

Sodick



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Sodick Co., Ltd.

3-12-1, Nakamachidai, Tsuzuki-ku,
Yokohama, Kanagawa, 224-8522 Japan

Tel: +81-45-942-3111

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

Integrated Report 2018

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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 needed for an understanding of the Company. We also provide up-to-date information on our website.

Report Period

This report covers performance for the fiscal year ended December 2018. Some of the content included herein dates from immediately before or after the period in question.

Report Scope

Sodick Co., Ltd. and its consolidated subsidiaries.

Changes to Our Accounting Period

From FY2017, we changed our accounting period so that instead of ending on March 31, it now ends on December 31. Consequently, the fiscal year ended December 2017 was a transitional period of changeover to the new accounting period, making it an irregular settlement period: the applicable period for consolidation was nine months (April 1 – December 31, 2017) in the case of Sodick, its consolidated subsidiaries and equity-method affiliates whose accounts are settled in March; and 12 months (January 1 – December 31, 2017) for consolidated subsidiaries whose accounts are settled in December. The consolidated subsidiaries that settle their accounts in December comprise seven consolidated subsidiaries in China.

Precautions concerning Forecasts

The current plans, strategies, etc. of Sodick and the Sodick Group described in this report that are not based on historical fact are merely future forecasts, and contain elements of risk and uncertainty. Please be aware that actual performance may differ significantly from these forecasts for a variety of reasons.

There are a number of important factors that could potentially affect our performance. These include the economic climate surrounding the business fields of Sodick and the Sodick Group in Japan, the Americas, Europe, Asia, Greater China, 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; and exchange rates. Factors that could potentially affect our performance are not limited to those mentioned here.

Company Motto

“Create”
“Implement”
and
“Overcome Difficulties”

“Pioneering the creation of new products”

Sodick is a pioneer in the field of numerical control (NC) electrical discharge machines (EDMs). Since our founding, we have dramatically enhanced processing precision through research into electrical discharge control and the development of NC units, thereby contributing to manufacturing worldwide.

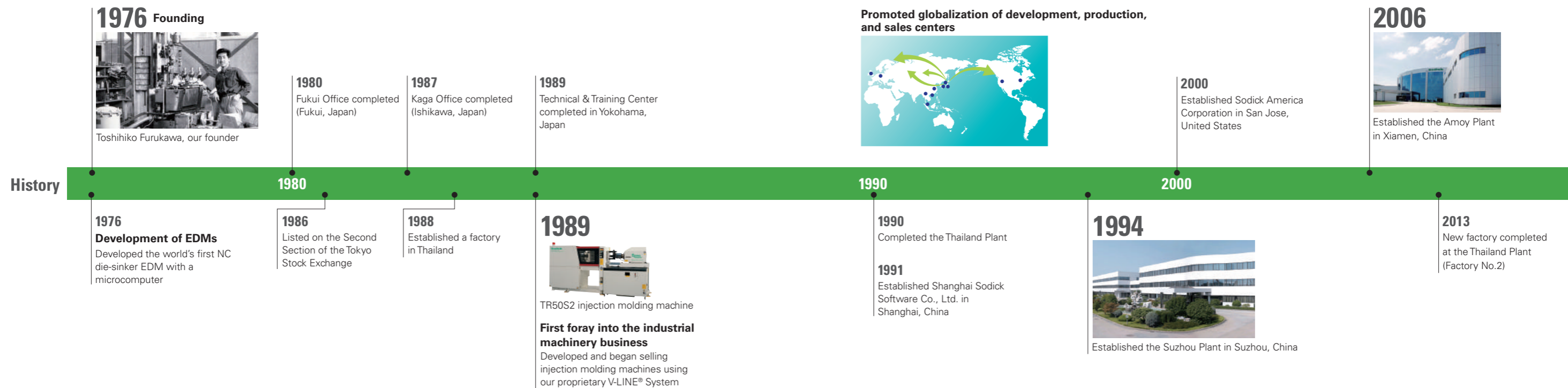
Our company motto “Create, Implement, and Overcome Difficulties” is in fact derived from our company name, combining the phonetics of the Japanese words for “Create” (sozo), “Implement” (jikko) and “Overcome Difficulties” (kuro kokufuku). It encapsulates our deeply held philosophy of “creating” new things, turning these into reality through “implementation,” and through a process of “overcoming difficulties,” contributing to our customers’ manufacturing operations. Our mission is to create machinery that our customers love to use. By consistently putting our motto into practice, we further enhance our own technologies and develop them for application in new product groups, thereby contributing to society via manufacturing.

Our New S-WING Logo

Our new logo “S-WING” features wings spreading to both sides, centered on the letter “S” for “Sodick” 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. In establishing this new logo, our thinking was that new wings would be needed to ensure even greater growth and further strides forward for the Company as we look ahead to the future of manufacturing in 10 or 50 years’ time, while at the same time passing on our strengths to the next generation.



Ongoing commitment to refining our unique strengths, in line with the times and customer demands



From 1976 Genesis – Breakthrough

Entering a period of high-speed growth, Japanese manufacturing required metal processing of greater precision.

Domestic production of electrical discharge machines (EDMs) – which had been developed by the former Soviet Union during the Second World War – got underway in the late 1940s to early 1950s. At that time, processing speed was slow and the finishing was crude, and so the only practical use for EDMs was in applications such as drilling holes in metals. As Japan entered a period of high-speed growth in the 1960s, rapid, high-precision metal processing and a beautiful finish were required for mass production. Under these circumstances, founder Toshihiko Furukawa developed the world's first non-consumable electrode transistor power supply. He went on to found Sodick with the aim of bringing EDMs – a game-changer in mold manufacturing – to practical application.

Founding of Sodick. World's first NC die-sinker EDM developed and structure for mass-production established

Sodick was founded in August 1976 as an EDM manufacturer. Our company name 'Sodick' derives from combining the phonetics of the Japanese words for "Create" (*sozo*), "Implement" (*jikko*) and "Overcome Difficulties" (*kuro kokufuku*). Our conviction from the time of our founding – namely of "Doing whatever it takes to meet the demands of our customers" and "Pioneering the creation of new products" – still prevails throughout our company to this day in the form of our corporate philosophy. When our founder Toshihiko Furukawa left the machine tool manufacturer (formerly JAPACKS) where he originally worked and established Sodick, initially there were just 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 was equipped with cutting-edge equipment, and its engineers learned from one another in an atmosphere of friendly competition to improve themselves. This enabled the company to develop and sell one EDM after another, outpacing its rivals on both performance and price. Net sales grew year by year and the company became the first EDM manufacturer to list on the Second Section of the Tokyo Stock Exchange, making it the fastest to do so at that time, just ten years after its founding. Then, in 1987, Sodick completed its Kaga Plant in which it adopted a state-of-the-art production system in an effort to automate.

From 1990 Overseas Expansion





Coping with sharp yen appreciation following the Plaza Accord and rising demand overseas.

In the 1980s demand grew overseas, and the proportion of our products that we exported grew to roughly 30%. However, the Plaza Accord of 1985 triggered a sharp strengthening of the yen and a jump in the value of the yen on foreign exchange markets. Export industries lost international competitiveness and Sodick was also hit hard. This coincided with a lack of supply capacity at our domestic factories, which led us to begin considering building factories overseas.

Promoting globalization of development, production and sales in five regions worldwide, beginning with Thailand

In order to cope with sharp yen appreciation following the Plaza Accord and rising demand overseas, Sodick's management team visited different Asian countries and decided to move into Thailand, taking into account factors such as convenience and the country's national characteristics. In 1988 a local affiliate was established, 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 Xiamen, thus expanding our production capabilities in China. In addition, we have established sales centers in Singapore, Beijing, Shanghai, Taiwan, 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.

<p>2007</p>  <p>DDM noodle-making machine First foray into the food processing machinery business</p>	<p>2012 New factory for the EWS Division of Sodick FT Co., Ltd. completed (Miyazaki, Japan)</p> <p>2013 New factory for the Metal Molding Division of Sodick FT Co., Ltd. completed (Miyazaki, Japan)</p>	<p>2016</p>  <p>Developed a large metal 3D printer and specialized injection molding machine</p>
<p>2000</p> <p>1998 World's first EDM equipped with linear motor</p> 	<p>2015</p>  <p>Listed on the First Section of the Tokyo Stock Exchange</p>	<p>2016 Completed a new factory for our food processing machinery business at the Kaga Office, Japan</p> <p>2018</p> <ul style="list-style-type: none"> •Second R&D building completed in Technical Training Center at Head Office •Multi-factory completed in the Kaga Office

From 1990 Era of Product Expansion

Helping customers to generate even higher added value, so as to transcend price competition with emerging markets.

After the bursting of Japan's bubble economy in the 1990s, Japanese manufacturers were exposed to international price competition along with the rise of manufacturers from China and South Korea. Against this backdrop, some customers in the manufacturing sector – whose focus was on added value as well as price – had expressed the view that even if they made precision molds with Sodick's EDMs, production using conventional injection molding machines was unstable. It was from these circumstances that Sodick's precision injection molding machines were born. Ever since then, Sodick has advanced hand-in-hand with its customers in developing a wide-ranging product lineup that supports them in the creation of even greater added value in manufacturing.

Ongoing development of injection molding machines and metal 3D printers to support future manufacturing

In addition to expanding overseas in the 1990s, Sodick has also continued to take on new challenges when it comes to our products. 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. Sodick has developed ceramics and linear motors in-house, and we have also advanced into the field of injection molding machines. This is one example of how we have realized our business philosophy of providing solutions for anything manufacturing-related. Sodick both develops and sells consumable goods. We are the only EDM manufacturer to do so, and this is one of our key strengths. Since the 2000s, we have continued to develop and release a string of

products unlike anything seen before, including nano-machines, NC devices equipped with 3D CAD-CAM functionality, electron beam machines, nano-EDMs, and more that put original in-house 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 on the First Section of the Tokyo Stock Exchange in 2015. In 2018, we completed a multi-factory in the Kaga Office, thereby enhancing our production centers. Sodick is working to establish a business infrastructure that is appropriate for a listed company, including strengthening both its manufacturing structure as a machinery maker and its corporate governance system.

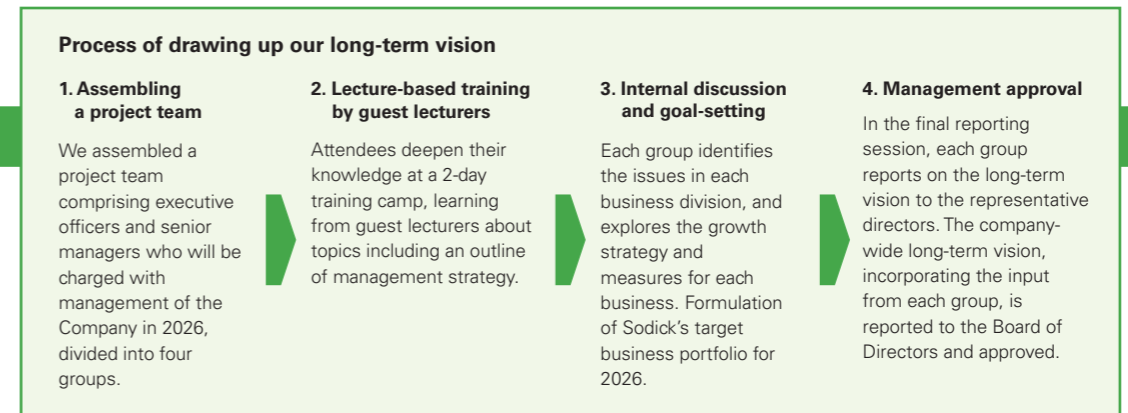
2019

Formulation of Sodick long-term business plan "Next Stage 2026 ~Toward Further Growth~"

To p19

2026

Realization of Sodick long-term business plan "Next Stage 2026 ~Toward Further Growth~"



To 2026 Promoting a Sustainability Strategy

Sustainability becomes a keynote theme in the corporate world and the international community.

Along with the globalization of corporate activities, manufacturing in a wide variety of fields is now supported by cross-border supply chains. At the same time, there has been an increase in geopolitical risk, including trade friction resulting from cross-national security issues. Moreover, sustainability is becoming a keynote theme, reflecting issues such as global environmental problems associated with natural resources and energy, global population growth, and food problems. This is arguably demonstrated by the fact that the Sustainable Development Goals (SDGs) adopted by the United Nations in 2015 and environmental, social and governance (ESG) initiatives are becoming established as the criteria on which companies are evaluated.

Formulating Sodick long-term business plan "Next Stage 2026 ~Toward Further Growth~"

In 2019, Sodick has drawn up a long-term business plan to 2026, marking 50 years since our founding. With this plan, we are aiming for medium-to-long-term sustainable growth in a way that addresses the changes in global society which impact our business. Its goal is to overcome the capital and labor-related business challenges facing machine tool manufacturers, where previously the future outlook was assessed over a relatively short time span. This plan has been drawn up by a task force of executive employees who will be charged with management of the Company in five to ten

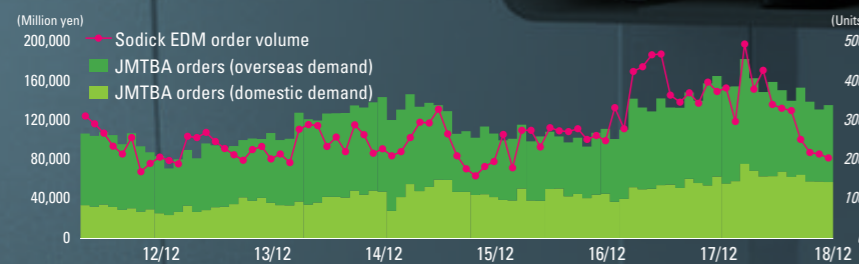
years' time. Their discussions include our business strategy for addressing changes in the market, including the advent of next-generation vehicles, the evolution of IoT and AI technology including 5G, the strengthening of environmental regulations, the shrinking workforce, and rising personnel costs. Based on quantitative targets of 125 billion yen in sales and 17 billion yen in operating income by FY2026, we have established policies targeting portfolio reform and stronger governance, capital policy, working style reform, and organizational reform.

A quest for high-precision processing

Further boosting market share with our industry-leading EDMs as the earnings driver



Trend in Sodick EDM order volume and machine tool sales orders

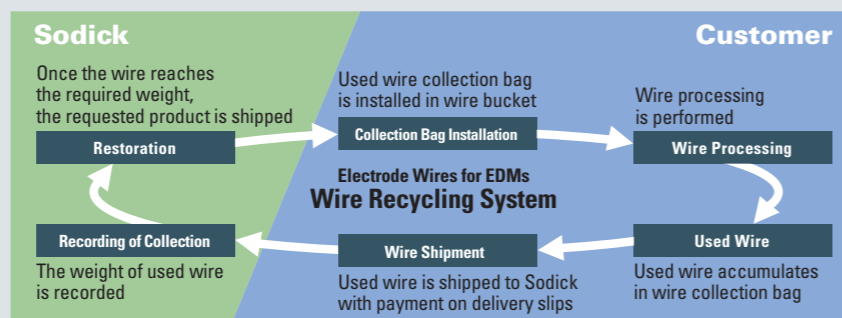


Demand for Sodick's EDMs, with their high-precision functionality, has grown at an even faster pace since 2017. This reflects technological advances in manufacturing, rising automation requirements resulting from soaring labor costs, and increased demand for next-generation automobiles, among other factors.

However, orders have slowed since the third quarter of the fiscal year ended December 2018 due to factors including US-China trade friction.

Provision of electrode wire for EDMs, a consumable product that supports recycling

After processing, used electrode wires are collected as raw materials, melted in a furnace, and processed into new electrode wires under strict quality controls. Sodick has established a wire recycling system in which used wire electrodes are recovered from customers in exchange for new wire electrodes or other consumables.



Aiming for ever greater precision in an untiring spirit of development

Sodick's origins lie in the pioneering spirit of our founder Toshihiko Furukawa, who invented products including nonconsumable electrode circuits. By dramatically enhancing mold machining precision, he alerted the industry to the benefits of electrical discharge machines (EDMs). Sodick inherited this corporate DNA and developed the world's first NC die-sinker EDM equipped with a microcomputer. As a pioneer of NC EDMs, Sodick has also developed core materials in-house, such as ceramics and linear motors, and has now established its position as the EDM manufacturer with the leading global market share. With the shift to electric vehicles (EVs) in recent years, there has been growing demand for die machining for products where greater precision can be achieved. Sodick's EDMs have also drawn attention in the semiconductor and electronic component fields, where they have proved indispensable for enhancing precision.



Ability to generate added value and cut costs through in-house production and customization

Ever since its founding, Sodick has put its business philosophy into practice, based on the concept: "Pioneering the creation of new products." For example, we have produced the hardware for EDMs in-house, such as linear motors that enable high-speed, high-precision movement with low energy consumption; ceramic-made, high-rigidity mechanical structural components; and motion controllers. We have also carried out in-house production of the software for NC units – the key to ultra-high-precision and ultra-high-quality machining with high level responsiveness. For injection molding machines, we have developed a proprietary direct pressure mold clamping system; the V-LINE® System that enables stable injection volume; and a hybrid system that combines hydraulics with electric motors. By promoting product differentiation, enhancing cost performance and customizability, we are further raising customer satisfaction.



Sodick's presence and competitive edge in "manufacturing powerhouse" China

In 1994, Sodick established a factory in Suzhou, and built a product development and production structure to meet local demands. By focusing on the Chinese market ahead of our competitors, we were able to establish Sodick's brand value, so that Sodick became synonymous with high-precision EDMs. China's mold and die industry has seen remarkable growth since the 2000s, and Sodick has secured a share of the high-end EDM market exceeding 40%. The number of technicians who are skilled in utilizing Sodick products has also increased in line with the large volume of Sodick machines in operation. Together with our local managers who come from Taiwan, Hong Kong and Shanghai, we have carefully built up a regional network of sales, service and maintenance offices. And alongside this, we are capturing demand in the Chinese market for high-precision equipment, which is being driven by increased sophistication in manufacturing and rising automation requirements. We are indeed at the threshold of a new growth phase.



Sodick booth at Chinaplas 2018

EDMs as a primary source of earnings

Helping customers to generate greater value with products that provide total manufacturing support

Core products



Outstanding reliability with V-LINE®

Injection molding machines are used across a wide range of fields, including automotive, IT, and medical equipment. In recent years, demand has grown particularly in the high-end market where ultra-high-precision machining is required. To meet these requirements, Sodick's proprietary V-LINE® injection molding machines ensure that a measured resin volume of uniform quality is injected into the mold. This enables favorable yields and stable molding without variance, and Sodick's products have been widely praised for their use in difficult-to-mold applications, including smartphone lenses and connectors, and automobile components.



V-LINE® injection molding machine

Expanded lineup of injection molding machines to support light metals and new materials

Since developing the industry's first magnesium alloy injection molding machine in 2002, Sodick has gone on to develop and offer its customers a wide range of injection molding machines that support new materials such as carbon-fiber and glass-fiber reinforced plastics, aluminum, as well as silicon. The ALM450 aluminum alloy molding machine employs the industry's first V-LINE® Direct Casting system and has dramatically improved yields. Its unique mechanism enables injection into the mold without the entrainment of air, facilitating high-quality molding of automotive parts as well as tablet and smartphone components. It is also being adopted as a replacement for die-cast machines. Going forward, Sodick will also work to develop large-scale machines capable of supporting even larger components.



ALM series

Helping to realize "smart factories" that utilize IoT (ICF-V)

Aiming for the realization of smart factories that utilize IoT, Sodick has developed "ICF-V*"; an automated production 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 conveyance machines over a network. This has resulted in 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 network-connected machines to perform monitoring, maintenance, control, and analyses, the system makes it possible to successfully visualize processes as a means of further enhancing productivity.

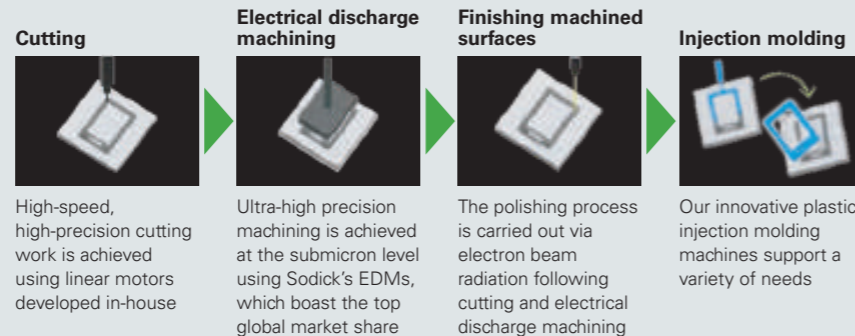


Next-generation automated production system "ICFV"

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

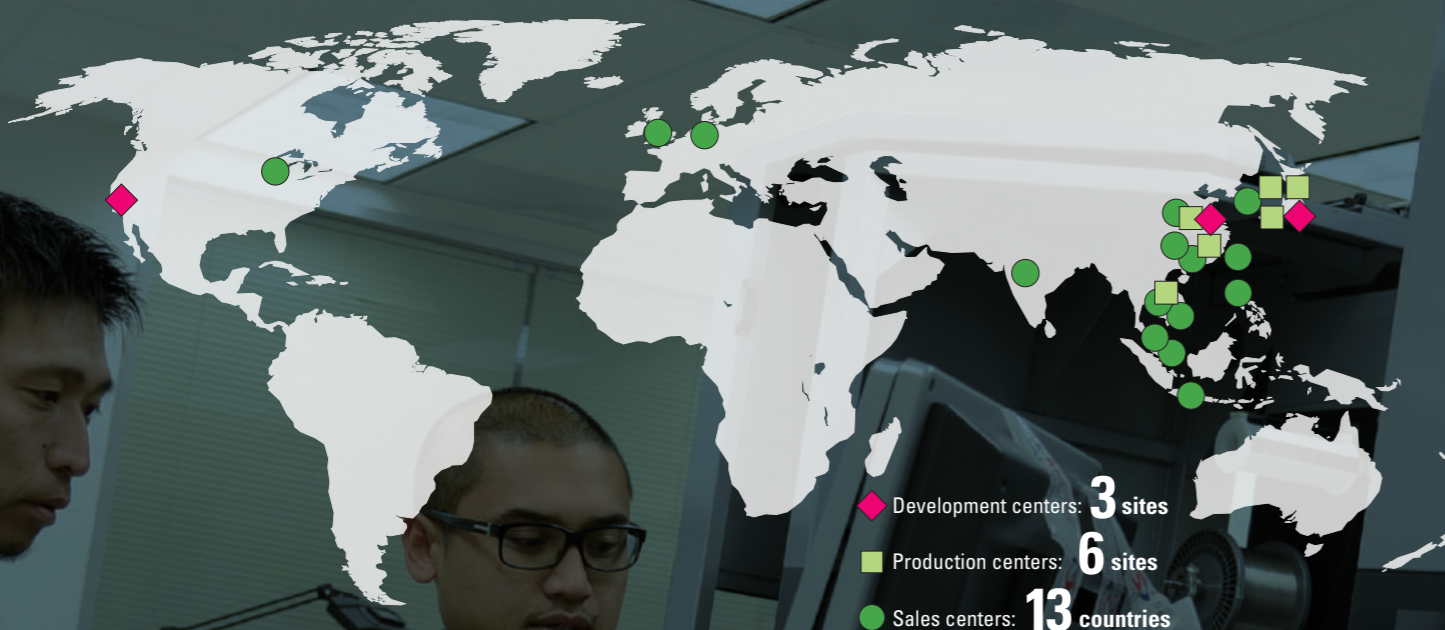
Developing new customers with one-stop solutions — Sodick's products and the smartphone manufacturing process

Through our flagship EDM products, Sodick provides total support for a wide variety of manufacturing processes – from product design through to machining dies and components, finishing machined surfaces, and molding. We offer the optimal solutions for resolving the challenges facing our customers.

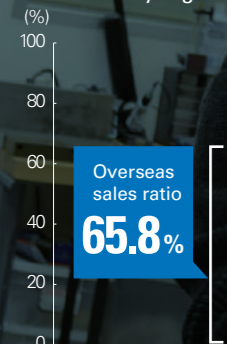


Expansion of worldwide customer base

Building a global development, production and sales structure that optimizes forex and market fluctuations



Sales ratio by region (%)

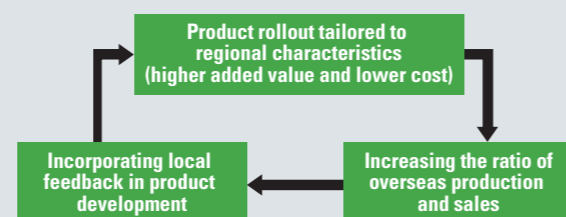


Net sales by region

Region	Machine Tools	Industrial Machinery	Food Processing Machinery	Others
Japan	12.8 billion yen	5.5 billion yen	3.7 billion yen	6.2 billion yen
North/South America	6.6 billion yen	0.7 billion yen	14 million yen	
Europe	7.2 billion yen	44 million yen		
Greater China	25.4 billion yen	3.5 billion yen	0.4 billion yen	0.1 billion yen
Asia	6.3 billion yen	1.3 billion yen	2.3 billion yen	
FY12/2018 net sales	82.7 billion yen			

Globalization as our fundamental growth strategy

Sodick is pushing forward with a management plan targeting sales of 86.3 billion yen and operating income of 9.8 billion yen in December 2021. To realize this target, Sodick is building a global production and sales structure that allows for exchange rate fluctuation risk. This process entails analyzing the economic situation in mature markets (developed countries, etc.) as well as emerging markets, and identifying customer requirements.



Thailand Plants are the global product supply center

Sodick is building a global production structure to meet local requirements in overseas markets, while minimizing the impact of exchange rate fluctuations. Over 90% of our EDMs are manufactured in Thailand and China. At the heart of this structure is our first Thailand plant, built in 1990, which exports products around the world. The Thailand plant handles the entire range of processes from EDM design through to manufacturing the core components such as linear motors, PCBs and ceramic products, and testing. It also started manufacturing injection molding machines in 2013. In 2018, meanwhile, we extended our second plant to accommodate growing demand.



Sodick (Thailand) Co., Ltd.

Full-scale operation of "multi-factories" that can flexibly accommodate environmental changes

In order to build a production structure that can flexibly address changes in the business environment and markets, in November 2018 Sodick invested around 3.2 billion yen in the Kaga Office for the construction of a multi-factory that can manufacture a wide variety of products, including EDMs, precision machining centers, metal 3D printers, and injection molding machine units. We are aiming to make labor and energy savings through automated assembly in cell production, and by implementing production, production control and inventory control utilizing IoT. We are also striving to further enhance productivity and shorten delivery times through measures including relocating our logistics center to within the Fukui Office site. Looking to the future, we plan to establish a structure that can address fluctuations in global demand even more flexibly, by optimizing the knowledge and expertise of our multi-factories so that they function as global "mother" factories.



Multi-factory at the Kaga Office

Expansion of technical centers

Sodick has technical centers in Japan, Singapore, and Suzhou in China. These technical centers play a showroom-type role for exhibiting a wide range of Sodick products, as well as a support function that allows customers to actually test manufacturing, a maintenance service function, and a training function for manufacturing personnel. To achieve our 40% global market share target, Sodick is expanding its technical centers around the world. In 2018, when relocating to our new office building in Chicago, North America, we augmented the functions of the technical center. In Europe, meanwhile, we are pushing forward with the design of a new office building for our sales base in the United Kingdom, including technical center functions.



Technical center

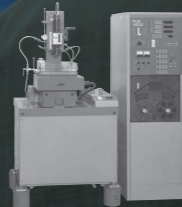
Listening to feedback from customers around the world

Proactively developing new operations and tapping new markets

History of new business creation

1 1976: Launch of first electrical discharge machine (EDM)

In 1963, our founder Toshihiko Furukawa invented several new technologies to resolve issues associated with the electrical discharge machines of the time, such as that machining took too long, that the finish was crude, and that they were too slow. In 1976, Sodick delivered the world's first NC die-sinker EDM equipped with a microcomputer.



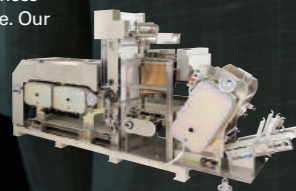
2 1989: Move into injection molding machine business

Some customers had expressed the view that even if they made precision molds with Sodick's EDMs, production using conventional injection molding machines was unstable, with molding imperfections. Responding to this, in 1989 Sodick developed an injection molding machine that realized stable plasticization and injection, later to be called the V-LINE® System.



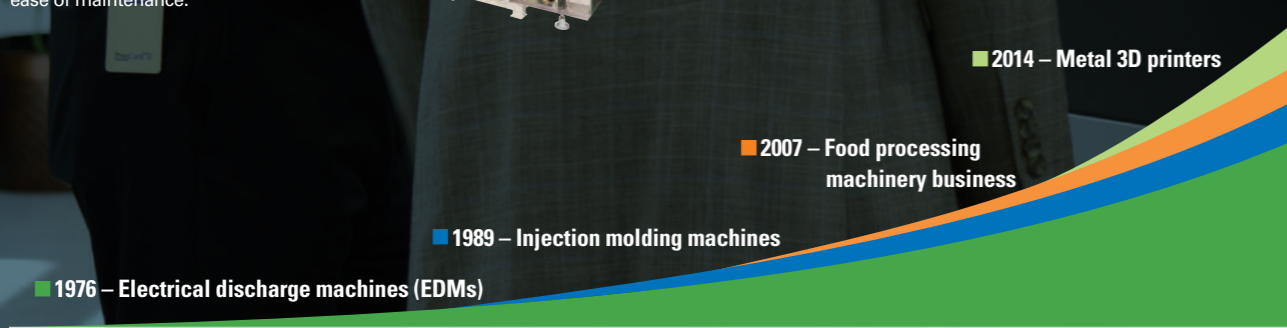
3 2007: Move into the food processing machinery sector

In 2007, in the light of the expanding frozen and cooked noodles market, Sodick embarked on the food processing machinery business with a focus on noodle-making machine. Our noodle-making machines feature numerous innovations, and have been widely praised for the delicious flavor they produce as well as their safety, low energy consumption, and ease of maintenance.



4 2014: Move into the metal 3D printer field

Against a backdrop of growing demand for precision molds associated with the ever-increasing sophistication of industrial operations, Sodick has developed metal 3D printers, which are a fusion of our in-house technologies. These enable the fabrication of molds with built-in 3D cooling pipes, revolutionizing the production of molds for plastic products.



A "Plastic Molding Revolution" for high-precision machining, high-quality production, and total cost reduction

Amid rising demand for sophisticated, precision metal molds, Sodick developed the OPM Series of metal 3D printers and the MR30 injection molding machine exclusively for dies formed by our metal 3D printers. With these products, we provide one-stop solutions, from producing molds through to forming the components.

OPM350L

The OPM350L makes it possible to machine complex three-dimensional shapes with a high degree of freedom, while obtaining a high-precision finish. The production of metal molds previously entailed a combination of many different components, whereas our integrated system improves productivity and drastically shortens lead times.



MR30

The 3D cooling pipes formed with the OPM Series maximize the cooling effect during resin molding, drastically reducing the molding cycle for plastic molded products, minimizing deformation, and improving the yield. This is a cell manufacturing system employing the fully automated eV-LINE, exclusively for OPM molds.



Metal mold and component machining operations using metal 3D printers (Machine Tools)

Metal 3D printers have gained attention as a means of addressing various requirements, including shortening metal mold manufacturing lead times, cutting production costs, and reducing the molding cycle. Against this backdrop, in 2014 Sodick launched the metal 3D printer OPM250L, and in 2016 the OPM350L, which supports large-scale molded objects. Then, in 2018, we released the entry model LPM325, a metal 3D printer in which the functionality is limited to metal molding and reference surface machining for secondary machining, thereby dramatically increasing the molding speed. Drawing on our extensive knowledge of metal mold manufacturing, we have stepped up the development of metal 3D printer technology at our new R&D building based at Yokohama Head Office, which was established in 2018. We plan to expand our lineup of products that support a variety of metal powders including titanium and Inconel, while improving molding speed and ease of maintenance. We have also set our sights on the component machining field and will be focusing our efforts on increasing sales in Asia and North America.



LPM325

Noodle manufacturing technology, supporting the growing Asian middle class and global awareness of healthy eating (Food Processing Machinery)

In Japan, the aging population and women's increased participation in the workforce has led to a boom in the ready-made meal market, in which pre-cooked food is purchased and consumed at home. There is also rising demand among food manufacturers for automated production, due to labor shortages. Responding to this situation, Sodick has developed noodle-making machines for soba, udon and chilled Chinese noodles, among others, which are sold by convenience stores and grocery supermarkets – in turn, supporting the ready-made meal sector. Sodick conducts scientific research into what constitutes a delicious taste, and our technological capabilities include realizing products with a pleasing texture and a long shelf life. This has enabled us to increase our market share in this sector, which includes a large number of small-midsize businesses. These Japan-made noodle products have proved to be popular in various Asian countries as well, and in 2018 we signed a large contract with a leading Chinese frozen noodle manufacturer worth around 2 billion yen. Going forward, we will continue to support expanding noodle demand worldwide.

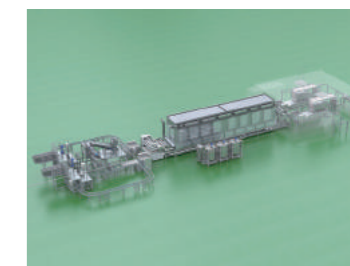


Noodle making machine "DDM"

Potential of the sterile-packed cooked rice production system (Food Processing Machinery)

Sodick has developed and sells a sterile-packed cooked rice production system by applying the technology from our noodle-making machines.

We have built a system that can manufacture rice packages with no human intervention in every stage from washing the rice through to finalizing the finished product. The system incorporates a pressure cooker that employs steam at 140°C, allowing the rice to be rapidly sterilized. As well as ensuring safety, the system maximizes the "umami" flavor of the rice, making for a delicious end product. With more and more people eating separately rather than at the same time as a family, as well as the increasing need for emergency food provisions in preparation for disasters, there is growing demand for sterilized rice packages that can be stored at home for extended periods of time and used whenever needed. Demand is also increasing in Asia, where rice is a staple food. The market continues to grow, in part thanks to the Japanese food boom.



Sterile-packed cooked rice production line

A long-term management plan to become a corporate group sharing the fruits of sustained growth

Kenichi Furukawa
President and Representative Director

Record-high earnings

The changes in the business environment were wide and deep during my first year as president of the company. Discussions with the company's directors, executives, and numerous employees during the course of the year reminded me of the weight of the responsibility I carry as president to make the final decisions for our company policies. As I worked with our talented employees to contemplate and address various challenging issues, bringing to mind our founding philosophy to Create, Implement, and Overcome Difficulties gave me the courage to make difficult decisions.

Our plans and strategies aimed at growth produced record earnings in the fiscal year ended December 2018. Increased unit sales of our electrical discharge machines (EDMs), notably in Greater China, led us to record highs for both net sales and operating income. The higher EDM unit sales also joined with improved production efficiency at our plants helped raise our operating income margin to 12.0%.

Strong sales to the automotive and aerospace industries, slower growth in Greater China

Taking an overall view of our earnings performance by region, demand and sales in Japan were driven by the automotive and semiconductor industries. Demand for products and for automation at production sites fueled strong sales of EDMs and injection molding machines. In North America, sales continued strong to the automotive, aerospace, and medical equipment industries. European sales grew as brisk shipments to the automotive and aerospace industries, particularly in Germany and Italy, overcame the impact that the prolonging Brexit issue is having on sales in the UK. Sales in Asia varied by country but automotive industry demand remained firm in Thailand, India, and Malaysia. In China, our largest market, sales of injection molding machines for smartphone components declined, but EDM sales grew on ongoing automation demand from

the automotive industry and broadening demand for automation equipment in other industries. Overall sales started slowing in the third quarter and our factory capacity utilization rate declined due to seasonal factors and owing to client companies postponing investment plans amid the US-China trade friction. At the same time, rising fixed costs pulled down our operating income margin.

The food processing machinery segment continues to grow. Market conditions remained favorable with ongoing steady demand in Japan and overseas for high-quality noodle production equipment, including large orders in Asia, and growing demand for the sterile-packed cooked rice production system. Demand also continued to expand for automation equipment enabling factory labor-saving and improved sanitation. One of our management objectives is to build the food processing machinery and automation equipment businesses into core earnings drivers to supplement our core EDM business, and we believe the business growth for those products is a solid step in that direction.

Expanding our market share, strengthening the management structure

In fiscal year 2018, the Sodick Group introduced several new products and conducted aggressive promotion campaigns to expand our market share while strengthening our management structure from a long-term perspective.

We exhibited several new products at the Japan International Machine Tool Fair (JIMTOF) 2018 held in Tokyo in November, including the AL800P linear motor drive wire-cut EDM for large metal molds and parts, the AP30L ultra-fine machining die-sinker EDM in our flagship line of EDMs featuring high speed and highly efficient machining, and the versatile LPM325 metal 3D printer for high speed modeling plus the latest automated machining systems incorporating IoT technology. The Sodick AP30L received a Best 10 New Product Award from the *Nikkan Kogyo Shimbun* 2018. We aggressively presented the Sodick brand at key trade fairs around the world, including exhibiting at Die and Mold China 2018 in Shanghai in June and the International Manufacturing Technology Show 2018 in Chicago in September.

Internally, we fortified our management structure by enhancing our ability to respond to changes in the market. At our Thailand plant we added a second factory to boost production capacity and at the Kaga Office we commenced operations of a multi-factory capable of producing several products. We also opened dual-purpose office and showrooms in Chicago and Shanghai and are constructing a new building in the United Kingdom. In addition, at the new R&D facility completed at our head office in Yokohama in May, we launched expanded R&D of metal 3D printers and augmented our development activities for new elemental technologies, such as new power source devices and next-generation computer numerical controlled (CNC) machines.

Maintaining DOE at 2% or higher

Our dividend policy is to distribute a consistent level of dividends with a target dividend on equity (DOE) ratio of 2% or higher while maintaining a balance of sufficient reserves for investment in business growth and for strengthening our financial structure. Based on this policy and reflecting our earnings performance and the outlook for earnings conditions, we distributed dividends of 24 yen per share for the December 2018 fiscal year. We effectively applied internal reserves to R&D and capital expenditure aimed at fulfilling our long-term objectives of the company.

We plan to increase the annual dividend per share to 25 yen for the December 2019 fiscal year.

Offering manufacturing upgrades to counter slower economic growth in Greater China

One strength of the Sodick Group is our wide business foundation with almost 70% of its sales overseas. However, this broad base also inherently brings uncertainty for future business conditions. Among the current concerns are the impact from the US-China trade relations, political stability in Europe, geopolitical risk in Eastern Asia, and exchange rate fluctuations.

In the December 2019 fiscal year, we anticipate year-on-year declines in sales and operating income in the

December 2018 fiscal year results (Million Yen)

	FY December 2017*		FY December 2018	
	Results	Income margin	Results	Income margin
Net sales	65,604	-	82,716	-
Operating income	7,490	11.4%	9,888	12.0%
Ordinary income	7,910	12.1%	9,619	11.6%
Profit	5,736	8.7%	6,462	7.8%

*The Group aligned all companies to a December fiscal year end in 2017. The consolidated December 2017 fiscal year is therefore an irregular reporting period that includes nine-month fiscal periods from April to December 2017 for the Company and other group companies that previously had a March fiscal year end and 12-month fiscal periods for companies that already had December fiscal year ends.

December 2019 fiscal year forecasts (Million Yen)

	FY December 2019	
	Plan	Income margin
Net sales	76,800	-
Operating income	6,900	9.0%
Ordinary income	6,400	8.3%
Profit	4,700	6.1%

President's Message

first half owing to the smaller order backlog at the end of last year. Based on the strong yen early in the current fiscal year, we are also factoring in a foreign exchange loss of roughly 500 million yen. We expect the conditions to improve in the second half as corporate capital expenditure supports a recovery in demand for our products.

In the machine tool segment, we anticipate solid business from the automotive industry in Japan, North America, and Asia but expect the impact from rising geopolitical risk in Europe and slower business in Greater China due to the US-China trade friction to lead to an overall decline in unit sales volume for the year. We plan to focus on expanding sales of our core high-precision EDMs in Europe, the United States, and growth markets like India and Mexico where industries are eager to integrate more sophisticated manufacturing technology. We aim to be the top name in metal 3D printers and plan to offer upgraded product offerings with faster modeling speeds and the ability to handle more types of metal powders. We will also continue to develop our precision machining centers and other products into new earnings drivers for our future growth.

We anticipate unit sales in the industrial machinery segment to rise in Japan, North America, and Asia, particularly to the automotive industry, while falling in Greater China. Our core strategies for the segment are aimed at quickly establishing it as an earnings growth driver for the company. We aim to capture 10% market share in injection molding machines by continuing to expand sales of fully electric injection molding machines in the high-volume market segments. We will also cultivate the market for aluminum injection molding machines as an alternative for die cast machines for automobile parts and IT equipment parts where lighter weight materials are in demand. We aim to push the company's ratio of overseas sales above 70% by leveraging our competitive advantage to boost sales of high-precision molding machines for smartphone lenses, silicon molding, and other applications. We will also bolster our business operations in the European market and strengthen our sales capabilities in the India market.

We are looking to step up the business growth of the food processing machinery segment by meeting demand in Japan for high-quality noodle-making equipment from



convenience stores, supermarkets, and restaurant chains and meeting the growing demand overseas for equipment to make frozen and long shelf-life noodles. We also anticipate growing demand in Japan and overseas for the sterile-packed cooked rice production system. Cultivating markets for our products outside the noodle-manufacturing industry, such as in the packaged food and confectionery industries, is also a key strategy as we seek to build our food processing machinery business into a core driver for company earnings.

In the other segment, we will strengthen development of systems for automobile manufacturers incorporating metal 3D printers to create metal molds and injection molding machines to produce plastic parts. We will also start offering high value-added ceramic materials used in automobiles and semiconductors.

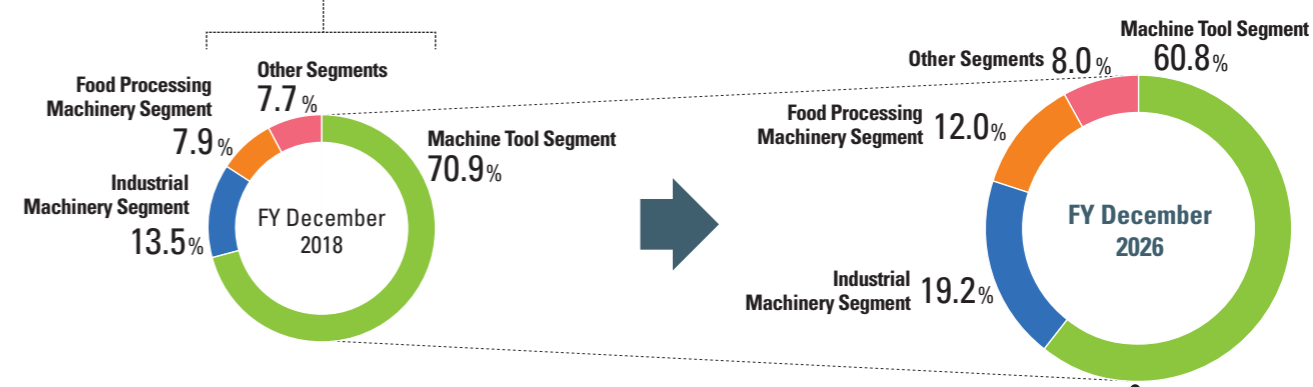
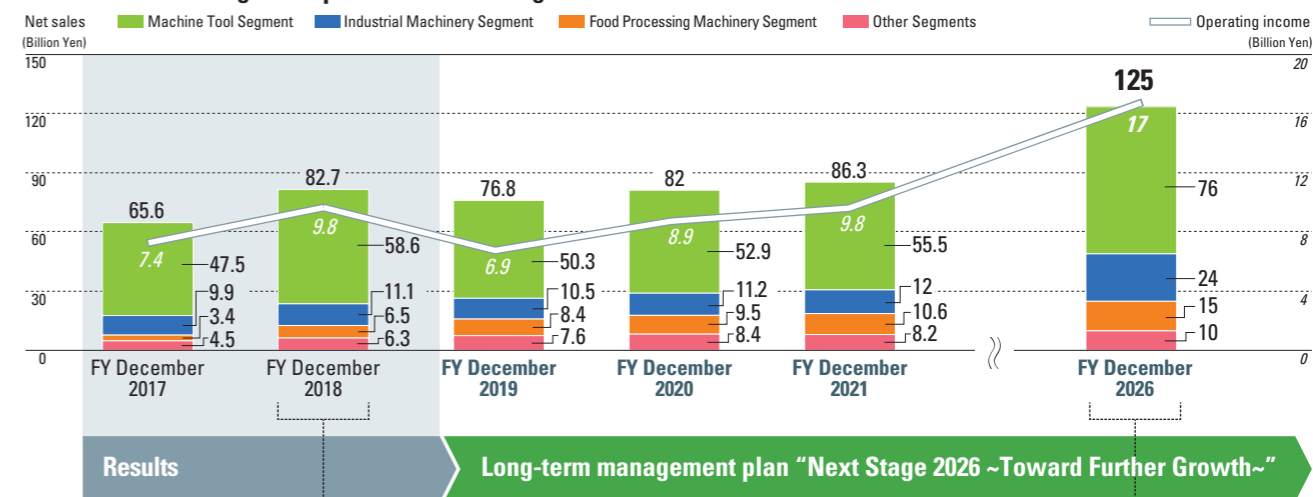
Maintenance services offered with our machinery sales and its consumables, such as EDM electrode wires, make up approximately 20% of the segment's sales and have become a stable source of cash. In the next few years, we will ramp up the number of machines linked to our network environment. We will then apply AI and other analysis methods to data gathered from the network of machines to our proprietary IoT services enabling seamless maintenance services to keep customer equipment running smoothly. Data gathered from the network will help us further boost customer satisfaction while creating a new revenue source.

Long-term management plan for 2026

As the business environment becomes increasingly challenging in this age of change, I believe it is more important than ever to lead the company with unwavering management conviction firmly rooted in our founding philosophy.

Strong and decisive management requires ambitious long-term targets and full dedication to achieving those targets. Machinery maker earnings are prone to fluctuate with prevailing business conditions so long-term targets are essential. Remaining true to our objectives will require fortitude and resilience, but I am convinced that the technology, knowledge, and expertise we gain from facing and overcoming challenges and from constantly striving to create new value will be the very characteristics that will lead us to successfully achieving sustained growth for our company and our stakeholders. The slowing growth of the Chinese economy will certainly put our earning ability to the test in the near term. At the same time, we have significant potential to make rapid advances in several other areas with promising earnings prospects, including increasing the levels of sophistication and automation of our manufacturing technology, contributing to the electrification of automobiles, developing medical and aerospace technology, and integrating IoT-based services. The potential we have to fulfill these aspirations is the basis for the medium-term management plan adopted in 2019 and also the long-term

Medium-term management plan results and targets



Business portfolio vision for 2026

Our product and business portfolio in the December 2018 fiscal year was dominated by machine tools, particularly EDMs, which accounted for the vast majority of revenue. We plan to have in place a more diverse and stable revenue base in the December 2026 fiscal year. Toward that goal, we are developing precision machining centers, metal 3D printers, light metal injection molding machines and sterile-packed cooked rice production system into full-fledged product lines that will join EDMs in driving our earning growth.

vision "Next Stage 2026 ~Toward Further Growth~"

Sodick's technologies and the advances we achieve in manufacturing techniques contribute to the preservation of our planet. The Sustainable Development Goals of the United Nations and the Paris Accord call for organizations and corporations to take a long-term perspective and work together to resolve global issues and realize a sustainable society. We are helping protect the global environment by providing equipment that advances the electrification of automobiles and by applying IoT and AI to manufacturing operations to reduce energy consumption and conserve resources. Sodick is also helping to realize a prosperous society by introducing more sophisticated manufacturing techniques to various industries. We formulated the long-term vision for 2026 through extensive discussion and input. We asked executive officers to envision their image for Sodick in eight years. We then put together a complete image that all of our employees at all levels of their careers could lean into and work toward.

Strengthening the compliance and corporate governance

that provides the foundation for these is also essential. This is particularly important for us because our laser and control technologies as well as our ceramics and other materials are being increasingly embedded as key components in a wider range of products used around the world. This also means that we must pay careful attention not just to controlling product quality but also to supervising our export operations.

Cultivating the next generation of company leaders is also essential to sustained long-term business growth. We are reformulating the personnel structures of the Company and the Group to create an environment that encourages each employee to develop their own area of specialization. We will foster conscientious "people" with the skills and desire to meet face-to-face with stakeholders, understand their perspectives, and then be able to formulate and diligently execute strategies that will support ongoing growth for us, our customers, and our business partners. I believe a manager's biggest responsibility is preparing the company for future success.

Management Issues

To fulfill our social responsibility

- Build a stable business foundation
- Return profit to stakeholders
- Supply products in a stable manner
- Reduce environmental impact over the product lifecycle
- Promote internationally agreed targets such as SDGs
- Establish a workplace environment that values human rights

To increase sustainability and corporate value

- Develop products that increase added value
- Widely sell products that enhance customers' productivity
- Reform manufacturing by utilizing cutting-edge technologies such as IoT and AI
- Create an employee-friendly workplace that values diversity
- Train employees and enhance skills

Growth Strategy of Each Business

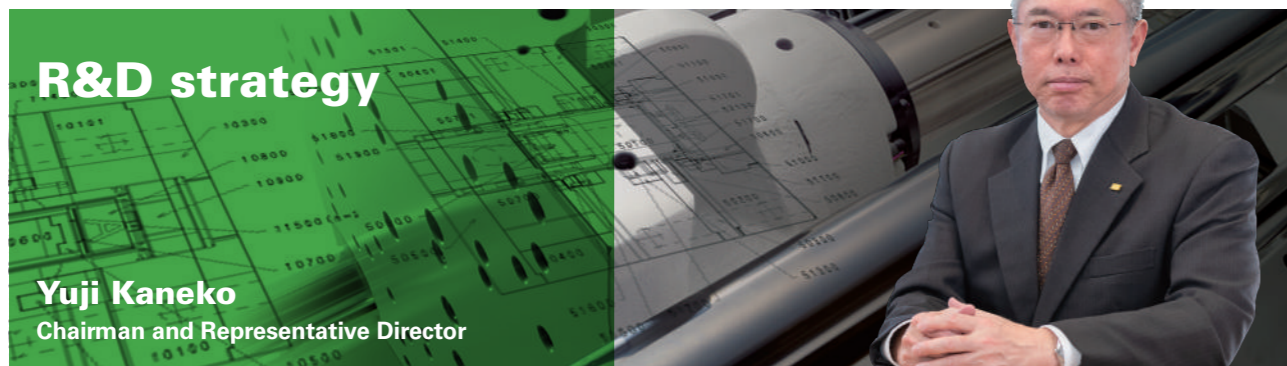
	Business environment	Focus products / Sales strategy	R&D	Production structure
Machine Tool Segment				
		Outline of medium-term plan: ● Develop new product lines following on from EDMs	■ Expand market share in all regions	◆ Bolster sales, production and service structure
Wire-cut EDMs	-Changes in the automotive industry (next-generation vehicles, self-driving vehicles, etc.) -Expansion of communications network (5G, big data, highly functional smartphones, etc.) -Growth in demand for high-precision processing equipment -Rise in automation requirements	◆ Enhance marketing systems in emerging markets (India, Mexico, etc.)	● Complete new R&D building at Head Office. Strengthen Group-wide technology and product development through concerted efforts with the US and China bases ● Continue R&D aiming for enhanced performance, quality, operability ● Continue R&D aiming for expanded applications, processing expertise, metal powders ● Internalize production of core technologies	◆ Complete multi-factory at the Kaga Plant, including a logistics function ◆ Roll out cell production system to overseas plants, with Kaga Plant as the "mother factory" ◆ Cut costs by internalizing production of elemental technology
Die-sinker EDMs		■ Increase share in the West (automotive and aerospace industries)		
Small-hole drilling EDMs		■ Upgrade sales bases in the US, UK, Shanghai		
Precision machining centers		● Strengthen precision machining center lineup and sales structure		
Metal 3D printers		● Expand metal 3D printer lineup, accelerate sales		
Industrial Machinery Segment				
		Outline of medium-term plan: ● Increase the ratio of overseas sales to 70% or higher	■ Enhance marketing systems and sales structure	◆ Strengthen competitiveness by reducing costs
Horizontal injection molding machines	-Changes in the automotive industry (increase in electronic parts, shift to lighter and smaller components) -Expansion of communications network (5G, big data, highly functional smartphones, etc.) -Growth in demand for high-precision processing equipment -Rise in automation requirements	● Expand lineup of our fully electric injection molding machines "MS Series"	● Complete new R&D building at Head Office. Strengthen Group-wide technology and product development through concerted efforts with the US and China bases ■ Enhance preventive maintenance and status management solution capabilities through use of automated production systems, IoT and AI ◆ Continue to refine magnesium and aluminum injection molding machines	◆ Continue with cost reduction project ◆ Complete multi-factory at the Kaga Plant, including a logistics function ◆ Roll out cell production system to overseas plants, with Kaga Plant as the "mother factory" ◆ Strengthen production systems at overseas bases
Vertical injection molding machines		● Focus on overseas sales (entry into India and European market)		
Light metal injection molding machines		■ Strengthen marketing systems in China and Asia ● Increase sales of light metal injection molding machines		
Food Processing Machinery Segment				
		Outline of medium-term plan: ● Expand overseas sales	■ Cultivate new product lines following on from noodle-making machines and packed cooked rice production systems	◆ Strengthen sales, production and development structure
Noodles	-Growing automation requirements -Increasing popularity of Japanese food overseas -Increased demand for high-quality cooked noodles	● Strengthen sales in Japan and overseas	◆ Automate manufacturing facilities and standardize products to reduce cost ◆ Gather scientific data regarding food properties, and reinforce development of high-quality products by expanding application to new fields	◆ Build a structure for local production and local sales ◆ Shorten delivery lead times by expanding the Kaga Plant ◆ Boost production capacity at overseas factories and establish systems for supply to Chinese and Asian markets
Cooked rice		● Develop demand for high value-added products in China and Asia ● Secure new and replacement orders from major food manufacturers		
Others	-Expansion of the ready-made meal market -Rise in automation and labor-saving requirements	■ Develop and increase sales of products for ready-made meals market ■ Expand sales of automated, labor-saving equipment		
Other Segments				
		Outline of medium-term plan: ● Increase profitability of precision mold and precision molding operations	■ Increase production and sales of ceramics parts	◆ Increase productivity through introduction of automated systems
Precision mold and precision molding operations	-Continuous demand in automotive and semiconductor industries	● Capture demand for next-generation vehicle components ◆ Strengthen cell production systems using metal 3D printers and their dedicated injection molding machines	◆ Strengthen mold processing technology in metal 3D printers ◆ Strengthen R&D of cell production systems using metal 3D printers and their dedicated injection molding machines	◆ Bolster production capacity at the Miyazaki Plant
Ceramics	-Continuous demand from semiconductor manufacturing equipment manufacturers	■ Increase sale of ceramics parts for the semiconductor production equipment sector ■ Expand sales channels into high value-added fields	■ Strengthen R&D aiming for enhanced quality and precision	◆ Bolster production capacity at the Kaga ceramics production plant

Strengthen the management foundation

ESG

- ★ Environmental protection initiatives
- ▶ Address social issues
- Corporate governance

- ★ Reduce the environmental impact during procurement/production
- ★ Promote development of environmentally-friendly products
- ★ Build production and sales systems according to demand
- ▶ Promote diversity
- ▶ Establish an employee-friendly workplace environment
- ▶ Strengthen personnel training and the management structure
- ▶ Contribute to local communities
- ▶ Strengthen the quality management structure
- Strengthen Group governance, including risk management and compliance
- Hold dialogue with stakeholders
- Strengthen structure for promoting CSR
- Build business management structure



Linking operations in the markets of Japan, China, and North America and steadily progressing along our 10-year roadmap.

Constructing a global development structure

Sodick remains steadfastly true to its founding philosophy to contribute to our customers' manufacturing operations. Our R&D is committed to realizing the highest levels of processing accuracy and speed with wide-ranging functionality.

We are creating an R&D network linking operations in the three major markets of Japan, China, and North America.

Every year, our engineers from around the world gather at our main R&D centers to hold joint technical meetings to share the latest technical information and lay out a 10-year roadmap for each segment, product, and service and to set key performance indicators we need to attain. We then track our progress at monthly technical meetings. In 2018, we completed a new R&D building on the premises of our head office in Yokohama. We then bolstered our staff of engineers and broadened the functions of the Advanced Research Center where we develop the numerical control (NC) units that serve as the "brains" of Sodick products and our motion

sensors that are key differentiators for our technologies. The center is also engaged in R&D of new power source devices, next-generation computer numerical controlled (CNC) machines, and other new elemental technologies that will be the core technologies in next-generation machining equipment.

Engineers at our R&D bases in China and North America also worked with the Japanese technical staff to put together our roadmap. Our engineers overseas are advancing R&D locally using the latest technical information from their regions. At Shanghai Sodick Software Co., Ltd., established in 1991, professors from Shanghai Jiao Tong University help us cultivate talented young engineers into managers to lead the development of software incorporating human interface technology. We established Sodick America Corporation in 2000 in Silicon Valley, the epicenter of groundbreaking IT technology. The company is ideally located to absorb the latest information and stay at the cutting edge of technological advances as it develops motion controllers

Development centers and their main development themes

Development center	Location	Main R&D themes
Advanced Research Center	Yokohama and Kaga, Japan	Overall group R&D
Shanghai Sodick Software Co., Ltd.	Shanghai, China	Software development
Sodick America Corporation	San Jose, United States	Motion controller development



for our high-speed, high-precision linear motors driven by our NC units.

Our three R&D hubs are working together to create the next-generation of core technologies and coordinating with development staff from our business segments to advance the R&D that will drive Sodick's growth into the long term.

Focused on next-generation elemental technology and growth markets

Sodick expects to again spend roughly 4.2 billion yen on R&D in the December 2019 fiscal year. Although our earnings prospects are uncertain in the changing global economy, adhering to our roadmap and steadily advancing our research is essential to ensure the company continues to grow into the long term.

One of our main focus domains is electric vehicles. Electrifying automobiles means they will need to carry more electronic components, which will need to have impenetrable watertight properties that will only be achievable with advanced micromachining technology. At the same time, automakers will increasingly need integrated molding for bumper and body parts, which will require large die machining capabilities. We will seek to capture this demand with our EDMs with linear motors, which are ideally designed to meet the needs for both micro-machining and large machining. We are further enhancing the specifications of our OPM and LPM series of metal 3D printers and the cell production system of MR30 injection molding machines using dies from our metal 3D printers to optimize them for automated assembly lines.

In the aerospace domain, we are enhancing the machining accuracy and speed of our K3HS small-hole drilling EDM that accommodates profile changes of jet engine turbine blades.

Additionally, we are focusing on developing technology that will accelerate the high-speed carbide machining for



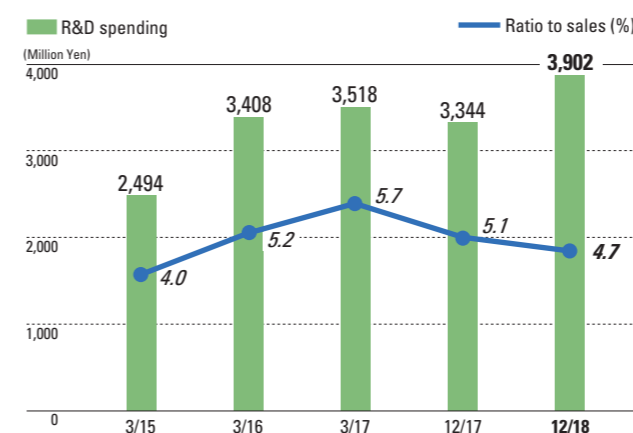
new power source devices and high-speed technology for motor controller using the latest CPU technology for next-generation CNC machines. We plan to broaden our range of offerings not just in machining equipment but also for injection molding machines and food processing machinery.

Fostering personnel and a work environment that encourages active discussion

As we carry out this aggressive investment in new technologies, our people are our most precious management asset. While creating a work environment that encourages open discussion, we seek to cultivate personnel capable of actively engaging in discussions inside and outside the company. We provide opportunities for our engineers engaged in basic research and product development at our company to accumulate a diverse range of experience and knowledge and deepen their areas of specialization by working in our research centers in Yokohama, China, North America and in our product development departments of each business segments.



Annual R&D spending





Global sales strategy

Keisuke Takagi
Vice President and Representative Director,
Sales Managing Division

We will bolster our leading position in the EDM market to aggressively market our products in markets around the world.

Actively marketing in five regions around the globe

Sodick has had a global mindset from early in its business development. Our worldwide marketing systems promoting our products and providing full customer support keep us on top of changes in each market. We currently sell our products in the five regions of Japan, the Americas, Europe, China, and Asia, and overseas sales have grown to some 70% of our total sales.

China is the biggest market for molds, and local capital investment is rapidly increasing as Chinese industries move to more sophisticated manufacturing methods. In the December 2018 fiscal year, we shipped roughly 60% of our EDM unit to China. One of the reasons for our success in the country is that we were the first in the market when it opened to non-Chinese participants. We quickly set up local manufacturing bases and a sales network for high-precision EDMs, which firmly established Sodick's brand recognition and is the foundation for the enduring trust in our products. China's economy has slowed in the past year, partly due to the trade friction with the United States. Nevertheless,

China remains a top market for us. We expect sharply rising labor costs and a continuing need for more sophisticated manufacturing operations to drive demand for automation and high-precision machinery into the long term.

Risk associated with China and our high EDM sales volume

We recognize that our heavy reliance on earnings from the China market and EDM sales presents risk to our business and are actively developing new high-precision equipment and promoting sales in several new fields to diversify our revenue streams. We are broadening the sales scope for our highly competitive EDMs while also targeting industries and regions with growing needs for high-precision processing equipment. Key market include the global automobile industry as it moves into an age of electric vehicles and requires lighter components, the smartphone industry as it seeks to offer ever-more-sophisticated functionality, and the aerospace and medical equipment industries where demand is strong in North America and Europe. We are also focusing on expanding sales of our metal 3D printers, precision

machining centers, and high-precision injection molding machines. In Europe, the United States, and regions where our market share is lower than in China, we are developing products catered to local needs. We are also actively participating in international trade shows to establish recognition of Sodick as a comprehensive provider of high-precision machining equipment.

Global comprehensive machine tool manufacturer

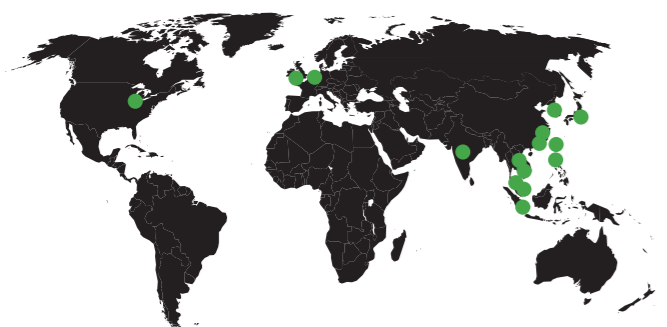
We aim to build up the machine tool business to command market shares of over 40% for high-end EDMs in all regions. Our strategy centers on expanding sales of the low-price VL Series in developing countries and the high-precision wire-cut AL Series in developed countries. In Japan, in addition to promoting our products, we will leverage our ongoing technical assistance and maintenance services to generate new demand and step up our sales of peripheral equipment and consumable products. We plan to broaden our customer base for metal 3D printers by expanding out from the metal materials to offering a range of metal powders. We will also offer software applications for part machining and services to provide machining expertise. We will strengthen our sales structure for our precision machining centers. In industrial machinery, we will leverage the competitiveness of our V-LINE® system machines to become the leading company in high-precision injection molding machines. Overseas, we will introduce the machines to the European market in 2019 and fortify our marketing operations in the growth market India. We will also capture market share by expanding our injection molding machine lineups of the all-electric MS Series and machines handling light metals like magnesium and aluminum, both of which meet strong needs in the market. Because we were late to enter the China and Asia markets, fortifying our sales operations will be key to our success. We plan to expand our sales forces in those regions and train our staff to equip them with highest level of sales skills. In food processing machinery, we will use our experience



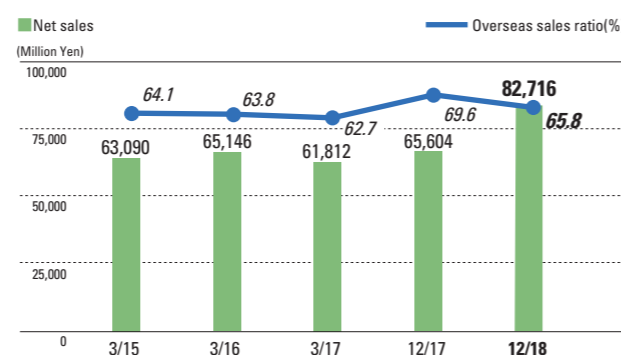
and results in Japan as a foundation for formulating effective production and sales structures overseas. We aim to build Sodick into a global provider of food processing machinery. Anticipating growing demand in China and Asia for frozen and chilled noodles, food packaging, and other high value-added products, we will target major local food manufacturers to stimulate new demand along with replacement demand for upgraded machines. In the other segment, we will focus on marketing cell production systems using the MR30 injection molding machine exclusively for dies formed by our metal 3D printers. We will also improve the profit margin in the precision die and precision molding operation. In ceramic parts, we will continue designing parts for semi-conductor production equipment sector while seeking to increase our sales channels in high value-added fields.

We will continue to focus on products and regions where we have established highly competitive products, such as EDMs in China and Asia. At the same time, we will fill out our product lineups and strengthen our sales structure to further establish our position as a global machinery manufacturer with strengths in high-precision and high-density machining operations.

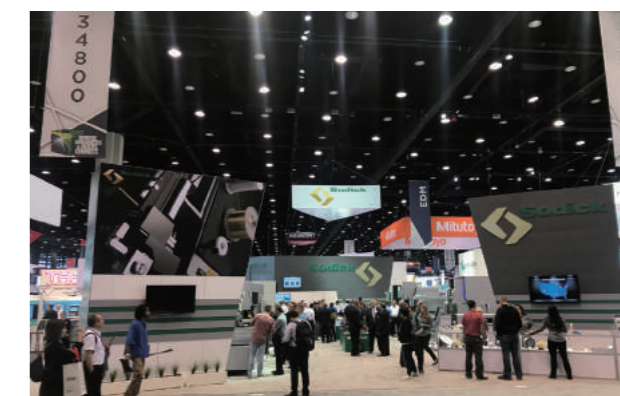
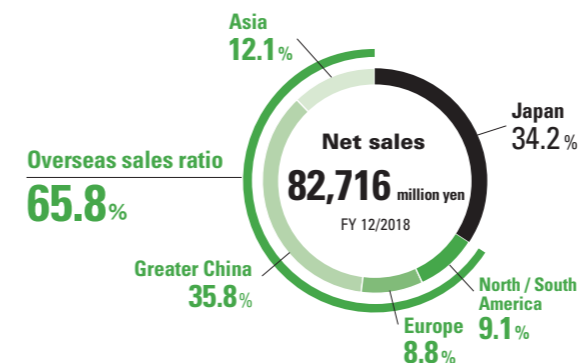
Sales sites



Trend in Net Sales and Overseas Sales Ratio



Breakdown of Net Sales by Region





Global production strategy

Hideki Tsukamoto
Executive Managing Director,
Production Management Division

Centered on our fully operating multi-factory, we are constructing a production network capable of quickly and flexibly responding to changes in the global business environment and markets.

Operations start at the new factory that was our biggest investment in Japan in 30 years

We are constructing a production network of plants in Japan, Thailand, and Suzhou and Xiamen, China, that is able to flexibly respond to changes in the business environment and markets. Because the group operates in the five business regions of Japan, North and South America, Europe, China, and Asia and that 70% of its total sales are overseas, an efficient production network is crucial to the Group's ongoing success.

To further strengthen our production network and better equip us to respond to rapid fluctuations in supply and demand triggered by geopolitical risk and globalized supply chains, we completed construction in November 2018 of a multi-factory at our Kaga Office in Japan that was our biggest capital expenditure in three decades. The multi-factory can produce EDMs, machining centers, metal 3D printers, injection molding machines, and virtually any of our other products, giving us the ability to coordinate production worldwide to stay in step with demand trends. The multi-factory employs a cell production system for automated assembly as well as IoT-integrated production, production control, and warehouse control operations for maximum labor-saving and work efficiency. It is also equipped with test rooms with thermostatic and thermal displacement chambers as well as printed circuit board manufacturing equipment capable of mounting the world's smallest computer chips. These



The multi-factory at the Kaga Office

state-of-the-art equipment give us the tools to achieve further advances in the performance and quality of our high-precision machinery.

Overseas, we constructed a second factory at our Thailand Plant in 2013 to hedge the risk of water damage, and we expanded the second factory in January 2018 to bolster our production capacity in line with the growing demand worldwide.

Japan multi-factory to lead our global production activities

We expect capital expenditure demand to continue growing into the long term as manufacturing techniques advance around the world. We also see increasing demand for high-precision machinery in the automotive industry as automakers seek ways to lighten vehicle weights with the shift to electric vehicles and next-generation automobiles. The emerging 5G, AI, and IoT technologies are also areas where we anticipate growing demand for our products. The new multi-factory will be the heart of our production network. The practical expertise we gain from the multi-factory's cell production system and from the enhanced automation and production efficiency will be disseminated to our factories overseas to make our whole production network better able to flexibly respond to global market trends and demand fluctuations.

Production sites



Financial strategy

Hirofumi Maejima
Executive Managing Director,
Corporate Division

While establishing a sound financial structure, we will actively invest in people, technology, and equipment for the sustained growth of the company.

Maintaining a healthy financial structure as we invest in our businesses

In the December 2018 fiscal year, we constructed the new multi-factory at the Kaga Office, expanded the Thailand Plant, and built the new R&D building at our head office. We also renovated our sales bases in Chicago, Shanghai, and Warwick, England. These facility investments increased our non-current assets by approximately 4 billion yen from the end of the previous fiscal year. However, the decreased cash and deposits and accounts receivable trade resulted in just a slight decline in total assets from the end of the previous year. We continued to steadily pay down interest-bearing debt, but the increase in facility investments reduced our cash and deposits and net interest-bearing debt increased by approximately 1.3 billion yen from the end of the previous fiscal year. In the equity accounts, the rise in retained earnings lifted the debt-to-equity ratio to 0.72x and the equity ratio to 48.5%. The current ratio remained high at over 200%, as we maintained our stable financial structure.

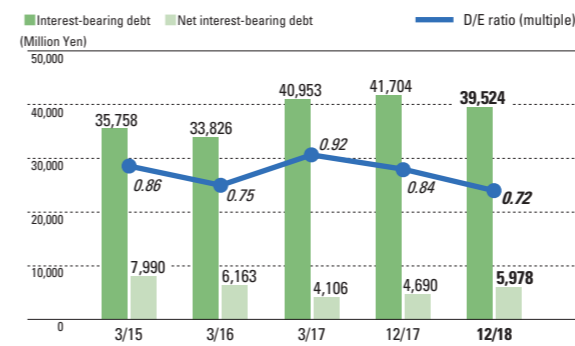
While bolstering our financial structure, we are also focused on cash flow management to support accelerated growth investment. Cash flows from investing activities rose substantially in the December 2018 fiscal year but remained less than net cash provided by operating activities, resulting in positive free cash flow.

Balancing growth investment and strengthening the financial structure

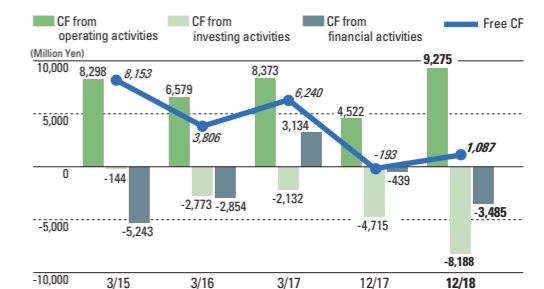
Companies in the machine tool industry must be prepared for various business risks because their earnings are inherently exposed to fluctuations in the capital expenditure trends of the manufacturing industry. At the same time, they must continuously conduct R&D and their own capital expenditure while also investing in their human resources. In the December 2019 fiscal year, we plan facility investment of approximately 4.5 billion yen in areas including the precision die and mold business, the ceramics business, and production capacity expansion at the Kaga Office. We also plan to invest approximately 4.2 billion yen in R&D to develop businesses beyond our core EDMs, including metal 3D printers, precision machining centers, light metal injection molding machines, food processing machinery, and related elemental technologies. As we implement measures to revise the personnel system to help us hire and develop talented human resources, we will diligently maintain the balance between continuing investments and strengthening our financial structure.

Our long-term target is to construct a stable financial foundation, and we have set specific goals to measure our financial health, specifically a D/E ratio of 0.5x or lower, positive net cash, and raising our equity ratio above 55%, which is the average for companies in our business sector. We will also distribute capital in a balanced manner to shareholders' returns and growth investments. Regarding shareholders' returns, while maintaining dividends on equity of 2.0% or higher, we plan to incrementally raise the dividend payout ratio to 30% to increase the relation of shareholders' returns and our earnings performance.

Interest-bearing debt • Net interest-bearing debt • D/E ratio

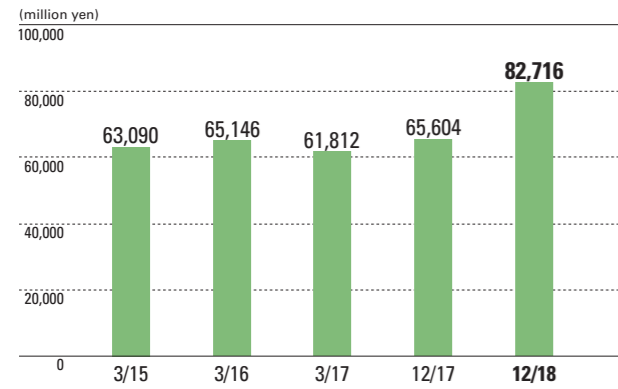


Cash flow

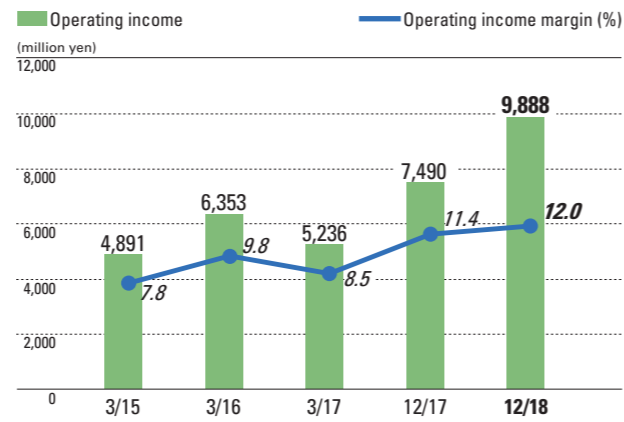


Financial Highlights

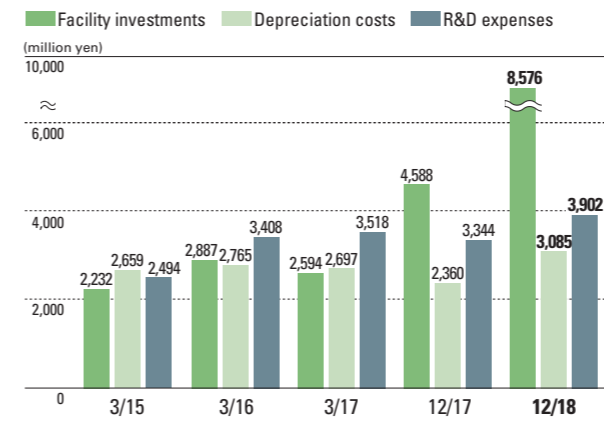
Net sales



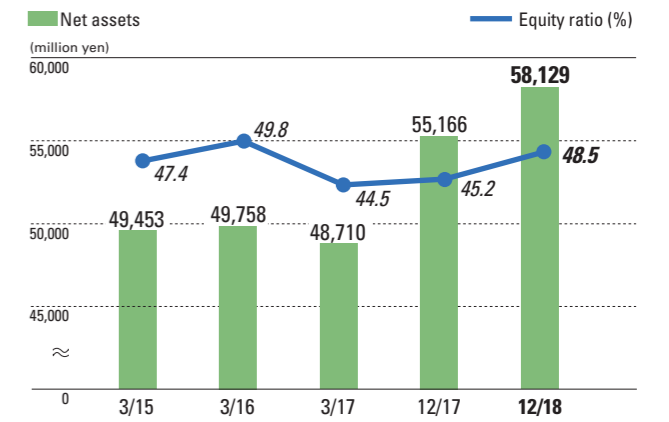
Operating income/Operating income margin



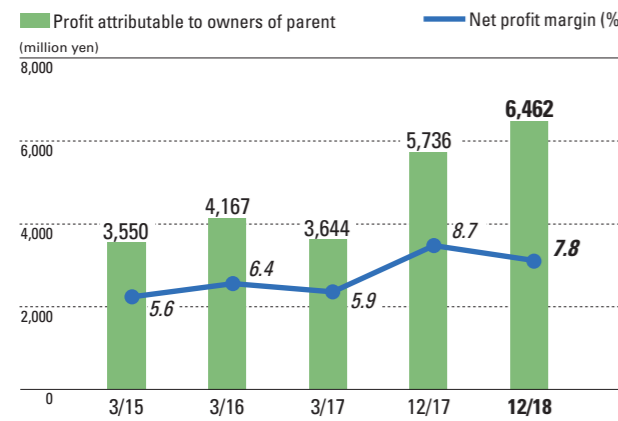
Facility investments/ Depreciation costs/R&D expenses



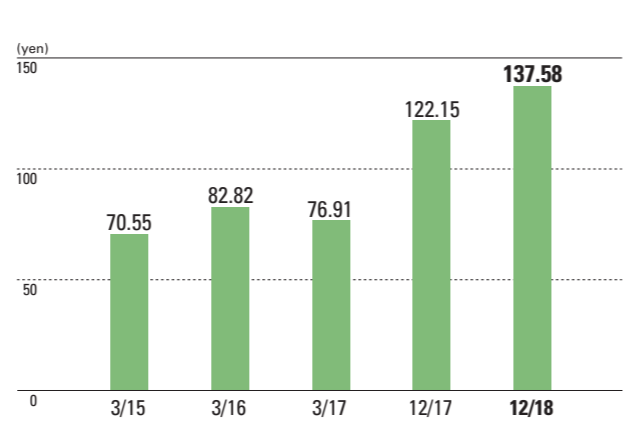
Net assets/Equity ratio



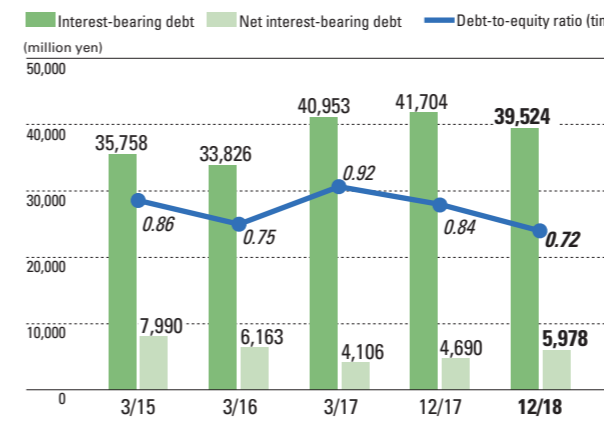
Profit attributable to owners of parent/ Net profit margin



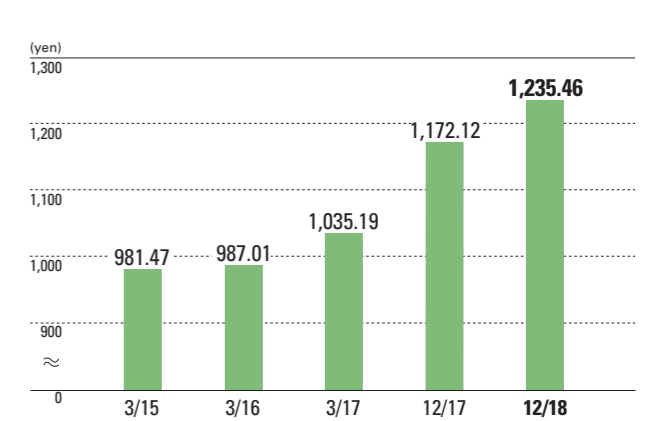
Earnings per share



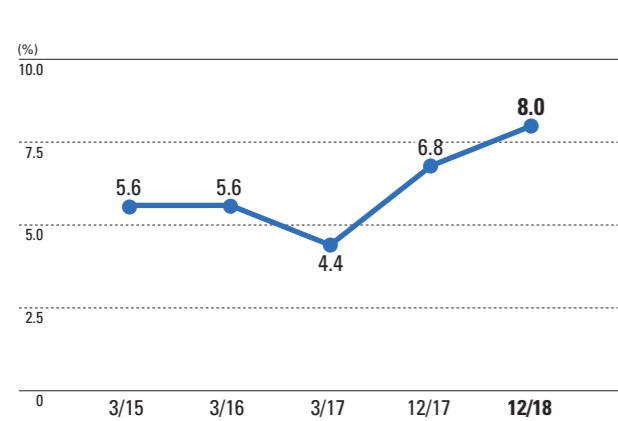
Interest-bearing debt/ Net interest-bearing debt/Debt-to-equity ratio



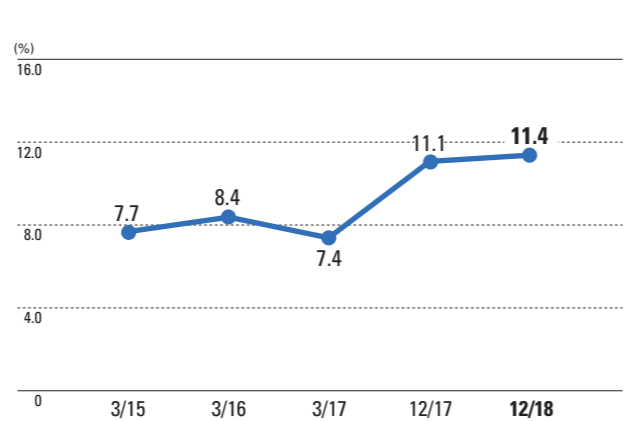
Net assets per share



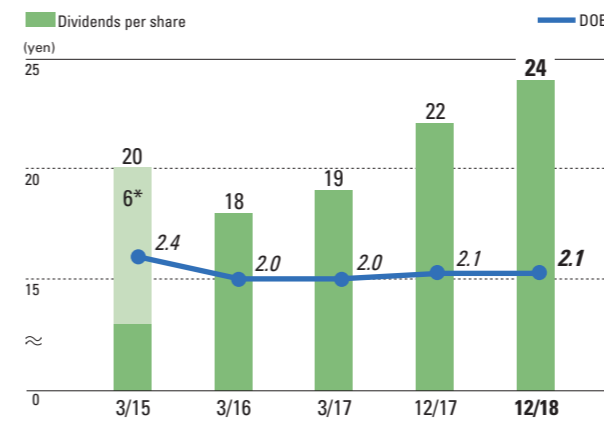
Return on assets (ROA)



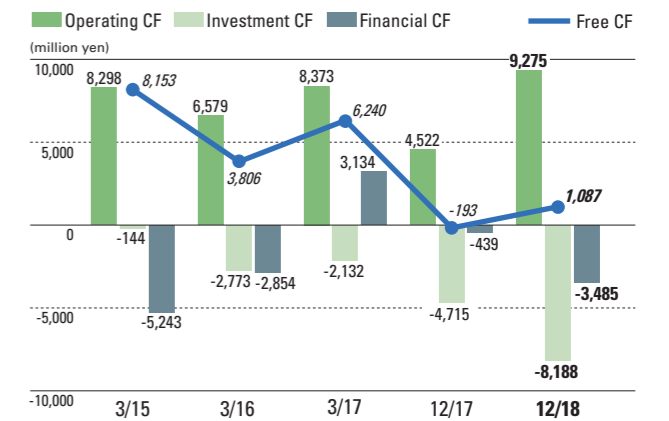
Return on equity (ROE)



Dividends per share/ DOE (dividend yield on equity)



Cash flow



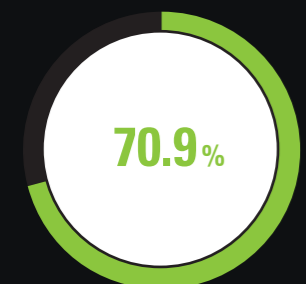
* Due to the fiscal year-end change, FY17/12 consolidated financial results comprise 9 months (from April to December 2017) of results for companies whose fiscal year ends on March 31, and 12 months (from January to December 2017) of results for those whose fiscal year ends on December 31, resulting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

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

Machine Tool Segment

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

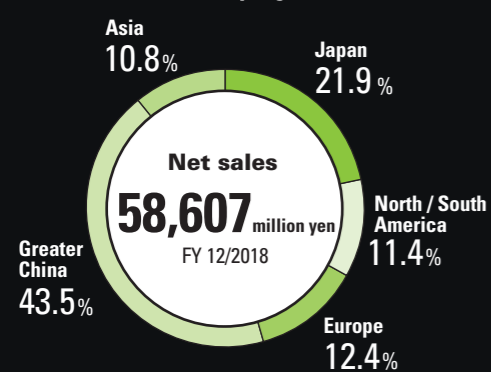
Composition ratio of net sales



Net sales
58,607 million yen

Segment income
9,988 million yen

Composition ratio of net sales by region



FY12/2018 segment overview & business environment

China is Sodick's largest market, and we have seen sustained demand as manufacturing has grown more sophisticated. However, orders slowed in the second half of the year due to seasonal factors and a contraction in smartphone-related demand, with firms increasingly postponing investment decisions owing to US-China trade friction. In North and South America, automobile-related demand remained strong, while in Japan we saw continued strong demand in automobile and semiconductor-related fields. In Europe, we saw automobile and aerospace-related demand, while demand was also robust in Asia, particularly auto-related. As a result, both net sales and segment profits reached record highs.

We anticipate solid performance in Japan, North and South America and Asia, particularly in automobile-related industries. In Europe, however, we envisage a slight drop in sales volume due to Brexit and other factors. In Greater China, we forecast a drop in demand in the first half of the year due to US-China trade friction, but envisage a recovery in capex demand moving into the second half.

TOPICS

A Completion of multi-factory

A multi-factory was completed at the Kaga Office in November 2018. This plant enables us to manufacture products flexibly across multiple categories. It will allow us to respond to changes in the business environment and market trends, as well as order trends for various types of machinery. We plan to develop this system to overseas markets in future, and to strengthen our provision of uniform quality worldwide.



Kaga multi-factory



New R&D building at Head Office

B Completion of new R&D building

In June 2018, a new R&D building was completed in the Yokohama Head Office. By gathering together a technology team consisting of wide-ranging expertise, we can achieve effective communication and accelerate development of our core technologies. The new R&D unit will focus on the research and development of metal 3D printers and the development of elemental technology, including new power supplies and next-generation CNC.

C New office building in Chicago, North America

In February 2018, we established a new Chicago office building of our local distributor in the United States. It combines showroom and technical center features, and will strengthen sales of EDMs as well as metal 3D printers.



New office building in Chicago

Outline of medium-term plan: ● Develop new product lines following on from EDMs ■ Expand market share in all regions ◆ Bolster sales, production and service structure

	Business environment	Focus products / Sales strategy	R&D	Production structure
Wire-cut EDMs	-Changes in the automotive industry (next-generation vehicles, self-driving vehicles, etc.) -Expansion of communications network (5G, big data, highly functional smartphones, etc.) -Growth in demand for high-precision processing equipment -Rise in automation requirements	◆ Enhance marketing systems in emerging markets (India, Mexico, etc.)	● Complete new R&D building at Head Office. Strengthen Group-wide technology and product development through concerted efforts with the US and China bases	◆ Complete multi-factory at the Kaga Plant, including a logistics function ◆ Roll out cell production system to overseas plants, with Kaga Plant as the "mother factory" ◆ Cut costs by internalizing production of elemental technology
Die-sinker EDMs		■ Increase share in the West (automotive and aerospace industries)		
Small-hole drilling EDMs		● Strengthen precision machining center lineup and sales structure		
Precision machining centers		● Expand metal 3D printer lineup, accelerate sales		
Metal 3D printers		■ Upgrade sales bases in the US, UK, Shanghai	● Continue R&D aiming for enhanced performance, quality, operability ● Continue R&D aiming for expanded applications, processing expertise, metal powders ● Internalize production of core technologies	

Medium/long-term strategies and initiatives

Sodick will continue adapting our core EDMs to new technologies including electric vehicles, 5G, and automation. We also aim to increase our share in the growth markets of India and Mexico, as well as in Europe and the US, and boost profitability.

To achieve 10 billion yen in sales of metal 3D printers by 2026, we will continue to expand the range of applications, machining expertise and supported metal powders in molding and parts processing. We will also continue to promote in-house production of core technologies.

In the precision machining center business, we will expand our product lineup and bolster our sales structure, while capturing high value-added machining demand.

We will roll out the cell production system to our overseas plants, centered on the Kaga multi-factory, enhancing automation and production efficiency. In this way, we aim to build a production structure that allows us to respond flexibly to shifting market and demand trends.

TOPICS

D Release of metal 3D printer "LPM325"

Sales of the LPM325 launched in November 2018. This machine combines 3D printing through melting and solidification of metal powder, and reference surface cutting of the produced object. As a high-speed metal 3D printer, it provides a one-stop solution at the production site.



E Die-sinker EDM "AP30L" wins award

Sodick's linear motor drive high-speed ultra-precision die-sinker EDM "AP30L," our flagship model, has won the "Main Award" at the "61st (2018) Best 10 New Products Awards" organized by *Nikkan Kogyo Shimbum*. It garnered high praise for its ground-breaking features, including Sodick's original CFRP-mounted spindle, new NC unit, and use of AI. This places it at the forefront of manufacturing.

F Sales and service structure strengthened at UK sales office

We aim to strengthen sales and increase the market share of Sodick products in the European automotive, aerospace, and precision equipment sectors. Based on this policy, we will be relocating Sodick's UK sales base to a new office building with a showroom and technical center, in order to accommodate additional staff and bolster the sales and service structure.



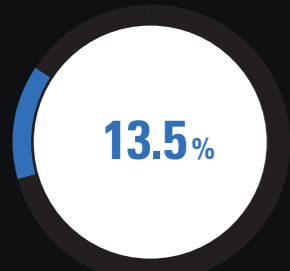
Image of new UK office

Industrial Machinery Segment

● Main applications
Manufacturing of plastic components

● Main customers
Automobiles, IT, smartphones, electronic parts, etc.

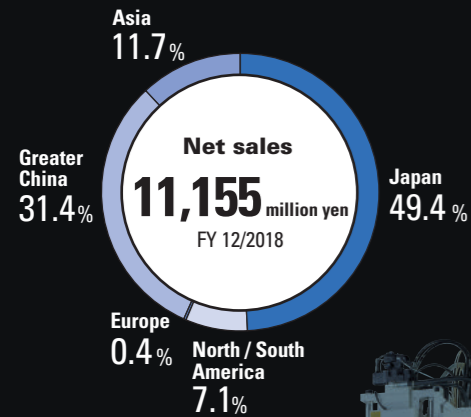
Breakdown of net sales



Net sales
11,155 million yen

Segment income
802 million yen

Breakdown of net sales by region



FY12/2018 segment overview & business environment

In Japan, there was continued strength in demand in auto-related industries, including connectors and sensor parts, while demand in the US also remained solid, particularly in medical equipment-related industries. In China and Asia, however, there has been a fall in demand for molding machines for smartphone lenses, and for silicon molding machines which augment the waterproof performance, leading to weaker sales this year. Although we envisage a drop in Greater China, we anticipate solid demand especially in auto-related industries in Japan, North and South America and Asia, and we expect to increase sales volumes in the fiscal year ending in December 2019 as a whole.

TOPICS

A "MS Series" wins praise at exhibitions

The "MS Series" of eV-LINE electric injection molding machines enhances productivity through the incorporation of Sodick's own servomotor control technology in the drive unit, which is the injection and plasticizing device. Underpinning this is the V-LINE® system's stable, high-precision molding performance. By making these devices electric, there is a significant saving in power consumption as well as quieter operation. Plastic molded parts are subject to a growing complexity of requirements, including the demand for ever higher precision. Against this backdrop, Sodick's latest injection molding machines attracted considerable interest at exhibitions in Japan and overseas in 2018.



eV-LINE electric injection molding machine "MS100"

Outline of medium-term plan: ● Increase the ratio of overseas sales to 70% or higher ■ Enhance marketing systems and sales structure ◆ Strengthen competitiveness by reducing costs				
	Business environment	Focus products / Sales strategy	R&D	Production structure
Horizontal injection molding machines	-Changes in the automotive industry (increase in electronic parts, shift to lighter and smaller components)	● Expand lineup of our fully electric injection molding machines "MS Series"	● Complete new R&D building at Head Office. Strengthen Group-wide technology and product development through concerted efforts with the US and China bases ■ Enhance preventive maintenance and status management solution capabilities through use of automated production systems, IoT and AI ◆ Continue to refine magnesium and aluminum injection molding machines	◆ Continue with cost reduction project ◆ Complete multi-factory at the Kaga Plant, including a logistics function ◆ Roll out cell production system to overseas plants, with Kaga Plant as the "mother factory" ◆ Strengthen production systems at overseas bases
Vertical injection molding machines	-Expansion of communications network (5G, big data, highly functional smartphones, etc.) -Growth in demand for high-precision processing equipment	● Focus on overseas sales (entry into India and European market) ■ Strengthen marketing systems in China and Asia		
Light metal injection molding machines	-Rise in automation requirements	● Increase sales of light metal injection molding machines		

Medium/long-term strategies and initiatives

Sodick aims for an overseas sales ratio of at least 70%, such as by optimizing our competitive strength in V-LINE® products. At the same time, we aim to establish our position as the leading manufacturer of high-precision injection molding machines. To achieve this, we are considering entry into the European market in 2019, and to boost sales in India. We aim to expand our lineup of products in the MS Series of fully electric injection molding machines, where there is strong market demand, and to boost sales in the largest market. At the same time, we plan to reorganize our sales structure and increase our sales personnel particularly in China and Asia, coupled with skill enhancement. We anticipate increased demand for light metal injection molding machines due to the shift to more lightweight vehicles. We will continue refining our aluminum injection molding machines, while also expanding their lineup and enhancing molding stability and ease of maintenance. We will be focused on aluminum injection molding machines quickly becoming a growth driver in the industrial machinery segment. We will also strengthen our solutions capability, including automated production systems and preventive maintenance/status monitoring using IoT and AI.

TOPICS

B Provision of services utilizing IoT

By connecting multiple machines to the network and utilizing the various types of information and data collected from them, Sodick integrates services including Monitoring, Maintenance, Control, and Analysis, and provides this as the "Sodick IoT-IMM System". By using the "ETDL4" application designed exclusively for injection molding machines, the various types of information required for operation* can be verified on a client PC.

*Operation status, shot data, waveform data, molding conditions, molding condition change history/error history, etc.



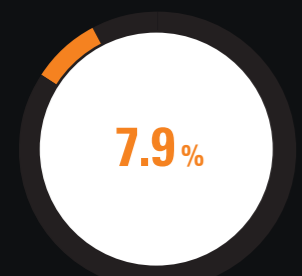
C Planned participation in international exhibition in Germany

In 2019, Sodick again plans to showcase its latest products at various exhibitions in Japan and overseas. In October, we plan to exhibit at the K2019 Trade Fair for Plastics and Rubber, held once every three years in Germany. It is a major international exhibition: 3,293 companies took part in the last exhibition (of which 2,253 were foreign companies), and the number of visitors was around 230,000 (around 160,000 from overseas).

Food Processing Machinery Segment

- Main applications
Uncooked noodles (udon, soba, Chinese noodles, etc.), frozen noodles, long shelf-life noodles, precooked rice packages
- Main customers
Leading food manufacturers, restaurant chains, frozen food manufacturers, etc.

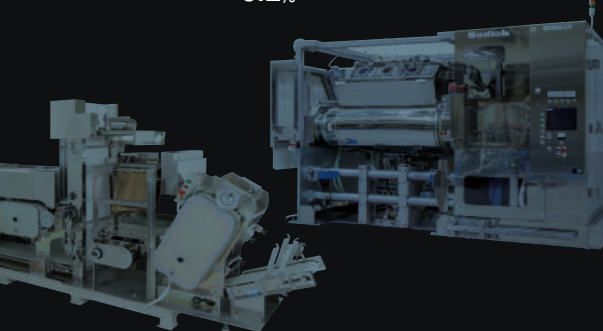
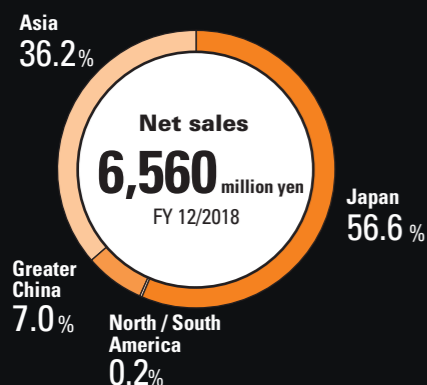
Composition ratio of net sales



Net sales
6,560 million yen

Segment income
674 million yen

Composition ratio of net sales by region



FY12/2018 segment overview & business environment

Demand for high-quality noodles continues to grow, and Sodick has won major contracts for long shelf-life noodles and frozen noodles in China. In Japan and Asia, meanwhile, there were strong sales of packed cooked rice production systems, and consequently net sales and segment profits both reached record highs. With regard to the market environment, demand for high value-added products such as frozen and chilled noodles is forecast to increase in Greater China and Asia in future, due to growth in the middle income segment and the increased sophistication of the logistics infrastructure. Demand for packed cooked rice production systems is also expected to continue growing in Japan and Asia. Thus, we envisage a continuation of robust market conditions. Demand for automated systems is also expanding, in order to save labor and improve hygiene.

TOPICS

A Order for noodle-making machine from Chinese food manufacturer

Demand for high-quality noodles is growing in China along with rising living standards. Against this backdrop, Sodick signed a major contract for noodle-making machines on six production lines with Kemen Noodle Manufacturing Co., Ltd., which held the top market share in the Chinese dried noodle market in 2018. This is Sodick's largest ever contract in the food processing machinery segment, and installation will commence from 2019. After deployment, annual production of the company's long shelf-life noodles and frozen noodles is expected to reach around 500 million units, making it the top manufacturer in this market.



Contract signing ceremony

Outline of medium-term plan: ● Expand overseas sales		■ Cultivate new product lines following on from noodle-making machines and packed cooked rice production systems		◆ Strengthen sales, production and development structure	
	Business environment	Focus products / Sales strategy	R&D	Production structure	
Noodles	<ul style="list-style-type: none"> -Growing automation requirements -Increasing popularity of Japanese food overseas -Increased demand for high-quality cooked noodles 	<ul style="list-style-type: none"> ● Strengthen sales in Japan and overseas ● Develop demand for high value-added products in China and Asia ● Secure new and replacement orders from major food manufacturers 	<ul style="list-style-type: none"> ◆ Automate manufacturing facilities and standardize products to reduce cost ◆ Gather scientific data regarding food properties, and reinforce development of high-quality products by expanding application to new fields 	<ul style="list-style-type: none"> ◆ Build a structure for local production and local sales ◆ Shorten delivery lead times by expanding the Kaga Plant ◆ Boost production capacity at overseas factories and establish systems for supply to Chinese and Asian markets 	
Cooked rice	<ul style="list-style-type: none"> -Increased consumption of packed rice in daily life 				
Others	<ul style="list-style-type: none"> -Expansion of the ready-made meal market -Rise in automation and labor-saving requirements 	<ul style="list-style-type: none"> ■ Develop and increase sales of products for ready-made meals market ■ Expand sales of automated, labor-saving equipment 			

Medium/long-term strategies and initiatives

Sodick aims to strengthen its overseas sales and production structure, and to become a global food processing machinery manufacturer. Since growth in demand for high value-added products is envisaged in the Greater China and Asia regions, we plan to maximize our track record in Japan and develop new and renewal demand, targeting the leading food manufacturers. We will also work to cultivate product groups following on from noodle-making machines and packed cooked rice production systems. In particular, we will expand our lineup of products tailored to future market requirements, including products for the ready-made meal sector, where expansion is expected, and product groups that address requirements for automation and manpower reduction. Already some of our production is carried out in China, and we intend to establish a structure for local production and local sales as a matter of urgency, in order to build a global management structure over the medium to long-term.

TOPICS

B Bolstering food processing machinery plant capacity to meet rising demand

Reflecting solid demand for food products in Asia, the appetite for investment among local food manufacturers is running high, with many manufacturers hurrying to upgrade their production systems. Given these conditions, the food processing machinery plant at Sodick's Kaga Office has been at full capacity since it began operation in 2016. In order to meet the demands of the Asian market, in 2018 around 300 million yen was invested to boost production capacity at the plant.

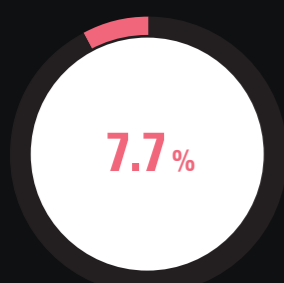


Food processing machinery plant at the Kaga Office

Other Segments

- Main applications
Design and production of dies; production of plastic molded parts; development, production, and sale of products that use linear motors, the control devices for these, ceramic products, and LED lighting, etc.; leasing of EDMs

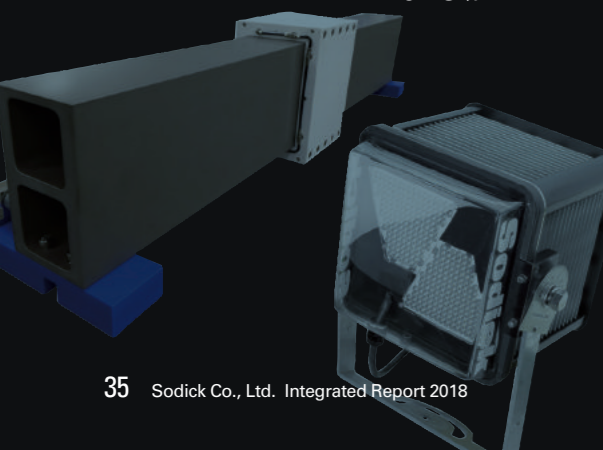
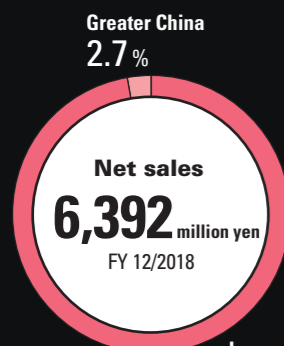
Breakdown of net sales



Net sales
6,392 million yen

Segment income
1,030 million yen

Breakdown of net sales by region



FY12/2018 segment overview & business environment

Other Segments comprise the precision die and precision molding operations, including built-to-order precision connectors; and elemental technology operations consisting of the development, manufacturing, and sale of products that utilize our proprietary technology, including linear motors and ceramic products, and LED lighting. In the precision die and precision molding business, we are developing automated production lines utilizing robots in order to realize high-precision molding using dies formed by our metal 3D printers and injection molding machines exclusively for these dies. We have also achieved strong sales of ceramics, primarily for semiconductor manufacturing equipment, and we are bolstering our production capacity to meet this growth in demand. We anticipate continued strong demand for the precision die and precision molding operations, as well as strong external sales of ceramics.

TOPICS

A Development of next-generation general-purpose production lines

Faced with a severe manpower shortage and demand for small-lot multi-product manufacturing, the Die Molding Division is working to boost production capacity through automation and streamlined operation using OPM molds and the MR30 specialized injection molding machine. The underlying concepts here are unmanned operation, full utilization, quick-change, and integrated production. Dies with built-in 3D cooling pipes, formed by the OPM Series of metal 3D printers, shorten the molding cycle. Moreover, the number of processes has been dramatically reduced thanks to an automated cell production line utilizing the MR30 injection molding machine. This has further cut production lead times and costs.



Automated cell production line

Outline of medium-term plan: ● Increase profitability of precision mold and precision molding operations ■ Increase production and sales of ceramics parts ◆ Increase productivity through introduction of automated systems				
	Business environment	Focus products / Sales strategy	R&D	Production structure
Precision mold and precision molding operations	<ul style="list-style-type: none"> -Continuous demand in automotive and semiconductor industries 	<ul style="list-style-type: none"> ● Capture demand for next-generation vehicle components ◆ Strengthen cell production systems using metal 3D printers and their dedicated injection molding machines 	<ul style="list-style-type: none"> ◆ Strengthen mold processing technology in metal 3D printers ◆ Strengthen R&D of cell production systems using metal 3D printers and their dedicated injection molding machines 	<ul style="list-style-type: none"> ◆ Bolster production capacity at the Miyazaki plant
Ceramics	<ul style="list-style-type: none"> -Continuous demand from semiconductor manufacturing equipment manufacturers 	<ul style="list-style-type: none"> ■ Increase sale of ceramics parts for the semiconductor production equipment sector ■ Expand sales channels into high value-added fields 	<ul style="list-style-type: none"> ■ Strengthen R&D aiming for enhanced quality and precision 	<ul style="list-style-type: none"> ◆ Bolster production capacity at the Kaga ceramics production plant

Medium/long-term strategies and initiatives

We aim to enhance the profitability of our business units in Other Segments by utilizing Sodick Group's elemental technologies. As an extension of our initiatives last fiscal year, in the precision die and precision molding operations we have further strengthened our automated production system for plastic parts using dies formed by our metal 3D printers and the MR30 injection molding machine, which works exclusively with these dies. This is improving profitability. We hope that as more of our customers become aware of the successful use of metal 3D printers in this way, this will further accelerate their diffusion. With regard to ceramic parts, meanwhile, we will be expanding sales into high value-added fields, including pushing forward with the development of products for the semiconductor production equipment sector.

TOPICS

B Expansion of kilns at ceramics production plant

In conjunction with the enlargement of the ceramics production plant in Kaga, we have increased the number of kilns. In the field of high-precision, large-scale/long ceramics – a field in which Sodick excels – we have already been manufacturing unrivalled 3.5m-long ceramics products. However, these are difficult to mass produce and production efficiency has been poor. By increasing the number of kilns, we have increased our monthly baking volume from 25t to 40t, enabling the efficient production of long ceramics.



Site of ceramics production

C LED Floodlights

We anticipate strong replacement demand for mercury lamps in future, due to factors including the shift to LED lighting for stadiums used in the 2019 Rugby World Cup and 2020 Tokyo Olympic and Paralympic Games, as well as the production and import/export of high-pressure mercury lamps for general lighting being prohibited from 2021. Sodick's LED floodlights are used in a wide variety of sports facilities, including at grounds used by the Football Association and sports-oriented educational corporations. In future, we will be aiming for increased adoption of our floodlights by local government bodies and general schools, spurred on by their use in central organizations and schools.



1 Yuji Kaneko
Chairman and Representative Director

4 Takashi Matsui
Senior Executive Managing Director
Machine Tools Division

7 Keizo Umemoto
Executive Managing Director
Business Development Division

2 Kenichi Furukawa
President and Representative Director

5 Hirofumi Maejima
Executive Managing Director
Corporate Division

8 Ching-Hwa Huang
Director
South China Regional Sales Managing Division

3 Keisuke Takagi
Vice President and Representative Director
Sales Managing Division

6 Hideki Tsukamoto
Executive Managing Director
Production Management Division

9 Toshiaki Kurihara
Outside Director

12 Kazunao Kudo
Outside Director

15 Masahiro Shimojo
Outside Audit & Supervisory
Board Member

10 Katsuhisa Furuta
Outside Director

13 Akio Hosaka
Audit & Supervisory Board Member

16 Takashi Nagashima
Outside Audit & Supervisory
Board Member

11 Ichiro Inasaki
Outside Director

14 Yuichi Watanuki
Audit & Supervisory Board Member

17 Tomio Okuyama
Outside Audit & Supervisory
Board Member

I will use my many years of experience working in Greater China and unique perspective as a woman to advance the Sodick Group.



Ching-Hwa Huang
Director
South China Regional Sales Managing Division

I joined the Sodick Group in 1990 when I started working at the Taiwan branch. After several years in sales and management, before Sodick (Taiwan) was established in 1997, former Honorary Chairman and Director Toshihiko Furukawa approached me about becoming president of the new company. After much thought, and encouraged by my personal motto to “fulfill your heart’s desire,” I accepted the position with the determination to advance Sodick’s global growth. In the 20 years since then, I have formulated innumerable management plans and repeatedly implemented the PDCA cycle to help us grow. I will bring this experience and my unique perspective as a woman to advance the company’s development and enhance the market penetration of the Sodick brand.

The South China region that I covered in my management duties included Shenzhen and Dongguan, homes of two of China’s largest metal processing industries. Orders slowed last autumn during the trade friction between the United States and China, but order inquiries started picking up after this year’s Chinese New Year holiday, particularly from automotive and medical equipment manufacturers. The market environment for machinery sales has changed significantly since we entered the China market in the 1990s, and I believe we also need to overhaul our sales structure to be more effective in the current market and environment.

At Sodick (Taiwan) where I am Chairman of the Board and

President, we have more female workers than other companies in our industry, and women can work in any capacity. In fact, I am one of several women in management positions at the company. Like the men, most women, some of which have small children, control their own work hours and are maintaining healthy balances between their work and private lives. Sodick (Taiwan) has a nice tradition of taking all employees on a company trip if we meet our yearly targets. I would like to bring that combination of pleasant working conditions and motivation to boost our business performance to Sodick and the Group as we seek to achieve our new long-term management targets.

Brief Personal History

- 1990: Joined the Taiwanese Branch of Sodick Co., Ltd.
- 1992: Administration Manager of the Taiwanese Branch of Sodick Co., Ltd.
- 1997: Chairman of the Board and President of Sodick (Taiwan) Co., Ltd. (current post)
- 2001: Chairman of the Board and President of Sodick International Trading (Shenzhen) Co., Ltd. (current post)
- 2015: Director of Suzhou Sodick Special Equipment Co., Ltd. (current post)
- 2015: Director of Sodick Amoy Co., Ltd. (current post)
- 2019: Director of Sodick Co., Ltd. (current post)

I will apply my experience as a lawyer and auditor of domestic manufacturers to strengthen the company’s risk management during its growth phase.



Masahiro Shimojo
Outside Audit & Supervisory Board Member

Sodick was introduced to me as a young company with growing worldwide sales of machine tool products and industrial machinery that offered distinctive products in the EDM and injection molding machine fields. I accepted the outside auditor appointment because I believe my 10 years’ experience as an outside auditor and auditor committee member for domestic manufacturing companies can help Sodick maintain strong risk management.

Management methods are guided globally by the enterprise risk management recommendations of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and in Japan by the Companies Act, which requires the Board of Directors to maintain internal controls to ensure proper business activities. But even with the proper management structure in place, ensuring these controls are working effectively throughout an organization is extremely difficult. Firms with small operations at sites overseas may not have Japanese staff that can adequately check foreign-language documents. While unreservedly sharing my opinions, I will work with the Internal Audit Department to create an effective risk management system so the head office maintains comprehensive supervision and effectively anticipates and prevents situations that could lead to claims for damage compensation from business partners and shareholders against the company or its directors or auditors. Appropriate risk response requires thorough knowledge of business content, and I will deepen my understanding of Sodick’s business by touring the company’s factories and talking with the top managers of each business segment.

At one company where I served as an outside auditor the directors and auditors it dispatched to a subsidiary took the shareholders’ point of view when conducting their management oversight. That approach was very effective, and I believe it will also serve well when overseeing the Sodick managers and directors in the execution of their duties.

Brief Personal History

- 1970: Passed the bar examination
- 1973: Joined the law firm Nishimura & Komatsu (currently Nishimura & Asahi)
- 1980: Joined the Los Angeles law office of Manat, Phelps, Rothenberg & Tunney
- 2000: Outside Audit & Supervisory Board Member of Hitachi Cable, Ltd.
- 2003: Outside Director of Hitachi Cable, Ltd.
- 2011: Outside Audit & Supervisory Board Member of ITOCHU Corporation
- 2012: Special Guest Professor of Gakushuin University Faculty of Law
- 2013: Short-term Guest Professor of Law School (School of Law) of Gakushuin University
- 2015: Masahiro Shimojo Law Firm (current post)
- 2015: Outside Audit & Supervisory Board Member of Tokai Tokyo Securities Co., Ltd.
- 2016: Director (Audit & Supervisory Committee Member) of Tokai Tokyo Securities Co., Ltd. (current post)
- 2019: Outside Auditor at Sodick Co., Ltd. (current post)

Basic Approach

Sodick's business philosophy is to contribute to the development of society by supplying outstanding products and supporting our customers' manufacturing operations, based on our guiding spirit of "Create," "Implement," and "Overcome Difficulties."

We believe that the most important element in this is to conduct business in a consistently transparent and readily

comprehensible manner, for all of our stakeholders including our shareholders and investors, customers, and employees.

Sodick strives to make efficient use of its management resources, strengthen risk management and compliance, and maximize corporate value for all of our shareholders and investors.

Corporate Governance Structure and Features

Sodick believes that an audit system incorporating Outside Audit & Supervisory Board Members is an effective form of management supervision and serves to enhance the efficacy of corporate governance. Sodick therefore adopts the "Company with an Audit & Supervisory Board" system. The Board of Directors includes six internal directors with extensive knowledge of the fast-changing industry and Sodick internal affairs, who also serve as executive officers, as well as six non-executive directors (two representative directors, four outside directors). This system ensures that the executive directors supervise the execution of business in an effective manner while providing wide-ranging advice.

Sodick has adopted an executive officer system to realize corporate management that is both responsive 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 Outside Directors on an optional basis. This has increased the transparency of decision-making and ensures that directors' remuneration is appropriate.

Strengthening Management Supervisory Functions

Four of Sodick's 12 directors are outside directors. They apply their objective perspectives and wealth of knowledge and experience to management, thereby strengthening the corporate governance structure. Furthermore, three of the five Audit & Supervisory Board Members are outside auditors, increasing the objectiveness and fairness of management supervision.

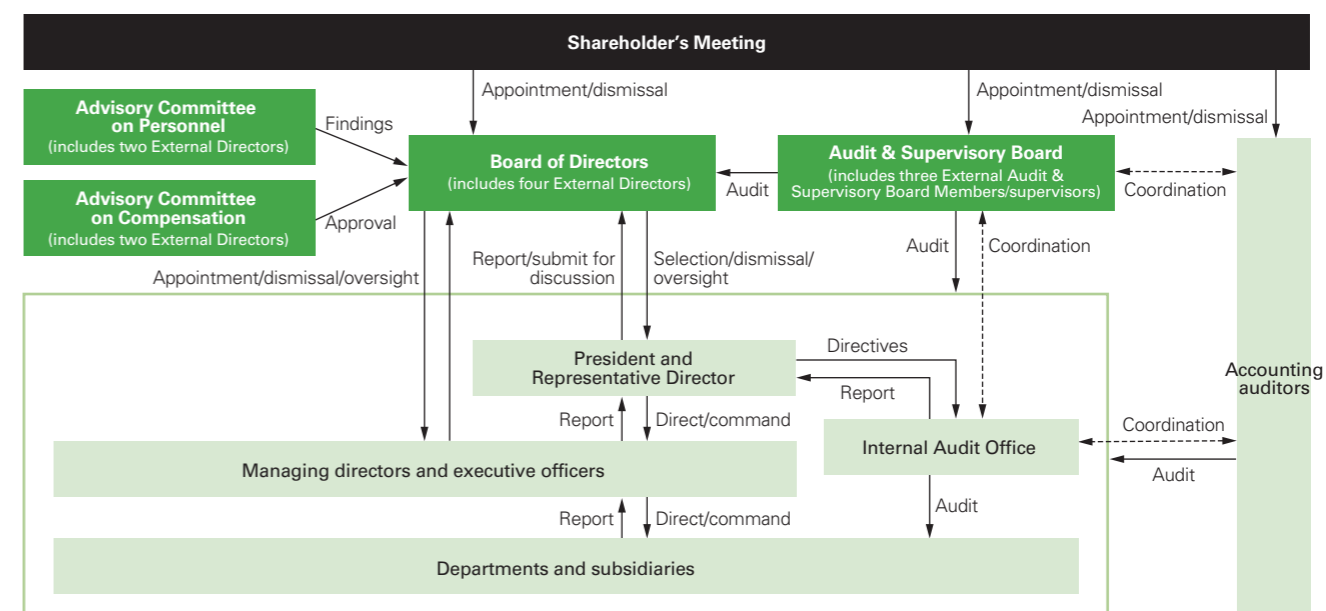
directors and outside auditors issue written reports to the Board incorporating any necessary information and items to be determined or investigated by the Board. The outside Audit & Supervisory Board Members also convene regular monthly meetings of the Audit & Supervisory Board, which are attended by all auditors, where they exchange a wide range of information and opinions.

Prior to meetings of the Board of Directors, the outside

History of Initiatives to Strengthen Corporate Governance

2012	-Introduction of executive officer system
2014	-Election of one outside director
2015	-Compliance with the Corporate Governance Code -Addition of one outside director (total of 2 persons) -Establishment of Advisory Committees on Personnel and Compensation
2016	-Evaluation of the effectiveness of the Board of Directors carried out -Addition of one outside director (total of 3 persons)
2018	-Compliance with the revised Corporate Governance Code -Addition of one outside director (total of 4 persons)

Diagram of Sodick Corporate Governance Structure



Board of Directors

- Performs a supervisory function 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 six directors who are also serving as executive officers and six non-executive directors (two representative directors, four outside directors).
- The provision of opinions, advice, and cross-checking by outside directors serves 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 ensure that decisions on basic and important items related to the execution of business are taken flexibly.

Audit & Supervisory Board

- The Audit & Supervisory Board is comprised of five Audit & Supervisory Board Members, three of whom are outside 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 execution of their duties, and requests explanations thereof as necessary.

Advisory Committee on Personnel

This committee formulates appointment criteria and policies regarding personnel matters involving directors, Audit & Supervisory Board Members, and executive officers; selects candidates for those positions, and determines the standards for dismissal.

The Advisory Committee on Personnel is comprised of four directors, two of whom are outside directors.

Members
President Furukawa (Chair)*
Chairman Kaneko
Outside Director Kurihara
Outside Director Furuta

Advisory Committee on Compensation

This committee formulates policy on compensation for directors and executive officers, and deliberates over compensation standards, appraisals, and the monetary amounts of compensation.

The Advisory Committee on Compensation is comprised of four directors, two of whom are outside directors.

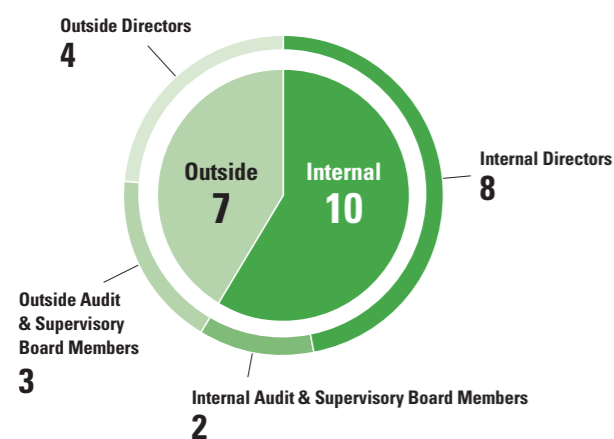
Members
President Furukawa (Chair)*
Chairman Kaneko
Outside Director Kurihara
Outside Director Furuta

*President Furukawa is the Chair of both the Advisory Committee on Personnel and the Advisory Committee on Compensation, but objectivity and fairness are ensured by the fact that the number of outside directors is equal to the number of internal directors.

Composition of Board of Directors and Audit & Supervisory Board

Sodick believes that in order for the Board of Directors to perform its role and duties effectively, it needs to comprise members with sufficient knowledge and experience of business management in their respective fields, whether they come from inside or outside the company. We select candidate directors and Audit & Supervisory Board Members based on the type of knowledge and experience we consider to be important from a corporate management perspective.

Based on this approach, the directors and auditors we have appointed as of end-March 2019 are as shown in the table.



Corporate Governance Structure (as of end-March 2019)

Organizational Plan	Company with an Audit & Supervisory Board
Directors	12 Directors* ¹ (of which 4 outside directors) Chair of Board of Directors: President
Audit & Supervisory Board Members	5 Audit & Supervisory Board Members* ² (of which 3 outside auditors)
Term of appointment for Directors per the Articles of Incorporation	2 years
Company with Executive Officer System	Yes
Optional advisory committees of Board of Directors	Advisory Committee on Personnel and Advisory Committee on Compensation
Accounting Auditors	Grant Thornton Taiyo LLC

*1 The Articles of Incorporation state that the number of directors shall be not more than 15.
*2 The Articles of Incorporation state that the number of Audit & Supervisory Board Members shall be not more than 5.

Overview of Directors (as of end-March 2019)

Director	Status & Committees	Attendance (fiscal year ended Dec. 2018)		Reason for appointment
		Board of Directors meetings	Audit & Supervisory Board meetings	
Yuji Kaneko	Chairman and Representative Director ▲ Advisory Committee on Personnel ★ Advisory Committee on Compensation	13/13 times		After joining the Company in 1981, Mr. Kaneko was engaged in research and development operations, assuming the post of President of the U.S. development subsidiary in the year 2000. In 2004, he became a Director of the Company, with responsibility for the R&D Division. In 2012, Mr. Kaneko was appointed President of the Company. Since he plays an appropriate role in making decisions on important management issues and supervising the execution of business, drawing on his knowledge and experience of research and development as well as his track record in managing an overseas subsidiary, we consider him qualified for the post of director.
Kenichi Furukawa	President and Representative Director ▲ Advisory Committee on Personnel ★ Advisory Committee on Compensation	13/13 times		After joining the Company in 1999, Mr. Furukawa was assigned to the U.S. sales company. Then, in 2007, he assumed the post of President of a domestic subsidiary (food processing machinery segment). In 2007, he assumed the post of Finance Division Manager, and after becoming a director in 2008, he assumed responsibility for administrative matters within the Finance, Accounting & Administration Division while also acting as director of overseas plants, thereby building up an extensive track record. In 2014, Mr. Furukawa became Vice President of the Company, and since he plays an appropriate role in making decisions on important management issues and supervising the execution of business, we consider him qualified for the post of director.
Keisuke Takagi	Vice President and Representative Director Sales Managing Division	13/13 times		After joining the Company in 1978, Mr. Takagi initially gained experience in the domestic Sales Division. In 1994, he became President of the U.S. sales subsidiary. In 2001, he was appointed a Director of the Company, and subsequently became the Vice President of a subsidiary. Thus, he has achieved a track record including experience of global operations. In 2009, he became an Executive Managing Director of the Company, and in 2010 a Senior Executive Managing Director. Since he plays an appropriate role in making decisions on important management issues and supervising the execution of business, we consider him qualified for the post of director.
Takashi Matsui	Senior Executive Managing Director Machine Tools Division	13/13 times		Since joining the Company in 1980, Mr. Matsui has built up extensive experience of areas including machine tool sales and management of a listed company, having been first engaged in the domestic Sales Division and then appointed Executive Managing Director of a domestic listed subsidiary (machine tool segment). In 2009, he became an Executive Managing Director of the Company, and in 2012 a Senior Executive Managing Director. Since he plays an appropriate role in making decisions on important management issues and supervising the execution of business, we consider him qualified for the post of director.
Hirofumi Maejima	Executive Managing Director Corporate Division	13/13 times		After joining The Sumitomo Bank, Limited (currently Sumitomo Mitsui Banking Corporation) in 1984, Mr. Maejima held various important positions both in Japan and overseas. He possesses specialized knowledge and experience cultivated in financial institutions, as well as experience of overseas operations. Mr. Maejima has had control over business management, finance, and accounting as an Executive Managing Director of the Company since 2014. As he plays an appropriate role in making decisions on important management issues and supervising the execution of business, we consider him qualified for the post of director.
Hideki Tsukamoto	Executive Managing Director Production Management Division	13/13 times		After joining the Company in 1985, Mr. Tsukamoto was involved in establishing Sodick (Thailand) Co., Ltd. in 1988 and has experience in operations in a wide range of fields, including product design, development, manufacturing, and production control. Since 2008, he has served as President and Director at Sodick (Thailand) Co., Ltd. and concurrently holds the post of Chairman at Suzhou Sodick Special Equipment Co., Ltd. and Sodick Amoy Co., Ltd. In 2012, he became an Executive Officer of the Company, in 2014 a Director, and in 2015 an Executive Managing Director. Since he plays an appropriate role in making decisions on important management issues and supervising the execution of business, we consider him qualified for the post of director.
Keizo Umemoto	Executive Managing Director Business Development Division	13/13 times		Mr. Umemoto has a wealth of experience in financial institutions and securities companies and a broad knowledge. We believe that his numerous business connections enable him to plan sales expansion for Sodick's products in new fields and sectors by exploring new business strategies while drawing on his network of personal connections. As we would like Mr. Umemoto to forge a new direction in our business strategy and make every effort to win new customers for our machines globally, we consider him qualified for the post of director.
Ching-Hwa Huang	Director South China Regional Sales Managing Division	(Note 2)		Ms. Huang joined the Taiwanese Branch of the Company in 1990, participating in the operation of the Taiwanese Branch, and then established Sodick (Taiwan) Co., Ltd., a local wholly-owned subsidiary. She subsequently assumed the post of Chairman of the Board and President, and has been responsible for overall management, including administration and overseas sales. Once management of the Taiwanese business was fully underway, in 2001, she established Sodick International Trading (Shenzhen) Co., Ltd., a subsidiary of Sodick (Taiwan) Co., Ltd., in Guangdong, and has been engaged in management as Chairman of the Board and President. Ms. Huang has global management experience in and knowledge of Taiwan, China and Asia, and also contributes greatly to diversity management affairs, including the active participation of women and non-Japanese, which the Company will continue to actively promote going forward. Therefore, we consider her qualified for the post of director.
Toshiaki Kurihara	Director ■ Outside ◆ Independent ▲ Advisory Committee on Personnel ★ Advisory Committee on Compensation	13/13 times		In addition to his abundant experience of financial institutions, Mr. Kurihara possesses broad insights gained from serving as a director and auditor at business corporations. He was appointed as an outside director in order to benefit from his valuable advice regarding Sodick's management strategy.
Katsuhisa Furuta	Director ■ Outside ◆ Independent ▲ Advisory Committee on Personnel ★ Advisory Committee on Compensation	13/13 times		Mr. Furuta possesses a broad knowledge of 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. He was appointed as an outside director in order to benefit from his valuable advice regarding Sodick's management strategy.
Ichiro Inasaki	Director ■ Outside ◆ Independent	10/10 times (Note 1)		Mr. Inasaki possesses a broad knowledge of precision engineering cultivated through many years of research at universities, as well as expert knowledge pertaining to Sodick's business fields, and a deep understanding of Sodick's operations. Therefore, he was appointed as an outside director in order to bring his high-level expertise to bear on enhancing Sodick's businesses.
Kazunao Kudo	Director ■ Outside ◆ Independent	10/10 times (Note 1)		Mr. Kudo not only has expertise in manufacturing technology and production, but also a wealth of managerial experience gained from starting a business in China. Therefore, he was appointed as an outside director in order to benefit from his advice concerning Sodick's manufacturing in general.

Audit & Supervisory Board Member					
Akio Hosaka	Audit & Supervisory Board Member		13/13 times	13/13 times	After joining the Company in 1976, Mr. Hosaka gained experience in the technology and production departments, subsequently assuming the post of Director of the Company in 1987. He has held the post of President at the China plant and part-time company auditor at domestic subsidiaries. Mr. Hosaka has a broad knowledge and a wealth of experience in technology, production, quality control and marketing, and also as the President of Sodick subsidiaries.
Yuichi Watanuki	Audit & Supervisory Board Member		13/13 times	13/13 times	After joining the Company in 1977, Mr. Watanuki was engaged in overseas sales and assumed the post of Director of the Company in 1994. In 2006, he assumed the post of President and Director of one of our domestic listed subsidiaries, held the post of Chairman of Sodick Amoy Co., Ltd. in 2010, and subsequently held the post of Chairman of Suzhou Sodick Special Equipment Co., Ltd. This gave him a broad experience and knowledge of global operations.
Masahiro Shimojo	Audit & Supervisory Board Member ■ Outside ◆ Independent		(Note 2)	(Note 2)	Mr. Shimojo possesses high-level specialized knowledge and broad insights as an attorney, as well as a wealth of experience at other companies as an outside auditor and audit committee member (equivalent to an Audit & Supervisory Board Member). He has been asked to serve as an Outside Audit & Supervisory Board Member in order to utilize his extensive experience in enhancing the Company's auditing system.
Takashi Nagashima	Audit & Supervisory Board Member ■ Outside ◆ Independent		13/13 times	13/13 times	Mr. Nagashima possesses high-level specialized knowledge and broad insights as a certified public accountant and licensed tax accountant. He has been asked to serve as an Audit & Supervisory Board Member in order to utilize this experience in enhancing the Company's auditing system.
Tomio Okuyama	Audit & Supervisory Board Member ■ Outside		13/13 times	13/13 times	Mr. Okuyama possesses a wealth of experience and insights gained at financial institutions, and has been asked to serve as an Audit & Supervisory Board Member in order to objectively audit the soundness of management, including the extent to which internal governance has been established and the handling of risk.

*Details of the criteria for the independence of outside officers are listed on our website. <https://www.sodick.co.jp/en/ir/governance.html>

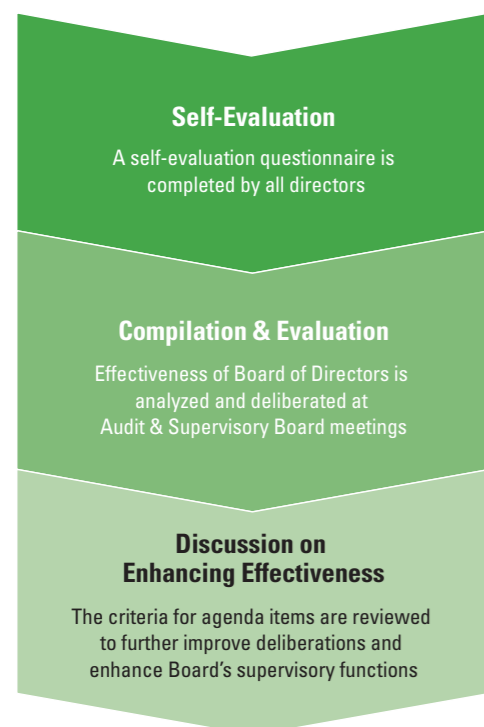
Note 1: Outside directors Ichiro Inasaki and Kazunao Kudo were elected at the Ordinary General Meeting of Shareholders held on March 29, 2018, and 10 Board meetings have been held since they assumed their posts.
Note 2: Director Ching-Hwa Huang and Outside Audit & Supervisory Board Member Masahiro Shimojo were elected at the Ordinary General Meeting of Shareholders held on March 28, 2019; no activity applicable in the fiscal year ended December 2018.

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 carried out to verify that Sodick's Board of Directors is performing its professional duties in accordance with our guidelines, in order to boost the effectiveness of corporate governance.

The Audit & Supervisory Board analyzes the overall effectiveness of the Board of Directors based on each director's self-evaluation, deliberates on this, and evaluates matters including the status of operation, status of deliberation, and management and supervisory functions of the Board.

Method of Analysis and Evaluation



Main Content of Questionnaire

- Role and duties of Board of Directors
- Composition of Board of Directors
- Supervision by Board of Directors
- Support structure for Board Directors
- Matters concerning outside directors

Fiscal Year ended Dec. 2018 Evaluation Results

The evaluation found that the Board of Directors was functioning properly in regard to its overall effectiveness, including the status of operation, status of deliberation, and management and supervisory functions.

Fiscal Year ending Dec. 2019 Management Policy

To further improve deliberations and enhance the Board's supervisory functions, we will review the way it operates, including the criteria for agenda items.

Training for the Board of Directors and Audit & Supervisory Board

Sodick implements the following in order to ensure that its directors and Audit & Supervisory Board Members are able to perform their functions and roles appropriately.

- Newly appointed directors and auditors take part in training provided by the Japan Audit & Supervisory Board Members Association.
- Independent outside directors and independent outside auditors are kept informed about Sodick's business activities and visit key business sites, etc., and are also updated on Sodick's business strategies where appropriate.
- Other directors, auditors, and executive officers also acquire the knowledge needed to enhance corporate value, and learn about the approaches taken to this, through methods such as e-learning provided by the Tokyo Stock Exchange.

Opportunities are provided for executive officers and others to participate in management, such as through business report meetings, in order to cultivate successor personnel. In addition, from this fiscal year we launched initiatives aimed at developing human resources at the executive management level, including training in drawing up long-term business strategy. However, as there is scope for further discussion concerning successor planning and training, the training system and the content of this, the Board of Directors will continue to hold discussions on this area.

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, the representative directors draft the proposed amounts after discussion based on the decisions of the Board of Directors. The actual amounts are finalized once approval has been received from the Advisory Committee on Compensation, which is comprised of representative directors and outside directors.
- The annual shareholders' meeting decides on the broad framework of compensation for Audit & Supervisory Board Members. Within those limits, the amounts of compensation for each auditor are determined through discussion among the auditors.

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.
 - Standard amount for each officer
 - Increase or decrease in amounts linked to business performance according to consolidated current net income
 - Amount appropriate to the officer's duties
- Compensation for outside directors is a fixed amount, and no performance-linked compensation is provided.

Details for Officer Compensation (Fiscal Year ended December 2018)

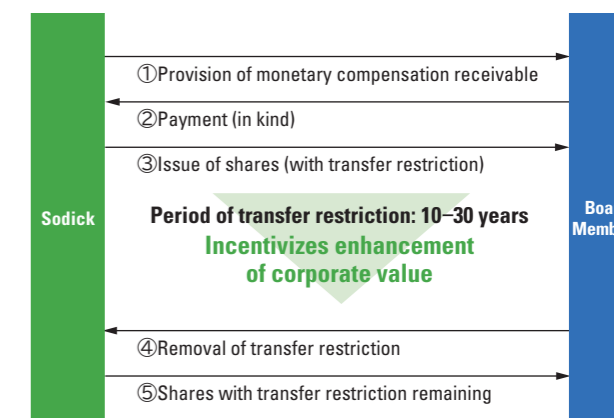
Officer category	Amount provided	Total compensation by type (million yen)				No. of eligible officers
		Basic compensation	Stock options	Bonuses	Retirement benefits for officers	
Director (excluding Outside Directors)	309	309	—	—	—	11
Audit & Supervisory Board Member (excluding Outside Auditors)	31	31	—	—	—	2
Outside Officer	47	47	—	—	—	8
Total	386	386	—	—	—	21

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

Future Officer Compensation System

- In March 2019, as a long-term incentive, a system of stock compensation with restriction on transfer was introduced.
 - The new system will enable shares to be issued directly to Sodick officers. We believe this will further incentivize officers to contribute to enhancement of the Company's share price and corporate value, sharing the advantages and risks of share price fluctuation with all of our shareholders.
- Going forward, we will continue to design and operate the officer compensation system so that it functions as an appropriate incentive to enhancing our corporate value.

System of Stock Compensation with Transfer Restriction



Internal Governance

Based on the Companies Act, Sodick enacted its Basic Policy on Internal Governance Systems at the Board of Directors meeting on May 17, 2006, in order to ensure propriety in our operations. It was subsequently revised at

the Board of Directors meeting on April 17, 2015. This internal governance system strives to build more optimal and efficient structures through continuous reassessment and improvement.

Items in Sodick's "Basic Policy on Establishment of Systems to Ensure Propriety in Operations"

Sodick's basic philosophy and management philosophy are the mainstay of corporate operations.

- A system to ensure that the performance of professional duties by directors and employees is in compliance with legislation and the Articles of Incorporation
- A system concerning the retention and management of information associated with the performance of professional duties by directors
- Regulations and other systems related to risk management of losses
- A system to ensure efficient performance of professional duties by directors
- A structure to ensure propriety in operations within the Sodick Group
- Matters concerning employees for assisting the professional duties of Audit & Supervisory Board Members
- A system of reporting to Sodick's Audit & Supervisory Board Members and a system to ensure that persons who have made a report are not disadvantaged due to making such report
- A policy on the processing of any costs or liabilities that arise in the performance of professional duties by Audit & Supervisory Board Members
- A system to ensure efficient implementation of audits by Audit & Supervisory Board Members
- Basic Approach to Elimination of Anti-Social Forces and Implementation Status

Compliance

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 (whistleblower system), the purpose of which is to quickly discover and rectify compliance violations or potential instances thereof.

Sodick has established 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, the purpose of which 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 response policies.

The Risk Management Committee engages with monitoring and overseeing the company-wide risk management situation, and reports important risks to the Directors and Audit & Supervisory Board Members.

Communication with Shareholders and Investors

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 this dialogue with shareholders. When shareholders make individual requests, we consider having directors or other personnel respond to

them within reasonable limits, taking into consideration factors such as 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 necessary, and are utilized for the future management of the Company.

<p>Shareholders General Meeting of Shareholders</p> <p>No. of attendees 100</p> <p>Ratio of exercise of voting rights 67.7%</p>	<p>Financial Results Briefing for analysts and institutional investors</p> <p>No. of times held Twice each year</p> <p>No. of attendees 189</p>	<p>No. of IR meetings</p> <p>FY2018 153</p>	<p>Overseas IR</p> <p>UK, NY, HK, SGP</p> <p>4 countries</p>
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IR Initiatives

<p>Shareholders and investors</p>	<p>-The Company makes every effort to provide information swiftly to all of our shareholders and investors, based on the principles of transparency, fairness, and continuity, and promotes IR activities conducive to further enhancing corporate value. The Investor Relations Department is responsible for dialogue with our shareholders and investors. To respond to queries from shareholders in a rational and effective manner, it coordinates with the relevant departments, including Accounting and Financial Affairs, Legal Affairs, and Compliance for the promotion of IR activities.</p> <p>-Regarding the measures we take in relation to controls over insider information, Sodick has formulated a Disclosure Policy that is published on our website. ▶ https://www.sodick.co.jp/ir/disclosure.html</p>
<p>For analysts and institutional investors</p>	<p>-Financial results briefings for analysts and institutional investors are held twice each year to provide an opportunity for dialogue separate from the individual meetings.</p> <p>-Sodick issued an integrated report and held factory tours for analysts and institutional investors in order to promote a constructive dialogue.</p>
<p>For our individual investors</p>	<p>-A business report is issued twice each year. This is primarily for individual shareholders and features topics related to Sodick's business results and operations.</p> <p>-For our individual investors, a dedicated page has been created at the Company's website. Information is published here about Sodick's business activities, performance, management policy, etc.</p> <p>-The annual shareholders' meeting is 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 meeting.</p>

Sodick's IR site wins awards

Our IR website was awarded the best website in the "FY2018 All Japanese Listed Companies' Website Ranking" carried out by Nikko Investor Relations Co., Ltd. Sodick was also awarded Bronze prize in the "Gomez IR Site Ranking 2018," an objective evaluation and comparison of IR websites carried out by Morningstar Japan K.K.

We will continue working to deepen understanding of Sodick among our shareholders and investors by further enhancing the corporate information we provide, including via our IR information site.



ESG Initiatives

Basic Approach to CSR

Sodick Group's business philosophy is to contribute to the advancement of society by supplying outstanding products and supporting our customers' manufacturing operations. In order to achieve this, we strive to implement wide-ranging CSR activities, 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). As well as complying with laws and social norms, we believe that the most important element in this is to conduct business in a consistently transparent and readily comprehensible manner, for all of our stakeholders including our shareholders and investors, customers, and employees.

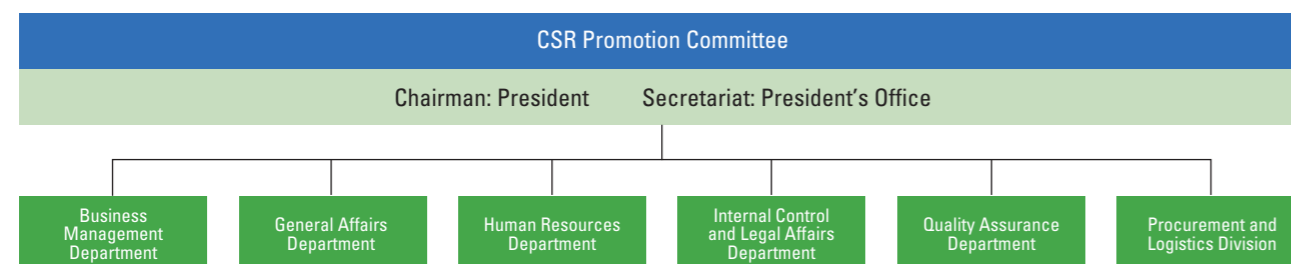
Structure for Promotion of CSR

In the fiscal year ended March 2017, Sodick established a CSR Promotion Committee, which is chaired by the President and Representative Director. The CSR Promotion Committee is led by the management division at Head Office. It systematically promotes CSR activities by setting CSR-related targets focused on important themes such as compliance, contribution to society, fostering human resources, quality control, and the environment, and by implementing the PDCA cycle. Its aim is to promote CSR activities in a systematic manner through the combined efforts of the entire company.

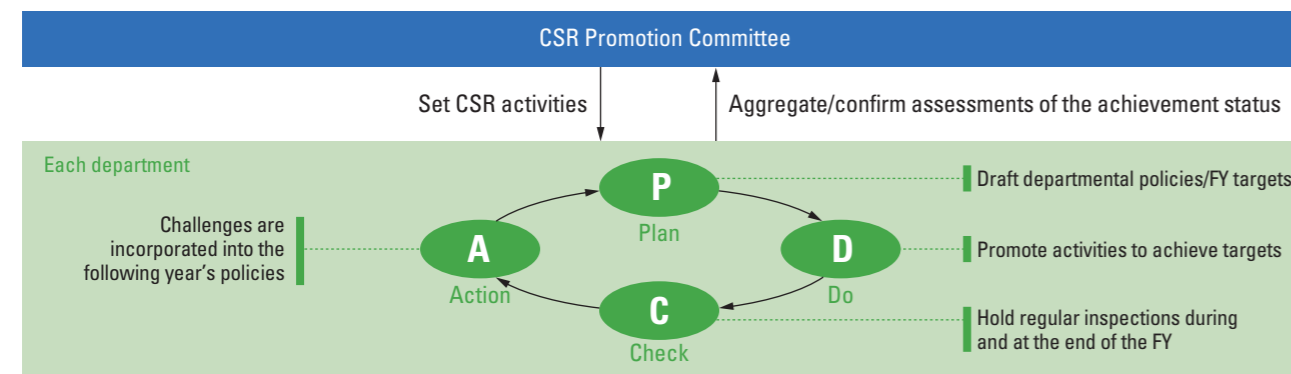
In the fiscal year ended December 2018, the Committee implemented specific measures to enhance areas including information disclosure and dialogue with our stakeholders, responding to the existing challenges for CSR activities. On this basis, it has examined specific measures to further enhance these areas in the future.

Moving forward, the Committee will continue to plan review sessions with the aim of revitalizing and enhancing CSR activities, while also working to keep all employees informed of this and promoting initiatives for disseminating such activities internally.

CSR Structural Chart



CSR Promotion Image



List of ESG Issues and Initiatives

Item	Main Initiatives	Activities Performed
Environmental (→P51)	-Developing environmentally-friendly products	-Promoting environmentally-friendly products Tsubame Wire Plus, Eco-Ion R, Eco Filter SHF-25R -Developing environmentally-friendly products CIP Fully Automatic Noodle Boiling Machine, etc.
	-Green procurement	-Promoting green procurement
	-Climate change countermeasures (reducing CO ₂)	-Installing solar power at Head Office and Sodick FT's Miyazaki Office
Social (→P53)	-Promoting diversity	-Encouraging women in the workforce (taking maternity/childcare leave and being reinstated afterwards) -Optimizing global human resources -Hiring disabled workers -Hiring senior citizens (introduction of 65-year-old retirement age and reemployment system) -Encouraging employees to take paid vacation -Reducing overtime hours
	-Creating a comfortable workplace environment	-Promoting a working hours reduction scheme -Initiatives for safety, sanitation, and disaster prevention -Introducing EAP (Employee Assistance Program) services -Comprehensive benefits packages -HR training systems (from new hires to young employees)
	-Nurturing human resources	-Accepting foreign national technical interns -Implementing manager training
	-Contributing to local communities	-Social and cultural activities
Corporate Governance (→P41)	-Strengthening corporate governance	-Establishing corporate governance structures -Strengthening internal controls and risk management -Strengthening management oversight functions
	-Revising the compensation system	-Improving the transparency of management -Holding dialogue with stakeholders

Environmental Initiatives

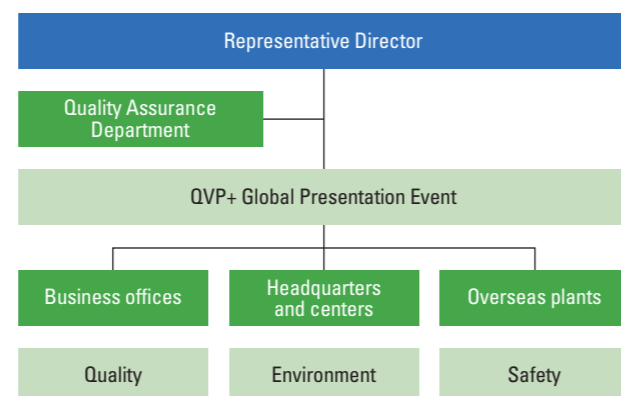
The Hokuriku region, where Sodick has a production base, is a place where traditional culture exists in symbiosis with beautiful natural surroundings. In our work of developing and manufacturing a large number of products in this well-favored region, we have come to realize that treating the natural environment with care is a practice that in itself leads to richness in the lives of the people.

Sodick's Policies and Structures

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 to our environmental impact, every year we reassess our Environmental Policy and enact particular topical issues and objectives for this policy. 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 leads 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 serves as an opportunity for each department to explore ways to make improvements in the areas of quality, the environment, and safety, in keeping with the policies and targets set down by the Top Management.

Structure for Promoting Environmental Concerns



The details of Sodick's environmental policy are available on our website. https://www.sodick.co.jp/ir/pdf/08/csr_policy_2019.pdf

CO₂ reduction initiatives to tackle climate change

Amid rising global concern surrounding social issues centered on the climate and energy, the Paris Agreement, in which countries came together to mitigate global warming, and the SDGs set out by the UN, are drawing growing attention. In Japan, compliance with the energy conservation law will be required by 2030, and Sodick is setting its sights on the use of 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 Head Office have a capacity of 49.88 kW, while those at the

Miyazaki Office operate at 800 kW.

In our offices, initiatives are being promoted to reduce CO₂, including effective use of the "Cool Biz" energy-saving campaign (cooler business attire to cut down on air conditioning usage) and teleconference systems. The introduction of teleconference systems at our domestic offices and overseas subsidiaries reduces travel for meetings and business discussions, thereby helping to reduce energy consumption.

CO₂ Emissions at Sodick Business Sites in Japan

	FY2014	FY2015	FY2016	FY2017	FY2018
CO ₂ emissions (t)	9,923	7,227	8,543	6,583	8,831

Crude Oil Equivalent at Sodick Business Sites in Japan

	FY2014	FY2015	FY2016	FY2017	FY2018
Crude oil equivalent (kl)	3,180	2,969	3,440	2,650	3,529

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 with a priority on goods that have 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 criteria also clarified the activities and surveys needed in order to fulfill our Green Procurement Standards. Additionally, we carried out a survey on our suppliers covering locations within Japan and overseas. We have also established a structure that is capable of handling situations such as earthquakes and data falsification by manufacturers.

In conjunction with this, Sodick is creating its own ERP-linked harmful chemical substances control system

(SHCSCS). This enables the Company to systematically identify and control whether our products contain harmful chemical substances. 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 reports 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 create 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, and the Wire Bobbin; 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.

Furthermore, Sodick works to develop environmentally-friendly products. The CIP fully automated noodle boiling machine developed by our Food Processing

Machinery Segment offers improved cleaning performance over that of conventional machines, which boil water using indirect piping. Instead, 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. What's more, the device can reduce the amount of water supplied and discharged by reusing the water discharged from the tub for resupply. In addition, employing a waste heat recovery system that reuses the boiling water has made it possible to greatly reduce the amount of steam used. Reducing the amount of steam contributes to both energy conservation and reduction of CO₂ emissions.

Environmentally-Friendly Products



Tsubame Wire Plus
The world's first product in this field, 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
Its extended operating life makes it well suited to long-duration machining. Its 18-L capacity is approximately twice that of conventional types. The "canister" itself is replaceable, so there is no need to perform the work of refilling the resin. This makes for an environmentally-friendly product.



CIP fully automatic noodle boiling machine
Equipped with an automated cleaning system that cleans only the necessary areas, drainage, cleaning and water supply are fully automatic and unmanned. Additionally, the use of high-pressure cleaning ensures that the surrounding environment is unaffected and remains dry, thereby contributing to safe and secure production from a hygiene perspective.

Together with Society

Since our founding, Sodick has expanded its operations under the motto of "Create," "Implement," and "Overcome Difficulties." The very mettle and ability to take action possessed by each and every one of our employees provides the backbone for this endeavor. All of our employees – not just our technical staff, but also our sales and management personnel – 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 foreign nationals, the disabled, and senior citizens. Furthermore, we are also working hard to create an environment in which women can continue to flourish in the workplace 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. Its 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 pension.

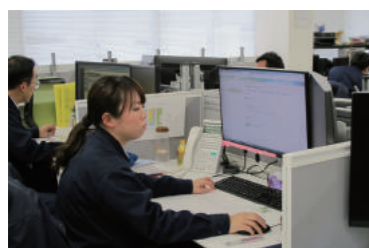
Starting on April 1, 2018, we uniformly set the retirement age as the first March 31 after the employee's 65th birthday, and also introduced our Senior Program which allows workers to select a diverse array of work styles at the age of sixty. From the first March 31 after they turn sixty, we limit factors in response to employees' changing circumstances, such as their working hours, number of work days, work duties, and work locations. This establishes an environment in which they can work with peace of mind. We are striving to revitalize our organization through the realization of dual-track career paths, by giving broad consideration to extending the retirement age, career planning for each individual employee, and the Company's HR strategy.

Encouraging Women in the Workforce

Sodick is striving to create an environment that allows our employees to balance work with child-rearing. We want to ensure that they can take maternity or childcare leave and then return to their previous departments and positions. As a result of our initiatives, women are actively taking maternity and childcare leave, with a 100% return-to-work ratio in the past five years. We are also encouraging male employees to take childcare leave and they are gradually becoming more aware of this opportunity: last fiscal year, four men took leave.

Sodick has drawn up an action plan to enable female employees to shine in a variety of fields, and the percentage of female new hires between 2015 and 2018 was 23.0%. We will continue working hard to promote women in the

workforce, while supporting all our employees in achieving their own work-life balance.

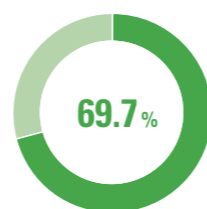


Making the Most of Global Human Resources

Sodick was quick to adopt a global perspective in developing its business. Around 70% of our employees are currently working overseas, and the Company has also actively sought out non-Japanese hires.

Having foreign national 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 optimal use of global human resources. Women are also serving as presidents at some of these overseas locations.

Ratio of overseas employees (as of December 31, 2018)



Hiring Disabled Workers

Kibi NC Training Center Corp., in which Sodick holds an investment stake, 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 broadly promotes such hiring goals 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.



Operations at Kibi NC Training Center Corp.

Creating a Comfortable Workplace Environment

The organization of the workplace environment is closely correlated with enhancing our employees' approach to their work. 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 establish a foundation that facilitates the nurturing of outstanding human resources.

We are also focusing our energies on creating an employee training system to help individual employees

further develop their abilities. By providing 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. 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.

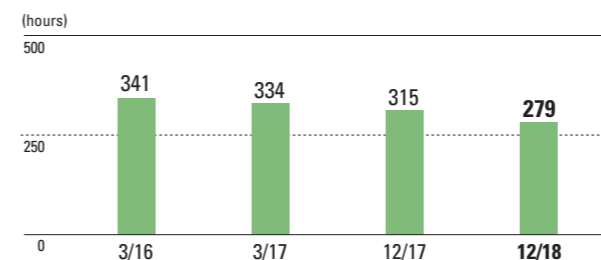
Encouraging Employees to Take Paid Leave

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

Reducing Overtime Work

Sodick is actively taking steps to reduce overtime work. Once a certain number of hours of overtime is exceeded in a given month, the individual concerned and their manager are alerted by email. This has resulted in reducing the number of overtime working hours.

Annual average overtime hours

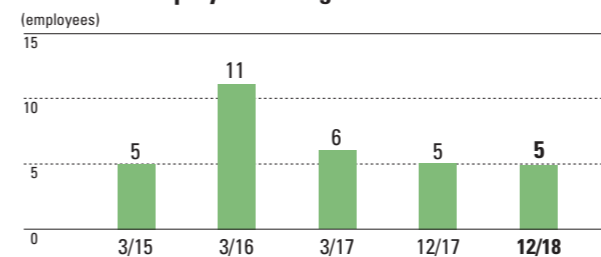


Encouraging Employees to Take Childcare Leave

Sodick's Action Plan on Promoting Measures to Support the Development of the Next Generation aims for at least one male employee and at least 90% of female employees to take childcare leave. We are working to increase the rate of uptake by making employees aware of the scheme via our Intranet and through a consultation desk.

We are also considering the introduction of remote working, and are aiming for even more employees to take childcare leave.

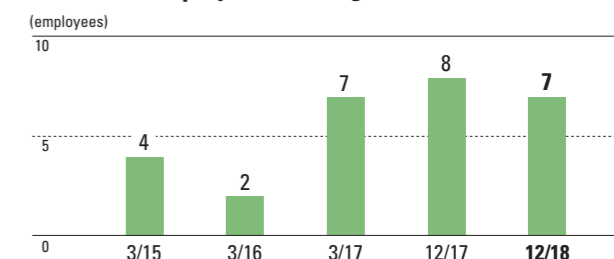
Number of employees taking childcare leave



Promotion of Reduced Working Hours Scheme

Sodick has adopted a reduced working hours scheme to enable employees to undertake childcare or nursing care. This allows employees to alter their working hours as needed. In recent years, a number of employees have taken advantage of this scheme, and we continue to make it available.

Number of employees working reduced hours



Renewal of Office Area

In 2018, we renovated our office area, including refurbishing the work area on the third floor of Head Office (Technical Training Center), and completing a new R&D building at Head Office and the Kaga multi-factory. We hope to increase our employees' motivation by providing them with a new office environment.



Refurbished work area on the third floor of Head Office

Initiatives for Safety, Sanitation, and Disaster Prevention

Our employees are at the very heart of the Company, and ensuring that they stay healthy in mind and body, and can work in an energetic manner, is crucial 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 not only for the physical well-being of our employees, but also for their mental well-being, and is working to create follow-through structures to prevent mental and physical disorders from arising.

Sodick has also adopted a Compliance Helpline (whistleblowing system) with the objective of preventing and rapidly responding to wrongdoing or unethical behavior perpetrated by employees or corporate officers.

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.

Educational Activities on Safe Driving

Sodick aims to achieve zero road accidents among our sales and service personnel. All Company-owned vehicles are equipped with driving recorders so that the causes of accidents can be ascertained and used to prevent future accidents. We also provide educational activities on safe driving, including inviting local police officers to give traffic safety seminars, and each month the number of accidents is notified throughout the Company.



Traffic safety seminar



Introduction of EAP Service

Sodick adopts the Employee Assistance Program in order to practice health management. We have established contact points not only within the Company, but also outside the Company including with medical specialists and lawyers, in order for employees 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.

We have also set up similar contact points for overseas representatives and their families, and make every effort to ensure that they can adapt comfortably to life overseas.

Comprehensive Benefits Packages

Sodick strives to offer comprehensive 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 amounting to 20% of its employee stock ownership plan, provides regular health examinations, and offers financial assistance for cancer examinations using positron emission tomography (PET), a treatment technique that has been much talked about recently, 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 including tennis, marathon running, cycling, futsal, badminton, and golf are also very popular. These serve to encourage interaction with employees from other departments.



Nobeyama Resort Village



Miyazaki Training Center

Nurturing Human Resources

Training for New Hires

Sodick provides training for new hires at plants both in Japan and overseas. First, they learn about the operational flows in manufacturing, technology, and machining at the main Hokuriku plant and Miyazaki Office. Next, they increase their knowledge of Sodick's EDMs at the Thailand plant, working side-by-side with local employees. Here they can also gain a broad range of personal contacts, while dispelling any anxiety they may have about working overseas.



Training for new employees

Overseas Training System

We have also established an overseas training system for employees who work closely with our overseas affiliates. This includes business and technical training at Sodick's overseas bases or at overseas education and research institutes. In 2018, two employees spent several months training, gaining hands-on business skills and interacting with local employees.

Manager Training

In drawing up our long-term vision to 2026, which will mark 50 years since Sodick's founding, training for our executive management was carried out over several months. The training identified and consolidated management issues and the measures adopted by each business segment through seminars given by external lecturers and regular group discussions. On the final day, presentations were made to the representative directors by four groups with their thoughts on the long-term vision, further deepening the training content.

Foreign National Technical Intern Program

Foreign national technical interns are welcomed from our Thailand and China plants in order to enhance their technical capabilities. In the fiscal year ended December 2018, four interns from Thailand and three from China learned about manufacturing technology at our Kaga and Fukui plants.



Trainees from overseas plants

Initiatives for Social and Cultural Activities

Factory Visits

Sodick aims to revitalize regional areas and ensure the smooth running of our local offices by creating new employment in each region and deepening understanding of our business through factory visits.

In the fiscal year ended December 2018, factory visits were conducted nine times at the Kaga Office, with a total of 234 attendees. We will continue to carry out various social



Hokuriku High School factory visit

contribution initiatives, ensuring that our business activities are rooted in the local community.

Clean Beach in Kaga

Sodick aims to deepen social exchanges, fulfill our corporate obligations, and improve our corporate brandname recognition through community activities. In order to do this, we are also working to offer social and cultural activities, and aim to plan community activity opportunities at least once every six months.

In the fiscal year ended December 2018, as in the previous year, Sodick took part in a public volunteer activity held in Kaga City – "Coastal Clean-up Activities: Clean Beach in Kaga."



Beach-cleaning activity

A Decade of Financial Summary

Key Financial Data

	03/2010 FY	03/2011 FY	03/2012 FY	03/2013 FY	03/2014 FY	03/2015 FY	03/2016 FY	03/2017 FY	12/2017 FY	Unit: million yen 12/2018 FY	Unit: US\$1,000*1 12/2018 FY
Business performance											
Net sales	36,761	54,213	53,528	55,031	56,899	63,090	65,146	61,812	65,604	82,716	754,984
Cost of sales	27,877	36,592	35,957	38,296	40,232	42,215	41,369	39,318	42,445	52,488	479,085
Gross profit	8,883	17,621	17,570	16,734	16,667	20,874	23,777	22,494	23,159	30,227	275,899
Selling, general, and administrative expenses	11,575	12,027	12,080	12,719	14,014	15,984	17,424	17,257	15,669	20,338	185,639
Operating income	-2,688	5,599	5,495	4,021	2,651	4,891	6,353	5,236	7,490	9,888	90,260
Ordinary income	-3,073	3,944	4,577	5,356	3,886	5,647	5,719	4,620	7,910	9,619	87,797
Profit before income taxes	-3,422	4,003	4,473	5,170	3,857	5,129	5,748	4,193	7,772	8,929	81,500
Profit attributable to owners of parent	-3,669	5,111	3,320	4,191	4,194	3,550	4,167	3,644	5,736	6,462	58,985
R&D expenses	1,532	1,624	1,717	1,832	2,004	2,494	3,408	3,518	3,344	3,902	35,619
Facility investments	945	1,465	3,661	5,460	3,136	2,232	2,887	2,594	4,588	8,576	78,281
Depreciation	2,640	2,116	2,121	2,204	2,559	2,659	2,765	2,697	2,360	3,085	28,164
Financial status											
Total assets	72,767	79,510	92,993	95,041	98,776	104,167	99,722	109,271	121,815	119,555	1,091,231
Net assets	23,848	28,158	29,718	36,033	42,451	49,453	49,758	48,710	55,166	58,129	530,572
Interest-bearing debt	35,193	33,488	41,339	41,506	39,480	35,758	33,826	40,953	41,704	39,524	360,755
Cash flow											
Cash flows from operating activities	7,256	3,216	9,245	2,766	5,577	8,298	6,579	8,373	4,522	9,275	84,664
Cash flows from investing activities	-693	-167	-5,295	-4,776	-4,181	-144	-2,773	-2,132	-4,715	-8,188	-74,740
Free cash flow	6,562	3,048	3,950	-2,009	1,395	8,153	3,806	6,240	-193	1,087	9,923
Cash flows from financing activities	-9,437	-1,965	6,809	-1,163	-3,696	-5,243	-2,854	3,134	-439	-3,485	-31,810
Per-share indicators											
Earnings per share (EPS) (Yen/US\$*1)	-74.11	103.23	67.07	83.29	83.36	70.55	82.82	76.91	122.15	137.58	1.26
Net assets per share (BPS) (Yen/US\$*1)	449.54	534.25	589.28	715.26	842.40	981.47	987.01	1,035.19	1,172.12	1,235.46	11.28
Dividends per share (Yen/US\$*1)	0.00	6.00	11.00	14.00	14.00	20.00	18.00	19.00	22.00	24.00	0.22
Key financial indicators											
Ratio of gross profit to sales	24.2%	32.5%	32.8%	30.4%	29.3%	33.1%	36.5%	36.4%	35.3%	36.5%	
Ratio of operating income to net sales	-	10.3%	10.3%	7.3%	4.7%	7.8%	9.8%	8.5%	11.4%	12.0%	
Ratio of ordinary income to sales	-	7.3%	8.6%	9.7%	6.8%	9.0%	8.8%	7.5%	12.1%	11.6%	
Return on equity (ROE)*2	-	21.0%	11.8%	12.8%	10.7%	7.7%	8.4%	7.4%	11.1%	11.4%	
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%	8.0%	
Debt-to-equity (D/E ratio)*4 (multiple)	1.49	1.17	1.30	1.17	1.02	0.86	0.75	0.92	0.84	0.72	
Equity ratio*5	30.6%	33.3%	31.9%	37.9%	42.9%	47.4%	49.8%	44.5%	45.2%	48.5%	
Dividend on equity (DOE)*6	-	1.0%	1.7%	2.0%	1.8%	2.4%	2.0%	2.0%	2.1%	2.1%	
Ratio of overseas sales	53.0%	57.7%	60.6%	63.7%	60.4%	64.1%	63.8%	62.7%	69.6%	65.8%	
Average exchange rate over the period Yen/USD	92.89	85.74	79.08	82.91	100.17	109.76	120.15	108.34	111.69	110.44	
Yen/EUR	131.18	113.13	109.02	106.78	134.21	138.69	132.60	118.74	128.55	130.35	
Yen/CNY	13.68	12.95	12.35	12.66	15.87	17.14	19.21	16.32	16.62	16.71	
Yen/THB	2.75	2.75	2.59	2.70	3.19	3.38	3.44	3.08	3.33	3.42	
Other											
Number of employees (consolidated)	2,575	2,793	2,956	2,921	2,999	3,183	3,216	3,415	3,651	3,676	

*1 US\$ amounts are converted at the rate of US\$1 = 109.56 yen observed in trading in the Tokyo foreign currency market as of December 31, 2018.

*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.

Consolidated Balance Sheets

	12/2017 FY	Unit: million yen 12/2018 FY	Unit: US\$1,000* 12/2018 FY
Assets			
Current assets			
Cash and deposits	¥ 37,014	¥ 33,546	\$ 306,188
Notes and accounts receivable-trade	18,048	14,972	136,662
Electronically recorded monetary claims-operating	1,136	1,545	14,109
Merchandise and finished goods	8,986	9,774	89,214
Work in process	9,270	8,661	79,060
Raw materials and supplies	9,021	8,809	80,405
Deferred tax assets	1,610	1,476	13,475
Other	2,588	2,807	25,626
Allowance for doubtful accounts	-149	-171	-1,564
Total current assets	87,527	81,422	743,177
Non-current assets			
Property, plant and equipment			
Buildings and structures	20,604	26,262	239,712
Machinery, equipment and vehicles	19,268	20,059	183,089
Tools, furniture and fixtures	3,163	3,486	31,826
Land	7,267	7,540	68,821
Leased assets	774	1,020	9,316
Construction in progress	2,021	1,168	10,668
Accumulated depreciation	-26,805	-28,626	-261,287
Total property, plant and equipment	26,296	30,912	282,147
Intangible assets			
Goodwill	1,780	1,642	14,991
Other	1,115	902	8,234
Total intangible assets	2,895	2,544	23,226
Investments and other assets			
Investment securities	4,075	3,607	32,927
Long-term loans receivable	13	8	78
Deferred tax assets	96	88	810
Other	1,024	1,088	9,939
Allowance for doubtful accounts	-114	-117	-1,076
Total investments and other assets	5,096	4,675	42,679
Total non-current assets	34,287	38,132	348,053
Total Assets	¥ 121,815	¥ 119,555	\$ 1,091,231

* US\$ amounts are converted at the rate of US\$1 = 109.56 yen observed in trading in the Tokyo foreign currency market as of December 31, 2018.

	12/2017 FY	Unit: million yen 12/2018 FY	Unit: US\$1,000* 12/2018 FY
Liabilities			
Current liabilities			
Notes and accounts payable-trade	¥ 6,092	¥ 4,855	\$ 44,320
Electronically recorded obligations-operating	6,807	5,969	54,487
Short-term loans payable	4,739	4,106	37,480
Current portion of long-term loans payable	8,460	7,777	70,984
Accounts payable-other	1,666	1,412	12,894
Income taxes payable	1,183	535	4,889
Provision for product warranties	461	444	4,053
Provision for quality guarantee	5	4	39
Provision for bonuses	539	614	5,607
Provision for point card certificates	0	1	13
Other	6,390	6,088	55,573
Total current liabilities	36,349	31,810	290,344
Non-current liabilities			
Convertible bond-type bonds with subscription rights to shares	7,991	7,981	72,845
Long-term loans payable	20,512	19,659	179,444
Provision for directors' retirement benefits	23	20	184
Provision for product warranties	277	280	2,562
Net defined benefit liability	534	609	5,562
Asset retirement obligations	67	68	628
Other	890	995	9,085
Total non-current liabilities	30,298	29,615	270,314
Total Liabilities	66,648	61,425	560,658
Net assets			
Shareholders' equity			
Capital stock	20,780	20,785	189,715
Capital surplus	5,883	5,877	53,649
Retained earnings	27,514	32,823	299,594
Treasury shares	-4,697	-4,698	-42,885
Total shareholders' equity	49,481	54,788	500,074
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	1,294	967	8,826
Foreign currency translation adjustment	4,196	2,513	22,945
Remeasurements of defined benefit plans	75	-236	-2,155
Total accumulated other comprehensive income	5,566	3,244	29,617
Non-controlling interests	119	96	880
Total Net Assets	55,166	58,129	530,572
Total Liabilities and Net Assets	¥ 121,815	¥ 119,555	\$ 1,091,231

Consolidated Financial Statements

Consolidated Statements of Income

	12/2017 FY	Unit: million yen	Unit: US\$1,000*
		12/2018 FY	12/2018 FY
Net sales	¥ 65,604	¥ 82,716	\$ 754,984
Cost of sales	42,445	52,488	479,085
Gross profit	23,159	30,227	275,899
Selling, general and administrative expenses			
Personnel expenses	6,058	7,843	71,590
Provision of allowance for doubtful accounts	14	55	508
Amortization of goodwill	111	140	1,280
Provision for point card certificates	-0	0	5
R&D expenses	2,016	2,352	21,471
Other	7,468	9,946	90,782
Total selling, general and administrative expenses	15,669	20,338	185,639
Operating income	7,490	9,888	90,260
Non-operating income			
Interest income	185	227	2,072
Dividends income	51	62	569
Foreign exchange gains	341	-	-
Equity in earnings of affiliates	18	44	409
Subsidy income	140	189	1,732
Gain on sale of scraps	21	41	375
Other	132	230	2,101
Total non-operating income	890	795	7,260
Non-operating expenses			
Interest expenses	259	308	2,815
Foreign exchange losses	-	429	3,924
Commission for syndicate loan	108	-	-
Directors' condolence allowance	-	193	1,763
Other	102	133	1,219
Total non-operating expenses	470	1,065	9,722
Ordinary income	7,910	9,619	87,797
Extraordinary income			
Gain on sales of non-current assets	98	29	268
Other	0	-	-
Total extraordinary income	98	29	268
Extraordinary losses			
Loss on sales of non-current assets	18	7	66
Loss on retirement of non-current assets	196	57	524
Loss on valuation of shares of subsidiaries and associates	-	117	1,071
Business structure improvement expenses	-	536	4,892
Other	21	1	11
Total extraordinary losses	236	719	6,565
Profit before income taxes	7,772	8,929	81,500
Income taxes – current	2,059	2,102	19,193
Income taxes – deferred	-47	340	3,109
Total income taxes	2,012	2,443	22,302
Profit	5,759	6,485	59,197
Profit attributable to non-controlling interests	23	23	211
Profit attributable to owners of the parent	¥ 5,736	¥ 6,462	\$ 58,985

* US\$ amounts are converted at the rate of US\$1 = 109.56 yen observed in trading in the Tokyo foreign currency market as of December 31, 2018.

* 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.

Consolidated Statements of Comprehensive Income

	12/2017 FY	Unit: million yen	Unit: US\$1,000*
		12/2018 FY	12/2018 FY
Profit	¥ 5,759	¥ 6,485	\$ 59,197
Other comprehensive income			
Valuation difference on available-for-sale securities	188	-327	-2,989
Foreign currency translation adjustments	1,376	-1,686	-15,394
Remeasurements of defined benefit plans, net of tax	87	-311	-2,839
Share of other comprehensive income of entities accounted for using equity method	2	-5	-48
Total other comprehensive income	1,655	-2,330	-21,272
Comprehensive income	7,415	4,155	37,925
(Comprehensive income attributable to)			
owners of parent	7,387	4,141	37,798
non-controlling interests	¥ 27	¥ 13	\$ 126

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* 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.

Consolidated Financial Statements

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 2017/12 (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 period											
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 parent			5,736		5,736						5,736
Purchase of treasury shares				-0	-0						-0
Purchase of shares of consolidated subsidiaries											
Changes of items other than shareholders' equity						188	1,374	87	1,651	21	1,673
Total changes of items during 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
FY 2018/12 (from January 1, 2018 to December 31, 2018)											
Balance at beginning of current fiscal year	20,780	5,883	27,514	-4,697	49,481	1,294	4,196	75	5,566	119	55,166
Changes of items during period											
Issuance of new shares – exercise of subscription rights to shares	5	5			10						10
Dividends of surplus			-1,127		-1,127						-1,127
Reserve for the awards and welfare fund for employees of foreign subsidiaries			-26		-26						-26
Profit attributable to owners of parent			6,462		6,462						6,462
Purchase of treasury shares				-0	-0						-0
Purchase of shares of consolidated subsidiaries		-10			-10						-10
Changes of items other than shareholders' equity						-327	-1,682	-311	-2,321	-23	-2,344
Total changes of items during fiscal year	5	-5	5,308	-0	5,307	-327	-1,682	-311	-2,321	-23	2,962
Balance at end of current fiscal year	¥ 20,785	¥ 5,877	¥ 32,823	¥ -4,698	¥ 54,788	¥ 967	¥ 2,513	¥ -236	¥ 3,244	¥ 96	¥ 58,129

	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 2018/12 (from January 1, 2018 to December 31, 2018)											
Balance at beginning of current fiscal year	\$ 189,670	\$ 53,703	\$ 251,140	\$ -42,879	\$ 451,634	\$ 11,816	\$ 38,303	\$ 684	\$ 50,804	\$ 1,090	\$ 503,529
Changes of items during period											
Issuance of new shares – exercise of subscription rights to shares	45	45			91						91
Dividends of surplus			-10,288		-10,288						-10,288
Reserve for the awards and welfare fund for employees of foreign subsidiaries			-242		-242						-242
Profit attributable to owners of parent			58,985		58,985						58,985
Purchase of treasury shares				-5	-5						-5
Purchase of shares of consolidated subsidiaries		-99			-99						-99
Changes of items other than shareholders' equity						-2,989	-15,357	-2,839	-21,187	-210	-21,397
Total changes of items during fiscal year	45	-54	48,454	-5	48,440	-2,989	-15,357	-2,839	-21,187	-210	27,042
Balance at end of current fiscal year	\$ 189,715	\$ 53,649	\$ 299,594	\$ -42,885	\$ 500,074	\$ 8,826	\$ 22,945	\$ -2,155	\$ 29,617	\$ 880	\$ 530,572

* US\$ amounts are converted at the rate of US\$1 = 109.56 yen observed in trading in the Tokyo foreign currency market as of December 31, 2018.

Consolidated Statements of Cash Flows

	Unit: million yen			Unit: US\$1,000*
	12/2017 FY	12/2018 FY	12/2018 FY	
Cash flows from operating activities				
Profit before income taxes	¥ 7,772	¥ 8,929	\$ 81,500	
Depreciation	2,360	3,085	28,164	
Amortization of goodwill	111	140	1,280	
Increase (decrease) in net defined benefit liability	101	-314	-2,873	
Increase (decrease) in provision of allowance for doubtful accounts	-5	32	299	
Interest and dividend income	-236	-289	-2,641	
Interest expenses	259	308	2,815	
Share of (profit) loss of entities accounted for using equity method	-18	-44	-409	
Foreign exchange losses (gains)	-83	115	1,054	
Loss (gains) on sale and revaluation of investment securities	13	117	1,071	
Loss (gains) on sale and retirement of non-current assets	116	35	322	
Business structure improvement expenses	-	536	4,892	
Decrease (increase) in notes and accounts receivable-trade	-4,238	2,293	20,932	
Decrease (increase) in inventories	-4,116	-756	-6,901	
Increase (decrease) in notes and accounts payable-trade	1,745	-900	-8,221	
Increase (decrease) in accounts payable-other	494	-169	-1,546	
Increase (decrease) in advances received	1,252	-1,482	-13,535	
Other	342	492	4,498	
Subtotal	5,872	12,128	110,701	
Interest and dividends income received	233	285	2,601	
Interest expenses paid	-260	-316	-2,887	
Income tax refund (or paid)	-1,322	-2,821	-25,751	
Net cash provided by (used in) operating activities	4,522	9,275	84,664	
Cash flows from investing activities				
Payments into time deposits	-836	-168	-1,535	
Proceeds from withdrawal of time deposits	657	242	2,217	
Purchase of property, plant and equipment	-4,213	-8,134	-74,242	
Proceeds from sale of property, plant and equipment	362	301	2,755	
Purchase of intangible assets	-181	-217	-1,987	
Purchase of investment securities	-0	-0	-7	
Proceeds from sale of investment securities	149	-	-	
Purchase of shares of subsidiaries and associates	-680	-43	-392	
Payments of loans receivable	-1	-59	-538	
Collection of loans receivable	82	20	188	
Other	-52	-131	-1,197	
Net cash used in investing activities	-4,715	-8,188	-74,740	
Cash flows from financing activities				
Net increase (decrease) in short-term loans payable	143	-572	-5,226	
Proceeds from long-term loans payable	8,731	7,373	67,302	
Repayment of long-term loans payable	-8,244	-8,904	-81,274	
Repayments of finance lease obligations	-101	-174	-1,589	
Purchase of treasury shares	-0	-0	-5	
Cash dividends paid	-939	-1,127	-10,288	
Other	-28	-79	-728	
Net cash used in financing activities	-439	-3,485	-31,810	
Effect of exchange rate change on cash and cash equivalents	670	-1,026	-9,373	
Net increase (decrease) in cash and cash equivalents	37	-3,424	-31,260	
Cash and cash equivalents at the beginning of the period	36,037	36,075	329,271	
Cash and cash equivalents at the end of current period	¥ 36,075	¥ 32,650	\$ 298,011	

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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: 20,785,256,958 yen

Total number of authorized shares: 150,000,000

Total number of shares issued: 53,450,916

Total number of shareholders: 13,983

Number of employees: 755 (3,676 consolidated)

Stock listing: Tokyo Stock Exchange, First Section

Stock code: 6143

Fiscal year: January 1 – December 31

Annual shareholder's meeting: March

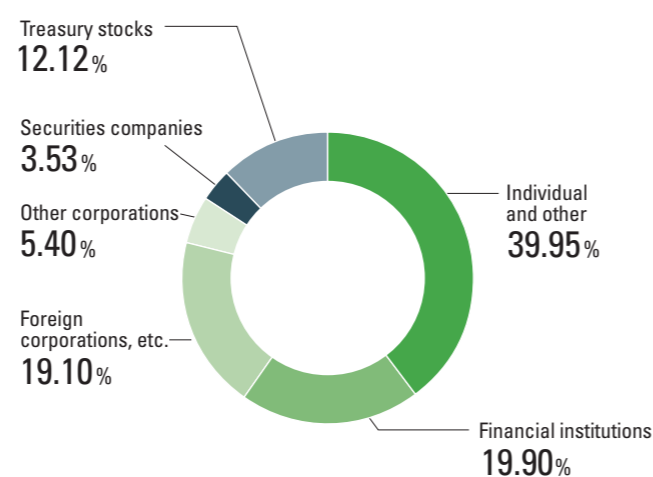
Administrator of the shareholder register:

Mizuho Trust & Banking Co., Ltd.
2-8-4 Izumi, Suginami-ku, Tokyo, 168-8507
Phone: 0120-288-324 (toll-free within Japan only)

Major Shareholders

	No. of shares (shares)	Percent ownership (%)
Sodick Co., Ltd.	6,477,947	12.12
Japan Trustee Services Bank, Ltd. (trust account)	1,832,200	3.43
The Master Trust Bank of Japan, Ltd. (trust account)	1,770,100	3.31
RE FUND 107-CLIENT AC	1,142,772	2.14
Sodick Business Partner Stock Ownership Association	906,800	1.70
Sumitomo Mitsui Banking Corporation	850,000	1.59
TF Co., Ltd.	850,000	1.59
Japan Trustee Services Bank, Ltd. (trust account 5)	843,800	1.58
Hiroko Furukawa	800,000	1.50
Kenichi Furukawa	756,001	1.41

Share Distribution by Holder



Domestic Affiliates

Sodick FT Co., Ltd.

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

● **Management Division · Lease Division**

Nissou 13th Building, 2-5-1, Shinyokohama, Kohoku-ku, Yokohama, Kanagawa 222-0033, Japan
Business lines: Leasing of EDMs and other machinery

● **EWS Division**

Kou-8798-239, Tano-cho, Miyazaki, Miyazaki 889-1701, Japan
Business lines: Development, manufacturing, 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 manufacturing of ceramics for machine components; development, manufacturing, and marketing of products that use various ceramics for direct sales

● **Die Molding Division**

Nissou 13th Building, 2-5-1, Shinyokohama, Kohoku-ku, Yokohama, Kanagawa 222-0033, Japan

Miyazaki Office Kou-8798-255, Tano-cho, Miyazaki, Miyazaki 889-1701, Japan
Business lines: Manufacturing and marketing of precision molds and precision molded articles; development and manufacturing of nano processing technology

● **SNM Division**

Kou-8798-253, Tano-cho, Miyazaki, Miyazaki 889-1701, Japan
Business lines: Development, manufacturing, and marketing of dies for EDMs

● **IAC Division**

5289 Nagatsuta-cho, Midori-ku, Yokohama, Kanagawa 226-0026, Japan
Business lines: Development, manufacturing, and marketing of LED lighting

Sodick Japan Trading Co., Ltd.

Nissou 13th Building, 2-5-1, Shinyokohama, Kohoku-ku, Yokohama, Kanagawa 222-0033, Japan

Showroom: 176-2, Nippa-cho, Kohoku-ku, Yokohama, Kanagawa, 223-0057, Japan
TEL:+81-45-834-9751 / FAX:+81-45-834-9750

Business lines: Import and sale of machine tools, etc.
<https://www.sodick-jt.co.jp/index.html>

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: Metal laser sintering composite machining CAM; simulation software development; and solution marketing, training, and support
URL: <http://www.opmlab.net/en/index.html>

Overseas Affiliates

Development Centers

Sodick America Corporation

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

上海沙迪克软件有限公司/Shanghai Sodick Software Co., Ltd.

中国上海市徐匯区桂平路471号
471 Guiping Road, Xu Hui District, Shanghai 200233, P. R. China

Production Centers

Sodick (Thailand) Co., Ltd.

60/84 Moo 19, Soi 19, Navanakorn Industrial Estate Zone 3, Phaholyothin Road, Klongneung, 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 Centers

Sodick, Inc.

601 Commerce Drive, Schaumburg, Illinois 60173, U.S.A.

Sodick Europe Ltd. (U.K.)

Agincourt Road, Warwick, CV34 6XZ, United Kingdom

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0202, 1/F, Jiashou Building Department Store 9013 Bin He Street, Fu Tian 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.

118 Moo 18, Phaholyothin Road, Klongneung, 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 PJU 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



Sodick IR Site

Please feel free to use our IR site.

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



Sodick's Strength

Gives a concise overview of our operations, our strengths, and our growth strategy.

Now accepting questions

Please use our inquiry form for questions. Note that the FAQ is only available in Japanese.



Sodick's PR character "TF-1" reports from various angles on the technology, people and events that together make up the Sodick spirit.



Sodick's PR character TF-1