



Tokyo Stock Exchange First Section 6143

2Q FY21/12
Results Briefing
Sodick Co., Ltd.



August 13, 2021

I. 2Q FY21/12 Financial Results Summary

II. FY21/12 Financial Results Projections

III. Priority Measures

(References)

The background features a complex, layered illustration. At the top, there are blue and green wavy lines. Below these, there are various technical and industrial icons: a gear, a circular component, a rectangular block, a circular dial, a cylindrical part, and a pair of hands holding a circular object. The bottom half of the image is dominated by a large, flowing, multi-colored wave pattern in shades of green and yellow, which appears to be a stylized representation of a manufacturing process or a data flow.

I. 2Q FY21/12 Financial Results Summary

II. FY21/12 Financial Results Projections

III. Priority Measures

(References)

Financial Results Highlights

- ✓ Net sales increased by approximately 30% from the same period of the previous year as sales of electrical discharge machines (EDMs) increased in the West after Greater China.
- ✓ Gross profit increased significantly due to the improved profitability at plants associated with an increase in production volume.

Non-operating income increased due to foreign exchange gains and employment adjustment subsidies stemming from the yen's depreciation, pushing up ordinary income.

(million yen)	2Q FY20/12		2Q FY21/12		YoY change		FY21/12 Full-year projection (Revised on Aug. 6)	
	Actual	Income margin	Actual	Income margin	Amount	Rate	Amount	Income margin
Net sales	26,702	—	34,504	—	7,802	29.2%	71,800	—
Gross profit	8,432	31.6%	11,672	33.8%	3,240	38.4%		
Operating income	345	1.3%	2,714	7.9%	2,369	685.9%	6,100	8.5%
Ordinary income	362	1.4%	3,784	11.0%	3,421	943.9%	7,000	9.7%
Net income	105	0.4%	2,648	7.7%	2,542	2404.6%	4,900	6.8%
		Ratio to sales		Ratio to sales				
Capital investment	810	3.0%	1,301	3.8%			3,100	
Depreciation	1,671	6.3%	1,669	4.8%			3,500	
R&D expenses	1,577	5.9%	1,581	4.6%			3,600	
Average exchange rate over the period	USD	108.23 yen		107.82 yen		0.41 yen up	108.00 yen	
	EUR	119.31 yen		129.89 yen		10.58 yen down	129.00 yen	
	CNY	15.38 yen		16.65 yen		1.27 yen down	16.80 yen	
	THB	3.43 yen		3.50 yen		0.07 yen down	3.45 yen	

Financial Results Highlights (Quarterly)



- ✓ In the second quarter, sales increased in all segments, including increased sales of EDMs in Greater China and the West, as well as increased sales of industrial machinery and food machinery.
- ✓ Profits also increased significantly owing to the improved profitability at plants associated with an increase in production volume.

(million yen)	FY21/12				YoY change	
	1Q (Jan.–Mar.)	Income margin	2Q (Apr.–Jun.)	Income margin	Amount	Rate
Net sales	14,317	–	20,187	–	5,869	41.0%
Gross profit	4,652	32.5%	7,019	34.8%	2,367	50.9%
Operating income	424	3.0%	2,289	11.3%	1,864	438.8%
Ordinary income	1,176	8.2%	2,607	12.9%	1,430	121.5%
Net income	871	6.1%	1,776	8.8%	905	103.9%

Average exchange rate over the period	USD	106.09 yen		107.82 yen	
	EUR	127.81 yen		129.89 yen	
	CNY	16.35 yen		16.65 yen	
	THB	3.50 yen		3.50 yen	

Ratio of Operating Income to Net Sales (Quarterly)



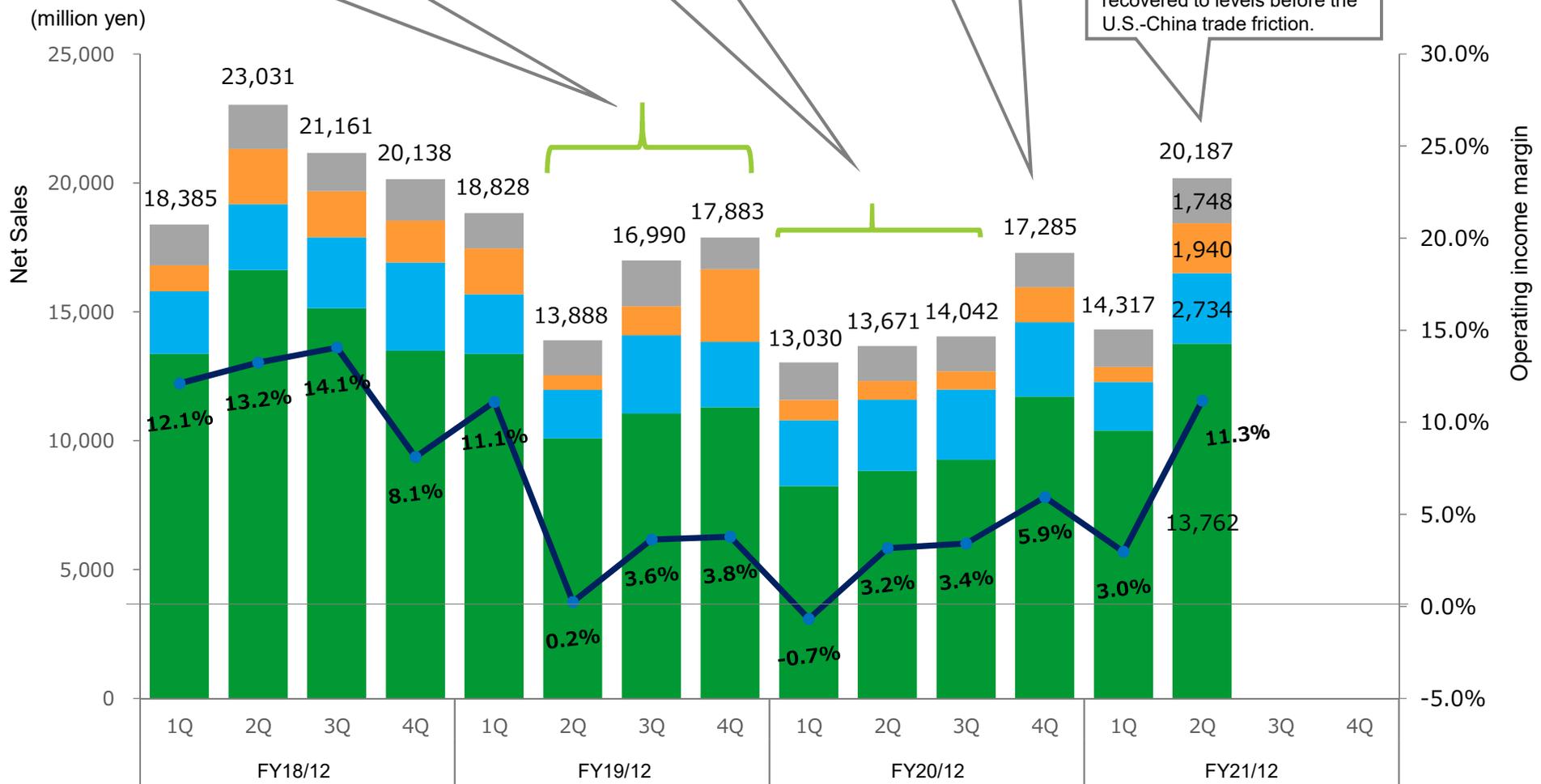
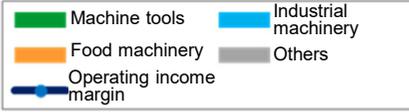
Net sales
 • Sluggish sales of EDMs due to trade friction between the U.S. and China.

Operating income margin
 • Profitability was low due to a decrease in production volume.

Sales decreased due to the spread of COVID-19. Recovery is seen in Greater China from March and in Japan, the U.S., and Europe in the 3Q.

Sales of EDMs and injection molding machines increased, mainly in Greater China.

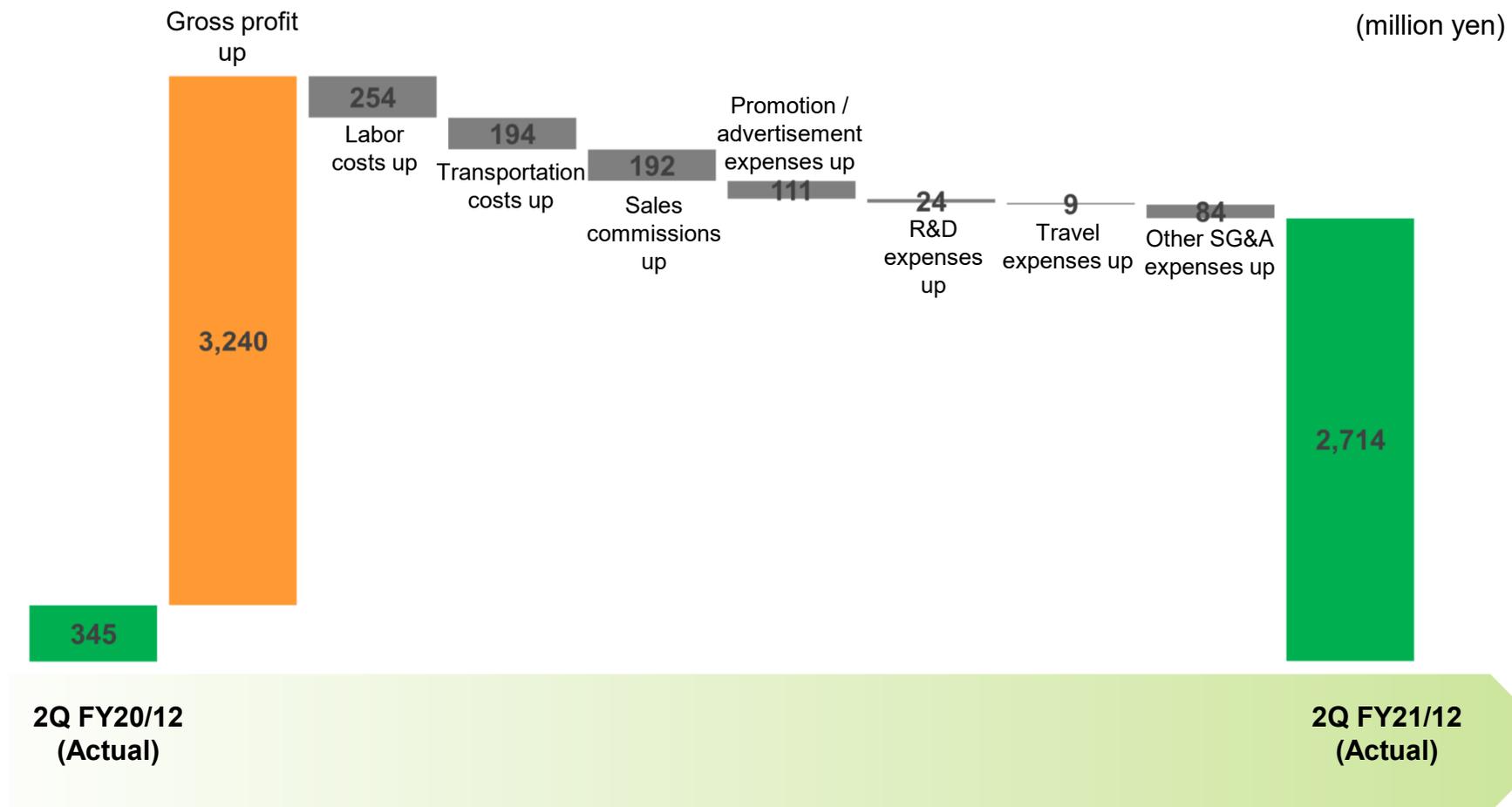
Sales of EDMs in Greater China, the West increased, and sales of food machinery also increased. Sales recovered to levels before the U.S.-China trade friction.



*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.
- ✓ Labor costs increased and transportation costs and sales commissions associated with an increase in the number of units sold increased, while increases in travel expenses and promotion/advertisement expenses, which were reduced during the COVID-19 pandemic last year, were limited. Overall SG&A expenses increased 871 million from the same period of the previous year.



Financial Results by Segment



(million yen)		FY20/12	FY21/12	YoY change		FY21/12 Full-year projection (Revised on Aug. 6)
		2Q Actual	2Q Actual	(Amount)	(Rate)	
	Machine tool segment	17,063	24,145	7,082	41.5%	48,600
	Industrial machinery segment	5,316	4,628	-688	-12.9%	10,500
	Food machinery segment	1,515	2,521	1,006	66.4%	6,500
	Other segments	2,807	3,209	402	14.3%	6,200
Total net sales		26,702	34,504	7,802	29.2%	71,800
	Machine tool segment	941	3,156	2,214	235.1%	6,800
	Industrial machinery segment	276	177	-98	-35.6%	500
	Food machinery segment	5	205	199	3649.5%	600
	Other segments	219	426	207	94.6%	700
Total segment income		1,442	3,965	2,523	174.9%	8,600
Adjustment amounts		-1,097	-1,251	-153	—	-2,500
Total operating income		345	2,714	2,369	685.9%	6,100

Financial Results by Segment

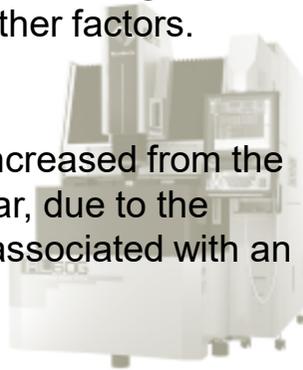
Machine Tool Segment

Net sales

- In Greater China, sales of automotive, electronic components, 5G and semiconductors remained strong. Sales in the West continued to pick up, increasing from the same period of the previous year.
- Recent orders remain high, but there is a concern that lead time will be prolonged due to tight procurement of materials and other factors.

Segment income

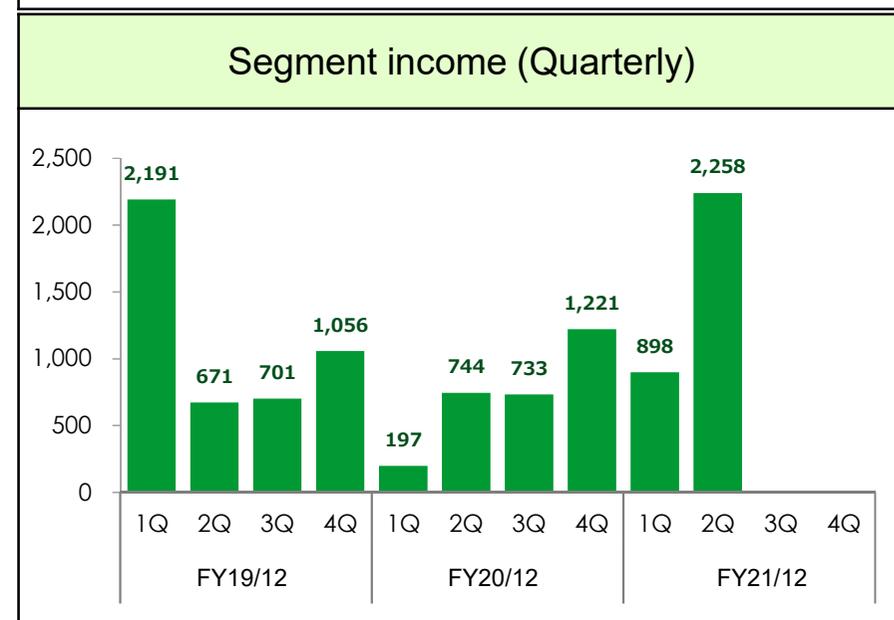
- Segment income significantly increased from the same period of the previous year, due to the improved profitability at plants associated with an increase in production volume.



(million yen)

	2Q FY20/12	2Q FY21/12	YoY change	
			Amount	Rate
Net sales	17,063	24,145	7,082	41.5%
Segment income	941	3,156	2,214	235.1%

(million yen)



Financial Results by Segment

(million yen)

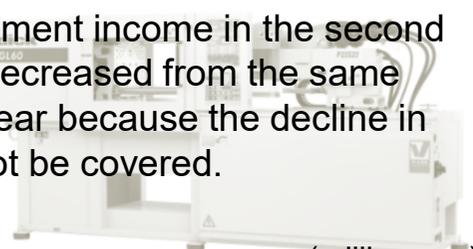
■ Industrial Machinery Segment

Net sales

- In the second quarter, sales of medical products in North America remained strong, while sales of products for automotive and electronic components increased in Japan and Greater China.
- Cumulative sales decreased from the same period of the previous year due to sluggish sales in the first quarter of the current fiscal year due to short delivery times in the fourth quarter of the previous fiscal year.

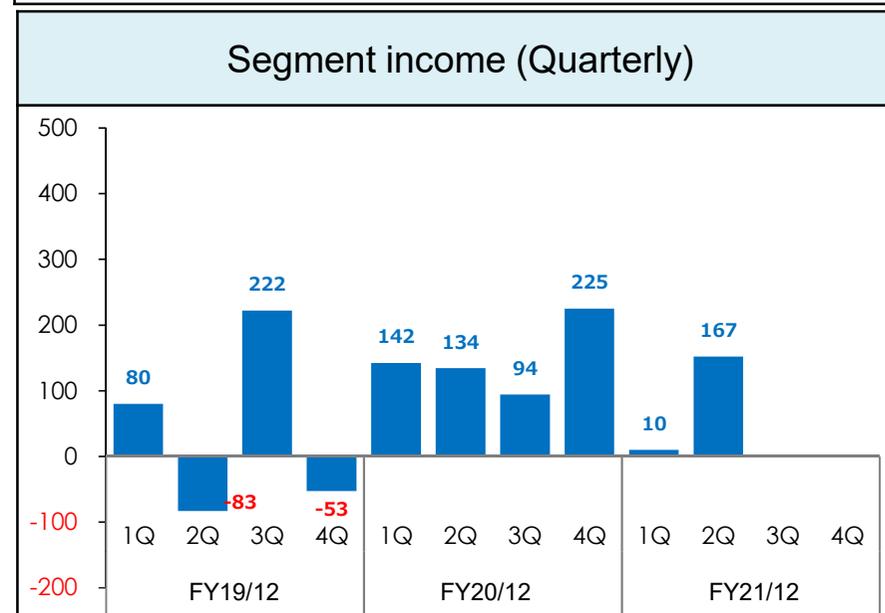
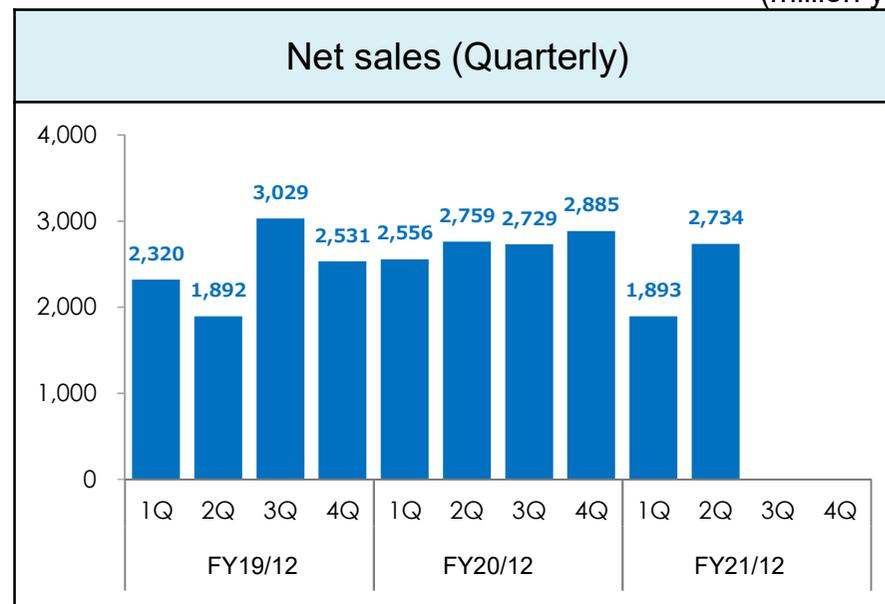
Segment income

- As sales increased, segment income in the second quarter increased, but decreased from the same period of the previous year because the decline in the first quarter could not be covered.



(million yen)

	2Q FY20/12	2Q FY21/12	YoY change	
			Amount	Rate
Net sales	5,316	4,628	-688	-12.9%
Segment income	276	177	-98	-35.6%

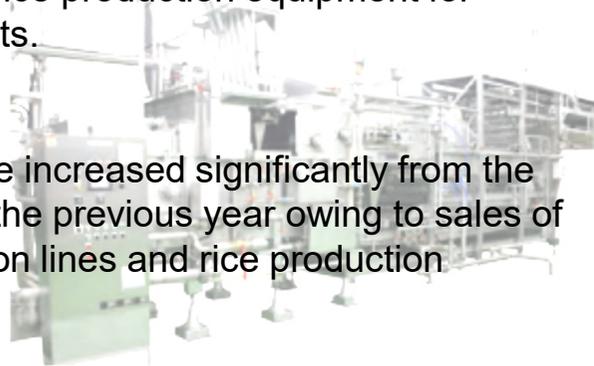


Financial Results by Segment

■ Food Machinery Segment

Net sales

- There are continuing projects related to demand for sanitary equipment and equipment for responding to workforce reduction and for nest-dweller consumption resulting from refraining from going outside.
- Net sales increased from the same period of the previous year owing to sales of noodle-making equipment and rice production equipment for overseas markets.



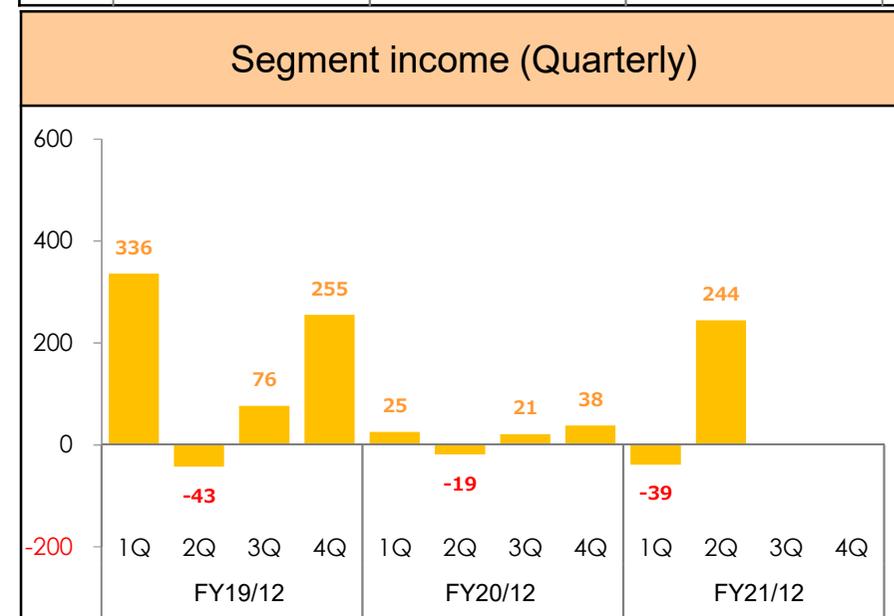
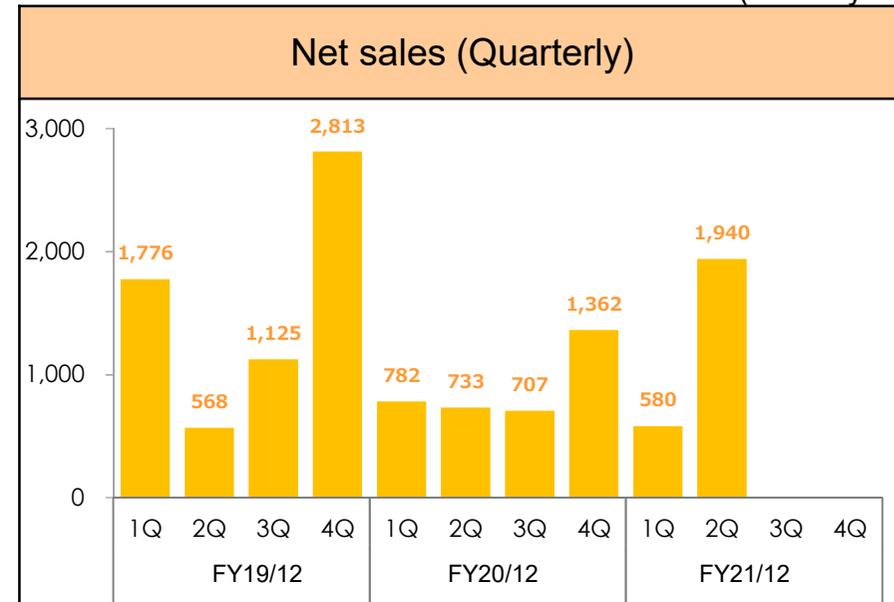
Segment income

- Segment income increased significantly from the same period of the previous year owing to sales of noodle production lines and rice production equipment.

(million yen)

	2Q FY20/12	2Q FY21/12	YoY change	
			Amount	Rate
Net sales	1,515	2,521	1,006	66.4%
Segment income	5	205	199	3649.5%

(million yen)



Financial Results by Segment

■ Other Segments

Net sales

- Demand for ceramics continues owing to increased demand for information and communications equipment, etc.
- The precision die and molding business increased from the same period of the previous year, and although demand in the automotive industry has slowed due to a global shortage of semiconductors, productivity has been improved through automated production lines, and production items such as high value-added parts have been expanded.

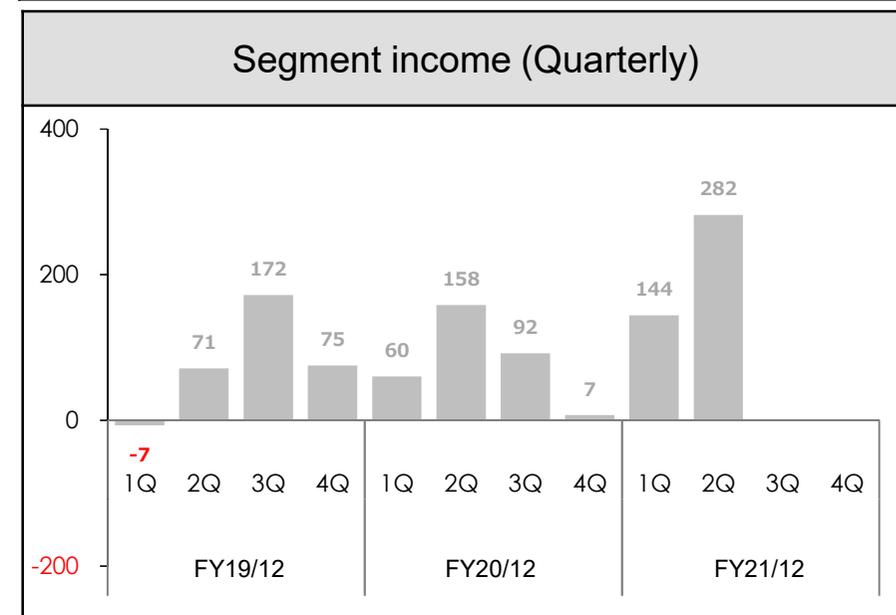
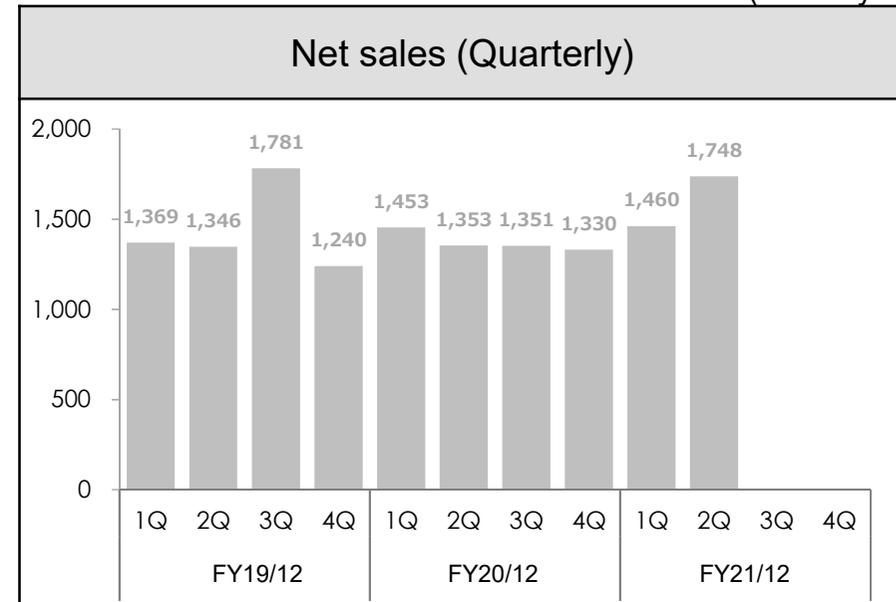
Segment income

- Segment income increased significantly compared with the same period of the previous year owing to improved profitability and production efficiency in the precision die and molding business through automation and other measures.

(million yen)

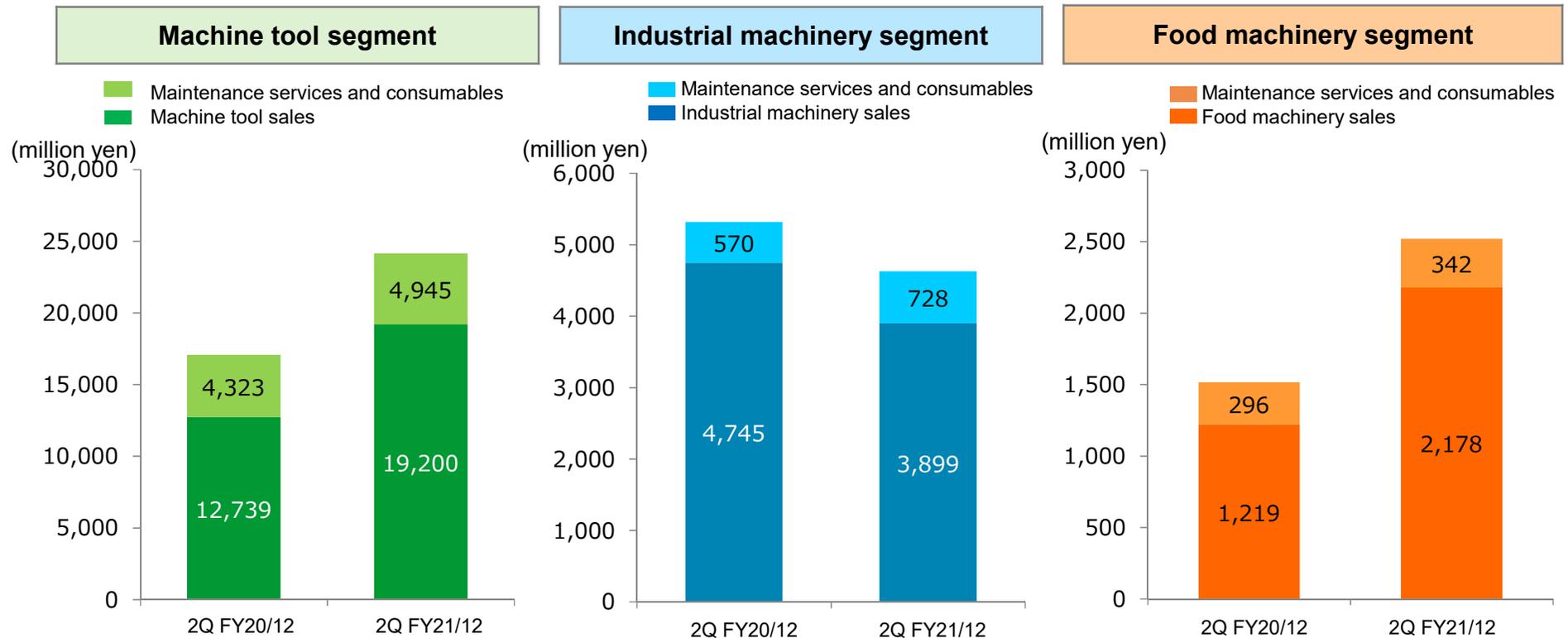
	2Q FY20/12	2Q FY21/12	YoY change	
			Amount	Rate
Net sales	2,807	3,209	402	14.3%
Segment income	219	426	207	94.6%

(million yen)



Net Sales by Segment

- ✓ Net sales of maintenance services and consumables increased owing to an improvement in machine operating rates.
- ✓ Net sales of maintenance services and consumables that generate stable cash flows account for approximately 20%.

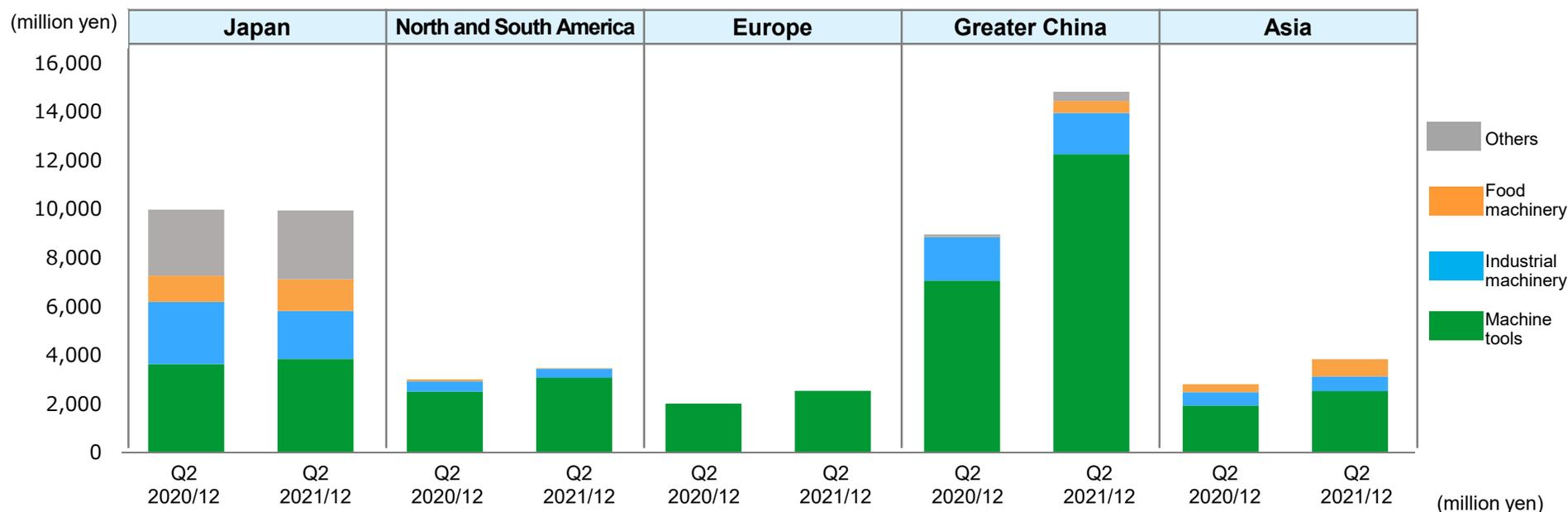


	Machine tool segment				Industrial machinery segment				Food machinery segment			
	2Q FY20/12		2Q FY21/12		2Q FY20/12		2Q FY21/12		2Q FY20/12		2Q FY21/12	
Machine sales	12,739	74.7%	19,200	79.5%	4,745	89.3%	3,899	84.3%	1,219	80.5%	2,178	86.4%
Maintenance services and consumables	4,323	25.3%	4,945	20.5%	570	10.7%	728	15.7%	296	19.5%	342	13.6%
Total	17,063		24,145		5,316		4,628		1,515		2,521	

Overseas Sales Ratio by Segment



✓ The ratio of overseas sales rose to over 70.0% owing to a significant increase in sales of EDMs in Greater China, as well as the recovery trend in the West.



2Q FY20/12	Japan		North and South America		Europe		Greater China		Asia		Total	
Machine tools	3,614	21.2%	2,487	14.6%	1,999	11.7%	7,038	41.2%	1,923	11.3%	17,063	63.9%
Industrial machinery	2,551	48.0%	426	8.0%	—	—	1,794	33.8%	543	10.2%	5,316	19.9%
Food machinery	1,089	71.9%	74	4.9%	—	—	19	1.3%	331	21.9%	1,515	5.7%
Others	2,710	96.5%	—	—	—	—	97	3.5%	—	—	2,807	10.5%
By region – Total	9,965	37.3%	2,987	11.2%	1,999	7.5%	8,950	33.5%	2,798	10.5%	26,702	100.0%

2Q FY21/12	Japan		North and South America		Europe		Greater China		Asia		Total	
Machine tools	3,833	15.9%	3,052	12.6%	2,517	10.4%	12,231	50.7%	2,510	10.4%	24,145	70.0%
Industrial machinery	1,959	42.4%	372	8.0%	0	0.0%	1,690	36.5%	604	13.1%	4,628	13.4%
Food machinery	1,303	51.7%	24	1.0%	0	0.0%	498	19.8%	694	27.5%	2,521	7.3%
Others	2,829	88.2%	—	—	—	—	377	11.7%	2	0.1%	3,209	9.3%
By region – Total	9,927	28.8%	3,449	10.0%	2,517	7.3%	14,797	42.9%	3,812	11.0%	34,504	100.0%

Effect of exchange rate	—	Around -10 million yen	Around 200 million yen	Around 1,000 million yen	Around 60 million yen	Around 1,300 million yen
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Balance Sheet



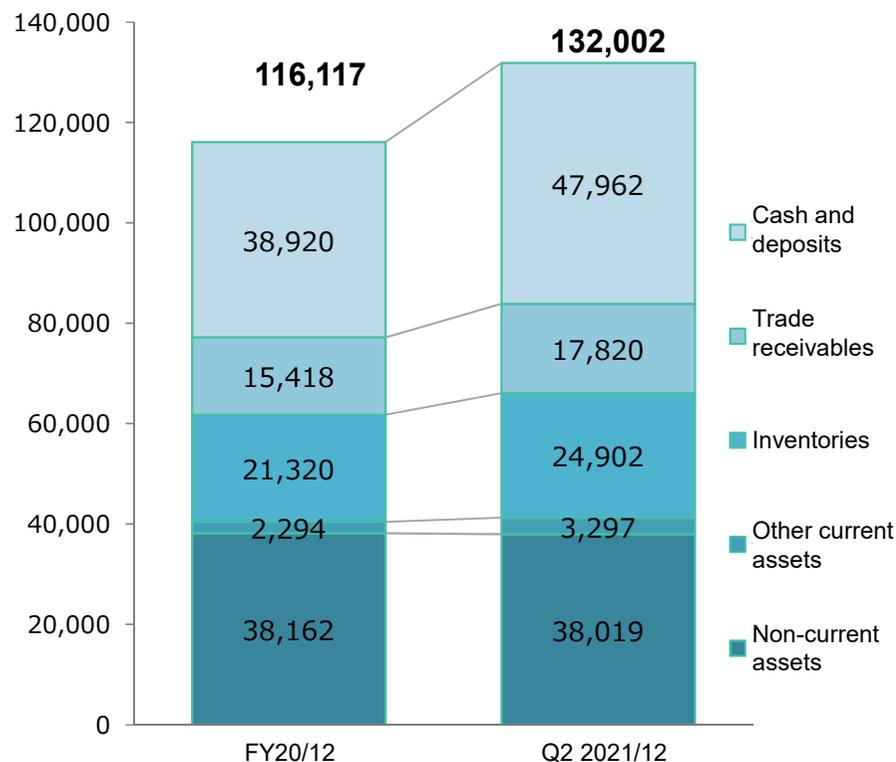
✓ As a result of the conversion of convertible bonds into new shares that became due in April 2021, we achieved zero net interest-bearing debt, a debt-to-equity ratio of 0.5 times and a capital ratio of 53% and strengthened our financial position.

Results of conversion of "The first series of unsecured convertible bond-type bonds with subscription rights to shares"(*) into new shares (redemption date of April 16, 2021)

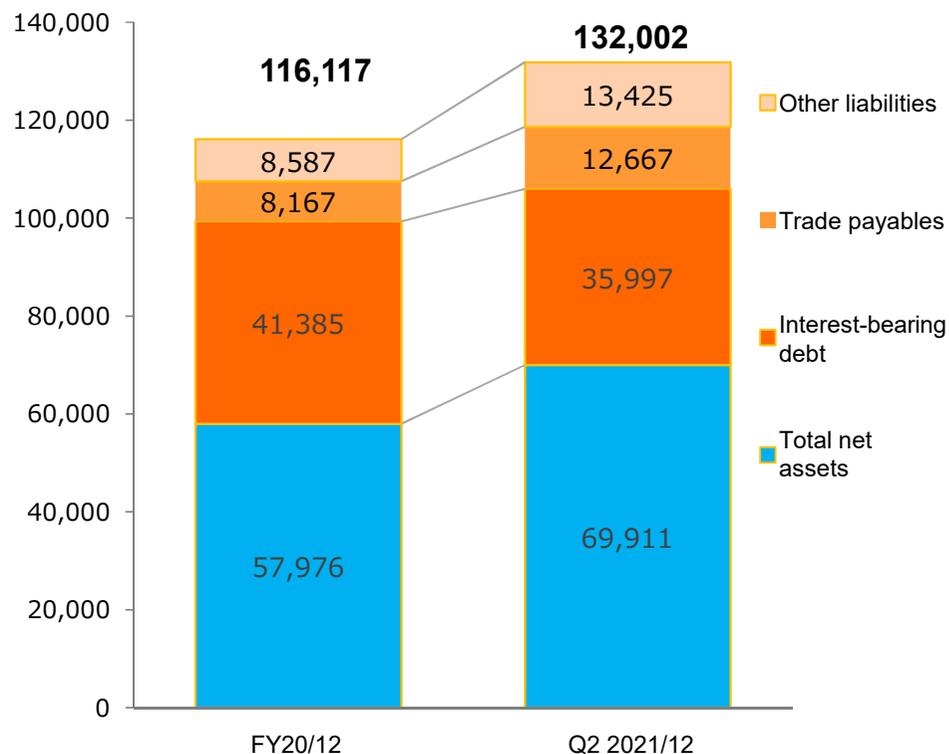
- Number of share acquisition rights exercised: 7,686
- Decrease in bonds with subscription rights to shares: 7,686 million yen
- Class and number of shares increased: 7,447,629 shares of common stock

*Issue date: April 2016 Total issue amount: 8,000 million yen

Assets (million yen)



Liabilities and net assets (million yen)



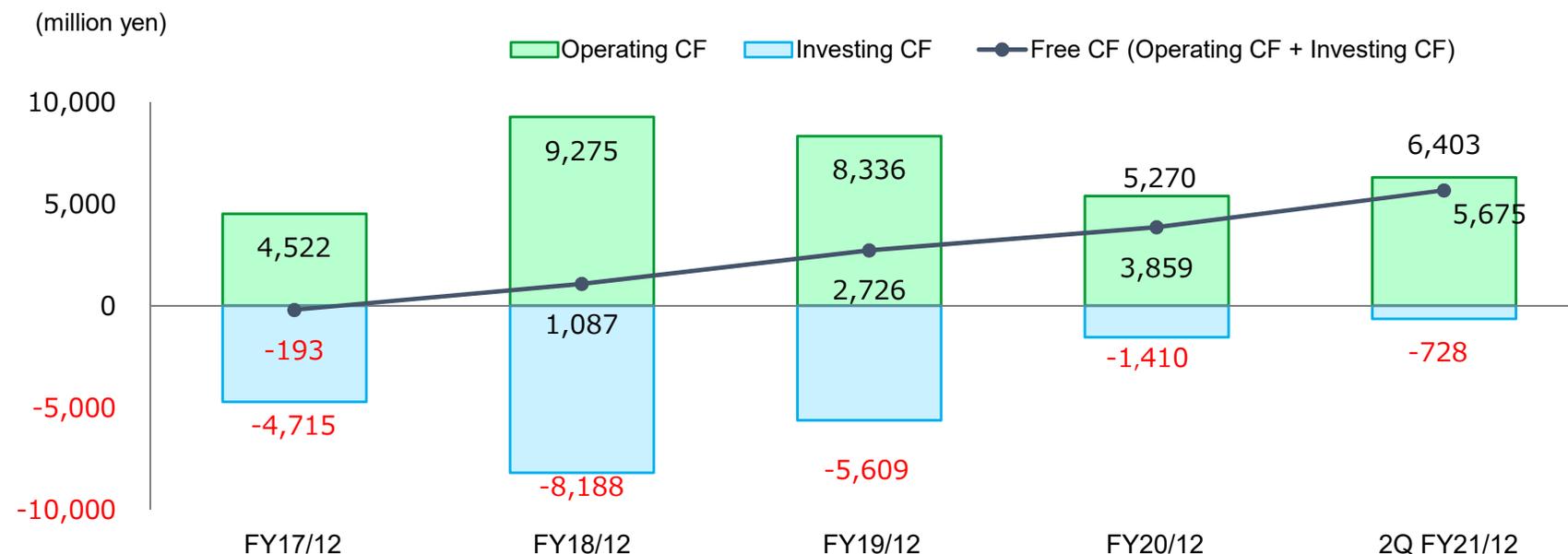
* Reference information Exchange rate at the end of Jun. 2021 USD: 110.58 yen EUR: 131.58 yen CNY: 17.11 yen THB: 3.44 yen
Exchange rate at the end of Dec. 2020 USD: 103.50 yen EUR: 126.95 yen CNY: 15.88 yen THB: 3.44 yen

Cash Flow



✓ Free cash flow was positive at 5,675 million yen.

	2Q FY20/12	FY20/12	2Q FY21/12	Breakdown of major factors
Cash flows from operating activities	3,871	5,270	6,403	Increase in trade payables of 4,400 million yen and in advances received of 3,300 million yen Increase in inventories of -3,000 million yen and in trade receivables of -2,000 million yen
Cash flows from investing activities	-746	-1,410	-728	Purchase of property, plant and equipment of about -750 million yen
Cash flows from financing activities	2,361	1,665	1,679	Procurement of long-term loans payable of 7,200 million yen Repayment of long-term loans payable of -4,000 million yen
Cash and cash equivalents at the end of current period	37,898	38,255	47,071	



I. 2Q FY21/12 Financial Results Summary

II. FY21/12 Financial Results Projections

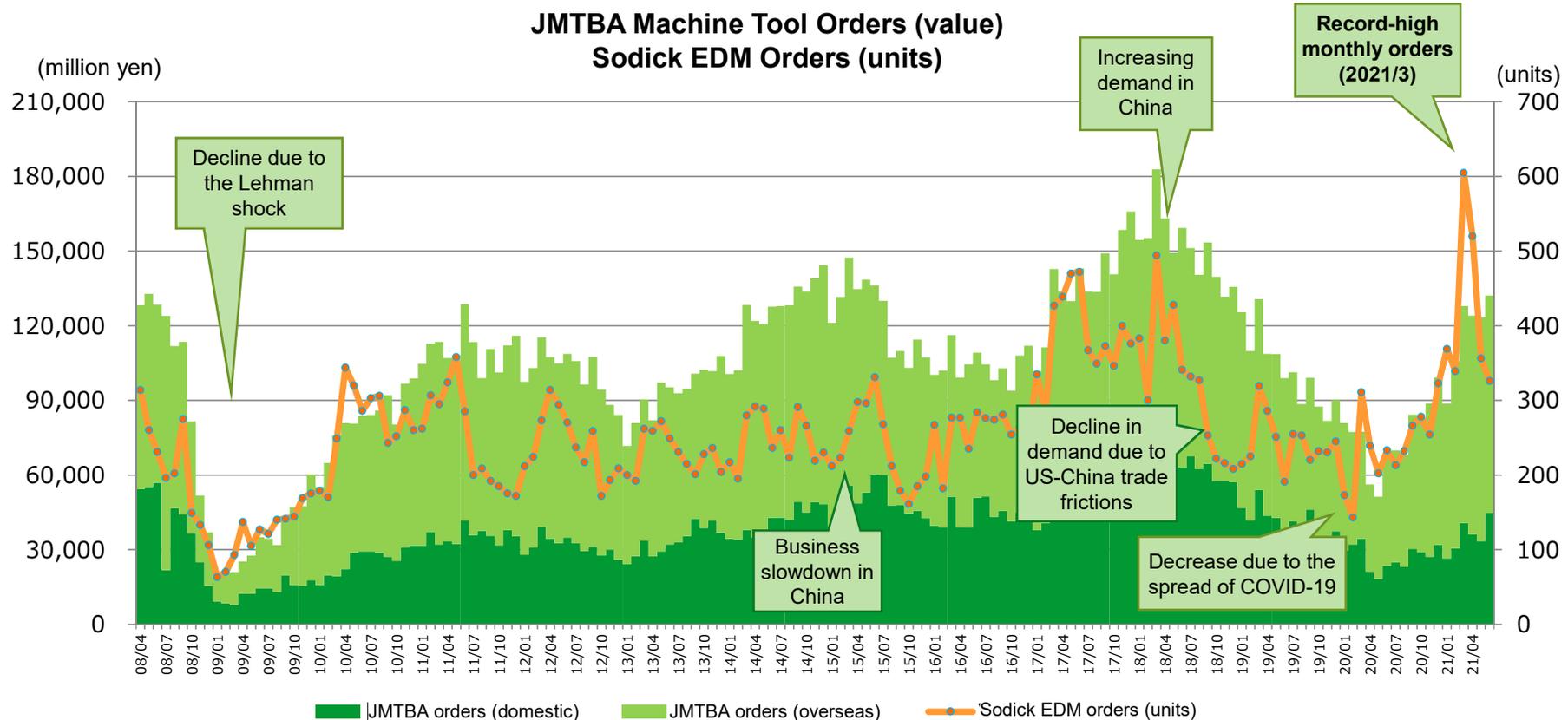
III. Priority Measures

(References)

Market Environment



Japan	Although demand is expected for next-generation auto-related and 5G-related industries in addition to government subsidy policies and potential demand, such as replacement demand for aging equipment, the future is uncertain due to the impact of the reemergence of COVID-19 and a tendency to refrain from investment.
The West	Although severe conditions are expected to continue in the aerospace-related industries, the auto-related industries are on a recovery trend.
Greater China	While the future is uncertain due to the deterioration of U.S.-China relations, demand for high-precision machines is expected to continue owing to the growing demand for advanced manufacturing and automation in 5G, semiconductor, and auto-related industries.
Asia	Although economic conditions differ from region to region, the situation is expected to remain difficult.

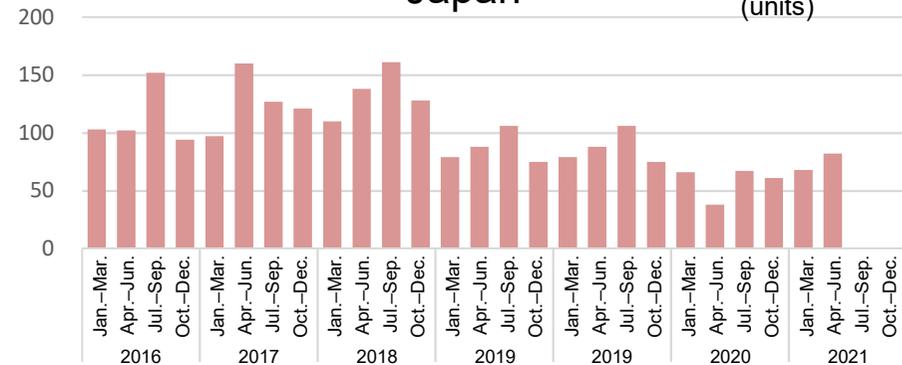


Source: JMTBA

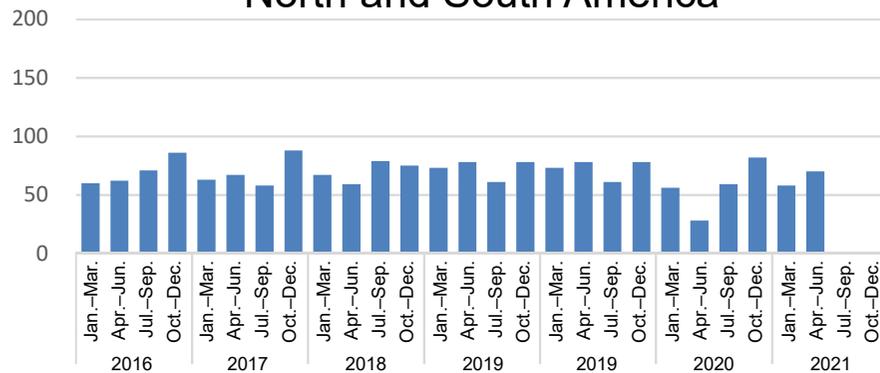
Orders Received for EDMs by Region

- ✓ Orders received from Greater China slightly fell in April–June, but remain high.
- ✓ Overall recovery in other regions was seen in April–June 2021.

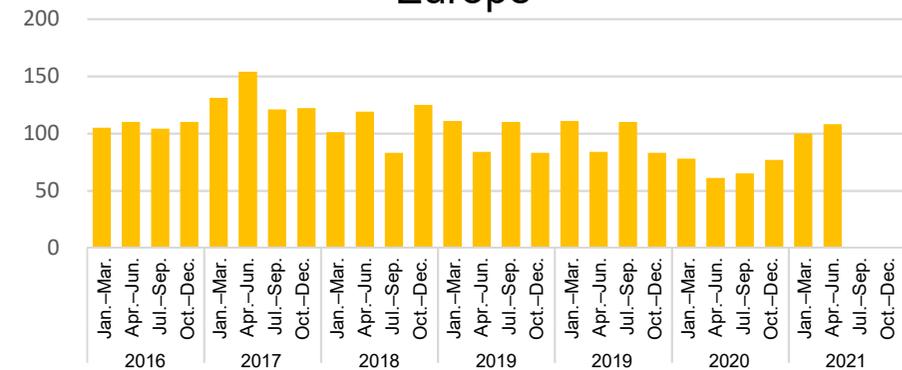
Japan



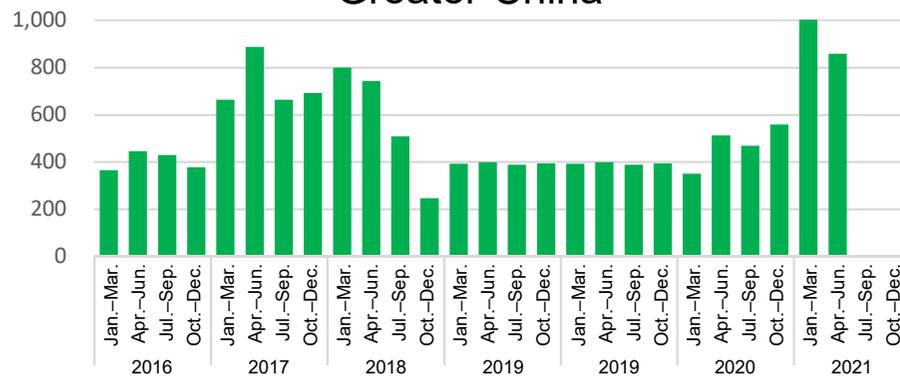
North and South America



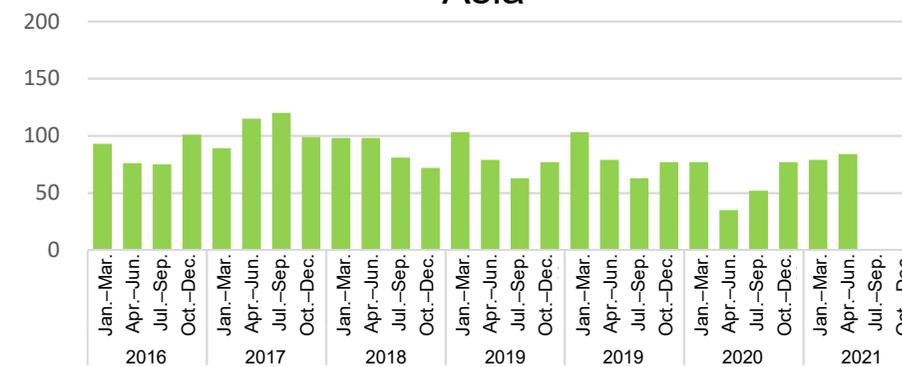
Europe



Greater China



Asia



FY20/12 Full-year Financial Results Projections (Compared with Initial Projections)



- ✓ The full-year financial results projections were revised upward in consideration of the results for the second quarter and recent orders received.
- ✓ Recent orders for EDMs have been high, but concerns remain that lead times will be prolonged due to tight procurement of parts and materials, and that production will be affected by the spread of COVID-19 in Thailand.

(million yen)	FY20/12	FY21/12 Full-year				Change	
	Actual	Initial projection (Published on Feb. 12)	Income margin	Revised projection (Published on Aug. 6)	Income margin	Compared with the previous fiscal year	Initial projection
Net Sales	58,030	65,400	—	71,800	—	23.7%	9.8%
Operating income	1,852	4,100	6.3%	6,100	8.5%	229.3%	48.8%
Ordinary income	2,046	4,100	6.3%	7,000	9.7%	242.0%	70.7%
Net income	1,346	3,000	4.6%	4,900	6.8%	263.8%	63.3%

Full-year expected
exchange rate

Average exchange rate over the period	USD	106.76 yen	104.00 yen		108.00 yen		
	EUR	121.88 yen	122.00 yen		129.00 yen		
	CNY	15.48 yen	15.50 yen		16.80 yen		
	THB	3.42 yen	3.40 yen		3.45 yen		

* FY21/12 full-year financial results projections were revised.

FY21/12 Full-year Financial Results Projections (progress)



- ✓ The full-year financial results projections were revised upward in consideration of the results for the second quarter and recent orders received.

(million yen)	2Q FY21/12		FY21/12 Full-year		Progress toward projection	FY20/12 Actual
	Actual	Income margin	Projection (revised on Aug. 6)	Income margin		
Net Sales	34,504	—	71,800	—	48.1%	58,030
Operating income	2,714	7.9%	6,100	8.5%	44.5%	1,852
Ordinary income	3,784	11.0%	7,000	9.7%	54.1%	2,046
Net income	2,648	7.7%	4,900	6.8%	54.0%	1,346

Average exchange rate over the period	USD	107.82 yen		108.00 yen		106.76 yen
	EUR	129.89 yen		129.00 yen		121.88 yen
	CNY	16.65 yen		16.80 yen		15.48 yen
	THB	3.50 yen		3.45 yen		3.42 yen

FY21/12 Full-year Financial Results Projections (by Segment)



Machine tool segment

- ✓ There is potential demand for high-precision machines in other fields such as automotive and 5G, mainly in Greater China, owing to the sophistication of manufacturing, but there are concerns that lead times will be prolonged due to tight procurement of parts and materials.

Industrial machinery segment

- ✓ Sales are expected to remain strong in the second half, mainly for automotive, electronic components and medical equipment.

Food machinery segment

- ✓ Sales of noodle-making equipment and rice processing equipment are expected to continue in the second half.

Other segments

- ✓ The precision die and molding business is expected to remain strong, but external sales of ceramics are expected to be weak.

(million yen)	FY20/12	FY21/12				YoY change
	Actual	2Q Actual	Plan for the second half	Revised full-year plan (Published on Aug. 6)	Initial full-year plan (Published on Feb. 12)	Compared with the initial plan
Machine tool segment	38,024	24,145	24,454	48,600	41,200	7,400
Industrial machinery segment	10,931	4,628	5,871	10,500	10,300	200
Food machinery segment	3,585	2,521	3,978	6,500	6,500	0
Other segments	5,488	3,209	2,990	6,200	7,400	-1,200
Total sales	58,030	34,504	37,295	71,800	65,400	6,400
Machine tool segment	2,896	3,156	3,643	6,800	4,800	2,000
Industrial machinery segment	596	177	322	500	500	0
Food machinery segment	65	205	394	600	300	300
Other segments	319	426	273	700	700	0
Total segment income	3,878	3,965	4,634	8,600	6,300	2,300
Adjustment amounts	-2,025	-1,251	-1,248	-2,500	-2,200	-300
Total operating income	1,852	2,714	3,385	6,100	4,100	2,000

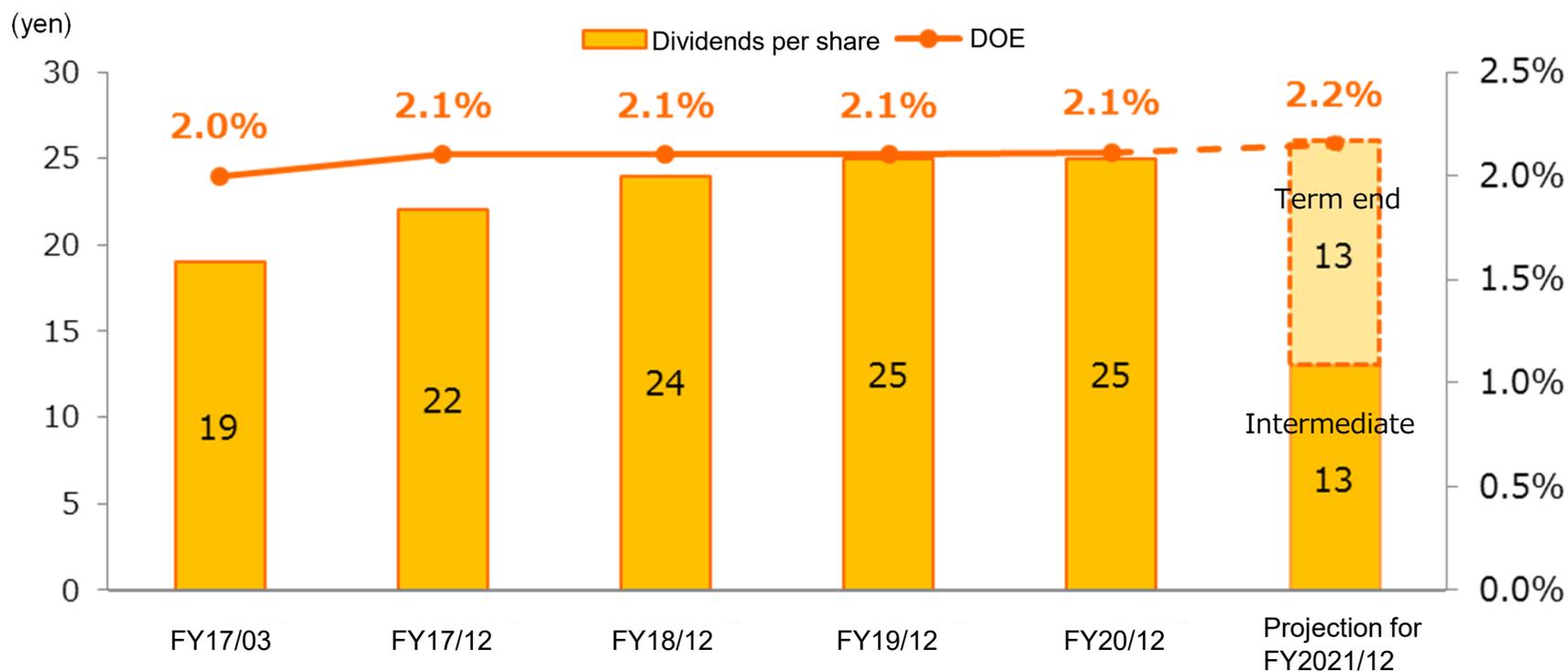
* Full-year financial results projections by segment have been revised in part owing to a revision of financial results projections

Shareholder Return Policy and Dividend Projection



Dividend policy: Dividend on equity (DOE) of 2% or more

- ✓ The annual dividend for the fiscal year ending December 2021 is expected to be 26 yen (13 yen both for intermediate and year-end dividends) (No change from the beginning of the fiscal year)



I. 2Q FY21/12 Financial Results Summary

II. FY21/12 Financial Results Projections

III. Priority Measures

(References)

Priority Measures

1 Started construction of a new plant for manufacturing industrial and food machinery at the Amoy Plant.



Overview of Sodick Amoy Co., Ltd.

Location	West Yangguang Road, Haicang District, Xiamen, Fujian Province, P. R. China
Site area	13,753 m ² (Building area: 12,149 m ²)
Construction cost	Approx. 1,400 million yen
New production items	Injection molding machines, and food machinery *Existing plant products: EDMs, linear motors, and noodle-making equipment
Construction project	Construction started in June 2021 and (scheduled to be) completed in June 2022



New plant to be built

Amoy Plant (Current)

◇ Aim for building a new plant

[Injection molding machines]

- Responding to increasing demand for high-precision molding machines due to advances in the sophistication and precision of manufacturing such as 5G and EV.
- Cost reduction through local production and sales.

[Food machinery]

- Demand for noodle-making equipment and rice processing equipment for overseas markets is expected to grow, but the current Kaga Plant in Japan lacks production capacity.
- The company aims to expand sales in Greater China and other Asian markets by boosting production capacity at Amoy plant.



[Image of new plant completion]

2 DX Initiatives

- Conduct webinars



ソディック北陸営業所主催 オンライン

金属3Dプリンタ活用動向 & バイオプラスチック射出成形

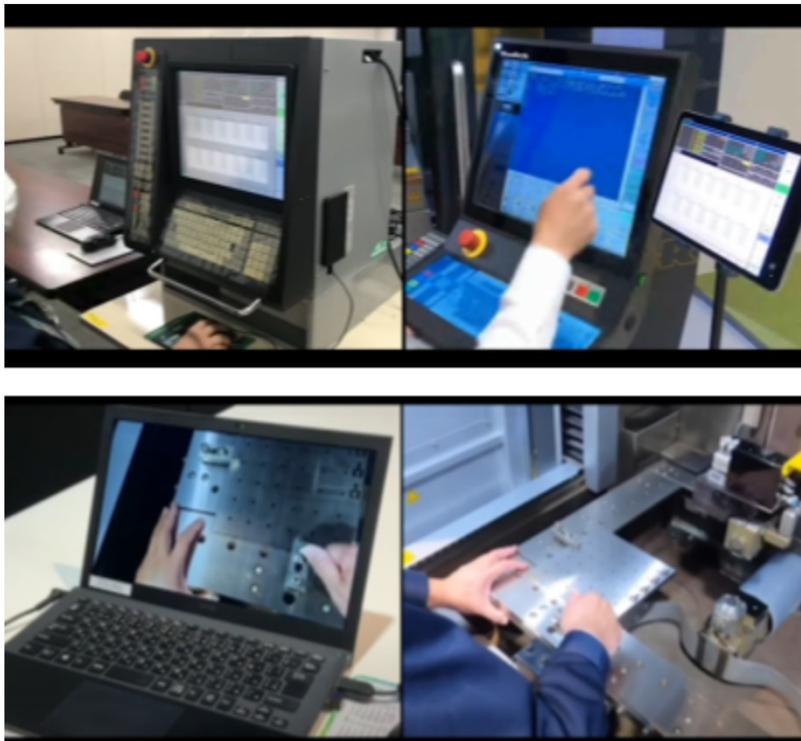
OPM350L MS200

2 DX Initiatives

➤ Remote school support (EDMs and injection molding machines)

<Electrical discharge machines (EDMs)>

We conduct remote training using our usual wire-cut EDM machines, tablets and wearable cameras.



<Injection molding machines>

By remotely operating the injection molding machine in the showroom of the Kaga Plant, you can learn the basic operation of V-LINE® and how to set molding conditions on the web.

Practical training is conducted in an interactive manner using a camera to correct molding conditions while checking video information in real time.



2 DX Initiatives

- Expanding content at our Web Exhibition (external website)

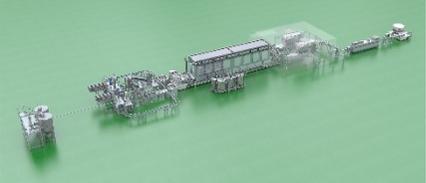


- 
- The background features a complex, layered illustration. At the top, there are blue and green wavy lines. Below these, there are various technical and industrial motifs: a gear-like structure on the left, a large satellite dish in the center, and two stylized human figures on the right holding a large circular object. The bottom of the illustration is dominated by thick, flowing, multi-colored lines in shades of green and yellow, creating a sense of motion and depth.
- I. 2Q FY21/12 Financial Results Summary
 - II. FY21/12 Financial Results Projections
 - III. Priority Measures

(References)

References: Business Segment Composition and Major Products



Segment	Machine tools	Industrial machinery	Food machinery
<p>Key products</p>	<p>[Die-sinker EDM]</p>  <p>[Wire-cut EDM]</p>  <p>[Small Hole EDM] [Metal 3D Printer]</p>   <p>[Machining center]</p> 	<p>[Horizontal injection molding machine]</p>  <p>[Vertical injection molding machine]</p>  <p>[Light metal injection molding machine]</p> 	<p>[Noodle-making equipment (Noodle production line)]</p>   <p>[Sterile-packed cooked rice production system]</p>  <p>[Other food processing machines]</p> 
<p>Sales market</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>Production site</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 Miyazaki Plant



3 Fukui Plant



4 Kaga Plant

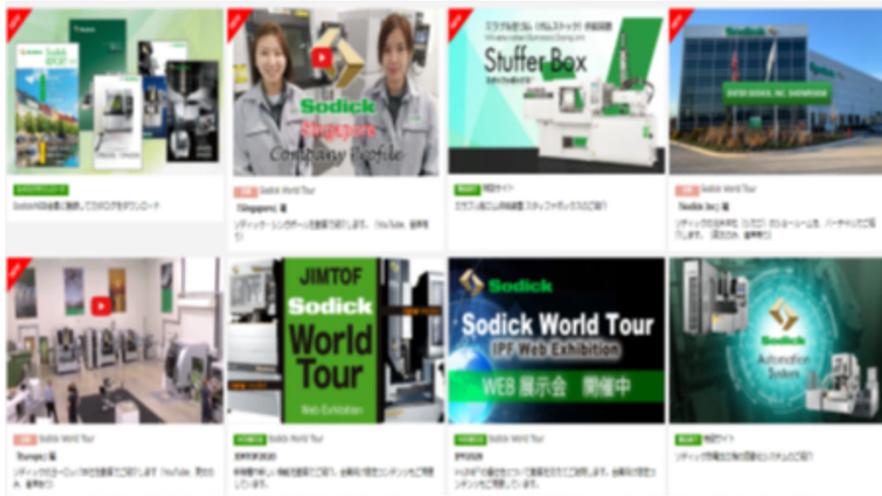
References: Participation in Major Exhibits

Period	Location		Exhibition	Summary and Remarks
2021				
9/29-10/1	Japan	Nagoya	Nagoya Plastic Industrial Fair 2021	
10/20-23	Japan	Nagoya	MECT (MECHATRONICS TECHNOLOGY JAPAN) 2021	Machine Tool Show

*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.



Sodick Singapore Company Profile

企画 Sodick World Tour

「Singapore」編

ソディック・シンガポールを動画で紹介し
ます。(YouTube、音声有り)



Sodick Vietnam

企画 Sodick World Tour

「Vietnam」編

ソディックのベトナム本社を動画で紹介し
ます (YouTube、英文のみ、音声あり)

- YouTube channel is also open!



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