



Annual Report 2017/12

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Sodick Annual Report 2017/12

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> Editorial Policy

The Sodick Group discloses information in accordance with the needs of our stakeholders. This report offers operating and financial information, while also providing an annual report in a manner designed to supplement the non-financial information that is necessary for understanding our company. We also offer the latest information over our website.

> Report Period

This report covers performance for the December 2017 fiscal year. Some of the content included herein is from immediately before or after the period in question.

> Scope

Sodick Co., Ltd. and its consolidated subsidiaries

Changes to Our Accounting Fiscal Year

Starting with FY2017, we changed it so that instead of ending on March 31, our accounting fiscal year now ends on December 31.

Consequently, the December 2017 fiscal year was a transitional period during which we changed over to the new accounting fiscal year. As a result, this represented an irregular account settlement period with consolidated target periods of nine months for Sodick and our consolidated subsidiaries and affiliate companies accounted for using the equity method that close their accounts in March (April 1 – December 31, 2017), and 12 months for consolidated subsidiaries that close their accounts in December (January 1 – December 31, 2017). As far as consolidated subsidiaries that close their accounts in December, we have seven such consolidated subsidiaries in China that fall under this category.

> Precautions concerning Forecasts

The current plans, strategies, and so forth of Sodick and the Sodick Group listed in this report that are not based on historical fact are nothing more than future forecasts, and contain elements of risk and uncertainty. Please note that there is the possibility that the results of our actual performance may deviate significantly from these forecasts for a variety of reasons. There are a number of important factors that could potentially affect our actual performance. These include the economic climates surrounding the business areas of Sodick and the Sodick Group in Japan, the Americas, Europe, Asia, the Greater China region, and other regions; downward pressure on prices due to changes in demand for Sodick's products and services and intensifying competition; our ability to continue to provide products and services that are well-received by customers in markets where competition is intense; exchange rates; and more. Factors that could potentially affect our performance are not limited to those mentioned here.

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> Our New S-WING Logo



We decided to adopt our new S-WING logo in order for Sodick to achieve greater growth and take further strides forward. The logo features wings spreading to both sides centered on the "S" in the middle. The wings symbolize our multifaceted development for future generations, and are representative of how Sodick has spread to reach every corner of the world.

We established the new logo out of the thinking that new wings (= S-WING) were needed in order to soundly achieve greater

growth and to take further strides forward by passing down our strengths as we look to the future of manufacturing 10 and 50 years down the road.

Sodick will continue to stay true to our principal that "We create things if they do not exist in the world" as we listen carefully to what our customers have to say in order to contribute to the creation of a rich future and the development of manufacturing throughout the world. Through this, we will deliver Sodick products groups to every corner of the world.

> IR Website

<https://www.sodick.co.jp/en/ir/>



QR code invites you to IR website on smart phone.



**We create things
if they do not exist in the world**

Sodick's company name is derived from the phrase: "Create (So)," "Implement (di)," and "Overcome difficulties (ck)," which also serves as the company's motto. Under this motto, we have ventured to tackle technical challenges no matter how difficult they may be by putting our heads together with our customers to provide them with products that are of service to them.

For the future, we will continue to further improve our technologies, promote their applied development to new product groups, and contribute to society through manufacturing.

Honorary Chairman and Director
Toshihiko Furukawa



Genesis-Breakthrough

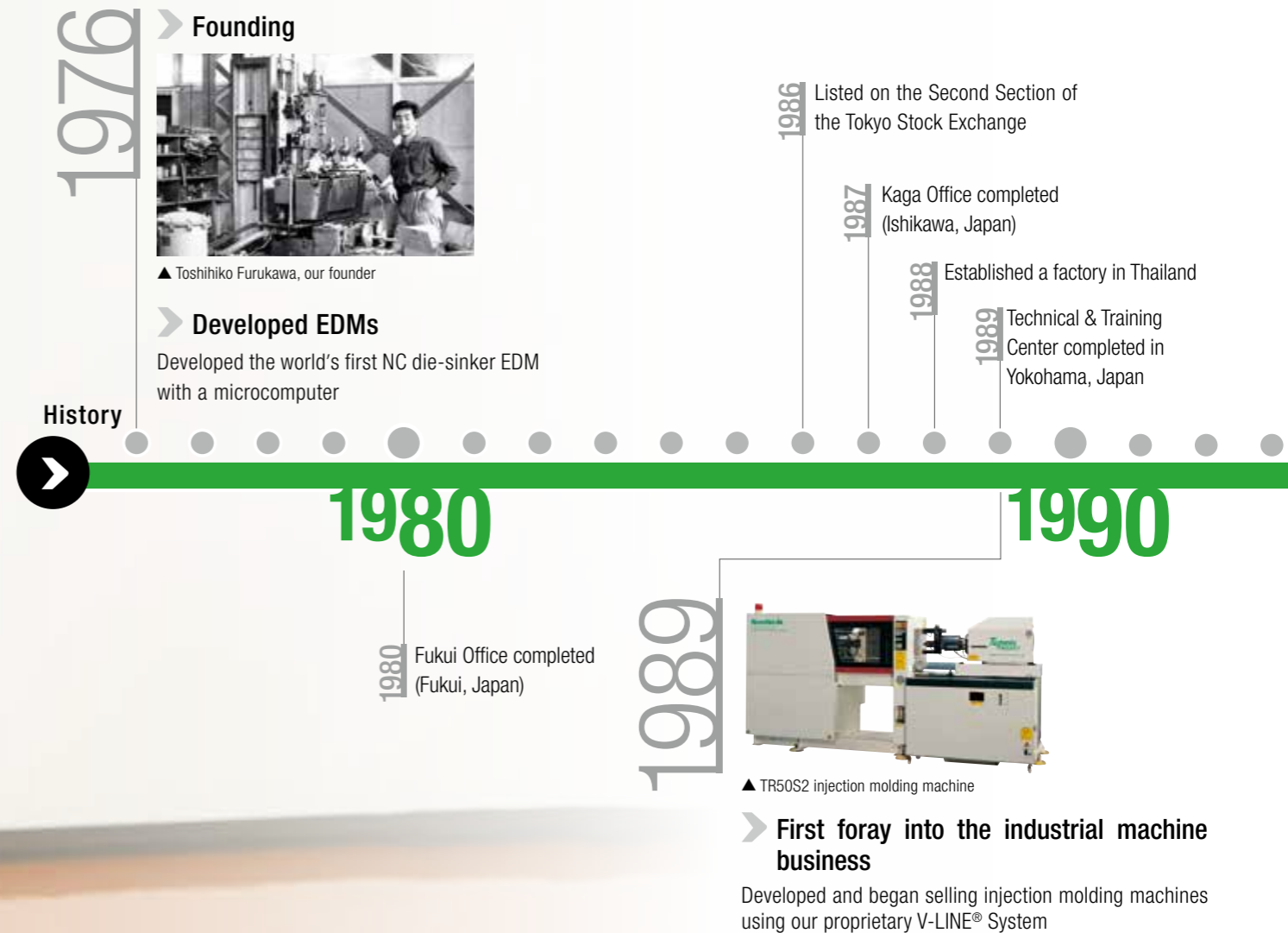
Sodick's founding, the development of the world's first NC die-sinker EDM, and the company's subsequent advances along a growth path

Sodick was founded in August 1976 as an EDM manufacturer with "Create (So)," "Implement (di)," and "Overcome difficulties (ck)" as our company motto. Our conviction of "Doing whatever it takes to meet the demands of our customers" from the time of our founding still prevails throughout our company to this day in the form of our corporate philosophy.

When the company first became independent from the machine tool manufacturer (formerly JAPACKS) where its employees originally worked, there were 24 employees. They wracked their brains for ways to develop the strength of their brand and creditworthiness, and their approach of doing whatever it took to solve their customers' challenges drummed up business and allowed them to get started off on the right foot. In December 1976, Sodick delivered the world's first NC die-sinker EDM with a microcomputer, then in March of the

following year it completed its GPC series of power units for NC die-sinker EDMs, thereby moving forward with expanding its business.

While sales were growing favorably, in 1980 Sodick began operating its own factory in Fukui, Japan in order to vie with other major companies in the same industry. Sodick's plant with cutting-edge equipment and its approach of having its engineers learn from one another to improve themselves allowed it to develop and sell one EDM after another that overwhelmed the competition in terms of both performance and price. Net sales grew year by year and the company became the first EDM manufacturer to list its stock on the Second Section of the Tokyo Stock Exchange, making it the fastest to do so back then in just ten years since its founding. Then in 1987 Sodick completed its Kaga Plant in which it adopted a cutting-edge production system in an effort to automate.



➤ Overseas expansion

Robustly promoting the globalization of our development, production, and sales centers in five areas around the world

In the 1980s demand grew overseas, and the proportion of our products that we exported grew to roughly 30%. However, we suffered a major blow as a result of the sudden appreciation of the yen that followed the Plaza Accord of 1985. This coincided with a lack of supply capacity at our domestic factories, which led us to begin considering building factories overseas. As a result of touring a number of other countries, we decided to move into Thailand. In 1988 we established a local subsidiary there, and in 1990 our first overseas factory was completed. There was a great deal of opposition from within the company over moving into Thailand, and it took several years before the situation improved. However, as a result of continued efforts from the staff as a whole, this plant now operates as our main factory and forms the central core of the group.

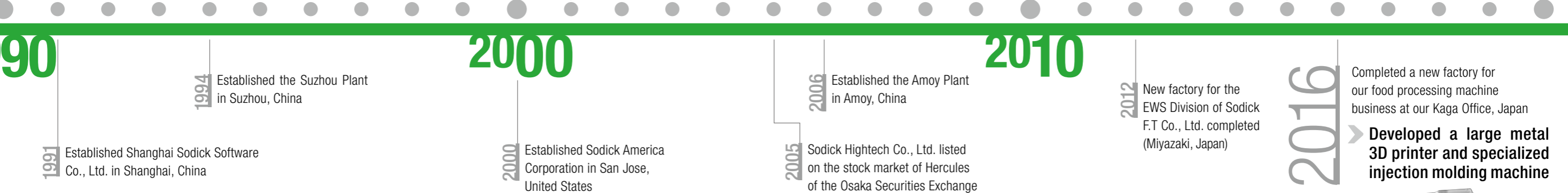
Our foray into China started with the development of software. We established a software company through joint investments with

Shanghai Jiao Tong University, which possesses excellent technical capabilities, and Shanghai City, through which we made progress on developing the software necessary for our products. For the establishment of our production center there, it took an enormous amount of time to find a dependable partner given the differences in business practices, but we were eventually able to establish a factory in Suzhou in 1994. In 2006 we established a factory in Amoy, thus expanding our production capabilities in China. In addition, we have established sales centers in Singapore, Beijing, Taiwan, Shanghai, and Hong Kong as we have gone about steadily building up our global network. In the West, soon after Sodick was founded we began deploying sales centers to serve as footholds for exhibiting at international trade fairs, and we are currently further expanding our sales channels in North and Central America.

➤ Promoted the globalization of our development, production, and sales centers



History



➤ Aiming for further development

Continuing to develop previously unseen technologies like metal 3D printers and injection molding machines that will underpin manufacturing in the future

In addition to expanding overseas, we have also continued to take on new challenges when it comes to our products as well. EDMs are comprised of a broad range of technologies, including electrical, magnetic, chemical, precision measurement technology, software development, and more. Based on these technologies, we have developed new business segments one after another in our own unique fashion. Our development of our own ceramics and linear motors, and advance into the field of injection molding machines could be said to be a result of having achieved our business concept that says: "Consult with Sodick over anything manufacturing-related and we will take care of everything." One of our company's strengths is the fact that we are the only EDM manufacturer to develop and sell consumable goods.

Since the 2000s, we have continued to develop and release products unlike anything seen before one after another, including nano-machines, NC devices equipped with 3D CAD-CAM functionality, electron beam machines, nano-EDMs, and more that put technologies such as our linear motors, ceramics, and numerical control to practical use. In recent years, we have made forays into the food processing machinery industry, LED field, and metal 3D printer field, and were listed to the First Section of the Tokyo Stock Exchange in 2015. Moving forward, Sodick will continue to put R&D rooted in the customer's standpoint at the center of what we do. Through this, we aspire to be number one in the world in all manner of metrics, including net sales, profits, quantities produced, and quality, and will make every effort to further boost our corporate value.



▲ DDM noodle-making machine



Completed a new factory for our food processing machine business at our Kaga Office, Japan

➤ Developed a large metal 3D printer and specialized injection molding machine



Business Model

Sodick Group = Total Manufacturing Solutions

We support all manner of manufacturing processes and provide optimal solutions for resolving challenges.

Machine Tool Segment

Development, manufacturing, and sales of EDMs, machining centers, metal 3D printers, and more

In the machine tool segment, our EDMs occupy the top market share globally. In addition to these, we also offer a diverse product line-up that includes machining centers, metal 3D printers, and more. Our products have earned high praise over a wide range of fields, including auto-related industries, the aerospace industry, and electronics-related industries epitomized by products like smartphones and digital cameras.

Industrial Machinery Segment

Development, manufacturing, and sales of injection molding machines and more

Injection molding machines are machines for processing plastic products. They make shapes by melting plastic materials (resins), pouring (= injecting) them into a mold, and hardening them (= molding). The plastic parts are used in a variety of different products, such as the electronics and electronic parts that make up the goods we generally consume in our everyday lives, as well as camera lenses, automobiles, and medical equipment. We also handle new, high-tech materials such as carbon fiber, glass fiber, and other reinforced plastics, aluminum, as well as silicon and more.



Total Manufacturing Solution

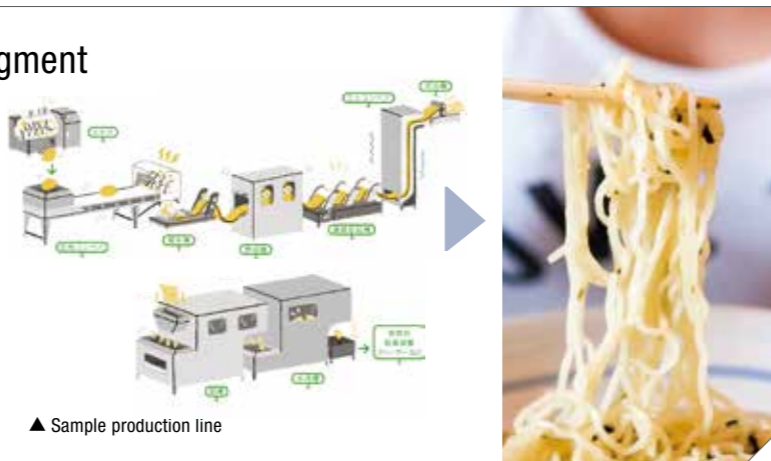


Food Processing Machinery Segment

Development, manufacturing, and sales of noodle production plants and food processing machines such as noodle-making machines and sterile-packed cooked rice production system

We provide customers with the most suitable line for producing the fresh raw noodles for the udon, soba, and ramen products sold at convenience stores and supermarkets.

In recent years, overseas demand has been increasing as a result of the growing boom for Japanese foods.



Other Segments

Precision die and precision molding operations

Die design and manufacturing, production of plastic molded parts

Elemental technology operations

Development, manufacturing, and sales of products that make use of linear motors and other control devices, ceramic products, LED lighting, and more

Leasing operations

Leasing EDMs, etc.



Core Technologies We Now Manufacture In-house

We strive to develop technologies and manufacture the core technologies that are the source of our competitive edge in-house.

As a result of striving to develop technologies designed to provide our customers with even better products and services, we have successfully shifted to manufacturing the core technologies that are the source of our competitive edge in-house. Our company has achieved an in-house manufacturing rate that is higher than those seen anywhere else, which just serves to demonstrate our outstanding technical capacities.

EDMs

Linear motors

Achieving high-speed, high-precision movements and successfully saving energy

Linear motors are said to be superior in terms of their transition speed and positioning accuracy compared to motors with a ball screw structure. What is more, since there is limited mechanical contact, they offer excellent responsiveness and long-term stability. Sodick has accumulated a wealth of technologies when it comes to linear motors, including our know-how for designing and producing linear motors that are perfectly suited to a variety of different mechanical devices.

Ceramics

The material that forms the "backbone" of Sodick products

Ceramic is a material that is optimally suited for EDMs, which use electricity, due to the fact that it is stiff, light, heat-resistant, abrasion resistant and insulated. Sodick has manufacturing technologies for things like ceramic-made highly-durable mechanical structural components and hydrostatic bearings, which enable high-precision positioning. The ceramics that we produce in-house are used for major parts within machines, thereby forming mechanical structures that are light weight and offer excellent durability.

Electrical discharge power units

These serve as the "heart" of Sodick's electrical discharge related products

The electrical discharge power units developed by Sodick offer high-precision for linear motors, as well as exceptionally high speed machining and highly efficient machining performance. By controlling the supply method and supply time for the discharged energy and the distance between the electrodes, they make it possible to control the electrical discharge pulses to obtain the desired electrical discharge processing performance.

Motion controllers

Created with the duty of ensuring accurate operation of linear motors no matter how fast they run

The role of the motion controller is to control the high-speed, high precision operation of linear motors based on instructions provided by the NC unit. Sodick possesses manufacturing technologies for linear motor motion controllers that use PID control and modern control to achieve high-speed, high-acceleration control, as well as the copyrights for the duplication and use of linear motor control software.

NC units

Superior control towers that elicit the capacities of Sodick products to the maximum extent possible

NC units are numerical control units that use numeric information and servo mechanisms to control the movement of machine tools and robots. Sodick has the technology to produce NC units (including display units and input units) capable of simultaneously controlling up to eight axes, as well as copyrights for duplicating and using the numerical control software used in high-speed milling centers. Since our NC units were developed in order to elicit the capacities of our products to the maximum extent possible, they enable ultra-precise, high-quality machining unavailable anywhere else.

Straight-hydraulic mold clamping system

Sodick's proprietary locking straight-hydraulic mold clamping system minimizes damage to the mold

Molds must be engineered so that the resin does not extrude out when the clamping force is applied, to ensure that they do not succumb to pressure when the melted materials are injected. At Sodick, we place importance on the idea of the clamping force being consistent with what the mold was designed for in order to release the product from the mold without the application of stress. That is why we developed our proprietary locking straight-hydraulic mold clamping system. It uses four technologies: long-span support, LM guide platen support, a central ball screw driving mechanism, and a tie-bar holdless platen to dramatically improve mold positioning and trajectory repeatability. Through this, we have achieved the creation of delicate molds that would have been difficult with conventional toggle clamping systems.

V-LINE® System

We developed a zero backflow system that separates the processes of plasticization and injection

With our V-LINE® System, the passage is actively cut off after the measurement is carried out and the injection operation is then performed. This way all of the measured resin gets injected into the mold. The appearance of the V-LINE® System enabled accurate measurements of the injection amount, and control by numerical values became possible for the first time.

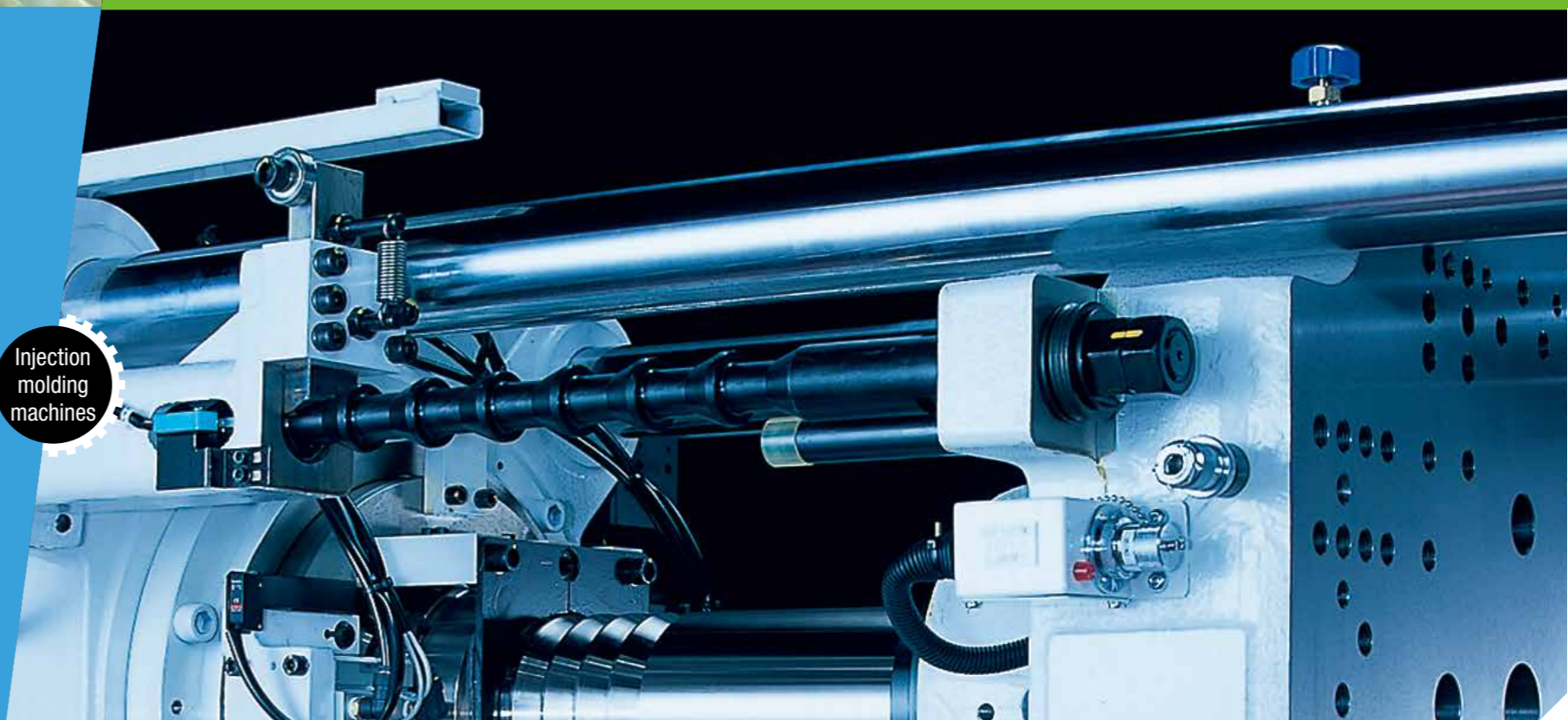
*V-LINE is a registered trademark of Sodick Co., Ltd.

Hybrid system

We use a hybrid system that makes the most of the advantages of dual drive sources

Sodick's molding machine employ a hybrid system whereby hydraulics are used for injection/plasticization and electric motors are used to open and close the mold and to release the product. Hydraulics offer high output and excellent responsiveness and are therefore perfect for rapidly injecting melted resin into the mold and applying strong clamping force onto the mold. The electric motor has superior position control with the benefit of enabling the speed to be altered at will.

Injection molding machines



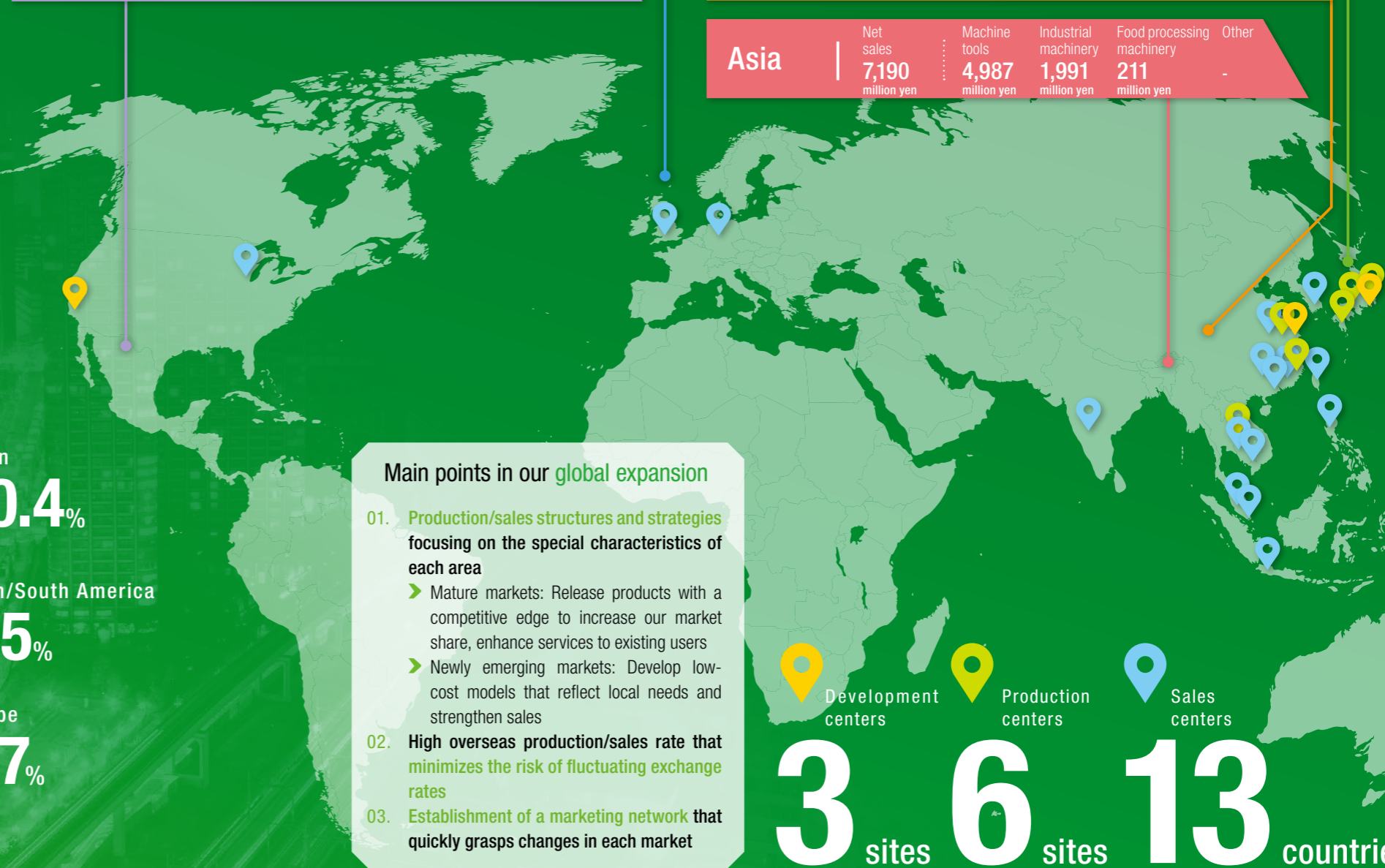
Global Network

Global Business Expansion Targeting Five Major Global Markets

Sodick has divided up the global market into the five areas of Japan, China, Asia (excluding China), the United States, and Europe, and has established production and sales structures with a view towards the market trends in each area. We have been focused on setting in place a marketing network that can quickly come to grips with the changes in each market.

Region	Net sales (million yen)	Machine tools (million yen)	Industrial machinery (million yen)	Food processing machinery (million yen)	Other (million yen)
Europe	5,702	5,702	-	-	-
North/South America	5,603	5,149	451	1	-

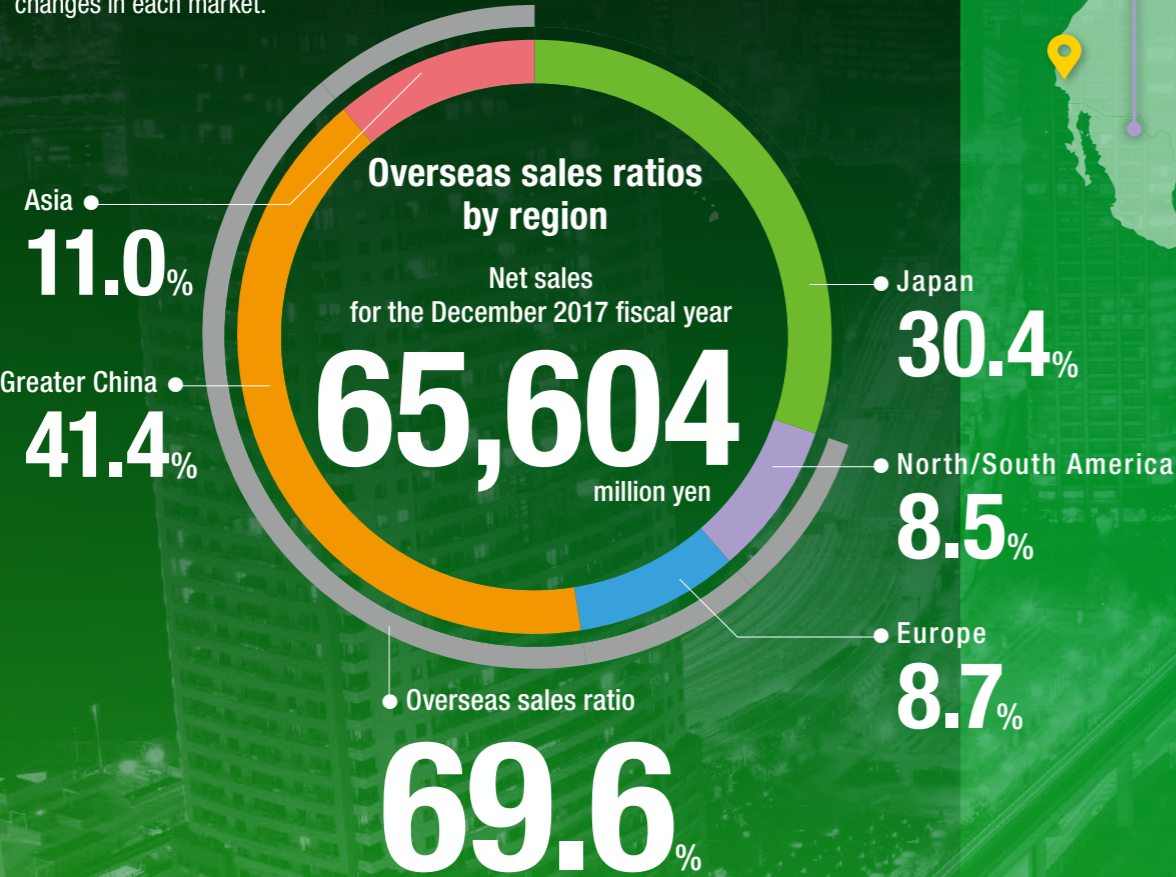
Region	Net sales (million yen)	Machine tools (million yen)	Industrial machinery (million yen)	Food processing machinery (million yen)	Other (million yen)
Japan	19,928	9,143	3,581	2,844	4,358
Greater China	27,179	22,575	3,956	409	238
Asia	7,190	4,987	1,991	211	-



Main points in our global expansion

- Production/sales structures and strategies focusing on the special characteristics of each area**
 - Mature markets: Release products with a competitive edge to increase our market share, enhance services to existing users
 - Newly emerging markets: Develop low-cost models that reflect local needs and strengthen sales
- High overseas production/sales rate that minimizes the risk of fluctuating exchange rates**
- Establishment of a marketing network that quickly grasps changes in each market**

3 sites 6 sites 13 countries



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

We will engage in selection and concentration geared towards further accelerating our growth in order to contribute to manufacturing throughout the world.

President and Representative Director
Kenichi Furukawa

I was appointed as Sodick's President and Representative Director in March 2018.

I would like to take this opportunity to reflect back on the December 2017 fiscal year, while also offering explanations of the outlook for the December 2018 fiscal year, our medium to long-term management strategy, and so forth.

Reflecting Back on the December 2017 Fiscal Year and Its Challenges

For the December 2017 fiscal year, we significantly increased the number of EDM units we sold, mainly in China. This resulted in net sales of 65,604 million yen, which vastly exceeded the initial plan. In terms of profits, there were several factors depressing profits to some extent, such as special factors resulting from the change to our accounting fiscal year. But as a result of the significant contributions from the increase in our number of units sold, we saw enormous growth in both our operating income and operating income margin, which came to 7,490 million yen and 11.4%, respectively.

When viewed by region, in China, which is our largest market, we have seen a high level of both orders received and sales primarily in auto-related industries, in which electrification is advancing, and smartphone-related industries that are growing increasingly sophisticated. This is also due in part to factors like China's advances in manufacturing, its responses to automation, and the impact from the Chinese government's subsidy policies. Near at hand, some impact has been observed from factors like the shortfalls in supplies of major components due to the sudden surge in demand, as well as production delays and increasingly long delivery times. However, we have continued to see robust demand from a wide variety of industries from the beginning of fall onward, which is when orders usually slow down in most years.

In Japan, both our orders received and sales have performed strongly in auto and smartphone-related industries due to the backing of the

manufacturing subsidies adopted in March 2017. In North America, sales and orders in auto, aerospace, and medical equipment-related industries slowed down, despite the fact that these performed well up through the previous fiscal year. As for Europe, while harsh conditions persisted in countries like Russia and Turkey, robust demand was seen primarily in Germany, the United Kingdom, and Italy in auto and aerospace-related industries. The Asian region as well got back on track towards recovery due to auto, smartphone, and semiconductor-related industries, among others.

Actual performance in the December 2017 fiscal years (Unit: million yen)

	March 2017 FY		December 2017 FY *	
	Actual performance	Income margin	Actual performance	Income margin
Net sales	61,812	—	65,604	—
Operating income	5,236	8.5%	7,490	11.4%
Ordinary income	4,620	7.5%	7,910	12.1%
Net income	3,644	5.9%	5,736	8.7%

* Due to the fiscal year-end change, FY17/12 consolidated financial results comprise 9 months (from April to December 2017) of results for companies whose fiscal year ends on March 31, and 12 months (from January to December 2017) of results for those whose fiscal year ends on December 31, resulting in irregular settlement of accounts.

Outlook for the December 2018 Fiscal Year

There are concerns over US trade policy, the political situation in Europe, and geopolitical risks in East Asia, as well as risks from fluctuating exchange rates due to interest rate hikes in the West and other regions. However, given the ongoing development of manufacturing globally, we foresee continued growth in demand for capital investments. Chief among these are responding to the weight reductions, switch to electric vehicles, and shift to next-generation vehicles in the auto industry, which is one of the major consumers of our products. In addition, there is growing need for micro-precision machining for parts like various sensors and lenses geared towards the increasing sophistication of smartphones. As such, we anticipate that demand for high precision machines will continue to grow still further.

In terms of the outlook by segment, we foresee high-level demand persisting for the machine tool and industrial machinery segments, based mainly around auto and smartphone-related industries in China, which is our largest market. We anticipate robust demand from Japan, the West, and other Asian regions as well. When it comes to the food processing machinery segment, we are expecting demand for equipment to manufacture high-quality noodles from within Japan and overseas, as well as growing demand for sterile-packed cooked rice production system as a new product. For other business segments, we foresee brisk demand persisting for auto and semiconductor-related industries.

In terms of net sales for the December 2018 fiscal year, we foresee increased sales in China, which is our largest market, and expect to hit a new record high of 81,000 million yen in sales. Our plan is to attain an operating income of 8,000 million yen. In aiming to enhance our business foundation, we are anticipating increases in personnel, personnel expenses (including wages), and fixed costs such as depreciation resulting from an increase in facility investments. As such, we foresee our profit margins falling.

Outlook of the December 2018 Fiscal Year (Unit: million yen)

	December 2018 FY	
	Projection	Income margin
Net sales	81,000	—
Operating income	8,000	9.9%
Ordinary income	8,000	9.9%
Net income	5,700	7.0%



➤ Medium to Long-term Policies and Priority Measures

When it comes to the machine tool segment, our aim is to grow the market share for our EDMs in every region. For metal 3D printers, we will enhance our competitive advantage in the molding sector, while also working to increase the number of units we sell by opening up markets in the field of machining parts. We will also grow the market by improving our machines' modeling speed, improving their maintainability, and enhancing the variety of metal powders they can handle. In terms of manufacturing, we are working to reduce manufacturing cost prices by promoting initiatives like improving production efficiency and standardizing components.

For the industrial machinery segment, we will improve our ratio of overseas sales to 70% or higher. To achieve this, we will promote sales of our MS Series of fully electric injection molding machines, for which there is high market demand. In addition, we will also work to reduce manufacturing cost, rebuild our sales structures, and strengthen sales in aiming to improve our earning power. We will also strive to create new demand by starting to sell our ALM450 injection molding machines capable of handling aluminum alloys and MR30 injection molding machines exclusively for dies formed by our metal 3D printers in earnest.

For the food processing machinery segment, our aim is to augment our production capacity and strengthen our earning power by enlarging our factories. Our aim is to create demand from beyond the noodle industry by means of expanding applications of our noodle-making technology. In particular, our aim is to establish sales channels for sterile-packed cooked rice production system, for which we anticipate increased demand from within Japan and overseas. We will also enhance our development of products geared towards overseas markets in order to proactively capture the demand from said markets.

In order to achieve sustainable growth over the medium to long-term, we will augment our investments in human capital in order to secure outstanding human resources, with this to include increasing the number of personnel, human resource development, and improving the working environment.

➤ Dividend Policy

Our basic policy aims for stable, continuous dividends with a target of dividend on equity (DOE) of 2% or more while still ensuring that we strike a balance between investments for growth and strengthening our financial structure. Therefore, for the December 2017 fiscal year we have decided to set annual dividends per share at 22 yen, allocating an extra two yen for this over our initial expectations for the year in light of factors like our performance and future business growth.

For the December 2018 fiscal year, we plan to add an additional two yen to this over the previous fiscal year to reach annual dividends per share of 24 yen.

With respect to the intended uses for the internally reserved capital, we plan to put this to effective use for our future business activities and to strengthen our management base.

➤ In Conclusion

Under the principle that "We create things if they do not exist in the world," we strive to further improve our technologies, promote their applied development to new product groups, and contribute to society through manufacturing.

Moving forward, under our company motto of "Create (So)," "Implement (di)," and "Overcome difficulties (ck)," from which our company name is taken, we will spread the wings of creation to the heavens above through free-minded thinking out of our desire to be a company that can meet our customers' demands for many decades on into the future. We will further strengthen our corporate governance and promote diversity in management, among other initiatives, thereby aiming for stable and continuous development. As such, we would like to ask for your continued understanding, support, and patronage in this.

SPECIAL FEATURE

SPECIAL FEATURE 01

Present state of our technical strategy

Meeting our customers' needs, amassing technical innovations, and robustly promoting the development of next-generation technologies

Our R&D buildings at head office serve as central hubs for our efforts to develop the latest technologies

We have consistently upheld contributing to the manufacturing of our customers as a core principal since our founding, under which we advance R&D on a daily basis in pursuit of the highest levels of machining accuracy, machining speed, and multi-functionality.

As part of this, when it comes to the controller section for machines, such as the NC units that act as the "brains" of Sodick products, we carry out R&D that incorporates the most cutting-edge technologies from each region via a three-part global structure that includes sites in Japan, China, and North America.

Japan, which serves as the central hub of our R&D, is the site that oversees management of R&D for the Sodick Group as a whole through R&D activities pertaining to product performance and quality for our EDMs and other products. In May 2018, we completed a new R&D

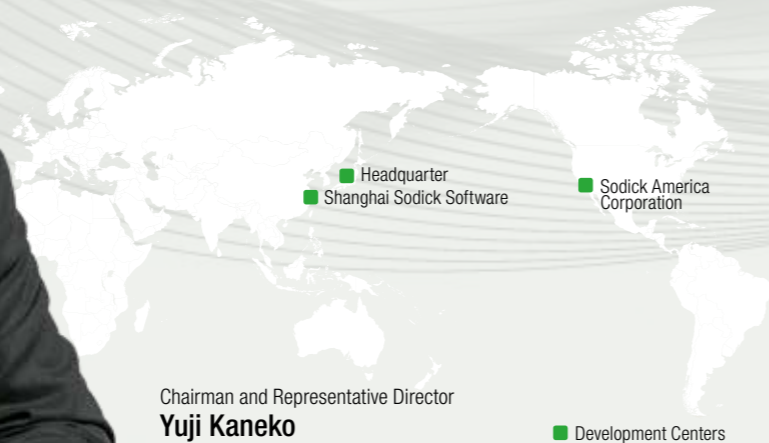
building on the premises of our head office in Yokohama. The plan for this R&D building is to have it house our R&D on not only our conventional EDMs and machining centers, but also metal 3D printers and injection molding machines. We also plan to carry out R&D there on new elemental technologies and next-generation technologies, such as power sources and next-generation CNC machines.

Our Shanghai Sodick Software Co., Ltd. established in 1991 in Shanghai, China, develops software in which the human interface plays a pivotal role. It is able to carry out R&D by hiring outstanding engineers due to its long-standing interactions with the professors at Shanghai Jiao Tong University.

What is more, we established Sodick America Corporation in 2000 in the US's Silicon Valley, which is a hotbed of cutting-edge IT. This company develops motion controllers that control the high-speed, high-precision operations of our linear motors based on commands from our NC units, which could be called the brains of Sodick products. It keeps abreast of modern trends and tendencies with cutting-edge technologies with its ability to collect information the way only a local subsidiary can, and adopts a global perspective in order to further promote our development mindset that says "We create things if they do not exist in the world," which serves as our fundamental approach.



Chairman and Representative Director
Yuji Kaneko



COLUMN

Enhancing the development of next-generation technologies based out of the new R&D building at our head office in Yokohama

In May 2018, we completed the new R&D building within the Technical & Training Center at our head office in Yokohama to serve as a base for robustly promoting the development of new, cutting-edge technologies. Based on our conventional core technologies, we have gathered together our group's technologies in aiming to carry out more efficient R&D on next-generation technologies, and turn this into products such as metal 3D printers, injection molding machines, elemental technologies, and more.



Focusing on scrupulous development by researching and aggregating knowledge on SiLED, metal 3D printer powder materials, and more

Sodick expects to spend roughly 4.2 billion yen in R&D expenses for the December 2018 fiscal year. We consider these sorts of R&D-related expenses to be an investment in the development of new technologies.

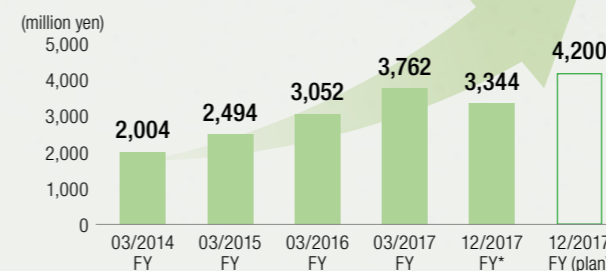
For example, we view research and the collection of knowledge on SiLED to be crucial from the perspective of future product development. Metal 3D printers use lasers to fuse metal powder and solidify it. In order to further boost the performance of our metal 3D printers, we feel that it is necessary to continue to deepen our understanding of all of the relevant technologies, with this even including semiconductor lasers and Galvano controllers. In addition, it is also necessary to engage in meticulous research on the powder materials that are so important for metal 3D printers.

When it comes to the development of our injection molding machines as well, our policy is to continue enhancing product development in order to create new demand. Examples of this include aluminum injection molding machines, fully-electric molding machines that save energy and are environmentally-friendly, and molding machines exclusively for dies formed by our metal 3D printers.

In addition, it will be crucial to give forethought to the environment and energy conservation when it comes to manufacturing in the future. As such, our spending includes R&D expenses designed to boost the environmental and energy-saving performance of our products while still maintaining their respective functionality.

As a manufacturing leader underpinning the next generation of industry, we consider it our mission to constantly iterate when it comes to technical innovations and promote R&D from a medium to long-term perspective, thus enabling us to promptly respond to our customers' needs.

Trends in R&D expenses



Accumulating technical innovations from a global perspective, working to expand our business, and underpinning manufacturing worldwide

The joint technical meetings we hold every year in order to prepare budgets are held via teleconference links with each center, with one hundred and several dozen participants. Given the increasing diversity of technology, these serve as important opportunities for us all to get on the same page when it comes to the various development themes.

As part of this, we make long-term plans over the ten-year range, based on which we expand our plans based on our road maps for each technology by checking to confirm the short-term progress being made to ensure that we are modifying the performance of our products in response to new technologies. It is our intention to continue supporting manufacturing in all its forms throughout the world as we continue to expand our existing businesses while adding in new business lines on top of them. This will be done by constantly getting a grasp of market needs and amassing technical innovations rooted in a global perspective capable of responding to requests and meeting demands.



▲ Meeting of the joint technical conference

* Due to the fiscal year-end change, FY17/12 consolidated financial results comprise 9 months (from April to December 2017) of results for companies whose fiscal year ends on March 31, and 12 months (from January to December 2017) of results for those whose fiscal year ends on December 31, resulting in irregular settlement of accounts.

SPECIAL FEATURE

SPECIAL FEATURE 02

Present state of our overseas strategy

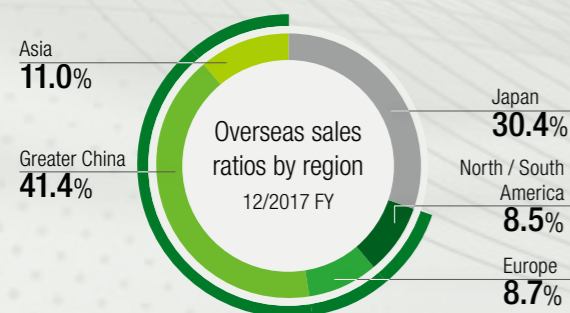
Getting a grasp on market needs in aiming to expand our share in overseas markets

Aiming for continuous growth in net sales and unit sales centering mainly on China, where manufacturing is becoming increasingly sophisticated

Our overseas sales ratio account for as much as about 70% of our net sales, with more than 80% of our sales coming from overseas on the basis of EDM units. Demand from China in particular has grown enormously over these past few years, with China accounting for just under 60% of the number of units sold overseas.

Backed by such favorable circumstances, in recent years the quality of the various final products manufactured in China has been improving. Given this, the situation is one in which there are demands for improvements to molding accuracy, and demand to upgrade production equipment is expanding to encompass general processing industries as well. Immediately after the market began to open up, Sodick got out ahead of our other competitors by working to establish a production center and improve our sales network in China. We have made repeated efforts in order to achieve local production and local sales of our high-precision EDMs equipped with linear motors. Such initiatives have led to improving the brand name recognition for Sodick and confidence in our

Overseas sales ratios by region



Overseas sales ratio around 70%

Overseas sales number of units ratio around 88%

*Total number of electrical discharge machines (EDMs) sold

products in China, allowing us to achieve continuous growth in terms of both net sales and unit sales.

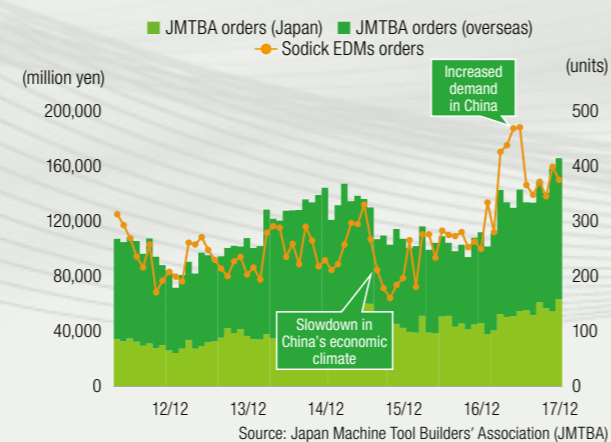
Our net sales have continued to perform strongly in the ASEAN region as well. Backed by such favorable conditions, we are working on efforts such as installing sales centers and expanding our showrooms in each region. We will continue to make efforts to strengthen our support network in the ASEAN region, primarily focusing on Thailand where we have a factory.

Our sales base in Chicago, United States, finished relocating to its new office, which is equipped with a showroom and technical center.

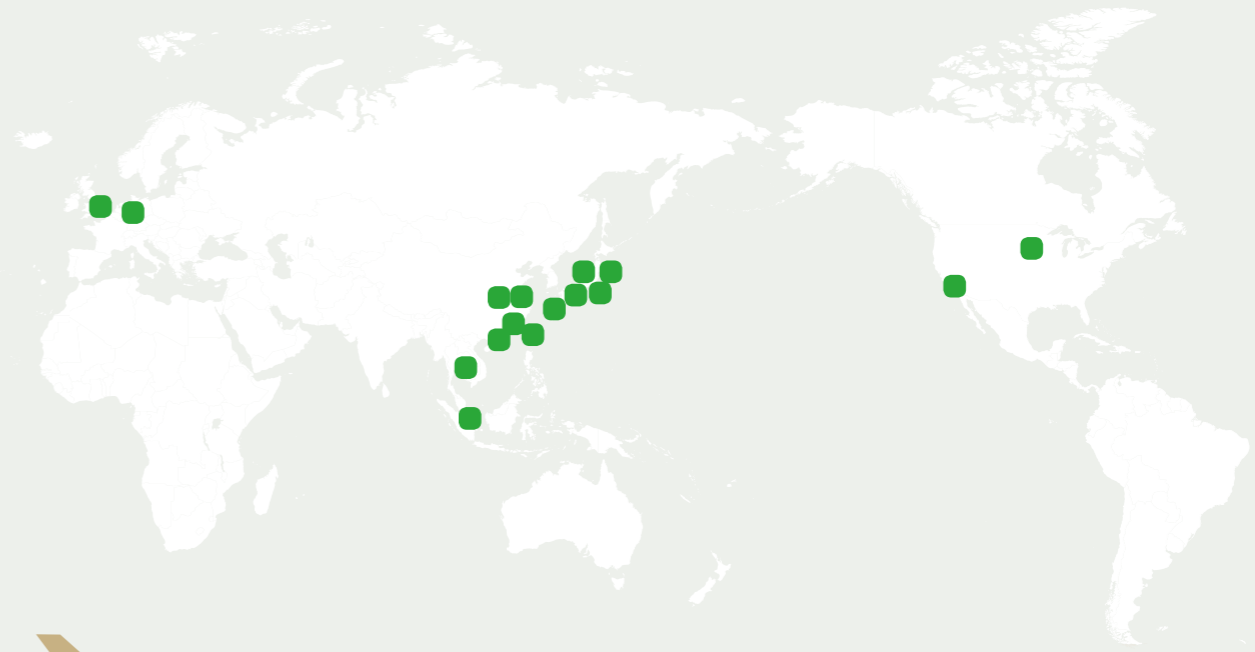
We plan to build a new office for our sales bases in the United Kingdom as well in aiming to further strengthen our sales structure.

The West is a region in which Sodick has a relatively low market share, so our aim is to expand our market share there by holding displays at exhibitions and developing products that meet our customers' needs.

JMTBA machine tool orders (value) / Sodick EDM orders (units)



Upswing in the number of units ordered backed by the increased demand in China



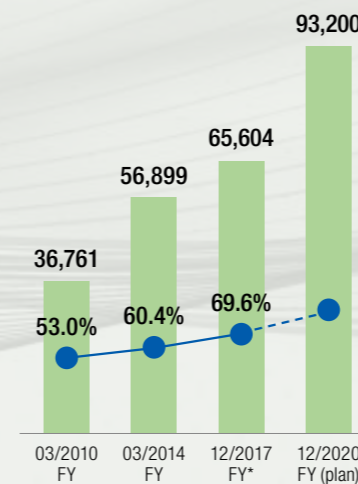
Meeting market needs via high quality products in aiming for a 40% share of the overall market

Our overall policy moving forward will be to set an ongoing target of acquiring a 40% share in each market worldwide. We believe that the fact that we produce high-precision machinery locally, have achieved stable supply chains, and have emphasized connections with local people are major reasons for why we have already been able to achieve a high market share in Asia, including Greater China. To date, we have shared information and strategies and made concerted efforts by the company as a whole to enhance our sales networks at Asian business meetings gathering together all of the top management from our distributors from the Asian region, as well as business meetings at each of our sales centers. For the future, we intend to work to enhance our local production and local sales for not only EDMs, but also injection

molding machines. In addition, we aim to expand our market share by working to enhance our lineup to include products like injection molding machines that can handle magnesium and aluminum, fully-electric injection molding machines, and more.

In North America, we are vying for market share with our competitors. However, the region has robust demand for high value-added products like aerospace and medical equipment-related products, in addition to which we are focusing on sales of metal 3D printers. In Europe, our aim is to grow our market share by setting our sights on sales for our automobile, aircraft, and precision equipment-related products. Moving forward, Sodick intends to continue working to develop products that can meet the demands of each market and create a flexible organization.

Trends in our overseas sales ratio to net sales (Unit: million yen) Growing sales in aiming for 40% share of the overall market



* Due to the fiscal year-end change, FY17/12 consolidated financial results comprise 9 months (from April to December 2017).



Vice President and Representative Director (Sales Managing Division) Keisuke Takagi

SPECIAL FEATURE

SPECIAL FEATURE 03

Present State of Our Growth Strategy

Strengthening Our Management Foundation in Aiming for Medium to Long-term Growth

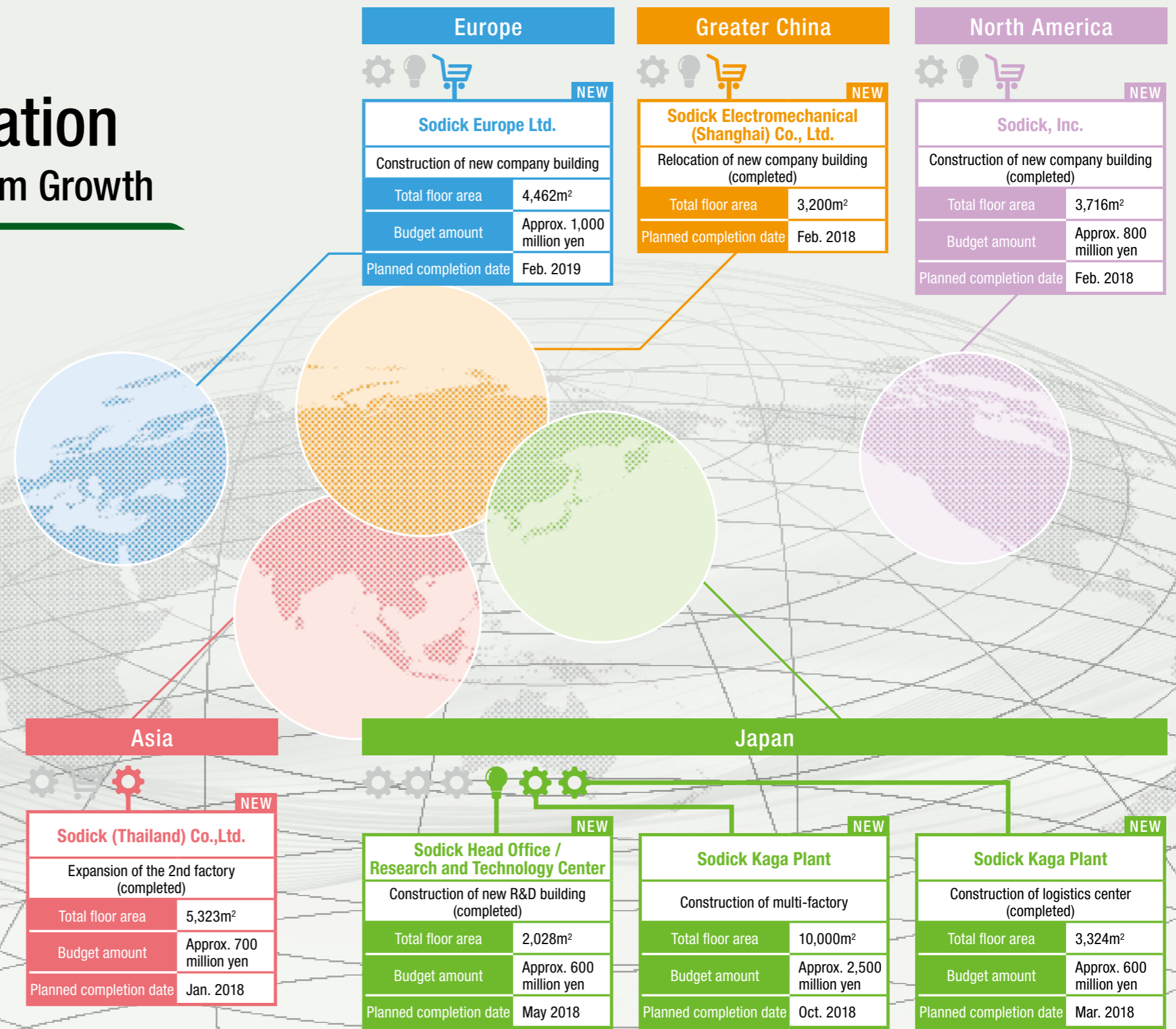
Robustly promoting facility investments in Japan and overseas

The Sodick Group is moving forward with strengthening our management foundations by focusing on facility investments in Japan and overseas in aiming for medium to long-term growth.

At our production centers, we are promoting the construction of multi-factories that can produce a wide variety of products, including EDMs, machining centers, metal 3D printers, and injection molding machine units, in order to establish production structures that can flexibly accommodate the changes in the business environment and market. What is more, we are also moving forward with the relocation of the distribution center found at Fukui to our Kaga Office in an effort to improve packaging and shipping efficiency and reduce costs. Overseas, we are making progress on the extension of the 2nd building of the 2nd factory at our Thailand Plant, as we promote the creation of a structure for increasing production.

For our sales centers, we built a new office to serve as our North American sales center and have expanded its show room that displays our precision metal 3D printers and EDMs. Through this, we will strengthen our sales structure in North America, which is the world's largest market when it comes to the molding and aerospace sectors. In Europe as well, we are making progress in relocating our sales center in the United Kingdom to a new office in order to increase its number of employees and enhance its sales and service structures. In China, where we expect to increase the number of unit sales we sell, we are relocating to a new office in Shanghai to strengthen our sales structure for the Chinese market.

In terms of research and development, we will enhance research and development related to precision metal 3D printers, as well as the development of new elemental technologies such as new power sources and new-generation CNC, as well as next-generation technologies, based out of the new R&D building for our head office in Yokohama.



Performance Highlights

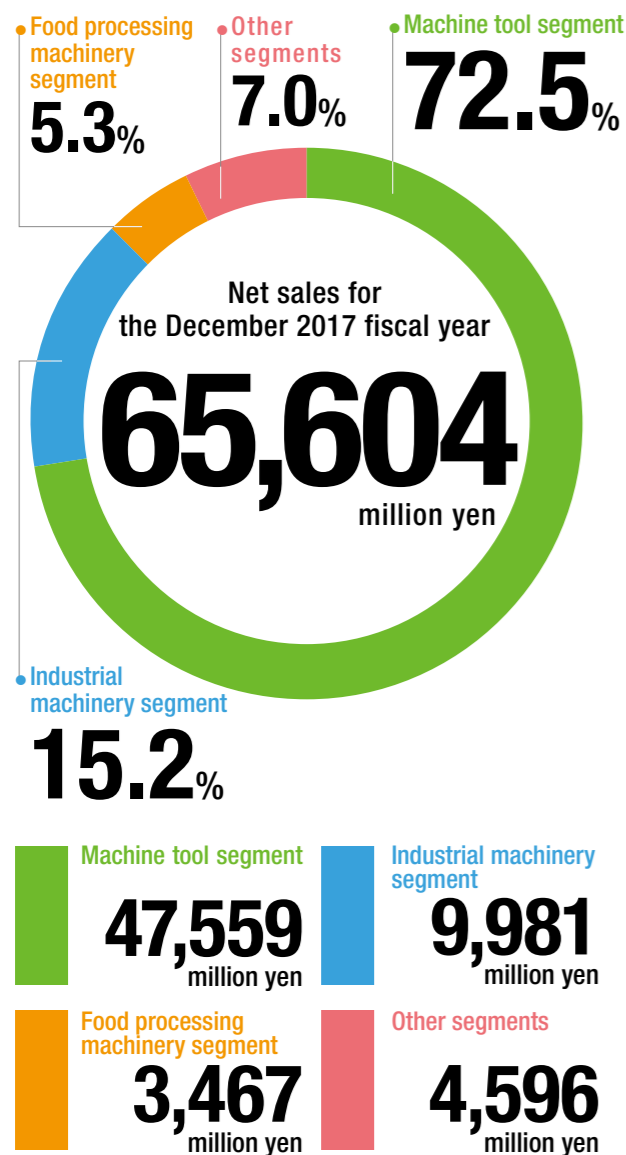
Due to the fiscal year-end change, FY17/12 had irregular closing.*

Points from the December 2017 FY

Net sales **Operating income**
65,604 **7,490**
 million yen million yen

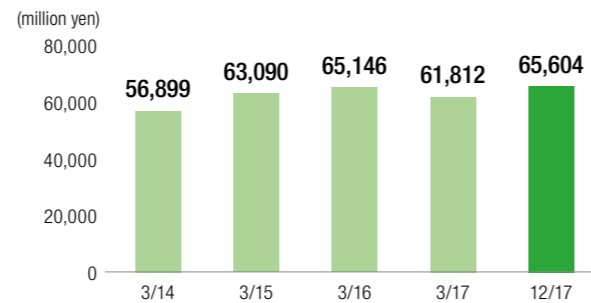
- We have significantly increased the number of EDM units sold, primarily in China, with both our net sales and income vastly exceeding the figures from the initial plan.
- Our operating income margin improved substantially as a result of the increase in the number of units sold.

Sales Composition Ratios for Each Segment



Net sales

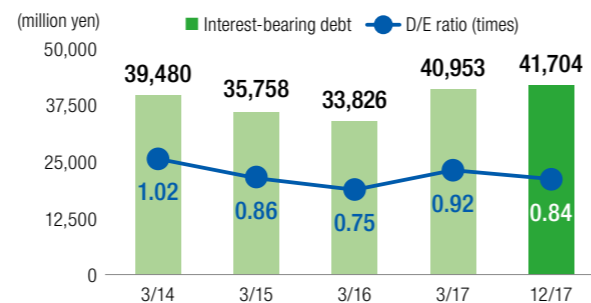
We have significantly increased the number of EDM units sold, primarily in China.



Interest-bearing debt/Debt-to-equity ratio*

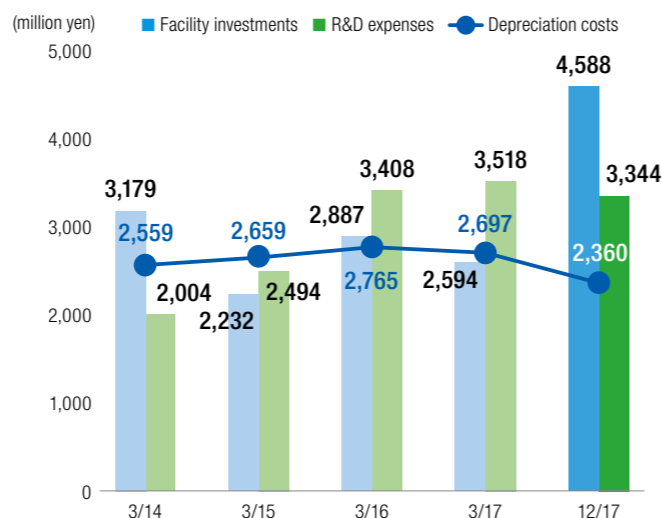
There was a marginal increase in our interest-bearing debt as a result of the fundraising we carried out at the end of the December 2017 fiscal year.

* D/E ratio (debt-to-equity ratio) = Interest-bearing debt / Shareholders' equity



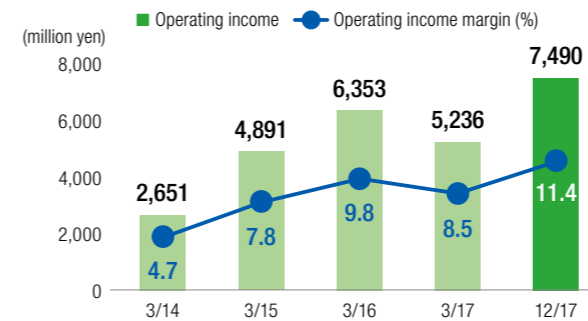
Facility investments, R&D expenses, and Depreciation costs

Facility investments: New logistics center, new R&D building, new office building for our North American location, etc.
 R&D expenses: Expenses related to metal 3D printers and other basic research.



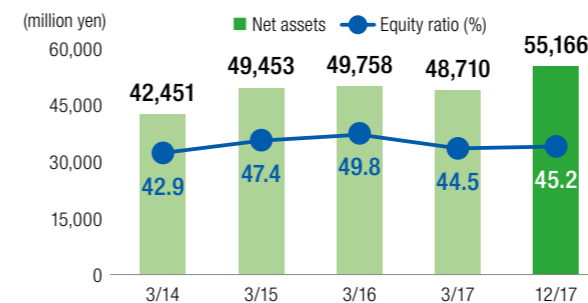
Operating income/Operating income margin

Our operating income margin improved substantially as a result of the increase in the number of units sold.



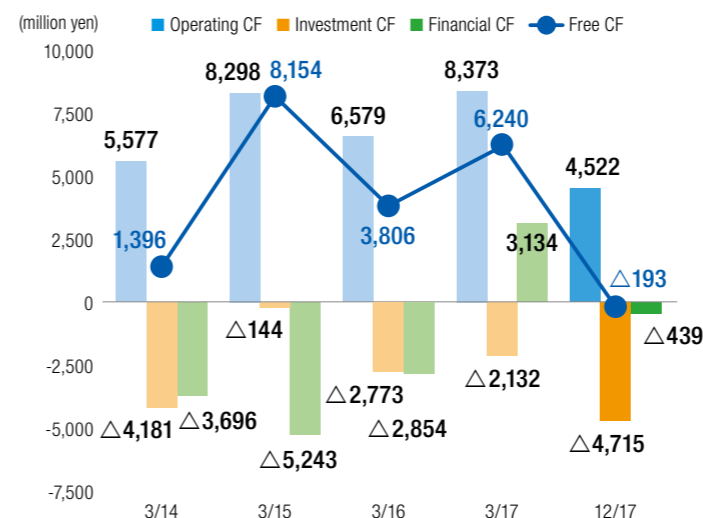
Net assets/Equity ratio

Our owned capital rose substantially due to our accrued income, which soundly improved our financial structure.



Cash flow

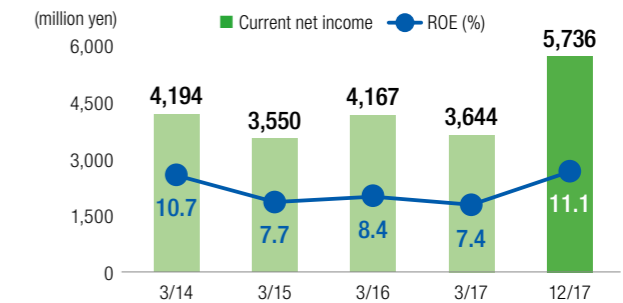
Operating CF: While our current net income rose considerably, this still fell compared with that at the end of the previous fiscal year due to factors like the increase in trade accounts receivable and inventory assets.
 Investment CF: This rose substantially owing to the acquisition of tangible fixed assets and so forth.



Profit attributable to owners of the parent company/ROE*

Current net income attributable to owners of the parent company increased substantially, and ROE improved by 3.7 points over that from the previous fiscal year.

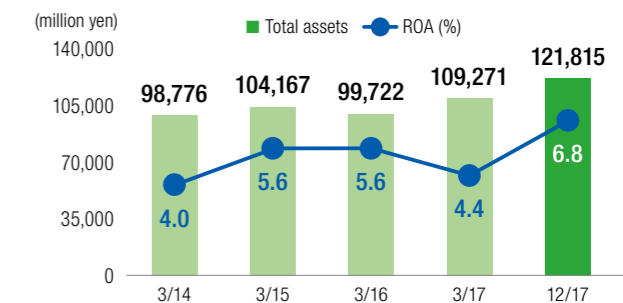
* ROE (return on equity) = Current net income / (Net assets - Stock warrants - Minority interests)



Total assets/ROA*

Total assets rose considerably compared with those at the end of the previous fiscal year due to the increase in trade accounts receivable, inventory assets, and fixed assets.

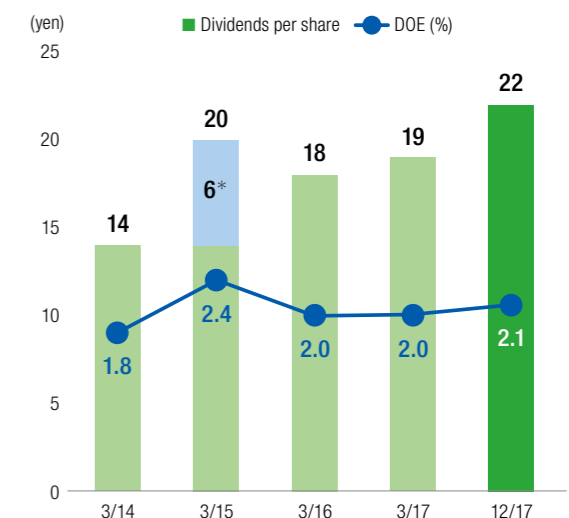
* ROA (return on assets) = Ordinary income / Total assets (Average during the year)



Dividends per share/DOE*

As per our dividend policy, our aim is for DOE of 2% or greater.

* DOE (dividend yield on equity) = Total dividends / Shareholders' equity



* Due to the fiscal year-end change, FY17/12 consolidated financial results comprise 9 months (from April to December 2017) of results for companies whose fiscal year ends on March 31, and 12 months (from January to December 2017) of results for those whose fiscal year ends on December 31, resulting in irregular settlement of accounts.

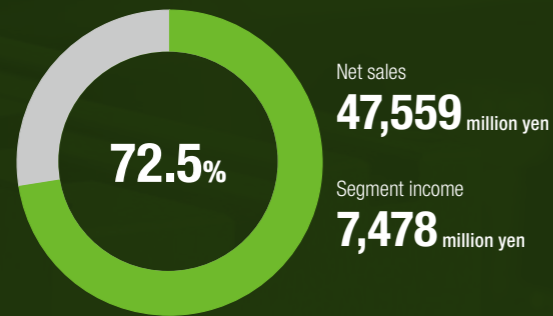
* Commemorative dividend for our listing to the First Section of the Tokyo Stock Exchange

Overview of Each Segment

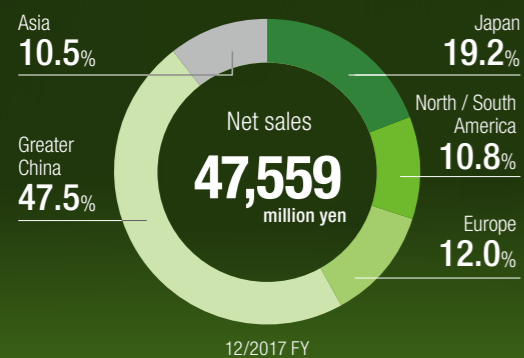
Machine Tool Segment

- **Main uses:** Die manufacturing, component machining
- **Main customers:** Automobiles, IT, smartphones, electrical and electronic parts, aerospace, medical equipment, etc.

Composition ratios of net sales



Composition ratios of net sales by region



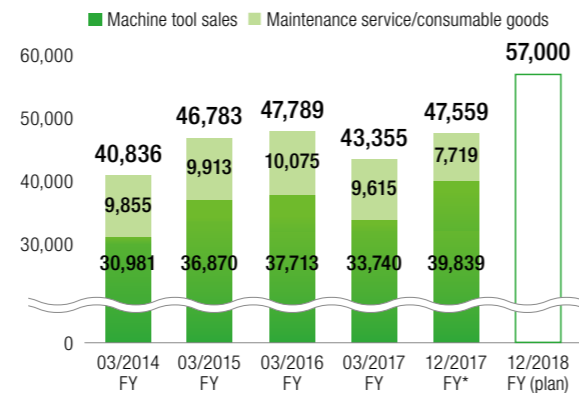
Segment overview and business environment for the December 2017 FY

Robust demand centered mainly around China, which is our largest market

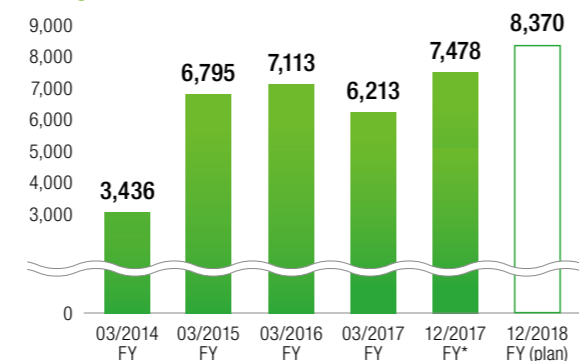
In China, which is our largest market, there is growing demand primarily for auto-related industries, in which electrification is advancing, and smartphone-related industries that are growing increasingly sophisticated, as a result of the impact from advances in manufacturing, responding to automation, and the impact from the Chinese government's subsidy policies. As a result, our net sales and profits both vastly surpassed the figures from the initial plan, and served as a main driver for our performance. We have advantages there due to the fact that we were ahead of other companies in entering the Chinese market, such as the large number of our machines in operation as well as the large number of operators that handle our machinery. As a result, we continue to receive a large number of orders in a broad range of industries near at hand.

We achieved strong performance on the whole primarily in automobile, aerospace, and semiconductor-related industries in Japan, Europe, North America, as well as other Asian regions. We expect this robust demand to continue on into the future.

Net sales (Unit: million yen)



Segment income (Unit: million yen)



* Due to the fiscal year-end change, FY17/12 is resulting in irregular settlement of accounts.

Medium / long-term strategies and initiatives

Basic policies

- Expand market share in every region
- Expedite sales of and R&D on metal 3D printers
- Reduce manufacturing costs by improving production efficiency and standardizing parts

Priority measures

The increasing sophistication of manufacturing is picking up pace, with the auto and smartphone industries representative of this, and as such demand for high-precision machinery is on the rise. We will accurately determine such needs and develop and market products suited to the needs of each region and sector in order to boost our global market share. In the markets of newly emerging countries, we will capture demand primarily through our VL Series of low-cost wire-cut EDMs. While in the markets of developed countries, we will respond to the demands for large components related to auto, electricity, energy, and aerospace industries primarily through our AL Series of high-precision wire-cut EDMs, which are our flagship products, in an effort to promote sales.

For our metal 3D printer business, we will undertake initiatives like improving modeling speed, enhancing the variety of metal powders our machines can handle, and improving their maintainability. Doing so will enhance our competitive advantage in the molding sector, while also leading to increasing the number of units we sell by opening up markets in the field of machining parts.

In terms of manufacturing, we are working to reduce manufacturing cost prices by improving production efficiency, integrating machinery, and making components modular.



TOPICS

Establishing a production structure that can accommodate changes in the business environment and markets through the construction of our multi-factory and new distribution centers

At our Kaga Office in Ishikawa Prefecture, which is our largest production center in Japan, we are promoting the construction of a multi-factory that can produce a wide variety of products, including EDMs, machining centers, metal 3D printers, and injection molding machines. This multi-factory will make it possible to flexibly accommodate the changes in the business environment and market, as well as to meet short delivery deadlines by improving production efficiency by making use of the Internet of things (IoT). What is more, we relocated our distribution center in Fukui onsite at the same facility with the goals of improving packaging and transportation efficiency, reducing costs, and shortening delivery times.

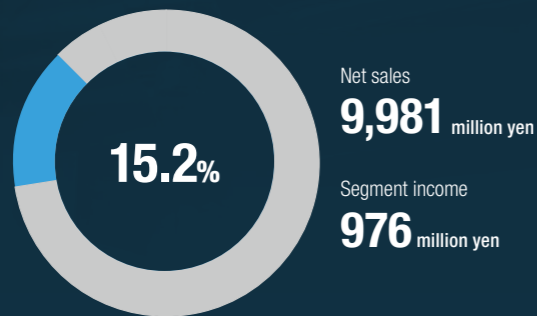


▲ Prospective image of the completed multi-factory (scheduled for completion in October 2018)

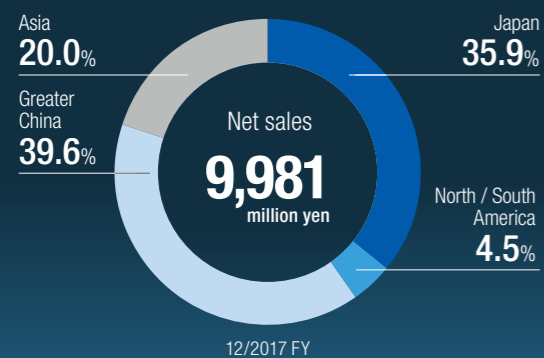
Industrial Machinery Segment

- Main uses: Manufacturing plastic components
- Main customers: Automobiles, IT, smartphones, electronic parts, etc.

Composition ratios of net sales



Composition ratios of net sales by region



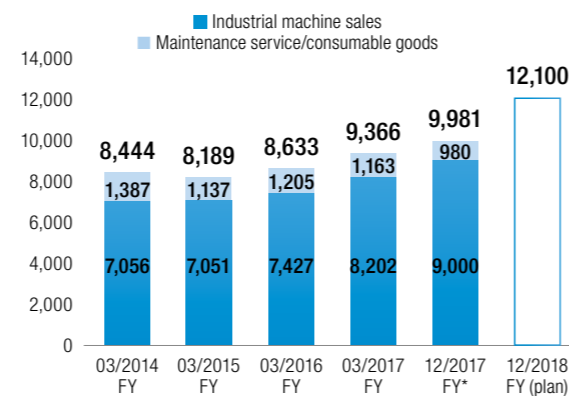
Segment overview and business environment for the December 2017 FY

Ongoing vigorous demand for high value-added parts

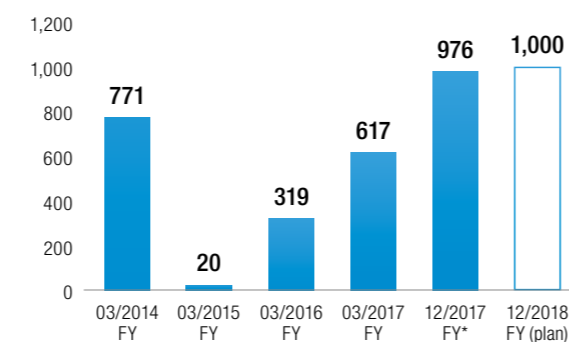
Demand is increasing for onboard connectors and sensor components, as well as high-precision injection molding machines geared towards high value-added parts like those for smartphones and optical lenses for vehicle-mounted cameras, primarily in China, Asia, and Japan. What is more, demand for silicon molding machines to augment the waterproof performance of smartphones has remained steady. We improved our profit margins substantially as a result of capturing such strong demand.

For the future, we expect that this strong demand will continue, primarily in auto and smartphone-related industries.

Net sales (Unit: million yen)



Segment income (Unit: million yen)



*Due to the fiscal year-end change, FY17/12 is resulting in irregular settlement of accounts.

Medium / long-term strategies and initiatives

Basic policies

- Improve overseas sales ratio by 70% or higher
- Create new demand by further expanding our product lineup
- Promote initiatives for cost-cutting projects that aim to enhance our earning power

Priority measures

In order to improve overseas sales ratio to 70% or higher, we will promote sales of our MS series of fully-electric injection molding machines, for which there is high market demand. In addition, we will also work to reduce manufacturing cost, rebuild our sales structures, and strengthen sales in aiming to improve our earning power.

We will also engage in earnest efforts to start selling our ALM450 injection molding machine capable of handling aluminum alloys, the MS series of fully-automated injection molding machines, and the ICF-V automated production system using the MR30 injection molding machine exclusively for dies formed by our metal 3D printers in our quest to create new demand. We anticipate demand for our ALM450 aluminum injection molding machine as replacements for die-cast machines, and expect that this will open up latent markets related to auto parts, IT equipment, and other areas where weight-savings are in demand.

We will also continue working on the cost-cutting projects that we had been promoting since before, while also making efforts to further improve our earning power by increasing production at our overseas factories.



TOPICS

Developing our ICF-V smart factories that instantiate the IoT for injection molding

In light of recent moves such as the IoT and Industry 4.0, Sodick has developed the ICF-V system for automatically switching dies that utilizes our MR30 injection molding machine exclusively for dies formed by our metal 3D printers. We are also proposing the idea of smart factories that embody the IoT for injection molding. ICF-V is a system in which a host PC is connected to multiple MR30 units (injection molding machines exclusively for dies formed by our metal 3D printers) and automated machines over a network. With this, we have successfully achieved a system that is fully unmanned and automated across every step from mounting the die on the molding machine through to drying and supplying the materials, manufacturing the molded parts, and switching the dies. By utilizing the various data from the machines connected to the network to perform monitoring, maintenance, control, and analyses, the system makes it possible to successfully visualize processes in aiming to further improve productivity.

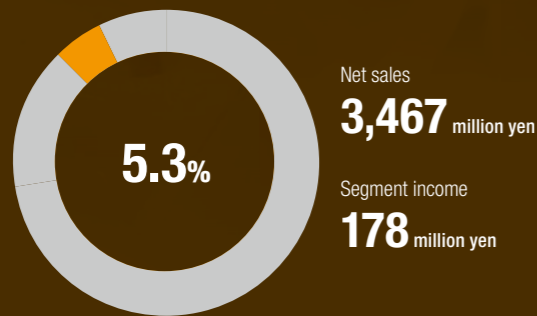


* ICF-V: Injection molding Cell Factory by V-LINE® system

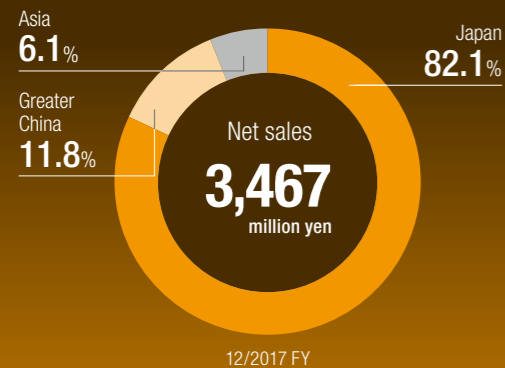
Food Processing Machinery Segment

- **Main uses:** Uncooked noodles (udon, soba, Chinese noodles, etc.), frozen noodles, long shelf-life noodles, precooked rice packages
- **Main customers:** Large noodle manufacturers, restaurant chains, frozen food manufacturers, etc.

Composition ratios of net sales



Composition ratios of net sales by region



12/2017 FY

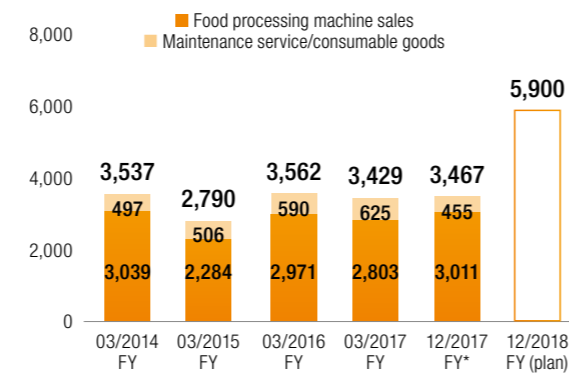
Segment overview and business environment for the December 2017 FY

Demand is growing in the noodle-making industry, and spreading to areas like confectionery and precooked rice packages

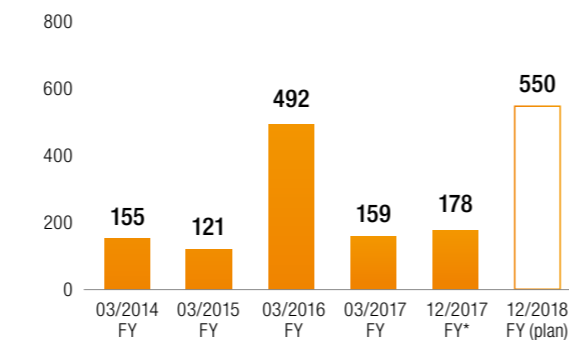
Demand for equipment to manufacture high-quality cooked noodles has remained strong. In addition, we have also seen increasing demand for noodle-making machines aimed at manufacturing unique types of noodles, such as tofu noodles, due to rising health consciousness, and for precooked rice package machines.

There is growing demand for automated equipment due to the impact from soaring personnel expenses and labor shortages, as well as with the goal of improving sanitation. For the December 2017 fiscal year, there were delays with acceptance inspections on several projects up through the second quarter. However, as a result of making progress with these acceptance inspections in the third quarter we were able to attain net sales that were largely in line with our planned figures. As for segment profits, these were sluggish due to the temporary outlays of costs for launching new products. Moving forward, we anticipate that demand for capital investments will remain robust on into the future.

Net sales (Unit: million yen)



Segment income (Unit: million yen)



*Due to the fiscal year-end change, FY17/12 is resulting in irregular settlement of accounts.

Medium / long-term strategies and initiatives

Basic policies

- Strengthen our earning power by enlarging our factories
- Grow overseas sales ratio by developing products geared towards overseas markets
- Develop products other than noodle-making machines and promote sales / sales channels for them

Priority measures

Our aim is to augment our production capacity and strengthen our earning power by expanding the Kaga Office (Ishikawa Prefecture).

What is more, we will strengthen product development and promote sales through scientific research on noodles by harnessing our showrooms and research laboratories. Our aim is to create demand not only within the noodle making sector, but beyond the noodle industry in areas such as the confectionery and precooked rice package industries by means of expanding applications of our noodle-making technology. In particular, we are focusing on establishing sales channels for equipment to manufacture precooked rice packages, for which we anticipate increased demand from within Japan and overseas.

Our aim is to expand demand for overseas markets, for which further growth is expected in the future, through developing products suited to their needs. Through this, we are working to strengthen the Sodick brand.



Food Processing Machinery Division
General Manager
Hisahiko Jinno



TOPICS

Development of a sterile-packed cooked rice production system that can supply safe, secure, and delicious rice via a sanitary manufacturing system

We have developed a sterile manufacturing system for precooked rice packages that can supply delicious rice that is just like homemade rice by applying the technology from our noodle-making machines.

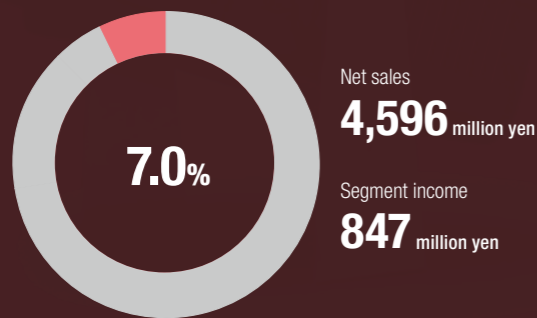
We have created a system that can manufacture this with virtually no human intervention in every stage from washing the rice through to finalizing the finished product, thus achieving a high level of safety. By using a pressure cooker that uses 140°C steam, the system is able to sterilize the rice over a short time period and elicit its umami flavor to the utmost extent possible. Since the precooked rice packages can be stored for extended periods of time, demand is increasing for them as a food that can be stockpiled in reserve at home. In addition, precooked rice packages are being sold overseas as well, even in countries like China and Korea where rice is a staple food, as a result of the Japanese food boom.



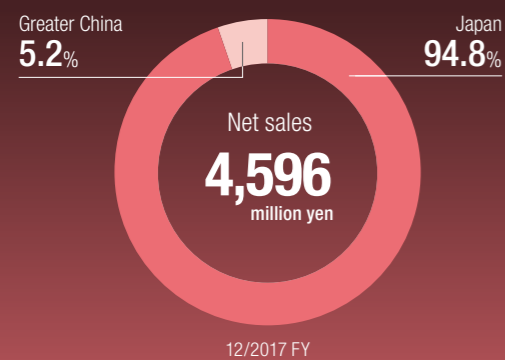
Other Segments

For our other segments, Sodick puts the various products and technologies we have developed since our founding to use on our own so as to develop as a creator and provider of new business models that support the manufacturing performed by our customers. We design and manufacture dies, produce plastic molded parts, and more. We also develop, manufacture, and sell products that use linear motors, the control devices for them, ceramic products, and LED lighting, while also leasing EDMs, among other businesses.

Composition ratios of net sales



Composition ratios of net sales by region



Segment overview and business environment for the December 2017 FY

Our precision die and mold businesses are expected to see continued robust demand from automotive-related industries. What is more, as a result of the increasing sophistication of manufacturing in China, we are predicting strong overseas sales of linear motors and other control devices.

The demand for ceramics for manufacturers of equipment for manufacturing semiconductors will persist, and so we can anticipate strong performance with orders received for these on into the future.



▲ Product groups that use technology we developed

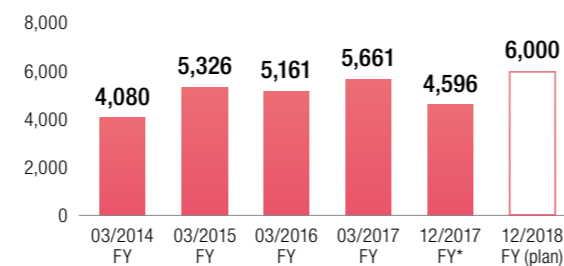


▲ Molded parts

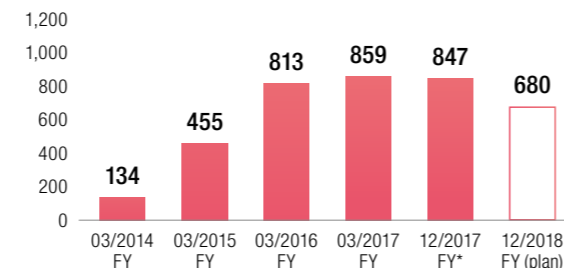


▲ PIKA101, an LED high intensity unit light source floodlight

Net sales (Unit: million yen)



Segment income (Unit: million yen)



*Due to the fiscal year-end change, FY17/12 is resulting in irregular settlement of accounts.

Visit to a Production Center



China

Suzhou Plant / Amoy Plant

Important bases for our global strategy located in the Chinese market, which is experiencing remarkable growth

Suzhou Plant

Amoy Plant

Suzhou Plant

Manufacturing high-precision EDMs that fulfill the rigorous standards unique to Sodick

The Suzhou Plant began production in November 1995, and now produces wire-cut EDMs and Die-sinker EDMs for the Chinese market, which is experiencing remarkable growth.

It is located in Suzhou City, Jiangsu Province, which is roughly in the middle of China on a north-south orientation about 100 km away from Shanghai City. It contains a Stage 1 assembly plant building, Stage 2 sheet-metal plant building, Stage 3 machining building, a cafeteria building, and more on its premises. The foundation underpinning the plant has been sufficiently reinforced out of consideration for the fact that it manufactures EDMs, which are precision instruments. In addition, it has also been equipped with a high-precision air conditioning system and consistently maintains a work environment with a constant temperature, which allows it to produce high-precision machinery that fulfills the rigorous standards unique to Sodick.



Plant profile Suzhou Sodick Special Equipment Co., Ltd.

Address: No. 18 Zhuyuan Road, New District, Suzhou 215011, P. R. China (about one hour from Shanghai Pudong International Airport by car)

Site area: 36,900 m²

Items: Wire-cut EDMs, Die-sinker EDMs, and various other industrial equipment

Established: 1994

Number of employees: About 200

Amoy Plant

Meeting global demand via an integrated production system that performs everything from the machining of parts through to assembly

Our Amoy Plant began operating in August 2007 as one of Sodick's globally strategic locations as part of our aim to acquire the top share for EDMs globally. It has set up an integrated production system that performs everything from sheet-metal processing through to assembly, including for parts like the linear motors used in EDMs. The plant has an annual production capacity on the order of 1,500 machines.

Amoy was the first of four special economic zones established in China. A great many outstanding foreign companies have entered the market here, including those from the West and Taiwan, and they are making progress in internationalizing business there. Our Amoy Plant has received high praise as an important strategic location for meeting the growth in global demand by producing EDMs, food processing machinery, linear motors, and more and for having shipped high-performance machinery to countries all around the world, but primarily the Chinese region, to date.



Plant profile Sodick Amoy Co., Ltd.

Address: No. 376, West Yangguang Road, Haicang District, Xiamen, Fujian Province, 361022, P. R. China (about 30 minutes from Xiamen Gaoqi International Airport by car)

Site area: 58,000 m²

Items: Wire-cut EDMs, linear motors and control devices, food processing machinery (noodle-making machines)

Established: 2006

Number of employees: About 700

Corporate Governance

Basic Thinking

Sodick's managerial principle is to contribute to the development of society by supplying superior products and supporting the manufacturing performed by our customers based on our 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

comprehensible at all times by all of its stakeholders, including its shareholders and investors, customers, and employees.

Sodick strives to make efficient use of its 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

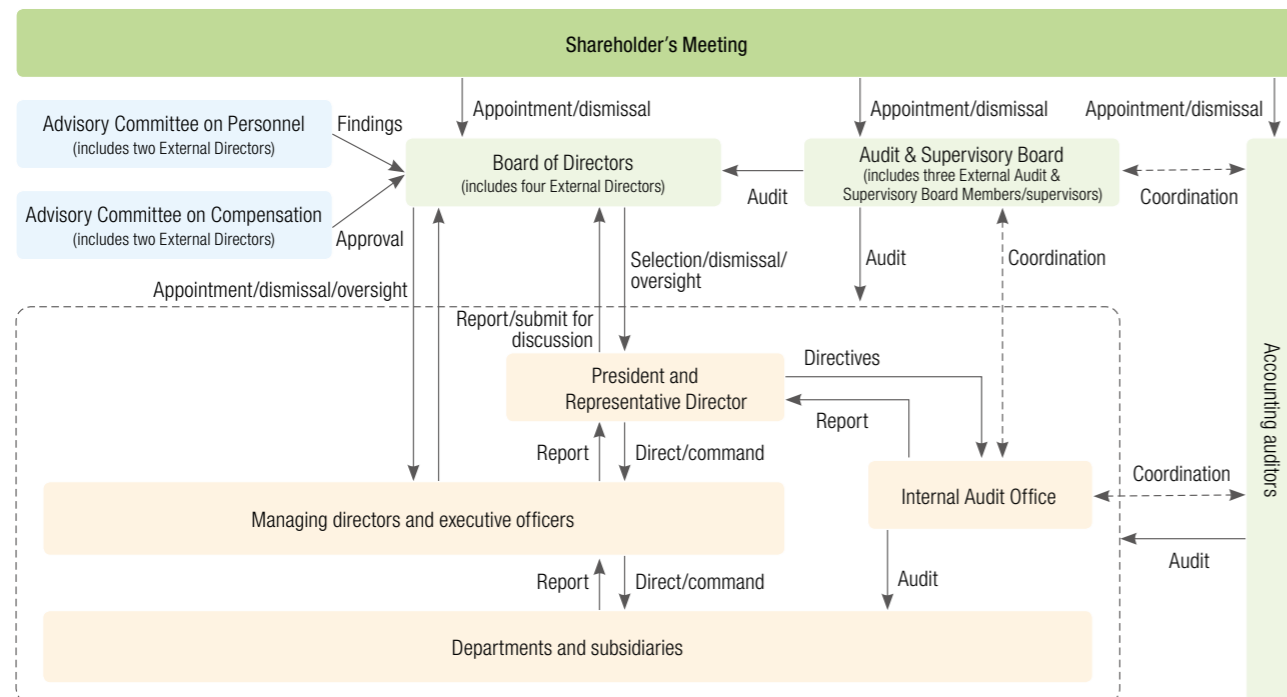
Overview of the Structure

Sodick has chosen "Company with an 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. The 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 realize corporate management that is 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 functions of the Board of Directors, Sodick has established advisory committees on personnel and compensation whose members may include External Directors on an optional basis. 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.

Diagram of Our Corporate Governance Structure



Structure at a Glance (as of March 2018)

Organizational configuration	Company with Audit & Supervisory Board	
Executive management structure	Executive officer system	
Matters concerning Directors	No. of Directors	12 ^{Note 1}
	Term of appointment for Directors per the articles of incorporation	2 years
	Chair of the Board of Directors	President
Matters concerning auditors	Audit & Supervisory Board to be established?	Yes
	No. of Audit & Supervisory Board Members	5 ^{Note 2}
Matters concerning External Directors/auditors	No. of External Directors (of which, independent officers)	4 (4)
	No. of External Audit & Supervisory Board Members (of which, independent officers)	3 (1)

Note 1: The number of Directors as per the articles of incorporation will be no more than 15.

Note 2: The number of Audit & Supervisory Board Members as per the articles of incorporation will be no more than five.

Role of Each Organization

Board of Directors

- Oversees supervisory functions over decision-making on important issues and management in general as stipulated in the Board of Directors regulations, including setting basic policy on management and appointing executive officers.
- Regular meetings of the Board of Directors take place once per month, and when necessary the board also convenes extraordinary meetings.
- The board is comprised of 12 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 (5), and external directors (4).
- Opinions, advice, and cross-checking from External Directors serve to improve and revitalize the transparency and credibility of the Board of Directors while also strengthening its management supervision functions.
- Business meetings, joint technical meetings, quality control meetings, 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 Audit & Supervisory Board is comprised of five Audit & Supervisory Board Members, three of whom are external auditors.
- The function of the Audit & Supervisory 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 auditors. 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 Advisory Committee on Personnel is comprised of four directors, two of whom are external directors.
- It formulates appointment 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 said positions.

Advisory Committee on Compensation

- The Advisory Committee on Compensation is comprised of four directors, two of whom are external directors.
- It formulates policy on compensation for directors and executive officers, and deliberates over compensation standards, appraisals, and amounts.

Strengthening Management Supervisory Functions

External Directors and External Audit & Supervisory Board Members

- Four of Sodick's 12 Directors are external 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 external Audit & Supervisory Board Members, increasing the objectiveness and fairness of management supervision.
- Prior to meetings of the Board of Directors, the external directors and external Audit & Supervisory Board Members and supervisors issue reports to the board in writing about any necessary information, and about any items to be decided or investigated by the board. The external Audit & Supervisory Board Members and supervisors also convene regular monthly meetings of the Audit & Supervisory Board with every Audit & Supervisory Board Members and supervisor in attendance, where they exchange a wide range of information and opinions.

Main Activities of the External Directors and External Auditors and the Reasons for Their Appointments (December 2017 fiscal year)

	Name	Independent officer	Board of Director meetings (11)	Audit & Supervisory Board meetings (10)	Reason for appointment
External Directors	Toshiaki Kurihara	○	Attended 10 (90.9%) (Note 1)	-	In addition to abundant experience at financial institutions, possesses broad insights cultivated from serving as a Director and Audit & Supervisory Board Members at business corporations. Was appointed as an external director to receive the benefit of his useful advice regarding Sodick's management strategy. Additionally, was nominated as an independent officer because he 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 arise.
	Katsuhisa Furuta	○	Attended 10 (90.9%) (Note 1)	-	Possesses broad insights about control and robot engineering cultivated through many years of research at universities, as well as experience with engaging in organizational operations as a university president and academic society chairman. Was appointed as an external director to receive the benefit of his useful advice regarding Sodick's management strategy. Additionally, was nominated as an independent officer because he 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 arise.
	Ichiro Inasaki	○	- (Note 2)	-	Possesses broad insights about precision engineering cultivated through many years of research at universities as well as expert knowledge pertaining to Sodick's business areas, and also has a deep understanding of Sodick's businesses. Therefore, was appointed as an external director to bring this high-level expertise to bear on enhancing Sodick's businesses. Additionally, was nominated as an independent officer because he 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 arise.
	Kazunao Kudo	○	- (Note 2)	-	Not only has manufacturing technology and production know-how, but a wealth of managerial experience from launching a business in China, and therefore was appointed as an external director to receive the benefit of his advice regarding Sodick's manufacturing in general. Additionally, was nominated as an independent officer because he 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 arise.
External Audit & Supervisory Board Members	Takashi Nagashima	○	Attended 11 (100%)	Attended 10 (100%)	Asked to serve as a Sodick Audit & Supervisory Board Members in order to apply his highly specialized knowledge and broad insights as a certified public accountant and licensed tax accountant to strengthening the company's structures. Additionally, was nominated as an independent officer because he 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 arise.
	Kazuhiro Shimoyama		Attended 11 (100%)	Attended 10 (100%)	Asked to serve as a Sodick Audit & Supervisory Board Members in order to objectively monitor the extent to which internal governance has been established and the soundness of management for handling risk.
	Tomio Okuyama		Attended 11 (100%)	Attended 10 (100%)	Asked to serve as a Sodick Audit & Supervisory Board Members in order to objectively monitor the extent to which internal governance has been established and the soundness of management for handling risk.

Note 1. 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 regarding the management of the company.

Note 2. Was appointed in March 2018, and therefore has no corresponding activity from the December 2017 fiscal year.

Independence of External Officers

- Sodick appoints external officers in light of its own original eligibility criteria concerning the independence of external officers (see below) in striving to enhance oversight functions for management and transparency, as well as to strengthen its corporate governance structure.

Sodick Co., Ltd., Criteria for the Independence of External Officers*1

1 None of the following criteria may apply to external officers.

- Corporate affairs manager for the group²
- Person considered to be a major business partner of the group³
- Major business partner of the group³
- Attorney, certified public accountant, licensed tax accountant, or consultant, who, in addition to officer compensation from the group, receives cash or other property benefits that exceed a certain amount⁴
- Individual who receives donations or assistance from the group that exceed a certain amount
- Shareholder who in essence owns 10% or more of general voting rights in the company
- Corporate affairs manager for a corporation that in essence owns 10% or more of general voting rights in the group
- Individual who has a serious business relationship with or stake in the group
- Individuals for whom any of items (1) through (8) above applied during the past three years
- 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 a relative who is a second-degree relative or closer

*1 External Directors and External 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 user (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 is 2% or more 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 The total price of which exceeds 10 million yen in one business year in the case of individuals, or exceeds 2% of consolidated sales for either party in the case of organizations such as corporations
 *5 Among corporate affairs managers, an individual who executes important business such as a director (excluding External Directors), executive, or executive officer

2 Additionally, individuals must not have any circumstances such that it could be reasonably judged that they cannot perform their duties as an independent external officer.

Prerequisites for Ensuring the Effectiveness of the Board of Directors and Audit & Supervisory Board

Evaluating the Effectiveness of the Board of Directors

- Every fiscal year, each director performs a self-evaluation regarding the extent to which they have fulfilled their professional duties. This is done to see if Sodick's Board of Directors is performing its professional duties in accordance with our guidelines in order to boost the effectiveness of our corporate governance.
- Based on the aforementioned self-evaluations by each director, the Audit & Supervisory Board Members analyze and evaluate the effectiveness of the Board of Directors on the whole and disclose an overview of the results of this.
- On the basis of the aforementioned policy, in December 2017 the directors performed self-evaluations regarding the effectiveness of the Board of Directors on the whole. Afterwards, at the meeting of the Audit & Supervisory Board held in January 2018, the effectiveness of the Board of Directors was analyzed and deliberated over based on the self-evaluations from the directors. The results of this were that the Board of Directors was assessed to be functioning satisfactorily for its effectiveness in terms of its management status, deliberation status, and management and oversight functions.

- For its part, Sodick has determined that the effectiveness of the Board of Directors has been adequately ensured as of this point in time based on the results of the aforementioned evaluation. In order to improve further deliberations and improve supervisory functions, we will review the criteria for discussion, and so forth.

Training for the Board of Directors and Audit & Supervisory Board

- Newly appointed directors and Audit & Supervisory Board Members take part in training by the Japan Audit & Supervisory Board Members Association.
- Independent external directors and independent external Audit & Supervisory Board Member look at descriptions of business and observe major business centers and so forth, while also explicating business strategies where appropriate.
- Other directors, Audit & Supervisory Board Members, and executive officers acquire the knowledge and ways of thinking necessary in order to improve corporate value through e-learning by the Tokyo Stock Exchange.

➤ Improving the Transparency of Management

Officer Compensation

➤ Process for Determining Officer Compensation

- The annual shareholders' meeting determines the broad framework regarding compensation for directors. As for the amount of compensation for each director, representative directors drafts 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, which is comprised of representative directors and external 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 Members 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 based on this.

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

➤ Details for Officer Compensation (December 2017 Fiscal Year)

Officer category	Total compensation (million yen)	Total compensation by type (million yen)				No. of eligible officers (people)
		Basic compensation	Stock options	Bonuses	Retirement benefits for officers	
Director (excluding External Directors)	238	238	-	-	-	10
Audit & Supervisory Board Members (excluding External Audit & Supervisory Board Members)	22	22	-	-	-	2
External officer	31	31	-	-	-	6
Total	293	293	-	-	-	18

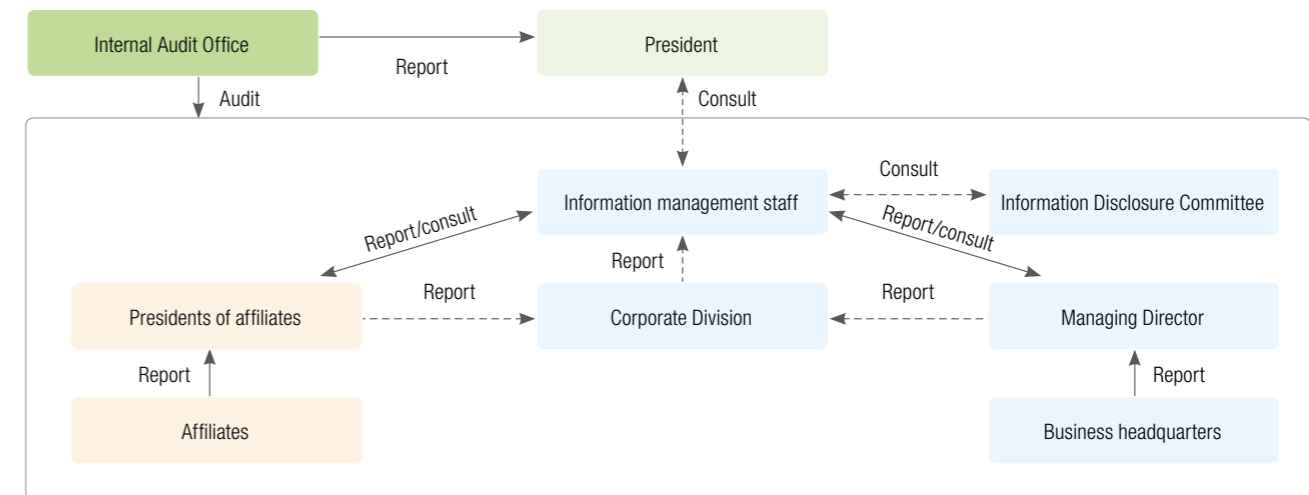
*At present, the company does not confer compensation in the form of stock options, bonuses, or retirement benefits.

IR Activities

Sodick regards all of its shareholders and investors as important stakeholders, and places importance on constructive dialogue to improve corporate value. Our Investor Relations Department handles these dialogues with shareholders. In cases where shareholders have individual requests, we consider having Directors and others respond to them within reasonable limits by taking into consideration factors like the purpose of the meeting and the importance of the topic. The opinions we receive from our shareholders and investors are reported to the Board of Directors and Business Report Committee as needed, and will be put to use for the future management of the company.

- 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 promotes IR activities conducive to further improving corporate value. The Investor Relations departments are responsible for dialogue with our shareholders and investors. To respond to dialogues from shareholders reasonably and smoothly, it coordinates with the relevant departments, including Accounting and Financial Affairs, Legal Affairs, and Compliance for the promotion of IR activities.
- Financial results briefings for institutional investors and analysts are held two times per year to serve as a dialogue initiative that is separate from the 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 and to conduct tours of our showrooms after the shareholders meeting.
- For our individual investors, a dedicated page has been created at the company's website. There, we plan to post information about the company's businesses, performance, corporate philosophy, etc.
- For the December 2017 fiscal year, Sodick issued an annual report and held factory tours for institutional investors, analysts, and others in order to promote constructive dialogue.
- Regarding measures for controls applying to insider information, Sodick has formulated a Disclosure Policy that is available via our homepage.
<https://www.sodick.jp/ir/disclosure.html>

➤ Our Structure for Timely Disclosures



➤ 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 on April 17, 2015, in order to guarantee propriety in our operations. The internal governance system strives to create more optimal and efficient structures through continuous reassessment and improvement.

(See "Corporate Governance Reports" (<https://www.sodick.jp/ir/governance.html>) for details.)

Compliance Structure

■ Sodick evaluates the effectiveness of its internal governance systems through its Internal Audit Office. The results of these evaluations are reported to the Directors and Audit & Supervisory Board Members. The company has also established a Compliance Helpline (whistle-blower system) 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 conform to laws, the articles of incorporation, and social codes. To ensure that they are thoroughly adhered to, the company provides training and education on them to its officers and employees.

Risk Management Structure

■ Sodick has established basic rules for risk management. The company works to determine, analyze, evaluate, and take appropriate measures to avoid the risks present in each department. To prepare for the occurrence or potential occurrence of unforeseen situations 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 auditors.

Messages from External Directors

Sodick's Corporate Governance

We are getting ready to revise our Corporate Governance Code as the importance of corporate governance has risen further still.
We inquired with one of our external directors about issues like his thinking regarding our corporate governance and challenges for this.



**Aiming to be a company for which the consensus from society is that "Sodick is a company whose continued existence is absolutely essential"!
I will make every effort as an external director to make Sodick a company that can contribute to society by holding fast to notions of transparency and fairness.**

External Director
Ichiro Inasaki



Acting to develop governance rooted in manufacturing sites and promoting human resource development by considering the "Sodick-Way."

External Director
Kazunao Kudo

I assumed the role of external director at Sodick in March 2018. Prior to that, in college I had been involved in education and research related to manufacturing technology fields that were closely tied to Sodick, particularly in relation to machining processes and machine tools. As a newly-appointed external director, I intend to continue contributing to Sodick's development from my standpoint as an engineer.

Role of External Directors

Two things that I consider to be important when it comes to the company's approach regarding the role of external directors is to maintain excellent transparency and fair operations for management. Nowadays, there are forceful requests when it comes to appointing external executives at listed companies, with their principal role being to urge the company to hold fast to the ideals of transparency and fairness. I will continue asserting that the Board of Directors must start by playing this role.

To begin with, I think it is important to have employees soundly share the recognition that production activities that create things are what give rise to true wealth. Japan's manufacturing technology has already reached maturity, with the claim often made that Japan must go above and beyond this and head to new frontiers in the future. However, I feel that there is no need to allow ourselves to be led astray by such views. Manufacturing technology is the core of our company. It is also the sole means by which we enrich our everyday lives. It is important that we continue to advance this by adopting a long-term perspective without losing sight of the spirit behind the company's motto of "Create, implement, and overcome difficulties" in this sector.

Moreover, it is important that we acquire and foster exceptional human resources in order for the company to hold fast to such an approach. Of course, this includes not just engineers, but human resources in every field related to the company's management and operation.

Our goal is to contribute to the long-term development of companies and contribute to society.

My hope is that Sodick will be a company for which the consensus from society is that "Sodick is a company whose continued existence is absolutely essential" in aiming for the long-term development of the company and to contribute to society. In other words, my desire is to see a sentiment of striving to increase fans of Sodick shared among a great many employees. With such notions in mind, it is my objective as an external director to increase the number of employees with a desire to contribute to society through our corporate activities.

Personally, it is my intent to not just attend meetings of the Board of Directors, but to deepen exchanges with researchers and engineers and harness my experiences to date when it comes to fostering human resources in my capacity as an independent executive.

I have no experience related to managing a company. However, I disagree with the notion of management in which the goal is just to satisfy some stakeholders by adopting a short-term perspective, like that seen with companies in the United States. I prefer management where the goal is to develop the company over the long-term and contribute to society by keeping a broad range of stakeholders in mind. When you adopt this sort of perspective, then diligent initiatives for the business continuity plans (BCP) and business continuity management (BCM) that we are already undertaking will surely rise in importance. I will make every effort to contribute to the continued growth of Sodick without losing sight of our founder's ardent desire for technological development contained within our corporate motto.

"Manufacturing will remain one of the principal means by which wealth is created."

(Quoted from Visionary Manufacturing Challenges for 2020 National Research Council)

Sumitomo Wiring Systems, Ltd., which I used to be affiliated with, is a company that manufactures and sells auto parts to Toyota Motor Corporation and other car manufacturers from around the world. Starting in 2004, I had been stationed in China for roughly 14 years, where I got an up-close view of the growth of the Chinese auto industry. As part of this, one thing that impressed me as being particularly important is just how crucial human resource development is when it comes to manufacturing. Human factors are of the utmost importance. This is not only limited to auto manufacturers, but similarly holds true for machine tool manufacturers like Sodick. As an external director, I am committed to human resource development, and intend to institute the following three points onsite in the interest of corporate governance.

1. Striving to visualize problems

This involves displaying problem points in the form of graphs and photos so that everyone can see them. It is important that we set in place an environment in which everyone, including on-site workers, gets in the habit of thinking together, and instantiate a culture where employees do not hide or cover up their concerns and inconvenient truths.

2. Going through the C-PDCA cycle

This holds true not just for production sites, but for staff divisions as well. When a problem arises, it is important to immediately go right to the scene of the incident to clarify the facts of the matter (Check). Next, it is important to have everyone think of proposals for making improvements (Plan), and then to visualize the problem in the planning stage. Next is to institute these proposals for improvements right away (Do). If, upon careful examination, you find the results to be wanting, then repeat the Plan and Do steps. Once you have achieved positive results, work to deploy them out to other sections (processes) (Action). I feel that it is important to act in a straightforward manner by repeatedly cycling through the steps of C-P-D-C-A.

3. Offer education and training to employees at each level and clarify the Sodick-Way for all of our employees

While implementing 1 and 2, we must continue informing employees at each level of how to carry out their work. Even in environments where it is difficult to entrench human resources and hard to foster skilled craftspeople (excellent staff), such as overseas, it is important that we go about clarifying the direction the company will head in (the Sodick-Way) to all of our employees.

It has been pointed out that Japan's manufacturing capacity is declining as a result of the detection of improprieties in its manufacturing industry. However, the majority of these are outstanding companies that are implementing 1, 2, and 3 above in a straightforward manner. Companies with excellent governance are companies with excellent openness. It is important that we adopt a culture of not concealing negative information and not putting off meetings of the Board of Directors.

We have plants in Thailand and China, with an exceptionally high share of our production carried out overseas. There are many risks in other countries that do not exist in Japan, and it is crucial that we create governance structures that are constantly prepared to handle such risks. Taking a look back at the past ten years reveals risks like the 2008 financial crisis, natural disasters, and political problems, as well as numerous labor problem risks that have arisen such as rising employee turnover rates and strikes seeking wage-raises and improved employee benefits. The majority of these are risks that must be handled right away.

I would like to see us acting to develop governance rooted in manufacturing sites at Sodick. I would like to focus on human resource development that gives consideration to the Sodick-Way (the basic orientation for Sodick's manufacturing) together with the people at our plants in China and Thailand, where a particularly large share of our production is carried out. QCD (quality, cost reduction, and delivery compliance) is fundamental for manufacturing companies. I think we should promote the development of even better corporate governance under the slogan of "Aiming for the world's best QCD."

▶▶▶ List of Corporate Officers

▶ Internal Directors



Executive Managing Director
(Production Management Division)
Hideki Tsukamoto

Vice President and Representative Director
(Sales Managing Division)
Keisuke Takagi

Senior Executive Managing Director
(Machine Tools Division)
Takashi Matsui

President and Representative Director
Kenichi Furukawa

Executive Managing Director
(Corporate Division)
Hirofumi Maejima

Chairman and Representative Director
Yuji Kaneko

Executive Managing Director
(Business Development Division)
Keizo Umemoto

Honorary Chairman and Director
Toshihiko Furukawa

▶ External Directors



External Director
Ichiro Inasaki

External Director
Toshiaki Kurihara

External Director
Katsuhisa Furuta

External Director
Kazunao Kudo

▶ Audit & Supervisory Board Members



External Audit & Supervisory Board Member
Kazuhito Shimoyama

Audit & Supervisory Board Member
Yuichi Watanuki

Audit & Supervisory Board Member
Akio Hosaka

External Audit & Supervisory Board Member
Takashi Nagashima

External Audit & Supervisory Board Member
Tomio Okuyama

CSR Initiatives

CSR Initiatives

Thinking behind Our Corporate Social Responsibility (CSR)

Based on our founding spirit of "Create, Implement, and Overcome difficulties," the Sodick Group has adopted the management principle of contributing to the advancement of society by providing superior products and supporting the manufacturing of our customers. In order to achieve this, we work to address wide-ranging activities for CSR rooted in the practice of sincere business activities in line with the Sodick Group Action Guidelines

for Corporate Ethics and Standards for Corporate Behavior (Compliance Guidelines). We feel that the most important elements for this are complying with laws and social norms, as well as constantly engaging in management that is transparent and easy to understand for all of our stakeholders, including each and every one of our shareholders, investors, customers, and employees.

List of ESG Issues and Initiatives

Item	Main initiatives	Actual activities
Environmental	<ul style="list-style-type: none"> Promoting and developing environmentally-friendly products Green procurement Reducing CO₂ 	<ul style="list-style-type: none"> Promoting environmentally-friendly products Tsubame Wire Plus, Eco-lon R, Eco Filter SHF-25R Developing environmentally-friendly products CIP Fully Automatic Noodle Boiling Machine Promoting green procurement Installing solar power at our head office and Sodick F.T's Miyazaki Office
Social	<ul style="list-style-type: none"> Promoting diversity Creating a comfortable workplace environment Contributing to local communities 	<ul style="list-style-type: none"> Encouraging women in the workforce (taking maternity/childcare leave and being reinstated afterwards) Making the most of global human resources Hiring disabled workers Hiring senior citizens (introduction of 65 year-old retirement age and reemployment system) Offering job training Encouraging employees to take paid vacation Initiatives for safety, sanitation, and disaster prevention Well-rounded benefits packages Training for new employees, etc. Social and cultural activities
Governance	<ul style="list-style-type: none"> Strengthening corporate governance 	<ul style="list-style-type: none"> Setting in place corporate governance structures Enhancing internal management Strengthening management oversight functions Improving the transparency of management Holding dialogues with stakeholders Setting in place structures to promote CSR



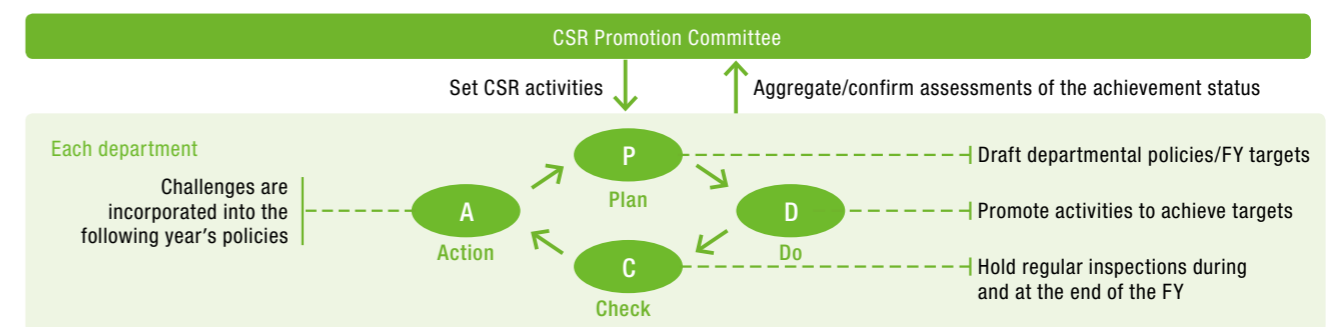
CSR Promotion Structure and Initiatives for Disseminating CSR Activities Internally

Sodick established our CSR Promotion Committee, which is chaired by the president / representative director, in the March 2017 fiscal year. The CSR Promotion Committee is led by the management division at the head office, and systematically promotes CSR activities by setting targets related to CSR centered around important themes like compliance, contribution to social, fostering human resources, quality control, and the environment, and by going through the PDCA cycle. This is designed to promote CSR activities in a systematic manner through the combined efforts of the entire company.

Now in the December 2017 fiscal year, which marks the second year since its launch, the committee has implemented specific measures to enhance things like information disclosures and dialog with stakeholders in response to existing challenges for CSR activities, based on which it has examined specific measures to further enhance these in the future.

Moving forward, the committee will continue to plan review sessions in aiming to revitalize and enhance CSR activities, while also working to inform all employees of this and promoting initiatives for disseminating such activities internally.

Overview of Our CSR Promotion Structure



Structural Diagram



TOPICS - CSR Activities -

Initiatives for Social and Cultural Activities

Sodick aims to deepen social exchanges, fulfill our corporate obligations, and improve our corporate brand-name recognition through community activities. In order to do this, we are putting our efforts into addressing social and cultural activities, with our objective being to plan community activity opportunities at least once every six months. We work on ways to recruit a large number of people to take part in cooperation with operating divisions.

By way of specific initiatives, our company has taken part in a public volunteer activity held in Kaga City called Coastal Clean-up Activities: Clean Beach in Kaga. For the future, we will continue to put our efforts into initiatives that meet the expectations of society over a variety of different sectors and will continue to expand upon our activities that contribute to the community.



▲ Scenery of Cleaning Activity

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 treating the natural environment with care is a practice that leads to richness in the lives of the people in itself.

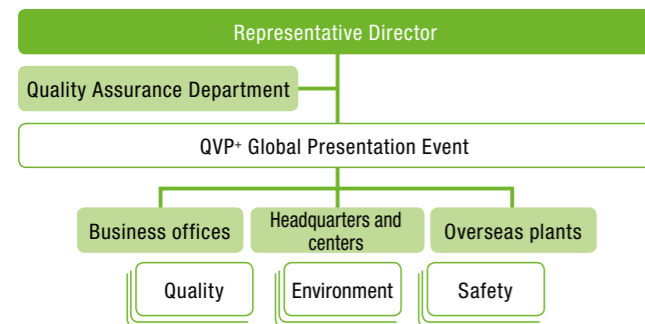
➤ Sodick's Policies and Structures

At present, Sodick has set in place an Environmental Policy and has acquired ISO 14001 certification for its Kaga Office and Fukui Office, as well as for all of its sales offices throughout Japan. To continue making improvements in terms of our environmental impact, every year we reassess our Environmental Policy and enact particular topical issues and objectives for it. At the QVP+ Global Presentation Event* held annually by the Quality Assurance Department, representatives from each department and group company detail the results and items meriting reassessment from the previous fiscal year in regard to the environment, as well as quality and safety. They also declare their respective unit's targets for the new fiscal year and share their courses of action. This is connected to continuous improvements that also take medium- and long-term targets into account.

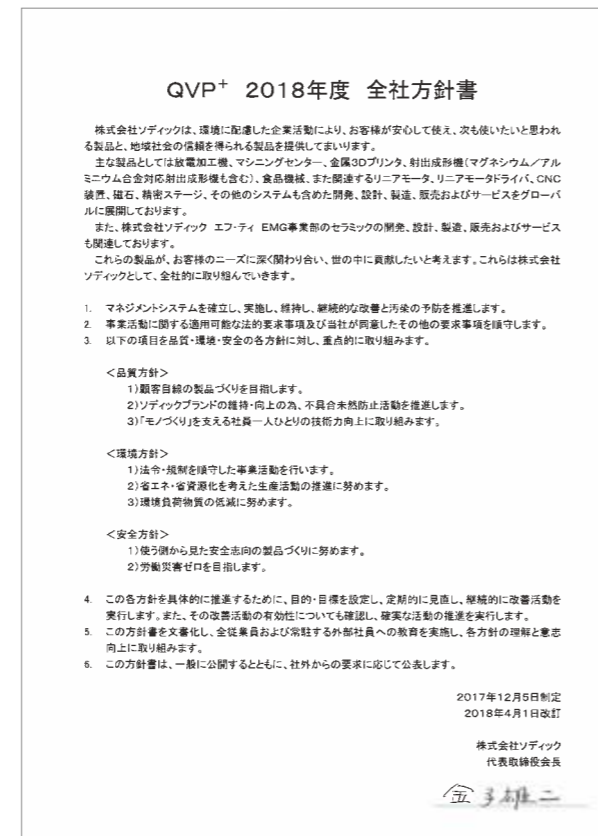
* QVP+ Global Presentation Event: "QVP" stands for "Quality Victory Plan." This annual event is for the various departments to look for ways to make improvements in the areas of quality, the environment, and safety in keeping with the policies and targets set down by the president.

➤ Structure for Promoting Environmental Concerns

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



➤ Environmental Policy



➤ Promoting Green Procurement

In May 2000, the Japanese government enacted the Act on Promoting Green Purchasing. This law was established to actively promote green procurement 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. It encourages procurement that puts 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.

Our Green Procurement Standards took effect in November 2017, and prescribe selection criteria for suppliers and the items procured. These also clarified the activities and surveys needed in order to fulfill our Green Procurement Standards. What is more, we carried out a survey on our suppliers targeting locations within Japan in February 2017, and our overseas locations in March 2017. We also established a structure that can handle situations like when earthquakes occur or when issues arise with improving data from manufacturers.

In conjunction with this, Sodick is creating its own ERP-linked harmful chemical substances control system (SHCSCS). This enables the

company to control whether or not our products contain harmful chemical substances in a systemic way. The Procurement Division, General Affairs Department, and Quality Assurance Department will be working hand-in-hand to thoroughly investigate whether any materials that we newly purchase in the future contain harmful substances.

➤ Activities and surveys needed in order to fulfill our green standards

- Distributing copies of the Green Procurement Standards
- Distributing lists of hazardous chemicals
- Distributing and collecting survey sheets (survey request response forms for chemicals that impact the environment (certificates attesting that such chemicals are not used))
- Distributing and collecting evaluation sheets related to environmental conservation
- Distributing and collecting certificates attesting that designated chemical substances are not contained in products
- Distributing and collecting utilization reviews concerning regulations on disclosing conflict minerals
- Distributing tables of exemptions to the RoHS2 directives
- Collecting Safety Data Sheets (SDS)

➤ Promoting Environmentally-Friendly Products

Sodick is actively working to come up with products that are environmentally-friendly.

We have been making every effort to reduce waste by offering such ecofriendly 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 Eco Filter SHF-25R recyclable filter.

What is more, Sodick works to develop environmentally-friendly products. The CIP fully automated noodle boiling machine from our Food Processing Machinery Division offers improved cleaning performance over that of conventional machines, which boiled 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 reduce the amount of water supplied and discharged by reusing the water discharged from

the tub to resupply it. In addition, employing a waste heat recovery system that reuses the boiling water made it possible to greatly reduce the amount of steam used. Reducing the amount of steam contributes to both energy conservation outcomes and reducing CO₂ emissions.



▲ CIP fully automated noodle boiling machine



➤ 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 processes to offer superior straightness and an extremely smooth surface quality. It fully elicits machining performance that is highly reliable.



➤ Eco-Ion R
Suited for long-term machining with its extended operating life. Its 18-L capacity is approximately twice that of conventional types. The "canister" itself is replaceable, so there is no need to do the work of refilling the resin. The product is environmentally-friendly.



➤ Eco Filter SHF-25R
Inherited the performance of our extended life SHF-25E model. Its operating life is approximately twice that of conventional products (compared with Sodick's HF-25A). Type of filter with a structure that allows for disassembly (filter paper and outer frame). Depending on the rental contract, the product can be put into the distribution cycle and collected.

based on continuous 24-hour-per-day use. This is equivalent to the amount of CO₂ that about 19 beech trees absorb.



▲ The rooftop solar power array at the Sodick F.T. Miyazaki Office

➤ Initiatives for Reducing CO₂

Sodick is setting our focus on using natural energy. Solar power systems have been installed on rooftops at our head office and at the Miyazaki Office of Sodick F.T. The solar cells at the head office have a capacity of 49.88 kW, while those at the Miyazaki Office operate at 800 kW. We are also making efforts to sell the electricity generated via solar power at our head office, thus illustrating the multifaceted approach to environmental conservation that we are pursuing.

What is more, Sodick's head office and offices have all adopted LED lighting produced by Sodick LED Co., Ltd. The Kirameki SL-series LED light consumes approximately half the power of a normal fluorescent light, resulting in an approximately 210 kg reduction in CO₂ emissions annually

Promoting Efforts to Make the Most of Human Resources

Since our founding, Sodick has expanded its businesses under the motto 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 maintain a high level of motivation at their respective stages in the process and are actively engaged in their work as specialists.

The diversity of our workforce, with employees offering different perspectives and values, is conducive to further globalizing our business. Based on this thinking, Sodick is promoting efforts to employ a wide-ranging workforce that includes foreigners, the disabled, and senior citizens. Furthermore, we are also working hard to create an environment in which women can continue to flourish even after they marry and have children.

▶ Promoting Diversity

Hiring Senior Citizens

In April 2013, the government enacted the Revised Act on Stabilization of Employment of Elderly Persons. The law's objective is to create environments 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 to receive their pensions.

Starting on April 1, 2018, we uniformly set the retirement age as the first March 31 after the employee's 65th birthday, and also introduced our Senior Program which allows workers to select a diverse array of work styles at the age of sixty. After workers turned sixty, we limit factors like working hours, the number of work days, the content of work, and work locations in response to various changing circumstances for the employees, thus setting in place an environment in which they can work with peace of mind. We are striving to revitalize our organization by achieving dual-track career courses by giving consideration to extending the retirement age, career planning for each individual employee, and our company's strategy for human resources in a comprehensive manner.

Encouraging Women in the Workforce

Sodick is working to create an environment that allows employees to balance work with child-rearing so that everyone in its workforce can fully demonstrate 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. One man and four women (total five people) 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 fully demonstrate their abilities in a variety of fields. The percentage of new graduates hired between 2015 and 2017 that were female stands at 24.5%. Sodick will actively continue its efforts to hire women and put together a working environment that enables them to remain in the workforce, providing them — and all employees — the support to achieve their desired work-life balance.



▲ A female employee engaged in research



▲ One of the female employees working at Sodick also has her sights set on competing in the Paralympics

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 currently 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 in the future. Understanding their perspectives and thinking is extremely important when it comes to understanding the unique characteristics of each part of the world. This is also conducive to promoting the strategies pursued at our 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.

We are also working hard to increase the number of global human resources.

Hiring Disabled Workers

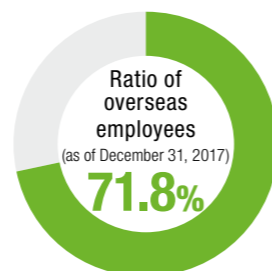
Sodick stakes Kibi NC Training Center Corp. is an enterprise that uses the latest machine tools to conduct skills-development training for the physically disabled with the goal of helping them to become socially independent. Sodick itself is also making efforts to actively hire disabled persons and create an environment that promotes such hiring goals broadly in order to provide them with stability. We are also working on improvements to the work environment such as installing a dedicated parking lot for disabled workers at our Kaga Office and making our multi-factory barrier-free.



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



▲ One of our employees working at Sodick who graduated from Kibi NC has competed in the Paralympics as a track and field athlete



▶ Creating a Comfortable Workplace Environment

The organization of the workplace environment is closely connected to improving awareness among employees regarding 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 workplace environment serves to keep new hire retention rates high and create a foundation that makes it easy to nurture superior human resources.

We are also focusing our energies on creating an employee training system to help individual employees further develop their abilities. Through employee training in a variety of fields and nurturing a global workforce via overseas training for new hires, our aim is for employees to acquire the know-how and skills to serve as 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 their number of years of service and type of position, as well as Internet-based e-learning for employee education and corporate training.

Encouraging Employees to Take Paid Vacation

Sodick has designated specific Saturdays as days for which we encourage employees to use their paid vacation time and actively encourage them to take days off. Doing so creates a virtuous cycle, as they are refreshed from taking the break and thus tackle their work with renewed motivation.

Initiatives for Safety, Sanitation, and Disaster Prevention

Ensuring that the employees who underpin the company stay healthy in mind and body and can work in an energetic manner 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 focusing its efforts on initiatives for not only the physical, but also mental wellbeing of our employees, and is working to create follow-through structures to prevent mental and physical disorders from arising.

Sodick has also adopted a Compliance Helpline (whistle-blowing system) with the objective of preventing and rapidly responding to wrongdoing or unethical behavior perpetrated by employees or corporate officers. We have also set up and operate internal and external points of contact for addressing such matters.

▶ Sodick's Initiatives

- **Safety and Sanitation Committee, Safety and Sanitation Rules**
Inspection patrols are carried out throughout the company once a month.
- **Training for Managers by Industrial Physicians**
Training is provided to management-level employees regarding mental health.

Initiatives for Health Management

Sodick will adopt the Employee Assistance Program in order to practice health management. We have established contact points not only within the company but outside as well for people to receive consultations about their mental and physical health, harassment, and other topics. Through this, we have established a structure where people can receive care before things get out of hand as we focus on setting in place a work environment where employees can work with peace of mind.

Well-Rounded Benefits Packages

Sodick makes efforts to fully round out our benefits packages and relevant facilities so that our employees can attend to their duties without worrying about 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), which is a treatment technique that has recently been much talked about, among other benefits.

Also, in terms of facilities for employees to refresh themselves, 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. Club activities are also actively carried out, including clubs for tennis, marathon running, cycling, futsal, badminton, and golf, which are useful for stimulating interactions with employees from other departments.



▲ Nobeyama Resort Village



▲ Cafeteria

TOPICS - Making the Most of Human Resources -

Strengthening Training for New Hires and Young Engineers

Sodick provides training at plants throughout the country and overseas for new hires so they can learn the actual manufacturing process used at the company. To start with, at our main domestic plant they learn about the flow of operations in the main departments of manufacturing, technology, and machining at each office. 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 EDM manufacturing floor. The goal here is also to give them the chance to form a broad range of personal contacts through exchanges with employees and workers stationed locally, as well as to dispel any feelings of resistance or anxiety they may have about working overseas.

We also provide service training for young engineers, mainly in their third year of employment (new graduates/mid-career), to reflect the opinions of employees at the workplace in their actual work and to help them form personal connections.



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

Key Financial Data

Key Financial Data

Due to the fiscal year-end change, FY17/12 had irregular closing.*

	03/2009 FY	03/2010 FY	03/2011 FY	03/2012 FY	03/2013 FY	03/2014 FY	03/2015 FY	03/2016 FY	03/2017 FY	(Unit: million yen) 12/2017 FY	(Unit: US\$1,000*) 12/2017 FY
Business performance											
Net sales	54,533	36,761	54,213	53,528	55,031	56,899	63,090	65,146	61,812	65,604	582,275
Cost of sales	39,456	27,877	36,592	35,957	38,296	40,232	42,215	41,369	39,318	42,445	376,724
Gross profit	15,077	8,883	17,621	17,570	16,734	16,667	20,874	23,777	22,494	23,159	205,551
Selling, general, and administrative expenses	17,602	11,575	12,027	12,080	12,719	14,014	15,984	17,424	17,257	15,669	139,073
Operating income	△2,512	△2,688	5,599	5,495	4,021	2,651	4,891	6,353	5,236	7,490	66,478
Ordinary income	△5,717	△3,073	3,944	4,577	5,356	3,886	5,647	5,719	4,620	7,910	70,211
Profit before income taxes	△6,914	△3,422	4,003	4,473	5,170	3,857	5,129	5,748	4,193	7,772	68,981
Profit attributable to owners of the parent	△8,527	△3,669	5,111	3,320	4,191	4,194	3,550	4,167	3,644	5,736	50,915
R&D expenses	2,013	1,532	1,624	1,717	1,832	2,004	2,494	3,408	3,518	3,344	29,684
Facility investments	3,014	945	1,465	3,621	5,460	3,179	2,232	2,887	2,594	4,588	40,725
Depreciation	3,096	2,640	2,116	2,121	2,204	2,559	2,659	2,765	2,697	2,360	20,951
Financial status											
Total assets	84,351	72,767	79,510	92,993	95,041	98,776	104,167	99,722	109,271	121,815	1,081,166
Net assets	27,401	23,848	28,158	29,718	36,033	42,451	49,453	49,758	48,710	55,166	489,631
Interest-bearing debt	44,320	35,193	33,488	41,339	41,506	39,480	35,758	33,826	40,953	41,704	370,147
Cash flow											
Cash flows from operating activities	1,935	7,256	3,216	9,245	2,766	5,577	8,298	6,579	8,373	4,522	40,139
Cash flows from investing activities	△7,088	△693	△167	△5,295	△4,776	△4,181	△144	△2,773	△2,132	△4,715	△41,856
Free cash flow	△5,153	6,563	3,049	3,950	△2,010	1,396	8,154	3,806	6,240	△193	△1,717
Cash flows from financing activities	4,605	△9,437	△1,965	6,809	△1,163	△3,696	△5,243	△2,854	3,134	△439	△3,902
Per-share indicators											
Earnings per share (EPS) (Yen/US\$ ¹)	△170.15	△74.11	103.23	67.07	83.29	83.36	70.55	82.82	76.91	122.15	1.08
Net assets per share (BPS) (Yen/US\$ ¹)	516.38	449.54	534.25	589.28	715.26	842.40	981.47	987.01	1,035.19	1,172.12	10.40
Dividends per share (Yen/US\$ ¹)	10.00	0.00	6.00	11.00	14.00	14.00	20.00	18.00	19.00	22.00	0.20
Key financial indicators											
Ratio of gross profit to sales	27.6%	24.2%	32.5%	32.8%	30.4%	29.3%	33.1%	36.5%	36.4%	35.3%	
Ratio of operating income to net sales	—	—	10.3%	10.3%	7.3%	4.7%	7.8%	9.8%	8.5%	11.4%	
Ratio of ordinary income to sales	—	—	7.3%	8.6%	9.7%	6.8%	9.0%	8.8%	7.5%	12.1%	
Return on equity (ROE) ²	—	—	21.0%	11.8%	12.8%	10.7%	7.7%	8.4%	7.4%	11.1%	
Ratio of ordinary income to total assets (ROA) ³	—	—	5.2%	5.3%	5.7%	4.0%	5.6%	5.6%	4.4%	6.8%	
Debt-to-equity (D/E ratio) ⁴ (multiple)	1.62	1.49	1.17	1.30	1.17	1.02	0.86	0.75	0.92	0.84	
Equity ratio ⁵	30.3%	30.6%	33.3%	31.9%	37.9%	42.9%	47.4%	49.8%	44.5%	45.2%	
Dividend on equity (DOE) ⁶	1.8%	—	1.0%	1.7%	2.0%	1.8%	2.4%	2.0%	2.0%	2.1%	
Ratio of overseas sales	52.3%	53.0%	57.7%	60.6%	63.7%	60.4%	64.1%	63.8%	62.7%	69.6%	
Average exchange rate over the period	Yen/USD	100.71	92.89	85.74	79.08	82.91	100.17	109.76	120.15	108.34	111.69
	Yen/EUR	144.70	131.18	113.13	109.02	106.78	134.21	138.69	132.60	118.74	128.55
	Yen/CNY	14.85	13.68	12.95	12.35	12.66	15.87	17.14	19.21	16.32	16.62
	Yen/THB	2.97	2.75	2.75	2.59	2.70	3.19	3.38	3.44	3.08	3.33
Other											
Number of employees (consolidated)	3,158	2,575	2,793	2,956	2,921	2,999	3,183	3,216	3,415	3,651	

*1: US\$ amounts are converted at the rate of US\$1 = 112.67 yen observed in trading in the Tokyo foreign currency market as of December 31, 2017.

*2: Return on equity (ROE) = Current net income/(Net assets - Subscription warrants - Non-controlling interests)

*3: Ratio of ordinary income to total assets (ROA) = Ordinary income/Total assets (Average during the period)

*4: Debt-to-equity ratio (D/E ratio) = Interest-bearing debt/Shareholders' equity

*5: Equity ratio = (Net assets - Subscription warrants - Non-controlling interests)/Total assets

*6: Dividend on equity (DOE) = Total dividends/Shareholders' equity

* Due to the fiscal year-end change, FY17/12 consolidated financial results comprise 9 months (from April to December 2017) of results for companies whose fiscal year ends on March 31, and 12 months (from January to December 2017) of results for those whose fiscal year ends on December 31, resulting in irregular settlement of accounts.

Message from the CFO

Sodick will continue to provide stable and sustainable dividends while retaining the internal reserves needed for the future development of our businesses and to improve our management structure.

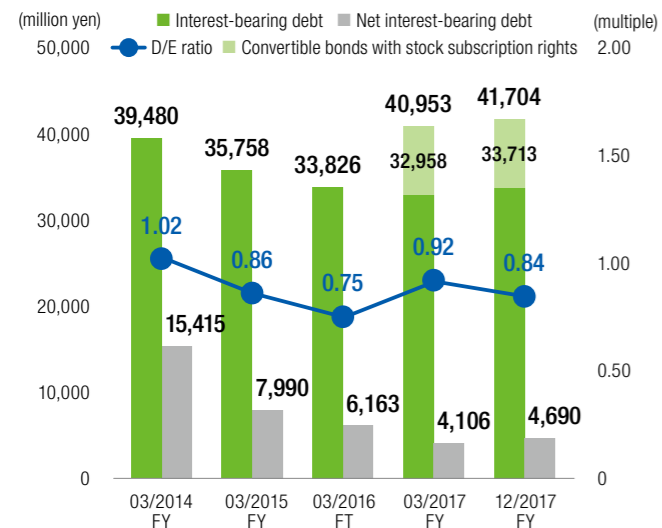
Hirofumi Maejima
Executive Managing Director
(Corporate Division)



Reflecting Back on This Fiscal Year and Looking to the Future

In terms of our financial status at the end of December 2017, we saw our total assets increase significantly relative to those at the end of the previous fiscal year. This was due to the rise in trade accounts receivable and inventory assets that resulted from an increase in the number of orders we received. It was also attributable to an increase in fixed assets, such as the new R&D building at our head office in Yokohama, the logistics center at our Kaga Office, and the new office building for our sales base in the United States. In terms of our net assets, in addition to an increase in our retained earnings, foreign currency translation adjustments arising from the conversion of capital stock and the like from our overseas subsidiaries rose by around 1.3 billion yen owing to the devalued yen. Our interest-bearing debt rose marginally due to the fundraising we engaged in at the end of the fiscal year, with

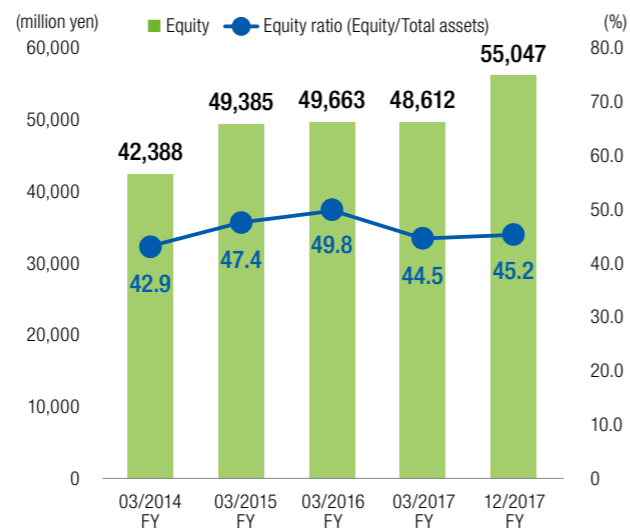
Fluctuation in interest-bearing debt, net interest-bearing debt, and the D/E ratio



improvements seen in our D/E ratio¹ and owned capital ratio due to the increase in owned capital. As such, we have been able to maintain the current funds needed for smooth business activities at a high level of liquidity of 200% or greater, thus ensuring a stable financial structure.

However, the machine tool industry of which Sodick is a part is strongly swayed by trends in industrial capital investment, necessitating that we prepare for various operating risks with comparatively high levels of volatility. Sodick's financial structure has been steadily improving, but ensuring the long-term continuity of operations requires a financial structure of even greater resilience. Going forward, Sodick will take a range of relevant measures, including reducing our interest-bearing debt, with a view to attaining a value of 0.5 or less for our D/E ratio, which has been designated as a management target value for the company.

Fluctuation in equity capital and equity ratio



For further growth

Furthermore, together with strengthening our financial structure, Sodick will pursue management with an emphasis on cash flow in order to accelerate investment in the growth of our operations. Sodick is constantly engaged in R&D and capital investment activities from a long-term perspective in order to bring to market new products that employ cutting-edge technologies, and in order to solidify our superior competitive position. In the fiscal year ended in December 2017, cash flow from investing activities increased substantially, partly due to the new R&D building at our head office in Yokohama, the logistics center at our Kaga Office, and the new office building for our sales base in the United States. However, generally remained within operating cash flows and cash on hand remains at the same level as in the previous fiscal year.

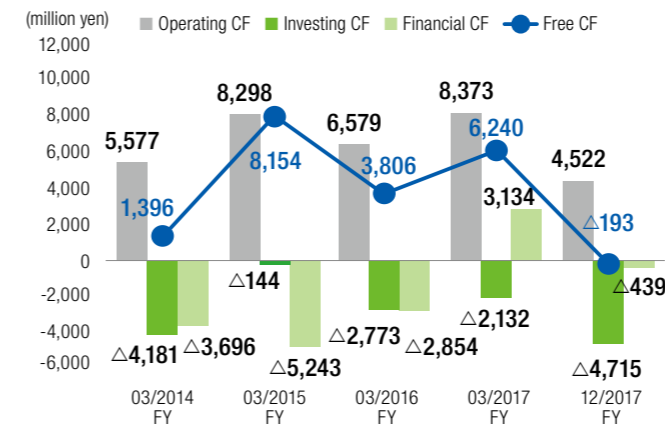
In the December 2018 fiscal year, Sodick plans to invest approximately 8,000 million in plant and equipment, including multifactories at the Kaga Office, new headquarters in the European sales office, and increased production capacity in precision molds and precision molding business and in ceramics. In addition to R&D related to

metal 3D printers, we plan to invest approximately 4,200 million in R&D expenditures for the development of new power sources, new-generation CNCs, and new models, as well as for the development of next-generation technologies. We will continue to conduct cash flow management based on a balance between growth investment and strengthening our financial position.

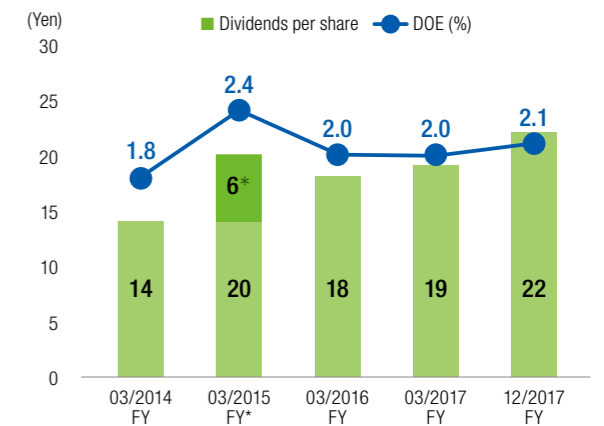
Regarding returns to shareholders, Sodick will continue to pay shareholder dividends in a stable and sustainable manner with a management target value of at least 2% for dividend yield on equity,² based on comprehensive judgments of our business performance, cash flows, and the progress made in strengthening our financial structure. As to capital efficiency, ROE³ in the fiscal year ended in December 2017 came to 11.1%, an improvement of 3.7 percentage points from the previous fiscal year. However, Sodick aims to improve this by strengthening our 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 dividends/Shareholders' equity
³: ROE (return on equity) = Net income for the period/(Net assets - Stock warrants - Non-controlling interests)

Cash flow



Dividends per share / DOE



* Including six yen for the commemorative dividend

Changes to Our Accounting Fiscal Year

Starting with the fiscal year ended in December 2017, we changed it so that instead of ending on March 31, our accounting fiscal year now ends on December 31. The fiscal year ended in December 2017 is a transitional period representing an irregular account settlement period of nine months. By consolidating accounting periods with our overseas affiliates, we will strive to get a grasp of and disclose management information in a timelier and more accurate manner in

aiming to make more appropriate management decisions and act on business strategies faster.

By converting the fiscal year-end of the Company and all consolidated subsidiaries from January to December 2017, sales of 78,714 million yen, operating income of 9,161 million yen and operating income margin of 11.6% are secured. All of these results have been updated record.

Consolidated target period for the December 2017 FY

		03/2017 FY				12/2017 FY		
		Jan. - March	April - June	July - Sept.	Oct. - Dec.	Jan. - March	April - June	July - Sept.
Companies closing accounts in March		12 months				9 months		
Companies closing accounts in December		12 months				12 months		

Comparative reference numbers

	Jan. - Dec. 2016		Jan. - Dec. 2017	
	Actual	Income margin	Actual	Income margin
Net sales	62,284	-	78,714	-
Gross profit	22,410	36.0%	28,483	36.2%
Operating income	5,285	8.5%	9,161	11.6%
Ordinary income	4,452	7.1%	9,384	11.9%
Net income	3,417	5.5%	6,664	8.5%

* This is the result of unifying the consolidated period of all companies from January to December.

Consolidated Financial Statement

Consolidated Balance Sheets

	(Unit: million yen)		(Unit: US\$1,000*)
	03/2017 FY	12/2017 FY	12/2017 FY
Assets			
Current assets			
Cash and deposits	¥ 36,847	¥ 37,014	\$ 328,519
Notes and accounts receivable-trade	14,317	18,048	160,193
Electronically recorded monetary claims-operating	283	1,136	10,087
Merchandise and finished goods	7,406	8,986	79,761
Work in process	8,006	9,270	82,279
Raw materials and supplies	7,232	9,021	80,069
Deferred tax assets	1,417	1,610	14,291
Other	2,779	2,588	22,975
Allowance for doubtful accounts	△154	△149	△1,326
Total current assets	78,136	87,527	776,848
Non-current assets			
Property, plant and equipment			
Buildings and structures	20,310	20,604	182,878
Machinery, equipment and vehicles	17,592	19,268	171,018
Tools, furniture and fixtures	2,926	3,163	28,079
Land	7,234	7,267	64,505
Leased assets	765	774	6,876
Construction in progress	217	2,021	17,944
Accumulated depreciation	△25,278	△26,805	△237,910
Total property, plant and equipment	23,768	26,296	233,391
Intangible assets			
Goodwill	1,888	1,780	15,800
Other	1,298	1,115	9,897
Total intangible assets	3,187	2,895	25,697
Investments and other assets			
Investment securities	3,276	4,075	36,175
Long-term loans receivable	28	13	118
Deferred tax assets	99	96	861
Other	884	1,024	9,090
Allowance for doubtful accounts	△110	△114	△1,013
Total investments and other assets	4,179	5,096	45,230
Total non-current assets	31,135	34,287	304,318
Total Assets	¥ 109,271	¥ 121,815	\$ 1,081,166

* US\$ amounts are converted at the rate of US\$1 = 112.67 yen observed in trading in the Tokyo foreign currency market as of December 31, 2017.

	(Unit: million yen)		(Unit: US\$1,000*)
	03/2017 FY	12/2017 FY	12/2017 FY
Liabilities			
Current liabilities			
Notes and accounts payable- trade	¥ 5,501	¥ 6,092	\$ 54,077
Electronically recorded obligations-operating	5,776	6,807	60,419
Short-term loans payable	4,497	4,739	42,070
Current portion of long-term loans payable	10,287	8,460	75,093
Accounts payable-other	1,207	1,666	14,793
Income taxes payable	595	1,183	10,507
Provision for product warranties	368	461	4,099
Provision for quality guarantee	4	5	45
Provision for bonuses	550	539	4,790
Provision for point card certificates	1	0	8
Other	4,218	6,390	56,721
Total current liabilities	33,009	36,349	322,621
Non-current liabilities			
Convertible bond-type bonds with subscription rights to shares	7,995	7,991	70,924
Long-term loans payable	18,173	20,512	182,061
Provision for directors' retirement benefits	23	23	211
Provision for product warranties	245	277	2,466
Net defined benefit liability	532	534	4,744
Asset retirement obligations	81	67	600
Other	499	890	7,908
Total non-current liabilities	27,551	30,298	268,915
Total liabilities	60,560	66,648	591,536
Net Assets			
Shareholders' equity			
Capital stock	20,778	20,780	184,435
Capital surplus	5,881	5,883	52,221
Retained earnings	22,735	27,514	244,208
Treasury shares	△4,697	△4,697	△41,696
Total shareholders' equity	44,698	49,481	439,168
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	1,105	1,294	11,490
Foreign currency translation adjustment	2,821	4,196	37,246
Remeasurements of defined benefit plans	△12	75	666
Total accumulated other comprehensive income	3,914	5,566	49,402
Non-controlling interests	97	119	1,061
Total Net Assets	48,710	55,166	489,631
Total Liabilities and Net Assets	¥ 109,271	¥ 121,815	\$ 1,081,166

Consolidated Statements of Income

	(Unit: million yen)		(Unit: US\$1,000*)
	03/2017 FY	12/2017 FY	12/2017 FY
Net sales	¥ 61,812	¥65,604	\$582,275
Cost of sales	39,318	42,445	376,724
Gross profit	22,494	23,159	205,551
Selling, general and administrative expenses			
Personnel expenses	6,750	6,058	53,775
Provision of allowance for doubtful accounts	△6	14	132
Amortization of goodwill	145	111	991
Provision for point card certificates	0	△0	△7
R&D expenses	2,148	2,016	17,895
Other	8,218	7,468	66,288
Total selling, general and administrative expenses	17,257	15,669	139,073
Operating income	5,236	7,490	66,478
Non-operating income			
Interest income	146	185	1,645
Dividends income	48	51	453
Foreign exchange gains	—	341	3,033
Equity in earnings of affiliates	45	18	163
Subsidy income	75	140	1,251
Gain on sale of scraps	24	21	189
Other	176	132	1,174
Total non-operating income	517	890	7,908
Non-operating expenses			
Interest expenses	410	259	2,305
Foreign exchange losses	572	—	—
Commission for syndicate loan	—	108	959
Other	149	102	911
Total non-operating expenses	1,133	470	4,174
Ordinary income	4,620	7,910	70,211
Extraordinary income			
Gain on sales of non-current assets	85	98	870
Other	0	0	0
Total extraordinary income	85	98	870
Extraordinary losses			
Loss on sales of non-current assets	9	18	160
Loss on retirement of non-current assets	40	196	1,746
Loss on valuation of shares of subsidiaries and associates	462	—	—
Other	—	21	194
Total extraordinary losses	512	236	2,100
Profit before income taxes	4,193	7,772	68,981
Income taxes - current	1,134	2,059	18,281
Income taxes - deferred	△599	△47	△420
Total income taxes	535	2,012	17,861
Profit	3,658	5,759	51,120
Profit attributable to non-controlling interests	13	23	206
Profit attributable to owners of the parent	¥ 3,644	¥ 5,736	\$ 50,915

* US\$ amounts are converted at the rate of US\$1 = 112.67 yen observed in trading in the Tokyo foreign currency market as of December 31, 2017.

Consolidated Statements of Comprehensive Income

	(Unit: million yen)		(Unit: US\$1,000*)
	03/2017 FY	12/2017 FY	12/2017 FY
Profit	¥3,658	¥5,759	\$ 51,120
Other comprehensive income			
Valuation difference on available-for-sale securities	356	188	1,675
Foreign currency translation adjustments	△1,439	1,376	12,219
Remeasurements of defined benefit plans, net of tax	152	87	780
Share of other comprehensive income of entities accounted for using equity method	0	2	21
Total other comprehensive income	△929	1,655	14,696
Comprehensive income	2,728	7,415	65,816
(Comprehensive income attributable to)			
Comprehensive income attributable to owners of parent	2,724	7,387	65,572
Comprehensive income attributable to non-controlling interests	¥ 4	¥ 27	\$ 244

* US\$ amounts are converted at the rate of US\$1 = 112.67 yen observed in trading in the Tokyo foreign currency market as of December 31, 2017.

Consolidated Statements of Changes in Equity

(Unit: million yen)

	Shareholders' equity					Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Accumulated remeasurements of defined benefit plans	Accumulated other comprehensive income		
FY 2017 (from April 1, 2016 to March 31, 2017)											
Balance at beginning of current fiscal year	¥20,775	¥5,879	¥19,870	¥△1,696	¥44,828	¥ 748	¥4,251	¥△165	¥4,835	¥ 94	¥49,758
Changes of items during period											
Issuance of new shares - exercise of subscription rights to shares	2	2			5						5
Dividends of surplus			△875		△875						△875
Reserve for the awards and welfare fund for employees of foreign subsidiaries			△9		△9						△9
Profit attributable to owners of parent			3,644		3,644						3,644
Change of scope of consolidation			104		104						104
Purchase of treasury shares				△3,000	△3,000						△3,000
Changes of items other than shareholders' equity						356	△1,430	152	△920	3	△917
Total changes of items during fiscal year	2	2	2,864	△3,000	△130	356	△1,430	152	△920	3	△1,047
Balance at end of current fiscal year	20,778	5,881	22,735	△4,697	44,698	1,105	2,821	△12	3,914	97	48,710
FY 2017/12 (from April 1, 2017 to December 31, 2017)											
Balance at beginning of current fiscal year	20,778	5,881	22,735	△4,697	44,698	1,105	2,821	△12	3,914	97	48,710
Changes of items during current fiscal year											
Issuance of new shares - exercise of subscription rights to shares	2	2			4						4
Dividends of surplus			△939		△939						△939
Reserve for the awards and welfare fund for employees of foreign subsidiaries			△17		△17						△17
Profit attributable to owners of the parent			5,736		5,736						5,736
Purchase of treasury shares				△0	△0						△0
Net changes of items other than shareholders' equity						188	1,374	87	1,651	21	1,673
Total changes of items during current fiscal year	2	2	4,779	△0	4,782	188	1,374	87	1,651	21	6,455
Balance at end of current fiscal year	¥20,780	¥5,883	¥27,514	¥△4,697	¥49,481	¥1,294	¥4,196	¥ 75	¥5,566	¥119	¥55,166

(Unit: US\$1,000*)

	Shareholders' equity					Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Accumulated remeasurements of defined benefit plans	Accumulated other comprehensive income		
FY 2017/12 (from April 1, 2017 to December 31, 2017)											
Balance at beginning of current fiscal year	\$ 184,416	\$ 52,203	\$ 201,788	\$ △41,690	\$ 396,718	\$ 9,814	\$ 25,044	\$ △114	\$ 34,744	\$ 868	\$ 432,331
Changes of items during current fiscal year											
Issuance of new shares - exercise of subscription rights to shares	17	17			35						35
Dividends of surplus			△8,335		△8,335						△8,335
Reserve for the awards and welfare fund for employees of foreign subsidiaries			△158		△158						△158
Profit attributable to owners of the parent			50,914		50,914						50,914
Purchase of treasury shares				△5	△5						△5
Net changes of items other than shareholders' equity						1,675	12,201	780	14,656	191	14,848
Total changes of items during current fiscal year	17	17	42,420	△5	42,450	1,675	12,201	780	14,656	191	57,298
Balance at end of current fiscal year	\$ 184,434	\$ 52,221	\$ 244,208	\$ △41,696	\$ 439,168	\$ 11,490	\$ 37,245	\$ 666	\$ 49,401	\$ 1,060	\$ 489,630

* US\$ amounts are converted at the rate of US\$1 = 112.67 yen observed in trading in the Tokyo foreign currency market as of December 31, 2017.

Consolidated Statements of Cash Flows

(Unit: million yen)

(Unit: US\$1,000*)

	03/2017 FY	12/2017 FY	12/2017 FY
Cash flows from operating activities			
Profit before income taxes	¥ 4,193	¥ 7,772	\$ 68,981
Depreciation	2,697	2,360	20,951
Amortization of goodwill	145	111	991
Increase (decrease) in net defined benefit liability	1	101	905
Increase (decrease) in provision of allowance for doubtful accounts	△21	△5	△45
Interest and dividend income	△195	△236	△2,098
Interest expenses	410	259	2,305
Share of (profit) loss of entities accounted for using equity method	△45	△18	△163
Foreign exchange losses (gains)	8	△83	△737
Loss (gains) on sale and revaluation of investment securities	—	13	118
Loss (gains) on sale and retirement of non-current assets	△35	116	1,036
Loss on valuation of shares of subsidiaries and associates	462	—	—
Decrease (increase) in notes and accounts receivable-trade	△85	△4,238	△37,622
Decrease (increase) in inventories	△1,051	△4,116	△36,537
Increase (decrease) in notes and accounts payable-trade	2,432	1,745	15,493
Increase (decrease) in accounts payable-other	△209	494	4,390
Increase (decrease) in advances received	706	1,252	11,113
Other	48	342	3,037
Subtotal	9,463	5,872	52,118
Interest and dividends income received	201	233	2,072
Interest expenses paid	△412	△260	△2,311
Income tax refund (or paid)	△879	△1,322	△11,739
Net cash provided by (used in) operating activities	8,373	4,522	40,139
Cash flows from investing activities			
Payments into time deposits	△551	△836	△7,429
Proceeds from withdrawal of time deposits	84	657	5,834
Purchase of property, plant and equipment	△1,848	△4,213	△37,401
Proceeds from sale of property, plant and equipment	507	362	3,222
Purchase of intangible assets	△356	△181	△1,607
Purchase of investment securities	△100	△0	△6
Proceeds from sale of investment securities	5	149	1,327
Purchase of shares of subsidiaries and associates	△3	△680	△6,042
Payments of loans receivable	△38	△1	△15
Collection of loans receivable	111	82	730
Other	55	△52	△469
Net cash used in investing activities	△2,132	△4,715	△41,856
Cash flows from financing activities			
Net increase (decrease) in short-term loans payable	△159	143	1,272
Proceeds from long-term loans payable	11,000	8,731	77,495
Repayment of long-term loans payable	△11,661	△8,244	△73,173
Proceeds from issuance of bonds with subscription rights to shares	8,000	—	—
Repayments of finance lease obligations	△137	△101	△902
Purchase of treasury shares	△3,000	△0	△6
Cash dividends paid	△875	△939	△8,336
Other	△31	△28	△252
Net cash used in financing activities	3,134	△439	△3,902
Effect of exchange rate change on cash and cash equivalents	△664	670	5,949
Net increase (decrease) in cash and cash equivalents	8,710	37	331
Cash and cash equivalents at the beginning of the period	27,328	36,037	319,852
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	△0	—	—
Cash and cash equivalents at the end of current period	¥36,037	¥36,075	\$ 320,183

* US\$ amounts are converted at the rate of US\$1 = 112.67 yen observed in trading in the Tokyo foreign currency market as of December 31, 2017.

Corporate Overview/Stock Information (As of December 31, 2017)

Location of head office: 3-12-1, Nakamachidai, Tsuzuki-ku, Yokohama, Kanagawa, 224-8522 Japan
Phone: +81-45-942-3111 (main)

Established: August 3, 1976

Capital Stock: 20,780,256,958 yen

Total number of authorized shares: 150,000,000

Total number of shares issued: 53,441,227

Total number of shareholders: 12,231

Number of employees: 701 (3,651 consolidated)

Stock listing: Tokyo Stock Exchange, First Section
Stock code: 6143

Fiscal year: January 1–December 31
(Our 42nd fiscal year lasted for nine months from April 1–December 31)

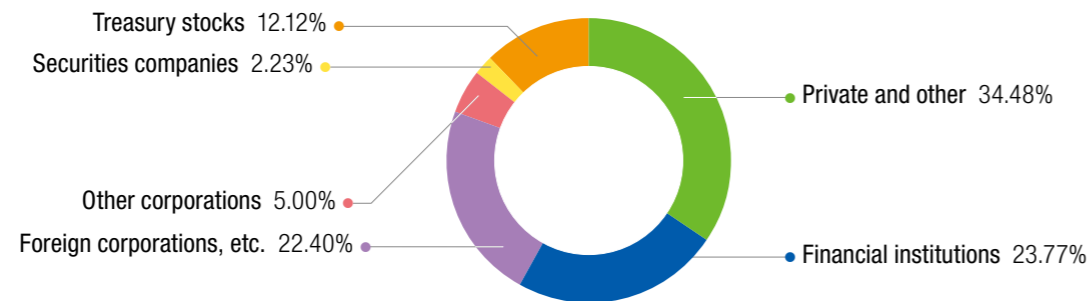
Annual shareholder's meeting: March

Administrator of the shareholder register: Mizuho Trust & Banking Co., Ltd.
2-8-4 Izumi, Sugunami-ku, Tokyo, 168-8507

Major Shareholders

Shareholder	No. of shares (shares)	Percent ownership (%)
Sodick Co., Ltd.	6,477,450	12.12
Japan Trustee Services Bank, Ltd. (trust account)	3,243,200	6.07
The Master Trust Bank of Japan, Ltd. (trust account)	2,299,800	4.30
BNP PARIBAS SECURITIES SERVICES LUXEMBOURG/JASDEC/FIM/LUXEMBOURG FUNDS/UCITS ASSETS	1,600,000	2.99
Toshihiko Furukawa	1,195,975	2.24
Sodick Business Partner Stock Ownership Association	1,010,400	1.89
Sumitomo Mitsui Banking Corporation	850,000	1.59
TF Co., Ltd.	850,000	1.59
Japan Trustee Services Bank, Ltd. (trust account 5)	822,200	1.54
Masaaki Suzuki	742,260	1.39

Share Distribution by Holder



Information on Our IR Site Please feel free to use our IR site.

<https://www.sodick.co.jp/en/ir/>

Sodick's Strength

Lists details on our businesses, our strengths, and our growth strategy in an easy-to-understand manner.

Now accepting questions.

Please use our inquiry form for questions not found among the frequently asked questions.



Access our IR site via smartphone



"TF-1" is the name of Sodick's PR character. TF-1 reports technology, people and events which generates "Sodick's spirit" from all angles.

Sodick's PR character TF-1

Group Network

Domestic Affiliates

- Sodick F.T Co., Ltd.**
2nd Floor, Nissou 13th Building, 2-5-1, Shinyokohama, Kohoku-ku, Yokohama, 222-0033, Japan
Phone: +81-45-478-0571 (main)/Fax: +81-45-478-0599
URL: <http://www.sodick-ft.co.jp>
- Management Division • Lease Division**
2nd Floor, Nissou 13th Building, 2-5-1, Shinyokohama, Kohoku-ku, Yokohama, Kanagawa 222-0033, Japan
Business lines: Rental, leasing, and marketing of NC EDMs and other machinery
- EWS Division**
Kou-8798-239, Tano-cho, Miyazaki, Miyazaki 889-1701, Japan
Business lines: Development, manufacture, and marketing of wires and electrode wires for EDMs
- EMG Division Kaga Office**
Ho-49-1, Yokaichi, Kaga, Ishikawa 922-0336, Japan
Business lines: Development and manufacture of ceramics for machine components; development, manufacture, and marketing of products that use various ceramics for direct sales
- Die Molding Division**
2nd Floor, Nissou 13th Building, 2-5-1, Shinyokohama, Kohoku-ku, Yokohama, Kanagawa 222-0033, Japan
Business lines: Manufacture and marketing of precision molds and precision molded articles; development and manufacture of nano processing technology
- Die Molding Division Miyazaki Office**
Kou-8798-255, Tano-cho, Miyazaki, Miyazaki 889-1701, Japan
- SNM Division**
Kou-8798-253, Tano-cho, Miyazaki, Miyazaki 889-1701, Japan
Business lines: Development, manufacture, and marketing of dies for EDMs
- Sodick LED Co., Ltd.**
5289 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, Shimogyo-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 Centers

- Sodick America Corporation**
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.**
中国上海市徐匯區桂平路471号
471 Guiping Road, Xu Hui District, Shanghai 200233, P. R. China

Production Centers

- 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區竹園路18号
No. 18 Zhuyuan Road, New District, Suzhou 215011, P. R. China
- 沙迪克(廈門)有限公司/Sodick Amoy Co., Ltd.**
中国福建省廈門市海滄區陽光西路376号
No. 376, West Yangguang Road, Haicang District, Xiamen, Fujian Province, 361022, P. R. China

Sales/Service Centers

- Sodick, Inc.**
601 Commerce Drive, Schaumburg, Illinois 60173, U.S.A.
- 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.**
中国上海市青浦區徐鎮鎮謝衛路229弄28号
No. 229-28, Xiewei 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
02, 1/F., Jiazhou Building Department Store 9013 Bin He Street, Futian District, Shen Zhen. P.C.:518048
- 蘇比克國際貿易(深圳)有限公司/Sodick International Trading (Shenzhen) Co., Ltd.**
中国廣東省深圳市福田區深南中路求是大廈東座1301室
Rm 1301 East, Qiushi Center, ZhuZiLin, Shen Nan Avenue, Futian, Shenzhen, Guangdong 518000, P.R. China
- 台灣蘇比克股份有限公司/Sodick (Taiwan) Co., Ltd. Taipei Head Office**
桃園市龜山區文化里19鄰科技一路26號
No. 26, Keji 1st Road, 19 Neighbor, Wunhua Village, Guishan Dist., Taoyuan City 333, Taiwan
- Sodick (H.K.) Co., Ltd.**
香港九龍荔枝角長沙灣道910號安泰大廈5字樓
5/F., Edward Wong Tower, 910 Cheung Sha Wan Road, Kowloon, Hong Kong
- Sodick (Thailand) Co., Ltd.**
60/84 Moo 19, Soi 19, Navanakorn Industrial Estate Zone 3, Phaholyothin Road., Klongnueng, Klongluang, Pathumthani 12120, Thailand
- Sodick Singapore Pte., Ltd.**
Blk 50 Ubi Crescent #01-04 Ubi Techpark, Singapore 408568
- Sodick Technology (M) Sdn Bhd**
No. C-G-22, Block C, Jalan PUJ 1A/3K, Taipan 1 Damansara, Ara Damansara, 47500 Petaling Jaya, Selangor, Malaysia
- Sodick Korea Co., Ltd.**
14095, 57, Anyang-ro, Manan-gu, Anyang-si, Gyeonggi-do, Korea
- Sodick Technologies India Private Limited**
No. 19 Alpine Arch, 2nd Floor, Opp. Divyashree Chambers, Langford Road, Bangalore-560 025, India
- Sodick Vietnam Co., Ltd.**
14B Song Da Street, Ward 2, Tan Binh District, HCM City, Vietnam
- Sodick Philippines Inc.**
M201 Unit, GRM Ecozone Storage Inc, Building, 124 East Science Avenue, Laguna Technopark Binan, Laguna, Philippines
- PT Sodick Technology Indonesia**
Ruko Mall Bekasi Fajar Block B-22, MM2100 Industrial Town, Cikarang Barat, Bekasi 17842