

Notice Regarding the Construction of a New Factory Building at a Machine Tools Manufacturing Subsidiary in China

STAR MICRONICS CO., LTD. (“STAR MICRONICS”) today announced details of its decision to construct a new factory building at its machine tools manufacturing subsidiary, Star Micronics Manufacturing Dalian Co., Ltd. (“Dalian Plant”), in China.

Established as an overseas manufacturing base in Dalian City, China in 1989, Dalian Plant engages in the manufacture of products for sale in East Asia (mainly China), Europe and the United States. Currently, the STAR MICRONICS Group is experiencing a period of continuous strong growth in its Machine Tools segment operations both in Japan and overseas. Orders in China are also hovering at a high level, substantially above the levels recorded during the corresponding period of the previous year. Consolidated Machine Tools segment sales are projected to hit a record high for the current fiscal year. As a result, there is an urgent need to bolster the Group’s manufacturing structure in order to meet this robust demand.

In expanding its existing manufacturing capacity in China, STAR MICRONICS plans to construct a new three-story building. The first floor will be used as a machine tools option installation and testing area for products that are earmarked mainly for the China market. The second and third floors will house a storage area for components as well as an area for the assembly of NC operation panels. In expanding existing facilities with the construction of a new factory building, steps will be taken to consolidate plant operations, which to date have been spread over two locations. In addition to improving productivity, this initiative will help bolster the Group’s product shipment capabilities and further increase sales in China, which is expected to expand in the future.

1. Outline of the new factory

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|------------------------------------|---|
| (1) Location: | Dalian, China |
| (2) Products: | CNC automatic lathes and other machine tools |
| (3) Total floor space: | 5,000m ²
(3-story: 1st floor 3,000m ² , 2nd floor 1,000m ² , 3rd floor 1,000m ²) |
| (4) Building area: | 3,000m ² |
| (5) Planned start of construction: | May 2018 |
| (6) Planned start of operations: | January 2019 |
| (7) Amount of investment: | Approx. ¥700 million |

2. Outline of the Subsidiary

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|---------------------|---|
| (1) Company name: | Star Micronics Manufacturing Dalian Co., Ltd. |
| (2) Location: | Dalian, China |
| (3) Representative: | Hiroyuki Sugiura, Chairman of Board Meeting |
| (4) Establishment: | January 1989 |
| (5) Capital: | US \$ 67,885 thousand |

3. Impact on Operating Results

Impact on operating results for the fiscal year ending February 28, 2018 is negligible.

Conceptual image of the completed plant

