



Tokyo Stock Exchange Prime Market 6143

1Q FY22/12  
Results Briefing  
Sodick Co., Ltd.



May 11, 2022

**I. 1Q FY22/12 Financial Results Summary**

II. FY22/12 Financial Results Projections

(References)

**Net sales: 19,604 million yen (up 37% year on year)**

**Sales of electrical discharge machines (EDMs) increased in all regions.**

**Operating income: 1,907 million yen (up 349% year on year)**

**Increased production volume improved plant profitability.**

**Ordinary income: 2,975 million yen (up 153% year on year)**

**Foreign exchange gains (approximately 800 million yen) arose from the depreciation of the yen.**

**Compared to the full-year financial results projections, the financial results for the first quarter have been progressing steadily.**

**Profits progressed better than planned.**

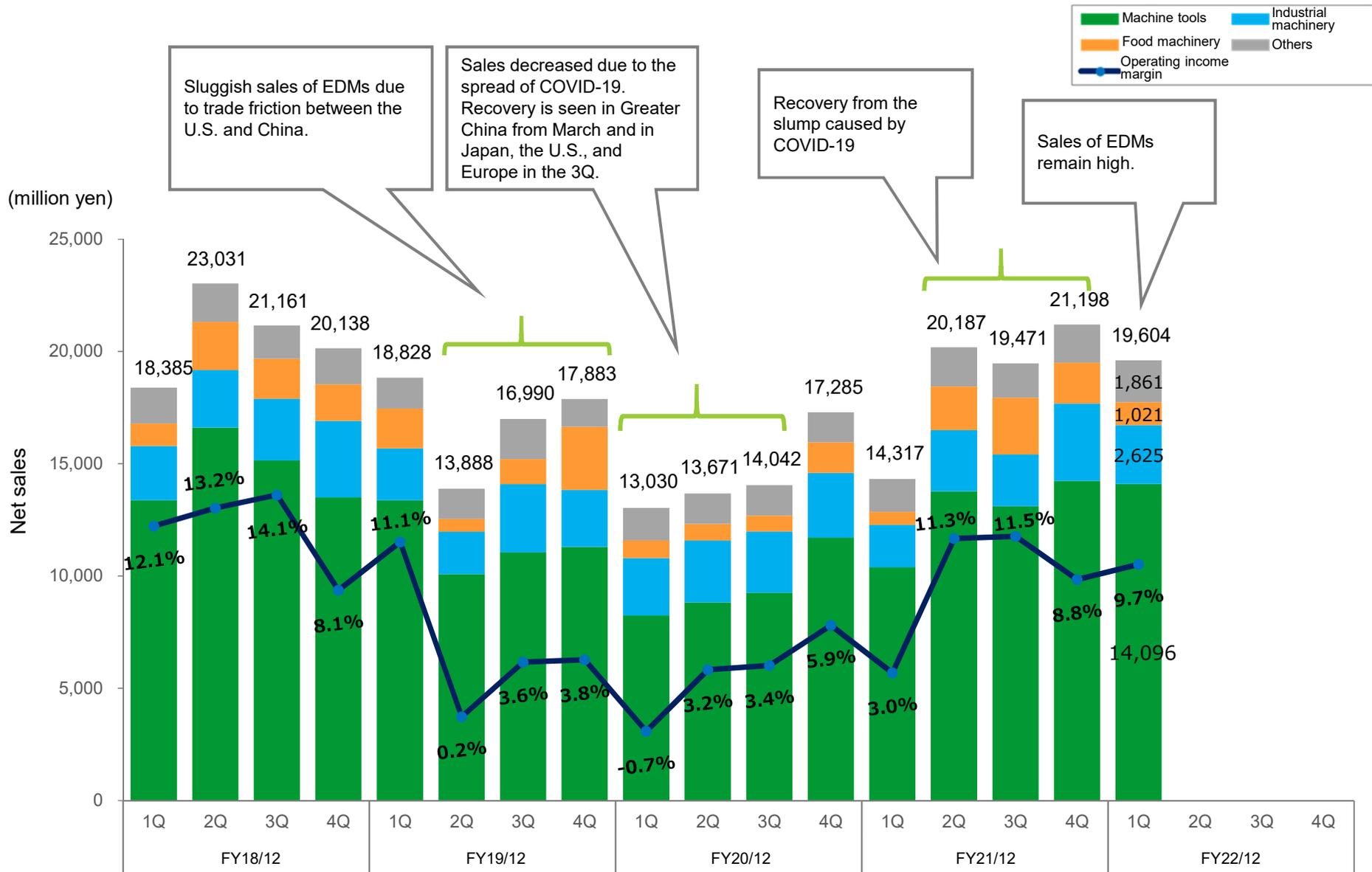
# Financial Results Highlights



- ✓ Sales of EDMs increased in all regions, driving overall net sales growth.
- ✓ In terms of profits, profitability at plants improved as production volume increased.  
Non-operating income increased owing to foreign exchange gains stemming from the yen's depreciation, pushing up ordinary income.

(million yen)	1Q FY21/12		1Q FY22/12		YoY change		FY 22/12 Full-year projection	
	Actual	Income margin	Actual	Income margin	Amount	Rate	Amount	Income margin
<b>Net sales</b>	14,317	–	<b>19,604</b>	–	5,286	36.9%	<b>77,900</b>	
<b>Gross profit</b>	4,652	32.5%	<b>6,553</b>	<b>33.4%</b>	1,901	40.9%		
<b>Operating income</b>	424	3.0%	<b>1,907</b>	<b>9.7%</b>	1,482	349.0%	<b>7,200</b>	9.2%
<b>Ordinary income</b>	1,176	8.2%	<b>2,975</b>	<b>15.2%</b>	1,799	152.9%	<b>7,200</b>	9.2%
<b>Net income</b>	871	6.1%	<b>2,113</b>	<b>10.8%</b>	1,242	142.6%	<b>5,700</b>	7.3%
		Ratio to sales		Ratio to sales				
<b>Capital investment</b>	400	2.8%	939	4.8%			4,100	
<b>Depreciation</b>	814	5.7%	851	4.3%			3,500	
<b>R&amp;D expenses</b>	770	5.4%	685	3.5%			3,600	
Average exchange rate over the period	USD	106.09 yen	116.34 yen		10.25 yen down		115.00 yen	
	EUR	127.81 yen	130.40 yen		2.59 yen down		130.00 yen	
	CNY	16.35 yen	18.29 yen		1.94 yen down		17.50 yen	
	THB	3.50 yen	3.52 yen		0.02 yen down		3.50 yen	

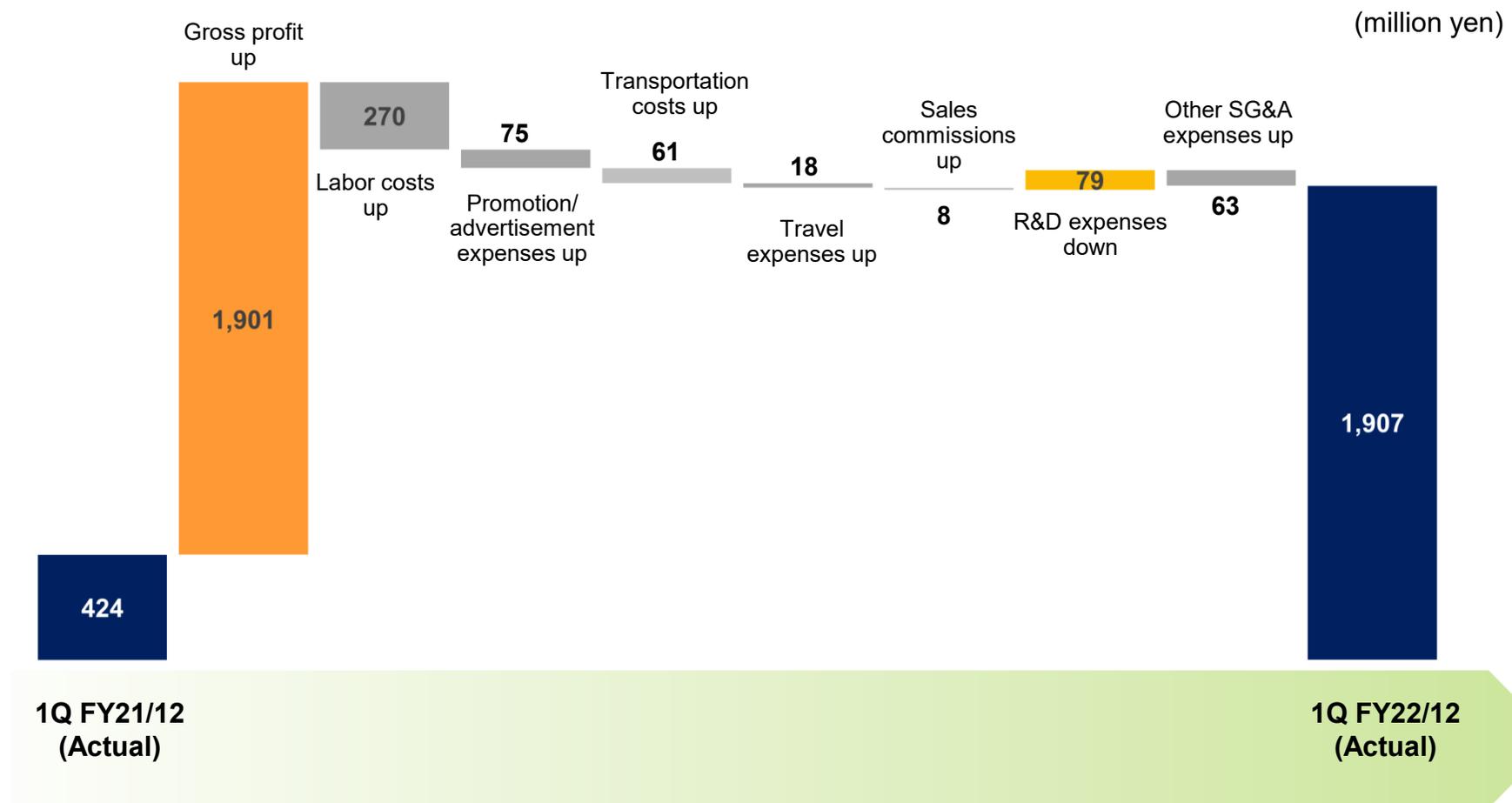
# Ratio of Operating Income to Net Sales (Quarterly)



\*1Q: Jan.-Mar., 2Q: Apr.-Jun., 3Q: Jul.-Sep., 4Q: Oct.-Dec.

# Details of Changes in Operating Income

- ✓ Gross profit increased significantly, as unit sales increased.
- ✓ Total SG&A expenses up 418 million yen year on year (Increased personnel expenses, increased sales promotion and advertising expenses associated with the holding of in-person exhibitions, etc.).



# Financial Results by Segment



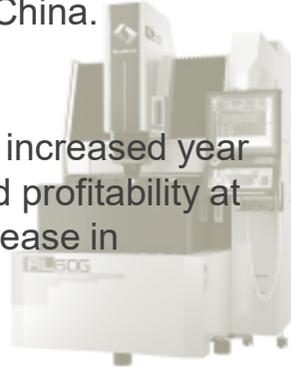
(million yen)	1Q FY21/12	1Q FY22/12	YoY change		FY 22/12 Full-year projection
	Actual	Actual	(Amount)	(Rate)	
Machine tool segment	10,382	<b>14,096</b>	3,713	35.8%	51,200
Industrial machinery segment	1,893	<b>2,625</b>	732	38.7%	10,800
Food machinery segment	580	<b>1,021</b>	440	75.9%	8,200
Other segments	1,460	<b>1,861</b>	400	27.4%	7,700
Total net sales	14,317	<b>19,604</b>	5,286	36.9%	77,900
Machine tool segment	898	<b>2,143</b>	1,245	138.6%	7,500
Industrial machinery segment	10	<b>152</b>	142	1,401.4%	300
Food machinery segment	-39	<b>-29</b>	10	-26.2%	950
Other segments	144	<b>188</b>	44	30.9%	950
Total segment income	1,013	<b>2,456</b>	1,442	142.4%	9,700
Adjustment amounts	-588	<b>-548</b>	40	–	-2,500
Total operating income	424	<b>1,907</b>	1,482	349.0%	7,200

# Financial Results by Segment

## Machine Tool Segment

### Net sales

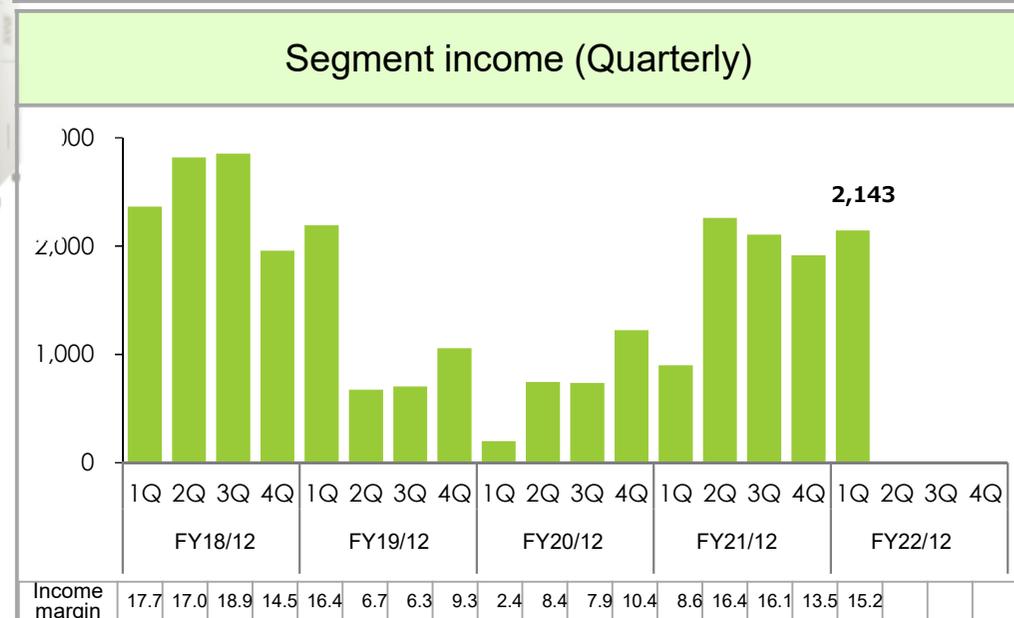
- Auto-related industries were sluggish due to semiconductor shortages and other factors.
- Net sales increased year on year as demand continued to expand in electronic components, 5G, and semiconductor-related industries.
- Orders are steady at present, but the future is uncertain due to the deteriorating situation in Ukraine and the lockdown in China.



### Segment income

- Segment income significantly increased year on year owing to the improved profitability at plants associated with an increase in production volume.

(million yen)	1Q FY21/12	1Q FY22/12	YoY change	
			Amount	Rate
Net sales	10,382	<b>14,096</b>	3,713	35.8%
Segment income	898	<b>2,143</b>	1,245	138.6%



Income margin	17.7	17.0	18.9	14.5	16.4	6.7	6.3	9.3	2.4	8.4	7.9	10.4	8.6	16.4	16.1	13.5	15.2		
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# Financial Results by Segment



## Industrial Machinery Segment

### Net sales

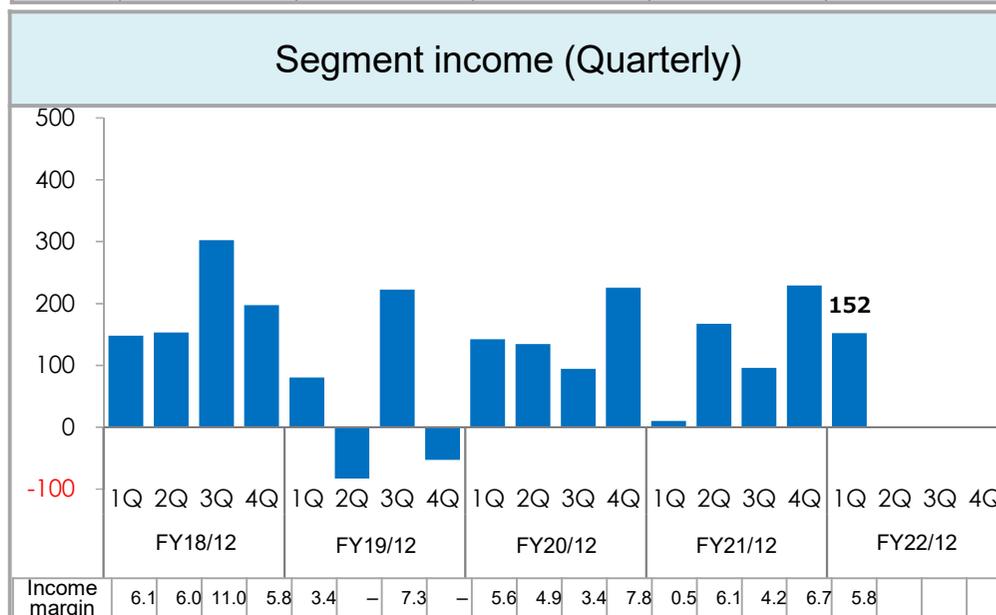
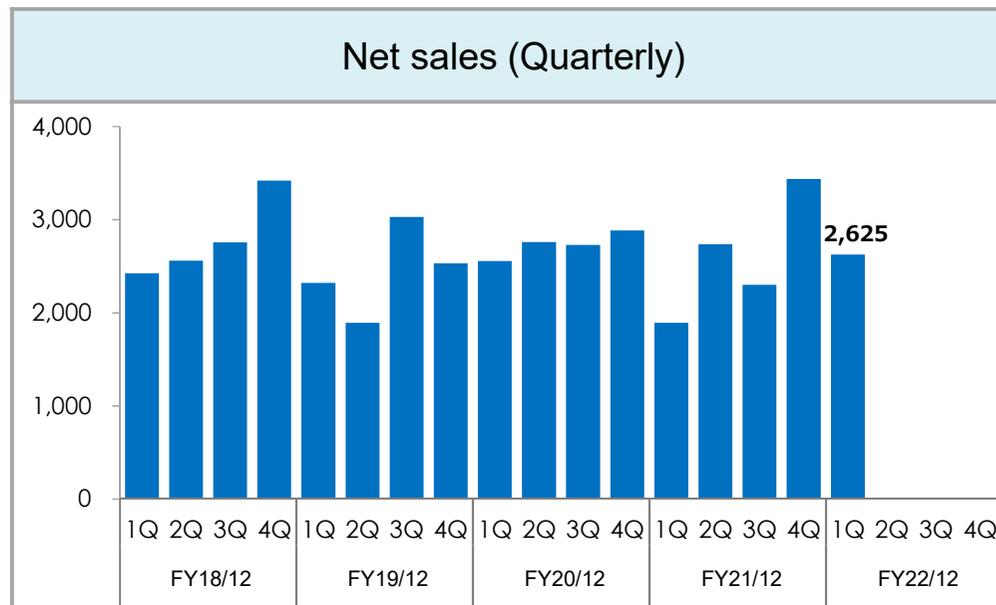
- In Japan, sales of automotive such as machines for CASE-related in-vehicle parts, and sales of electronic components and medical-related products are strong.
- Net sales increased year on year due to major connector projects in Asia and strong medical-related products transactions in the United States.

### Segment income

- Segment income significantly increased year on year due to net sales growth.



(million yen)	1Q	1Q	YoY change	
	FY21/12	FY22/12	Amount	Rate
Net sales	1,893	<b>2,625</b>	732	38.7%
Segment income	10	<b>152</b>	142	1,401.4%



Income margin	6.1	6.0	11.0	5.8	3.4	-	7.3	-	5.6	4.9	3.4	7.8	0.5	6.1	4.2	6.7	5.8
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# Financial Results by Segment



## Food Machinery Segment

### Net sales

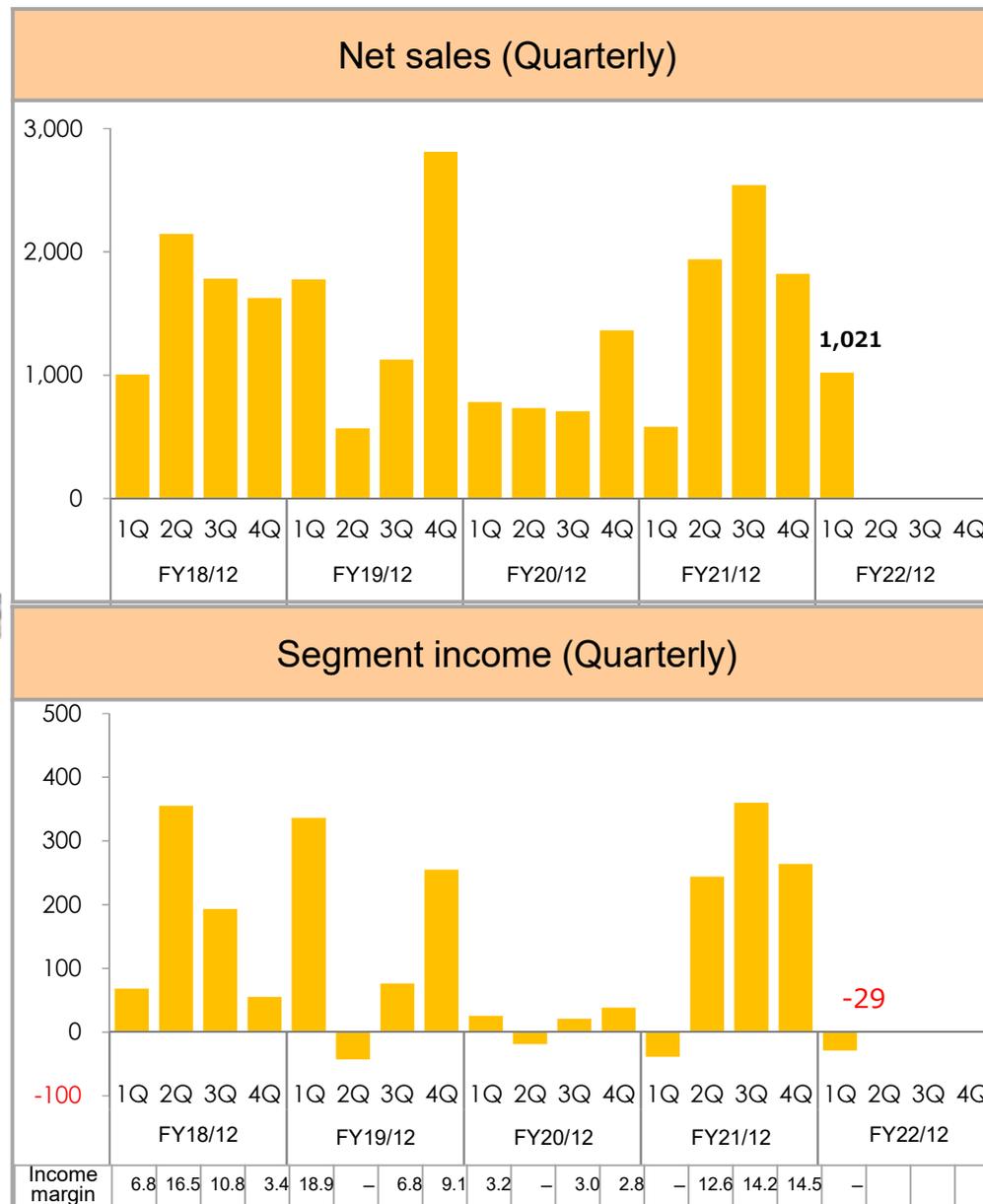
- Net sales increased significantly year on year due to steady sales of noodle making machine-related equipment in Japan and sterile-packed cooked rice production systems for overseas markets.

### Segment income

- Segment loss was 29 million yen in the first quarter due to additional costs incurred in some projects.



(million yen)	1Q	1Q	YoY change	
	FY21/12	FY22/12	Amount	Rate
Net sales	580	<b>1,021</b>	440	75.9%
Segment income	-39	<b>-29</b>	10	-26.2%



# Financial Results by Segment

## ■ Other Segments

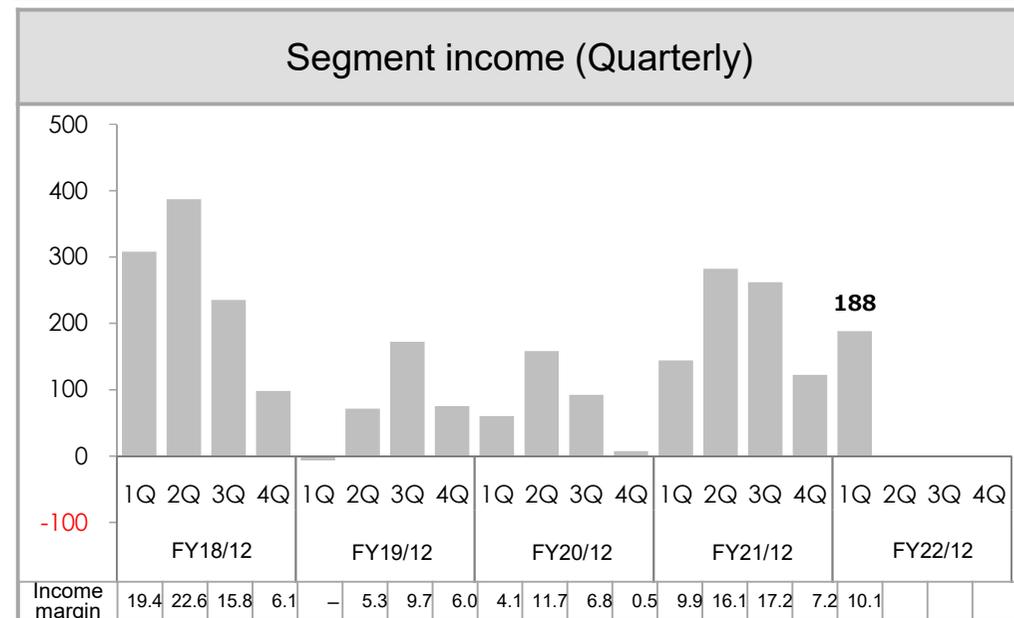
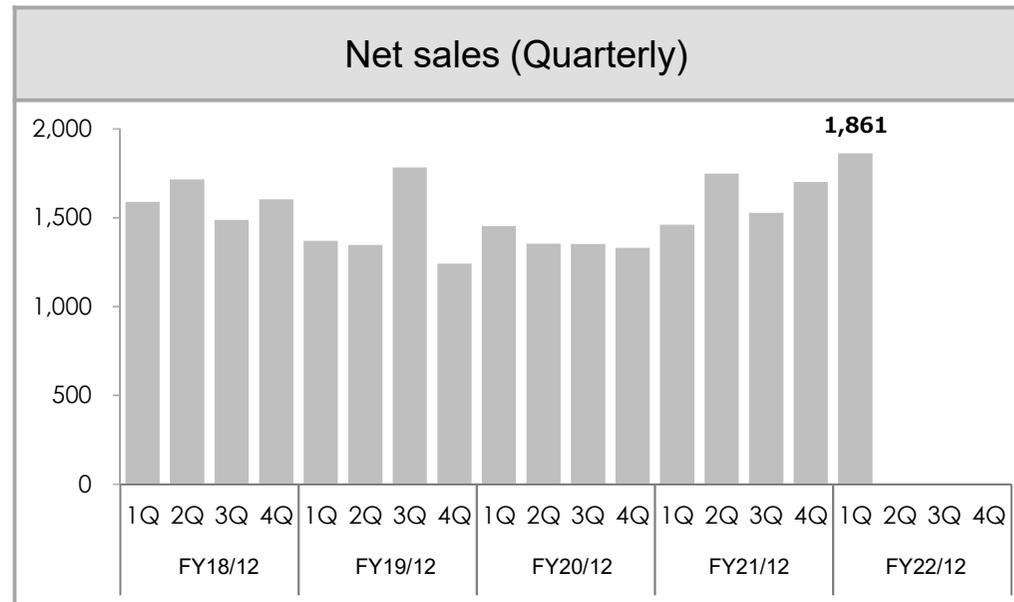
### Net sales

- Demand for ceramics for semiconductor manufacturing equipment manufacturers continued.
- In the precision dies and mold operations, net sales increased year on year mainly due to expansion of production items, although demand in the automotive industry slowed due to shortages of semiconductors and supply chain disruptions.

### Segment income

- Sales of precision molds in the precision dies and mold operations face severe price competition, but production efficiency is improved through automation and other measures to secure profits.

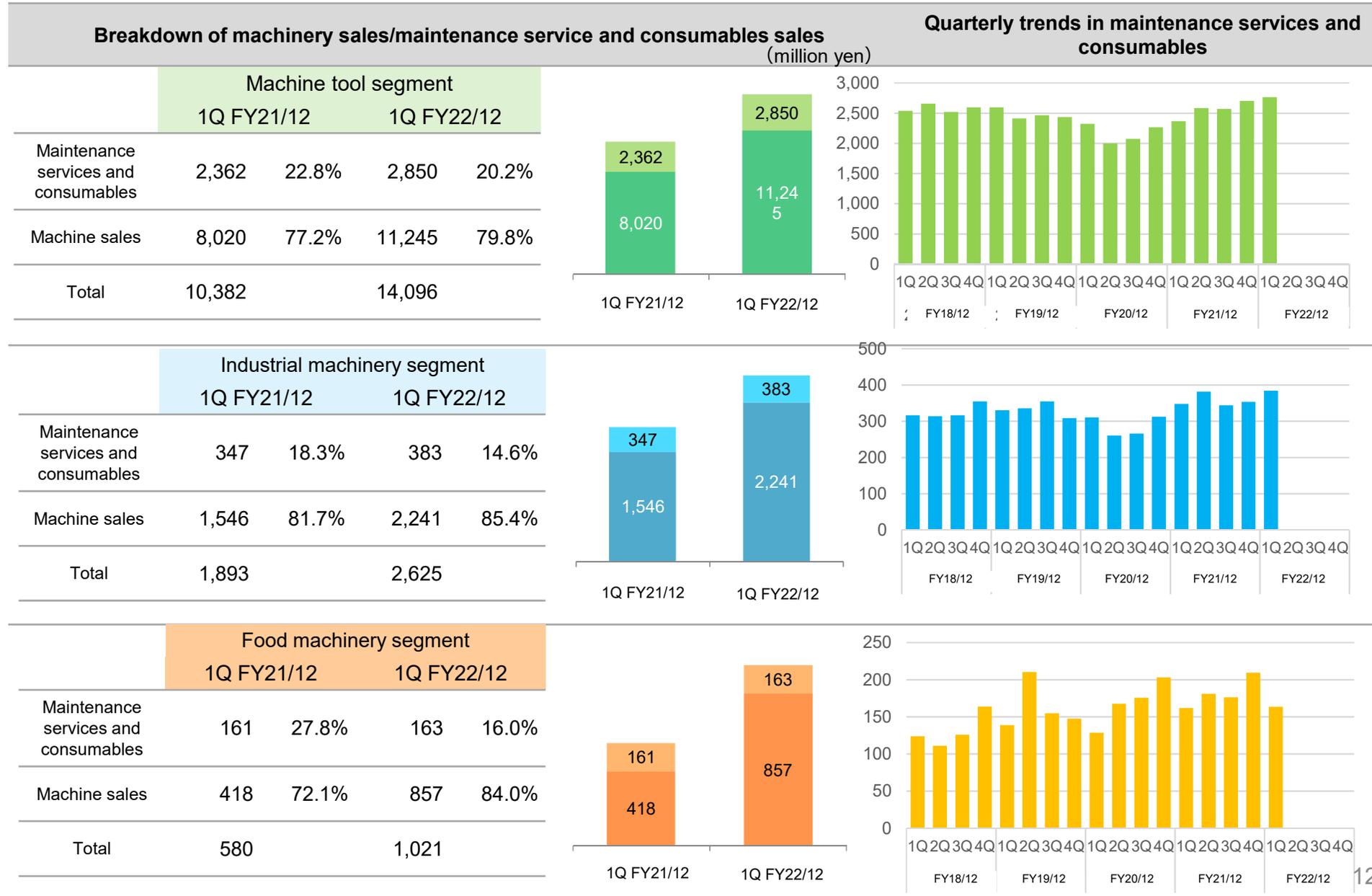
(million yen)	1Q		YoY change	
	FY21/12	FY22/12	Amount	Rate
Net sales	1,460	<b>1,861</b>	400	27.4%
Segment income	144	<b>188</b>	44	30.9%



Income margin	19.4	22.6	15.8	6.1	-	5.3	9.7	6.0	4.1	11.7	6.8	0.5	9.9	16.1	17.2	7.2	10.1		
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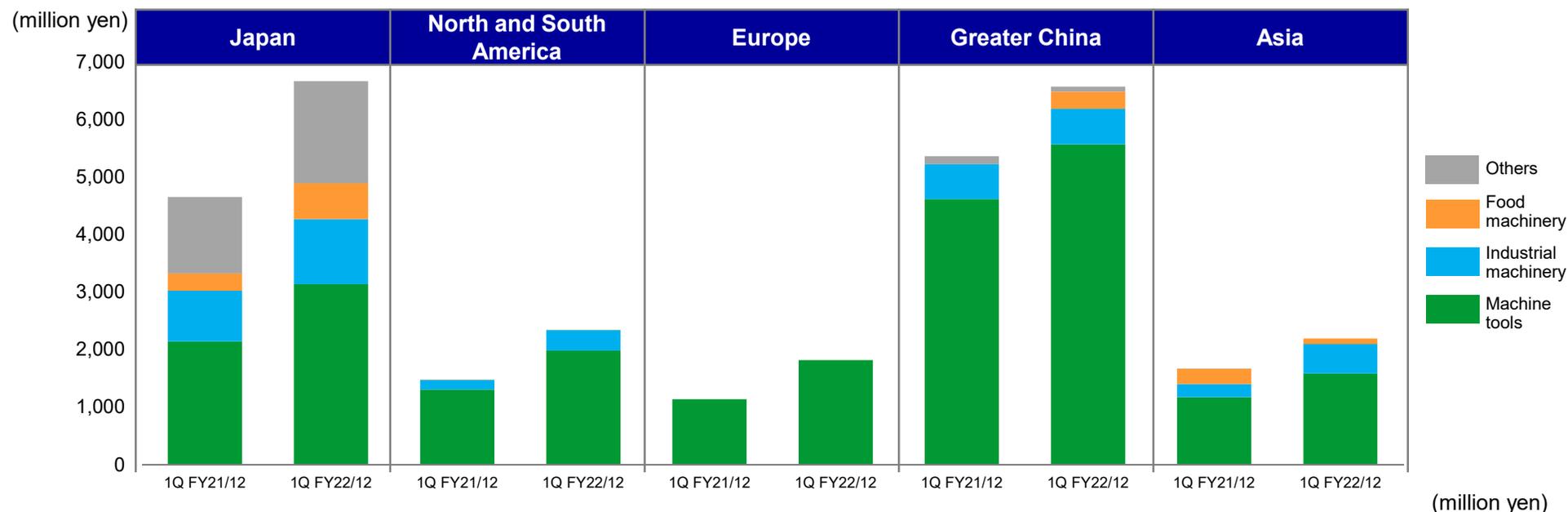
# Net Sales by Segment

✓ Sales of maintenance services and consumables increased in all segments owing to an improvement in machine operating rates.



## Ratio of Overseas Sales by Segment

- ✓ Sales grew in Japan, where recovery from the COVID-19 disaster had been slow.



1Q FY21/12	Japan	North and South America	Europe	Greater China	Asia	Total						
Machine tools	2,141	20.6%	1,307	12.6%	1,139	11.0%	4,621	44.5%	1,172	11.3%	10,382	72.5%
Industrial machinery	882	46.6%	170	9.0%	0	0.0%	611	32.3%	229	12.1%	1,893	13.2%
Food machinery	304	52.5%	4	0.7%	0	0.1%	3	0.6%	267	46.1%	580	4.1%
Others	1,330	91.1%	–	–	–	–	129	8.8%	1	0.1%	1,460	10.2%
By region – Total	4,659	32.5%	1,482	10.3%	1,140	8.0%	5,365	37.5%	1,670	11.7%	14,317	100.0%

1Q FY22/12	Japan	North and South America	Europe	Greater China	Asia	Total						
Machine tools	3,140	22.3%	1,982	14.1%	1,817	12.9%	5,570	39.5%	1,584	11.2%	14,096	71.9%
Industrial machinery	1,133	43.1%	356	13.6%	–	–	624	23.8%	511	19.5%	2,625	13.4%
Food machinery	621	60.8%	3	0.4%	–	–	296	29.0%	99	9.8%	1,021	5.2%
Others	1,776	95.5%	–	–	–	–	84	4.5%	–	–	1,861	9.5%
By region – Total	6,671	34.0%	2,343	12.0%	1,817	9.3%	6,575	33.5%	2,196	11.2%	19,604	100.0%

Effect of exchange rate      –      Around 170 million yen    Around 40 million yen    Around 650 million yen    Around 70 million yen    Around 930 million yen

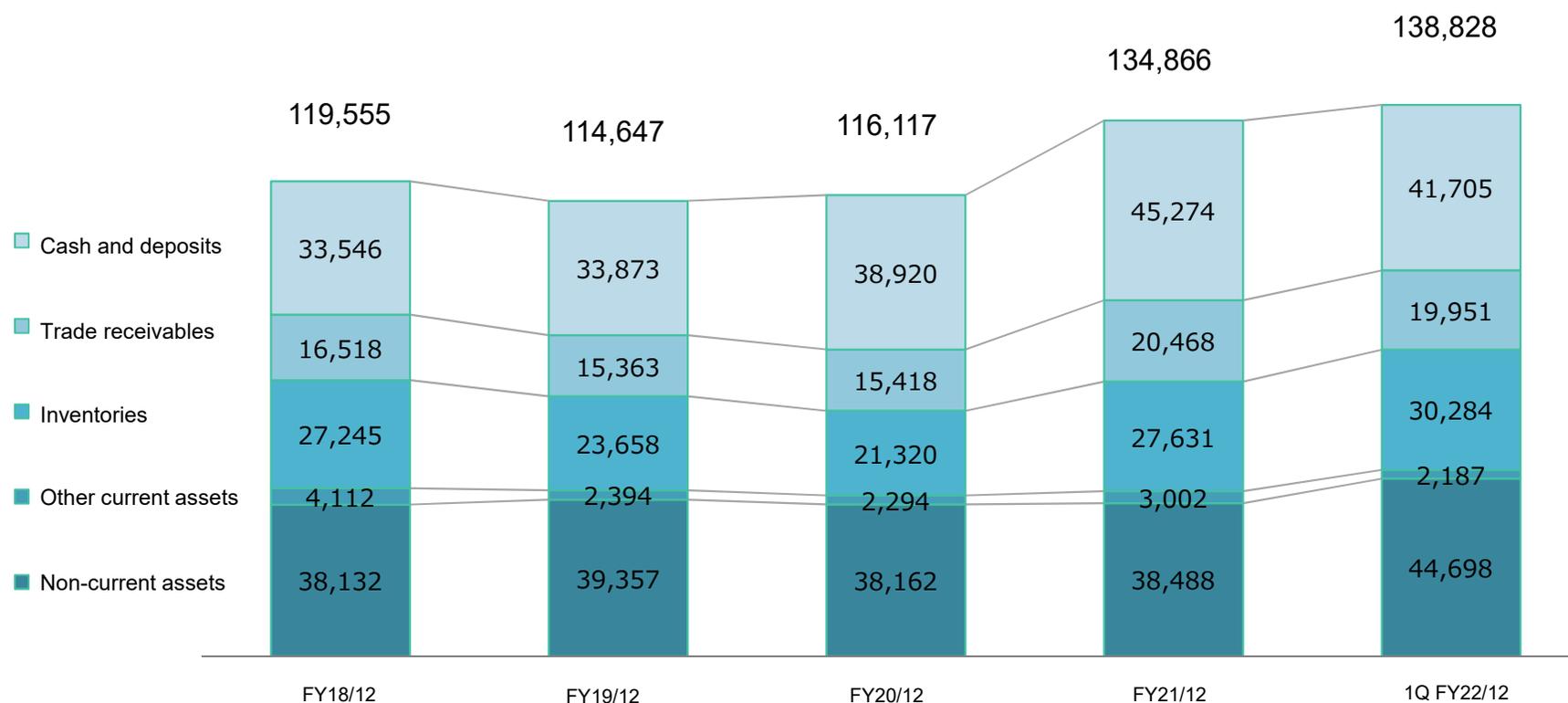
# Balance Sheet



- ✓ Inventories increased by approximately 2,600 million yen due to an increase in work in process and raw materials as a result of advance arrangements in preparation for product inventory and material shortages.

## Assets

(million yen)



Exchange rate at the end of the fiscal period	USD	111.00 yen	109.56 yen	103.50 yen	115.02 yen	122.39 yen
	EUR	127.00 yen	122.54 yen	126.95 yen	130.51 yen	136.70 yen
	CNY	16.16 yen	15.67 yen	15.88 yen	18.06 yen	19.26 yen
	THB	3.41 yen	3.63 yen	3.44 yen	3.43 yen	3.68 yen

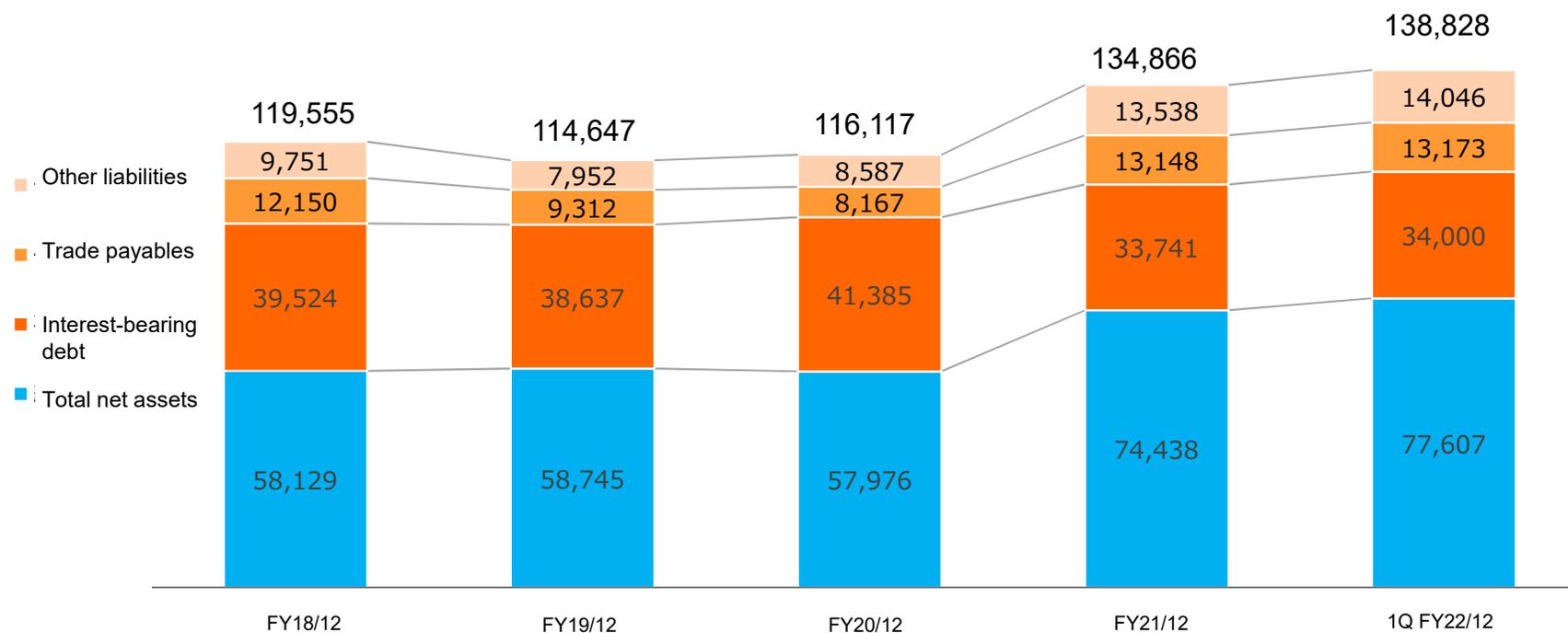
# Balance Sheet



- ✓ Net assets increased by approximately 3,200 million yen mainly due to an increase in foreign currency translation adjustment resulting from the yen's depreciation.

## Liabilities and net assets

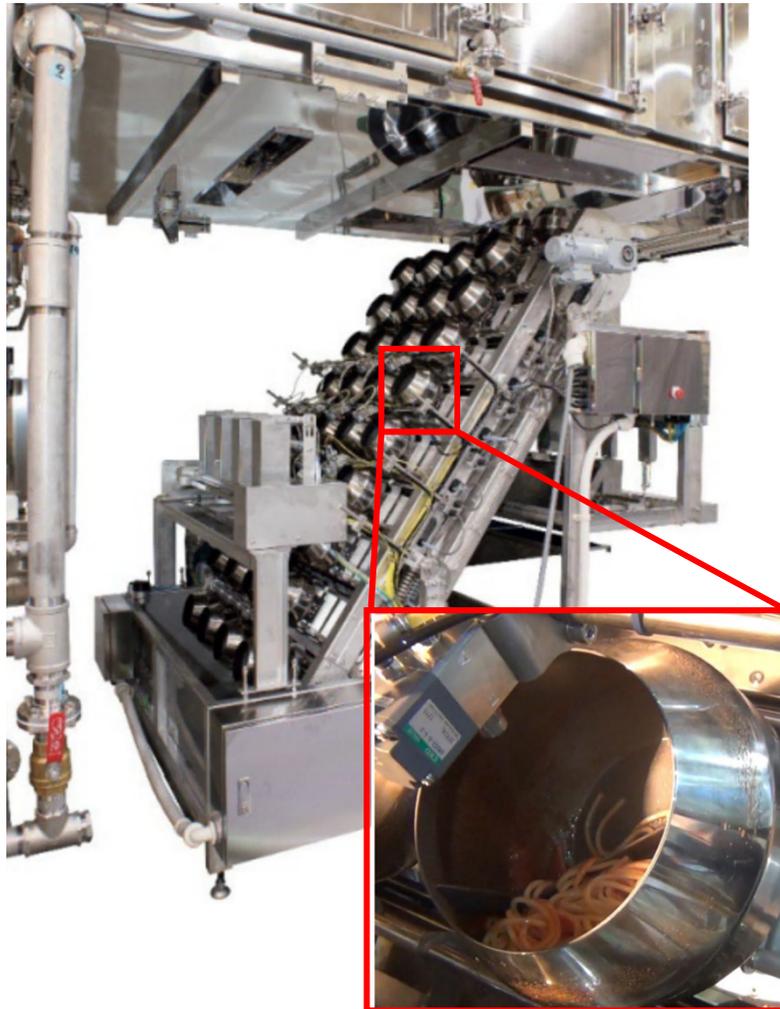
(million yen)



Exchange rate at the end of the fiscal period	USD	111.00 yen	109.56 yen	103.50 yen	115.02 yen	122.39 yen
	EUR	127.00 yen	122.54 yen	126.95 yen	130.51 yen	136.70 yen
	CNY	16.16 yen	15.67 yen	15.88 yen	18.06 yen	19.26 yen
	THB	3.41 yen	3.63 yen	3.44 yen	3.43 yen	3.68 yen
Equity ratio		48.5%	51.2%	49.9%	55.2%	55.9%
Net cash		-5,978	-4,763	-2,464	11,533	7,705

1

**Achieved unmanned process of adding and mixing seasonings, etc.  
Sales of Neomazaru, noodle loosening device with sauce dispenser for  
precooked noodle production**



### Reduced food waste by extending freshness

We reduced the risk of contamination with bacteria and foreign matter during cooking by automating the process. This machine realized extending the freshness of precooked noodle products.

### Reduced cost through labor saving

We automated the process of adding and mixing seasoning liquid such as sauce for precooked noodles, which had been handled manually. This machine contributed to rationalization of manufacturing process as a solution to the manpower shortage by adding and mixing seasoning liquid for each meal.

### Highly cleanable and maintains hygiene

Using our company's original "non-contact magnet conduction type" for cup rotation during mixing, we completely separate electrical components (motors, etc.) from machine parts (cups, etc.). The main body is made of all stainless steel and is completely waterproof. The inside of the cup has a special coating. The boiling washing device is equipped with a shower nozzle. It is easy to clean and keep clean, and food safety is improved.

# Topics (DX Initiatives)

## 2 Launch of Sodick Connect customer web channel



Sodick Connect

### Aim to strengthen customer service by utilizing web channels

In February 2022, we opened a web channel called Sodick Connect for customers who own our company machine tools products. We deliver information useful at manufacturing sites, such as operation and function description of the machine, various brochures, and information on events and schools. Repair and inspection services, school applications, and inquiries are also available.

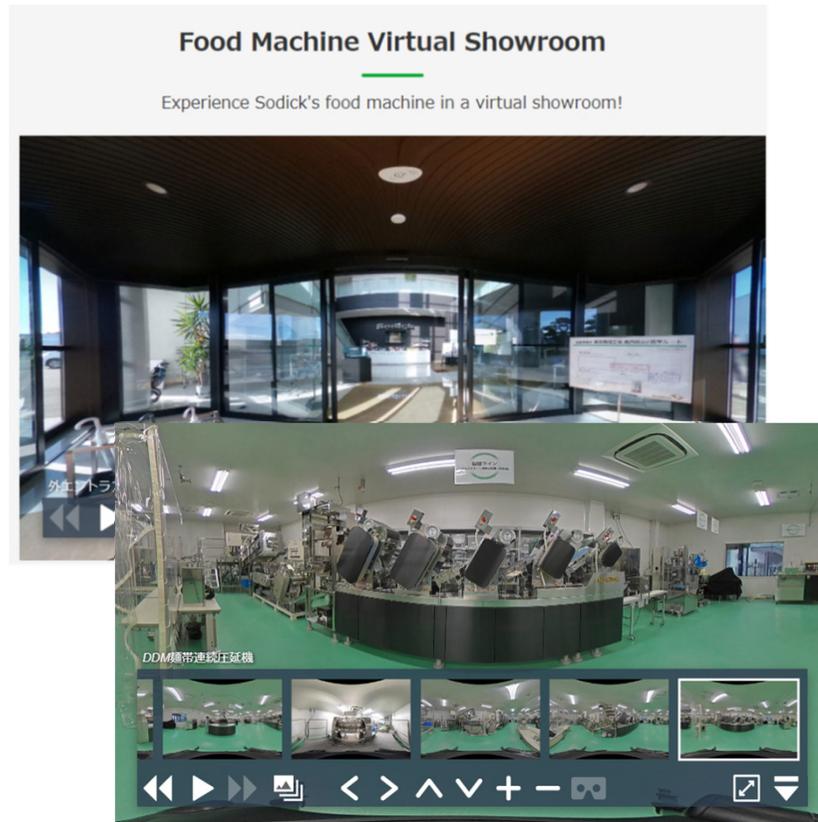
In the future, we will strengthen our customer services and use the data we acquire and accumulate during the process to propose total solutions.

Sodick Connect page (only available in Japanese) ►

<https://customer.sodick.co.jp/log-in/>



## 3 Opened new Virtual Showroom for food machinery



### Make food machinery closer

We opened a New virtual showroom.

We Introduce various food machinery in the showroom inside the food machinery factory in the Kaga Office with 360-degree camera images. The image of each machine is easier to understand and the product can be checked from various angles.

In addition to our mainstay noodle making machines and a sterile-packed cooked rice production system, we also introduce equipment for preparing Japanese-style deli dishes and equipment related to confectionery production-related equipment.

Food machinery product information page ▶

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



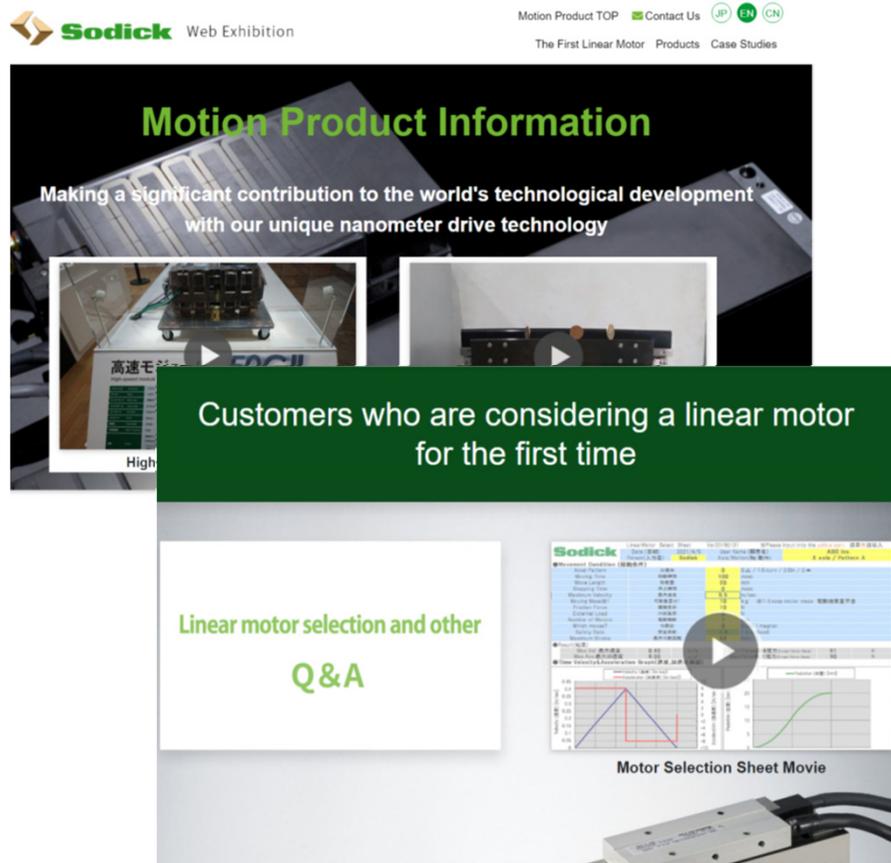
# Topics (DX Initiatives)

## 4 Opened new Web Exhibition for motion products

### Contributed greatly to the development of global technology through unique nanometer drive technology

We introduce unique nanometer drive technology developed by machine tools such as EDMs, injection molding machines, and cutting machines. Linear motors, motion controllers, and high-performance amplifiers are introduced in an easy-to-understand manner with moving images and examples.

A FAQ is also available for customers considering linear motors for the first time.



Special site for motion products ▶

[https://www.sodick.co.jp/special/WebExhibition\\_Motion/index\\_en.html](https://www.sodick.co.jp/special/WebExhibition_Motion/index_en.html)

- 5** The 64th (2021) Best 10 New Product Awards (sponsored by Nikkan Kogyo Shimbun)  
High-speed building metal 3D printer “LPM325S” won the Main Award



### **Dramatically reduces maintenance frequency and leads manufacturing of the latest technologies**

This machine realized performance improvements such as molding accuracy and speed.

We realized even longer, faster, and more stable molding and contributed to productivity improvement at the site by enhancing the functions of improving operability, reducing maintenance frequency, and preventing and reducing trouble, which are extremely important at manufacturing sites.

The manufacturing process does not generate waste such as chips, and can be expected to reduce material consumption and CO2 emissions, contributing to environmentally friendly manufacturing.

LPM325S product information page ►



[https://www.sodick.co.jp/special/3dsolution/index\\_en.html](https://www.sodick.co.jp/special/3dsolution/index_en.html)

I. 1Q FY22/12 Financial Results Summary

II. **FY22/12 Financial Results Projections**

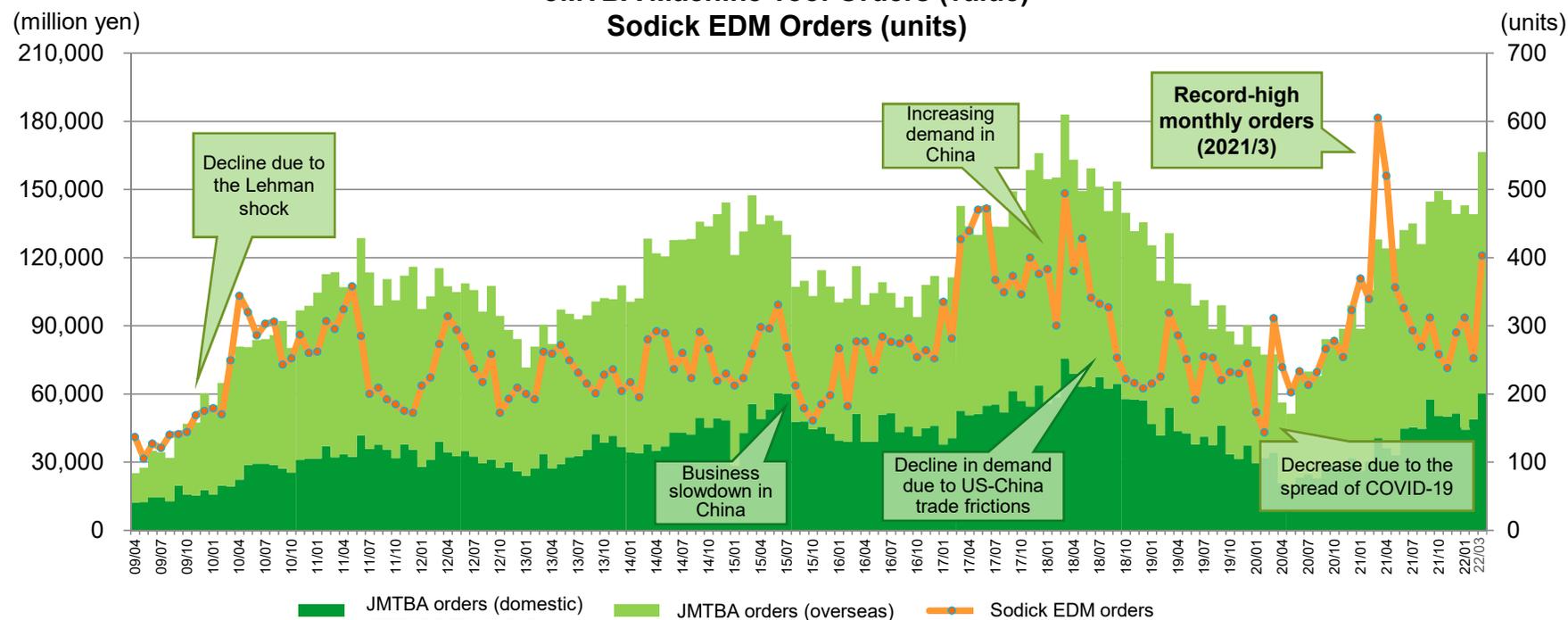
(References)

# Market Environment



Japan	The government's subsidy policies, replacement demand for aging equipment, and demand for next-generation automobiles and 5G-related products are expected.	Procurement of materials	Tightness in material procurement, particularly for electronic components is continued. We implemented advance arrangements according to lead times, close confirmation and negotiation of delivery dates, and response for substitutes, etc.
The West	The auto-related industries are expected to recover, while the aerospace industries are expected to remain severe.		Lockdown in China
Greater China	Demand for high-precision machine is expected to continue for 5G, semiconductors, and auto-related industries, but the future outlook remains uncertain due to the lockdown imposed by the zero-COVID policy.	Situation in Ukraine	
Asia	Although economic conditions differ from region to region, the situation is expected to turn to recovery.		

**JMTBA Machine Tool Orders (value)  
Sodick EDM Orders (units)**

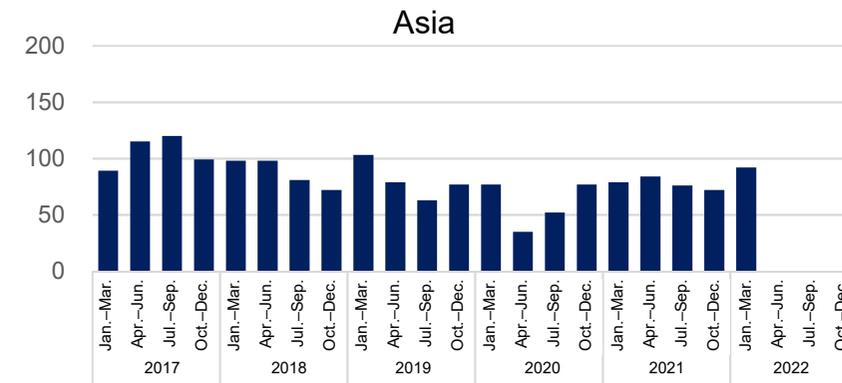
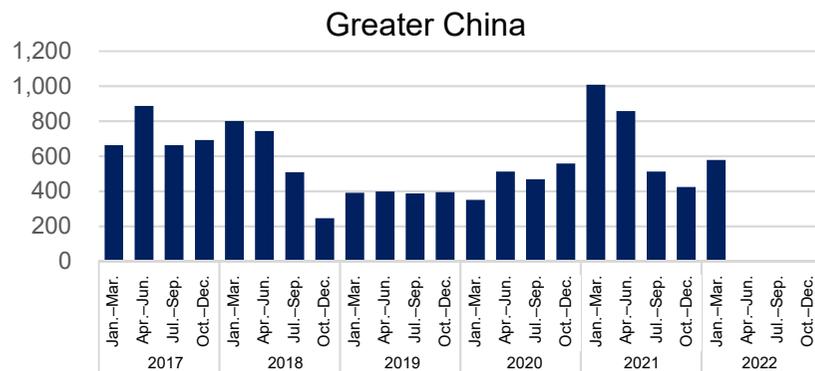
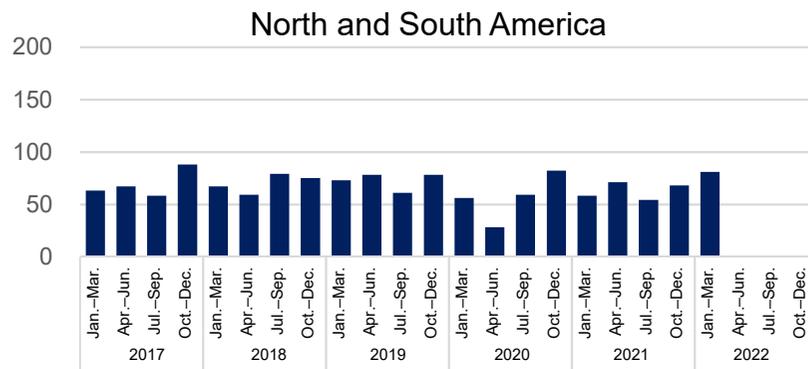
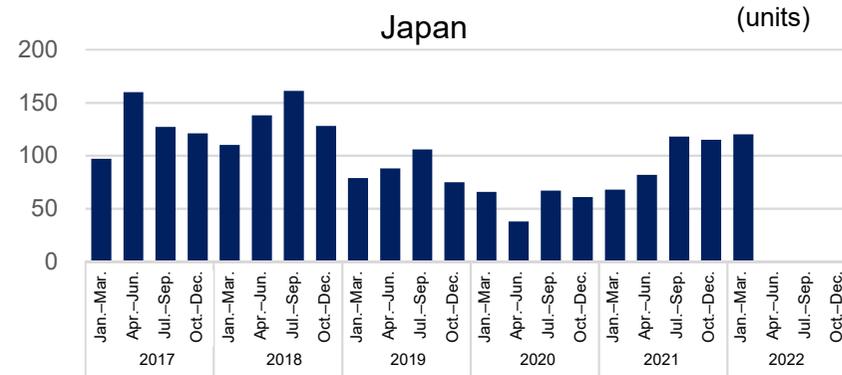


Source: JMTBA

# Orders Received for EDMs by Region



- ✓ Q1 orders increased in all regions except Europe.



# FY22/12 Full-year Financial Results Projections



- ✓ Both net sales and operating income are progressing well compared with the plan.
- ✓ Due to concerns over tight procurement of materials, supply chain disruptions, the situation in Ukraine, the lockdown caused by COVID-19, and sharp currency fluctuations, the full-year plan remains unchanged from the beginning of the year.

(million yen)	1Q FY22/12		FY22/12		Progress toward projection	FY21/12
	Actual	Income margin	Full-year plan	Income margin		Actual
Net sales	19,604	–	<b>77,900</b>	–	25.2%	<b>75,174</b>
Operating income	1,907	9.7%	<b>7,200</b>	9.2%	26.5%	<b>6,813</b>
Ordinary income	2,975	15.2%	<b>7,200</b>	9.2%	41.3%	<b>8,588</b>
Net income	2,113	10.8%	<b>5,700</b>	7.3%	37.1%	<b>6,591</b>
Average exchange rate over the period	USD	116.34 yen	115.00 yen			109.90 yen
	EUR	130.40 yen	130.00 yen			129.91 yen
	CNY	18.29 yen	17.50 yen			17.01 yen
	THB	3.52 yen	3.50 yen			3.44 yen

# FY22/12 Full-year Financial Results Projections (by Segment)



Machine tools	While demand for high-precision machine is expected to increase in the automotive, semiconductor, and 5G-related industries, sales in Greater China declined slightly year on year due to a rebound from the previous year's strong performance. Concerns have been raised about the impact of tight procurement of materials, supply chain disruptions, the situation in Ukraine, and the lockdown caused by COVID-19.
Industrial machinery	Sales are strong in Japan and Greater China for automotive, electronic components and 5G-related industries. Continued demand for medical-related products is expected in North America and demand is also expected in Greater China. Full-year profit will decrease year on year due to temporary start-up costs at the new Amoy Plant.
Food machinery	Demand is expected to grow for raw noodles, frozen noodles, and cooked rice production systems overseas (Greater China and Asia). By adopting the construction progress standard, net sales will be leveled off every quarter, but there being many projects starting after the second quarter this fiscal year, the progress rate in the first quarter is low.
Others	Both precision die and molding business and external sales of ceramics are expected to be strong.

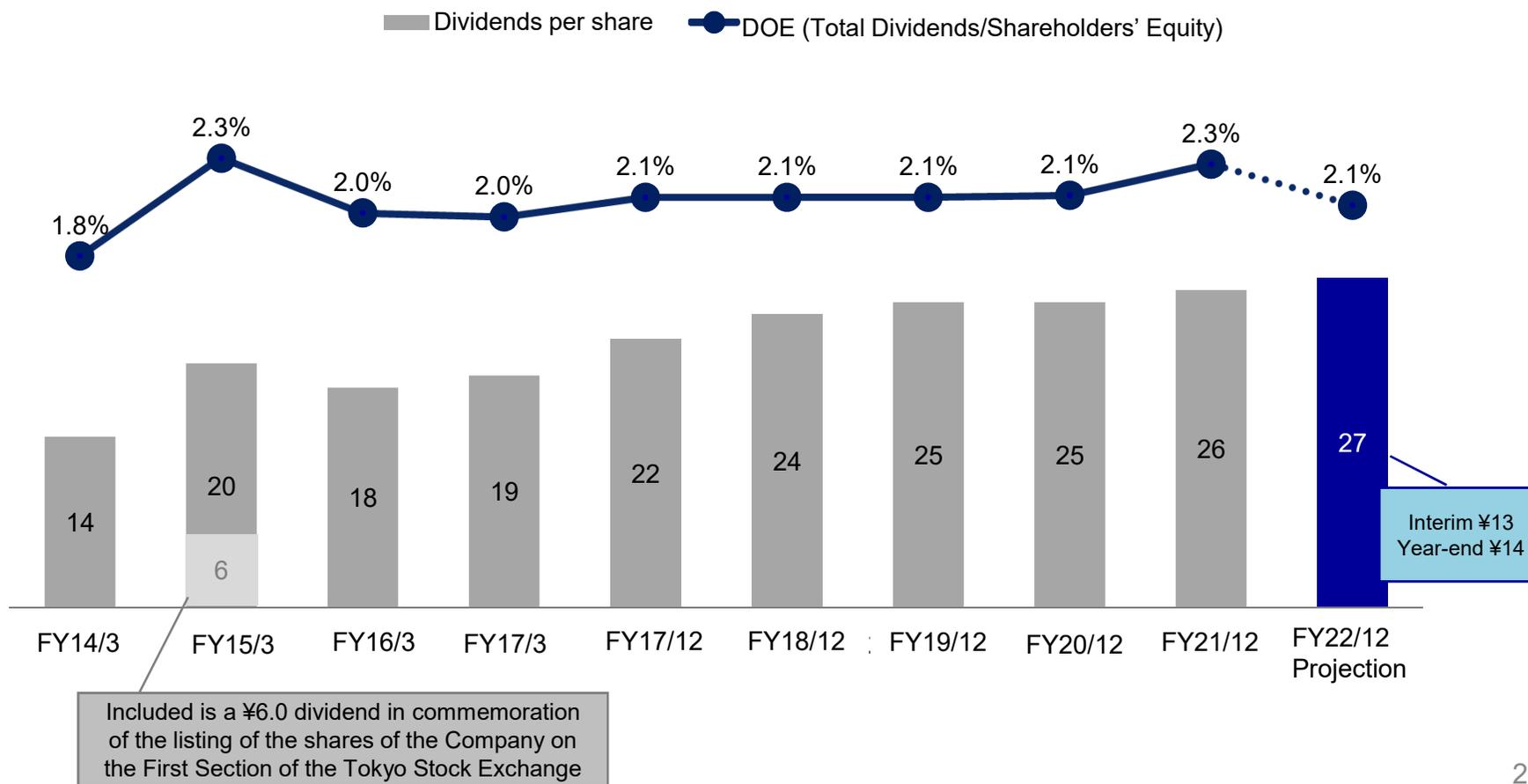
(million yen)	FY22/12			FY2021
	1Q Actual	Full-year plan	Progress toward projection	Actual
Machine tool segment	14,096	51,200	27.5%	51,485
Industrial machinery segment	2,625	10,800	24.3%	10,367
Food machinery segment	1,021	8,200	12.5%	6,884
Other segments	1,861	7,700	24.2%	6,437
Total net sales	19,604	77,900	25.2%	75,174
Machine tool segment	2,143	7,500	28.6%	7,176
Industrial machinery segment	152	300	50.9%	503
Food machinery segment	-29	950	—	830
Other segments	188	950	19.9%	811
Total segment income	2,456	9,700	25.3%	9,321
Adjustment amounts	-548	-2,500	21.9%	-2,507
Total operating income	1,907	7,200	26.5%	6,813

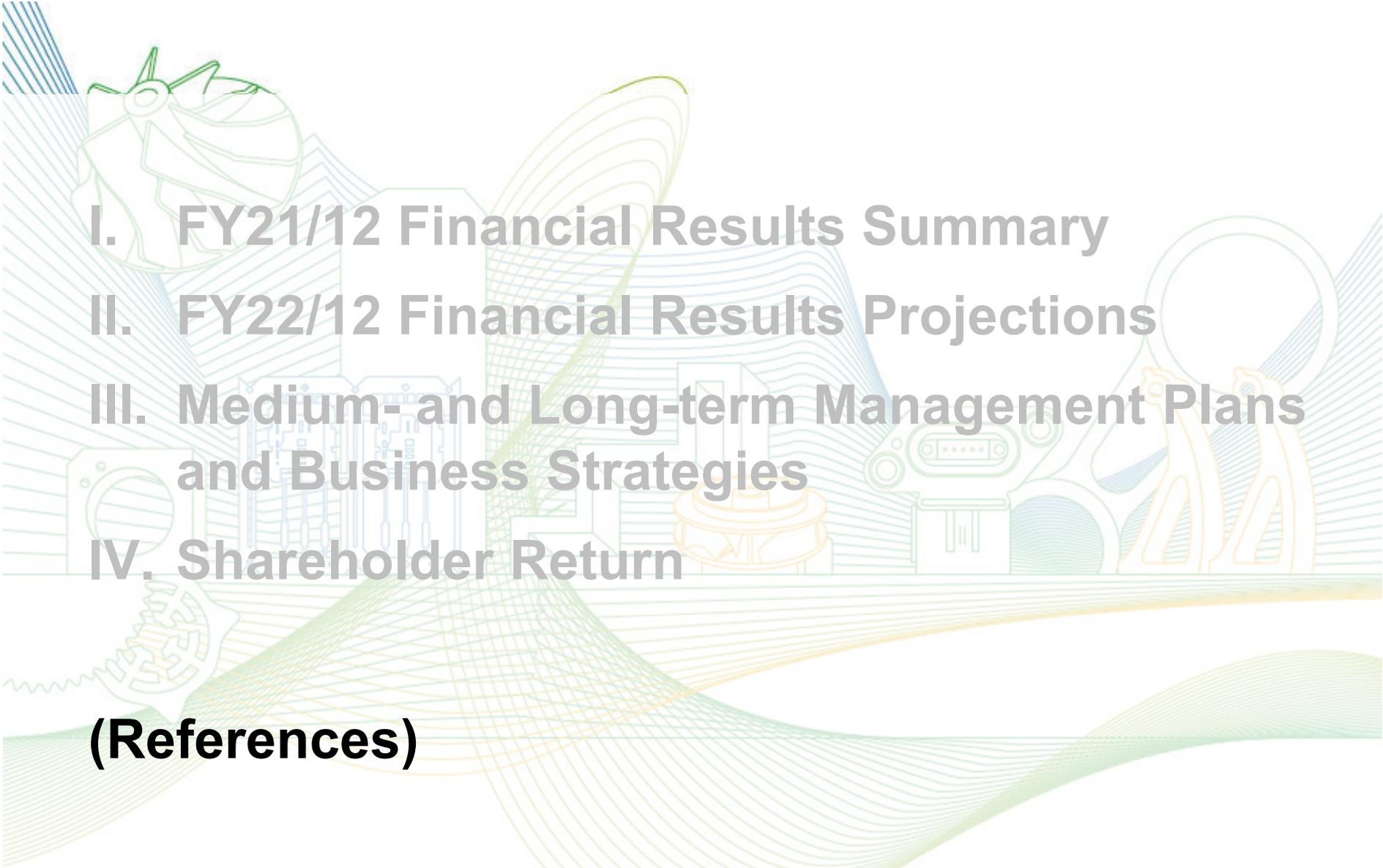
# Shareholder Return Policy and Dividend Projection



## Shareholder return policy

Aim for DOE of 2% or more and total return ratio of 30% or more

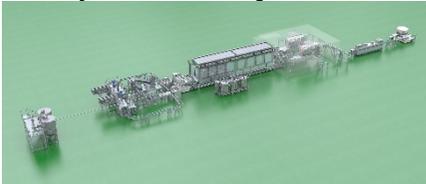


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- The background features a complex, layered illustration. It includes a green gear-like shape at the top left, a large green satellite dish in the center, and a pair of hands holding a glowing sphere on the right. The entire scene is overlaid with a dense pattern of thin, wavy lines in various shades of green and yellow, creating a sense of motion and technology.
- I. FY21/12 Financial Results Summary
  - II. FY22/12 Financial Results Projections
  - III. Medium- and Long-term Management Plans and Business Strategies
  - IV. Shareholder Return

**(References)**

# References: Business Segment Composition and Major Products



Segment	Machine tools	Industrial machinery	Food machinery
<p><b>Key products</b></p>	<p><b>Die-sinker EDM</b></p>  <p><b>Wire-cut EDM</b></p>  <p><b>Small Hole EDM</b></p>  <p><b>Machining center</b></p>  <p><b>Metal 3D Printer</b></p> 	<p><b>Horizontal injection molding machine</b></p>  <p><b>Vertical injection molding machine</b></p>  <p><b>Light metal injection molding machine</b></p> 	<p><b>Noodle-making equipment (Noodle production line)</b></p>   <p><b>Sterile-packed cooked rice production system</b></p>  <p><b>Other food processing machines</b></p>  
<p><b>Sales market</b></p>	<p>Automotive, home appliances, electrical and electronic equipment, aerospace, medical equipment, energy, etc.</p>	<p>Automotive, electrical and electronic equipment, medical equipment, etc.</p>	<p>Noodle production (chilled noodles, LL noodles, frozen noodles, etc.) Packaged rice, Confectionery, bread, prepared food, vegetable processing, etc.</p>
<p><b>Production site</b></p>	 <p>Kaga</p>  <p>Thailand</p>  <p>Xiamen</p>  <p>Suzhou</p>	 <p>Kaga</p>  <p>Thailand</p>	 <p>Kaga</p>  <p>Xiamen</p>

# References: Domestic and Overseas Sites



- 5 Sodick America Corporation (San Jose)
- 6 Shanghai Sodick Software
- 7 Sodick Suzhou Sodick Special Equipment Co., Ltd.
- 8 Amoy Co., Ltd. Co., Ltd.
- 9 Sodick (Thailand) Co., Ltd.

- 10 Sodick, Inc. (Chicago)
- 11 Sodick Europe Ltd. (U.K.)
- 12 Sodick Deutschland GmbH (Germany)
- 13 Sodick Electromechanical (Shanghai) Co., Ltd.
- 14 Sodick Tom (Shanghai) Co., Ltd.
- 15 Sodick (Taiwan) Co., Ltd.
- 16 Sodick International Trading (Shenzhen) Co., Ltd.
- 17 Sodick (H.K.) Co., Ltd.

- 18 Sodick Enterprise (S.Z.) Co., Ltd.
- 19 Sodick Korea Co., Ltd.
- 20 Sodick Vietnam Co., Ltd.
- 21 Sodick Philippines Inc.
- 22 PT Sodick Technology Indonesia
- 23 Sodick Singapore Pte., Ltd.
- 24 Sodick Technology (M) Sdn Bhd.
- 25 Sodick Technologies India Pte., Ltd.



1 Head Office and Research and Technology Center



2 Sodick F·T Miyazaki Plant



3 Fukui Plant



4 Kaga Plant

## References: Participation in Major Exhibits

Period	Location		Exhibition	Summary and Remarks
2022				
May 19 - 21	Japan	Kanazawa	MEX Kanazawa (The 58th Machinery & Electronics Exhibition in Kanazawa)	
Jun. 7 - 10	Japan	Tokyo	FOOMA JAPAN	Food machinery exhibition
Sep. 12 - 17	U.S.A	Chicago	IMTS	International machine tool exhibition
Nov. 8 - 13	Japan	Tokyo	JIMTOF2022 (the 31st Japan International Machine Tool Fair)	International machine tool exhibition

\*Due to the spread of COVID-19, the exhibition schedule may change.

Our website URL: <https://www.sodick.co.jp/>

- Introducing our latest machines and technologies with a video at Sodick Web Exhibition



- A wide range of contents including our group's overseas sites is also available.



- YouTube channel is also open!



## References: New products and awards in 2021

Segment	Machine tools	Industrial machinery	
<b>Product name</b>	<p><b>Metal 3D Printer LPM325S</b></p>  <p>The 64th Ten Great New Product Awards <b>Main Award</b></p>	<p><b>Thermosetting rubber injection molding machines with degassing function GL-LSR Series</b></p> 	<p><b>Injection molding system INFILT-V®</b></p>  <p>The 18th Super Monozukuri Parts Award <b>Environment-, resource- and energy-related parts awards</b></p>
<b>Sales market</b>	<p>Automotive, aerospace, medical, and other elemental technologies</p>	<p>For automotive, electronic, aerospace-related sealants, medical equipment, etc.</p>	<p>Biodegradable plastic Non-plastic and/or environmentally friendly products</p>
<b>Product feature</b>	<p>Suitable for multiple metal powders</p> <p>Dramatic reduction in maintenance frequency</p> <p>Predictive maintenance</p> <p>high speed molding by dual laser</p>	<p>Resin material can be supplied directly to the mold while removing air contained in the solid rubber thermosetting rubber material</p> <p>Reduced molding time, improved molding quality, and reduced mold costs</p>	<p>Improved productivity of biodegradable plastics</p> <p>Inert gas is injected directly into the injection plunger. →Using the phenomenon that gas is dissolved in a resin material and its viscosity decreases, thin-walled molding, which is difficult with conventional methods, is now possible.</p>

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