanghai, China - Sodick (H.K.) Co., Ltd. established in Hong Kong
2000	- Sodick Europe Ltd. (U.K.) established in Birmingham, England - Sodick America Corporation established in the U.S.
2001	- Sales subsidiary Sodick International Trading (Shenzhen) Co., Ltd. established in Shenzhen, China
2002	- Sodick Korea Co., Ltd. established in Korea
2004	- Sodick Deutschland GmbH established in Stuttgart, Germany - Sales subsidiary Sodick Enterprise (S.Z.) Co., Ltd. established in Shenzhen, China
2006	- Sodick Amoy Co., Ltd. established in Xiamen, China
2008	- Sales subsidiary Sodick Technologies India Private Ltd. established in India
2012	- Sales subsidiary Sodick Vietnam Co., Ltd. established in Vietnam
2015	- Sales subsidiary Sodick Philippines Inc. established in the Philippines - PT. Sodick Technology Indonesia established in Indonesia

40 Years of Sodick Group

In lock-step with technology innovation in Japan, promoting the advancement of manufacturing.

► Products ● Production sites ● Development sites ● Other

Supporting customers' manufacturing is Sodick's mission. At Sodick we listen to customers' every which wish, strive to overcome technical obstacles no matter how challenging, and together with customers work out problem solutions.
We have been holding fast to our maxim that Sodick will always provide a solution – if none exists, we will develop it. For example, linear motors and ceramics (responsible for the revolution in electrical discharge machines) and V-LINE® System injection molding machines all reflect in-house developments conceived of in order to solve customers' manufacturing issues. To this day, these and other technology developments have been the source of the competitive strength of Sodick products.
The spirit of "Create (So)," "Implement (di)," and "Overcome Difficulties (ck)," three things we spare no pains doing for our customers, is the origin of the Sodick company name and also our mission statement.

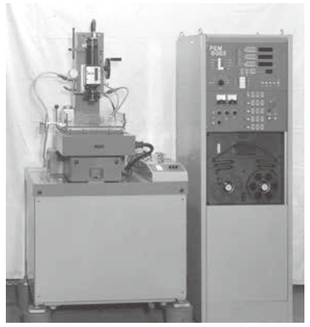
1976- Creation

► **Founding**

▲ Founder Toshihiko Furukawa

► **Advancement of electrical discharge machines**

Development of the world's first micro computer-controlled No. 1 NC Die-sinker EDM



▲ MD5B

1980- Leap forward

1980 ● Completion of the Fukui plant (Sakai city, Fukui prefecture)

1986 ● Share listing on the second section of the Tokyo Stock Exchange

1987 ● Completion of the Kaga plant (Kaga city, Ishikawa prefecture)

► **Supporting customers' manufacturing with a series of new technology developments**

- Completed "PIKA-1" mirror surface finish circuit
- NC Wire-cut EDM with five simultaneously controlled axes "330W"
- NC Die-sinker EDM "FINE Sodick A Series"
- Electric discharge machine with numerically controlled four plus-rotated principal axes

▲ NC sinker electric discharge machine "A3C-R"

1988- Overseas expansion

1988 ● Factory in Thailand established

1989 ● Research and Technology Center completed in Yokohama city, Kanagawa

1989

► **Expansion of business lines to industrial machinery operations**

- Development and marketing of injection molding machine using Sodick's proprietary V-LINE® System

▲ Injection molding machine "TR50S2"

1991 ● Shanghai Sodick Software Co., Ltd. established in Shanghai, China

1994 ● Suzhou factory established in Suzhou city, China

► **Globalization of operating sites for development, production, and marketing**

Creation of frameworks for development, production, and marketing adjusted to the characteristics of individual markets divided into five areas comprised of Japan, Greater China, Asia (excluding China), North and South America, and Europe

► **Initiation of development and marketing of machining centers**

1998- Technology innovation phase

2000 ● Sodick America Corporation established in San Jose, U.S.

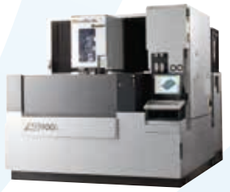
2001 ● Shares of Sodick Plustech Co., Ltd. listed on the JASDAQ market

2005 ● Shares of Sodick Hightech Co., Ltd. listed on Heracles market of the Osaka Securities Exchange

2006 ● Amoy factory established in Amoy city, China

► **Further technology advances**

- Announced the "AM series," the world's first high speed NC Die-sinker EDM equipped with linear servo motors.
- Announcement of the world's most advances nano machining tool "NANO-100."
- Announced the "AQ325L/AQ550L" high speed, high precision NC Wire-cut EDM equipped with a linear servo motor and the "MC180L" machine center.



▲ High speed, high accuracy CNC Wire-cut EDM, "AQ550L"

2007- Linear technology period

2007

► **Advance into food processing machinery operations**

▲ Noodle production machine "DDM"

2009 ● Absorption of subsidiary Sodick Hightech Co., Ltd.

► **Linear motor technology innovation**

- Linear motor technology enabling high speed, high precision, and high-responsiveness
- SMC (Sodick Motion Controller) for controlling high-speed, high-precision action of linear motors based on commands from NC units

◀ Linear-motor-drive Die-sinker EDM with LP Power Supply, AG Series "AG35L"

2012- Further advances

2012 ● New plant for the EWS Division of Sodick F-T Co., Ltd. completed in Miyazaki city, Japan.

● Absorption of Sodick Plustech Co., Ltd.

2013 ● New factory at Thailand plant completed (No. 2 factory).

● New plant for the Metal Molding Division of Sodick F-T Co., Ltd. completed in Miyazaki city, Japan.

2014

► **Development of metal 3D printers**

Development of metal 3D printers opens countless possibilities for future manufacturing (monozukuri)

▲ Metal 3D printer "OPM250L"

2015 ● Share listing on the first section of the Tokyo Stock Exchange

2016 ● New factory for food processing machinery at the Kaga plant completed.

President and Representative Director
Yuji Kaneko

A message from the president

Contributing to global manufacturing based on the Sodick spirit of “Create,” “Implement,” and “Overcome Difficulties.”

Operations and strengths of Sodick

As a pioneer in the manufacture of numerically controlled (NC) electrical discharge machines, Sodick has since its founding been engaged in researching methods for controlling electrical discharge machines and in developing NC units. Electrical discharge machines were initially only able to produce holes. Later it became possible to create shapes, thanks to the discovery of no-wear circuitry for the electrodes of electrical discharge machines by the founder and current Sodick chairman Mr. Furukawa. The impact of the discovery at the time was dramatic. We at Sodick have since made it our mission to manufacture machines designed to please customers by implementing the Sodick mission statement calling for “Create,” “Implement,” and “Overcome Difficulties,” three elements that together are also the origin of the name Sodick. Research and development, manufacture, and marketing of Sodick rely on our corporate creed for development that “We create solutions where none existed.” This applies not only to our electrical discharge machines but to all of our high-precision, high-speed milling centers, metal 3D printers, injection molding machines inspired by our proprietary V-LINE® System technology, and food processing machinery centered on noodle production machinery.

Sodick’s strength rests in its advanced technology capabilities. For example, the high percentage of core technologies manufactured in-house at Sodick is without parallel, encompassing the very sources of Sodick’s competitive strength, such as NC units, linear motors, and motion controllers. In-house manufacture has allowed Sodick to bring out the performance capabilities of those machines down to the most differentiated feature. Using its advanced technology capabilities, Sodick will continue to proactively pursue its research activities with a view to future business expansion, continuously come to market with products that anticipate the next generation, excel in creativity, and deliver high added value.

Business results and topics in FY ended March 2016

In the domestic realm, thanks also to subsidy programs of the government, facility investment demand increased due to the accelerating renewal of obsolescent facilities as well as the quest for weight reductions and higher precision. In North America, although falling crude oil prices depressed the energy related business, facility investment demand remained robust centered on the automotive and aerospace fields. Likewise, demand for high precision machinery of Sodick continues in the medical equipment field. Demand in Europe was generally robust centered on the automotive and aerospace fields despite a slower pace in some areas including Russia. By contrast, demand slumped in emerging economies, specifically China, reflecting the effects of the economic slowdown.

In fiscal year ended March 2016, our main business line Machine Tool Operations developed favorably, pulling overall performance. Industrial Machinery Operations posted marginally higher sales on the back of newly launched high value-added products geared at the automotive industry. Food Processing Machinery Operations benefited from investment demand from convenience stores and supermarket operators pursuing quality improvements for cooked noodles. As a result, sales rose to ¥65,146 million (+3.3% compared with the previous fiscal year period), with operating income climbing to ¥6,353 million (+29.9%). Earnings reflected a significantly higher gross margin, thanks mainly to reviews of procurement methods and progress in the standardization and shift to in-house manufacture of important components. Another contributing factor came from the reduced cost of sales of products manufactured at the Thailand plant because we were using materials previously procured at low prices thanks to the appreciation of the Thai Baht in the first half of the fiscal year.

In fiscal year ended March 2016, in order to turn Metal 3D Printer Operations into a new core business, we continued with our efforts to expand existing Machine Tool Operations and Industrial Machinery Operations. At the European machine tool expo EMO MILANO 2015 held in October 2015 in Milan, Italy, Sodick debuted in Europe with its linear motor driven wire electric discharge machine “VL600Q” and the metal 3D printer “OPM250E,” where Sodick’s high precision and quality attracted much interest from visitors. In February 2016, Sodick hosted a private show featuring the linear motor-driven wire electric discharge machine AL Series which delivers further enhanced machining performance compared with earlier models. Moreover, Sodick developed products addressing specific market needs such as injection molding machines for ultra-precise, small objects including electrical and electronics components, as well as injection molding machines geared at achieving lightweight automotive components. Furthermore, in August 2015, Sodick opened a business office in the Philippines to tap into that country’s growing markets for electronic components and OA machinery and has since been working to expand its sales networks.

Outlook and key efforts in FY ending March 2017

Despite uncertainties such as slower growth in emerging economies and plunging raw materials prices, we expect overall demand for machinery to keep steady at the level of the previous fiscal year in step with the progress in manufacturing across global markets. Markets in Japan and Europe should remain favorable on the back of robust demand from the automotive and aerospace industries. Meanwhile, in emerging economies, specifically in China, we expect the effects of slower growth to continue. Even so, against the background of soaring labor costs in the Chinese market, we anticipate rising demand for machinery geared at automation and higher precision. However, despite expectations for increased unit sales in fiscal year ending March 2017 mainly due to new product introductions, with the yen poised to strengthen compared with the previous fiscal year, we forecast only marginal sales growth to ¥65,500 million. An expected drop in operating income to ¥5,800 million is mainly due to the absence of the procurement cost reductions seen last fiscal year (a benefit from the fluctuating Thai baht) and a scheduled increase in R&D expenses targeting business expansion.

As to specific measures at each division, at Machine Tool Operations, we aim to expand our market shares in all regions by strengthening sales of low-priced machinery, specifically the electric discharge machine "VL Series," and by expanding sales of the "AL Series" released this year. At Metal 3D Printer Operations, we will enhance forming speed and maintenance properties, expand our line-up of metal powders, and promote sales of the "OPM250L" model following the start of full-scale shipments in the second half of last year. At Industrial Machinery Operations, we will work to reduce the manufacturing cost of injection molding machines, reorganize sales frameworks, and strengthen marketing capabilities. In injection molding machines, the current main product lines at Sodick are hybrid types that combine hydraulics with electric motors. However, markets in recent years have been showing rising demand for fully electrical injection molding machines. We will therefore strengthen our line-up of fully electrical models and push ahead with the development of products consistent with customer requirements. Likewise, we believe we will be able to increase our market shares and raise our overseas sales ratio by launching products that address the needs of individual overseas markets.

At Food Processing Machinery Operations, we took a new factory into operation in April 2016. The new facility will result in enhanced production efficiency by centralizing work processes that were previously part of the production of the Hakusan plant and the Kaga plant in Ishikawa prefecture. Additionally, the Food Processing Machinery Operations received new showroom and research facilities to promote product development and strengthen marketing. Compared with machine tools and industrial machinery, which are sensitive to the business cycle, demand for food processing machinery is comparatively stable. Although food processing machinery of Sodick has been centered on noodle production, we believe demand will grow also in emerging economies as well as in Europe and the U.S., including applications relating to food safety and food texture enhancement.

In November of this year, the world's largest machine tool trade fair "JIMTOF2016" will take place in Japan. Sodick plans to release new product groups featuring leading-edge technology applications. We at Sodick will continue to introduce product groups consistent with markets' requirements, maintain and evolve our core competencies, and expand the reach of the Sodick brand.

Key efforts for the medium term and long term

Consistent with the strength of Sodick as a one-stop solution provider, by offering integrated solutions based on the products of the Group, we have been able in a mutually reinforcing manner to grow our existing operations (electrical discharge machines and injection molding machines) with metal 3D printers as a driver of growth. Specifically, by developing injection molding machines suitable for metal 3D printers to enable production in a single flow from the mold to the shaped item, we will strengthen the frameworks that provide overall support for plastic forming. Moreover, by upscaling the size of metal 3D printers and expanding our line-up of metal powders such as titanium powder, we will extend the basis of our operations to high value-added components for automotive, aerospace, and medical equipment applications, and in this way raise the market presence of Sodick and expand the market for metal 3D printers. At Food Processing Machinery Operations, research and development efforts focus on how the techniques of food preparation professionals for discerning the quality and texture of noodles can be untied and built into machines.

Metal 3D printers

For fiscal year ended March 2016, we expected sales of around ¥2,600 million. However, given that mold manufacture using metal 3D printers is a new production method, customers have been cautious with facility investments, resulting in numerous requests for trial machining, whose assessments have been taking more time than estimated. Also export application procedures for overseas shipment are taking longer than thought. As a result, out of 30-plus units shipped, around one-third was shipped to non-group companies, accounting for net sales of about ¥500 million. Further to outbound products, we have installed an adequate number of units for development purposes surrounding the conditions of machining and the conditions of metal powders. Also in this setting, at Sodick group company Sodick F.T Co., Ltd. (engaged in Precision Mold and Precision Molding Operations) we established a new production system using the "OPM250L" model, realizing shorter lead-times for mold manufacture, reduced production cost, and a shorter molding cycle. Based on this success, under the slogan of "Plastic Forming Revolution" we have strengthened our marketing activities and frameworks for expanding sales. As a result, we are currently seeing a rising number of customers introducing metal 3D printers and a strengthening basis for future growth.
Plans for fiscal year ending March 2017 call for sales of 50-plus printer units. Beginning with the current fiscal year, in addition to ongoing sales in Japan and Asia, we have started selling also into European and U.S. markets, which have been at the forefront of metal 3D printers. Moreover, with a view to medium-term and long-term growth, we will promote research and development to enhance forming speed and expand our line-up of metal powders, with the aim of establishing Sodick as the top company in metal 3D printers.

Returns to shareholders

It has been a fundamental policy of Sodick, while balancing ongoing investment in business growth and strengthening the financial position of the Company, to provide stable and continuous dividend payments aiming at a dividend yield on equity of at least 2%. On this basis, for fiscal year ended March 2016 Sodick will pay an annual dividend of ¥18.0 per share. Plans for fiscal year ending March 2017 call for a dividend increase of ¥1.0 to ¥19.0 per share. In order to continue with the build-up of metal 3D printers into a core business operation, we will accelerate R&D and facility investment in accordance with the medium-term management plan of Sodick, take steps to maximize earning power, strive to increase enterprise value, and in this way strengthen shareholder returns over the medium term and long term.

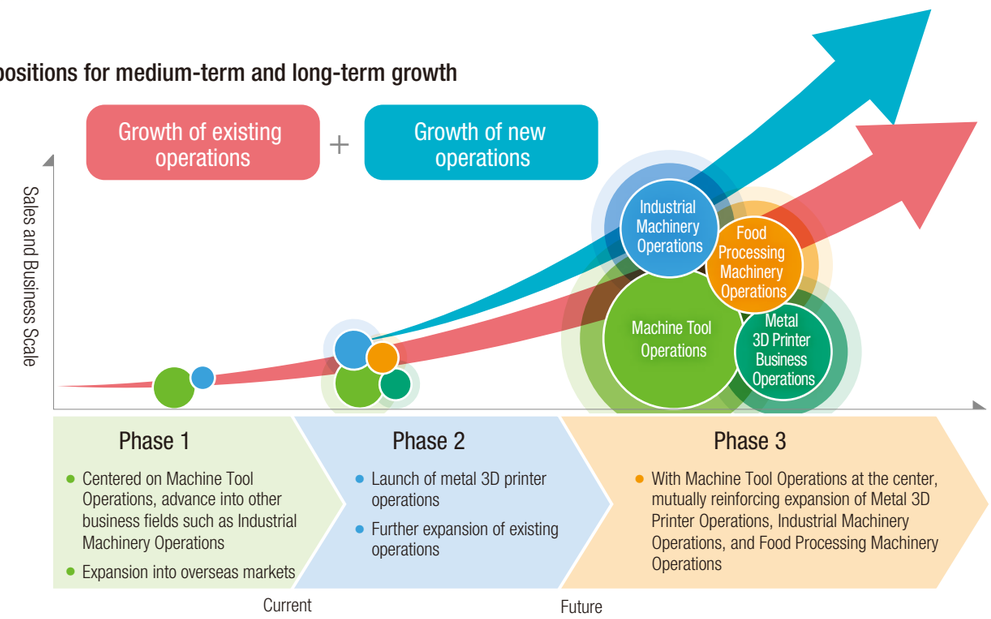
A message to shareholders

In August 2016, Sodick will mark its 40th founding anniversary. We would like to express our heartfelt gratitude for the support and goodwill afforded the Company by shareholders, customers, suppliers, and all other stakeholders. We will strive for the further advancement of the Company by strengthening corporate governance, promoting diversity management, and giving rise to wide and varied innovation using the capabilities of the Company's diverse human resources. Moreover, we will work to maintain and further raise the prominence of the Sodick brand and steadily create a robust foundation for the next half century and full century of stable and sustained growth of Sodick Group. For these endeavors we would like to request the goodwill, support, and guidance of all stakeholders of the Company.

Medium and Long Term Strategies
- For further rapid advances

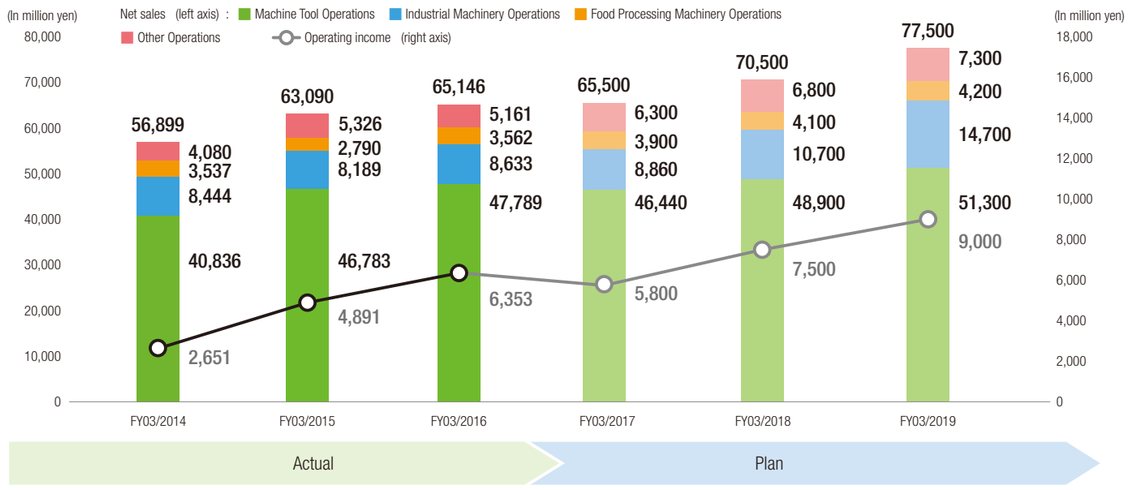
Together with promoting the expansion of existing operations, we will foster Metal 3D Printer Operations as a new driver for our continuous growth.

Propositions for medium-term and long-term growth



Medium term management plan

Along with growing the new Metal 3D Printer Operations into a new core business and achieving mutually reinforcing expansion with existing operations, Sodick Group aims to achieve sales of ¥77,500 million with operating income of ¥9,000 million by fiscal year ending March 2019.



Strategies by Operation Division

Machine Tool Operations

- **Expansion of market shares in all regions**

  Markets of emerging economies

  We will work to increase market share by broadening our customer base through strengthening sales of low-price machinery models of the "VL Series."

  Markets of industrialized countries

  We will work to increase market share through the full-scale sales expansion of the "AL Series" high-precision wire electric discharge machine, a main product line of Sodick.

- **Accelerate sales and R&D in metal 3D printers**

  Full-scale sales of metal 3D printers to North American and European markets have started in fiscal year ending 2017.
  Centered on Europe, the leading market for metal 3D printers, we will promote the Sodick brand and engage in market development for Sodick products.
  Moreover, we will work to expand markets by accelerating R&D activities surrounding metal 3D printers, enhance forming speed and maintenance properties, and increase the line-up of metal powers for use with metal 3D printers.

- **Reduce manufacturing costs through efficiency gains in production and through consolidation of models**

  Centered on the plant in Thailand, we will reduce manufacturing cost by raising production efficiency and consolidating models in production.

Industrial Machinery Operations

- **Raise overseas sales ratio to at least 70%**

  We will enhance earning power by developing and marketing injection molding machines suitable for overseas markets, cutting manufacturing costs, restructuring sales frameworks, and strengthening marketing.

- **Create new demand by further expanding the product line-up**

  We will create fresh demand by developing new models suited for innovative materials and improved forming methods and by developing injection molding machines suited for metal 3D printers.

- **Promotion of projects for reducing cost of sales with the aim of strengthening earning power**

Food Processing Machinery Operations

- **Enhanced earning power following the start-up of the new factory**

  Improved production efficiency will result from concentrating production processes on the new factory compared with the previous production at the two separate Hakusan and Kaga plants.
  Additionally, we will strengthen product development and sales promotion using new showroom and research center facilities.

- **Expand overseas sales through product development for overseas markets**

  In order to proactively capture overseas demand, we will reinforce product development geared at foreign markets.

► Special Feature

From **manufacturing** to **ultra**-manufacturing

Sodick "Metal 3D Printers" at the Global Vanguard

01 The World's First

Metal 3D printer driven one-stop solution realized

The processes of traditional manufacturing comprise technologies and products of different companies, which makes troubleshooting difficult.
By contrast, Sodick provides fully group internal technical support, from design, to machining of molds and components to the forming. Sodick is able to propose optimal measures for resolving customers' manufacturing issues and provides environments for ready implementation by customers.

A message from the director in charge of operations

Demand for metal 3D printers has been growing in Europe, the leading market, centered on aircraft components and in the medical sector. Metal 3D printers enable the small-lot production of articles with special complex shapes in accordance with the preference of the printer operator. In the field of high value-added components machining, demand for Metal 3D printers will continue to grow. Sodick has been developing and marketing metal 3D printers geared at the manufacture of molds, which require high-precision machining. Going forward, we will work to expand the market in this field and promote the development of models suited for components processing based on materials such as titanium alloys. Additionally, we will use our competitive advantage over other companies in high precision processing to build and develop the larger markets for component processing.

Senior Executive Managing Director
(Chief Machining Center and ULT Development Division Officer)

Sadao Sano

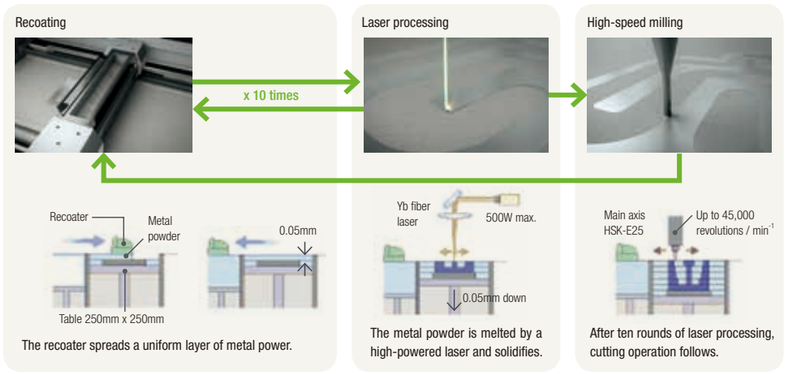
02 Only Sodick

Precision processing available only from Sodick products

The metal 3D printer model "OPM250L" combines laser processing and high-speed milling processing in a single machine unit.
Metal powder evenly spread out (recoating processing) is scanned by a laser beam which causes the power to fuse and solidify. The work piece receives a high-precision finishing through high-speed milling by a rotating tool. This combination enables producing complex shapes with precise definition at a high degree of freedom, that is, item features that cannot be realized only by additive manufacturing such as three-dimensional cooling ducts deployed inside a metal body.

▲ Three-dimensional cooling ducts

► **Laser processing and high-speed milling**



03 Core Technologies

Sodick develops and manufactures all element technologies in-house

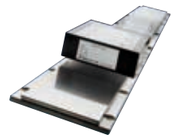
Sodick-manufactured NC units and OS-FLASH (CAM system for OPM)

Sodick newly developed the NC unit "LN2RP" exclusively for the OPM250L, which performs laser processing and milling finishing, enabling the smooth integration of dedicated CAM. This enables one-stop processing, comprising the mold design for three-dimensional enclosed ducts (using water pipe design support CAD), the implementation of resin temperature simulation using CAE, the preparation of NC programs with dedicated CAM using CAD design data, and the manufacture of the molds.

Sodick motion controller

The K-SMC motion controller is an in-house developed and manufactured product of Sodick that provides precise control of the speed, acceleration, and correct positioning of linear motors based on the commands issued by NC units.

Linear motor as standard installation



Compared with the ball screw method, the direct-drive method of high-performance linear motors in-house developed and manufactured by Sodick excels in locomotion speed and positioning precision and semi-permanently maintains backlash-free, precise axis transfer.
Main control axes are driven by in-house manufactured linear motors of Sodick, especially the spindle drive axis that powers the high-speed milling processing, delivering not only high precision but also high-speed properties based on significant speed improvements, as well as energy conservation properties.

High-speed milling

The metal 3D printer "OPM250L" delivers stable finishing processing across a wide range of applications by employing high-speed, high-precision cutting processing based on the expertise accumulated over many years in the development of high speed milling centers.

Chamber technology

This device is based on chamber structure know-how developed for more than ten years as a proprietary technology using the PIKA electron beam surface processing device brought to market in September 2003. The device maintains a high inert gas concentration and achieves stable laser sintering processing.

04 Plastic Forming Revolution

Advances in manufacturing using “OPM250L”

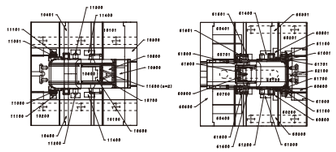
Revolution 1 Integrated mold manufacture

Conventional production systems for molds usually combine large numbers of components made with the help of multiple processing and manufacturing equipment, rendering the creation of automated production systems impracticable. By contrast, this new production system using the metal 3D printer “OPM250L” enables mold production that is almost fully integrated in a single machine unit, marking a radical transformation of the mold manufacturing process. For the production of shaped articles this development realizes higher productivity, shorter lead-times, and reduced cost.

Conventional molds

FRONT
21 items

REAR
31 items

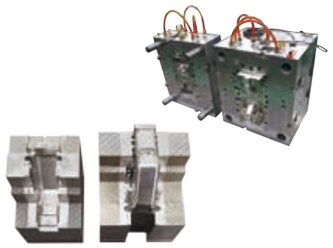


Machine tools used for processing

Wire-cut EDM, Die-sinker EDM, milling center, other equipment

► Case example

OPM molds



FRONT
1 item

REAR
2 items

Machine tool used for processing

Sodick

Linear motor driven
One-process milling center

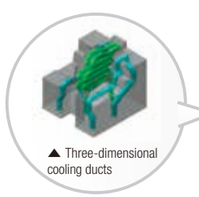
OPM250L

► Case example

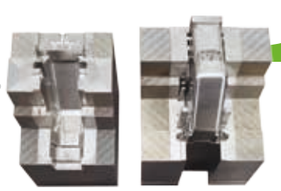
Lead-time for mold manufacture	Number of components	Mold manufacturing cost
From 54 days ► 24 days	Front reduced from 21 items ► 1 item Rear reduced from 31 items ► 2 items	Reduction from 100% (conventional method) ► 39%
Lead-time reduction rate: 55%	**Item reduction rate: Below 1/20**	**Cost reduction rate: 61%**

Revolution 2 Shortened forming cycle

The metal 3D printer “OPM250L” deploys three-dimensional cooling ducts inside the mold. The pervasive cooling effect obtainable when using this mold reduces the deformation rate of the molded item and enables a significant shortening of the molding time.



▲ Three-dimensional cooling ducts



▲ Harness cover mold

▲ Harness cover molded item

► Case example

Cooling time	Forming cycle
From 10 seconds ► 5 seconds	From 23.5 seconds ► 18.5 seconds
Cooling time reduction rate: 50%	**Forming cycle reduction rate: 21%**

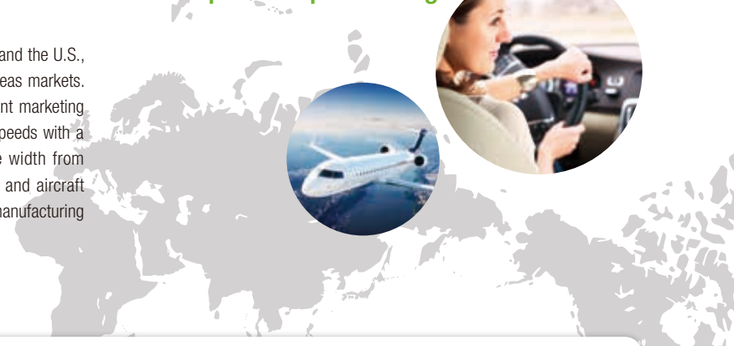
Revolution 3 Realization of the mold Internet of Things (IoT)

Since mold manufacture involves only one type of machine, a “mold IoT” for the remote control of production becomes readily achievable.
This development enables in total a significant degree of energy conservation and potential for automation. Moreover, high-quality molds can be manufactured consistently at any place independent of location. At the same time, the solution potential widens further still through the exchange of programs between the machine and a PC or between the machines and the remote collection of machine data by linking to a PC.

05 Future Development of Operations

Market expansion starting from mold manufacturers
Targeting aircraft and automotive components processing

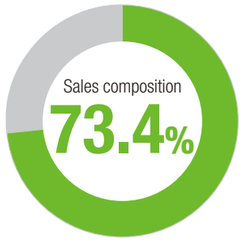
Capitalizing on the strengths of our sales offices in Asia, Europe, and the U.S., we will take proactive steps to capture demand in growing overseas markets. Although mold manufacturers are the starting point for the current marketing efforts at Sodick, we are aiming at large-size objects and high speeds with a view to expand into components processing fields across the width from medical equipment to next-generation automotive components and aircraft engine components. In this way we aim to make leading-edge manufacturing using metal 3D printers a widely used manufacturing technology.



Core business line Machine Tool Operations drove overall performance.

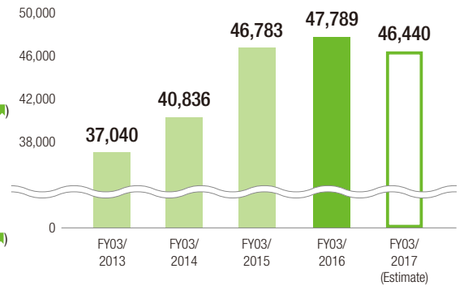
	Net Sales (Unit: million yen)	Segment Income (Unit: million yen)	Highlights by Operation

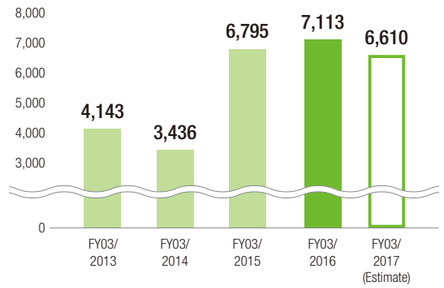
Machine Tool Operations



Net sales
47,789 million yen
(+2.1% compared with the previous fiscal year ↑)

Operating income
7,113 million yen
(+4.7% compared with the previous fiscal year ↑)

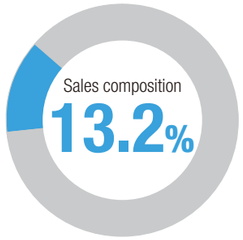




Despite the economic slowdown in Asia including China, demand was overall favorable centered on Japan, Europe, and the U.S.

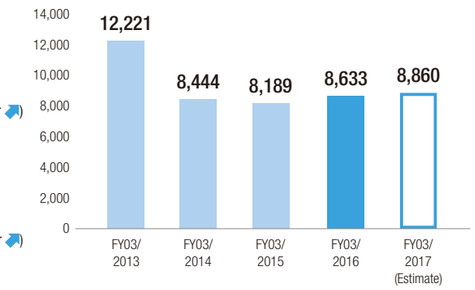
Domestic demand was overall solid, thanks also to the effects of government subsidies, centered on automotive and smartphone applications. North America and Europe displayed firm demand from the automotive, aerospace, and medical equipment industries, although slower economic growth was apparent in some areas including Russia. Toward the second half of the fiscal year, automotive and smartphone related demand faltered in China and the Asian region while fresh demand emerged in India.

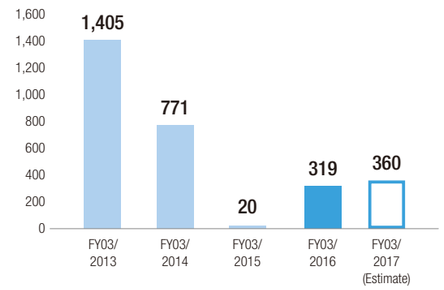
Industrial Machinery Operations



Net sales
8,633 million yen
(+5.4% compared with the previous fiscal year ↑)

Operating income
319 million yen
(+1474.3% compared with the previous fiscal year ↑)

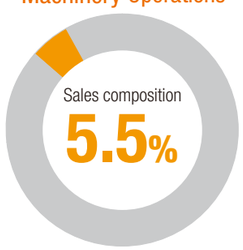




Despite effects from price competition, demand for high value-added components remained firm.

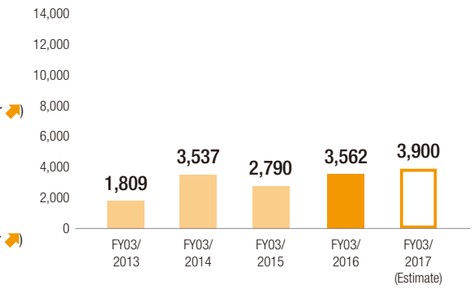
In Japan, smartphone related demand abated toward the second half of the fiscal year but facility demand surrounding high added value components (automotive mounted components and headlight components, etc.) remained strong. In overseas markets, solid demand in the North American region contrasted with price competition and the effects of the economic slowdown in Asia including Greater China. Amid these conditions, operating income improved strongly due to efforts to reduce cost of sales.

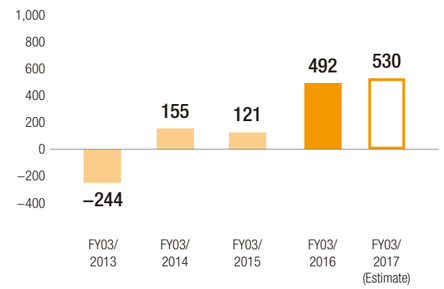
Food Processing Machinery Operations



Net sales
3,562 million yen
(+27.6% compared with the previous fiscal year ↑)

Operating income
492 million yen
(+303.8% compared with the previous fiscal year ↑)





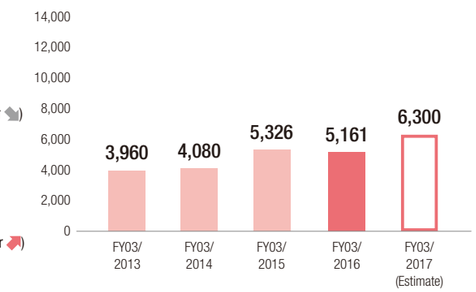
Demand surrounding quality enhancement for cooked noodles continues on a growth path.

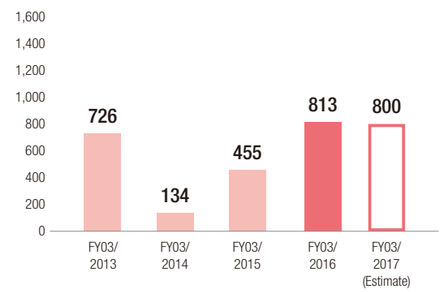
In Japan, facility investment demand has been continuing from convenience stores, supermarkets, and diner chains, etc., to improve the quality of cooked noodles. Demand for food processing machinery has been growing also overseas, centered on Asia and North America, fueled by the booming popularity of Japanese food. Sales have been rising steadily as a result, with revenues and earnings marking new historical highs.

Other Operations

Net sales
5,161 million yen
(–3.1% compared with the previous fiscal year ↓)

Operating income
813 million yen
(+78.7% compared with the previous fiscal year ↑)





Precision Mold and Precision Molding Operations saw good demand for automotive applications. Sales of linear motors also continued to do well. However, sales of ceramics for semiconductor manufacturers struggled, marking sale declines.

Machine Tool Operations

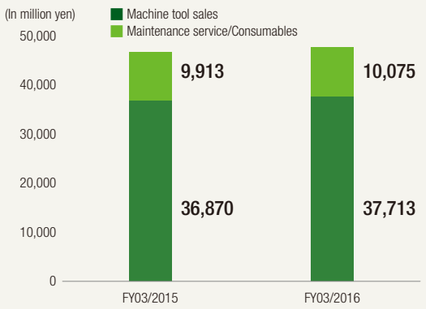
Demand from automotive, aerospace, and medical device industries were firm, resulting in higher sales and earnings.

Senior Executive Managing Director
(Chief Electric Discharge Machinery Division Officer)

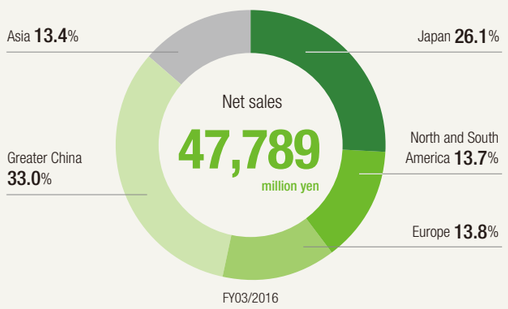
Takashi Matsui

In fiscal year ended March 2016, in order to strengthen our product line-up, we came to market with our “VL Series” and “AL Series” global strategy machines. In fiscal year ending March 2017, we aim to increase our shares in all markets through higher sales of those machine models as well as metal 3D printers. We will continue in our efforts to expand the scale of our operations.

► Sales variation year-on-year



► Sales weightings by region



Summary of FY03/2016

Despite the slowdown in emerging economies, solid demand continued in Japan, Europe, and the U.S.

Facility investment demand for machine tools was in the domestic market aided by government subsidies and driven by renewals of obsolescent facilities. Performance was solid overall centered on automotive and smartphone applications. In overseas markets, demand was strong in North America for automotive, aerospace, and medical equipment applications. Demand was equally robust in Europe with the focus on automotive and aerospace industries, except for some areas including Russia, where economic growth was decelerating. Greater China displayed demand from the automotive and smartphone industries, but strength was lacking toward the second half of the fiscal year in the wake of the economic slowdown. Elsewhere in the Asian region, automotive demand was poor in Thailand and Indonesia while demand from India revived. As a result, sales and earnings increased compared with the previous fiscal year with sales rising to ¥47,789 million (+2.1% compared with the previous fiscal year) and and operating income of ¥7,113 million (+4.7%).

Projections for FY03/2017

Aiming to increase market share in all regions through higher sales of new products

For fiscal year ending March 2017, we expect favorable facility investment demand centered on the markets of developed countries. In China, despite the effects of slower growth on demand overall, we anticipate rising demand for machinery geared at automation and higher precision against the background of soaring labor costs. In emerging economies and elsewhere in the Asian region, although demand for facility investment has weakened in some areas, we foresee solid conditions to continue in India, Vietnam, the Philippines, and Mexico. In this environment, we will work to increase our market shares in all regions by strengthening our marketing of “VL Series” low-price machine models (electrical discharge machines) and through higher sales of the “AL Series” launched this year in February. In Metal 3D Printer Operations, we will improve forming speed and maintenance properties, expand your line-up of printer-use materials, and promote sales growth of the “OPM250L” launched for full-scale sales in the second half of the previous fiscal year. Based on our estimates for yen strengthening and taking into account higher R&D expenses, our results projections call for sales of ¥46,440 million (–2.8% compared with the previous fiscal year) and operating income of 6,610 million (–7.1%).

Announcement of the “AL Series” of linear motor driven Wire-cut EDM with further improved processing performance

The “AL Series” of linear motor driven Wire-cut EDM announced in February 2016 forms a product group that retains the special characteristics of the previous “SL Series” but delivers further enhanced processing performance. Featuring a combination of four XYUV axes with linear motor drive, the machine delivers processing marked by high responsiveness and tracking performance. The difference to the “SL Series” is control technology that prevents the tightened wire electrode from elongating into an arch during processing (the further advanced barrel-effect free control II, TMP control II) and a control function enhancing surface roughness (TMP control) as standard features which results in significant gains in processing precision. Moreover, the newly introduced 19-inch horizontally oriented touch panel enhances operability through greater visibility and ease of use.

After the announcement in February 2016, we presented the “AL Series” at a private show at headquarters and at the INTERMOLD 2016 as well as other venues. Going forward, we will exhibit the “AL Series” at various trade fairs. In particular, in order to meet demand for high-precision, high-granularity processing in Japan, Europe, the U.S. and other markets of industrialized countries, we will further strengthen our marketing activities and work to increase sales of the “AL Series.”

Wire-cut EDM
AL400G ►

Industrial Machinery Operations

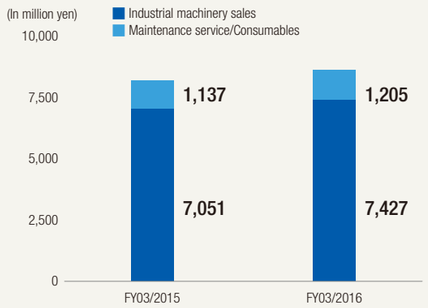
Sales and earnings up on favorable demand for automotive applications. We will continue to lower cost of sales and strengthen earning power.

Senior Executive Managing Director
(Chief Injection Molding Machinery Division Officer)

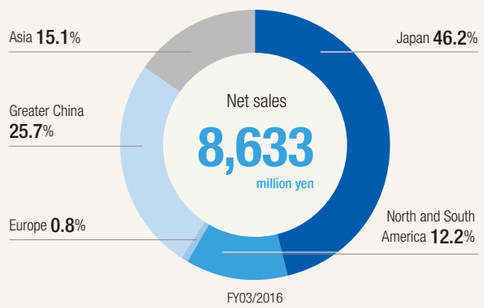
Misao Fujikawa

Sodick-made injection molding machines using the V-LINE® System enable stable plasticizing, measuring, and injection, deliver high production yields, and excel in high-precision, high-granularity forming. We will continue to proactively capture demand in the growing field of high value-added components in automotive, smartphone, and medical equipment applications. At the same time, we will keep developing products suited for overseas markets with the aim to globally expand our operations.

► Sales variation year-on-year



► Sales weightings by region



Summary of FY03/2016

Smartphone related demand calming down, price competition in Asia intensifying

In the domestic market, smartphone related demand calmed down toward the second half of the fiscal year, but facility demand surrounding high value-added components such as automotive mounted components and headlight components, etc., remained strong. In this market environment, Sodick launched as a new product the “TR Series” geared at automotive components makers looking for weight reductions. Moreover, Sodick developed the “mm03” fully electrical injection molding machine for the manufacture of precision components such as gears and washers for clocks, and worked to promote its line-up of electric motor-driven products. Overseas, demand was strong in North America from automotive and medical equipment manufacturers. By contrast, in the Asian region including China new order receipts and sales struggled to meet initial targets under the impact of price competition and slower economic growth. Contributions to earnings came from activities to reduce the cost of sales, such as adopting a module approach for components of the global model “GL Series” and reviews of procurement methods. Business results for fiscal year ended March 2016 posted sales of ¥8,633 million (+5.4% compared with the previous fiscal year) with operating income of ¥319 million (reflecting a 15-fold increase compared with the previous fiscal year).

Projections for FY03/2017

Strengthen efforts to reduce the cost of sales, increase market share, and raise the percentage of overseas sales

For fiscal year ending March 2017, we expect the environment in emerging economies to remain adverse amid continuing price competition. In order to prevail in these market conditions, we will work to reduce the manufacturing cost of injection molding machines, restructure our sales frameworks, and strengthen our marketing capabilities. At the same time, we will increase our market shares by introducing products suited to overseas markets and raise our overseas sales percentage. In the domestic market, in order to increase our earning power, we will further intensify our marketing of strongly-performing automotive applications and launch proactive marketing efforts also in areas where our market share is low. Moreover, we will work to create new demand by accelerating our product development, such as developing new machine models adjusted to process aluminum and other alternate materials and modified for improved forming methods, as well as developing injection molding machines suited for metal 3D printers. Based on these steps, for fiscal year ending March 2017, we expect to achieve sales of ¥8,860 million (+2.6% compared with the previous fiscal year) with operating income of ¥360 million (+12.5%).

Development of the “TR Series” of injection molding machines for V-LINE® System medium-sized high value-added products

The automotive industry of late has been accelerating the changeover from metal to plastic components to improve fuel efficiency and to reduce vehicle weight. For automotive large-format lenses and automotive structural components, Sodick has for the forming of complex designs and shapes, thick walls, and deep cavities, developed the “TR Series” of injection molding machines for medium-sized high value-added products. Thanks to the much larger volume of resin that can be injected with this product group compared with conventional machines, the “TR Series” enables forming a wider range of product items. Moreover, due to its improved mold opening force, the TR Series enables stable mold opening operations. This permits the smooth processing of complex shapes with thick walls and deep cavities, such as automotive components, which offer strong resistance at removal from of the mold. In order to make the “TR Series” versatile for multiple needs, Sodick offers a line-up with closing force ranging between 220 tons and 450 tons. Sodick will continue developing products that meet the continuously growing requirements of the automotive industry.

Injection molding machines
TR450EH3 ►

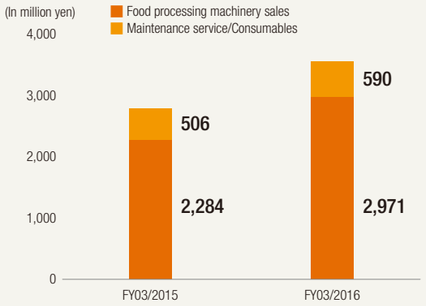
Food Processing Machinery Operations

Proactive capture of domestic and overseas demand achieved new historical highs in sales and operating income. With the new factory start-up in fiscal year ending March 2017 we will further strengthen our earning power.

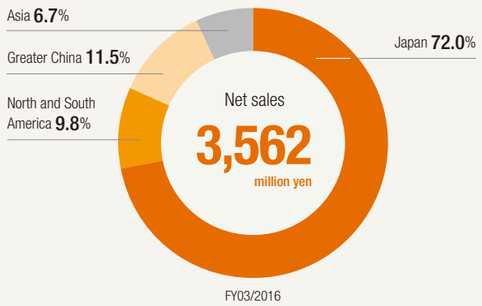
Executive Managing Director
(Chief Food Processing Machinery Division Officer)
Kenichi Osako

Demand for high-quality noodles has been increasing steadily in Japan and overseas. At Food Processing Machinery Operations, we have been developing products designed to meet customer needs, strengthened our line-up of high value-added products with advanced automation and energy conservation features, aiming to become a top-ranked company in food processing machinery.

► Sales variation year-on-year



► Sales weightings by region



Summary of FY03/2016

High demand in domestic and foreign markets fueled by the booming popularity of Japanese food

In Japan, facility investment demand has been continuing from convenience stores, supermarkets, and diner chains, etc., geared at quality improvements of cooked noodles. At our Food Processing Machinery Operations, we have proactively captured the demand for high-quality noodles by newly developing and marketing a noodle production machine with bi-directional folding operation and have come to market with a "tray feeder" which automatically supplies container trays. In addition to supplementing our product offerings for customers' automation needs, we are working to create new demand through developments such as the "bottle cooker," an innovative noodle cooking devices built for energy conservation. Demand for food processing machinery has been increasing also overseas, centered on Asia and North America, fueled by the booming popularity of Japanese food, with steadily growing sales. As a result, the division marked sales of ¥3,562 million (+27.6% compared with the previous fiscal year) with operating income of ¥492 million (a four-fold increase compared with the previous fiscal year), both marking new historical highs.

Projections for FY03/2017

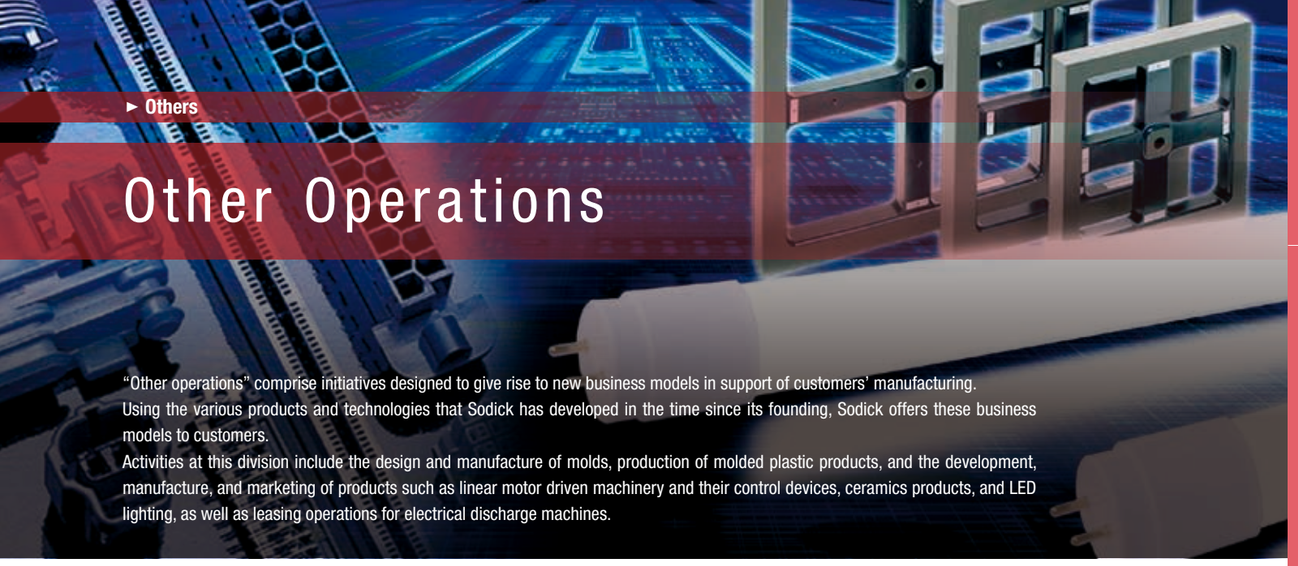
New factory start-up in April 2016. Factory centralization aiming to improve margins while strengthening product development and sales promotion

In fiscal year ending March 2017, we look to raise our earning power with the start-up of a new factory. Specifically, we expect to realize enhanced production efficiency by centralizing the work processes of the production of the Hakusan plant which has since been closed, and Kaga plant. Moreover, we will use newly established showroom and research facilities to strengthen our product development and sales promotion. Specifically, in order to proactively capture the growing demand from expanding overseas markets, we will reinforce our product development for foreign markets. Additionally, for a number of low-priced products for the Chinese market, we will work to reduce manufacturing cost, for example, by taking production to our Amoy plant. Based on these measures, projections for fiscal year ending March 2017 call for sales of ¥3,900 million (+9.5% compared with the previous fiscal year) and operating income of ¥530 million (+7.6%), both marking new historical highs.

Development of a noodle production machine with bi-directional folding operation

Convenience stores and supermarkets of late have been driving demand for quality improvements of cooked noodles, such as Japanese-style wheat noodles, buckwheat noodles, and pasta, etc. Aiming to respond to this demand, Sodick has been focusing on the research and development of noodle production machinery. Conventional noodle production machines are unable to emulate the same texture experience that is provided by handmade production, setting limits to quality. To solve this problem, Sodick developed a noodle production machine with bi-directional folding operation with special attention on improvements in the methods for the folding and stretching of the noodle dough. By adopting a noodle dough swing construction, during stretching the noodle dough is folded alternately in vertical and lateral directions, enabling the multi-directional rolling of the dough. This treatment brings out elasticity and texture, successfully replicating the texture experience obtainable from handmade noodles. Installations of this machine type at the major convenience store operators have been rated highly for their performance. Reportedly sales of Japanese-style wheat noodles and buckwheat noodles, etc., have increased after the machines were put into operation.
We expect this market to keep growing and will continue to develop products that meet market requirements.

Noodle production machine with bi-directional folding operation



► Others

Other Operations

"Other operations" comprise initiatives designed to give rise to new business models in support of customers' manufacturing.
Using the various products and technologies that Sodick has developed in the time since its founding, Sodick offers these business models to customers.
Activities at this division include the design and manufacture of molds, production of molded plastic products, and the development, manufacture, and marketing of products such as linear motor driven machinery and their control devices, ceramics products, and LED lighting, as well as leasing operations for electrical discharge machines.

Precision Mold and Precision Molding Operations engage in designing and manufacturing molds for precision connectors, etc., and in producing injection molded plastic items. All operations use Sodick-made machine tools. In the rapidly evolving field of connector applications, such as electronic device multi-pin connectors, automotive high voltage connectors, and IT equipment narrow pitch connectors, etc., the division creates and offers customers dedicated production lines integrated from mold design to resin molding and assembly.

Linear motor applications and ceramics products, essential components of Sodick's machinery offerings, are in-house developments of Sodick not only for own use but also for sale to external users. For example, combining linear motors with electrical discharge machines enables spindle locomotion without backlash (meaning abrasion due to contact) as well as precise position control and electric discharge properties thanks to high responsiveness and tracking performance. Moreover, in order to achieve stable electric discharge machining, Sodick has in pursuit of perfect insulation properties created in in-house development ceramics whose production was previously limited for use in Sodick products. However, with the production of large-size, high-precision items becoming possible, these ceramics are no longer limited for use at Sodick but are made available also to other fields such as measurement instruments and semiconductor devices, etc.

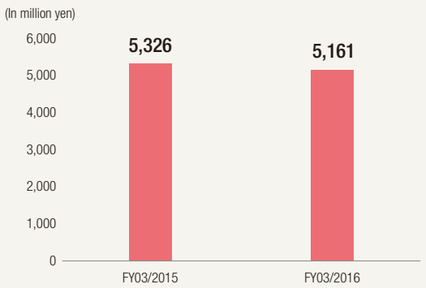
Sodick manufactures LED lighting which has environmental benefits by not contributing to global warming. In addition to straight tube LED lighting, Sodick has been manufacturing and marketing also LED floodlight projectors with received the 2014 "Ultra Manufacturing Components Prize - Environmental Product Award" sponsored by the Nikkan Kogyo Shimbun newspaper. This LED type realizes long life and energy conservation. Primary installation sites for floodlight projectors are schools and sports facilities including football fields.

▲ Mold components

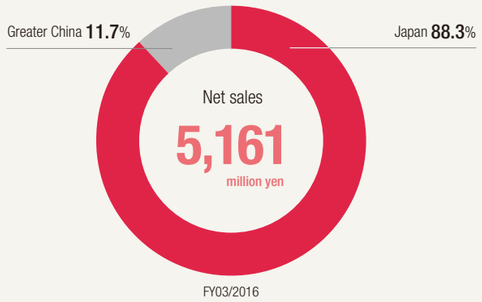
▲ Product groups using in-house developed technologies

▲ LED High Light Intensity Single Light Source Type Floodlight Projector PIKA101

► Sales variation year-on-year



► Sales weightings by region



Summary of FY03/2016

Favorable conditions surrounding Precision Mold and Precision Molding Operations but weak sales of ceramics to semiconductor manufacturers

Precision Mold and Precision Molding Operations in fiscal year ended March 2016 enjoyed favorable market conditions centered on automotive applications. Moreover, linear motors and linear motor control devices sold well in China, in step with advances in local manufacturing technologies. By contrast, sales of ceramics for semiconductor manufacturers were depressed. Business results posted ¥5,161 million in sales (–3.1% compared with the previous fiscal year) with segment income of ¥813 million (a 1.8-fold increase compared with the previous fiscal year).

Projections for FY03/2017

Favorable overseas sales of linear motors and linear motor control devices, solid performance of Precision Mold and Precision Molding Operations

For fiscal year ending March 2017, we expect favorable overseas sales of linear motors and linear motor control devices, with solid performance of Precision Mold and Precision Molding Operations. Projections call for sales of ¥6,300 million (+22.1% compared with the previous fiscal year) and segment income of ¥800 million (–1.7%).

Column Prizes and Awards

"PCD Micro Tool Nano Cutter" honored with the 2015 "Ultra Manufacturing Components Prize - Machinery Components Award"

The Sodick "PCD Micro Tool Nano Cutter" was awarded the 2015 "Ultra Manufacturing Components Prize - Machinery Components Award"* sponsored for the 12th time by the Nikkan Kogyo Shimbun.
The "Nano Cutter" is a PCD tool for microfabrication. This tool enables the nano-order machining of surfaces of general ferrous and non-ferrous materials including super-hard, wear-resistant ceramics. Since polishing processing can be omitted and tool wear is little, this tool can be used over extended periods of time in unmanned processing. This product has received high praise for enhancing productivity. Additionally, users also appreciate the establishment of a system that enables providing processing tools of desired shapes at short turnaround times. Cited as the reason for the award where high expectations for important contributions to future manufacturing.

* This award was established in 2003 with the aim of reviving Japan's manufacturing. Focal points are products, components, and materials that are "backseat players," aiming to contribute to the advancement of industry and society in Japan.

▲ At the award ceremony

▲ PCD Micro Tool Nano Cutter

Kaga Plant

The largest domestic manufacturing site of Sodick with integrated product development, assembly, and shipment

The Kaga plant produces primarily injection molding machines. Injection molding machines of Sodick excel in producing precision plastic components at high speed and find application in areas as diverse as automotive, aerospace, and medical equipment, as well as smartphones and connectors. The Kaga plant concentrates upon itself all manufacturing functions, from the development of injection molding machines to components procurement, manufacture, and quality control. Moreover, the site serves to support customers' production through showroom facilities, processing classes, and study groups.
In addition to injection molding machines the Kaga plant manufactures high-precision, high-granularity electrical discharge machines, machining centers, and metal 3D printers, as well as food processing machinery centered on noodle production machines. Concentrating all operations in one place, the Kaga plant is Sodick's largest factory in Japan and an important cornerstone of Sodick's manufacturing.

Profile of the plant

Sodick established the Kaga plant in 1987 as a core site in the Hokuriku area as an FMS* production plant for electrical discharge machines based on a concept of full automation.

Location: Ka-1-1, Miya-machi, Kaga City, Ishikawa, 922-0595 Japan
Site area: Kaga Plant: 144,360 m²
Products: Horizontal-type injection molding machines, vertical-type injection molding machines, magnesium alloy enabled injection molding machines, machining centers, linear motors, linear motors drivers, CNC units, food processing machinery, electron beam machines, and metal 3D printers.

* Flexible Manufacturing System

A message from the plant director

The Kaga plant is a core manufacturing site of Sodick. It is also an important site for ensuring that Sodick quality is the same worldwide. The Kaga plant has integrated operations spanning the width from development to quality control of numerous products, injection molding machines in particular. Based on its technology capabilities, its ability to respond to customer preferences, and its team work capability grounded in solid trust relationships, the plant will continue to expediently meet customer needs and preserve the high precision and quality of its products.
Going forward, we will continue to broaden the product line-up of the Kaga plant while implementing adjustments in line with environmental awareness considerations, specifically reducing electric power consumption and introducing renewable energy sources such as geothermal and solar energy.

Kaga Plant
Plant Director
Katsuyoshi Edoya

What's New — New food processing machinery factory

In accordance with the Sodick corporate creed "We create solutions where none existed," Sodick has since its inception contributed to the advancement of manufacturing.
Food Processing Machinery Operations are comparatively resilient to the business cycle and therefore deliver stable performance. In order to further develop our Food Processing Machinery Operations, in April 2016 we initiated the relocation of production to a newly built factory on the site of the Kaga plant.

The difference between old and new

The manufacture of food processing machinery used to take place in separate locations at the Kaga plant and Hakusan plant in Ishikawa prefecture. Transportation between the two factories was inconvenient and space was limited. At the new Kaga plant, we extended the available area from originally only 50 meters to 100 meters (both straight line measurements), which provided enough space for housing a full production line. The efficiency of R&D activities and product testing increased as a result.


▲ Noodle production machinery line


▲ Noodle cooking device


▲ Noodle untangling device


▲ Automatic container server device

► Case example of noodle preparation

Work steps	Mixing		Stretching			Cutting	Boiling	Cooling	Untangling	Packaging
Product	Mixer (vacuum)	Dough conveyor	Multi-purpose machine	Maturing device	Continued rolling machine	Clipping machine	Boiler	Washer	Noodle untangling device	Automatic container server device

Sodick food processing machinery sustains the market for high-quality noodles in Japan

Registered as intangible cultural heritage by the UNESCO, the booming popularity of Japanese food overseas continues spreading. Sodick has been supplying machinery to convenience stores, supermarkets, major noodle manufacturers, and diner chains. Facility demand has been growing as producers look for higher quality such as strongly textured noodles produced with machines using bi-directional folding operation technology.
Moreover, in overseas markets, more foodstuff manufacturers extending their operations into China as well as other countries in Asia and in the U.S., are increasingly using the food processing machinery of Sodick. Sodick manufactures along the full length of the production line from flower to noodle production, boiling, and automatic steaming equipment, comprising an assortment of over 600 machines and devices. We at Sodick expect that demand for our food processing machinery will continue to grow.

Basic Thinking

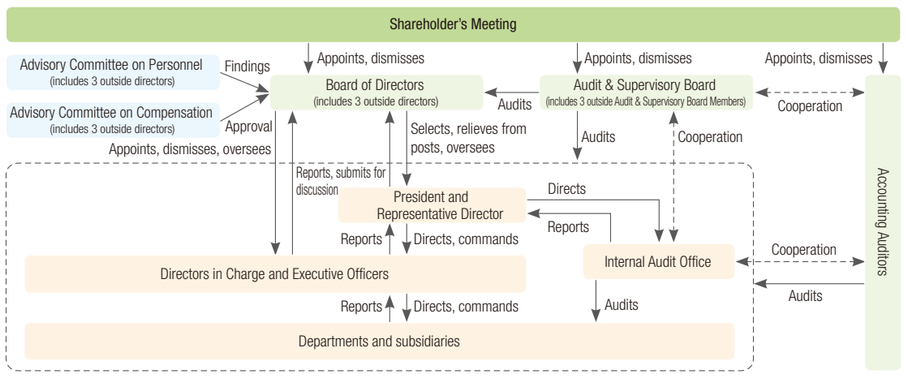
Sodick's management principles are to contribute to society's development by providing superior products and lending support to its customer's creation and manufacturing endeavors ("monozukuri")—work grounded in the Company's guiding spirit of "Create," "Implement," and "Overcome Difficulties."
The Company believes that the most important element of this is to manage itself in ways that are transparent and readily comprehended at all times by all of its stakeholders, including its shareholders and investors, its customers, and its employees.
It is striving to make efficient use of management resources, strengthen itself in the areas of risk management and compliance, and maximize corporate value for all of its shareholders and investors.

Corporate Governance Structure

Structure Summary

- Sodick has chosen "Company with Audit & Supervisory Board" as its organizational plan in line with the Companies Act. The Board of Directors engages in decision making regarding important management issues and carries out its supervisory function with respect to general management, while fairness and transparency of management are ensured by giving full rein to management oversight from an independent standpoint as carried out by Audit & Supervisory Board Members.
- Sodick has adopted an executive officer system to make the execution of corporate management prompt and highly efficient. The Board of Directors entrusts the execution of business to executive officers based on the management organization and segregation of duties.
- To supplement the functioning of the Board of Directors, Sodick has established advisory committees on personnel and compensation whose member optionally may include outside directors. It has also created a governance structure that has increased the transparency of decision-making and further enhanced the Board's monitoring and oversight functions.

Corporate Governance Structure



Structure Overview (as of June 30, 2016)

Form of organization	Company with Audit & Supervisory Board	
Executive management structure	Executive officer system	
On directors	No. of directors	13[NOTE 1]
	Term of appointment per articles of incorporation	2 years
	Chair of the Board of Directors	President
On Audit & Supervisory Board Members	Audit & Supervisory Board established?	Yes
	No. of Audit & Supervisory Board Members	5[NOTE 2]
On outside directors and outside Audit & Supervisory Board Members	No. of outside directors (of which, independent officers)	3 (3)
	No. of outside Audit & Supervisory Board Members (of which, independent officers)	3 (1)

NOTE 1: The number of directors as per the articles of incorporation will be 15 or less.
NOTE 2: The number of Audit & Supervisory Board Members as per the articles of incorporation will be 5 or less.

Role of Each Structure

► Board of Directors

- Assigned supervisory functions over decision-making on important issues and management generally as stipulated in the Board of Directors regulations, including setting basic policy on management and the appointing of executive officers.
- Regular meetings of the Board take place once per month, and when necessary the Board also convenes extraordinary meetings.
- The Board comprises 13 directors who supervise management and make important management decisions. They include internal directors who are not serving as executive officers (3), internal directors who are also serving as executive officers (7), and outside directors (3).
- Opinions, advice, and cross-checking from outside directors serves to improve and rejuvenate the transparency and credibility of the Board of Directors while also strengthening its management supervision functions.
- Business, joint technical, quality control, and business report meetings may be held to broaden and deepen understanding of the Company and manage it effectively. Directors attend these meetings in order to flexibly make decisions about basic and important items related to the execution of business.

► Audit & Supervisory Board

- The Board comprises five Audit & Supervisory Board Members, three of whom are outside Audit & Supervisory Board Members.
- The function of the Board is to supervise management from an outside perspective. It determines policies on auditing and the assignment of duties, and receives reports on the implementation and results of audits from the Audit & Supervisory Board Members. In addition, it receives reports from directors and accounting auditors on the state of their execution of their duties and requests explanations thereof as necessary.

► Advisory Committee on Personnel

- The Committee comprises six directors, three of whom are outside directors.
- It formulates the criteria and policies regarding personnel matters involving directors, Audit & Supervisory Board Members, and executive officers; selects candidates for those positions; and evaluates the current holders of them.

► Advisory Committee on Compensation

- The Committee comprises six directors, three of whom are outside directors.
- It formulates policy on compensation for directors and executive officers, and deliberates compensation standards, appraisals, and amounts.

Enhancing Internal Management

Internal Governance

Based on the Companies Act, Sodick enacted its "Basic Policy on Internal Governance Systems" at the Board of Directors meeting of April 17, 2015, in order to guarantee propriety in operations. The internal governance system strives to create more optimal and efficient structures through continuous reassessment and improvement.

(For details, please refer to the Company's Report on Corporate Governance at <http://www.sodick.co.jp/ir/governance.html>.)

Compliance Structure

- Sodick evaluates the effectiveness of its internal governance systems through its Internal Audit Office. The results of that evaluation are reported to the directors and Audit & Supervisory Board Members. The Company has also established a Compliance Helpline whose purpose is to quickly discover and rectify compliance infractions or potential instances thereof.
- Sodick has set down compliance regulations as well as the Sodick Group Action Guidelines for Corporate Ethics and Standards for Corporate Behavior ("Compliance Guidelines"). These form a code of conduct whose purpose is to encourage Group officers and employees to act in ways that adhere to law, the articles of incorporation, and social codes. To ensure their pervasiveness, the Company provides training and education on them to its officers and employees.

Risk Management Structure

- Sodick has established basic rules for risk management. It works to determine, analyze, evaluate, and take appropriate measures to avoid the risks present in each department. To prepare for the event that an unforeseen situation has occurred or is threatening to occur that would have a major impact on management, the Company has also established a Risk Management Committee and set up the necessary preemptive policies on responding.
- The Risk Management Committee engages with monitoring and overseeing the company-wide risk management situation, and reports important risks to the directors and Audit & Supervisory Board Members.

Improving Management Supervision Functions

Outside Directors and Outside Audit & Supervisory Board Members

■ Three of Sodick's 13 directors are outside directors. They apply their objective perspectives and wealth of knowledge and experience to management, strengthening the corporate governance structure. Furthermore, three of the five Audit & Supervisory Board Members are outside Audit & Supervisory Board Members, increasing the objectiveness and fairness of management supervision.

■ Prior to meetings of the Board of Directors, the outside directors and outside Audit & Supervisory Board Members will issue reports to it in writing about any necessary information, and about any items to be decided or investigated by the Board. The outside Audit & Supervisory Board Members also convene regular monthly meetings of the Audit & Supervisory Board with all Audit & Supervisory Board Members in attendance, where they exchange a wide range of information and opinions.

► Main Activities of the Outside Directors and Outside Audit & Supervisory Board Members and Reasons for Their Appointments (fiscal year ended March 31, 2016)

	Name	Independent officer	Board of Director meetings (14)	Audit & Supervisory Board (13)	Reason for appointment
Outside directors	Kenichi Tsugami	Yes	Attended 14 (100%)	–	Possesses abundant experience and insights as an enterprise proprietor, and was appointed an outside Audit & Supervisory Board Member to make use of that experience. Additionally, was nominated as an independent officer because has no stake in the Company—guaranteeing full independence from the president and other managers of corporate affairs—and there is no concern that any conflicts of interest with general shareholders would be created.
	Toshiaki Kurihara	Yes	Attended 9 (90%) (NOTE 1) (NOTE 2)	–	In addition to abundant experience at financial institutions, possesses broad insights cultivated from serving as a director and Audit & Supervisory Board Member at business corporations. Was appointed an otuside director to get useful advice about Sodick's management strategy. Additionally, was nominated as an independent officer because has no stake in the Company—guaranteeing full independence from the president and other managers of corporate affairs—and there is no concern that any conflicts of interest with general shareholders would be created.
	Katsuhisa Furuta	Yes	- (NOTE 3)	–	Possesses broad insights about control and robot engineering cultivated through long years of research at universities, as well as experience with engaging in organizational operations as a university president and study society chairman. Was appointed an outside director to get useful advice about Sodick's management strategy. Additionally, satisfies the requisites for an independent officer based on the rules of the Tokyo Stock Exchange as well as the requisites set down in Sodick's Criteria for the Independence of Outside Officers. As such, was also nominated as an independent officer.
Outside Audit & Supervisory Board Members	Takashi Nagashima	Yes	Attended 10 (100%) (NOTE 1)	10 (100%) (NOTE 1)	Asked to serve as a Sodick Audit & Supervisory Board Member in order to apply highly specialized knowledge and broad insights as a certified public accountant and licensed tax accountant to the strengthening of the Company's structures. Additionally, was nominated as an independent officer because has no stake in the Company—guaranteeing full independence from the president and other managers of corporate affairs—and there is no concern that any conflicts of interest with general shareholders would be created.
	Kazuhito Shimoyama		Attended 13 (92.8%) (Note 2)	Attended 13 (100%)	Asked to serve as a Sodick Audit & Supervisory Board Member in order objectively monitor the state of internal governance preparation and the soundness of management for handling risk.
	Tomio Okuyama		Attended 13 (92.8%) (NOTE 2)	Attended 13 (100%)	Asked to serve as a Sodick Audit & Supervisory Board Member in order objectively monitor the state of internal governance preparation and the soundness of management for handling risk.

NOTE 1: Outside Director Toshiaki Kurihara and Outside Audit & Supervisory Board Members Takashi Nagashima were appointed at the annual shareholder's meeting on June 26, 2015. The board of directors and the Audit & Supervisory Board have each met 10 times since the two received their respective appointments.
NOTE 2: In the event that this individual cannot attend a Board of Directors meeting, they are sent an appropriate report on the details of the meeting and asked for their opinions and advice on management of the Company.
NOTE 3: Appointed June 2016, hence activities for the fiscal year ended March 31, 2016, are not applicable.

Sodick Co., Ltd., Criteria for the Independence of Outside Officers[*1]

1 Not applicable to any of the following criteria.

* In the event of an organization such as a corporation, the criterion is speaking of the person who manages corporate affairs for that entity.

(1) Corporate affairs manager for the Group[*2]
(2) Person treated as a major business partner of the Group[*3]
(3) Major business partner of the Group[*3]
(4) Attorney, certified public accountant, licensed tax accountant or consultant who, in addition to the officer compensation from the Group, receives cash or other profits financially that exceed a certain amount[*4].
(5) Individual who receives donations or assistance from the Group that exceed a certain amount
(6) Shareholder who in essence owns 10% or more of general voting rights in the Company
(7) Corporate affairs manager for a corporation that in essence owns 10% or more of general voting rights in the Group
(8) Individual who has a serious business relationship with or stake in the Group
(9) Individuals for whom any of items (1) through (8) above applied during the past three years
(10) In the event that a person who corresponds to any of items (1) through (9) above is a person of importance[*5], that person's spouse or relative who is a relation in the second degree or closer

*1: Outside directors and outside Audit & Supervisory Board Members
*2: Corporate affairs manager for a public company, executive, executive officer, individual who carries out business for a non-company corporation or organization, or employee of a corporation or organization including companies
*3: Individual with business dealings whose transaction value with the Group in the most recent business year exceeds 2% of consolidated sales for either party (in the event that the business partner concerned is an organization such as a corporation, that entity's corporate affairs manager)
*4: Total of which in the case of individuals exceeds ¥10 million in one business year, or in the case of organizations such as corporations exceeds 2% of consolidated sales for either party
*5: Among corporate affairs managers, an individual who executes important business such as a director (excluding outside directors), executive, or executive officer

2 Additionally, individuals who do not have a background such it could be reasonably judged that they could not perform their duties as an independent outside officer.

Improving Transparency of Management

Officer Compensation

► Process of Determining Compensation for Officers

■ The annual shareholders' meeting decides on the broad framework of compensation for directors. As for the amount of compensation for each director, the president will draft proposed amounts after discussions based on the decisions of the board of directors. The actual amounts are set after approval has been received from the Advisory Committee on Compensation comprising the president and outside directors.

■ The annual shareholders' meeting decides on the broad framework of compensation for Audit & Supervisory Board Members. Within those limits, the amounts of compensation for each Audit & Supervisory Board Member are decided by discussions among the Audit & Supervisory Board Members.

► Guidelines for Determining Compensation for Officers

Compensation for Sodick officers entails computing benchmark amounts for each officer based on increases and decreases in the following three sums and then adjusting the whole and individual amounts on that basis.

(1) Standard amount for each officer
(2) Increase or decrease in amounts linked to business performance appropriate to consolidated current net income
(3) Amount appropriate to the officer's job responsibilities
Compensation for outside directors is a fixed amount. No performance-linked compensation is given.

► Details of Compensation for Officers (fiscal year ended March 31, 2016)

Officer category	Total amount of compensation (In million yen)	Total compensation by type (In million yen)				No. of officers to which applies (Persons)
		Basic compensation	Stock options	Bonuses	Retirement benefits for officers	
Director (excluding outside directors)	261	261	–	–	–	10
Audit & Supervisory Board Member (excluding outside Audit & Supervisory Board Members)	30	30	–	–	–	3
Outside officer	32	32	–	–	–	6
Total	325	325	–	–	–	19

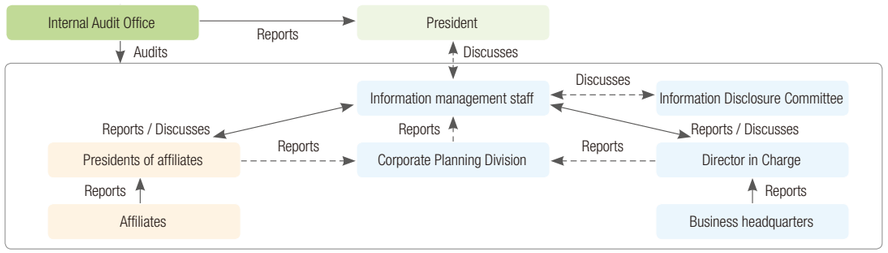
* At present, the Company does not confer compensation in the form of stock options, bonuses, or retirement benefits for officers.

Investor Relations Activities

Sodick regards all of its shareholders and investors as another set of important stakeholders, and places importance on constructive dialogue to improve corporate value. For all of our shareholders and investors, the Company makes every effort to provide information swiftly based on the principles of transparency, fairness, and continuity, and implements IR activities conducive to further improving corporate value.

(1) The Investor Relations Department is responsible for dialogue with our shareholders and investors. To conduct dialogue reasonably and smoothly, as necessary it will collaborate with relevant departments including Accounting and Financial Affairs, Legal Affairs, and Compliance in the implementation of its IR activities.
(2) In the event that individual requests come from shareholders or investors, the Company will consider the purpose of a meeting and importance of the topic and within reasonable limits investigate responses from directors. Opinions and the like expressed by our shareholders and investors will be reported as necessary to the Board of Directors and Business Report Committee, and every effort will be made to apply them to the Company's future management.
(3) Results briefings for institutional investors and analysts are held two times per year as a dialogue initiative separate from individual meetings. The annual shareholders' meeting is also seen as a valuable and important opportunity for dialogue with our shareholders, and efforts are made to set aside adequate question-and-answer time. For our individual investors, a dedicated page has been created at the Company's website. There, information about the Company's business, performance, and management policies is posted in readily comprehended ways. Furthermore, to promote constructive dialogue the Company also plans to issue an annual report for the fiscal year ending March 31, 2017, and offer a plant tour and meeting for institutional investors and analysts. The Company is also investigating ways to enhance its IR tools and hold briefings for individual investors.
(4) Regarding measures for controls applying to insider information, Sodick has formulated a Disclosure Policy and made it available on the Company's website at <http://www.sodick.co.jp/ir/disclosure.html>.

Structure for Timely Information Disclosure



The View from Outside

About Corporate Governance at Sodick

The importance of corporate governance has been steadily increasing since the introduction of the Corporate Governance Code in June 2015. We have asked outside directors and outside Audit & Supervisory Board Members of Sodick about their corporate governance concepts and the issues they are facing.

The function of outside directors is to ensure correct decision making and to improve enterprise value and the reputation of the company. In order to maximize enterprise value, outside directors strive to enforce compliance including internal control.

One aspect in the case of exchange listed companies is that outside directors need to consider the interests of shareholders in connection with the internal decision making process. This means that outside directors must speak up in corporate officer conferences, etc., and point out problem issues, share management-related questions with all corporate officers, and see to it that decision making occurs in the correct manner. At the same time, based on their knowledge and information at that time, they must monitor the management process from the perspective of maximizing enterprise value and preserving the reputation of the company.

Corporate governance at Sodick distinguishes between five essential elements. First, preserving the transparency, soundness, and legal compliance of management; second, appreciating and enforcing full accountability to stakeholders; third, timely and appropriate information disclosure; fourth, clearly defining the responsibilities of management and executives at each level; and fifth, establishing internal control. We believe that by and large Sodick is appropriately managing all of these requirements. Since voting on proposals at the board of directors' meeting occurs by hand-raising in accordance with directors' individual preference, we believe that directors are properly discharging their responsibilities. Moreover, communication between divisions takes place at business reporting meetings and IR information offers timely disclosures including the medium term management plan and disclosure policies. As to establishing internal control, which we appreciate as one of the major requirements of corporate governance, we emphasize tight monitoring of how internal control is created and operated.

Last year marked the introduction of the Corporate Governance Code as a guideline for the corporate governance of exchange listed companies. At Sodick, we have thoroughly considered the Code and put it into practice. Even so, it is also necessary to establish a board of directors that contributes to management strategies based on the perspectives of investors, the disclosure of management plans, and promoting the enterprise value of the Company. There is also the issue of ensuring that the duty of accountability to shareholders is fulfilled. Regarding this point, we consider it essential to maintain a constructive dialogue with shareholders also outside of the framework of the annual shareholders' meetings to ensure the sustained growth of the Company and increasing enterprise value over the medium and long term.

Although the machine tool markets relevant to Sodick are subject to the changes in the business cycle, with significant effects on our operations, Sodick has been creating new markets predicated on its high technological level and the development of new products and element technologies. Moreover, the injection molding machines and other industrial machinery as well as food processing machinery that Sodick develops and manufactures form a product structure that is adaptable to changes in the business cycle, marking a highly desirable characteristic in assessing the operations of Sodick. However, a point of concern is the rising influence that the business results of Sodick's subsidiaries engaged in new operations exert on the parent company. We believe that with a view to enhancing operations, a speedy and drastic improvement plan is in order. Sodick has a large number of subsidiaries, which raises the need for strengthening group corporate governance and subsidiary corporate governance. Moreover, we believe frameworks should be established where the management personnel of consolidated subsidiaries explain developments at their companies and their business results to the board of directors, hold Q&A sessions, and receive guidance on improvement measures.

We are aware that strengthening corporate governance is essential for ensuring the sustained creation of value for society and for maximizing enterprise value. Moreover, Sodick will become a company of excellence the more it succeeds in enforcing corporate ethics and compliance and contributes with a high sense of ethics to resolving issues and problems of customers and society. To this end, we will work to strengthen corporate governance by enforcing corporate ethics and compliance including internal control.

Outside Director
Kenichi Tsugami

The role of Audit & Supervisory Board Members is meant to contribute to increasing corporate soundness and management transparency. It is our goal to increase the number of "admirers" of Sodick by achieving excellence in corporate governance through persistent reviews and continuous effort.

Outside Audit & Supervisory Board Member
Takashi Nagashima

Audit & Supervisory Board Members are corporate officers and in this sense have their work in the same realm as board directors. The perspective, however, is different. While the primary concern of board directors is to increase enterprise value by correctly advancing operations, I think the role of Audit & Supervisory Board Members is to monitor board directors' work and to offer opinions from the outside that serve to increase corporate soundness and management transparency.

Outside the Company, my regular work is primarily that of a tax attorney. Instead of offering specific opinions on individual operations, my job is to listen to the proceedings at board of directors' meetings and to judge the appropriateness of their execution of work duties.
This is why I treasure the perspective of the company outsider, which marks the angle from which I would like to contribute.

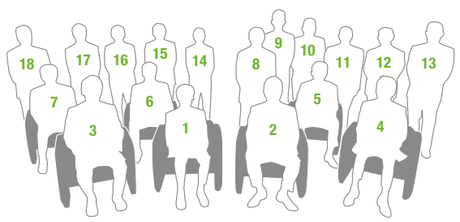
As to the release of the Corporate Governance Code, we have advocated identical norms previously. As an exchange listed company, Sodick has been practicing from before proactive information disclosure and there should be no problems with regard to the disclosure matters of Sodick also by the standards of the enacted Corporate Governance Code.

In many years of work as a tax examiner, my task has involved identifying problem issues in companies' past economic activity. Since examinations concern past tax declarations, the basis of examination is essentially stationary numbers. Based on this experience, I can say that no matter how excellent an accounting department may be, there will always be mistakes and improprieties.
This means there will always be hidden problems, regardless of excellent corporate governance. The implication is that we need to address also problems that are yet to arise.

I think of corporate governance as lamp posts set up in appropriate locations to prevent people from getting lost while walking along a path in the dark of the night.
In other words, in my opinion we establish corporate governance in hopes that every stakeholder can find out about the corporate content and the objectives of Sodick. I look forward to continue helping with this.

Sodick engages in research and development of solutions that have no precedent, and in constant pursuit of visions of the future engages in activities that inevitably require funds and research time.
This means that rather than shareholders focused on short-range ROE and dividend payout ratios, Sodick needs to increase shareholders who are also "admirers" of Sodick, willing to hold shares over the long term and prepared to take pleasure in watching Sodick grow and evolve.
Given the efforts involved in the implementation of the Corporate Governance Code, rather than performing it as a mere duty, I would like to strengthen this function as a means of proactively showcasing to "admirers" of Sodick more information about the company's operations and other corporate disclosures.

1. Chairman and Representative Director
   Toshihiko Furukawa
2. President and Representative Director
   Yuji Kaneko
3. Vice President and Representative Director
   Kenichi Furukawa
4. Senior Executive Managing Director (Chief Machine Tool and Industrial Machinery Sales Division Officer)
   Keisuke Takagi
5. Senior Executive Managing Director (Chief Electric Discharge Machinery Division Officer)
   Takashi Matsui
6. Senior Executive Managing Director (Chief Injection Molding Machinery Division Officer)
   Misao Fujikawa
7. Senior Executive Managing Director (Chief Machining Center and ULT Development Division Officer)
   Sadao Sano
8. Executive Managing Director (Chief Food Processing Machinery Division Officer)
   Kenichi Osako
9. Executive Managing Director (Chief Corporate Planning Division Officer)
   Hirofumi Maejima
10. Executive Managing Director (Chief Production Managing Officer)
    Hideki Tsukamoto
11. Outside Director
    Kenichi Tsugami
12. Outside Director
    Toshiaki Kurihara
13. Outside Director
    Katsuhisa Furuta
14. Full-time Audit & Supervisory Board Member
    Akio Hosaka
15. Full-time Audit & Supervisory Board Member
    Yuichi Watanuki
16. Outside Audit & Supervisory Board Member
    Takashi Nagashima
17. Outside Audit & Supervisory Board Member
    Kazuhito Shimoyama
18. Outside Audit & Supervisory Board Member
    Tomio Okuyama



Initiatives for the Environment

The Hokuriku region where Sodick has a production base is a place where traditional culture lives in symbiosis with beautiful natural surroundings. In our work of developing and manufacturing so many products in this well-favored region, we have come to see that the very fact that the natural environment is treated with such care is connected to people having richness in their lives.

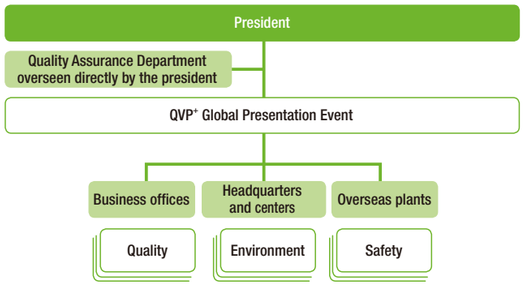
Sodick's Policy and Structures

Sodick today has an Environmental Policy in place, and has acquired the ISO 14001 certification for its Kaga and Fukui plants as well as for all of its sales offices throughout Japan. To continue to make improvements in terms of its environmental impact, every year the Company reassesses its Environmental Policy and settles on particular topical issues and objectives for it. At the QVP+ Global Presentation Event* held annually by the Quality Assurance Department, representatives of each department and Group company detail the successes and item meriting reassessment from the previous fiscal year in regard to the environment, and of course quality and safety as well. They also declare their respective unit's targets for the new fiscal year and hammer out their shared courses of action. This is connected to continuous improvements that also take medium- and long-term targets into account.

* QVP+ Global Presentation Event: "QVP" stands for "Quality Victory Plan." This annual event is for the various departments to look for ways to make improvements in the areas of quality, environmental concerns, and safety in keeping with the policies and targets set down by the president.

► Structure for Promoting Environmental Concerns

Sodick has created a structure for promoting environmental concerns around the three core factors of "quality," "environment," and "safety."



► Environmental Policy

環 境 方 針

株式会社ソディックは、主な製品としては放電加工機、マシニングセンター、金属３Ｄプリンター、射出成形機、マグネシウム合金対応射出成形機、食品機械、また関連するリニアモータ、リニアモータドライバ、ＣＮＣ装置、磁石、精密ステージ、その他のシステムも含めた開発、設計、製造、販売およびサービスをグローバルに展開しております。これらの製品が地球環境に配慮したかたちで調和り、世の中に貢献したいと考えます。

また、生産拠点としては、加賀事業所、福井事業所、更に販売営業・サービスの拠点に対しての地域の自然環境にも配慮しつつ、人々の豊な生活に潤じることを認識し、当社の環境活動を全社的に進め、環境保全に努めます。

1．環境マネジメントシステムを確立し、実施し、維持し、継続的な改善と汚染の予防を推進します。

2．事業活動の環境側面に関して適用可能な法的要求事項及び当社が同意したその他の要求事項を順守します。

3．事業活動における環境への影響を低減させるため、以下の項目を重点的に取り組みます。
　1）地球環境を大切にした製品づくりで社会に貢献します。
　2）省エネ・省資源化を考えた生産活動の推進に努めます。
　3）環境負荷物質の低減に努めます。

4．この環境方針を具体的に推進するために、環境目的・目標を設定し、定期的に見直し、継続的に改善活動を実行します。また、その改善活動の有効性についても確認し、積極な環境活動の推進を実行します。

5．環境方針を文書化し、全従業員および常駐する外部社員への教育を実施し、環境方針の理解と環境に関する意志向上に取り組みます。

6．本環境方針は、一般に公開するとともに、社外からの要求に応じて公表します。

２０１６年３月１６日　制定
株式会社ソディック
代表取締役社長
金子雄二

Initiatives Related to CO_2 Reduction

Sodick's head office and plants have all adopted LED lighting produced by Sodick LED Co., Ltd.
The "Kirameki" SL-series LED light consumes half the power of a normal fluorescent light, resulting in an approximately 210 kg reduction in CO_2 emissions annually based on continuous 24-hour-per-day use. That is equivalent to the amount of CO_2 that 19 beech trees absorb.

▲ "Kirameki" SL-series LED light bulb

The Company is also setting its focus on using natural energy. Solar power systems have been installed on rooftops at its head office and at the Miyazaki plant of Group company Sodick F.T. The solar cells at the head office have a capacity of 49.88 kW, while those at the Miyazaki facility operate at 800 kW. The Company is also making an effort to sell that electricity generated through solar power at the head office back to the power companies, illustrating the multifaceted approach to environmental conservation that it is pursuing.

▲ The rooftop solar power generation system at Sodick F.T Miyazaki plant.

Promoting Eco-Friendly Procurements

The Japanese government in May 2000 enacted the Act on Promoting Green Purchasing. This Act was established to actively promote eco-friendly procurements based on the perspective that demand-side initiatives were of equal importance to supply-side initiatives when it comes to forming a recycling-oriented society. The Act encourages procurements that put priority on goods with a small environmental impact while still bearing in mind the unique features of a given business, the strength and durability required, the preservation of functionality, and cost considerations.

In conjunction with this, Sodick has been creating its own SAP-linked harmful chemical substances control system (SHCSCS). This enables the Company to control in a systemic way for whether or not its products contain harmful chemical substances. Currently, it is controlling and managing for as many as 500 types of chemical substances. The Procurement Division, General Affairs Department, and Quality Assurance Department will be working hand-in-hand to thoroughly investigate for the presence of harmful substances in any materials that will be newly purchased in the future.

Promoting Environmentally Friendly Products

Sodick is actively working to come up with products that are environmentally friendly. It has been making every effort to reduce waste by offering such eco-friendly or recyclable products as the "Tsubame Wire Plus," the world's first product adapted to used-wire recovery systems; the "Eco-Ion R," whose construction permits the main component to be washed, its functions restored, and the unit to be reused; and the recyclable filter "EcoFilter SHF-25R."

◄ Tsubame Wire Plus

The world's first product in this area adapted to used-wire recycling systems.
Built using high-quality and high-precision production process to offer superior straightness and an extremely smooth surface quality. The machining performance it draws out is highly reliable.

◄ EcoFilter SHF-25R

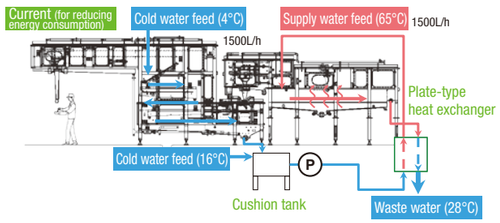
Carries on the performance of the enhanced life-type model SHF-25E. Life is approximately twice that of conventional products (Sodick's HF-25A used for comparison). Decomposition structure type of filter (filter paper and outer frame). Depending on the rental contract, the product can be put into the distribution cycle and collected.

◄ Eco-Ion R

Suited for long processing times with its longer operating life. 18-L capacity is twice that of conventional types. The "bottle" itself is exchangeable, so no need to do the work of refilling resin. The product is environmentally friendly.

PICK UP: CIP Fully Automated Noodle Boiling Machine

We developed the CIP fully automated noodle boiling machine as a new eco-friendly product for Food Processing Machinery Operations.
Cleaning performance has been improved over that offered by conventional machines, which rely on boiling water using indirect piping, because in this device steam is pumped directly across the bottom of the tub used for boiling to heat the water and bring it to a boil. Furthermore, the device can reduces the amount of water supplied and flushed by reusing the water flushed from the tub to resupply it. In addition, by employing an exhaust recovery system that reuses any boiling water—which is brought to a boil in the pot from running the water supply through a heat exchanger—that overflows from it, the time needed for raising the temperature is shortened and the amount of steam used for simmering in the pot is greatly reduced.
Reducing the amount of steam contributes both to energy conservation and reducing CO_2 emissions. Furthermore, the development of the CIP mixer (a machine with automated cleaning) has served to bring uniformity to cleaning levels, prevents contamination by foreign substances, and shortens cleaning times. It permits significant reductions in staffing requirements and energy consumption.



(Examples)

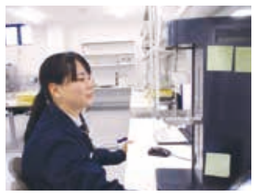
Heat required prior to recovery A	1,500 x (99–16) = 124,500 kcal/h
Heat required after recovery B	1,500 x (99–65) = 51,000 kcal/h
Recovered heat A - B	124,500 – 51,000 = 73,500 kcal/h
Fuel oil conversions	73,500/8,500 (calorific value of heat quantity) = 8.65 L/h
Reduction in heat quantity	Assuming operates 12 hrs./day x 365 days/yr., fuel oil unit cost of ¥80
	8.65 x 12 x 365 x 80 = reduction of ¥3,030,960/year
	¥1,510,000/year if heat exchanger operation time is halved

Diverse Human Resources Are the Company's Backbone

Since its founding, Sodick has strived to expand the company's business under the creed of "Create," "Implement," and "Overcome Difficulties." The very mettle and ability to take action that each and every one of our employees possesses provides the backbone for this endeavor. All of our employees—not only technical staff, but also sales and management—maintains a high level of motivation at their respective stages in the process and is busily engaged in their work as specialists.
Based on the thinking that the diversity of our workforce with employees offering different perspectives and values is linked to further globalizing our business, Sodick is promoting efforts to employ a wide-ranging workforce that includes foreigners as well as Japanese, the disabled, and senior citizens. Furthermore, it is also working hard to create an environment in which women can continue to flourish even after they have children.

Encouraging Women in the Workforce

Sodick is working to create an environment that can allow employees to balance work with child-rearing so that everyone in its workforce can give full play to their abilities. It is giving the matter close attention, taking such steps as setting up a variety of special measures that enable employees who take maternity or childcare leave to return to the departments and positions they held prior to going on leave. This system has allowed a high percentage of female employees to take maternity or childcare leave. Nine women opted to do so in the previous fiscal year, and all of them have returned to their positions and are again playing an active role in their respective departments.
An action plan has also been drafted with the goal of enabling female employees to give full play to their abilities in a variety of fields. The percentage of new graduates hired between 2014 and 2016 who were female stood at 26%. Sodick will actively continue its efforts to hire women and put together a working environment that enables them to remain in its workforce, providing them—and all employees—the support to establish and maintain their desired work-life balance.



▲ Female employee engaged in research.

▲ One of the women working at Sodick also has her sights set on participating in the Paralympics.

► The special measures in place at Sodick for female employees who are pregnant, giving birth, or child-rearing

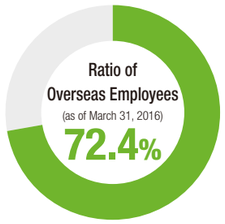
- Consideration regarding duties
- Shorter working hours for childcare
- Furloughs for caring for sick children
- Changing working hours during long vacation periods for children in grades 1-3

Hiring Senior Citizens

The government in April 2013 enacted the Revised Elderly Employment Stabilization Law. The law's objective is to create an environment in which senior citizens can continue to work based on their desires and abilities at the very least until they have reached the age at which they qualify for their pensions.
Sodick has set the day an employee turns 60 as the age limit and point for retirement. However, 100% of those retirees who wished to continue working have been rehired. The skills, knowledge, and experience that veteran employees have cultivated over the years provides a model to be used in training their successors. It provides sustenance for Sodick's start-up philosophy of creating things that are not in the world by ourselves that can be handed down to its junior employees.

Making the Most of Global Human Resources

Sodick was quick to adopt a global perspective in developing its business. More than 70% of its employees are working overseas, and the Company has also actively sought out non-Japanese hires.
Having foreign employees will be absolutely indispensable for our efforts to further globalize our business. Knowing their perspectives and thinking is extremely important when it comes to knowing what makes each part of the world unique. This can be brought into promoting the strategies pursued at overseas sites and in developing and strengthening our marketing networks.
We are also striving to hire locally for executive positions at our overseas sites as part of our overall goal of making good use of global human resources. Women are also serving as presidents at some of these overseas locations.



Hiring Disabled Workers

Sodick affiliate Kibi NC Training Center Corp. is an enterprise that uses the latest machine tools to conduct skills-development training for the physically disabled with the goal of helping them to become socially independent. Sodick itself is also making efforts to actively hire disabled persons and create an environment that should promote such hiring goals broadly and provide them with stability.

► Kibi NC Training Center

Basic orientation: Nurturing social independence both psychologically and economically among the physically disabled

- Company outline

Representative:	President Masahiro Katayama
Established:	1982
Address:	1973 Takebe, Kibichuo-cho, Kaga-gun, Okayama-ken 709-2343
Phone:	0866-56-8282
URL:	http://www.kibinc.co.jp

- Business outline
  Training physically disabled persons, outsourced machining of molds and metal components, fabrication and sale of energy-saving and environmental-improvement equipment
- Production equipment
  Wire-cut EDMs……12
  Die-sinker EDMs……7
  Machining centers……3
  Metal 3D printers……1

▲ Since Kibi NC's founding, 81 trainees have completed the course and are now busy at worksites around the country.

▲ One Center graduate in the workplace is also entered in the Paralympics as a track and field athlete.

Creating a Comfortable Workplace Environment

The idea of creating a workplace environment is closely connected to that of raising awareness among employees about their jobs. At Sodick, we are working to achieve a workplace environment where all employees can stay highly motivated and work with peace of mind. Maintaining a favorable environment serves to keep new hire retention rates high and provides a grounding that makes it easy to nurture superior human resources.
Sodick is also pouring its energies into creating an employee training system to help them further extend their abilities. Through employee training in a variety of fields and nurturing a global workforce with overseas training for new hires, our goal is for employees to acquire the know-how and skills to be driving forces for the company in the future. Furthermore, Sodick has also adopted stratified training methods in which trainees are broken up into groups based on years of service and type of position, as well as Internet-based e-learning for employee education and corporate training.

Training for New Hires

Sodick provides training at plants throughout the country for new hires so they can learn the actual "monozukuri" manufacturing process used at the company. Sodick provides training at plants throughout the country for new hires so they can learn the actual "monozukuri" manufacturing process used at the company. First, at the Company's main domestic plant in the Hokuriku region they learn at each office about the flow of operations in the main departments of manufacturing, technology, and machining. Next, at the Company's main overseas plant in Thailand, they increase their knowledge about the Company's mainstay product by working side-by-side with local employees on the electrical discharge machine manufacturing floor.
The goal here is also to give them the chance to form a broad range of personal contacts through exchanges with locally resident employees and workers, as well as sweep away any feelings of resistance or anxiety about working at overseas affiliates.

▲ Training in Hokuriku:
Younger employees are put to work as instructors, which also helps them to increase their knowledge and presentation skills.

Encouraging Employees to Take Paid Vacation

Sodick has designated specific Saturdays as days for promoting employees to use their paid vacation time and actively encourages them to take their days off. Doing so creates a virtuous cycle, as they are refreshed from taking the break and also have a renewed interest in taking on their duties.

Initiatives in Safety and Sanitation, and in Disaster Prevention

Ensuring that the employees who form Sodick's backbone stay healthy in mind and body and can be lively in their work is a crucial factor when it comes to the Company's growth. Creating a management structure and providing safety and sanitation training that conform to the Industrial Safety and Health Act protects our employees from dangers and health impairments in the course of their work and also prevents occupational injuries. The Company is pouring its energies into initiatives for not only the physical but also mental wellbeing of our employees, and is working to create follow-through structures to prevent disorders from happening.

Sodick has also an adopted Compliance Guidelines (whistle-blowing system) whose objective is to prevent and rapidly deal with wrongdoing by employees or corporate officers as well as unethical behavior. The Company has also set up and operates points of contact internally and externally for addressing such matters.

► Sodick's Initiatives

- Safety and Sanitation Committee, Safety and Sanitation Rules
  Once-a-week inspection patrols are carried out around the company.
- Training for Managers by Industrial Physicians
  Training is provided to management-level employees about mental health.

Well-Rounded Benefits Package

Sodick has made efforts to fully round out its benefits packages and relevant facilities so that its employees can attend to their duties without anxieties over their daily lives or health.
As part of this, the company offers financial incentives of 20% from its employee stock ownership association system, provides regular health examinations, and offers financial assistance for cancer examinations using positron emission tomography (PET), among other benefits.
Also, by way of facilities for employees to get refreshed, Sodick has resort houses in Yatsugatake and Miyazaki, and has concluded corporate contracts that allow for preferential treatment at designated theme parks and similar facilities. There are also wide range of employee-run clubs including ones for tennis, marathon running, cycling, footsal, badminton, and golf, which are useful for stimulating interactions with employees from other departments.

▲ Dining hall

▲ Tennis court

▲ Cafeteria

▲ Nobeyama Resort Village

Financial Key Data

	FY03/2007	FY03/2008	FY03/2009	FY03/2010	FY03/2011	FY03/2012	FY03/2013	FY03/2014	FY03/2015	(Unit: million yen) FY03/2016	(Unit: thousand US$[*1]) FY03/2016
Business performance											
Net sales	71,553	75,647	54,533	36,761	54,213	53,528	55,031	56,899	63,090	**65,146**	**578,769**
Cost of sales	49,651	51,941	39,456	27,877	36,592	35,957	38,296	40,232	42,215	**41,369**	**367,529**
Gross profit	21,902	23,706	15,077	8,883	17,621	17,570	16,734	16,667	20,874	**23,777**	**211,240**
Selling, general and administrative expenses	16,676	18,594	17,602	11,575	12,027	12,080	12,719	14,014	15,984	**17,424**	**154,798**
Operating income	5,241	5,133	–2,512	–2,688	5,599	5,495	4,021	2,651	4,891	**6,353**	**56,441**
Ordinary income	6,541	4,498	–5,717	–3,073	3,944	4,577	5,356	3,886	5,647	**5,719**	**50,809**
Income before income taxes	6,570	2,825	–6,914	–3,422	4,003	4,473	5,170	3,857	5,129	**5,748**	**51,074**
Profit attributable to owners of the parent	3,757	244	–8,527	–3,669	5,111	3,320	4,191	4,194	3,550	**4,167**	**37,021**
Research and development expenses	2,513	2,394	2,013	1,532	1,624	1,717	1,832	2,004	2,494	**3,408**	**30,282**
Facility investment	6,466	8,568	3,014	945	1,465	3,621	5,460	3,179	2,232	**2,887**	**25,650**
Depreciation	2,071	3,131	3,096	2,640	2,116	2,121	2,204	2,559	2,659	**2,765**	**24,568**
Financial status											
Total assets	100,477	103,967	84,351	72,767	79,510	92,993	95,041	98,776	104,167	**99,722**	**885,947**
Net assets	44,373	42,748	27,401	23,848	28,158	29,718	36,033	42,451	49,453	**49,758**	**442,062**
Interest-bearing debt	31,822	37,336	44,320	35,193	33,488	41,339	41,506	39,480	35,758	**33,826**	**300,523**
Cash flow											
Cash flow from operating activities	5,813	2,042	1,935	7,256	3,216	9,245	2,766	5,577	8,298	**6,579**	**58,453**
Cash flow from investing activities	–9,059	–7,133	–7,088	–693	–167	–5,295	–4,776	–4,181	–144	**–2,773**	**–24,639**
Free cash flow	–3,246	–5,091	–5,152	6,562	3,049	3,950	–2,009	1,395	8,153	**3,806**	**33,813**
Cash flow from financing activities	11,508	4,049	4,605	–9,437	–1,965	6,809	–1,163	–3,696	–5,243	**–2,854**	**–25,356**
Per-share indicators											
Net income per share (EPS) (Yen/US$[*1])	72.22	4.62	–170.15	–74.11	103.23	67.07	83.29	83.36	70.55	**82.82**	**0.73**
Net assets per share (BPS) (Yen/US$[*1])	771.90	733.52	516.38	449.54	534.25	589.28	715.26	842.40	981.47	**987.01**	**8.76**
Dividend per share (Yen/US$[*1])	15.00	20.00	10.00	0.00	6.00	11.00	14.00	14.00	20.00	**18.00**	**0.15**
Financial key indicators											
Ratio of gross profit to sales	30.6%	31.3%	27.6%	24.2%	32.5%	32.8%	30.4%	29.3%	33.1%	**36.5%**	
Ratio of operating income to sales	7.3%	6.8%	–	–	10.3%	10.3%	7.3%	4.7%	7.8%	**9.8%**	
Ratio of ordinary income to sales	9.1%	5.9%	–	–	7.3%	8.6%	9.7%	6.8%	9.0%	**8.8%**	
Return on equity (ROE)[*2]	10.7%	0.6%	–	–	21.0%	11.8%	12.8%	10.7%	7.7%	**8.4%**	
Ratio of ordinary income to total assets (ROA)[*3]	7.2%	4.4%	–	–	5.2%	5.3%	5.7%	4.0%	5.6%	**5.6%**	
Debt-to-equity ratio[*4] (multiple)	0.80	0.98	1.62	1.49	1.17	1.30	1.17	1.02	0.86	**0.75**	
Equity ratio[*5]	40.8%	36.6%	30.3%	30.6%	33.3%	31.9%	37.9%	42.9%	47.4%	**49.8%**	
Dividend yield on equity (DOE)[*6]	2.0%	2.8%	1.8%	–	1.0%	1.7%	2.0%	1.8%	2.4%	**2.0%**	
Ratio of overseas sales	54.6%	56.2%	52.3%	53.0%	57.7%	60.6%	63.7%	60.4%	64.1%	**63.8%**	
Average exchange rate Yen/US$	116.97	114.44	100.71	92.89	85.74	79.08	82.91	100.17	109.76	**120.15**	
Yen/EUR	150.02	161.59	144.70	131.18	113.13	109.02	106.78	134.21	138.69	**132.60**	
Yen/CNY	14.57	15.47	14.85	13.68	12.95	12.35	12.66	15.87	17.14	**19.21**	
Yen/THB	3.21	3.64	2.97	2.75	2.75	2.59	2.70	3.19	3.38	**3.44**	
Other Operations											
Number of employees (consolidated)	3,283	3,622	3,158	2,575	2,793	2,956	2,921	2,999	3,183	**3,216**	

*1: US$ amounts are converted at the rate of 1 US$ = 112.56 yen observed in trading in the Tokyo foreign currency market as of March 31, 2016.
*2: Return on equity (ROE) = Net income / (Net assets – Stock warrants – Minority interests)
*3: Ratio of ordinary income to total assets (ROA) = Ordinary income / Total assets (Average during the period)
*4: Debt-to-equity ratio = Interest bearing debt / Shareholders' equity
*5: Equity ratio = (Net assets – Stock warrants – Minority interests) / Total assets
*6: Dividend yield on equity (DOE) = Total dividends / Shareholders' equity

Sodick will continue stable dividends while retaining reserves necessary for the future development of operation and improving its financial strength.

Executive Managing Director
(Chief Corporate Planning Division Officer)

Hirofumi Maejima

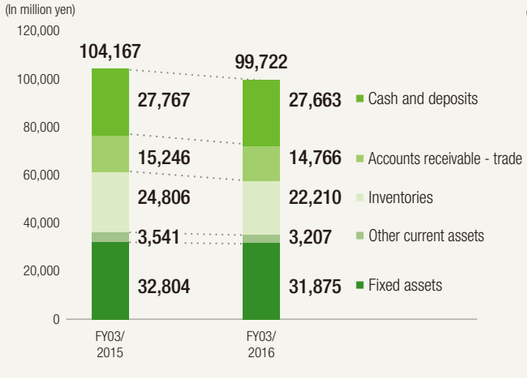
Financial key metrics as of the end of March 2016 marked total assets of about ¥99,700 million and shareholders' equity of about ¥49,600 million with a debt to equity multiple of 0.75. Interest bearing debt over the last five years decreased by ¥7,500 million and equity capital increased by about ¥20,000 million, reflecting steady improvements in the financial structure. Moreover, Sodick maintains high liquidity at over 200%, essential considering the importance of current funds for smooth operations and making for a stable financial structure. However, the machine tool industry to which Sodick belongs is strongly swayed by trends in industrial facility investment, which raises the need to provide for various operating risks with comparatively high levels of volatility. The equity ratio of Sodick, currently about 50%, has been steadily improving, but ensuring the long-term continuity of operations requires a financial structure of yet greater resilience. Going forward, Sodick will take a range of relevant measures, including a reduction of interest bearing debt, with a view to attaining a value of 0.5 or less for the debt-to-equity[*1] ratio a designated management target value of Sodick.

Furthermore, together with strengthening the financial structure, Sodick will pursue management with an emphasis on cash flow in order to accelerate investment in the growth of its operations. Sodick is constantly engaged in R&D and facility investment activities from a long-term perspective in order to come to market with new products that employ leading-edge technology and in order to solidify its superior competitive position. In fiscal year ended March 2016, investments in R&D related to metal 3D printers and injection molding machines totaled around ¥3,400 million. Additionally, Sodick made about ¥2,800 million in facility investments to renew existing facilities for machine tools and industrial machinery operations as well as building a new factory for food processing machinery. Despite these outlays, free cash flow (operating cash flow less investing cash flow) still amounted to about ¥3,800 million. In fact, cash on hand maintained the level of the previous fiscal year despite progress in reducing interest bearing debt. Cash flow driven management will continue with the focus on balancing ongoing investment in business growth and strengthening the financial structure.

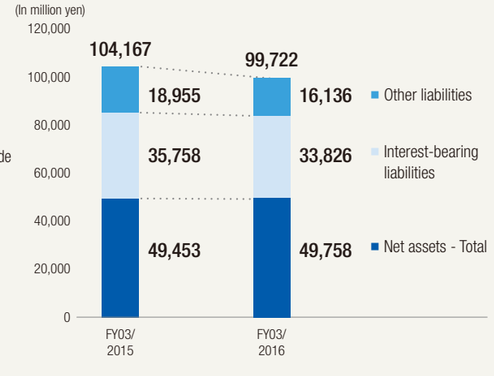
Regarding returns to shareholders, Sodick will continue to pay stable and sustained shareholder dividends with a management target value of at least 2% for dividend yield on equity[*2], based on comprehensive judgment of business results, cash flows, and the progress made in strengthening the financial structure. As to capital efficiency, ROE[*3] in fiscal year ended March 2016 posted 8.4%, reflecting a 0.7 percentage point improvement compared with the previous fiscal year. However, Sodick aims to attain higher targets by strengthening its earning power and through nimble capital policy measures.

*1: Debt-to-equity ratio = Interest bearing debt / Shareholders' equity
*2: DOE (Dividend yield on equity) = Total dividend / Shareholders' equity
*3: ROE (Return on equity) = Net income for the period / (Net assets – Stock warrants – Minority interests)

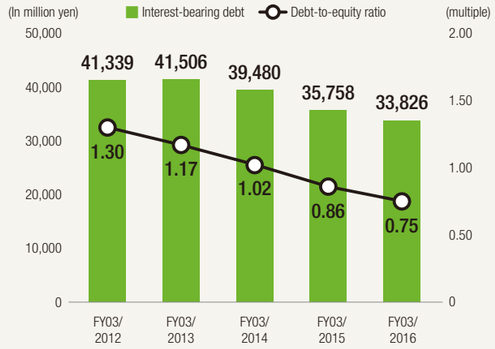
► Assets



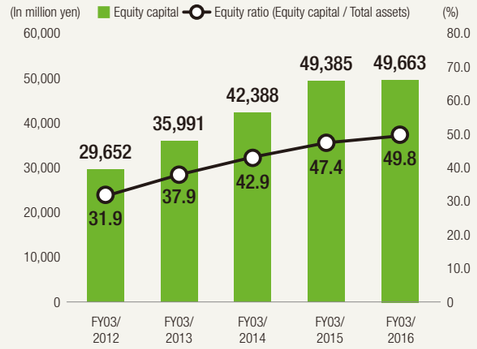
► Liabilities and Net Assets



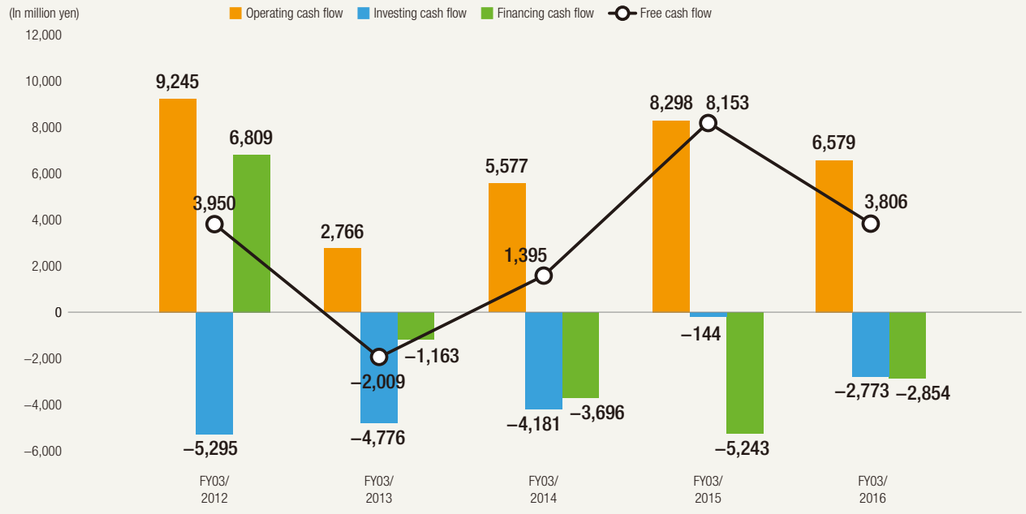
► Variation in interest bearing debt and debt-to-equity ratio



► Variation in equity capital and equity ratio



► Cash flow



Issuance of unsecured convertible bonds with warrant and acquisition of treasury stock

In April 2016, Sodick issued around ¥8,000 million in unsecured convertible bonds with warrant. Out of the proceeds from this issuance, around ¥4,000 million will be allocated to R&D funds for next-generation new products including metal 3D printers and new related technologies. Slightly under ¥1,000 million will be allocated to semiconductor R&D facilities relevant to next-generation technologies at headquarters and the technology and research center. Moreover, around ¥3,000 million will be allocated to the acquisition of treasury stock as part of returns to shareholders. Sodick will continue to diversify its financing methods. To this end, Sodick will create funding frameworks that are able to flexibly respond to changes in the business environment. At the same time, Sodick will continue to strengthen returns to shareholders by continuously raising enterprise value and share value.

► Outline of the issuance of unsecured convertible bonds with warrant

Total bond issuance amount	8,000 million yen*
Bond coupon rate	0%
Paid-in bond principal (issuance amount)	¥100 per ¥100 bond face value
Bond issuance price	¥102.5 per ¥100 bond face value
Exercise period	From June 1, 2016, to April 14, 2021
Conversion premium	29.97%
Conversion price	1,032 yen
Conversion deadline	April 16, 2021

* Including ¥1,484 million sold to overseas investors in overseas markets (excluding the U.S. and Canada) centering on Europe and Asia

Consolidated Balance Sheet

	(Unit: million yen)		(Unit: thousand US$*)
	FY03/2015	FY03/2016	FY03/2016
Assets			
Current assets			
Cash and deposits	¥ 27,767	¥ 27,663	$ 245,763
Notes and accounts receivable – trade	15,092	14,556	129,324
Electronically recorded monetary claims – operating	109	209	1,859
Claims to receivables from installment sales	44	–	–
Commodity and merchandise	7,874	7,587	67,404
Work-in-process	8,684	7,338	65,199
Raw materials and inventory	8,247	7,284	64,713
Deferred tax assets	1,081	919	8,170
Other current assets	2,607	2,457	21,831
Allowance for doubtful accounts	–147	–169	–1,505
Total current assets	71,362	67,846	602,762
Fixed assets			
Tangible fixed assets			
Buildings and structures	19,964	20,178	179,266
Machinery, equipment and vehicles	16,924	16,987	150,917
Tools, fixtures and equipment	2,648	2,746	24,402
Land	7,068	7,224	64,187
Lease assets	728	665	5,916
Construction in progress	189	261	2,322
Accumulated depreciation	–22,696	–23,728	–210,808
Total tangible fixed assets	24,828	24,336	216,204
Intangible fixed assets			
Goodwill	2,218	2,037	18,102
Other intangible fixed assets	1,488	1,425	12,667
Total intangible fixed assets	3,707	3,463	30,770
Investments and other assets			
Investment securities	3,174	3,148	27,967
Long-term loans receivable	163	60	537
Deferred tax assets	114	47	425
Other assets	1,015	944	8,391
Allowance for doubtful accounts	–199	–125	–1,111
Total investments and other assets	4,268	4,075	36,209
Total fixed assets	32,804	31,875	283,184
Total assets	¥ 104,167	¥ 99,722	$ 885,947

* US$ amounts are converted at the rate of 1 US$ = 112.56 yen observed in trading in the Tokyo foreign currency market as of March 31, 2016.

	(Unit: million yen)		(Unit: thousand US$*)
	FY03/2015	FY03/2016	FY03/2016
Liabilities			
Current liabilities			
Notes and accounts payable – trade	¥ 4,714	¥ 4,026	$ 35,768
Electronically recorded obligations – operating	5,572	4,820	42,826
Short-term loans payable	4,700	4,693	41,694
Long-term borrowings redeemable within one year	12,261	10,393	92,333
Bonds redeemable within one year	16	–	–
Accounts payable – other	1,101	1,118	9,938
Income taxes payable	423	235	2,094
Provision for product warranties	302	359	3,194
Provisions for quality warranties	5	4	39
Provision for bonuses	568	544	4,833
Provision for point card certificates	1	1	10
Other current liabilities	4,869	3,460	30,739
Total current liabilities	34,537	29,656	263,475
Fixed liabilities			
Long-term loans payable	18,779	18,740	166,495
Provision for directors' retirement benefits	16	18	167
Provision for product warranties	226	241	2,144
Net defined benefit liability	565	738	6,562
Asset retirement obligations	98	99	884
Other fixed liabilities	488	467	4,154
Total fixed liabilities	20,176	20,306	180,409
Total liabilities	54,713	49,963	443,884
Net assets			
Shareholders' equity			
Capital stock	20,775	20,775	184,574
Capital surplus	5,879	5,879	52,232
Retained earnings	16,503	19,870	176,532
Treasury stock	–1,696	–1,696	–15,074
Total shareholders' equity	41,462	44,828	398,265
Accumulated other comprehensive income			
Unrealized gain (loss) on available-for-salesecurities	1,058	748	6,652
Foreign currency translation adjustment	6,787	4,251	37,774
Remeasurements of defined benefit plans	76	–165	–1,472
Total accumulated other comprehensive income	7,923	4,835	42,955
Non-controlling interests	67	94	841
Total net assets	49,453	49,758	442,062
Total liabilities and net assets	¥ 104,167	¥ 99,722	$ 885,947

Consolidated Income Statement

	(Unit: million yen)		(Unit: thousand US$*)
	FY03/2015	FY03/2016	FY03/2016
Net sales	¥ 63,090	¥ 65,146	$ 578,769
Cost of sales	42,215	41,369	367,529
Gross profit	20,874	23,777	211,240
Reversal of unrealized income on installment sales	1	–	–
Provision of unrealized income on installment sales	0	–	–
Gross profit after income deferrals	20,876	23,777	211,240
Selling, general and administrative expenses			
Personnel expenses	6,376	6,835	60,729
Reversal of allowance for loan losses	28	38	338
Amortization of goodwill	225	146	1,305
Provision for point card certificates	–15	0	1
Research and development expenses	1,406	2,064	18,337
Others	7,963	8,339	74,085
Total selling, general and administrative expenses	15,984	17,424	154,798
Operating income	4,891	6,353	56,441
Non-operating income			
Interest income	143	172	1,534
Dividends income	126	49	438
Foreign exchange gain	963	–	–
Tariff refund	–	102	911
Equity in earnings of affiliates	–	62	558
Subsidy income	46	64	575
Gain on sales of scraps	44	30	268
Other non-operating income	186	188	1,673
Total non-operating income	1,511	670	5,959
Non-operating expenses			
Interest expenses	554	482	4,283
Foreign exchange loss	–	679	6,040
Commissions for syndicate loans	84	–	–
Other non-operating expenses	117	142	1,267
Total non-operating expenses	756	1,304	11,591
Ordinary income	5,647	5,719	50,809
Extraordinary income			
Gain on sales of fixed assets	72	63	560
Gain on sales of investment securities	9	0	2
Income from subsidies	–	59	528
Total extraordinary income	82	122	1,090
Extraordinary loss			
Loss on sales of fixed assets	–	0	5
Loss on retirement of fixed assets	45	23	209
Loss on reduction of non-current assets	–	59	528
Impairment loss	524	–	–
Other extraordinary loss	30	9	82
Total extraordinary loss	600	92	825
Income before income taxes	5,129	5,748	51,074
Current income taxes	1,073	1,169	10,389
Deferred income taxes	511	379	3,374
Total income taxes	1,584	1,549	13,764
Profit	3,544	4,199	37,310
Profit (minus indicates a loss) attributable to non-controlling interests	–5	32	289
Profit attributable to owners of the parent	¥ 3,550	¥ 4,167	$ 37,021

* US$ amounts are converted at the rate of 1 US$ = 112.56 yen observed in trading in the Tokyo foreign currency market as of March 31, 2016.

Consolidated Statement of Comprehensive Income

	(Unit: million yen)		(Unit: thousand US$*)
	FY03/2015	FY03/2016	FY03/2016
Profit	¥ 3,544	¥ 4,199	$ 37,310
Other comprehensive income			
Unrealized gain (loss) on available-for-sale securities	400	–310	–2,755
Foreign currency translation adjustment	3,534	–2,541	–22,578
Remeasurements of defined benefit plans	284	–242	–2,155
Total other comprehensive income (loss)	4,218	–3,094	–27,488
Comprehensive income	7,763	1,105	9,821
(Breakdown)			
Comprehensive income attributable to shareholders of the parent	7,758	1,078	9,584
Comprehensive income attributable to non-controlling interests	¥ 4	¥ 26	$ 237

* US$ amounts are converted at the rate of 1 US$ = 112.56 yen observed in trading in the Tokyo foreign currency market as of March 31, 2016.

Consolidated Statement of Change in Shareholders' Equity

(Unit: million yen)

	Shareholders' equity					Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Unrealized gain (loss) on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Fiscal Year Ended March 31, 2015 (April 1, 2014 – March 31, 2015)											
Balance at beginning of current fiscal year	¥ 20,775	¥ 5,879	¥ 13,714	¥ –1,695	¥ 38,673	¥ 658	¥ 3,262	¥ –207	¥ 3,714	¥ 63	¥ 42,451
Cumulative effect of changes in accounting policies			–27		–27						–27
Opening balance after changes in accounting policies Balance at beginning of current fiscal year	20,775	5,879	13,686	–1,695	38,646	658	3,262	–207	3,714	63	42,424
Changes during the current fiscal year											
Dividends of surplus			–704		–704						–704
Reserve for the awards and welfare fund for employees of foreign subsidiaries			–28		–28						–28
Profit attributable to owners of the parent Net income			3,550		3,550						3,550
Purchase of treasury stock				–0	–0						–0
Net change during the current fiscal year in items other than shareholders' equity						400	3,524	284	4,208	4	4,213
Total changes during the current fiscal year	–	–	2,816	–0	2,815	400	3,524	284	4,208	4	7,029
Balance at the end of the period	20,775	5,879	16,503	–1,696	41,462	1,058	6,787	76	7,923	67	49,453
Fiscal Year Ended March 31, 2016 (April 01, 2015 – March 31, 2016)											
Balance at beginning of current fiscal year	20,775	5,879	16,503	–1,696	41,462	1,058	6,787	76	7,923	67	49,453
Changes during the current fiscal year											
Dividends of surplus			–1,106		–1,106						–1,106
Reserve for the awards and welfare fund for employees of foreign subsidiaries			–41		–41						–41
Profit attributable to owners of the parent Net income			4,167		4,167						4,167
Changes in scope of consolidation			109		109						109
Changes due to the merger of non-consolidated subsidiaries			64		64						64
Change in the scope of equity-method consolidation			175		175						175
Purchase of treasury stock				–0	–0						–0
Net change during the current fiscal year in items other than shareholders' equity						–310	–2,535	–242	–3,088	26	–3,061
Total changes during the current fiscal year	–	–	3,367	–0	3,366	–310	–2,535	–242	–3,088	26	305
Balance at the end of the period	¥ 20,775	¥ 5,879	¥ 19,870	¥ –1,696	¥ 44,828	¥ 748	¥ 4,251	¥ –165	¥ 4,835	¥ 94	¥ 49,758

(Unit: thousand US$)

	Shareholders' equity					Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Unrealized gain (loss) on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Fiscal Year Ended March 31, 2016 (April 01, 2015 – March 31, 2016)											
Balance at beginning of current fiscal year	$ 184,574	$ 52,232	$ 146,619	$ –15,070	$ 368,355	$ 9,408	$ 60,301	$ 683	$ 70,392	$ 603	$ 439,352
Changes during the current fiscal year											
Dividends of surplus			–9,834		–9,834						–9,834
Reserve for the awards and welfare fund for employees of foreign subsidiaries			–371		–371						–371
Net income			37,021		37,021						37,021
Changes in scope of consolidation			971		971						971
Changes due to the merger of non-consolidated subsidiaries			571		571						571
Change in the scope of equity-method consolidation			1,554		1,554						1,554
Purchase of treasury stock				–3	–3						–3
Net change during the current fiscal year in items other than shareholders' equity						–2,755	–22,526	–2,155	–27,437	237	–27,199
Total changes during the current fiscal year	0	0	29,913	–3	29,909	–2,755	–22,526	–2,155	–27,437	237	2,710
Balance at the end of the period	$ 184,574	$ 52,232	$ 176,532	$ –15,074	$ 398,265	$ 6,652	$ 37,774	$ –1,472	$ 42,955	$ 841	$ 442,062

* US$ amounts are converted at the rate of 1 US$ = 112.56 yen observed in trading in the Tokyo foreign currency market as of March 31, 2016.

Consolidated Statement of Cash Flows

	(Unit: million yen)		(Unit: thousand US$)
	FY03/2015	FY03/2016	FY03/2016
Cash flow from operating activities			
Income before income taxes	¥ 5,129	¥ 5,748	$ 51,074
Depreciation	2,659	2,765	24,568
Amortization of goodwill	225	146	1,305
Increase (minus indicates a decrease) in net defined benefit liability	–75	–137	–1,218
Change in provisions for doubtful accounts	6	11	101
Interest and dividend income	–270	–222	–1,972
Interest expenses	554	482	4,283
Equity in (minus indicates earnings) losses of affiliates	–	–62	–558
Foreign exchange loss (minus indicates a gain)	–11	173	1,545
Loss (minus indicates a gain) on sales and valuation of investment securities	–7	–0	–2
Loss (minus indicates a gain) on sale and retirement of fixed assets	–26	–38	–345
Impairment loss	524	–	–
Loss (minus indicates a gain) in trade receivables	269	193	1,719
Loss (minus indicates a gain) in inventories	–1,236	980	8,712
Gain (minus indicates a loss) in trade payables	1,481	–1,274	–11,327
Gain (minus indicates a loss) in other accounts payable	–77	177	1,573
Increase (minus indicates a decrease) in advances received	–304	–352	–3,127
Other operating cash flows	615	–307	–2,732
Subtotal	9,454	8,284	73,602
Interest and dividend income received	184	210	1,871
Interest expenses paid	–557	–487	–4,330
Income taxes returned (minus indicates paid)	–783	–1,428	–12,689
Cash flow from operating activities	8,298	6,579	58,453
Cash flow from investing activities			
Increase in time deposits	–293	–96	–854
Decrease in time deposits	379	112	996
Expenses for purchases of property, plant, and equipment	–1,659	–2,406	–21,380
Proceeds from sale of property, plant, and equipment	560	132	1,176
Expenses for purchase of intangible assets	–425	–358	–3,182
Expenses for purchase of investment securities	–0	–80	–717
Proceeds from sale of investment securities	1,021	83	740
Expenses for loans provided	–23	–111	–995
Proceeds from loans collected	90	55	490
Proceeds from the return of shareholdings in non-consolidated subsidiaries	122	–	–
Other investing cash flows	82	–103	–915
Cash flow from investing activities	–144	–2,773	–24,639
Cash flow from financing activities			
Change in short-term borrowings	–810	281	2,496
Proceeds from long-term borrowings	7,000	11,344	100,781
Expenses for redemption of long-term borrowings	–10,542	–13,168	–116,989
Expenses for redemption of bonds	–14	–16	–142
Expenses for payment of finance lease obligations	–127	–153	–1,365
Cash dividends paid	–704	–1,106	–9,834
Other financing cash flows	–44	–34	–302
Cash flow from financing activities	–5,243	–2,854	–25,356
Effect of exchange rate changes on cash and cash equivalents	839	–1,098	–9,759
Net increase (minus indicates a decrease) in cash and cash equivalents	3,748	–146	–1,301
Cash and cash equivalents, beginning of year	23,647	27,396	243,392
Increase in cash and cash equivalents from newly consolidated or merger of subsidiaries	–	64	574
Increase in cash and cash equivalents resulting from merger with non-consolidated subsidiaries	–	13	120
Cash and cash equivalents, end of year	¥ 27,396	¥ 27,328	$ 242,786

* US$ amounts are converted at the rate of 1 US$ = 112.56 yen observed in trading in the Tokyo foreign currency market as of March 31, 2016.

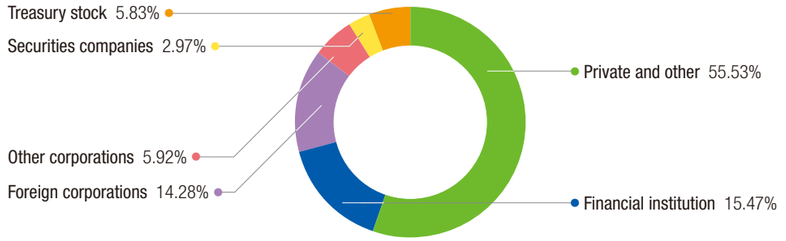
Headquarters location:	3-12-1, Nakamachidai, Tsuzuki-ku, Yokohama, Kanagawa, 224-8522 Japan Phone: +81-45-942-3111 (main)
Established:	August 3, 1976
Capital Stock:	20,775,756,958 yen
Total number of authorized shares:	150,000,000
Total number of shares issued:	53,432,510
Total number of shareholders:	18,062
Number of employees:	645 (3,216 consolidated)

Stock listing:	Tokyo Stock Exchange, First Section
Stock code:	6143
Fiscal year-end:	March 31
Annual shareholder's meeting:	June
Administrator of the shareholder register:	Mizuho Trust & Banking Co., Ltd. 2-8-4 Izumi, Suginami-ku, Tokyo 168-8507, Japan

► Major Shareholders

Name of shareholders	No. of shares (shares)	Share of ownership (percent)
Sodick Co., Ltd.	3,114,773	5.83
Toshihiko Furukawa	1,195,975	2.24
TF Co., Ltd.	1,150,000	2.15
Japan Trustee Services Bank, Ltd. (trust account)	1,013,800	1.90
Sodick Business Partner Stock Ownership Association	992,200	1.86
Sumitomo Mitsui Banking Corporation	850,000	1.59
Japan Trustee Services Bank, Ltd. (trust account 9)	837,300	1.57
Masaaki Suzuki	742,260	1.39
CBNY-Government of Norway	729,400	1.37
The Hokuriku Bank, Ltd.	700,000	1.31

► Share Distribution by Holder



IR Information Website

An exhaustive information page for individual investors -
Please be invited to use the IR site for your information.

http://www.sodick.jp/ir/

This website offers information about the operations, strengths, and growth strategies of Sodick in an easy-to-understand format.

Smartphone access to the IR website

Contact for your questions

Please use the inquiry form for questions not included in the "Frequently asked questions."

Sodick News Letter
A web magazine that communicates Sodick's spirit of creativity

"TF-1" is the name of the PR character of Sodick. TF-1 offers an introduction to the worldwide Sodick Group and information about its manufacturing, together with a special feature on metal 3D printers.

PR character of Sodick
TF-1

Domestic Affiliates

Sodick F.T Co., Ltd.
5th Floor, Nissou 13th Building, 2-5-1, Shinyokohama, Kohoku-ku, Yokohama, Kanagawa 222-0033, Japan
Phone: +81-45-478-0571 (main) / Fax: +81-45-478-0599
URL: http://www.sodick-ft.co.jp

— **Management Divison · Lease Division**
5th Floor, Nissou 13th Building, 2-5-1, Shinyokohama, Kohoku-ku, Yokohama, Kanagawa 222-0033, Japan
Business lines: Leasing of machinery and motor vehicles

— **EWS Division**
Ho-49-1, Yokaichi, Kaga, Ishikawa 922-0336, Japan
Business lines: Development, manufacture, and marketing of wires and electrode wires for electrical discharge machine tools

— **EMG Division**
Ho-49-1, Yokaichi, Kaga, Ishikawa 922-0336, Japan
Business lines: Development, manufacture, and marketing of fine ceramics and other new materials

— **Die Molding Division**
5th Floor, Nissou 13th Building, 2-5-1, Shinyokohama, Kohoku-ku, Yokohama, Kanagawa 222-0033, Japan
Kou-8798-255, Tano-cho, Miyazaki, Miyazaki 889-1701, Japan
Business lines: Manufacture and marketing of precision molds and precision molded articles

— **SNM Division**
Kou-8798-253, Tano-cho, Miyazaki, Miyazaki 889-1701, Japan
Business lines: Development, manufacture, and marketing of diamond dies for electrical discharge machine tools; service commissions for micro nano processing by machining

Sodick LED Co., Ltd.
5287 Nagatsuta-cho, Midori-ku, Yokohama, Kanagawa 226-0026, Japan
Phone: +81-45-924-2720 (main) / Fax: +81-45-924-2721
Business lines: Development, manufacture, and marketing of LED lighting
URL: http://www.sodickled.co.jp

OPM Laboratory Co., Ltd.
B107, Kyoto Research Park Building No. 3, 93 Chuudoujiawata-cho, Shimogyou-ku, Kyoto, Kyoto 600-8815, Japan
Phone: +81-75-314-3446 (main) / Fax: +81-75-314-3448
Business lines: CAM for metal laser-machining combined machining processing, simulation software development and solution marketing, training, and support
URL: http://www.opmlab.net

Overseas Affiliates

Development sites

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2180 Bering Drive, San Jose, CA 95131, U.S.A.

上海沙迪克軟件 有限公司／Shanghai Sodick Software Co., Ltd.
中国上海市徐匯区桂平路471号
471 Guiping Road, Xu Hui District, Shanghai 200233, P. R. China

Production sites

Sodick (Thailand) Co., Ltd.
60/84 Moo 19, Soi 19, Navanakorn Industrial Estate Zone 3, Phaholyothin Road., Klongnueng, Klongluang, Pathumthani 12120, Thailand

蘇州沙迪克特種設備 有限公司／Suzhou Sodick Special Equipment Co., Ltd.
中国江蘇省蘇州市新区竹園路18号
No. 18 Zhuyuan Road, New District, Suzhou 215011, P. R. China

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中国福建省厦門市海滄区陽光西路376号
No. 376, West Yangguang Road, Haicang District, Xiamen, Fujian Province, 361022, P. R. China

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Sodick Europe Ltd. (U.K.)
Rowley Drive, Coventry, CV3 4FG, England, U.K.

Sodick Deutschland GmbH
Muendelheimer Weg 57, D-40472 Dusseldorf, Germany

沙迪克機電（上海）有限公司／Sodick Electromechanical (Shanghai) Co., Ltd.
中国上海市青浦区徐涇鎮諸光路436号
No. 436, Zhuguang Road, Xujing Town, Qingpu District, Shanghai, 201702, P. R. China

沙迪克國際貿易(深圳)有限公司／Sodick Enterprise (S.Z.) Co., Ltd.
中国廣東省深圳市福田區濱河大道9013號嘉洲豪園裙樓1層02
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Rm 1301 East, Qiushi Center, ZhuZiLin, Shen Nan Avenue, Futian, Shenzhen, Guangdong 518000, P.R. China

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No. 26, Keji 1st Road. 19 Neighbor, Wunhua Village, Guishan Dist., Taoyuan City 333, Taiwan

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Sodick Vietnam Co., Ltd.
153 Cong Hoa Street, Ward 12, Tan Binh District, HCMC, Vietnam.

Sodick Philippines Inc.
M201 Unit, GRM Ecozone Storage Inc, Building, 124 East Science Avenue, Laguna Technopark Binan, Laguna, Philippines

PT Sodick Technology Indonesia
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