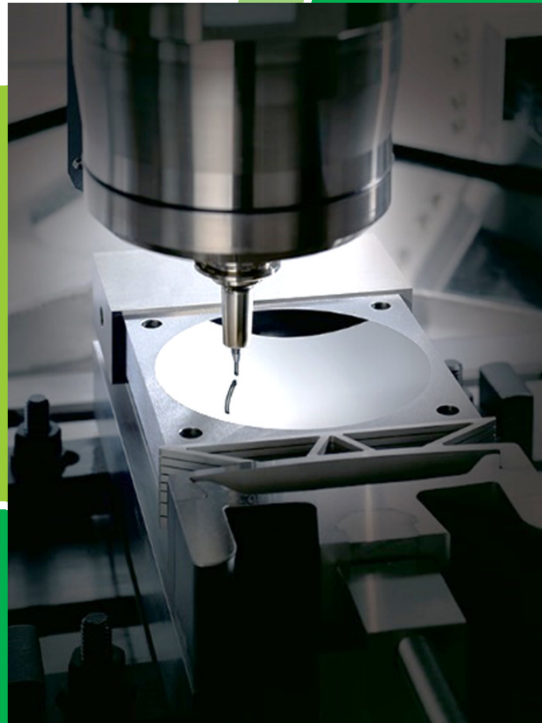




2Q FY2023/12  
Results Briefing  
Sodick Co., Ltd.

August 18, 2023



**2Q FY23/12 Financial  
Results Summary**

# Financial Results Highlights



2Q FY2023	Sales declined due to lower sales of electrical discharge machines (EDMs) and injection molding machines. Profitability also declined			
	Sales:	33.4 billion yen	down	14.8% YoY
	OP:	-0.3 billion yen		—%
Machine tool	Strong demand for CASE-related products, but adjusting demand for semiconductors and electronic components			
	Sales:	24.2 billion yen	down	14.3% YoY
	OP:	1.4 billion yen	down	63.0% YoY
Industrial machinery	Continued sluggish demand for smartphones and electronic components			
	Sales:	4.4 billion yen	down	15.8% YoY
	OP:	0 billion yen	down	98.9% YoY
Food machinery	Strong demand and high order-backlog levels			
	Sales:	2.4 billion yen	up	4.4% YoY
	OP:	0 billion yen		—%
Other	Low sales of precision dies and mold operations, and ceramics			
	Sales:	2.4 billion yen	down	30.8% YoY
	OP:	-0.2 billion yen		—%

\*The adjustment amount for segment profit: -1.6 million yen

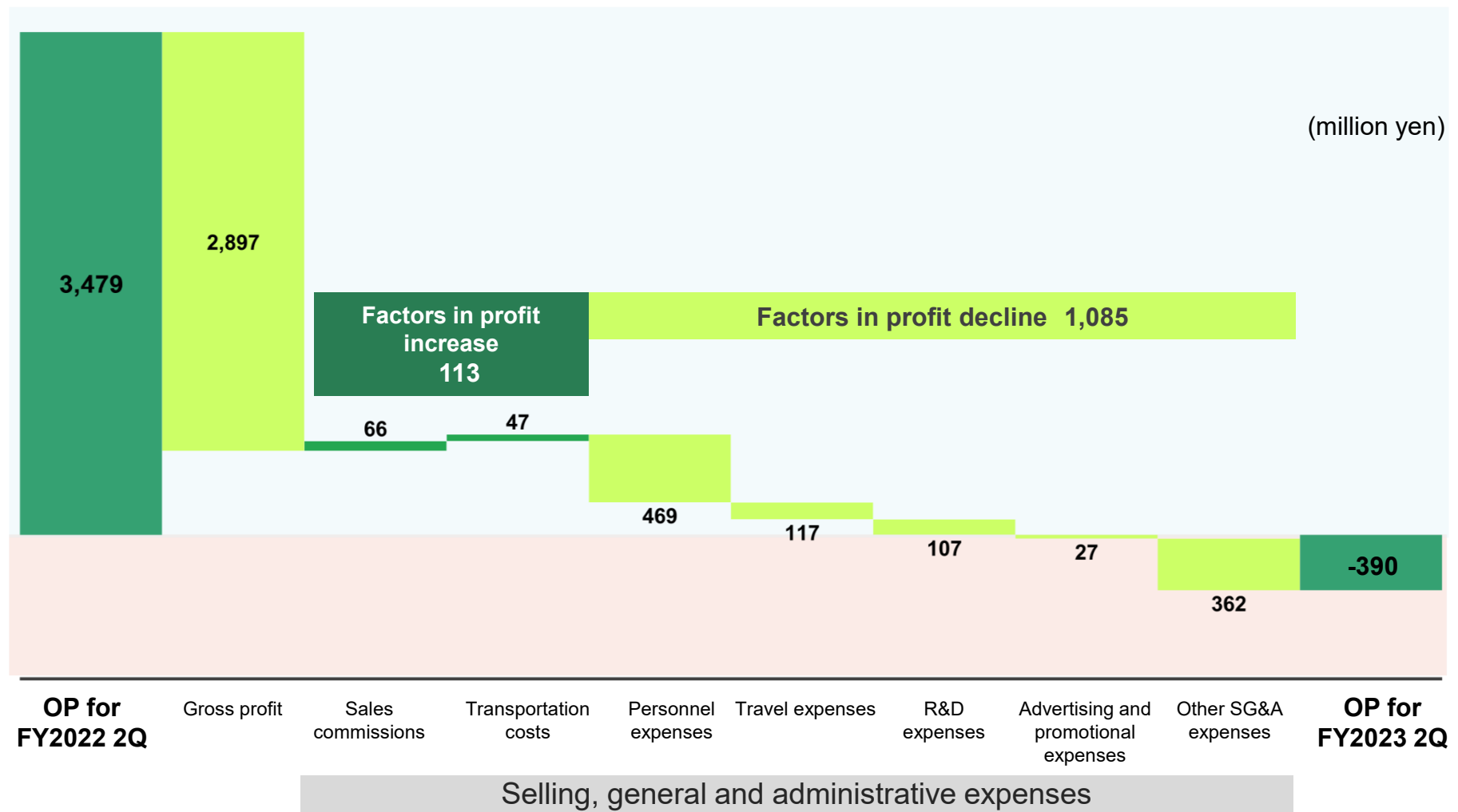
# Financial Results Highlights

- ✓ Net sales decreased by 14% due to a sharp decline in sales of machine tools and industrial machines.
- ✓ Operating loss of approximately 0.4 billion yen owing to continued cost increases mainly due to lower plant profitability due to production adjustments, higher raw material and energy prices, and increased personnel expenses.
- ✓ Ordinary profit was 0.8 billion yen due to the recording of foreign exchange gains (approx. 1 billion yen) associated with the rapid depreciation of the yen.

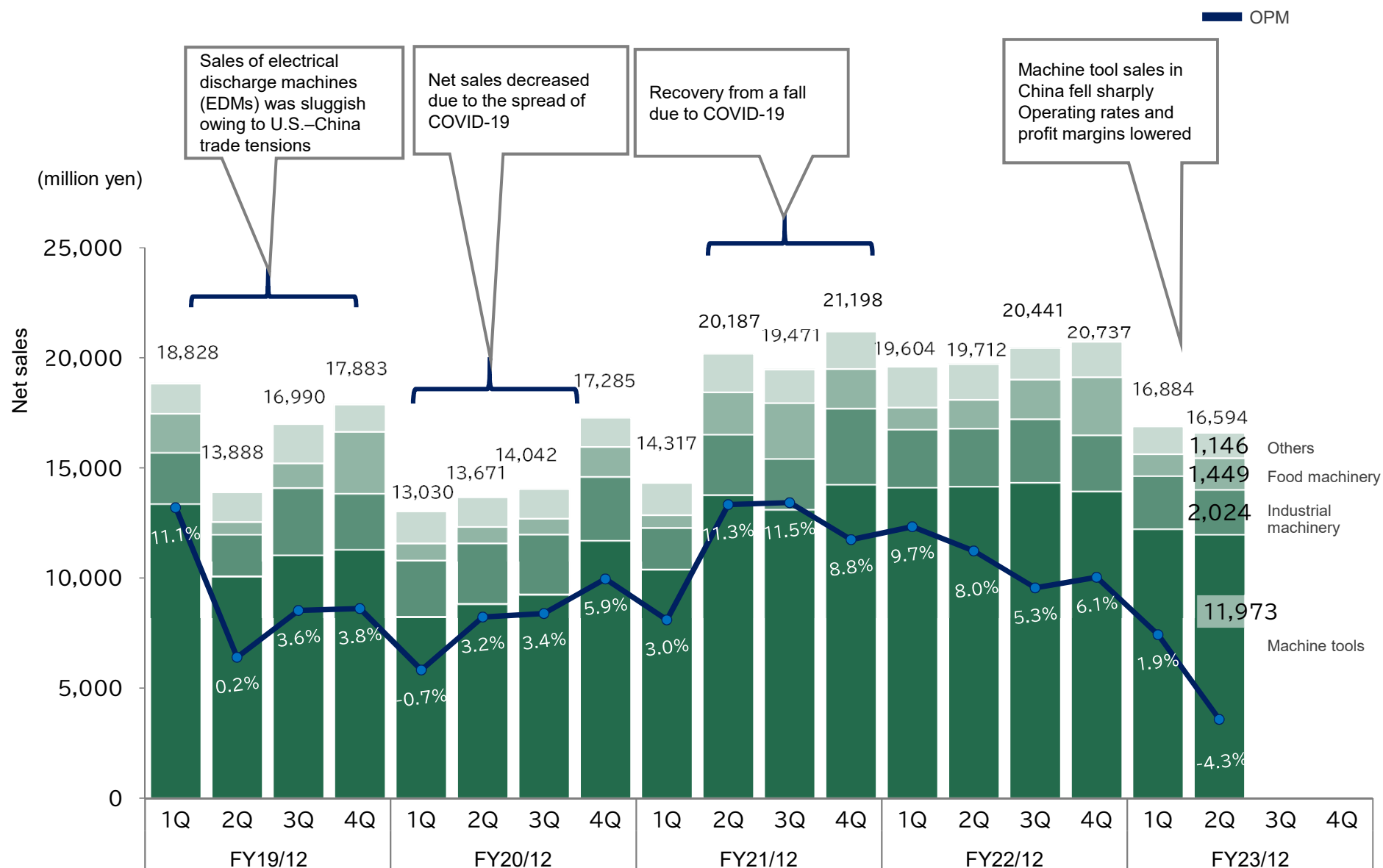
(million yen)	FY2019 2Q	FY2020 2Q	FY2021 2Q	FY2022 2Q	FY2023 2Q	YoY Change
<b>Net sales</b>	32,717	26,702	34,504	39,317	<b>33,479</b>	-14.8%
<b>Operating Profit</b>	2,127	345	2,714	3,479	<b>-390</b>	—
OPM	6.5%	1.3%	7.9%	8.8%	—	—
<b>Ordinary Profit</b>	2,073	362	3,784	5,958	<b>841</b>	-85.9%
<b>Profit</b>	892	105	2,648	4,121	<b>-103</b>	—
ROE	3.1%	0.4%	8.3%	10.5%	—	—
<b>Capital investment</b>	2,760	810	1,301	1,577	<b>2,923</b>	85.3%
<b>Depreciation</b>	1,667	1,671	1,669	1,705	<b>1,815</b>	6.4%
<b>R&amp;D expenses</b>	1,911	1,577	1,581	1,459	<b>1,706</b>	16.9%
USD/JPY	110.06	108.23	107.82	123.14	<b>135.00</b>	11.86 down
EUR/JPY	124.32	119.31	129.89	134.39	<b>145.93</b>	11.54 down
CNH/JPY	16.19	15.38	16.65	18.91	<b>19.45</b>	0.54 down
THB/JPY	3.49	3.43	3.50	3.65	<b>3.95</b>	0.30 down

## Details of Changes in Operating Profit

- ✓ Gross profit significantly decreased due to lower sales and lower operating rates resulting from production adjustments at plants.
- ✓ Total SG&A expenses increased about 1 billion yen from the same period of the previous year, and personnel expenses increased especially due to the increase in hiring and the revision of salaries.



# 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)	FY2019 2Q	FY2020 2Q	FY2021 2Q	FY2022 2Q	FY2023 2Q	YoY Change
Machine tool segment	23,444	17,063	24,145	28,245	<b>24,201</b>	-14.3%
Industrial machinery segment	4,213	5,316	4,628	5,244	<b>4,418</b>	-15.8%
Food machinery segment	2,344	1,515	2,521	2,344	<b>2,448</b>	4.4%
Other segments	2,715	2,807	3,209	3,482	<b>2,411</b>	-30.8%
Total net sales	32,717	26,702	34,504	39,317	<b>33,479</b>	-14.8%
Machine tool segment	2,862	941	3,156	3,938	<b>1,457</b>	-63.0%
Industrial machinery segment	-3	276	177	544	<b>5</b>	-98.9%
Food machinery segment	293	5	205	3	<b>97</b>	—
Other segments	64	219	426	277	<b>-291</b>	—
Total segment profit	3,216	1,442	3,965	4,763	<b>1,268</b>	-73.4%
Adjustment amounts	-1,089	-1,097	-1,251	-1,284	<b>-1,659</b>	—
Total operating profit	2,127	345	2,714	3,479	<b>-390</b>	—

# Financial Results by Segment



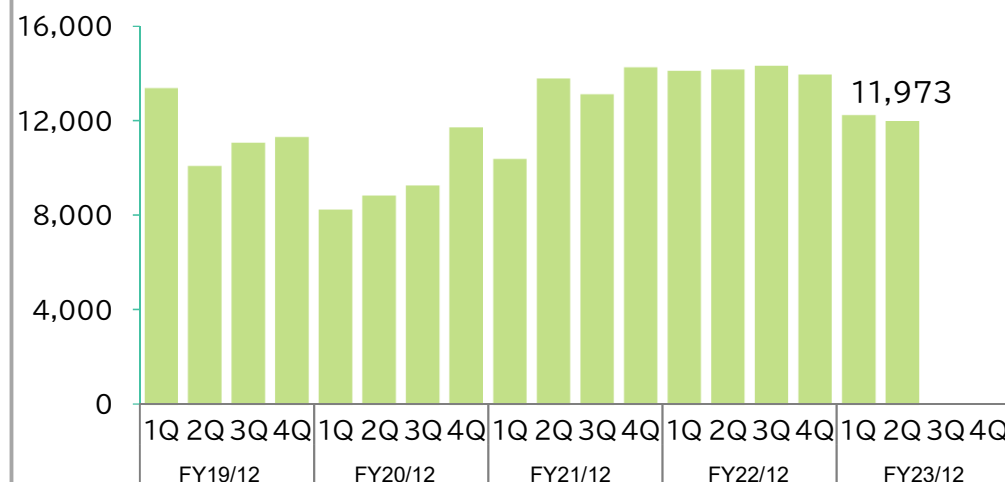
**Sodick**

## Machine Tool Segment

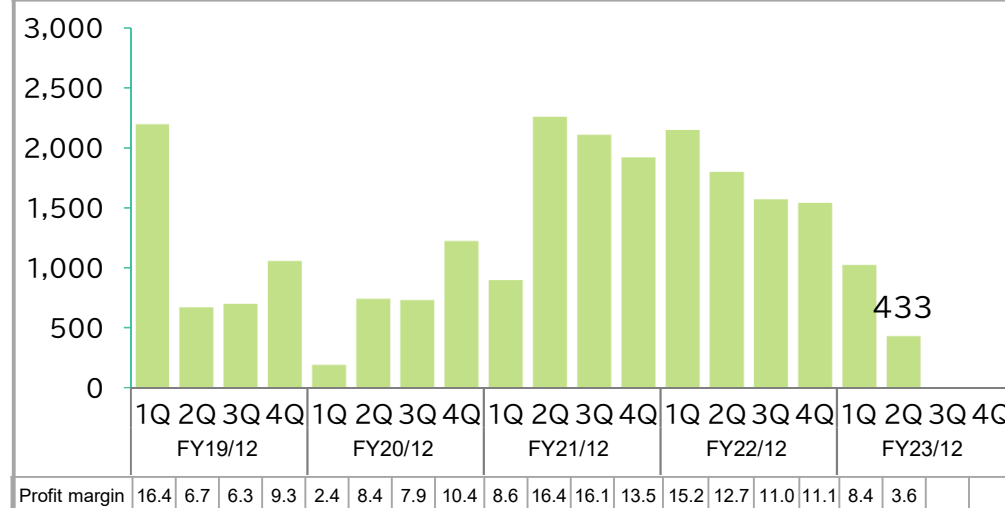
Net sales	<ul style="list-style-type: none"> <li>Continued strong sales for CASE-related products</li> <li>Aerospace demand in the West is also recovering.</li> <li>Sales declined in Japan, Greater China and Asia due to weak demand for semiconductors, electronic components, etc.</li> </ul>
Profit	Segment profit deteriorated significantly owing to lower plant profitability due to production adjustments at each plant, persistently high material prices, and higher personnel expenses.

(million yen)	FY2022 2Q	FY2023 2Q	YoY Change	
Net sales	28,245	<b>24,201</b>	-4,043	-14.3%
Segment profit	3,938	<b>1,457</b>	-2,481	-63.0%
Profit margin	13.9%	6.0%		

### Net sales (Quarterly changes)



### Segment profit (Quarterly changes)

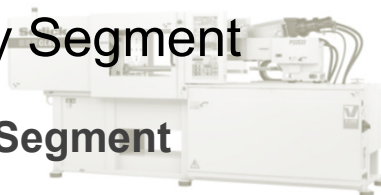


Profit margin	16.4	6.7	6.3	9.3	2.4	8.4	7.9	10.4	8.6	16.4	16.1	13.5	15.2	12.7	11.0	11.1	8.4	3.6		
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# Financial Results by Segment

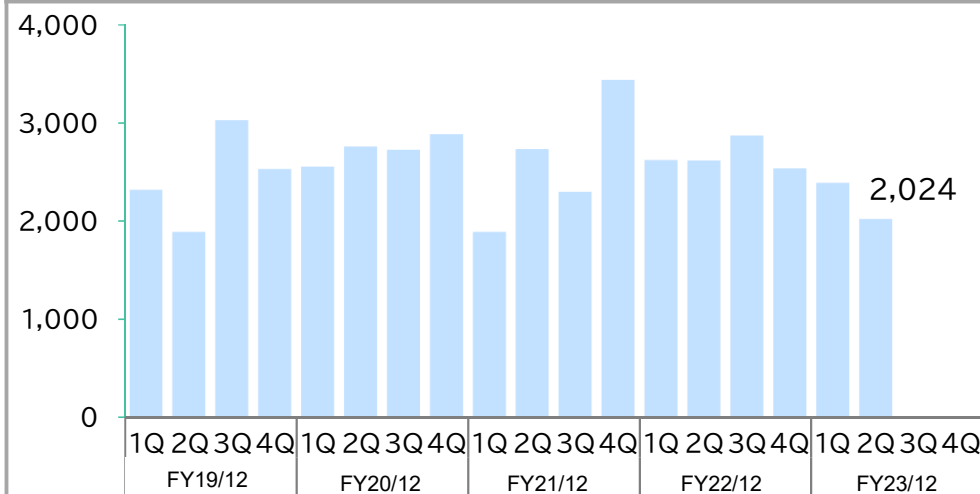
## ■ Industrial Machinery Segment



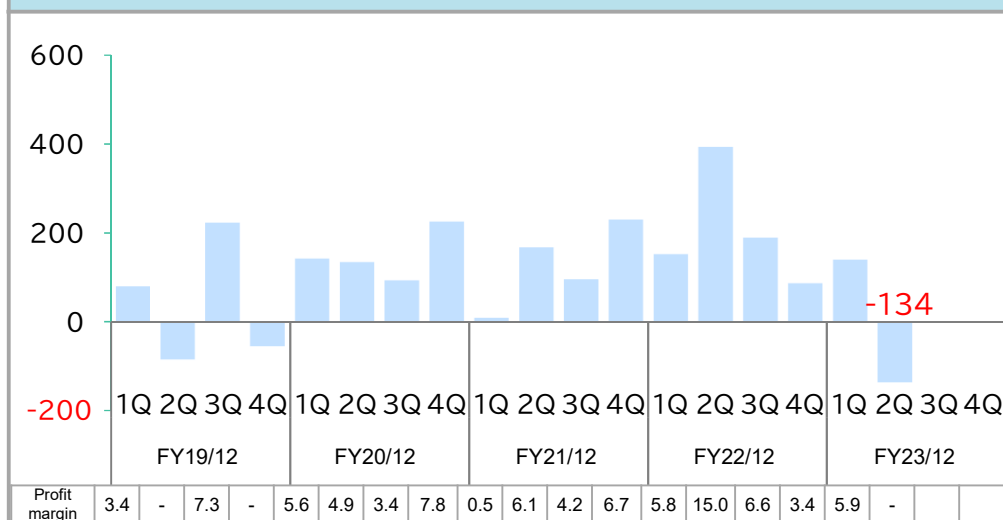
Net sales	<ul style="list-style-type: none"> <li>The industrial machinery industry as a whole is facing a difficult situation due to customer inventory adjustments and investment delays due to market softening for semiconductors and electronic components.</li> <li>CASE-related products remained strong in Japan.</li> <li>Net sales declined due to a decrease in demand for smartphones and electronic components, etc.</li> </ul>
Profit	Segment profit decreased significantly due to a decrease in sales, higher costs due to a decrease in plant utilization, and an increase in SG&A expenses such as personnel expenses.

(million yen)	FY2022 2Q	FY2023 2Q	YoY Change	
Net sales	5,244	<b>4,418</b>	-826	-15.8%
Segment profit	544	<b>5</b>	-538	-98.9%
Profit margin	10.4%	0.1%		

Net sales (Quarterly changes)

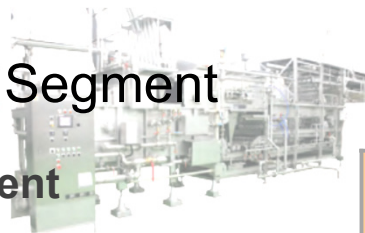


Segment profit (Quarterly changes)



# Financial Results by Segment

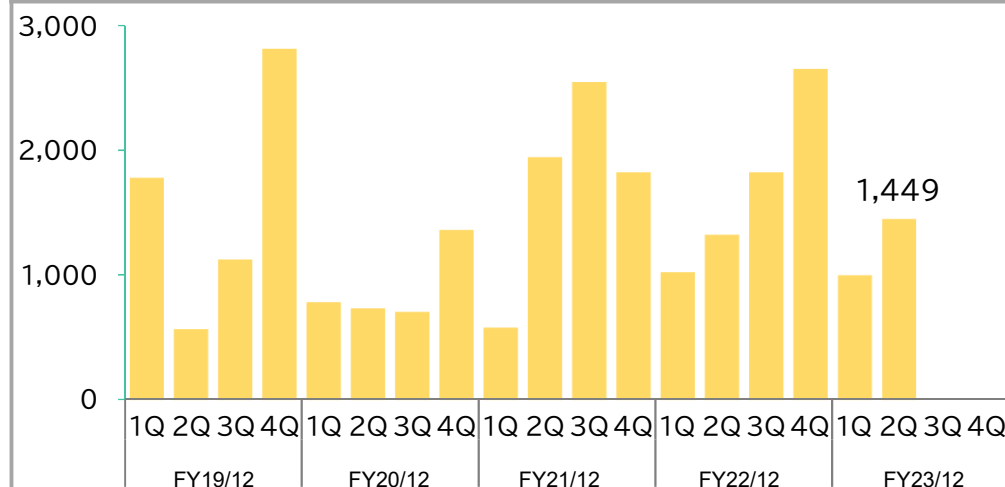
## ■ Food Machinery Segment



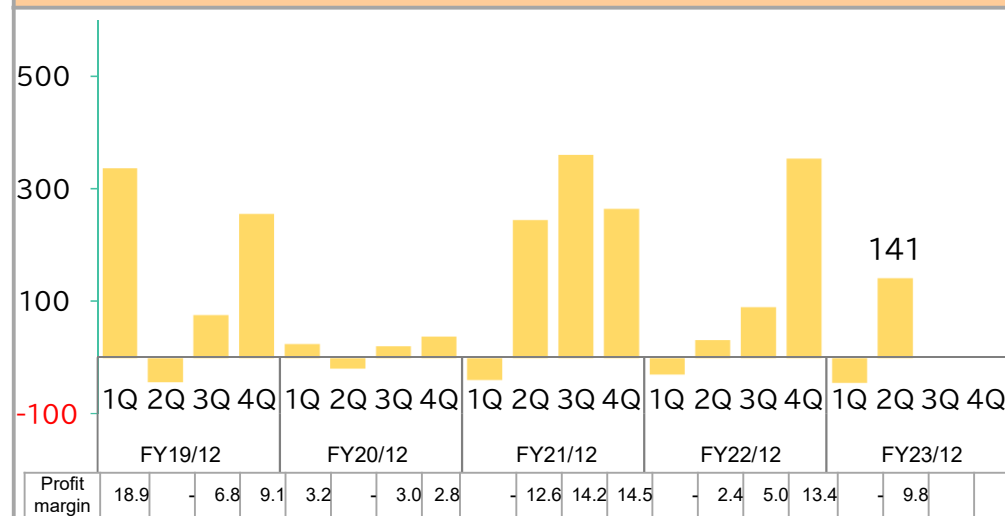
Net sales	Demand for noodle-making machine-related equipment in Japan and overseas, as well as aseptic-packaged cooked rice production systems for overseas markets, has remained strong.
Profit	Sales increased and segment profit improved despite the impact of surging raw materials prices and other factors.

(million yen)	FY2022 2Q	FY2023 2Q	YoY Change	
Net sales	2,344	<b>2,448</b>	103	4.4%
Segment profit	3	<b>97</b>	94	—
Profit margin	0.1%	4.0%		

Net sales (Quarterly changes)



Segment profit (Quarterly changes)

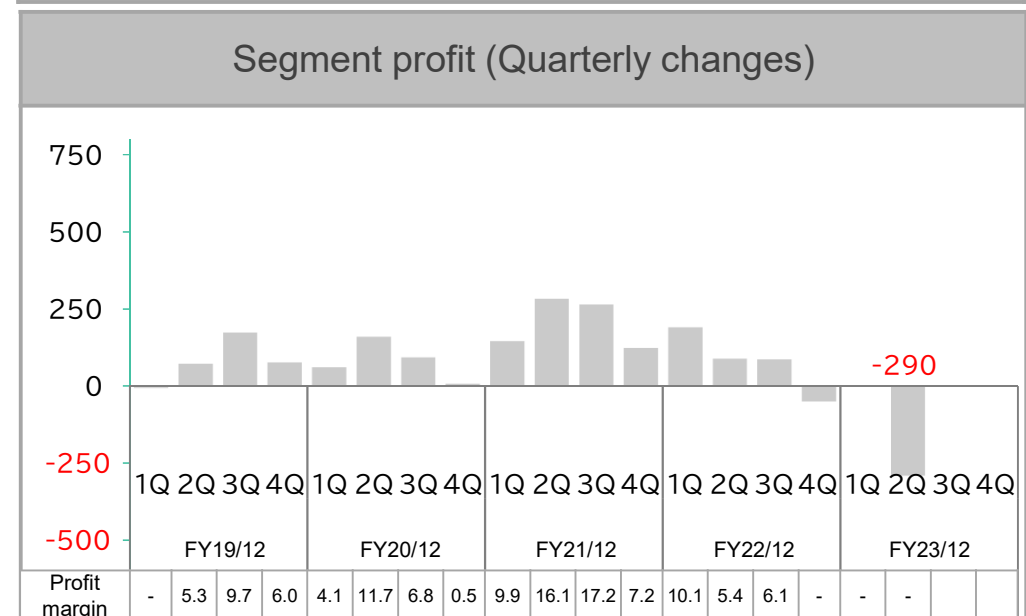
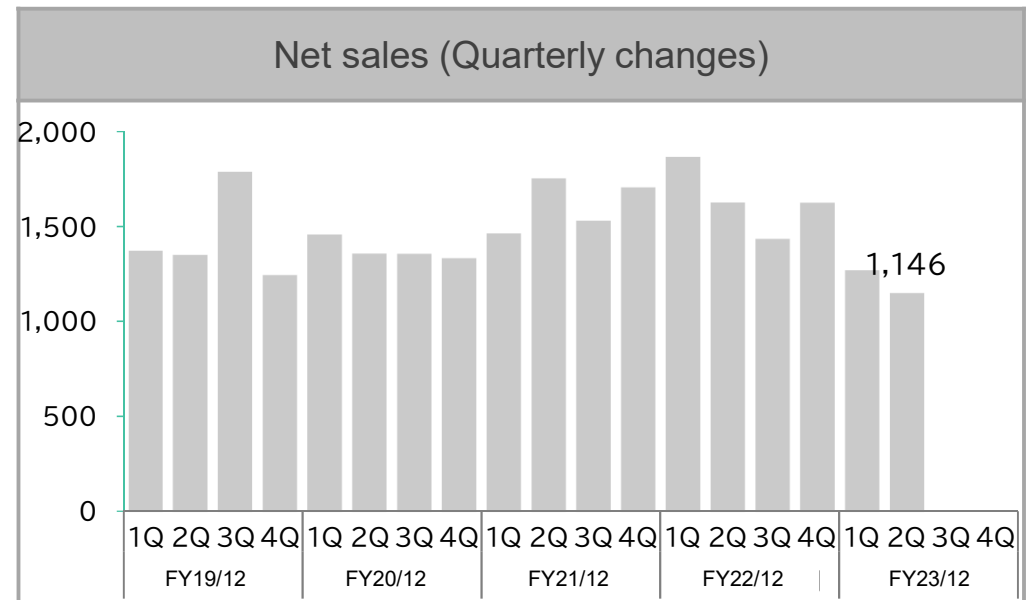


# Financial Results by Segment

## ■ Other Segments

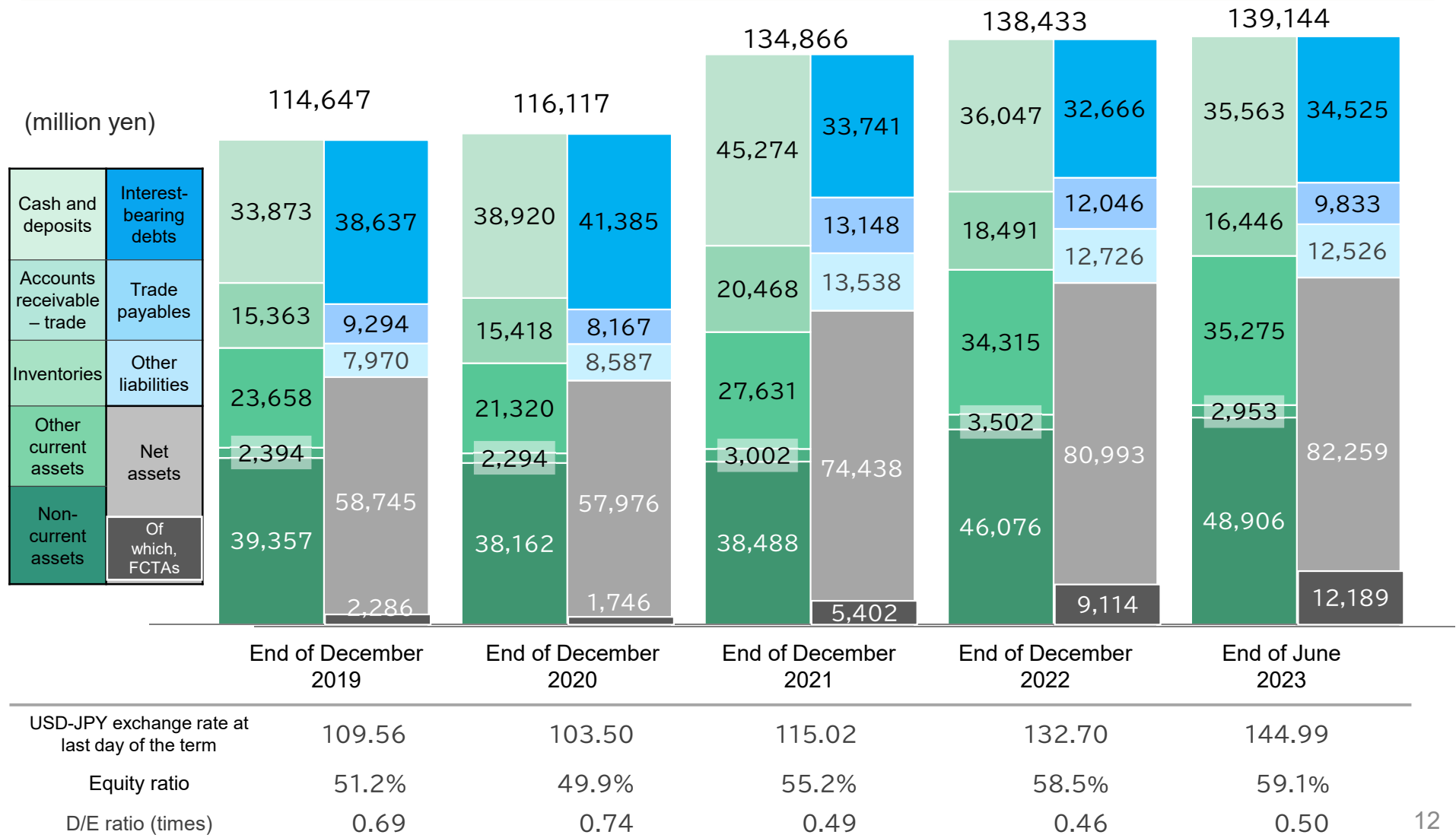
Net sales	<ul style="list-style-type: none"> <li>• Net sales from the mold operations decreased partly due to semiconductor shortages and supply chain disruptions.</li> <li>• Demand for ceramics for semiconductor manufacturing equipment manufacturers has weakened due to inventory adjustments in the semiconductor market.</li> </ul>
Profit	Segment loss of 291 million yen due to deteriorating cost ratios due to the impact of surging raw materials prices and a decline in plant utilization rates resulting from a decline in orders

(million yen)	FY2022 2Q	FY2023 2Q	YoY Change	
Net sales	3,482	<b>2,411</b>	-1,070	-30.8%
Segment profit	277	<b>-291</b>	-568	—
Profit margin	8.0%	—		



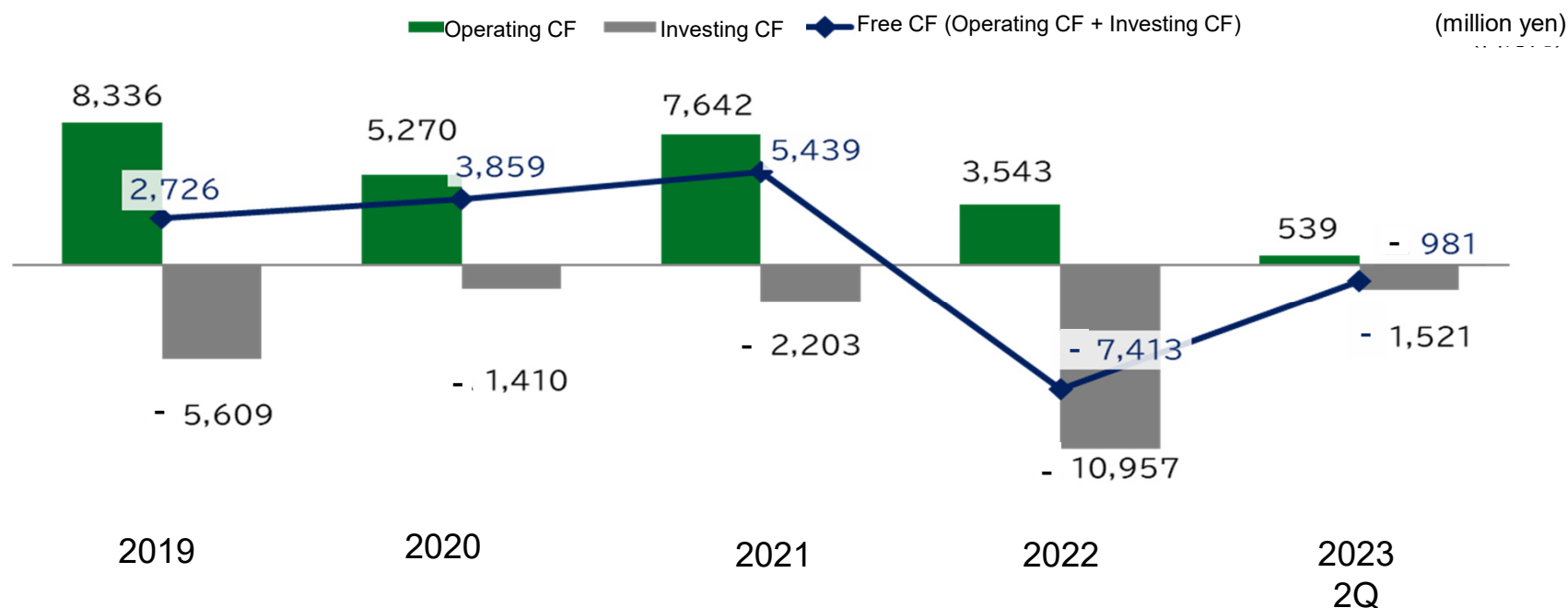
# Balance Sheet

- ✓ Although non-current assets increased due to expansion of food factories and construction of new sales offices, total assets increased slightly due to a decrease in accounts receivable - trade.
- ✓ Net assets increased due to an increase in foreign currency translation, despite a decrease due to capital policies such as acquisition of treasury shares and dividends.



# Cash Flow

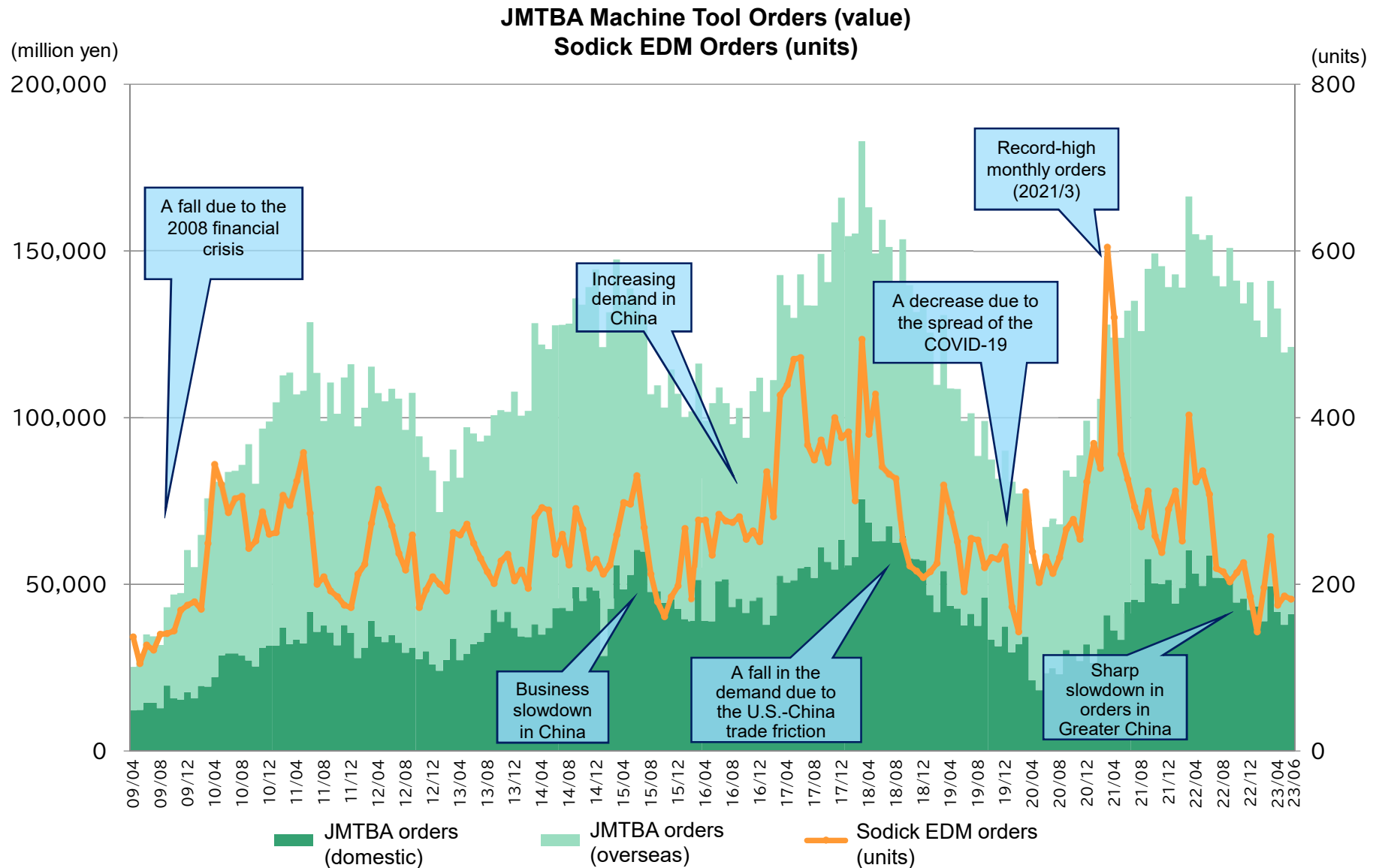
	FY2019	FY2020	FY2021	FY2022	FY2023 2Q	Major breakdowns
Cash flow from operating activities	8,336	5,270	7,642	3,543	539	A decrease in trade receivables of 2.4 billion yen An increase in inventories of 0.4 billion yen A decrease in trade payables of -2.3 billion yen
Cash flow from investing activities	-5,609	-1,410	-2,203	-10,957	-1,521	Purchase of property, plant and equipment and intangible assets: -2.1 billion yen
Cash flow from financing activities	-2,228	1,665	-1,932	-6,012	-217	An increase in borrowings of 2 billion yen Purchase of treasury shares of -1.2 billion yen Dividends paid of -0.7 billion yen
Balance of cash and cash equivalents at term end	32,890	38,255	44,229	33,158	33,302	





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

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

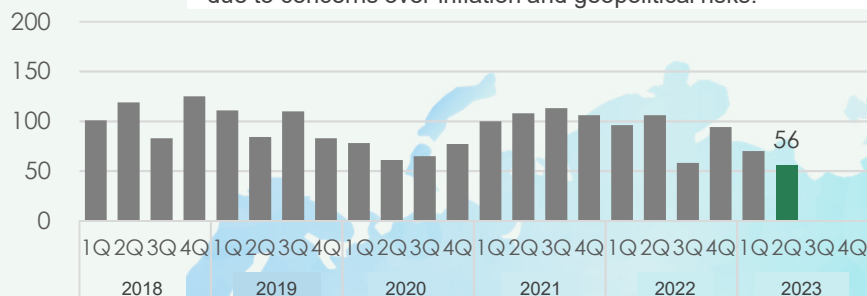


Source: JMTBA

# Changes in Numbers of EDMs Ordered in Quarters by Region

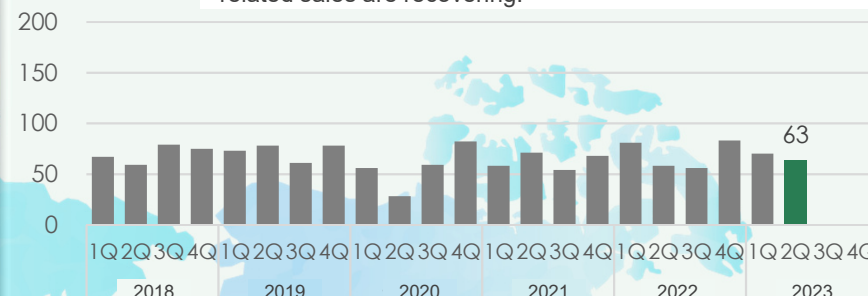
## Europe

Sales of auto-related and aerospace-related products remained strong. Some investors are postponing investing due to concerns over inflation and geopolitical risks.



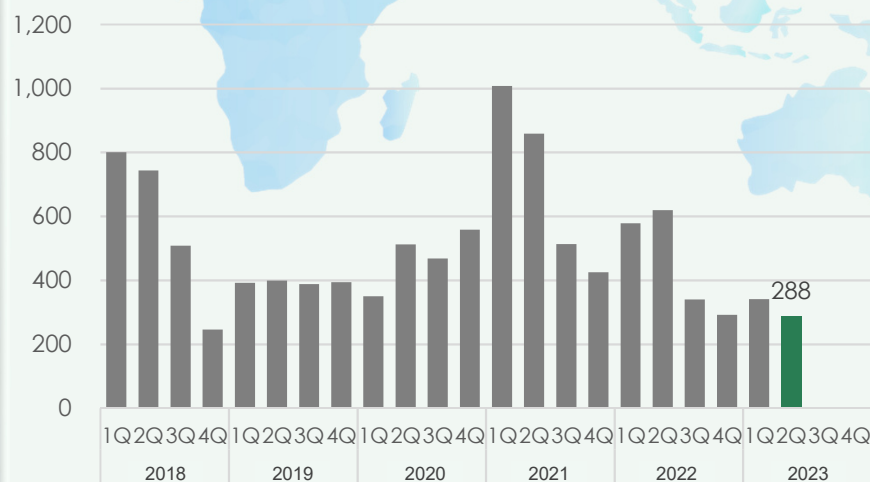
## North and South America

Sales of auto-related and medical-related products continued to decline, while aerospace-related and energy-related sales are recovering.



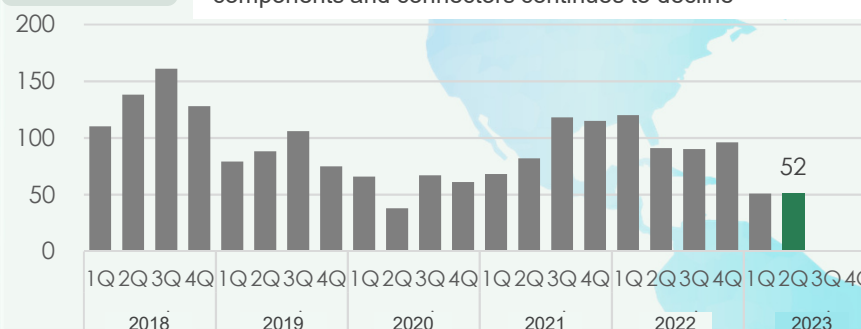
## Greater China

Demand continues for EVs. There are also moves to transfer production outside of China



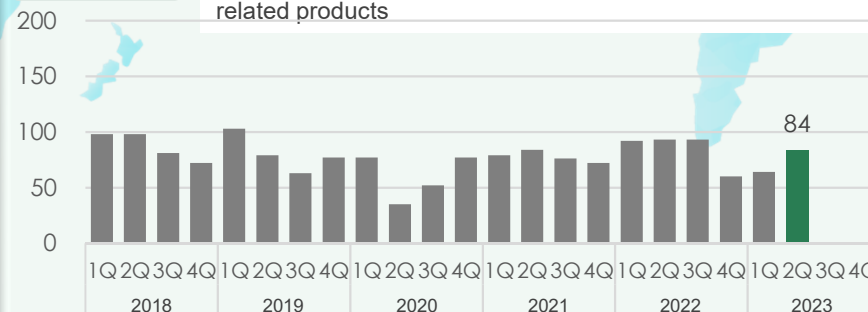
## Japan

EV investment continues, but demand for electronic components and connectors continues to decline



## Asia

Although there are differences by region, there is a recovery trend in automotive, and a slump in electronic components-related products





# FY2023/12 Full-year Financial Results Projections



- ✓ Sales of machine tools and industrial machinery significantly decreased due to reduced demand for semiconductors and electronic components
- ✓ Although the production adjustment is expected to come to a close in the second half and the plant utilization rate is expected to recover, operating profit for the full year is expected to be significantly lower than initially planned, considering soaring raw material prices and continued high personnel expenses.

(million yen)	FY2019	FY2020	FY2021	FY2022	FY2023		
					Plan at term beginning	Revised forecast	Comparison with plan at term beginning
Net sales	67,591	58,030	75,174	80,495	<b>81,700</b>	<b>70,000</b>	-14.3%
Operating profit	3,422	1,852	6,813	5,813	<b>4,700</b>	<b>150</b>	-96.8%
OPM	5.1%	3.2%	9.1%	7.2%	5.8%	<b>0.2%</b>	-5.6pt
Ordinary profit	3,558	2,046	8,588	8,275	<b>4,700</b>	<b>1,400</b>	-70.2%
Profit	2,002	1,346	6,591	6,021	<b>3,200</b>	<b>0</b>	—
ROE	3.4%	2.3%	10.0%	7.8%	4.0 %	—	—
USD/JPY	109.03	106.76	109.90	131.62	130.00	140.00	
EUR/JPY	122.03	121.88	129.91	138.14	144.00	151.00	
CNH/JPY	15.77	15.48	17.01	19.45	19.00	19.70	
THB/JPY	3.52	3.42	3.44	3.75	3.90	4.00	

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



- ✓ Machine tools: Sales of EDMs in Greater China fall sharply Profits worsened due to lower plant profitability and higher costs
- ✓ Industry machinery: Decreased net sales and profits due to weak sales for smartphones and electronic components
- ✓ Food machinery: Revised downward to 6.8 billion yen for the current fiscal year due to orders and delayed installation of cooked rice equipment for overseas markets

(million yen)	FY2019	FY2020	FY2021	FY2022	FY2023		
					Plan at term beginning	Revised forecast	Comparison with plan at term beginning
Machine Tool Segment	45,797	38,024	51,485	56,492	<b>54,900</b>	<b>48,200</b>	-12.2%
Industrial Machinery Segment	9,773	10,931	10,367	10,656	<b>11,600</b>	<b>9,300</b>	-19.8%
Food Machinery Segment	6,283	3,585	6,884	6,813	<b>8,100</b>	<b>6,800</b>	-16.0%
Other segments	5,737	5,488	6,437	6,533	<b>7,100</b>	<b>5,700</b>	-19.7%
Total net sales	67,591	58,030	75,174	80,495	<b>81,700</b>	<b>70,000</b>	-14.3%
Machine Tool Segment	4,621	2,896	7,176	7,046	<b>5,700</b>	<b>3,300</b>	-42.1%
Industrial Machinery Segment	165	596	503	820	<b>800</b>	<b>150</b>	-81.3%
Food Machinery Segment	625	65	830	447	<b>500</b>	<b>500</b>	—
Other segments	311	319	811	313	<b>700</b>	<b>-400</b>	—
Total segment profit	5,723	3,878	9,321	8,628	<b>7,700</b>	<b>3,550</b>	-53.9%
Adjustment	-2,301	-2,025	-2,507	-2,814	<b>-3,000</b>	<b>-3,400</b>	—
Total operating profit	3,422	1,852	6,813	5,813	<b>4,700</b>	<b>150</b>	-96.8%



## **Future Management Strategy**

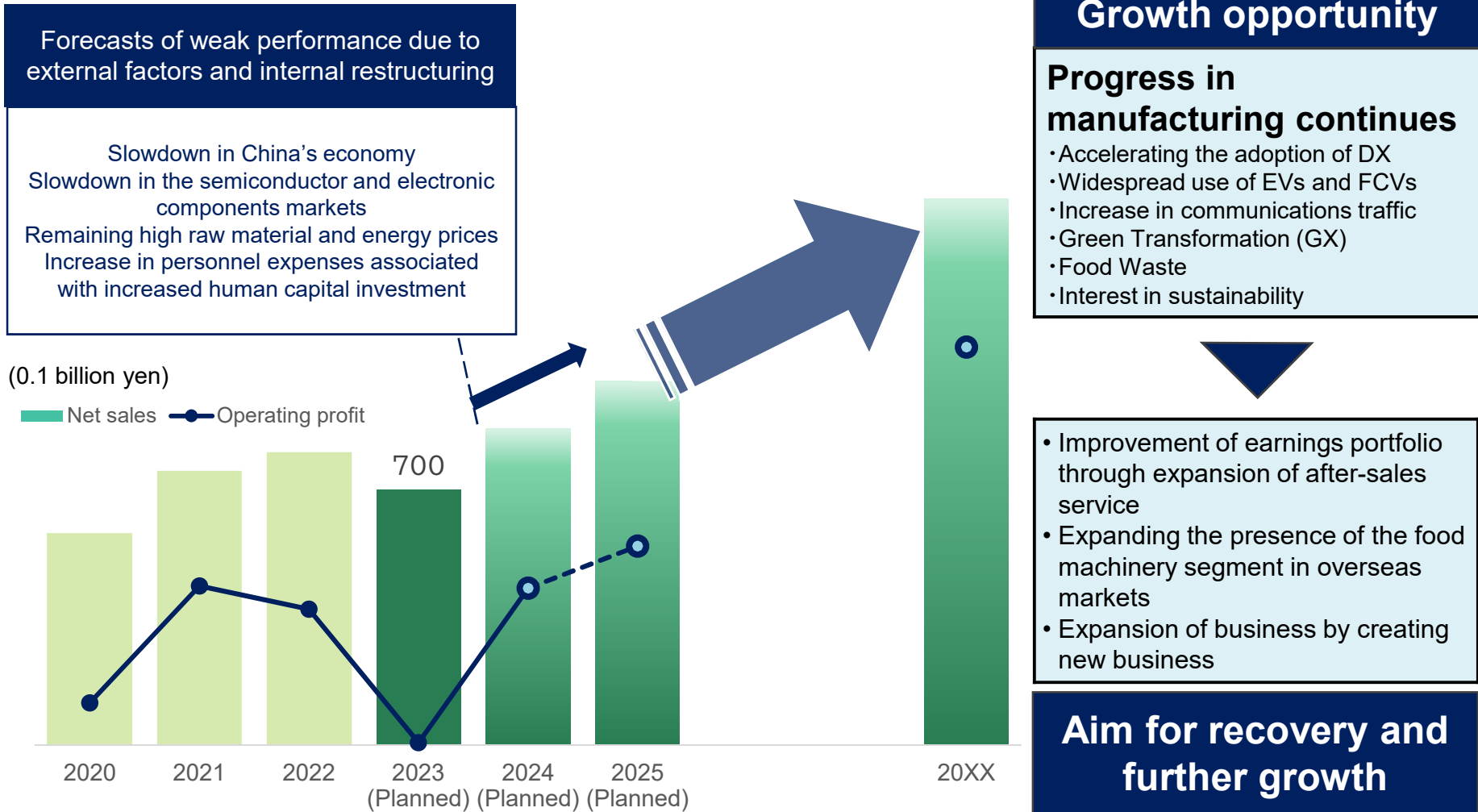
**Philosophy: Sodick Group, under the founding spirit of “Create,” “Implement,” and “Overcome Difficulties,” aims to provide the highest value to customers, and strives to contribute for a sustainable society as a company that “Create Your Future.”**



# Future Strategy

A new long-term management plan is being developed, taking into account market trends and specific issues within the Company.

Seize growth opportunities and aim for long-term growth



# Development of technologies and products that contribute to evolving manufacturing

## Electrical discharge machines (EDMs)

- High precision, high quality processing performance
- Improvement of processing speed
- Environmental considerations
- Utilization of DX



## Machining center

- High-speed high-precision machining
- 5-axis control



## Metal 3D printer

- Stable formation
- Uniquely developed powder capable of large-scale molding
- Capable of modeling with a wide variety of powder materials



## Injection molding machines

- Transition to electric injection molding machine
- Environmental considerations



Wire-cut EDM

## AL600G “i Groove + Edition”



- Dramatically improved discharge circuit and control
- Equipped with wire rotation mechanism to improve machining performance
- Realization of energy conservation (20% reduction in power consumption, reduction in wire consumption)

Won the main award at the 65th Big 10 New Product Awards

2022年  
第65回 十大新製品賞贈賞式  
日刊工業新聞社



Won the Nippon Power Award at the 53rd IDEA Mechanical Design Awards

第53回機械工業デザイン賞IDEA 贈賞式  
主催 日刊工業新聞社 後援 経済産業省



## New technology challenges: Laser processing machines

In August 2023, we establish a preparation center for laser processing machines, which are expected to be promising technologies that will significantly transform the automotive, semiconductor, display, and building materials industries, and promote development of the machines, etc.



# Expansion of support bases supporting manufacturing

## Sodick South China Tech Center



A tech center in Dongguan, Guangdong Province, China, began operations in July 2022. Strengthened technical supports and after-sales services in Greater China, where many our machines have already been delivered.

## SODICK TECNOLOGIA MEXICO



A subsidiary in Mexico City began operations in July 2023. Aiming to expand sales in Latin America and the Caribbean, where further growth is expected in the future, for automotive, aircraft and home appliances, etc., we are developing product sales and after-sales services.

## Sodick Technologies India



The head office was relocated to Bangalore, India in August 2023. Strengthen sales and after-sales service systems to expand sales in India, where further growth is expected due to supply chain restructuring.

## Nagoya IMM Center



The IMM Center in Nagoya City, Aichi Prefecture, began operations in May 2023. Provides technical supports and after-sales services for injection molding machines to establish a just-in-time maintenance system.

## Sendai Tech Center



In August 2023, the Sendai sales office was relocated to become a tech center. In addition to sales office functions, we have strengthened our customer support system as parts, human resources, and technology bases.

# Accelerated global expansion of food machinery segment

Established three pillars of noodles, cooked rice and precooked side dishes as a global integrated food machinery manufacturer

## ■ Strengthen overseas sales

Overseas sales division established. Full-scale sales activities focused on East Asia, Southeast Asia and the U.S.

We will actively participate in exhibitions abroad (U.S., Asia, etc.) and aim to expand sales.

### Cooked rice equipment

- Target markets: China, Korea, Vietnam, Thailand, India, the U.S., etc.
- Global expansion mainly in regions where rice is a staple food
- Five times the potential market size of Japan



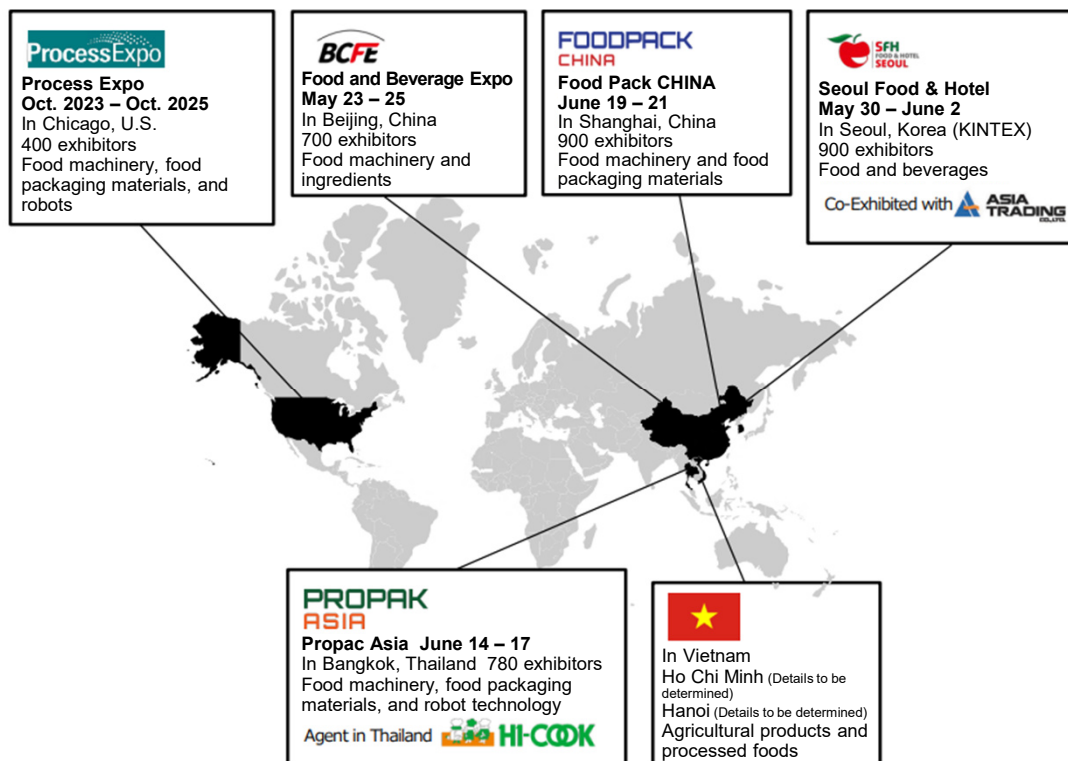
Number of cooked rice production systems delivered in Japan\*<sup>1</sup>  
**Around 30 lines**



Greater China/Asia market penetration ratio\*<sup>1</sup>  
**5 times**

**Potential market size**  
**150 lines\*<sup>2</sup>**

### <Scheduled exhibitions (2023)>



\*<sup>1</sup> Sodick estimation from various sources

\*<sup>2</sup> 1 line: About 1.5 billion – 2.0 billion yen



## Strengthening the production base of the food machinery segment **Sodick**

Established three pillars of noodles, cooked rice and precooked side dishes as a global integrated food machinery manufacturer

### ■ Capacity expansion

In order to further expand sales in overseas markets, it is urgent to increase production capacity.

In response to the increase in production capacity, the new Amoy Factory started operations in January 2023 to strengthen production capacity for noodle making machine and cooked rice equipment.

The expansion of the Kaga Factory is scheduled to be completed in November 2023. Expanded assembly area, showroom, test run space and material warehouse to ensure adequate supply capacity.

In the future, we will expand our business area into the production and processing machinery fields such as chilled rice, precooked side dishes, and confectionery.

#### New Amoy Factory (began operations in January 2023)

Manufacture of noodle making machine and cooked rice equipment

Manufacturing products for overseas markets



#### Kaga Factory (plant expansion and renovation)

Assembly area, showroom, test run space, material warehouse

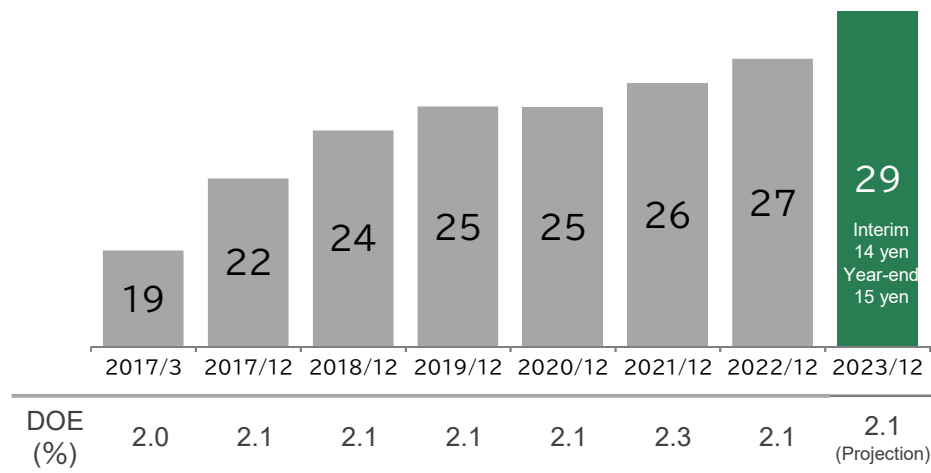


# Financial Policy and Shareholder Returns

## ■ Financial Policy

	Index	Target	2022 Actual
<b>Capital efficiency</b>	ROE (5-year average)	<b>8%</b> or more	7.0%
<b>Financial soundness</b>	Net cash	<b>Net cash plus</b>	3,381 million yen
	Equity ratio	<b>50%</b> or more	58.5%
<b>Shareholder returns</b>	DOE <sup>*1</sup>	<b>2%</b> or more	2.1%
	Total return ratio <sup>*2</sup>	<b>40%</b> or more	43% <sup>*3</sup>

## ■ Dividend trends



## ■ Purchase / cancellation of treasury shares

	Acquisition result
<b>Total number of shares acquired</b>	2.5 million shares
<b>Total acquisition cost</b>	1.84 billion yen
<b>Acquisition period</b>	From November 14, 2022 through May 22, 2023
<b>Cancellation date</b>	May 31, 2023
<b>Number of shares outstanding after cancellation</b>	54,792,239 shares

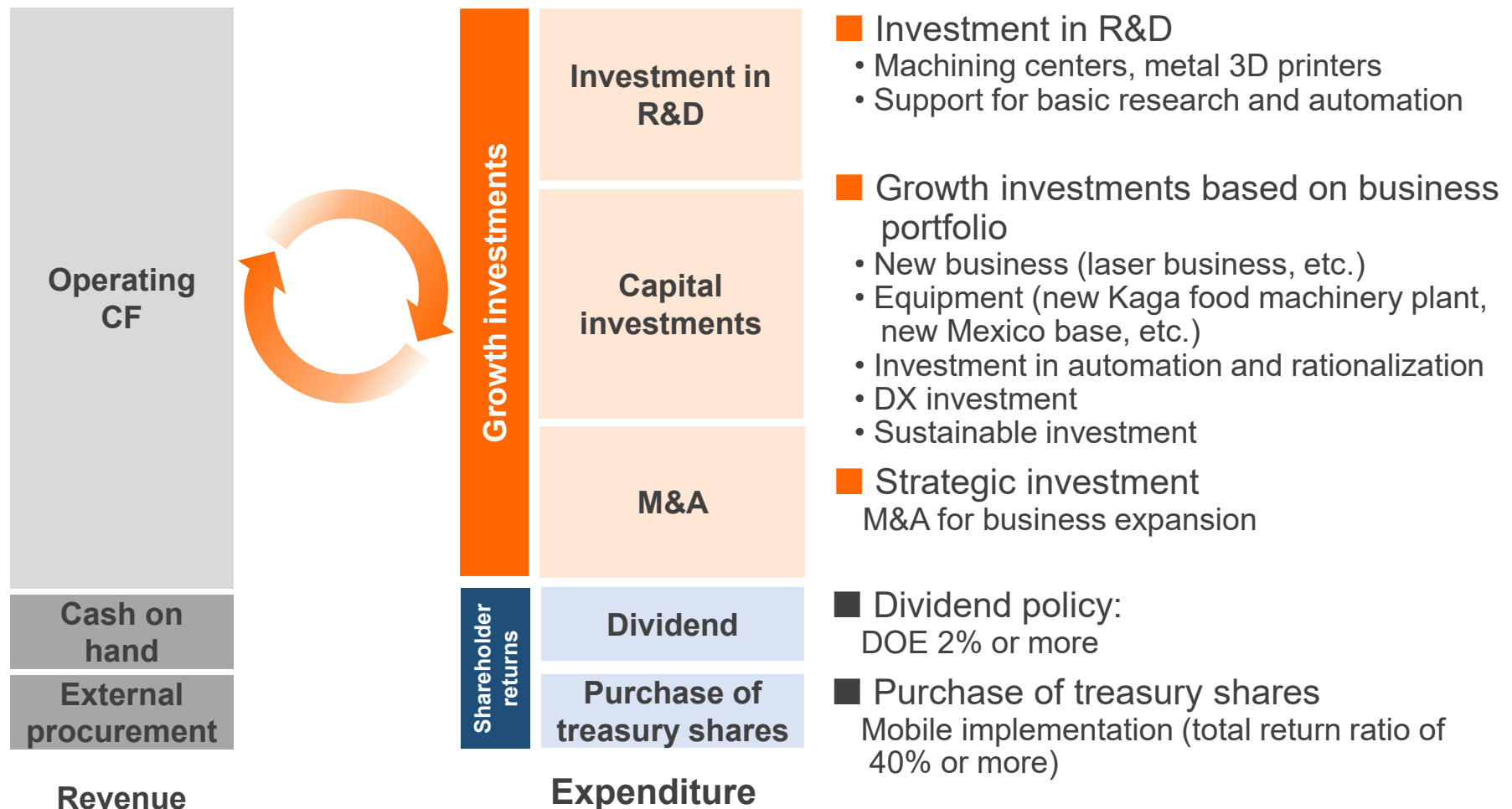
<sup>\*1</sup> DOE (Dividend on Equity Ratio) = Total dividends / Shareholders' equity (average at the beginning and end of the period)

<sup>\*2</sup> The company's total return ratio formula: Total return ratio =  $\frac{\text{Dividends for FY(n)} + (\text{Stock buybacks for FY(n+1)})}{\text{Profit for FY(n)}}$

<sup>\*3</sup> In 2022, the amount of dividends in fiscal 2022 + the current amount of stock buybacks in fiscal 2023

# Cash allocation

## Aggressive allocation of capital to growth investments



# Our Efforts for Sustainability

## ■ Set KPIs for four our materiality issues

	KPIs		
		Targets	Definition of environmentally friendly products
Contributing to evolving manufacturing	Setting targets for environmentally friendly products	Percentage of environmentally friendly models in machine tool lineup: <b>50% by 2024</b>	Reduce electricity consumption vs. current (2022) products by at least 10%
		Percentage of net sales of environmentally friendly products to net sales of injection molding machinery business: <b>25% by 2024</b>	MS series of electric molding machines (that do not use hydraulic fluid, unlike hydraulic machines)
		Percentage of net sales of environmentally friendly products to net sales of food machinery business: <b>20% by 2024</b>	Reduce food waste vs. current (2022) products by at least 10%
	Using remote services to raise customers' machine utilization rates	Percentage of remote monitoring functions or systems orders received: <b>20% by 2024</b>	
Addressing environmental management	Reducing greenhouse gas emissions	Greenhouse gas emissions in Scope 1 + 2 (vs. 2013): <b>46% reduction by 2030, carbon neutrality by 2050</b>	
	Improving energy consumption rate index	Energy consumption rate index: <b>At least 3% improvement over three years (2023–2025)</b>	
Promoting diversification of human resources	Increasing percentage of women in management positions	Percentage of women in management positions: <b>5% by 2026</b>	
	Increasing percentage of male employees taking parental leave	Percentage of male employees taking parental leave: <b>80% by 2025</b>	
Strengthening governance	No numerical targets set. Aim to resolve issues from perspectives including evaluation of the Board of Directors' effectiveness, internal controls, risk management, and compliance.		



## **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

FY2021/12	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%
OPM	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%	
Profit	871	–	1,776	1,432.3%	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	2,521.9%	3,943	317.7%	6,591	489.4%
7.7%		9.7%		8.8%	

FY2022/12	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%
OPM	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%	
Profit	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%	

FY2023/12	1Q		2Q		3Q		4Q	
		YoY		YoY		YoY		YoY
Net sales	16,884	86.1%	16,594	84.2%				
Cost of sales	11,574	88.7%	11,662	88.9%				
Cost of sales margin	68.5%		70.3%					
Operating profit	318	16.7%	-708	–				
OPM	1.9%		–					
Ordinary profit	508	17.1%	333	11.2%				
Ordinary profit margin	3.0%		2.0%					
Profit	141	6.7%	-244	–				
Net profit margin	0.8%		–					

1H		2H		Full year	
	YoY		YoY		YoY
33,479	85.2%				
23,236	88.8%				
69.4%					
-390	–				
–					
841	14.1%				
2.5%					
-103	–				
–					

# Changes in Indexes

Number of employees

(Persons)

	17/12	18/06	18/12	19/06	19/12	20/06	20/12	21/06	21/12	22/06	22/12	23/06
separate	701	743	755	801	841	869	886	914	924	987	1,087	1,170
consolidated	3,651	3,714	3,676	3,625	3,579	3,576	3,633	3,670	3,683	3,772	3,746	3,778

\* 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	20/06	21/06	22/06	23/06	
Accounts receivable collection period (month)	2.7	3.2	3.3	2.8	3.0	3.1	3.1	2.9	* Accounts receivable collection period Accounts receivable/Net sales (per month)
Inventories turnover period (month)	4.2	4.4	4.4	5.1	5.6	4.3	5.1	6.3	* Inventories turnover period: Inventories / Net sales (per month)
Accounts payable turnover period (month)	1.7	1.7	2.1	1.8	2.2	2.2	2.0	1.8	* Accounts payable turnover period: accounts payable/Net sales(per month)
Fixed assets turnover ratio	1.7	1.5	2.0	1.7	1.4	1.8	1.7	1.4	* Fixed assets turnover ratio: Net sales / Fixed assets
Interest -bearing debt turnover period (month)	6.9	8.6	5.4	4.9	9.4	6.3	5.1	6.2	* Interest-bearing Debt turnover period: Interest-bearing Debt/Net Sales
Equity ratio (%)	51.2	49.9	55.2	58.5	48.5	52.9	57.2	59.1	* Equity ratio based on market value:
Equity ratio based on market value (%)	40.0	35.7	32.8	26.8	32.0	42.2	30.1	26.0	closing stock price at fiscal year end X shares issued outstanding as of the balance sheet date(not including treasury shares)
Return on Equity(ROE) (%)	3.4	2.3	10.0	7.8	0.4	8.3	10.5	-	* ROE: Profit attributable to owners of parent/average shareholders' equity of the beginning and the end of the fiscal year
Return on Assets(ROA) (%)	1.7	1.2	5.3	4.4	0.2	4.3	5.9	-	* ROA: Profit/average total assets of the beginning and the end of the period
Debt-to-equity ratio (multiple)	0.69	0.74	0.49	0.46	0.76	0.55	0.47	0.50	* Debt-to-Equity Ratio: Interest-bearing Debt / shareholders' equity
Debt redemption period (year)	4.6	6.2	4.4	9.2	5.4	2.9	11.0	32.0	* Debt redemption period: interest-bearing Debt / Operating cash flow
Interest coverage ratio (multiple)	28.5	23.1	23.4	11.9	27.5	39.7	10.1	3.7	* Interest coverage ratio: Operating cash flow / interest expenditure



# Changes in Financial Results by Segment



FY2021/12		1Q		2Q		3Q		4Q	
			YoY		YoY		YoY		YoY
Machine tools	Net sales	10,382	126.0%	13,762	156.0%	13,102	141.6%	14,237	121.6%
	Operating profit	898	454.3%	2,258	303.4%	2,104	287.0%	1,915	156.9%
	OPM	8.7%		16.4%		16.1%		13.5%	
Industrial machinery	Net sales	1,893	74.1%	2,734	99.1%	2,300	84.3%	3,438	119.1%
	Operating profit	10	7.2%	167	125.0%	96	102.2%	229	101.5%
	OPM	0.5%		6.1%		4.2%		6.7%	
Food machinery	Net sales	580	74.2%	1,940	264.7%	2,541	359.1%	1,820	133.6%
	Operating profit	-39	—	244	—	360	1,647.4%	264	689.6%
	OPM	—		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	177.7%	262	282.3%	122	1,537.7%
	OPM	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	-482.9%	2,289	528.3%	2,235	464.2%	1,862	181.7%
	OPM	3.0%		11.3%		11.5%		8.8%	

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

FY2022/12		1Q		2Q		3Q		4Q	
			YoY		YoY		YoY		YoY
Machine tool	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%
	OPM	15.2%		12.7%		11.0%		11.1%	
Industrial machinery	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%
	OPM	5.8%		15.0%		6.6%		3.4%	
Food machinery	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%
	OPM	—		2.4%		5.0%		13.4%	
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	—
	OPM	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%
	OPM	9.7%		8.0%		5.3%		6.1%	

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

FY2023/12		1Q		2Q		3Q		4Q	
			YoY		YoY		YoY		YoY
Machine tools	Net sales	12,227	86.7%	11,973	84.6%				
	Operating profit	1,023	47.7%	433	24.2%				
	OPM	8.4%		3.6%					
Industrial machinery	Net sales	2,393	91.1%	2,024	77.3%				
	Operating profit	140	92.1%	-134	—				
	OPM	5.9%		—					
Food machinery	Net sales	998	97.8%	1,449	109.6%				
	Operating profit	-44	—	141	—				
	OPM	—		9.8%					
Others	Net sales	1,265	68.0%	1,146	70.7%				
	Operating profit	-0	—	-291	—				
	OPM	—		—					
Consolidated	Net sales	16,884	86.1%	16,594	84.2%				
	Adjustment amount	-800	—	-858	—				
	Consolidated Operating Profit	318	16.7%	-708	—				
	OPM	1.9%		—					

1H		2H		Full year	
	YoY		YoY		YoY
24,201	85.7%				
1,457	37.0%				
6.0%	—				
4,418	84.2%				
5	1.1%				
0.1%	—				
2,448	104.4%				
97	—				
4.0%	—				
2,411	69.2%				
-291	—				
—	—				
33,479	85.2%				
-1,659	—				
-390	—				
—	—				



# Numbers of EDMs Ordered and Sold



## EDM Orders

(Units)

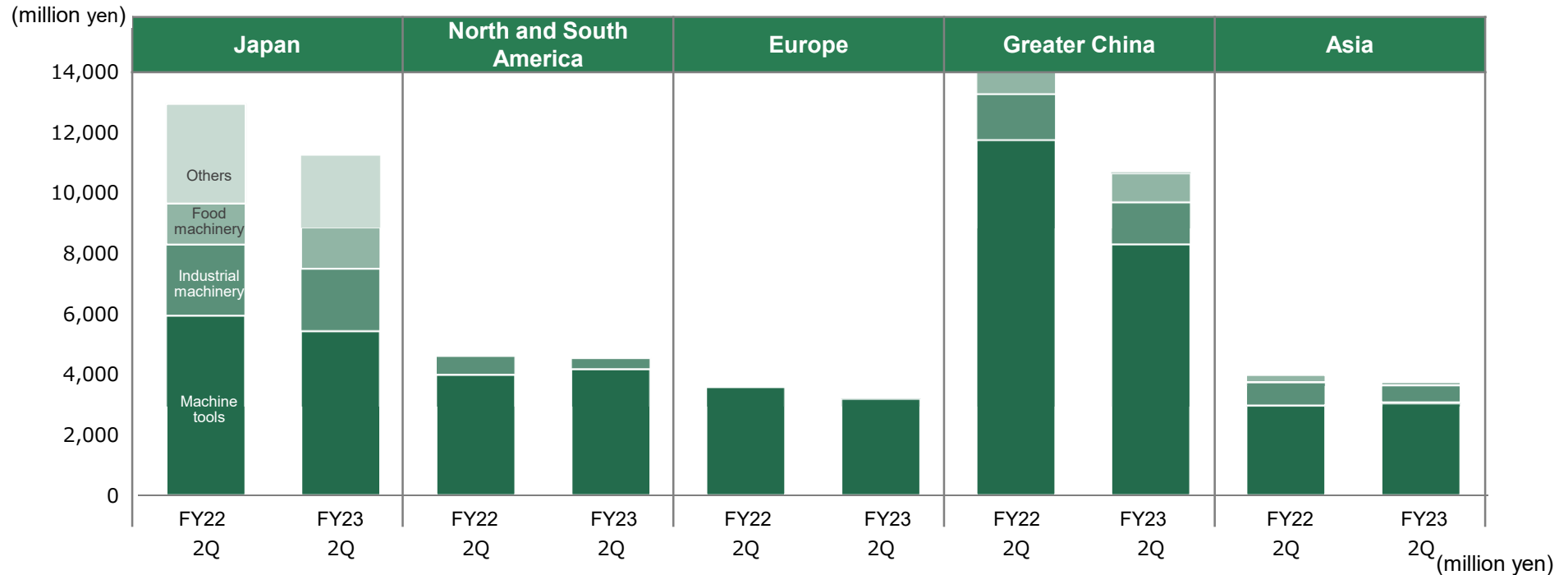
	FY2021					FY2022					FY2023				
	1-3	4-6	7-9	10-12	Total	1-3	4-6	7-9	10-12	Total	1-3	4-6	7-9	10-12	Total
North&South America	58	70	54	68	250	81	58	56	83	278	70	63			133
Europe	100	108	113	106	427	96	106	58	94	354	70	56			126
China	1,007	858	513	425	2,803	578	619	340	292	1,829	341	288			629
Asia	78	84	76	72	310	92	93	93	60	338	64	84			148
Japan	68	82	118	115	383	120	91	90	96	397	51	52			103
Total	1,311	1,202	874	786	4,173	967	967	637	625	3,196	596	543			1,139

## EDM Shipments

(Units)

	FY2021					FY2022					FY2023				
	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	52	73	51	81	257	68	58	73	86	285	66	77			143
Europe	68	82	92	111	353	108	97	80	88	373	84	65			149
China	467	705	711	582	2,465	514	522	418	352	1,806	284	338			622
Asia	67	71	48	75	261	89	66	110	95	360	59	59			118
Japan	61	48	61	100	270	125	105	79	86	395	108	64			172
Total	715	979	963	949	3,606	904	848	760	707	3,219	601	603			1,204

# Ratio of Overseas Sales by Segment



FY2022 2Q	Japan		North and South America		Europe		Greater China		Asia		Total	
Machine tools	5,940	21.0%	3,997	14.2%	3,602	12.8%	11,732	41.5%	2,972	10.5%	28,245	71.8%
Industrial machinery	2,351	44.8%	614	11.7%	—	—	1,507	28.8%	771	14.7%	5,244	13.3%
Food machinery	1,358	58.0%	8	0.3%	—	—	743	31.7%	233	10.0%	2,344	6.0%
Others	3,296	94.7%	—	—	—	—	185	5.3%	—	—	3,482	8.9%
By region – Total	12,946	32.9%	4,619	11.8%	3,602	9.2%	14,170	36.0%	3,978	10.1%	39,317	100.0%

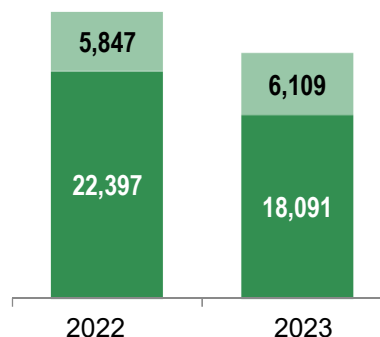
FY2023 2Q	Japan		North and South America		Europe		Greater China		Asia		Total	
Machine tools	5,428	22.4%	4,182	17.3%	3,224	13.3%	8,288	34.3%	3,077	12.7%	24,201	72.3%
Industrial machinery	2,062	46.7%	366	8.3%	24	0.6%	1,402	31.7%	561	12.7%	4,418	13.2%
Food machinery	1,369	56.0%	20	0.8%	—	—	952	38.9%	104	4.3%	2,448	7.3%
Others	2,367	98.2%	—	—	—	—	43	1.8%	—	—	2,411	7.2%
By region – Total	11,228	33.5%	4,570	13.7%	3,249	9.7%	10,687	31.9%	3,743	11.2%	33,479	100.0%

Effect of exchange rate      —      Around 0.37 billion yen      Around 0.25 billion yen      Around 0.28 billion yen      Around 0.15 billion yen      Around 1.05 billion yen

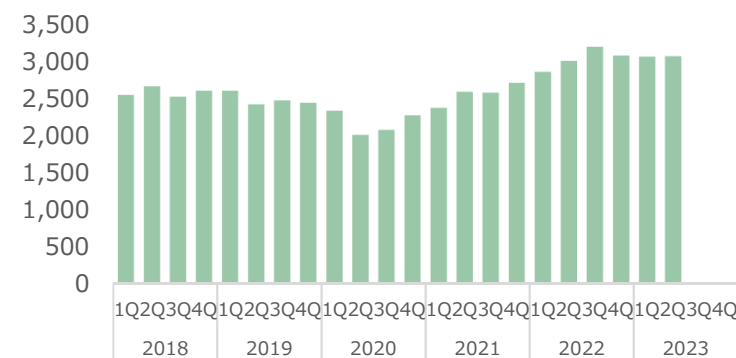
# Maintenance Service Ratio

## Breakdown of sales of machinery, maintenance services and consumables

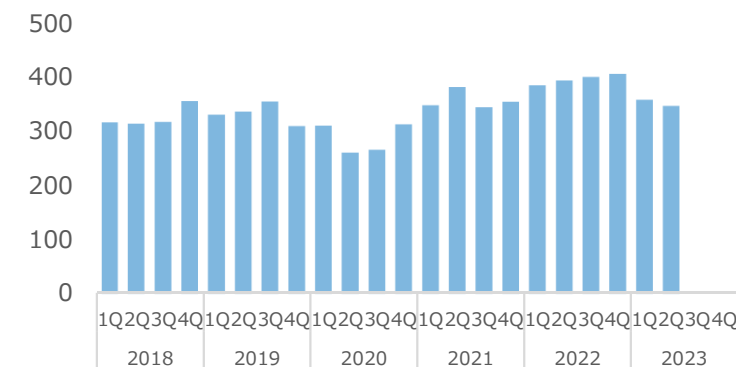
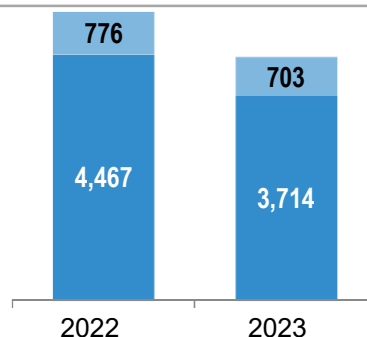
Machine tools	Q2 2022		Q2 2023	
Maintenance services and consumables	5,847	20.7%	6,109	25.2%
Machine sales	22,397	79.3%	18,091	74.8%
Total	28,245		24,201	



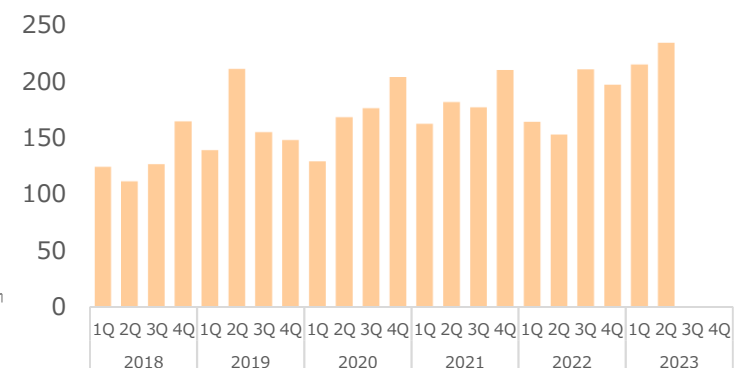
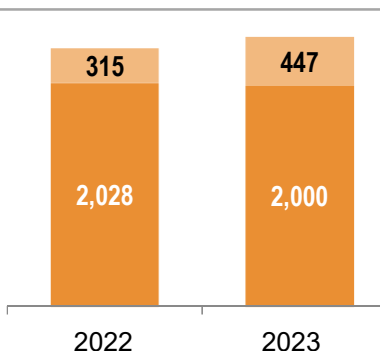
## Quarterly trends in maintenance services and consumables (million yen)











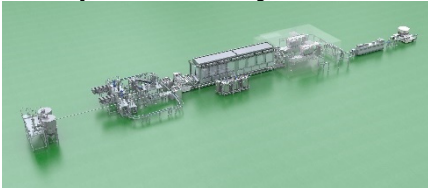












Industrial machinery segment	Q2 2022		Q2 2023	
Maintenance services and consumables	776	14.8%	703	15.9%
Machine sales	4,467	85.2%	3,714	84.1%
Total	5,244		4,418	



Food machinery segment	Q2 2022		Q2 2023	
Maintenance services and consumables	315	13.5%	447	18.3%
Machine sales	2,028	86.5%	2,000	81.7%
Total	2,344		2,448	

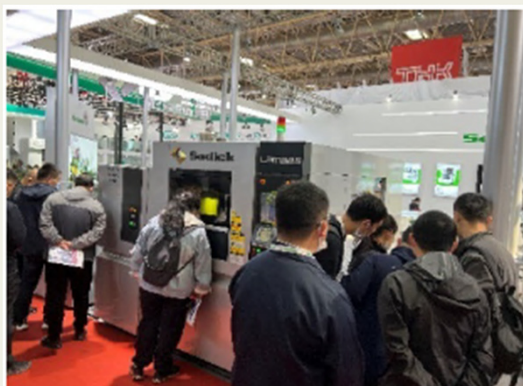


Segment	Machine tools	Industrial machinery	Food machinery
Key products	<p>Die-sinker EDM    Wire-cut EDM</p>   <p>Small Hole EDM    Metal 3D Printer</p>   <p>Machining center</p> 	<p>Horizontal injection molding machine</p>  <p>Vertical injection molding machine</p>  <p>Light metal injection molding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

# Exhibition Information

## The 18th China International Machine Tool Show (CIMT 2023)

Exhibited at CIMT 2023, a machine tools exhibition held in Beijing, China. The latest EDMs and metal 3D printers were exhibited, and solutions for the entire manufacturing process, including automation, which is a growing need, were presented.



### [Overview]

Session: April 10 to 15, 2023 (6 days)  
Venue: Beijing, China  
Visitors: About 155,000 people  
Exhibited machines:  
Die-sinker EDM "AL60G"  
Wire-cut EDM "ALN600Q"  
Wire-cut EDM "AP250L"  
Metal 3D printer "LPM325"

## The 35th International Exhibition on Plastics and Rubber Industries (Chinaplas 2023)

We exhibited three models of injection molding machines at Chinaplas 2023 in Shenzhen, China.

In addition to demonstrating the molding of automotive parts and connectors for communications, we also demonstrated the molding of metal parts for medical use (MIM molding) to highlight the technological capabilities of our products.



### [Overview]

Session: April 17 to 20, 2023 (4 days)  
Venue: Shenzhen, China  
Visitors: About 248,000 people  
Exhibited machines:  
Electric injection molding machine "MS100X"  
Horizontal injection molding machine "GL60A"  
High response horizontal injection molding machine "LP20EH3"

## ProPak Asia 2023

Our food machinery segment exhibited for the first time at ProPak Asia, one of the largest comprehensive exhibitions of manufacturing, processing and packaging held in Bangkok, Thailand.

Food samples such as noodles and packaged rice made with our products were exhibited, and various lineups of our food machinery were introduced.



### [Overview]

Session: June 14 to 17, 2023 (4 days)  
Venue: Bangkok, Thailand  
Exhibits: Food samples produced by the Company's machines  
(Noodle products, packed rice, etc.)

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