



Tokyo Stock Exchange Prime Market 6143



FY2022/12  
Results Briefing  
Sodick Co., Ltd.

February 17, 2023



**FY2022/12**  
**Financial Results Summary**

# Financial Results Highlights



<h2>FY2022</h2>	<p>Net sales increased due to the yen's depreciation, but operating profit decreased due to higher costs.</p> <p>Sales: 80.4 billion yen up 7.1% YoY</p> <p>OP: 5.8 billion yen down 14.7% YoY</p>
<h2>Machine tool</h2>	<p>Although demand from semiconductor and electronic component industries remained firm, sales in Greater China declined.</p> <p>Sales: 56.4 billion yen Up 9.7% YoY</p> <p>OP: 7.0 billion yen down 1.8% YoY</p>
<h2>Industrial machinery</h2>	<p>Continued growth in sales and profit for automotive</p> <p>Sales: 10.6 billion yen up 2.8% YoY</p> <p>OP: 0.8 billion yen up 63.0% YoY</p>
<h2>Food machinery</h2>	<p>Progress in projections of rice production systems</p> <p>Sales: 6.8 billion yen down 1.0% YoY</p> <p>OP: 0.4 billion yen down 46.1% YoY</p>
<h2>Other</h2>	<p>Performance was affected by supply chain disruptions.</p> <p>Sales: 6.5 billion yen up 1.5% YoY</p> <p>OP: 0.3 billion yen down 61.4% YoY</p>

\*The adjustment amount for segment profit: -2.8 billion yen

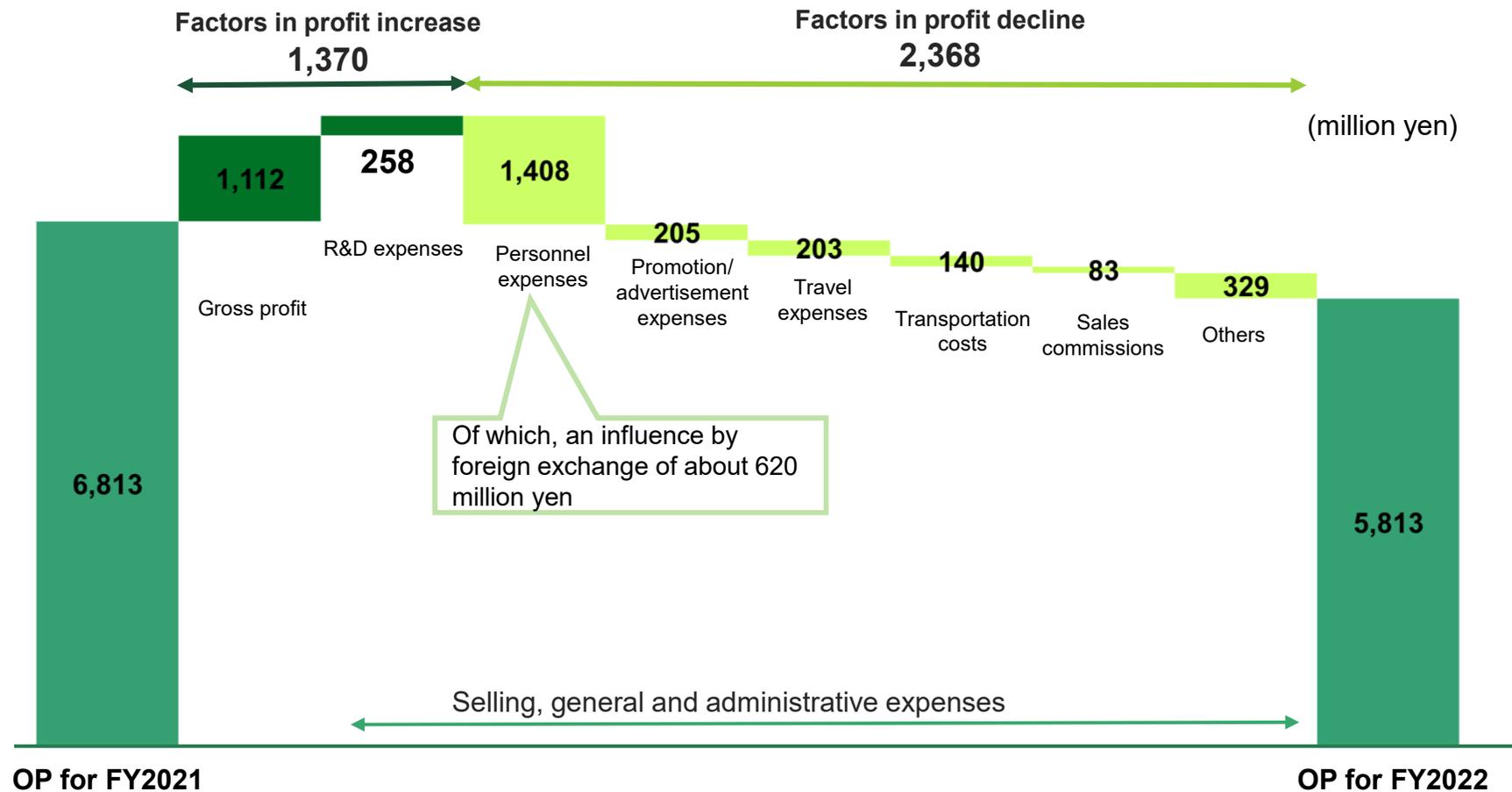
## Financial Results Highlights

- ✓ Despite a decrease in sales of machine tools and injection molding machines in Greater China, net sales increased from the previous fiscal year due to the positive effect of the weaker yen (the effect of the weaker yen increased by approx. 5.7 billion yen)
- ✓ Operating profit declined due to soaring material and energy prices, higher personnel expenses, etc.
- ✓ Ordinary profit was 8.2 billion yen due to the recording of foreign exchange gains (approx. 1.6 billion yen) associated with the rapid depreciation of the yen.

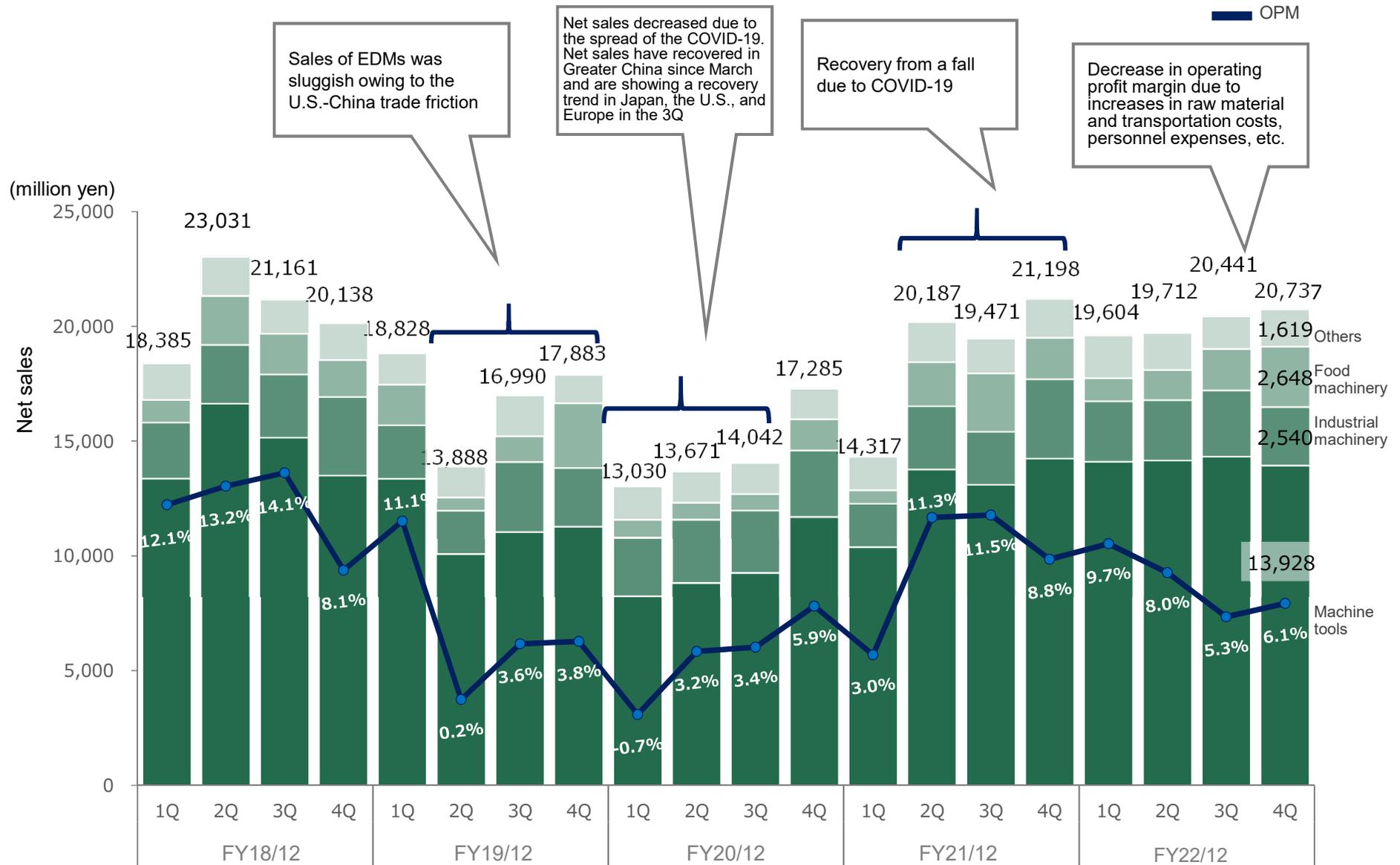
(million yen)	FY2018	FY2019	FY2020	FY2021	FY2022	YoY Change
<b>Net sales</b>	82,716	67,591	58,030	75,174	<b>80,495</b>	7.1%
<b>Operating Profit</b>	9,888	3,422	1,852	6,813	<b>5,813</b>	-14.7%
OPM	12.0%	5.1%	3.2%	9.1%	<b>7.2%</b>	-1.8pt
<b>Ordinary Profit</b>	9,619	3,558	2,046	8,588	<b>8,275</b>	-3.6%
<b>Profit</b>	6,462	2,002	1,346	6,591	<b>6,021</b>	-8.6%
ROE	11.4%	3.4%	2.3%	10.0%	<b>7.8%</b>	-2.2pt
<b>Capital investment</b>	8,576	6,561	2,448	3,451	<b>4,681</b>	35.7%
<b>Depreciation</b>	3,085	3,664	3,399	3,452	<b>3,602</b>	4.3%
<b>R&amp;D expenses</b>	3,902	3,483	3,220	3,216	<b>3,168</b>	-1.5%
USD/JPY	110.44	109.03	106.76	109.90	<b>131.62</b>	21.72 down
EUR/JPY	130.35	122.03	121.88	129.91	<b>138.14</b>	8.23 down
CNH/JPY	16.71	15.77	15.48	17.01	<b>19.45</b>	2.44 down
THB/JPY	3.42	3.52	3.42	3.44	<b>3.75</b>	0.31 down

# Details of Changes in Operating Profit

✓ Operating profit decreased approx. 1 billion yen from the same period of the previous fiscal year due to a significant increase in personnel expenses resulting from an increase in hiring and salary revisions associated with the expansion of strategic human resources investment, as well as an increase in promotional expenses and travel expenses.



# Ratio of Operating Profit to Net Sales (Quarterly)



\* 1Q: Jan. to Mar.; 2Q: Apr. to Jun.; 3Q: Jul. to Sep.; and 4Q: Oct. to Dec.

# Financial Results by Segment



(million yen)	FY2018	FY2019	FY2020	FY2021	FY2022	YoY Change
Machine tool segment	58,607	45,797	38,024	51,485	<b>56,492</b>	9.7%
Industrial machinery segment	11,155	9,773	10,931	10,367	<b>10,656</b>	2.8%
Food machinery segment	6,560	6,283	3,585	6,884	<b>6,813</b>	-1.0%
Other segments	6,392	5,737	5,488	6,437	<b>6,533</b>	1.5%
<b>Total net sales</b>	<b>82,716</b>	<b>67,591</b>	<b>58,030</b>	<b>75,174</b>	<b>80,495</b>	7.1%
Machine tool segment	9,988	4,621	2,896	7,176	<b>7,046</b>	-1.8%
Industrial machinery segment	802	165	596	503	<b>820</b>	63.0%
Food machinery segment	674	625	65	830	<b>447</b>	-46.1%
Other segments	1,030	311	319	811	<b>313</b>	-61.4%
<b>Total segment profit</b>	<b>12,496</b>	<b>5,723</b>	<b>3,878</b>	<b>9,321</b>	<b>8,628</b>	-7.4%
Adjustment amounts	- 2,607	- 2,301	- 2,025	- 2,507	<b>- 2,814</b>	—
<b>Total operating profit</b>	<b>9,888</b>	<b>3,422</b>	<b>1,852</b>	<b>6,813</b>	<b>5,813</b>	-14.7%

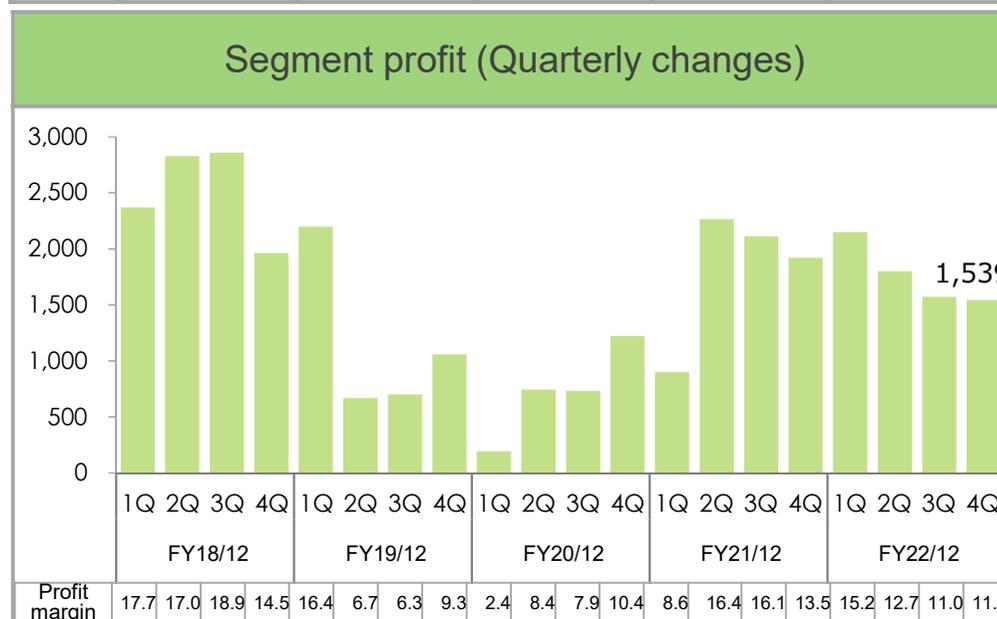
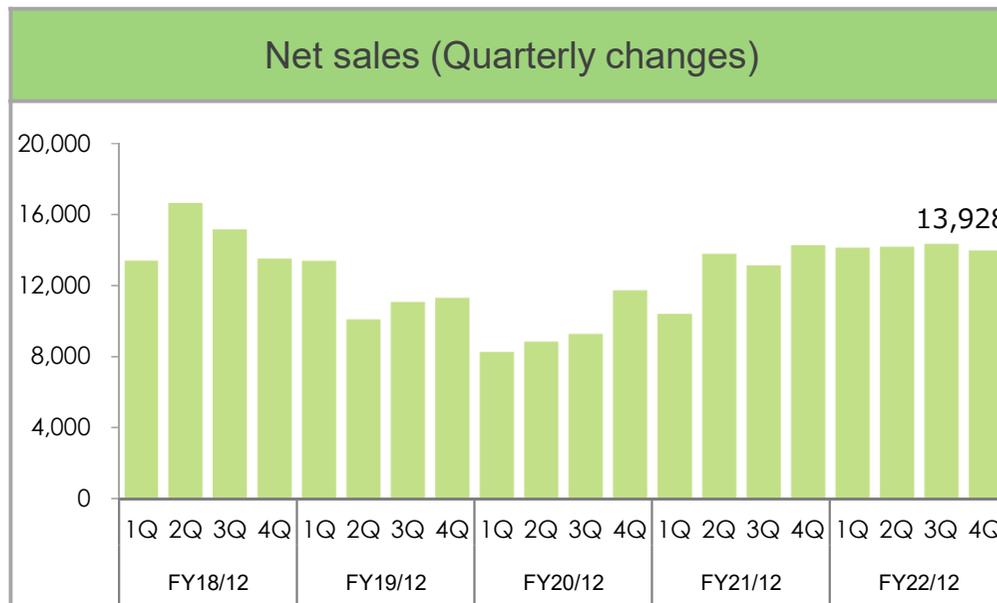
# Financial Results by Segment



## Machine Tool Segment

Net sales	<ul style="list-style-type: none"> <li>•Demand from electronic component, semiconductor, and EV-related industries was strong in Japan, the West and Asia.</li> <li>•Greater China's appetite for facility investments in automotive and semiconductor-related industries declined.</li> <li>•Net sales increased from the corresponding period of the previous year thanks partly to the yen's rapid depreciation.</li> </ul>
Profit	Profit margins declined due to higher costs such as higher material prices, supply chain disruptions, and increased personnel expenses.

(million yen)	FY2021	FY2022	YoY Change	
Net sales	51,485	<b>56,492</b>	5,006	9.7%
Segment profit	7,176	<b>7,046</b>	-129	-1.8%
Profit margin	13.9%	12.5%		



Profit 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	12.7	11.0	11.0
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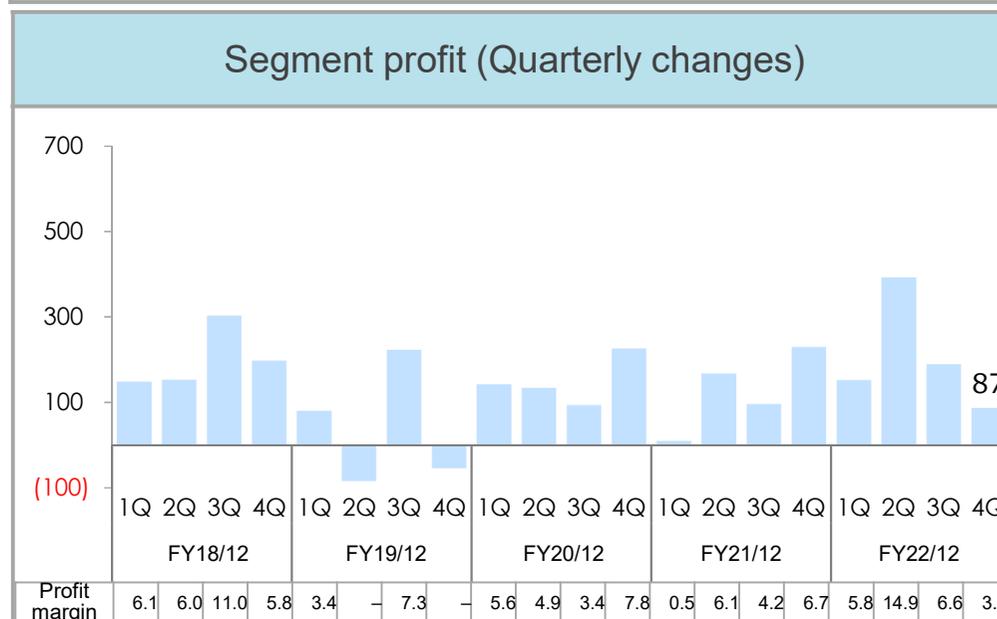
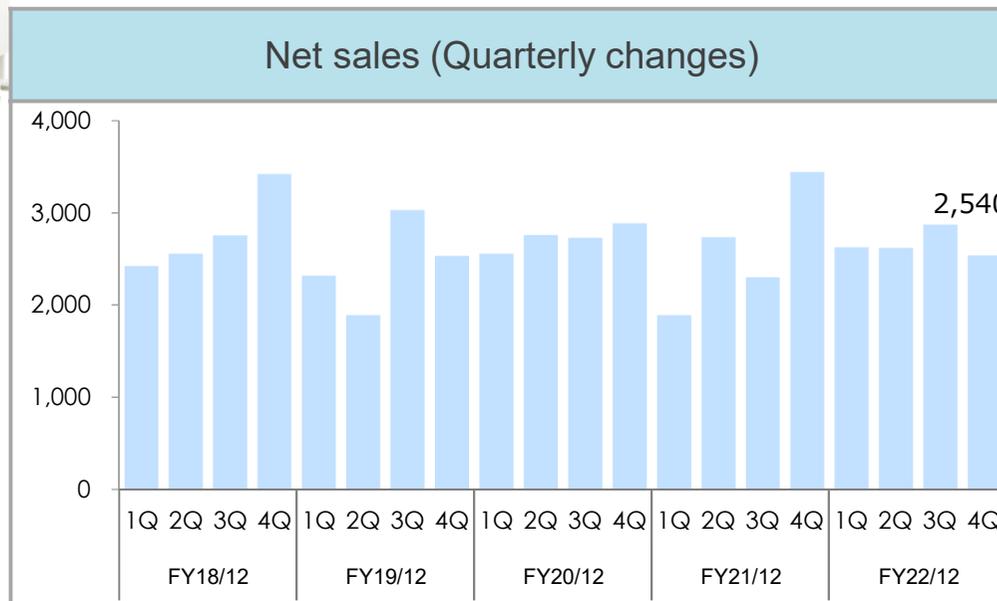
# Financial Results by Segment



## ■ Industrial Machinery Segment

Net sales	<ul style="list-style-type: none"> <li>•Demand from EV-related and industries was brisk in Japan.</li> <li>•Demand for electronic component industries in each region was weak.</li> <li>•Net sales increased from the corresponding period of the previous year thanks partly to the yen's rapid depreciation.</li> </ul>
Profit	Segment profit increased from the previous quarter due to a temporary increase in sales of high-value-added products in the second quarter.

(million yen)	FY2021	FY2022	YoY Change	
Net sales	10,367	<b>10,656</b>	288	2.8%
Segment profit	503	<b>820</b>	317	63.0%
Profit margin	4.9%	7.7%		



Profit 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	14.9	6.6	3.4
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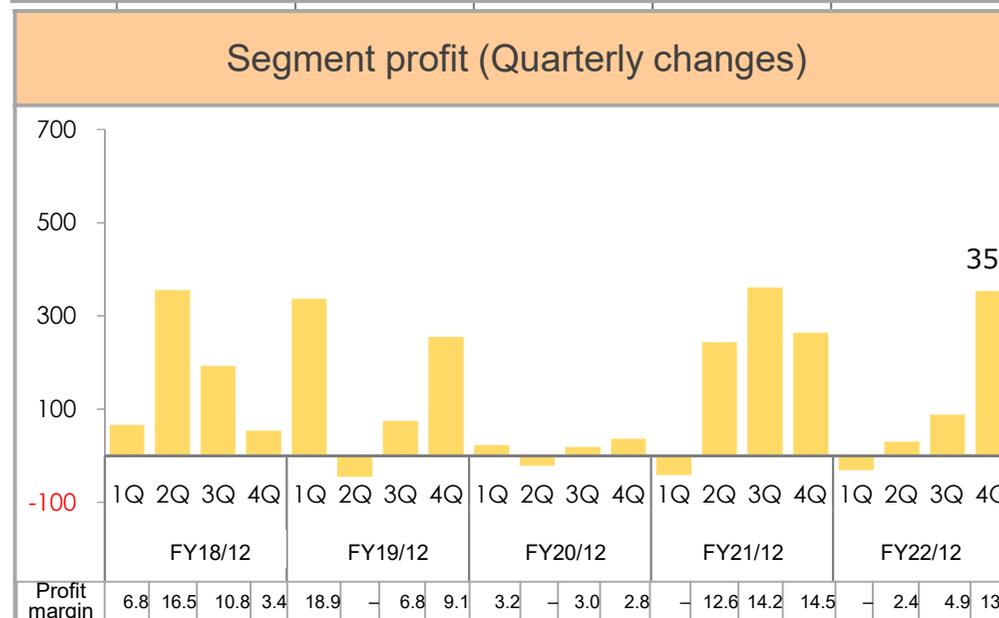
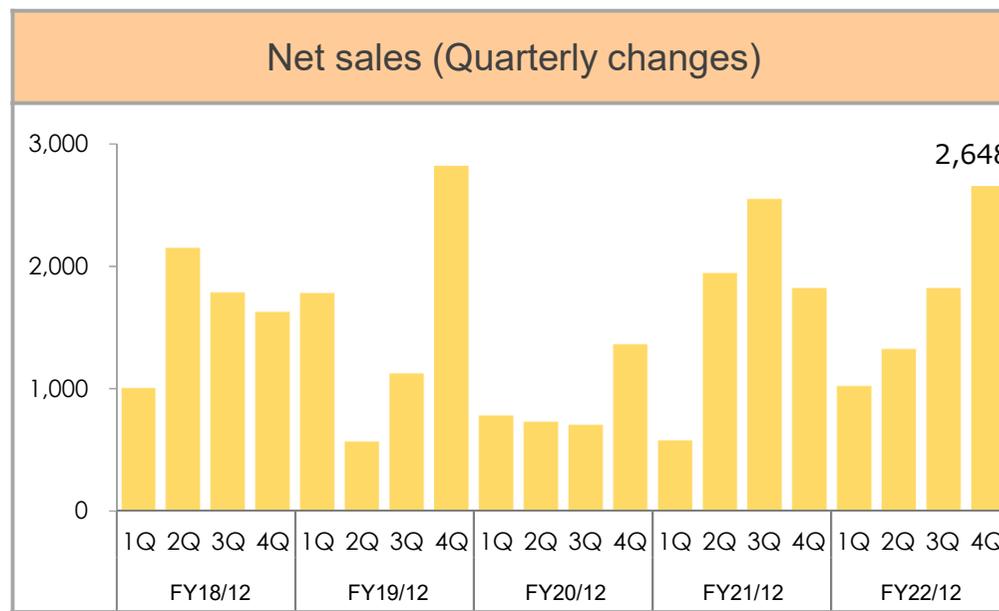
# Financial Results by Segment



## ■ Food Machinery Segment

Net sales	<ul style="list-style-type: none"> <li>•Demand for noodle making machine-related equipment in Japan and sterile-packed cooked rice production systems for overseas markets was strong.</li> <li>•Although facility investment appetite declined due to the COVID-19 restrictions in Greater China and rising costs caused by global inflation, sales remain slightly lower than the same period of the previous year due to progress in several projects for sterile-packed cooked rice production systems.</li> </ul>
Profit	Segment profit significantly tumbled from the same period of the previous year, dented by soaring raw material prices and additional costs incurred in some projects.

(million yen)	FY2021	FY2022	YoY Change	
Net sales	6,884	<b>6,813</b>	-70	-1.0%
Segment profit	830	<b>447</b>	-383	-46.1%
Profit margin	12.1%	6.6%		



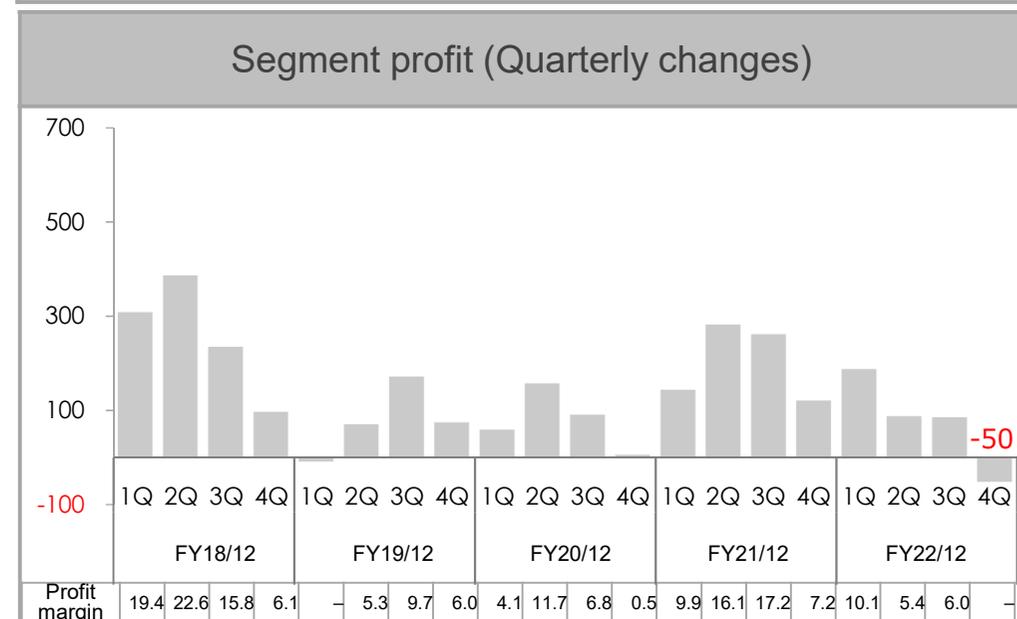
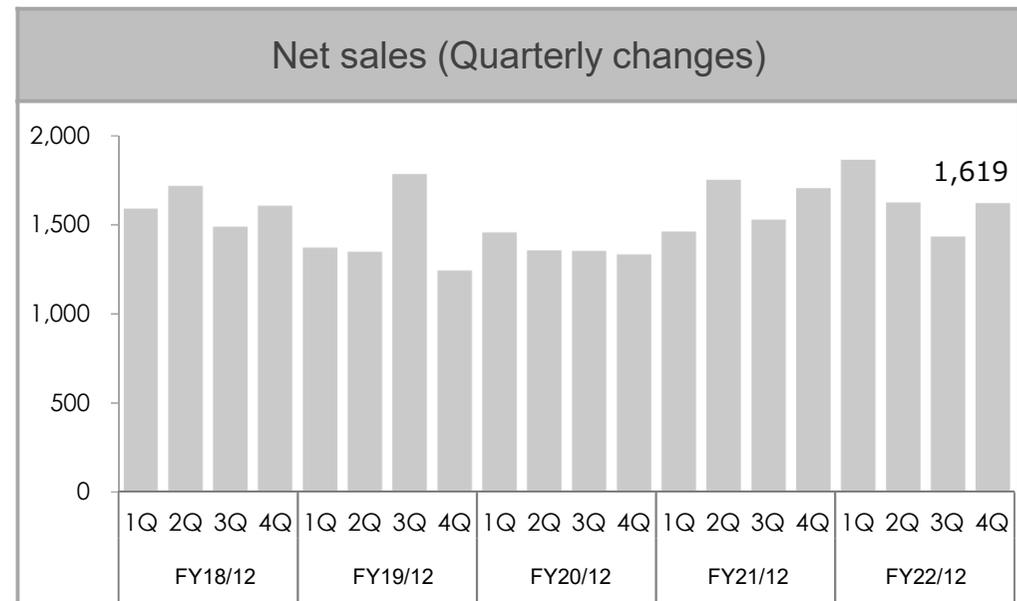
Profit margin	6.8	16.5	10.8	3.4	18.9	-	6.8	9.1	3.2	-	3.0	2.8	-	12.6	14.2	14.5	-	2.4	4.9	13.3
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# Financial Results by Segment

## Other Segments

Net sales	<p>Net sales from the precision die and molding business decreased slightly from the same period a year earlier due in part to supply chain disruptions.</p> <p>Demand continued for ceramics for semiconductor manufacturing equipment manufacturers</p>
Profit	<p>Profit margin dropped affected by soaring raw material prices.</p>

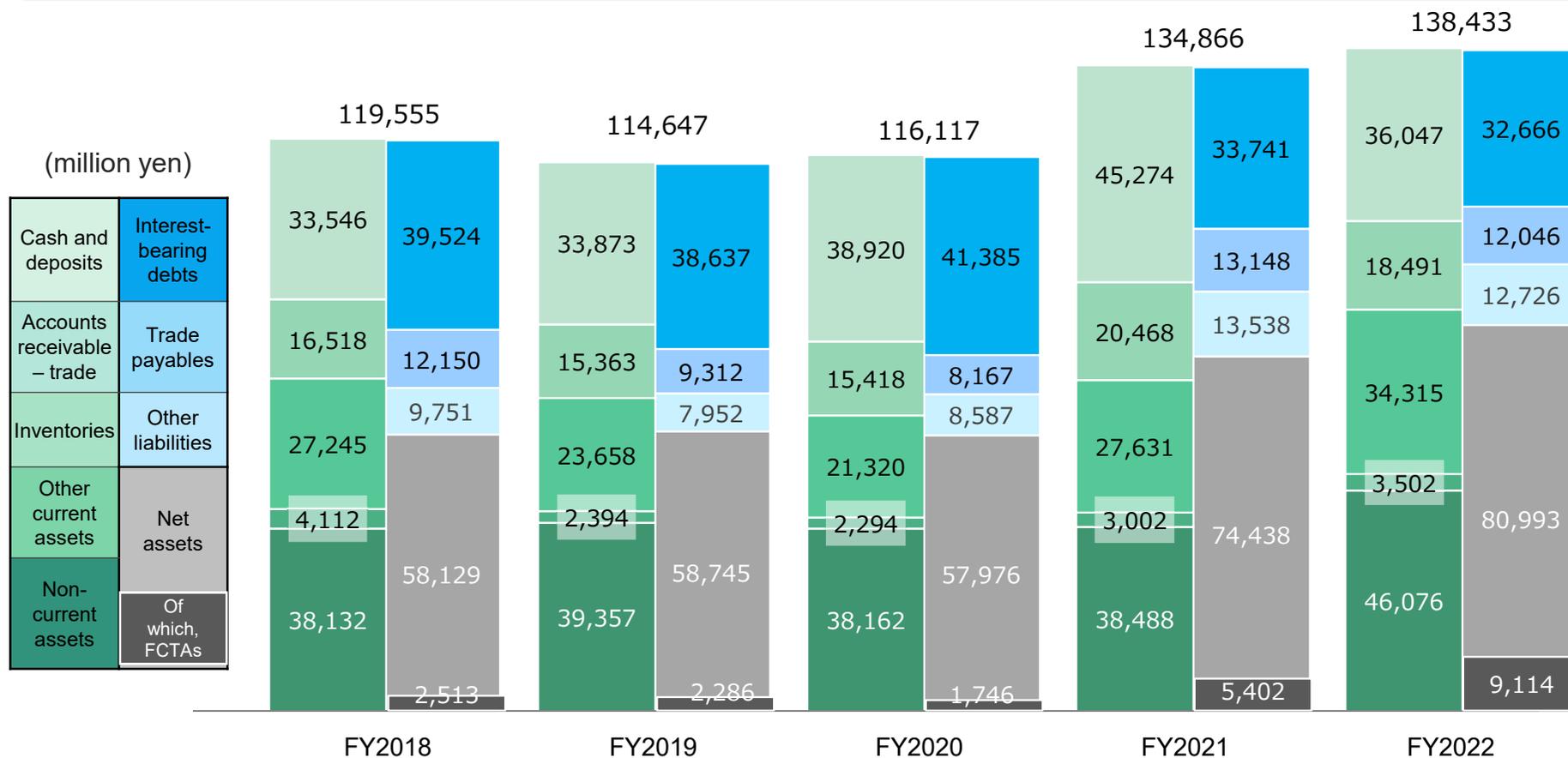
(million yen)	FY2021	FY2022	YoY Change	
Net sales	6,437	<b>6,533</b>	96	1.5%
Segment profit	811	<b>313</b>	-498	-61.4%
Profit margin	12.6%	4.8%		



Profit margin	1Q	2Q	3Q	4Q
FY18/12	19.4	22.6	15.8	6.1
FY19/12	-	5.3	9.7	6.0
FY20/12	4.1	11.7	6.8	0.5
FY21/12	9.9	16.1	17.2	7.2
FY22/12	10.1	5.4	6.0	-

# Balance Sheet

- ✓ Cash and deposits decreased due to the transfer of cash and deposits to non-current assets (time deposits with maturity of more than one year) at subsidiary.
- ✓ Net assets increased due to an increase in foreign currency translation adjustments (FCTAs) due to the yen's depreciation (approx. 3.7 billion yen), and the equity ratio improved.

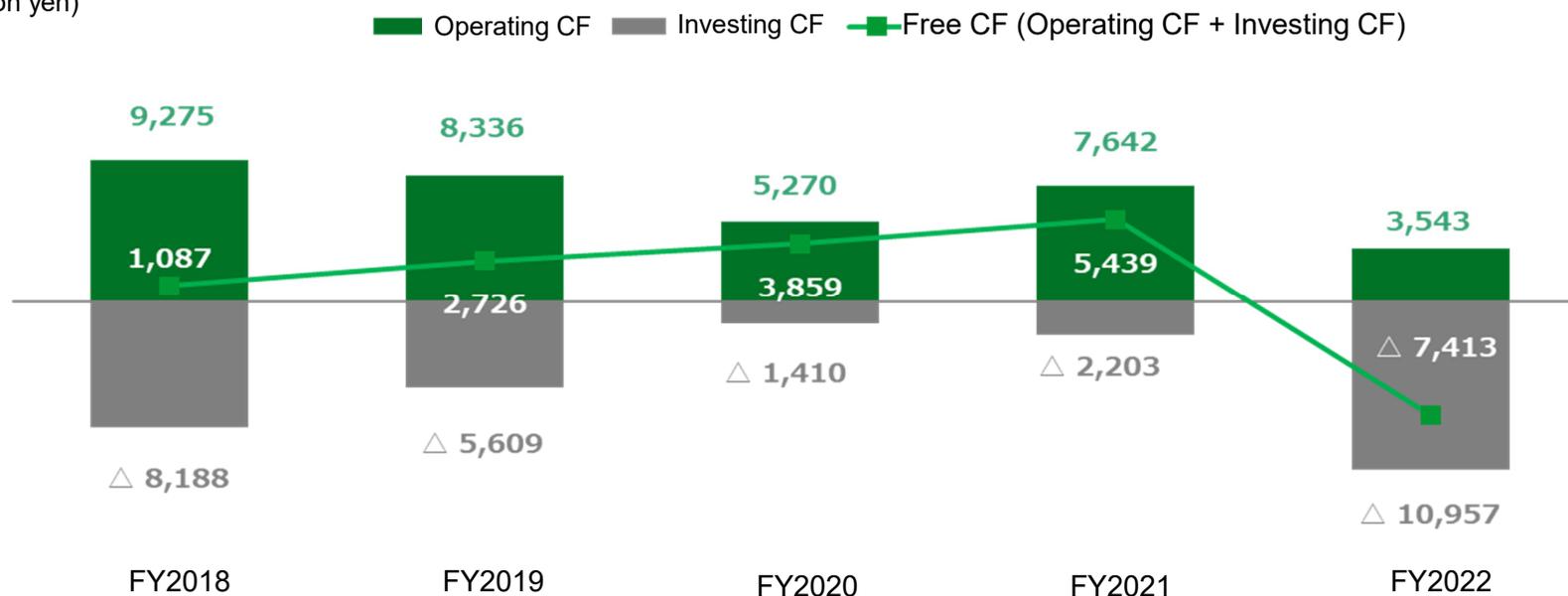


USD-JPY exchange rate at last day of the term	111.00	109.56	103.50	115.02	132.70
Equity ratio	48.5%	51.2%	49.9%	55.2%	58.5%
D/E ratio (times)	0.72	0.69	0.74	0.49	0.46

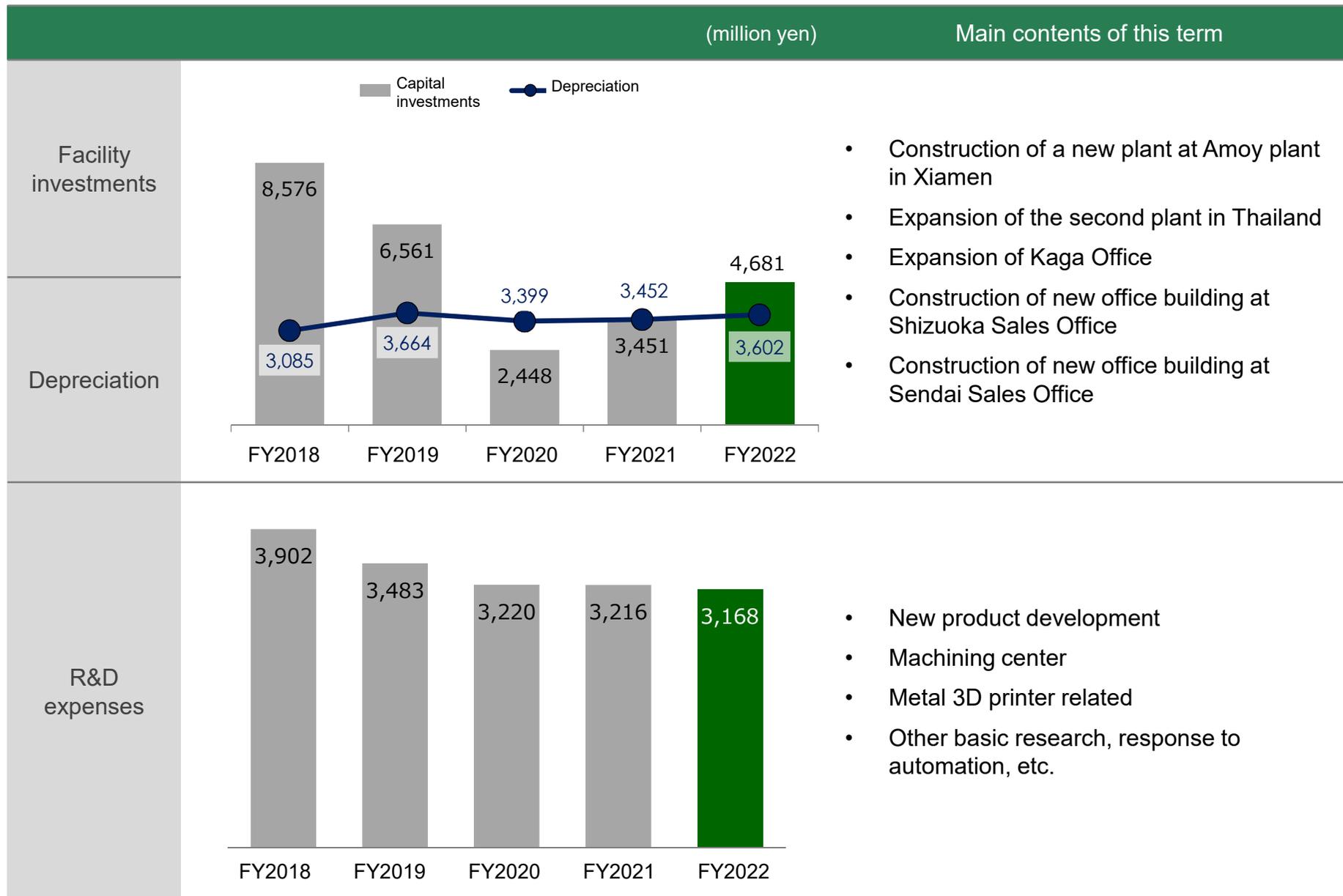
# Cash Flow

	FY2018	FY2019	FY2020	FY2021	FY2022	Major breakdowns
Cash flow from operating activities	9,275	8,336	5,270	7,642	<b>3,543</b>	Increase in contract liabilities: +3.2 billion yen Decrease in advances received: -4.6 billion yen Increase in inventories: -5.1 billion yen
Cash flow from investing activities	-8,188	-5,609	-1,410	-2,203	<b>-10,957</b>	Payments into time deposits: -6.8 billion yen Purchase of property, plant and equipment: -3.5 billion yen
Cash flow from financing activities	-3,485	-2,228	1,665	-1,932	<b>-6,012</b>	Decrease in borrowings: -2.4 billion yen Purchase of treasury shares: -1.4 billion yen Cash dividends paid: -1.4 billion yen
Balance of cash and cash equivalents at term end	32,650	32,890	38,255	44,229	<b>33,158</b>	

(million yen)



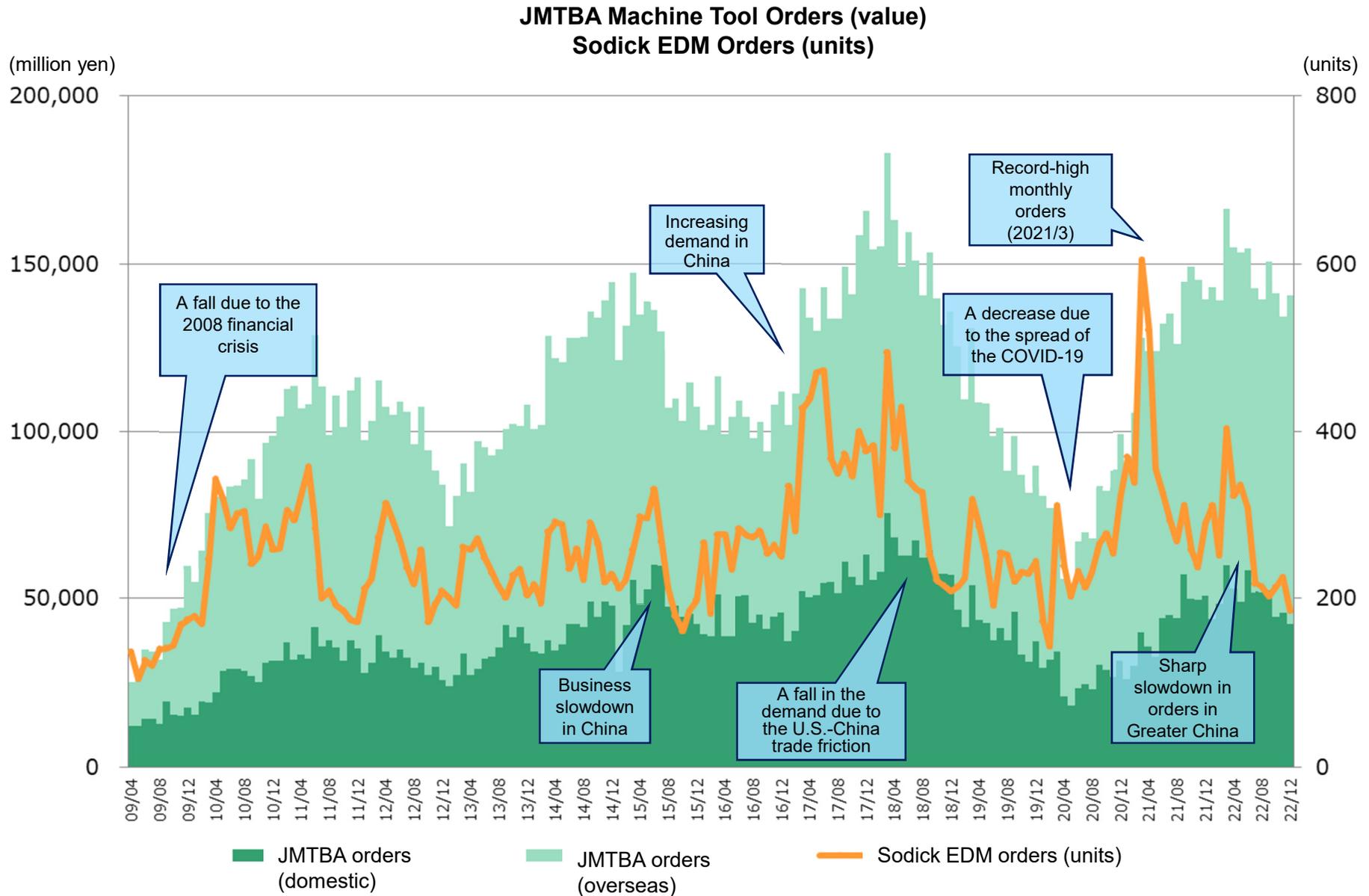
# Capital Investment Depreciation R&D Expenses





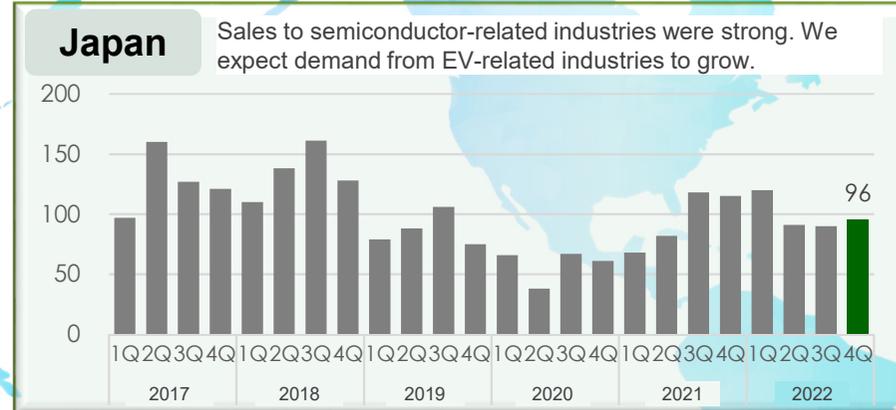
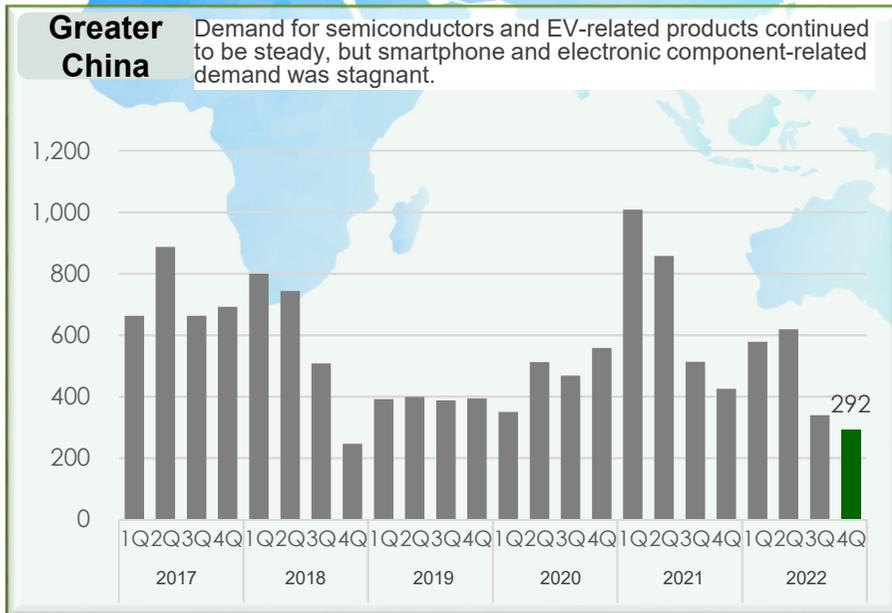
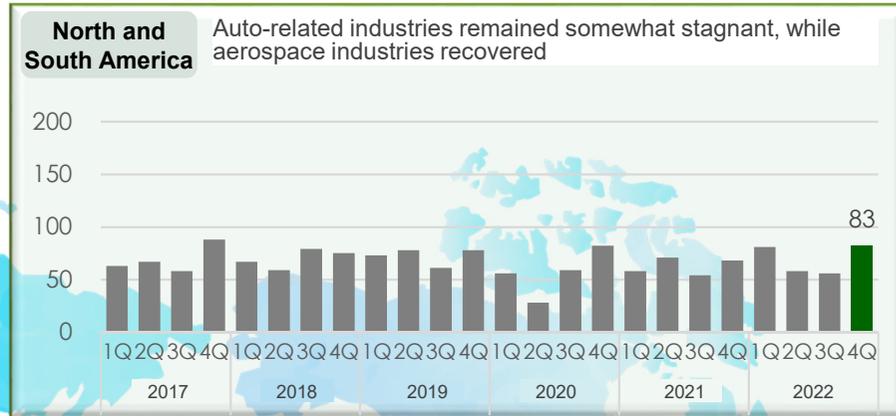
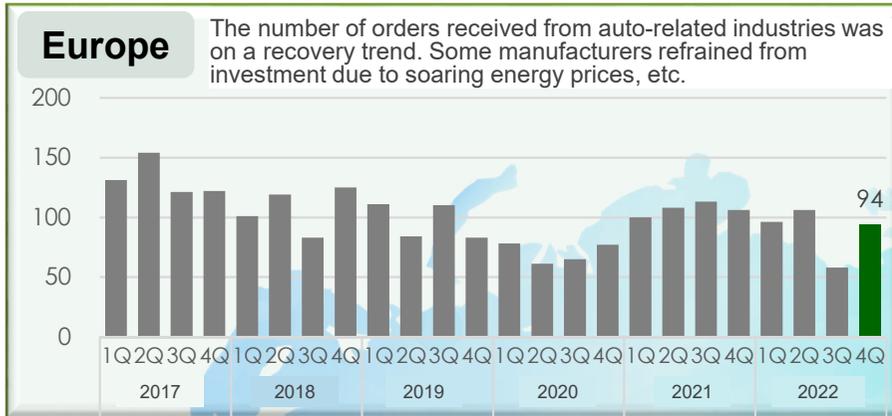
**FY23/12 Full-year  
Financial Results  
Projections**

# Changes in Amount of JMTBA Orders and in Number of EDMs Ordered from the Company



Source: JMTBA

# Changes in Numbers of EDMs Ordered in Quarters by Region



# FY2023/12 Full-year Financial Results Projections



- ✓ Sales are expected to increase due to increased sales in the industrial machinery, food machinery and other businesses.
- ✓ On the profit side, operating profit decreased and the operating profit margin decreased to 5.8% due to the continued rise in raw materials and various expenses.

\* Human capital investment (increase in pay scale and number of employees): approx. 1 billion yen; travel expenses: +0.15 billion; promotional expenses (exhibitions, etc.): +0.2 billion yen

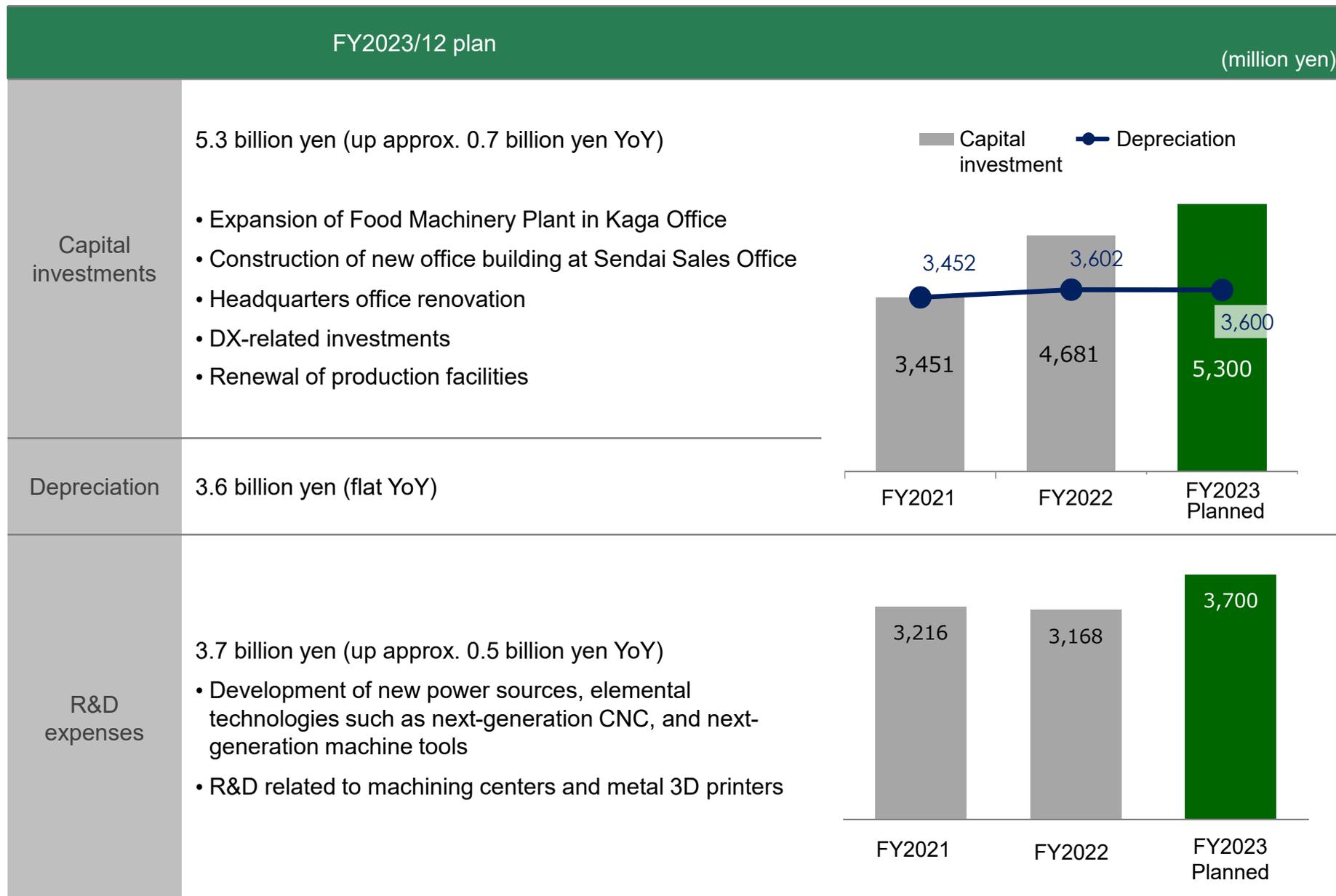
(million yen)	FY2019	FY2020	FY2021	FY2022	FY2023		
					Planned	Increase or decrease Amount	Rate
Net sales	67,591	58,030	75,174	80,495	<b>81,700</b>	<b>1,204</b>	1.5%
Operating profit	3,422	1,852	6,813	5,813	<b>4,700</b>	<b>-1,113</b>	-19.2%
OPM	5.1%	3.2%	9.1%	7.2%	<b>5.8%</b>		-1.5pt
Ordinary profit	3,558	2,046	8,588	8,275	<b>4,700</b>	<b>-3,575</b>	-43.2%
Profit	2,002	1,346	6,591	6,021	<b>3,200</b>	<b>-2,821</b>	-46.9%
ROE	3.4%	2.3%	10.0%	7.8%	<b>4.0%</b>		-3.8pt
USD/JPY	109.03	106.76	109.90	131.62	130.00		
EUR/JPY	122.03	121.88	129.91	138.14	144.00		
CNH/JPY	15.77	15.48	17.01	19.45	19.00		
THB/JPY	3.52	3.42	3.44	3.75	3.90		

# FY2023/12 Full-year Financial Results Projections (by Segment)

- ✓ Machine tool: Sales of EDMs in Greater China declined, but sales increase of machining centers and 3D printers and expansion of after-sales business are expected. Revenues worsened as costs continued to rise, including increases in raw material prices and personnel expenses.
- ✓ Industrial machinery: Sales are expected to increase due to growth in auto-related and communications-related industries in Japan and communications-related industries in Greater China. Segment profit margins are expected to decline due to higher raw materials prices and increased expenses related to exhibitions.
- ✓ Food machinery: Plans to increase both sales and profits by increasing sales mainly of rice production systems in overseas markets

(million yen)	FY2019	FY2020	FY2021	FY2022	FY2023		
					Planned	Increase or decrease Amount	Rate
Machine Tool Segment	45,797	38,024	51,485	56,492	<b>54,900</b>	-1,592	-2.8%
Industrial Machinery Segment	9,773	10,931	10,367	10,656	<b>11,600</b>	943	8.9%
Food Machinery Segment	6,283	3,585	6,884	6,813	<b>8,100</b>	1,286	18.9%
Other segments	5,737	5,488	6,437	6,533	<b>7,100</b>	566	8.7%
<b>Total net sales</b>	<b>67,591</b>	<b>58,030</b>	<b>75,174</b>	<b>80,495</b>	<b>81,700</b>	1,204	1.5%
Machine Tool Segment	4,621	2,896	7,176	7,046	<b>5,700</b>	-1,346	-19.1%
Industrial Machinery Segment	165	596	503	820	<b>800</b>	-20	-2.5%
Food Machinery Segment	625	65	830	447	<b>500</b>	52	11.8%
Other segments	311	319	811	313	<b>700</b>	386	123.5%
<b>Total segment profit</b>	<b>5,723</b>	<b>3,878</b>	<b>9,321</b>	<b>8,628</b>	<b>7,700</b>	-928	-10.8%
Adjustment	-2,301	-2,025	-2,507	-2,814	<b>-3,000</b>	-185	—
<b>Total operating profit</b>	<b>3,422</b>	<b>1,852</b>	<b>6,813</b>	<b>5,813</b>	<b>4,700</b>	-1,113	-19.2%

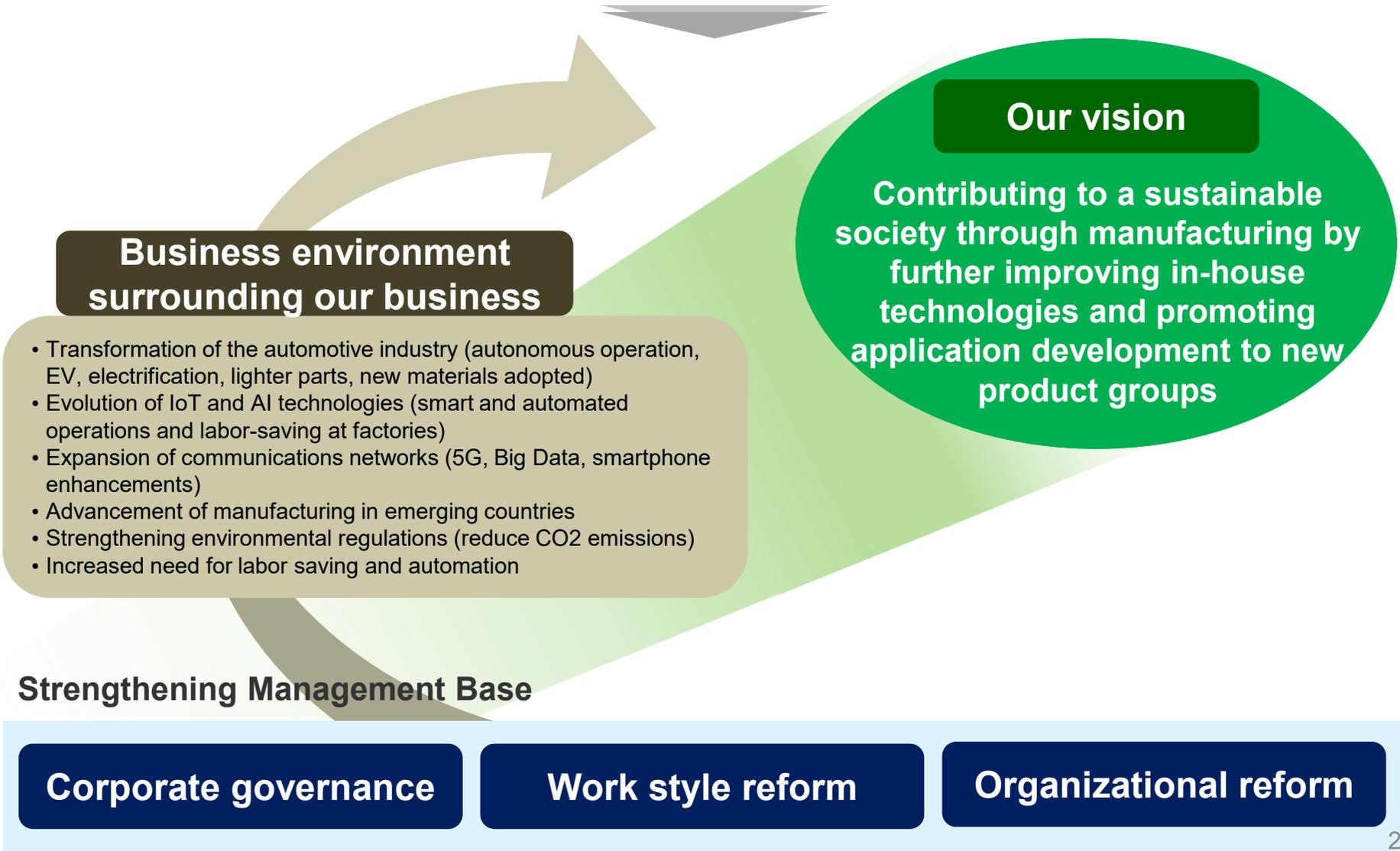
# Projections for Capital Investment / Depreciation / R&D Expenses





## **Medium and Long-term Business Strategy**

**Philosophy: Sodick Group, under the founding spirit of “Create,” “Implement,” and “Overcome Difficulties,” aims to provide the highest value to customers, and strives to contribute for a sustainable society as a company that “Create Your Future.”**



## Provide the highest value to our customers

- Aim to achieve absolute superiority in product performance and quality
- Enhance relationship with customers by using DX (Digital Transformation)
- Create and promote solution business
- Enhance after-market service business
- Bring inspiring manufacturing innovations through adoption of new technological fields



## To be a company that everyone can keep growing

- Improve work environment under the Health Management Declaration and create opportunities for growth to each and every single employee with strategic transfer and placement of personnel.
- Build knowledge database of our company and strive to pass along to younger generations
- Develop next-generation executives and managers, and nurture young employees who can contribute domestically and globally
- Increase investment in human capital (improvement of working conditions, recruitment, training system)



## For a sustainable society

- Strengthen environmentally conscious management (Initiatives to achieve carbon-neutral society and TCFD recommendations, Providing environmentally friendly products and service)
- Strengthen risk management and compliance
- Accelerate our efforts to resolve the global materiality challenges (important issues)
- Contribute toward achievement of SDGs (Sustainable Development Goals)



## Materiality (important issues)



Contribute to evolving manufacturing



Promote diversification of human resources



Address environmental management

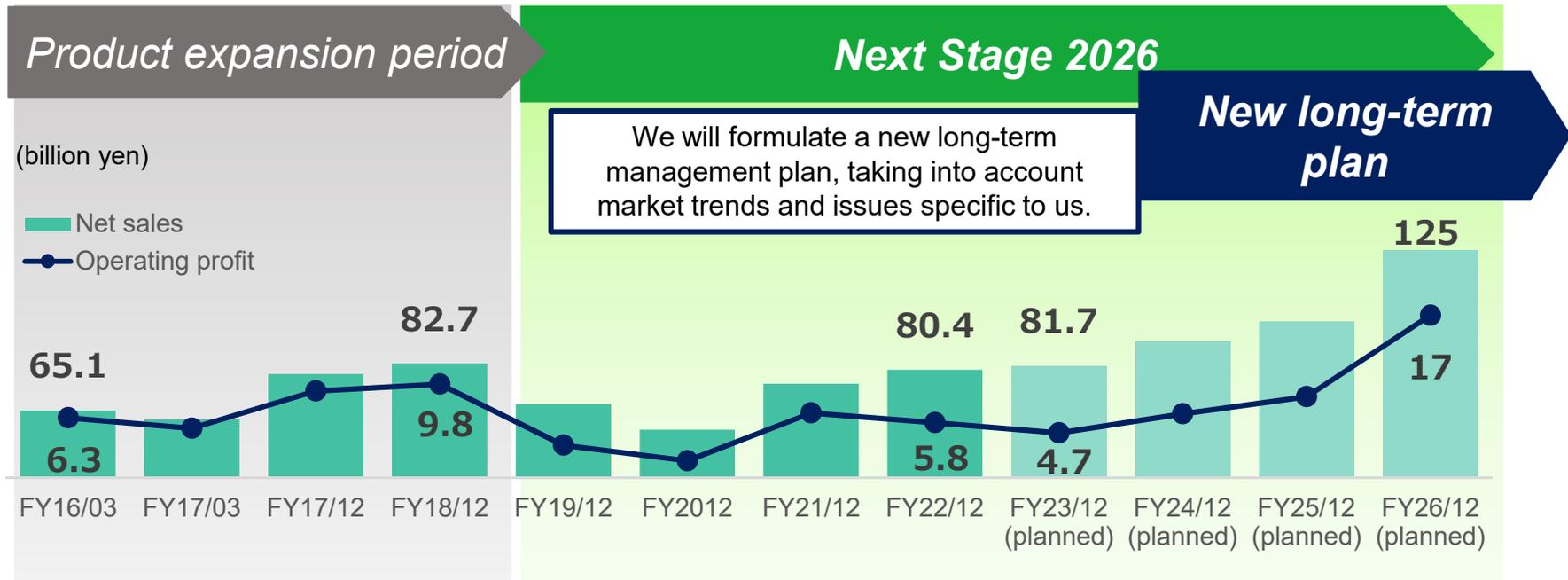


Strengthen governance



# Long-term management plan, Next Stage 2026~Toward Further Growth~

- Formulating a long-term vision targeting 2026, the year of our 50th anniversary
- Targeting net sales of 125 billion yen with operating profit of 17 billion yen by FY2026/12

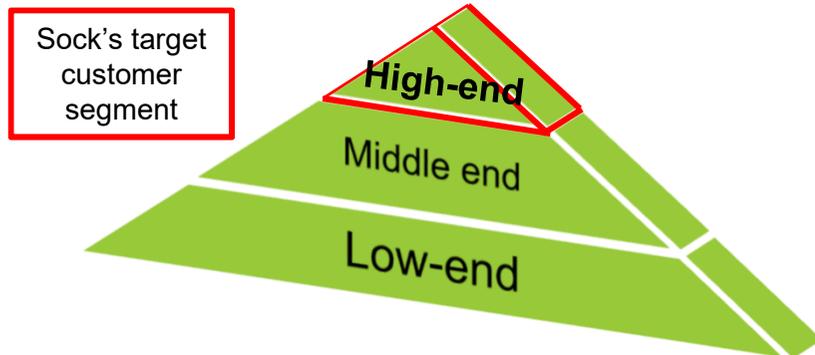


Opportunity	<ul style="list-style-type: none"> <li>Rise of Made in China 2025</li> <li>Interest in sustainability (ESG, SDGs, carbon neutrality, etc.)</li> <li>DX</li> <li>Full-scale development of EVs</li> <li>5G diffusion</li> </ul>	<p><b>Progress in manufacturing continues</b></p> <ul style="list-style-type: none"> <li>• Interest in sustainability</li> <li>• Accelerating the adoption of DX</li> <li>• Widespread use of EVs and FCVs</li> <li>• Increase in communications traffic</li> </ul>
	Risk	<ul style="list-style-type: none"> <li>U.S.-China trade friction</li> <li>COVID-19 pandemic</li> <li>Supply chain disruption</li> <li>Russian invasion of Ukraine</li> <li>Inflation</li> </ul>

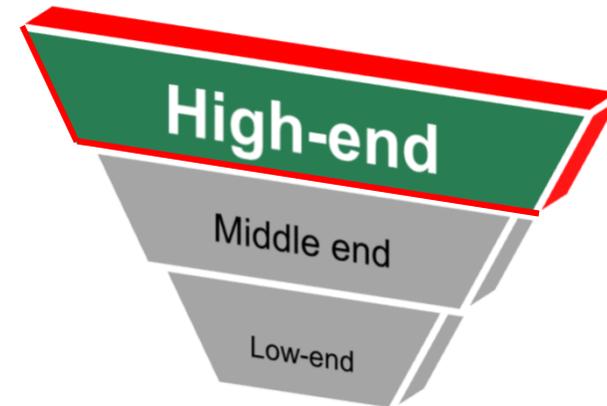
# Evolution of Manufacturing

The scale of the high-end market has increased due to the sophistication of manufacturing.

## Traditional manufacturing



## Future manufacturing



\*Image diagram

## Example: EV conversion

	Engine car	EV (electric vehicle)	Impact on the Company	
Number of parts	Approx. 30,000 items	Approx. 20,000 items	<b>Precision molds and precision molding, which are our specialty, are necessary</b> <ul style="list-style-type: none"> <li>• Increase in demand for motor core materials (EDMs for motor cores: AP350L)</li> <li>• Increase in demand for separator molds for battery manufacturing</li> <li>• Increase in demand for semiconductor equipment for inverters</li> <li>• Increase in demand due to weight reduction and quietness needs</li> <li>• Increase in demand due to the precision of electrical components</li> </ul>	
Power unit	Gasoline engine Transmission	Motor Inverter 		Positive
Power source	Gasoline Cylinder	Battery 		
Electrical component	Connector	Connector Detection sensor ECU 		
Others	Heat dissipating components	Heat dissipating components ECU case 		Negative
			<b>No need for machine parts such as engine</b> <ul style="list-style-type: none"> <li>• Limited impact on EDMs</li> </ul>	

\*Electronic Control Unit (ECU)

## External environment

## Medium-term management plan

Machine tools

Industrial machinery

Food machinery

Changes in social trends

CASE

DX

Next-generation communications

Sophistication of emerging economies

GX

SDGs

Food loss



(million yen)	2022	2023	2024	2025
Net sales	80,495	81,700	91,000	98,200
Machine tools	56,492	54,900	58,500	62,300
Industrial machinery	10,656	11,600	12,900	13,900
Food machinery	6,813	8,100	10,300	11,200
Others	6,533	7,100	9,300	10,800
Operating profit	5,813	4,700	6,700	8,500

# Machine Tool Segment

From machinery manufacturing and sales to total solutions



Strengthening after-sales services

**Sodick China South China Tech Center**  
Started operation in July 2022



Provide the fastest technical support and after-sales services to lead the development of the most advanced technology in South China, which is experiencing remarkable development.

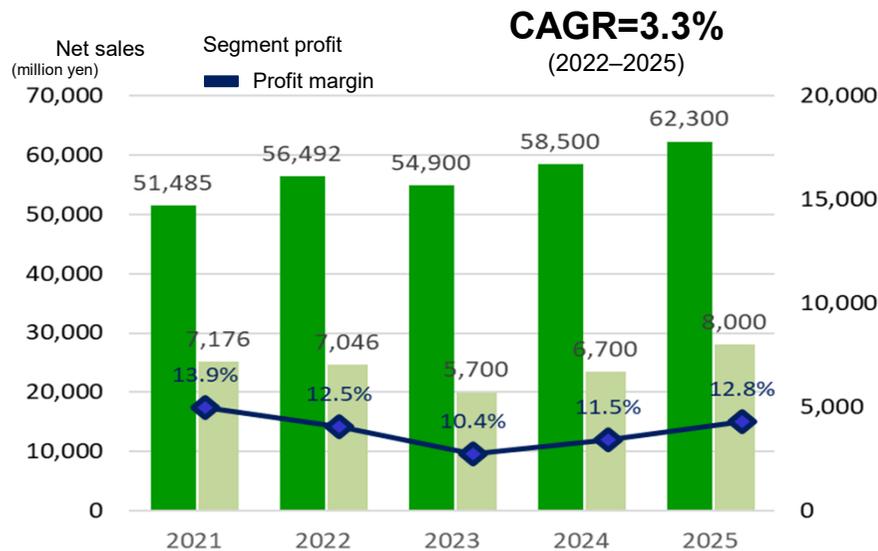
Product development

Won the main award at the 65th Big 10 New Product Awards  
**AL600G i Groove+ Edition**



Yuji Akutsu (right), who was appointed Chief Operating Officer (COO) in November 2022, attended the ceremony.

## Medium-term plan for Machine Tool Segment

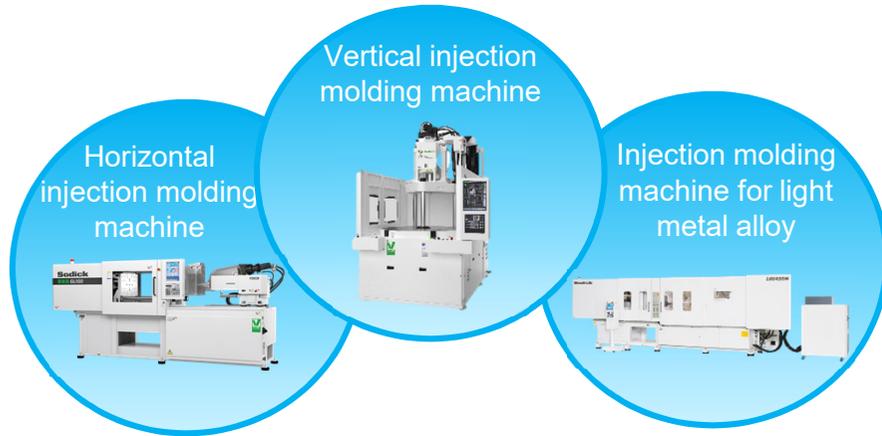


### Future Initiatives

- Creation of solution businesses
- Improving after-sales services
- Promotion of DX

# Industrial Machinery Segment

Expanding sales to high-precision and high-accuracy molding fields in high-end markets



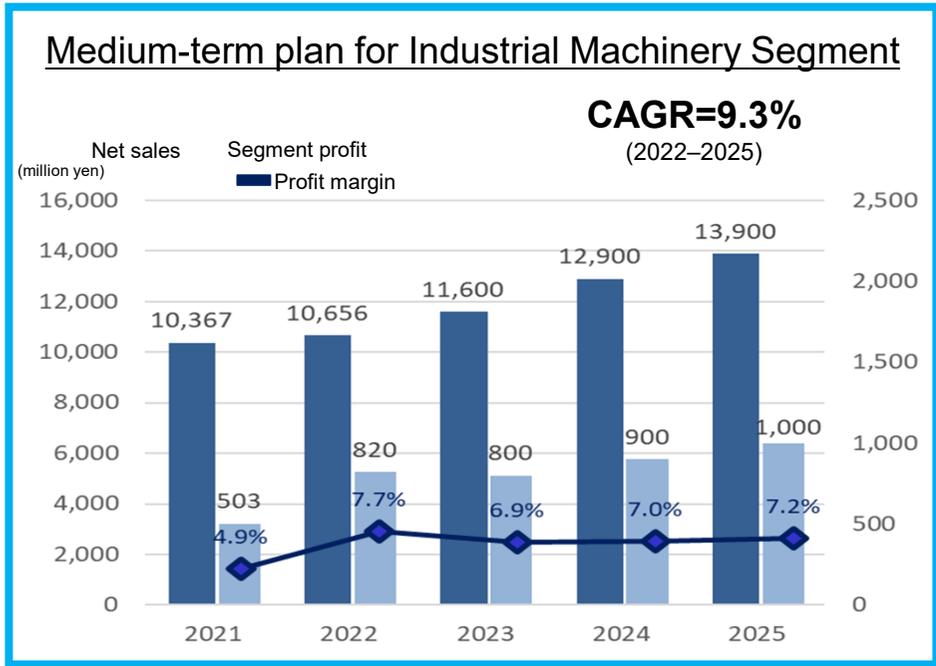
Expansion of production capacity

**New Amoi plant in Xiamen**  
**Started operation in January 2023**



Product development

**Revamped electric injection molding machine model**  
**MS G2 Series**



Further improve global market competitiveness, optimize the entire production site by utilizing IoT and DX, and promote the realization of “smart factories.”

Plasticization using the proprietary “eV-LINE®” system and servomotor drive system enable high-precision and stable molding, and the new controller and high-precision temperature control system improve control accuracy and control temperature.

**Future Initiatives**  
 Shift to all-electric injection molding machines  
 Capture demand mainly in Greater China and Asia

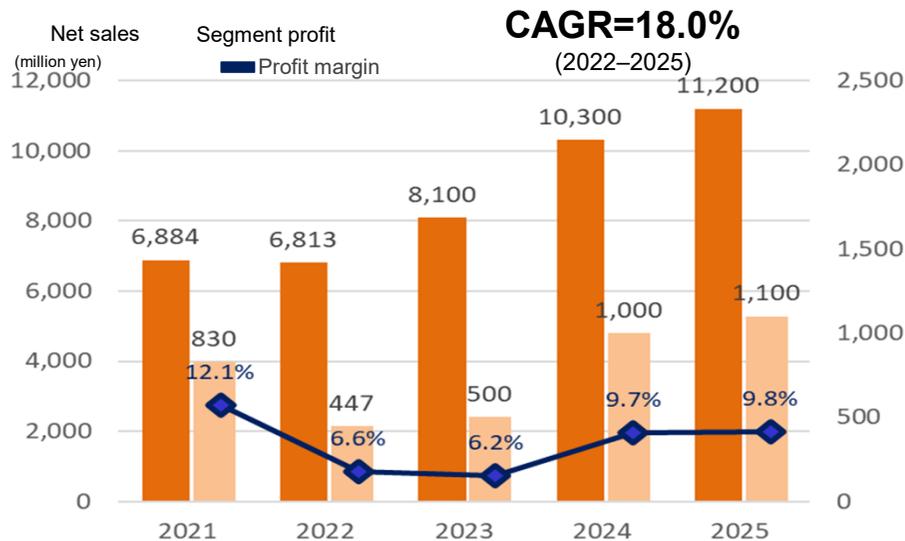
# Food Machinery Segment

To be a global general food machinery manufacturer  
 Establish the three pillars for noodles, rice and  
 Japanese-style deli dishes



\*Food produced with our product

## Medium-term plan for Food Machinery Segment



## Expansion of production capacity

New Amoi plant in Xiamen

Started operation in  
 January 2023



Expansion of plant in  
 Kaga Office

Scheduled for completion in  
 November 2023



## Product development

The 19th Super Manufacturing Parts Award

Neo Mazaru



It was evaluated that the addition and stirring process of seasoning liquid such as sauce, etc., in the production of cooked noodles, which used to be done manually in the past, was made unmanned to reduce the risk of contamination by bacteria and foreign substances, to reduce food loss by extending freshness, to reduce costs by saving labor, and to realize advanced cleaning performance.

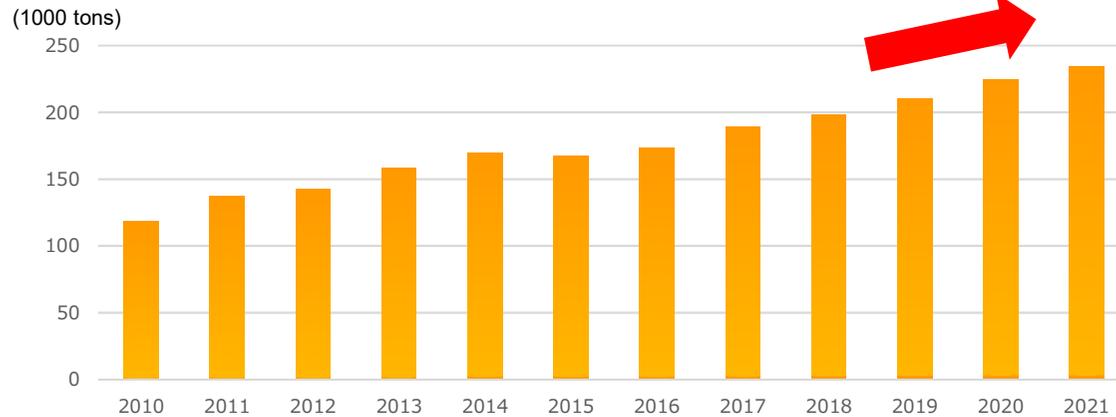
### Future Initiatives

Capture demand for noodle making machines, rice production systems and other products in overseas markets, mainly in China and Asia

# Food Machinery Segment

## Increasing demand for packed rice production systems every year

Annual production of packed rice (Japan)



Source: Survey on Movement of the Food Industry by the Ministry of Agriculture, Forestry and Fisheries

### Japanese market

- Need for household stockpiling during disasters
- Sterile-packed rice attracts attention due to COVID-19 pandemic

**To the introduction of Greater China and Asian markets**

## Potential market size for rice production systems

### Greater China Asian market

- Demand also increased in China and Asia, where rice is a staple food, as in Japan, and expanded globally
- Expect a market potential five times that of Japan

Number of rice production systems delivered in Japan\*<sub>1</sub>



Approximately **30** lines



Expansion ratio in Greater China and Asian markets\*<sub>1</sub>

**5** times




Potential market size

**150** lines\*<sub>3</sub>

\*1 Sodick estimation from various sources

\*3 1 line: about 1.5 – 2 billion yen

# Our Efforts for Sustainability

Field	Activities in FY22/12	Key themes for FY23/12
<p><b>E</b> (Environment)</p> 	<ul style="list-style-type: none"> <li>•Establishment of special environmental departments</li> <li>•Expressed our support for the TCFD proposal.</li> <li>•Disclosed climate-related financial information in accordance with TCFD recommendations</li> </ul> <p><a href="https://www.sodick.co.jp/en/sustainability/environment/tcfid.html">https://www.sodick.co.jp/en/sustainability/environment/tcfid.html</a></p> 	 <ul style="list-style-type: none"> <li>•Promote environmental impact reduction</li> <li>•Promote efforts to reduce GHG emissions, including Scope 3</li> </ul>
<p><b>S</b> (Society)</p> 	<ul style="list-style-type: none"> <li>•Established sustainable procurement guidelines</li> <li>•Promoted health management</li> <li>•Raised the salary level (about 9% on average)</li> <li>•Implemented employee satisfaction surveys</li> <li>•Improved the office environment</li> <li>•Promoted male employees taking childcare leave</li> <li>•Inclusion with persons with disabilities</li> <li>•Strengthened the recruitment of foreigners</li> <li>•Expanded the application period for shorter hours after women return from childcare leave</li> </ul>	 <ul style="list-style-type: none"> <li>•Introduce health investment management accounting</li> <li>•Improve work engagement</li> <li>•Revitalize internal communication</li> <li>•Expand support system for balancing childcare and nursing care</li> <li>•Strengthen human resource development</li> <li>•Contribute to the local community</li> </ul>
<p><b>G</b> (Governance)</p> 	<ul style="list-style-type: none"> <li>•Held the management meetings</li> <li>•Held study sessions on ROIC and other capital costs</li> <li>•Discussion of the succession plan</li> <li>•Formulation of response policies to ensure diversity</li> <li>•Held a factory tour at Kaga Office</li> <li>•Held meetings to exchange opinions of External Officers</li> <li>•Enhanced information security</li> <li>•Thorough compliance</li> </ul>	 <ul style="list-style-type: none"> <li>•Developed next-generation leaders</li> <li>•Strengthened compliance</li> </ul>

# Financial Policy

Items	Capital efficiency	Financial soundness	Shareholder returns
Target value	ROE of 8% or more (5-year average)	Net cash plus Equity ratio of 50% or more	DOE of 2% or more, and Total return ratio* <sup>1</sup> of 40% or <u>more</u>
Actual			
2022 Actual	7.0% (5-year average)	Net cash of 3,381 million yen Equity ratio of 58.5%	DOE 2.1% Total return ratio 40%* <sup>2</sup>

\*1 The Company's total return ratio formula:

Total return ratio = Dividends for FY(n) + (Stock buybacks for FY(n+1)) / Profit for FY(n)

\*2 In 2022, the dividend amount for FY22 + the estimated amount of on-going stock buybacks for FY23 (share price at the end of December x the estimated number of shares to be repurchased)





## **Appendix**

1. Changes in Financial Results
2. Changes in Indexes
3. Changes in Financial Results by Segment
4. Numbers of EDMs Ordered and Sold
5. Ratio of Overseas Sales by Segment
6. Maintenance Service Ratio
7. Outline of Business, New products
8. Exhibition Information

# Changes in Financial Results

FY20/12	1Q		2Q		3Q		4Q	
		YoY		YoY		YoY		YoY
Net sales	13,030	69.2%	13,671	98.4%	14,042	82.6%	17,285	96.7%
Cost of sales	8,957	73.5%	9,313	101.2%	9,615	81.2%	11,894	97.5%
Cost of Sales Margin	68.7%		68.1%		68.5%		68.8%	
Operating profit	-88	-	433	1312.1%	481	77.8%	1,025	151.6%
Operating Profit Margin	-0.7%		3.2%		3.4%		5.9%	
Ordinary Profit	-67	-	430	-	530	105.4%	1,153	117.5%
Ordinary Profit Margin	-0.5%		3.1%		3.8%		6.7%	
Prorit	-18	-	124	-	513	180.0%	728	88.3%
Net Profit Margin	-0.1%		0.9%		3.7%		4.2%	

	1H		2H		Full Year	
		YoY		YoY		YoY
	26,702	81.6%	31,327	89.8%	58,030	85.9%
	18,270	85.4%	21,509	89.5%	39,779	87.6%
	68.4%		68.7%		68.6%	
	345	16.2%	1,507	116.4%	1,852	54.1%
	1.3%		4.8%		3.2%	
	362	17.5%	1,684	113.4%	2,046	57.5%
	1.4%		5.4%		3.5%	
	105	11.8%	1,241	111.8%	1,346	67.2%
	0.4%		4.0%		2.3%	

FY21/12	1Q		2Q		3Q		4Q	
		YoY		YoY		YoY		YoY
Net sales	14,317	109.9%	20,187	147.7%	19,471	138.7%	21,199	122.6%
Cost of sales	9,665	107.9%	13,167	141.4%	12,571	130.7%	14,058	118.2%
Cost of Sales Margin	67.5%		65.2%		64.6%		66.3%	
Operating profit	424	-	2,289	528.6%	2,235	464.7%	1,863	181.7%
Operating Profit Margin	3.0%		11.3%		11.5%		8.8%	
Ordinary Profit	1,176	-	2,607	606.3%	2,293	432.6%	2,511	217.8%
Ordinary Profit Margin	8.2%		12.9%		11.8%		11.8%	
Prorit	871	-	1,776	1432.3%	1,729	337.0%	2,214	304.2%
Net Profit Margin	6.1%		8.8%		8.9%		10.4%	

	1H		2H		Full Year	
		YoY		YoY		YoY
	34,504	129.2%	40,669	129.8%	75,174	129.5%
	22,832	125.0%	26,629	123.8%	49,461	124.3%
	66.2%		65.5%		65.8%	
	2,714	786.7%	4,098	271.9%	6,813	367.8%
	7.9%		10.1%		9.1%	
	3,784	1045.3%	4,804	285.3%	8,588	419.6%
	11.0%		11.8%		11.4%	
	2,648	2521.9%	3,943	317.7%	6,591	489.4%
	7.7%		9.7%		8.8%	

FY22/12	1Q		2Q		3Q		4Q	
		YoY		YoY		YoY		YoY
Net sales	19,604	136.9%	19,712	97.6%	20,441	105.0%	20,737	97.8%
Cost of sales	13,050	135.0%	13,126	99.7%	13,865	110.3%	13,629	96.9%
Cost of Sales Margin	66.6%		66.6%		67.8%		65.7%	
Operating profit	1,907	449.0%	1,571	68.6%	1,078	48.3%	1,255	67.4%
Operating Profit Margin	9.7%		8.0%		5.3%		6.1%	
Ordinary Profit	2,975	252.9%	2,982	114.4%	1,779	77.6%	537	21.4%
Ordinary Profit Margin	15.2%		15.1%		8.7%		2.6%	
Prorit	2,113	242.6%	2,007	113.0%	1,033	59.8%	867	39.2%
Net Profit Margin	10.8%		10.2%		5.1%		4.2%	

	1H		2H		Full Year	
		YoY		YoY		YoY
	39,317	113.9%	41,178	101.3%	80,495	107.1%
	26,176	114.6%	27,493	103.2%	53,670	108.5%
	66.6%		66.8%		66.7%	
	3,479	128.2%	2,333	56.9%	5,813	85.3%
	8.8%		5.7%		7.2%	
	5,958	157.5%	2,317	48.2%	8,275	96.4%
	15.2%		5.6%		10.3%	
	4,121	155.6%	1,900	48.2%	6,021	91.4%
	10.5%		4.6%		7.5%	

## Changes in Indexes

Number of employees

(Persons)

	17/09	17/12	18/06	18/12	19/06	19/12	20/06	20/12	21/06	21/12	Jun. 2022	22/12
separate	690	701	743	755	801	841	869	886	914	924	987	1,087
consolidated	3,616	3,651	3,714	3,676	3,625	3,579	3,576	3,633	3,670	3,683	3,772	3,746

\* Not including employee on loan to subsidiary companies in separate number

\* Not including the number of temporary employee

Management index

	19/12	20/12	21/12	22/12
Accounts receivable collection period (month)	2.7	3.2	3.3	2.8
Inventories turnover period (month)	4.2	4.4	4.4	5.1
Accounts payable turnover period (month)	1.7	1.7	2.1	1.8
Fixed assets turnover ratio	1.7	1.5	2.0	1.7
Interest -bearing debt turnover period (month)	6.9	8.6	5.4	4.9
Equity ratio (%)	51.2	49.9	55.2	58.5
Equity ratio based on market value (%)	40.0	35.7	32.8	26.8
Return on Equity(ROE) (%)	3.4	2.3	10.0	7.8
Return on Assets(ROA) (%)	1.7	1.2	5.3	4.4
Debt-to-equity ratio (multiple)	0.69	0.74	0.49	0.46
Debt redemption period (year)	4.6	6.2	4.4	9.2
Interest coverage ratio (multiple)	28.5	23.1	23.4	11.9

\* Accounts receivable collection period: Accounts receivable/Net sales (per month)

\* Inventories turnover period: Inventories / Net sales (per month)

\* Accounts payable turnover period: accounts payable/Net sales(per month)

\* Fixed assets turnover ratio: Net sales / Fixed assets

\* Interest-bearing Debt turnover period: Interest-bearing Debt/Net Sales

\* Equity ratio based on market value:

closing stock price at fiscal year end X shares issued outstanding as of the balance sheet date(not including treasury shares)

\* ROE: Profit attributable to owners of parent/average shareholders' equity of the beginning and the end of the fiscal year

\* ROA: Profit/average total assets of the beginning and the end of the period

\* Debt-to-Equity Ratio: Interest-bearing Debt / shareholders' equity

\* Debt redemption period: interest-bearing Debt / Operating cash flow

\* Interest coverage ratio: Operating cash flow / interest expenditure

# Changes in Financial Results by Segment



FY20/12		1Q		2Q		3Q		4Q	
		YoY		YoY		YoY		YoY	
Machine Tool Segment	Net sales	8,238	61.7%	8,825	87.5%	9,254	83.7%	11,706	103.6%
	Operating profit	197	9.0%	744	110.9%	733	104.6%	1,221	115.6%
	Operating Profit Margin	2.4%		8.4%		7.9%		10.4%	
Industrial Machinery Segment	Net sales	2,556	110.2%	2,759	145.8%	2,729	90.1%	2,885	114.0%
	Operating profit	142	177.5%	134	-	94	42.3%	225	-424.5%
	Operating Profit Margin	5.6%		4.9%		3.4%		7.8%	
Food Machinery Segment	Net sales	782	44.0%	733	129.0%	707	62.8%	1,362	48.4%
	Operating profit	25	7.4%	-19	-	21	27.6%	38	14.9%
	Operating Profit Margin	3.2%		-2.6%		3.0%		2.8%	
Others	Net sales	1,453	106.1%	1,353	100.5%	1,351	75.9%	1,330	107.3%
	Operating profit	60	-	158	222.5%	92	53.5%	7	9.3%
	Operating Profit Margin	4.1%		11.7%		6.8%		0.5%	
Consolidated	Net sales	13,030	69.2%	13,671	98.4%	14,042	82.6%	17,285	96.7%
	Adjustment	-513	-	-583	-	-460	-	-467	-
	Consolidated Operating Profit	-88	-	433	1312.1%	481	77.8%	1,025	151.6%
	Operating Profit Margin	-0.7%		3.2%		3.4%		5.9%	

	1H		2H		Full Year	
	YoY		YoY		YoY	
Net sales	17,063	72.8%	20,961	93.8%	38,024	83.0%
Operating profit	941	32.9%	1,954	111.1%	2,896	62.7%
Operating Profit Margin	5.5%		9.3%		7.6%	
Net sales	5,316	126.2%	5,615	101.0%	10,931	111.8%
Operating profit	276	-	320	190.5%	596	361.2%
Operating Profit Margin	5.2%		5.7%		5.5%	
Net sales	1,515	64.6%	2,070	52.6%	3,585	57.1%
Operating profit	5	1.7%	60	18.1%	65	10.4%
Operating Profit Margin	0.3%		2.9%		1.8%	
Net sales	2,807	103.4%	2,681	88.7%	5,488	95.7%
Operating profit	219	342.2%	100	40.5%	319	102.6%
Operating Profit Margin	7.8%		3.7%		5.8%	
Net sales	26,702	81.6%	31,327	89.8%	58,030	85.9%
Adjustment	-1,097	-	-928	-	-2,025	-
Consolidated Operating Profit	345	16.2%	1,507	116.5%	1,852	54.1%
Operating Profit Margin	1.3%		4.8%		3.2%	

FY21/12		1Q		2Q		3Q		4Q	
		YoY		YoY		YoY		YoY	
Machine Tool Segment	Net sales	10,382	126.0%	13,762	155.9%	13,102	141.6%	14,237	121.6%
	Operating profit	898	454.3%	2,258	303.5%	2,104	287.0%	1,915	156.8%
	Operating Profit Margin	8.6%		16.4%		16.1%		13.5%	
Industrial Machinery Segment	Net sales	1,893	74.1%	2,734	99.1%	2,300	84.3%	3,438	119.2%
	Operating profit	10	7.2%	167	124.6%	96	102.1%	229	101.8%
	Operating Profit Margin	0.5%		6.1%		4.2%		6.7%	
Food Machinery Segment	Net sales	580	74.2%	1,940	264.7%	2,541	359.4%	1,820	133.6%
	Operating profit	-39	-	244	-	360	1714.3%	264	694.7%
	Operating Profit Margin	-		12.6%		14.2%		14.5%	
Others	Net sales	1,460	100.5%	1,748	129.2%	1,526	113.0%	1,701	127.9%
	Operating profit	144	239.0%	282	178.5%	262	284.8%	122	1742.9%
	Operating Profit Margin	9.9%		16.1%		17.2%		7.2%	
Consolidated	Net sales	14,317	109.9%	20,187	147.7%	19,471	138.7%	21,198	122.6%
	Adjustment	-588	-	-662	-	-588	-	-668	-
	Consolidated Operating Profit	424	-	2,289	528.6%	2,235	464.7%	1,862	181.7%
	Operating Profit Margin	3.0%		11.3%		11.5%		8.8%	

	1H		2H		Full Year	
	YoY		YoY		YoY	
Net sales	24,145	141.5%	27,339	130.4%	51,485	135.4%
Operating profit	3,156	335.4%	4,019	205.7%	7,176	247.8%
Operating Profit Margin	13.1%		14.7%		13.9%	
Net sales	4,628	87.1%	5,739	102.2%	10,367	94.8%
Operating profit	177	64.1%	325	101.6%	503	84.4%
Operating Profit Margin	3.8%		5.7%		4.9%	
Net sales	2,521	166.4%	4,362	210.7%	6,884	192.0%
Operating profit	205	4100.0%	625	1041.7%	830	1276.9%
Operating Profit Margin	8.1%		14.3%		12.1%	
Net sales	3,209	114.3%	3,227	120.4%	6,437	117.3%
Operating profit	426	194.5%	384	384.0%	811	254.2%
Operating Profit Margin	13.3%		11.9%		12.6%	
Net sales	34,504	129.2%	40,669	129.8%	75,174	129.5%
Adjustment	-1,251	-	-1,256	-	-2,507	-
Consolidated Operating Profit	2,714	786.7%	4,098	271.9%	6,813	367.9%
Operating Profit Margin	7.9%		10.1%		9.1%	

FY22/12		1Q		2Q		3Q		4Q	
		YoY		YoY		YoY		YoY	
Machine Tool Segment	Net sales	14,096	135.8%	14,149	102.8%	14,318	109.3%	13,928	97.8%
	Operating profit	2,143	238.6%	1,795	79.5%	1,568	74.5%	1,539	80.4%
	Operating Profit Margin	15.2%		12.7%		11.0%		11.0%	
Industrial Machinery Segment	Net sales	2,625	138.7%	2,618	95.8%	2,871	124.8%	2,540	73.9%
	Operating profit	152	1501.7%	391	233.7%	189	195.6%	87	38.0%
	Operating Profit Margin	5.8%		14.9%		6.6%		3.4%	
Food Machinery Segment	Net sales	1,021	175.9%	1,323	68.2%	1,820	71.6%	2,648	145.5%
	Operating profit	-29	-	32	13.2%	90	25.0%	353	133.8%
	Operating Profit Margin	-		2.4%		5.0%		13.3%	
Others	Net sales	1,861	127.4%	1,621	92.7%	1,431	93.8%	1,619	95.2%
	Operating profit	188	130.9%	88	31.3%	86	33.1%	-50	-
	Operating Profit Margin	10.1%		5.4%		6.1%		-	
Consolidated	Net sales	19,604	136.9%	19,712	97.6%	20,441	105.0%	20,737	97.8%
	Adjustment	-548	-	-736	-	-855	-	-674	-
	Consolidated Operating Profit	1,907	449.0%	1,571	68.6%	1,078	48.3%	1,255	67.4%
	Operating Profit Margin	9.7%		8.0%		5.3%		6.1%	

	1H		2H		Full Year	
	YoY		YoY		YoY	
Net sales	28,245	117.0%	28,247	103.3%	56,492	109.7%
Operating profit	3,938	124.8%	3,108	77.3%	7,046	98.2%
Operating Profit Margin	13.9%		11.0%		12.5%	
Net sales	5,244	113.3%	5,411	94.3%	10,656	102.8%
Operating profit	544	306.3%	276	84.8%	820	163.0%
Operating Profit Margin	10.4%		5.1%		7.7%	
Net sales	2,344	93.0%	4,469	102.4%	6,813	99.0%
Operating profit	3	1.6%	443	71.0%	447	53.9%
Operating Profit Margin	0.1%		9.9%		6.6%	
Net sales	3,482	108.5%	3,050	94.5%	6,533	101.5%
Operating profit	277	65.0%	35	9.4%	313	38.6%
Operating Profit Margin	8.0%		1.1%		4.8%	
Net sales	39,317	113.9%	41,178	101.3%	80,495	107.1%
Adjustment	-1,284	-	-1,530	-	-2,814	-
Consolidated Operating Profit	3,479	128.2%	2,333	56.9%	5,813	85.3%
Operating Profit Margin	8.8%		5.7%		7.2%	

# Numbers of EDMs Ordered and Sold



## EDM Orders

(Units)

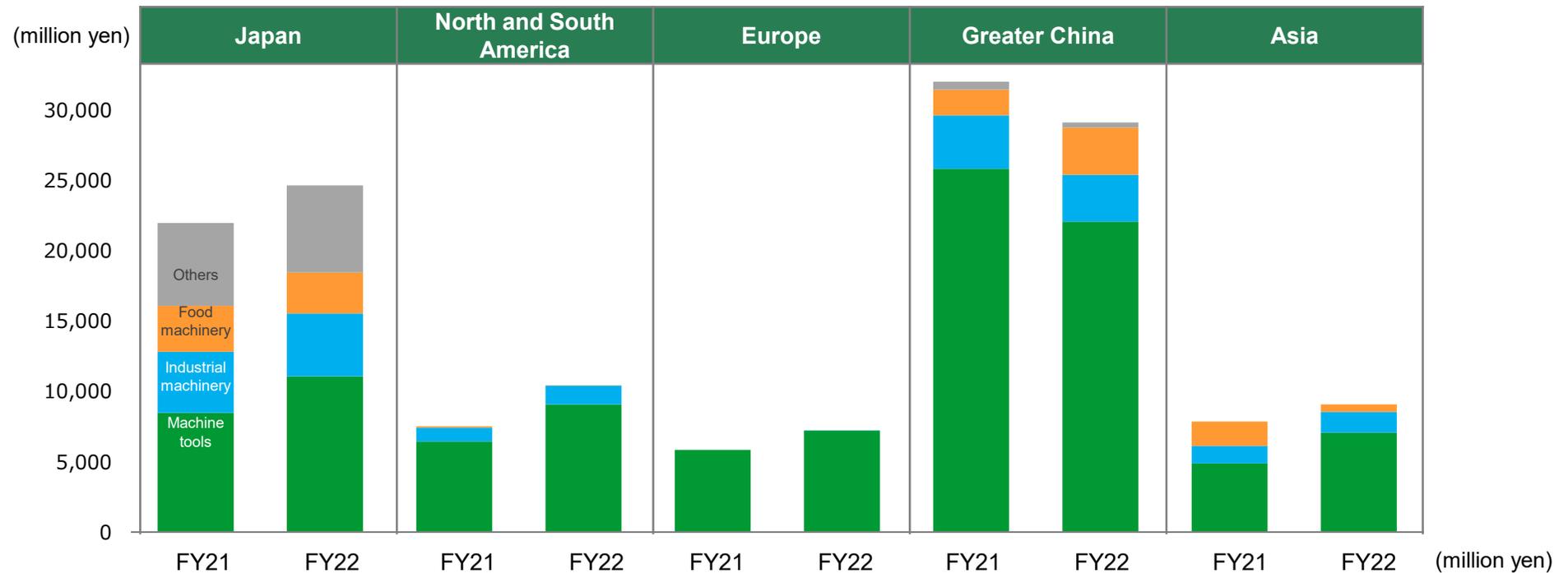
	FY2020					FY2021					FY2022				
	1-3	4-6	7-9	10-12	Total	1-3	4-6	7-9	10-12	Total	1-3	4-6	7-9	10-12	Total
North&South America	56	28	59	82	225	58	70	54	68	250	81	58	56	83	278
Europe	78	61	65	77	281	100	108	113	106	427	96	106	58	94	354
China	350	512	468	558	1,888	1,007	858	513	425	2,803	578	619	340	292	1,829
Asia	77	35	52	77	241	78	84	76	72	310	92	93	93	60	338
Japan	66	38	67	61	232	68	82	118	115	383	120	91	90	96	397
Total	627	674	711	855	2,867	1,311	1,202	874	786	4,173	967	967	637	625	3,196

## EDM Shipments

(Units)

	FY2020					FY2021					FY2022				
	1-3	4-6	7-9	10-12	Total	1-3	4-6	7-9	10-12	Total	1-3	4-6	7-9	10-12	Total
North&South America	60	38	54	86	238	52	73	51	81	257	68	58	73	86	285
Europe	67	53	77	82	279	68	82	92	111	353	108	97	80	88	373
China	248	493	447	524	1,712	467	705	711	582	2,465	514	522	418	352	1,806
Asia	60	57	43	66	226	67	71	48	75	261	89	66	110	95	360
Japan	82	32	47	90	251	61	48	61	100	270	125	105	79	86	395
Total	517	673	668	848	2,706	715	979	963	949	3,606	904	848	760	707	3,219

# Ratio of Overseas Sales by Segment



2021	Japan	North and South America	Europe	Greater China	Asia	Total
Machine tools	8,480	6,442	5,854	25,823	4,886	51,485
Industrial machinery	4,345	982	0	3,792	1,247	10,367
Food machinery	3,255	96	0	1,814	1,717	6,884
Others	5,879	–	–	558	–	6,437
By region – Total	21,959	7,521	5,854	31,987	7,850	75,174

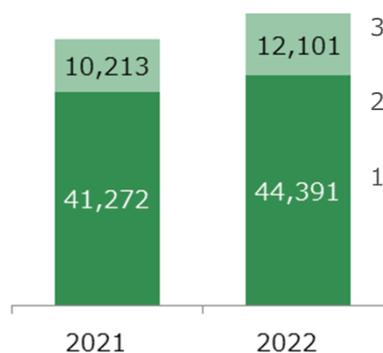
2022	Japan	North and South America	Europe	Greater China	Asia	Total
Machine tools	11,101	9,071	7,225	22,068	7,025	56,492
Industrial machinery	4,465	1,340	21	3,313	1,515	10,656
Food machinery	2,880	22	–	3,370	539	6,813
Others	6,182	–	–	350	–	6,533
By region – Total	24,629	10,434	7,247	29,104	9,080	80,495

Effect of exchange rate      –      Around 1.5 billion yen      Around 0.4 billion yen      Around 3.2 billion yen      Around 0.6 billion yen      Around 5.7 billion yen

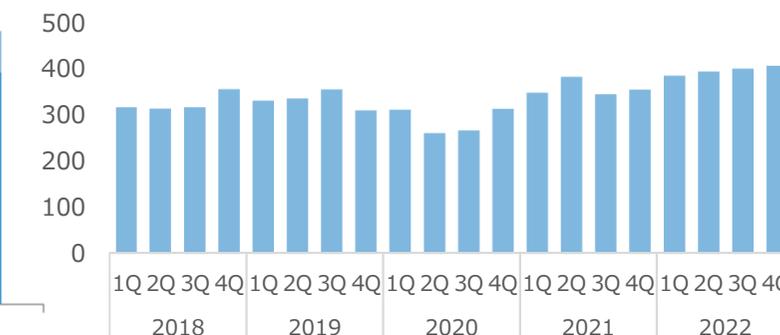
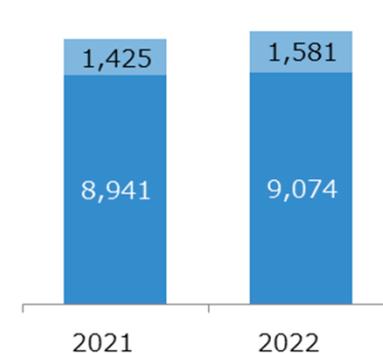
# Maintenance Service Ratio

**Breakdown of machinery sales/maintenance service and consumables sales** **Quarterly trends in maintenance services and consumables**  
(Million yen)

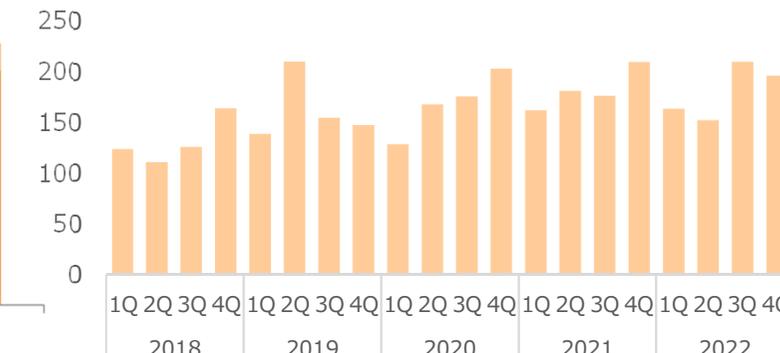
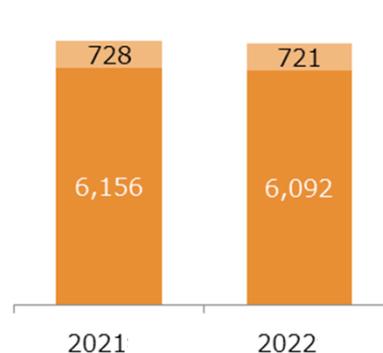
Machine Tool	FY2021/12		FY2022/12	
Maintenance services and consumables	10,213	19.8%	12,101	21.4%
Machine sales	41,272	80.2%	44,391	78.6%
<b>Total</b>	<b>51,485</b>		<b>56,492</b>	

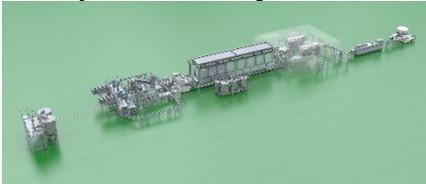


Industrial Machinery	FY2021/12		FY2022/12	
Maintenance services and consumables	1,425	13.8%	1,581	14.8%
Machine sales	8,941	86.2%	9,074	85.2%
<b>Total</b>	<b>10,367</b>		<b>10,656</b>	



Food Machinery	FY2021/12		FY2022/12	
Maintenance services and consumables	728	10.6%	721	10.6%
Machine sales	6,156	89.4%	6,092	89.4%
<b>Total</b>	<b>6,884</b>		<b>6,813</b>	



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>Metal 3D Printer</b></p>  <p><b>Machining center</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>

# New Products Released in 2022



## Electrical discharge machines (EDMs)

VN400Q  
VN600Q



AX350L



AL i Groove  
+ Edition



Wire-cut EDM entry model revamped	Super-precision wire-cut EDM that meets the demand for long-time stable processing and labor saving	Dramatically improved discharge circuit and control 20% increase in machining speed and improvement in machining accuracy
Four-axis linear motor drive system to accommodate high-precision processing for the medical and aviation industries	Outstanding precision stability and superior operability for precision mold processing in the EV and semiconductor industries	Up to 30% reduction in wire consumption by adopting "wire rotation mechanism"
Electricity consumption reduced by approx. 20% compared with conventional models	Equipped with energy-saving functions for power usage and processing fluid	20% reduction in power consumption

## Metal 3D printer

LPM450



Metal powder SVM  
(Sodick Versatile steel for Mold)



Test molding compatible unit  
Material Trial Unit A/B



Metal 3D printer that realizes stable large-sized modeling	New materials for die casting molds	One unit can support test molding of various powder materials.
Uniquely developed powder material enabling modeling with a maximum volume roughly 5.8 times that of conventional models	Improves cracking and melting with heat-resistant materials	Material replacement in a short time
Capable of modeling with a wide variety of powder materials	By applying SRT method, deformation and cracking are prevented, and large parts can be molded.	Test molding is possible with a small amount of material.

# New Products Released in 2022



## Machining center

*UX450L*



*HP300L*



Revamped linear motor-driven machining center

Maximizes high-speed, high-precision, and high-grade drive performance

Thermal displacement compensation function to ensure stable quality

Simultaneous 5-axis control machining center

Supports the production of various devices that require intelligent, high and multiple functions

Idling stop function also contributing to energy saving

## Injection molding machine

*MS G2 series*



*VR G series*



Revamped electric injection molding machine model

Unique servo motor control technology to realize stable, high-precision molding

Equipped with a new controller that improves control accuracy of each operation

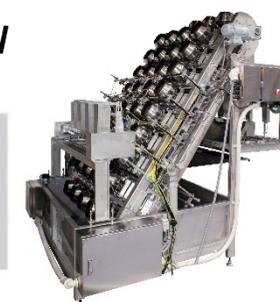
Hydraulic and electric hybrid direct pressure clamp  
Vertical rotary molding machine

Equipped with a new controller that improves control capability of each operation

22% reduction in power consumption and realization of high cycle molding

## Food machinery

*Neo Mazaru*



The seasoning liquid is automatically added and stirred for each meal and supplied to the tray.

Reduce manufacturing costs by automating processes to save labor

Reducing food loss by extending freshness

## Exhibition Information

### ■ Exhibited at JIMTOF2022 (the 31st Japan International Machine Tool Fair)

Exhibited at JIMTOF, which was held for the first time in 4 years after being held online in 2020. Based on the concept of “Proposing technologies to support SDGs, DX, and Speed,” we set up two booths in the east and south exhibition buildings to display a large number of state-of-the-art electric discharge machines, machining centers, and metal 3D printers.

#### **Outline of JIMTOF2022**

Period: November 8–13, 2022 (6 days)

Venue: Tokyo Big Sight

Visitors: 114,158

Exhibited machines: Wire-cut EDMs AL600G iG+E, VN400Q, AP250L iG+E, and AX350L  
Die-sinker EDM AL40G & SR12, and metal 3D printers LPM325S and LPM450  
Machining center UX450L, HP300L, and fine hole machine K4HL



### ■ Exhibited at K 2022, the International Plastics and Rubber Exhibition

At K 2022, which marks 70 years since the first exhibition, companies exhibited under the themes of “circular economy,” “climate protection,” and “digitalization.” We exhibited the GL30-LP, an injection molding machine for high value-added products, demonstrating its precision molding technology in a wide range of fields, including precision, electronics, optics, and medical equipment.

#### **Outline of K 2022**

Period: October 19–26, 2022 (8 days)

Venue: Dusseldorf, Germany

Visitors: 176,000

Exhibited machine: GL30LP, a high response injection molding machine for V-LINE® high value-added products



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