Sodick

Sodick Co., Ltd.

Integrated Report 2025

50th
Grow Forward
in the Next Era

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〉 Who We Are

This section introduces the Company's history, business background, and core values. It also outlines the role we have played in society and the principles we have upheld since our founding.

〉 Value Creation

This section outlines our approach to value creation through business activities and explains our business model. It also reports on initiatives aimed at addressing social issues and enhancing corporate value over the medium to long term.

〉 Strategy & Business

This section reports on the progress of initiatives targeting growth based on the Company's medium-term management plan and business strategies. It also outlines the measures and challenges involved in how to leverage our competitive advantages amid changing business conditions.

〉 Sustainability

〉 Data

Report Scope
Sodick Co., Ltd. and its consolidated subsidiaries

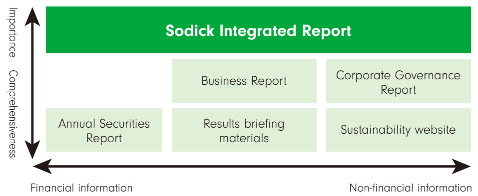
Report Period
This report covers performance for FY2025. Some of the content included herein dates from immediately before or after the period in question.

Information Disclosure Framework
This report features carefully selected, highly important information related to the enhancement of Sodick's corporate value.

Reference Guideline
This report was prepared with reference to the Guidance for Collaborative Value Creation, which serves as a common language with investors.

The Guidance for Collaborative Value Creation is "a common language" linking companies with investors. For companies (corporate executives), it lays out in a systematic and comprehensive manner the information (such as management philosophy, business models, strategies, and governance) that should be communicated to investors. It is a guide for improving the quality of information disclosure and dialogue with investors.

Media positioning



Environment
Social
Governance
価値協創ガイダンス
Guidance for
Collaborative Value Creation

Precautions concerning Forecasts

The current plans, strategies, etc., of Sodick and the Sodick Group described in this report that are not based on historical fact are merely future forecasts, and contain elements of risk and uncertainty. Please be aware that actual performance may differ significantly from these forecasts for a variety of reasons.

There are a number of important factors that could potentially affect our performance. These include the economic climate surrounding the business fields of Sodick and the Sodick Group in Japan, the Americas, Europe, Greater China, Asia, and other regions; downward pressure on prices due to changes in demand for Sodick's products and services and intensifying competition; our ability to continue to provide products and services that are well-received by customers in markets where competition is intense; fluctuating exchange rates; and an increase in global pandemics. Factors that could potentially affect our performance are not limited to those mentioned here.

— Sodick's Origins —

Sodick Group, under the founding spirit of "Create," "Implement," and "Overcome Difficulties," aims to provide the highest value to customers, and strives to contribute to a sustainable society as a company that will "Create Your Future."

— New Corporate Philosophy —

In August 2026, Sodick will celebrate its 50th anniversary. To mark this significant milestone, we have adopted the theme, "Grow Forward in the Next Era." This theme reflects our commitment to respecting our origins as well as technologies and values that have defined the Company since its founding. At the same time, it expresses our determination to continue evolving and help shape the next era by addressing the growing need for more advanced, precise, and efficient manufacturing processes amid major changes in society and industrial structures.

To translate this determination into concrete action and more clearly define the future we desire over the next 50 years, we established a new corporate philosophy consisting of our Purpose, Mission, Vision, and Value. Guided by this message, employees across the globe will continue embracing challenges under a shared set of values.

Toward Further Growth in a New Era—As We Mark Our 50th Anniversary

Sodick will celebrate its 50th anniversary in August 2026. This milestone has been made possible by the support of our customers, business partners, shareholders, and investors over the past 50 years. It is also the result of the dedication of our past and present employees and management, who have guided the Company through numerous economic downturns and safeguarded its continued existence. I am sincerely grateful for the commitment to “Create,” “Implement,” and “Overcome Difficulties” demonstrated by our predecessors, having laid the foundation for Sodick to advance toward the next 50 years.

Sodick was established in 1976 in Yokohama by its founder, Toshihiko Furukawa, together with his colleagues. Until a few years ago, some employees from the time of our founding remained with the Company, but they have all since retired, and today the workforce consists of second-generation and later employees. At our recent 44th dealer conference, I met people who knew the Company well from its early days as a venture company. I have been with the Company for nearly three decades. Over that time, I have found that almost everyone involved with Sodick deeply understands our founder’s vision of developing machines to help realize the aspirations of people across all areas of manufacturing. Meanwhile, televisions have evolved from cathode-ray tube models to large, flat-panel displays, mobile phones have given way to smartphones, and automobiles have advanced through hybridization and electrification. Amid these changes, Sodick has consistently enabled customers to create what they aspire to build and what society demands. Through this process, the Company has refined its technologies and strengthened its competitiveness. This commitment has remained unchanged for 50 years and will never waver going forward.

Until shortly before our founding, the EDMs on the market were still quite rough around the edges and not suitable for precision processing. Sodick was the first in the world to develop a die-sinker EDM equipped with an NC unit capable of numerical control, enabling anyone to perform complex and precise machining. Sodick subsequently expanded its sales beyond Japan’s mold industry to customers overseas and steadily advanced its production operations into Thailand and China. In pursuit of the highest-precision machines of any era, we have developed and manufactured in-house materials and technologies that did not yet exist in the market. Ceramics and linear motors we developed during this time remain core technologies of the Company today. Another key advantage of our machines is that they deliver ultra-precision processing with limited wear and degradation of the equipment itself.

Since the 2000s, we have focused on the ultra-precision processing field and advanced developments in such areas as nanomachines. In the process, we developed the EXC100L, a wire-cut EDM offering the highest level of precision. The machine was ideally suited for producing molds for optical fiber connectors. As this was considered a niche field at the time, however, it was adopted only by a limited number of customers in Japan, and sales did not grow at all. More than 20 years on, it is now drawing attention from customers worldwide, with orders surging. Having already established a technological foundation for ultra-precision processing ahead of the market, we are now able to promptly provide the machines with ultra-precision processing that many customers require. This has become especially evident as the era of big data and AI has fully arrived. In addition, inquiries for our high-value-added products from customers in advanced fields, such as aerospace and medical, are increasing. This reinforces our sense that Sodick is at the forefront of cutting-edge global manufacturing innovation.

Looking to transition into a new phase as we mark our 50th anniversary, we have spent the past decade driving reforms to both our business model and organizational structure. Starting with the structural reforms launched in 2023, we have been building a business structure resilient to fluctuations in exchange rates and market conditions. With this foundation and the strength of our technologies, we are confident that we can continue contributing to the future of manufacturing demanded by our customers over the next 50 years. Under President Akutsu’s leadership, moreover, we started and are fully committed to operational reforms and strengthening our organizational capabilities, giving me assurance that Sodick will become even stronger.

While the spirit inherited from our founder will remain unchanged, we will continue to evolve by changing where necessary and elevate our organization as we strive to remain an indispensable partner in global manufacturing. We believe that enhancing Sodick’s earnings power and capital efficiency to increase corporate value is in the best interests of all stakeholders, including shareholders and investors. We look forward to your continued support.

Kenichi Furukawa
Chairman and Representative Director

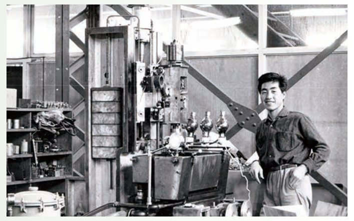
Continuing to Create Your Future

Since its founding, Sodick has expanded its businesses to address its customers' manufacturing challenges by leveraging its original technological development capabilities, achieving steady growth. We have built our business foundation throughout our journey of supporting the global expansion of Japanese technology. Going forward, we will continue supporting the evolution of manufacturing and the development of a sustainable society.

1976—

1976 Established Sodick Co., Ltd.

Developed the world's first NC die-sinker EDM with a microcomputer



Toshihiko Furukawa at the time of Sodick's establishment in 1976

MD5B
NC die-sinker EDM with a microcomputer

1980 Opened Fukui Office

Commenced sales activities in the United States
Acquired shares of Sodick-Inova Inc. (currently, Sodick, Inc.)

Developed software for NC die-sinker EDMs

1981 **Developed an NC wire-cut EDM**

1983 Commenced sales activities in Europe
Established Sodick Europe GmbH

Established the National Sodick Dealer Association

1984 **Developed a small-hole drilling EDM**

1986—

1986 Listed on the Second Section of the Tokyo Stock Exchange

1987 Opened Kaga Factory

Started production of ceramics, one of our core technologies

1988 Commenced production in Thailand
Established Sodick (Thailand) Co., Ltd.

Sodick (Thailand) Co., Ltd.

1989 **Developed an injection molding machine incorporating V-LINE technology to achieve precision processing**

TR50S2
Injection molding machine with our proprietary V-LINE technology

1991 Acquired shares of Japax, Inc.

Started software development in China
Established Shanghai Sodick Software Co., Ltd.

1993 Commenced sales activities in Singapore
Established Sodick Singapore Pte., Ltd.

1994 Began setting up production and sales structure in China
Established Suzhou Sodick Special Equipment Co., Ltd. as a production site in China; also established sales subsidiaries and other entities

China Suzhou Factory

1996—

1996 Commenced sales activities in Malaysia
Established Sodick Technology (M) Sdn Bhd.

1997 Commenced sales activities in Taiwan
Established Sodick (Taiwan) Co., Ltd.

Strengthened sales structure in China
Established Sodick Electromechanical (Shanghai) Co., Ltd.

Developed a precision machining center

Commenced sales activities in Hong Kong
Established Sodick (H.K.) Co., Ltd.

1998 **Developed a hybrid injection molding machine that combines the strengths of hydraulic and electric motor drive technologies**

Developed the world's first EDM and machining center equipped with linear motors

AM35L
World's first EDM equipped with linear motor

2000 Established Sodick America Corporation in Silicon Valley, United States, as an R&D site

Established SODICK INTERNATIONAL LIMITED (currently, Sodick Europe Ltd.) in the United Kingdom as a sales site for Europe

2001 Strengthened sales structure in China
Established Sodick International Trading (Shenzhen) Co., Ltd.

2002 Commenced sales activities in South Korea
Established Sodick Korea Co., Ltd.

Strengthened development of ultra-precision processing equipment
- **Ultra-precision linear nano-machining center**
- **Completed ceramic-made, linear motor drive ultra-precision NC wire-cut EDM**
- **Small ultra-precision linear motor drive NC die-sinker EDM, etc.**

EXC100L
NC wire-cut EDM equipped with completed ceramic-made, linear motor drive to achieve ultra-precision processing

2004 Strengthened sales structure in Germany
Established Sodick Deutschland GmbH

2006—

2006 **Developed the world's first fully automated wire-cut EDM CAM utilizing artificial intelligence**

Strengthened production structure in China
Established Sodick Amoy Co., Ltd.

China Amoy Factory

2007 **Entered the food machinery business (noodle-making machines)**

2008 **Developed a high-performance recycled electrode wire for wire-cut EDMs**

2009 Commenced sales activities in India
Established Sodick Technologies India Private Limited

2010 **Entered the LED lighting business**

2012 Commenced sales activities in Vietnam
Established Sodick Vietnam Co., Ltd.

2013 Strengthened production in Thailand
Opened second factory of Sodick (Thailand) Co., Ltd.

2014 **Developed a linear motor drive precision metal 3D printer**

OPM250L
Linear motor drive precision metal 3D printer

2015 Listed on the First Section of the Tokyo Stock Exchange

2016—

2017 **Developed aseptically-packed cooked rice production systems**

Cooked rice production systems
(part of aseptically-packed cooked rice production systems)

2018 Opened multi-factory at Kaga Factory

Kaga multi-factory

2019 **Developed the world's first "SRT method" for stable molding of large-scale metal mold parts using metal 3D printers**

Strengthened sales structure in Europe
Opened technical center at Sodick Europe Ltd.

2020 Recognized by the Ministry of Economy, Trade and Industry as one of the "2020 Global Niche Top Companies Selection 100"

Developed an injection molding system that improves the productivity of biodegradable plastics

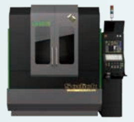
2022 Transferred to the Prime Market of the Tokyo Stock Exchange

2023 Strengthened production structure in China
Opened new factory at Sodick Amoy Co., Ltd.

Strengthened food machinery production structure in Japan
Expanded food machinery plant at Kaga Factory

Commenced sales activities in Mexico
Established SODICK TECHNOLOGIA MEXICO, S.A. DE C.V.

Developed a femtosecond laser processing machine



LSP5070
Femtosecond laser processing machine

2025 Strengthened metal 3D printer business in Europe
Acquired Prima Additive S.r.l. (currently, AltForm S.r.l.), making it a subsidiary

Entered capital and business alliance with Advantage Partners, Inc.

Toward Further Growth in a New Era—
As We Mark Our 50th Anniversary

50th
Grow Forward
in the Next Era

Sodick

At a Glance

Sodick in Numbers

As of December 31, 2025

Financial information

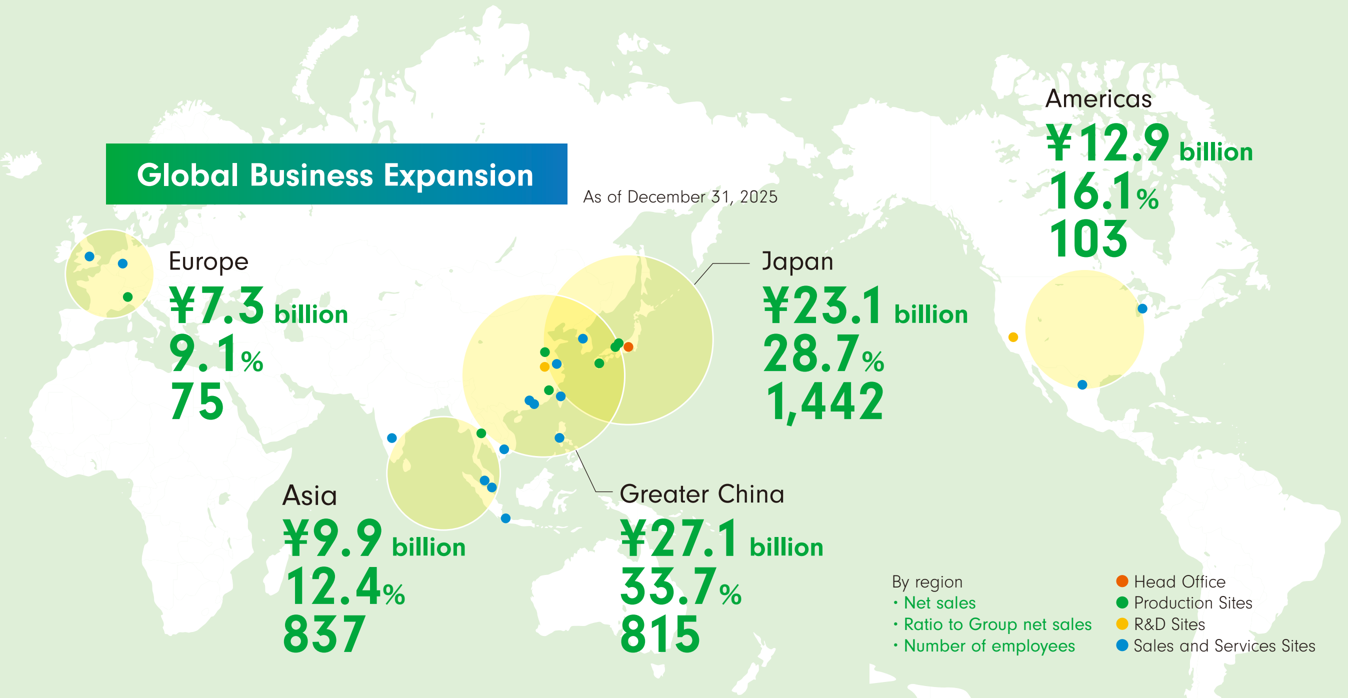
Net sales	¥80.5 billion
Operating profit margin	5.2%
Ratio of R&D expenses to net sales	4.3%
Equity ratio	58.1%

Non-financial information

Established	1976
Solar power generation (FY2025 results)	3,913 MWh
Number of patents held	816
Ratio of External Directors	58.3%

Global Business Expansion

As of December 31, 2025



Overseas sales ratio	Number of employees (consolidated)	Ratio of overseas employees	Number of consolidated subsidiaries	Sales in
71.3%	3,272	55.9%	21	67 countries and regions

Sodick Is All Around You

Our technologies and machines play a behind-the-scenes role, supporting manufacturing across a variety of industries, including automobiles, electronic components, semiconductors, medical devices, and food.

① Automobiles

Our products support the manufacturing processes for various functional automotive components, including sensors, motors, and electrical parts.

② Information/communications and electrical/electronics

Our products support the manufacturing processes for fine and high-precision components for smartphones, optical connectors for data centers, semiconductors, and the like.

③ Aerospace

Our products enable the machining of items that require a high degree of reliability, including turbine blades and other engine components of aircraft and rockets.

④ Medical devices

Our products support the manufacture of various medical products, including surgical implants, syringes, and surgical robots.

⑤ Noodles

We provide turnkey solutions covering the entire production line for chilled noodles, frozen noodles, long shelf-life noodles, and the like.

⑥ Packaged cooked rice

We provide turnkey solutions covering the entire production line for packaged cooked rice sold at supermarkets and convenience stores.

⑦ Precooked side dishes, confectionery, etc.

Our products support the manufacture of a wide variety of food products, including precooked side dishes and confectionery.

Sodick's Value Creation Process

Guided by its unique development philosophy, Sodick has cultivated its strengths by sincerely listening to the voices of its customers. We will continue addressing a wide range of social issues and market needs through new technologies and products that we develop in close partnership with our customers. Our aim is to help build a sustainable society through manufacturing.

PURPOSE

Driving the Future of Manufacturing through Creativity and Innovation

Helping Resolve Social Issues

OUTPUT/OUTCOME

Value delivered to society

Contributing to evolving manufacturing

Contribute to the foundation for economic development through the advancement of sophisticated manufacturing

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Addressing environmental management

Use renewable energy and reduce CO_2 emissions to achieve carbon neutrality

7 AFFORDABLE AND CLEAN ENERGY / 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE / 12 RESPONSIBLE CONSUMPTION AND PRODUCTION / 13 CLIMATE ACTION

Corporate value enhancement

FY2029 targets	
Net sales:	¥100 billion
Operating profit:	¥10 billion
PBR:	1.0x
ROE:	8.0%
EPS:	¥130

Promoting diversification of human resources

Further promote a corporate culture in which diverse employees can work comfortably with a sense of satisfaction

5 GENDER EQUALITY / 8 DECENT WORK AND ECONOMIC GROWTH / 10 REDUCED INEQUALITIES

Strengthening governance

Strengthen both offensive and defensive governance to support management as the Company grows

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Emerging Social Issues

Changes in the External Environment

INPUT FY2025

Human capital

Human resource base with global capabilities and specialized expertise

No. of employees (consolidated): 3,272

Ratio of overseas employees: 55.9%

Social-related capital

Long-term partnerships built on trust

Sales in 67 countries and regions

Overseas sales ratio: 71.3%

Financial capital

Sound financial base supporting sustainable growth

Equity ratio: 58.1%

D/E ratio: 0.54 times

Intellectual capital

Technologies and intellectual property that drive competitiveness

R&D investment: ¥3.4 billion

No. of patents held: 816

Manufacturing capital

Production base supporting high precision and quality

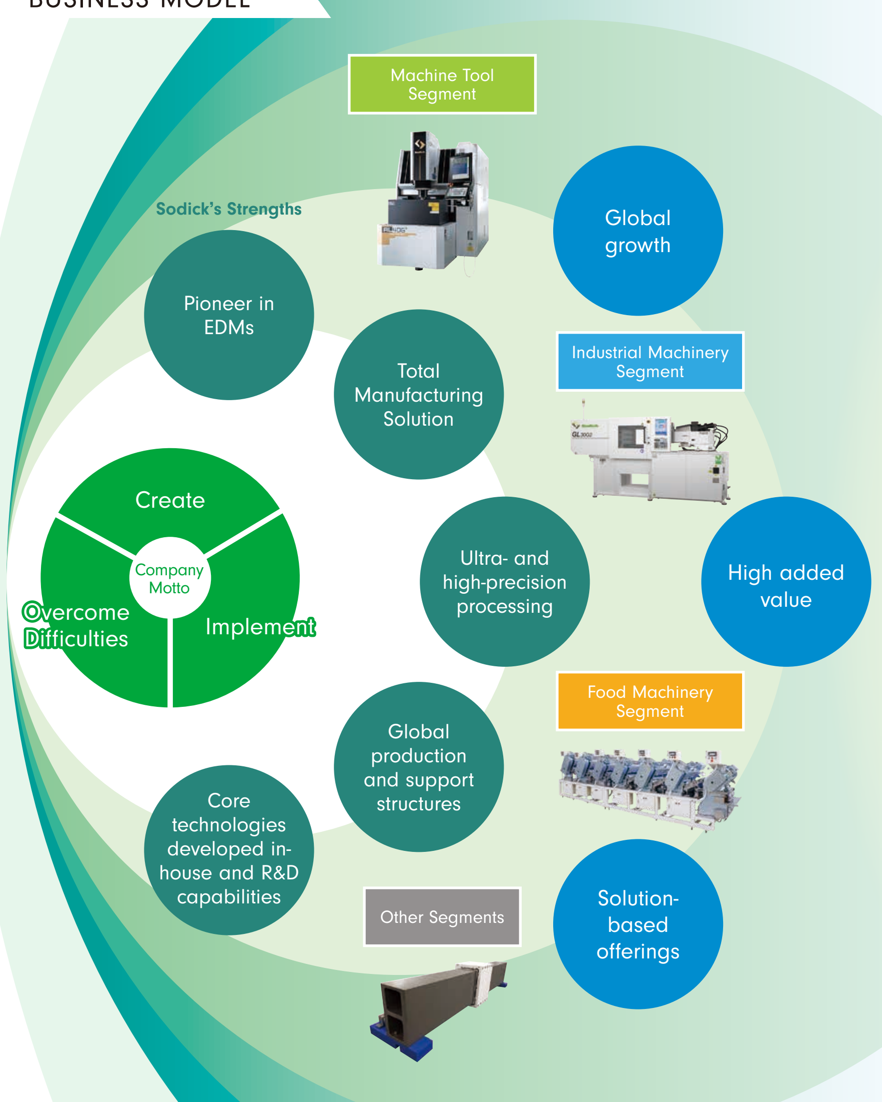
Capital investments: ¥2.3 billion

Natural capital

Initiatives to reduce environmental impact

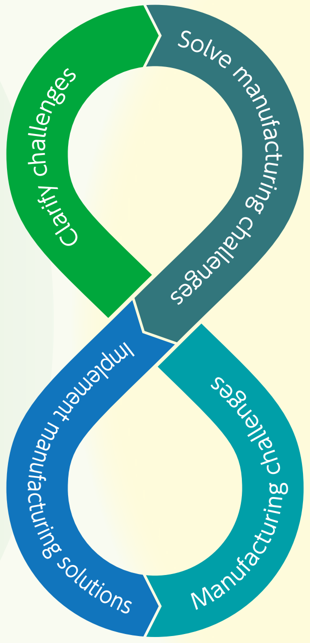
Solar power generation: 3,913 MWh

BUSINESS MODEL



VALUE

With Our DNA of Creativity, Implementation, and Overcoming Difficulties, We Keep Moving Forward with Integrity



VISION

An Essential Partner in Every Manufacturing Sector

MISSION

Solving Customer Challenges and Building the Future Together

TOP MESSAGE

Message from the President

Yuji Akutsu

CEO, President and Representative Director

As Sodick celebrates its 50th anniversary, 2026 marks a pivotal year in our journey to enhance corporate value and build an even stronger foundation for the next 50 years.

Looking back on FY2025 business environment and performance

Looking at the business environment over the past year, numerous uncertain factors emerged, including U.S. tariff policies, sluggish internal demand in Greater China, economic stagnation in Europe, inflation, fluctuations in foreign exchange rates, and rising geopolitical risks in regions like Ukraine and the Middle East. As a result, economic conditions varied significantly across countries and regions. Moreover, no region as a whole was uniformly strong or weak. Economic trends and investment cycles differed by industry, with some sectors showing robust capital investment while others remained sluggish, and we expect this trend to continue. Regionally, the United States remained strong, while the electronic components and semiconductor sectors were particularly active in Greater China. By industry, demand for optical connectors for data centers, electronic components, and semiconductors remained robust, driving active capital investment. This, in turn, also stimulated the energy industry, which supplies power to data centers. The aerospace sector was also solid. Meanwhile, the automotive industry remained sluggish across the Japanese, U.S., and European markets due to production adjustments and revisions to investment plans caused mainly by U.S. tariff policies and a reassessment of the shift toward electric vehicles (EVs).

Under these conditions, we undertook Group-wide structural reforms based on the policies of reducing dependence on the Chinese market, pursuing selection and concentration, restructuring our global production and sales systems, and improving our balance sheet. In the machine tool segment, we relocated a significant portion of production from the Suzhou Factory to the Amoy Factory, thereby optimizing our overall production capacity in China. Following the relocation, we established the new Suzhou Technical Center as a services site for customers in the region. Accordingly, we have largely completed restructuring our operations in China. We improved profitability by consolidating production and increasing factory operating rates. In the industrial machinery and food machinery segments, we focused on sales of high-value-added models and accelerated efforts to reinforce new product development.

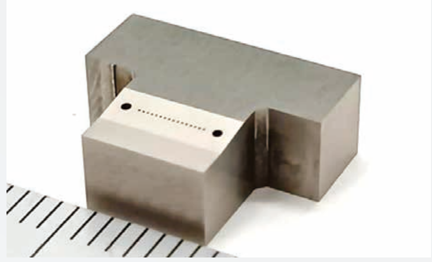
As a result, in FY2025, the Group recorded higher net sales of 80,572 million yen (up 9.4% year on year) and higher operating profit of 4,224 million yen (up 89.4%). The significant jump in operating profit was due to improved profitability resulting from higher sales, enhanced productivity associated with increased production volumes, and the progress of our structural reforms.

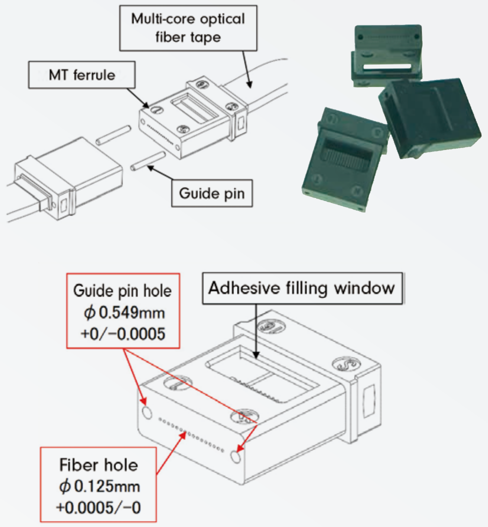
Sodick's ultra-high-precision manufacturing capabilities gaining new attention

Among our achievements in FY2025, what I value most is that Sodick's most advanced technologies gained recognition in growth markets around the world. In particular, our ultra-high-precision, high-value-added products generated strong demand, which contributed to our business results.

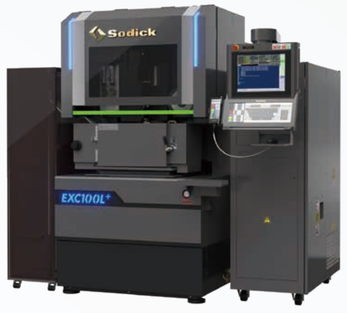
Most notably, our EXC100L wire-cut EDM attracted significant attention for use in manufacturing molds for MT ferrules—ultra-precision optical communication connectors—resulting in a sharp rise in customer inquiries. Originally developed more than 20 years ago as Sodick's highest-precision EDM, this product was redesigned to align with current procurement and manufacturing processes and newly launched as the EXC100L+. Behind these market trends is the explosive spread of generative AI, which has rapidly driven up global demand for AI chips, servers, and data center infrastructure. To achieve the ultra-high-speed communication environments required in the AI era, connectors need to become multi-core in design. In addition to the conventional 12-core configuration, demand is rising for high-density technologies that support next-generation 48-core and 72-core configurations. This is precisely why customers chose Sodick's EXC100L+, with its capability for ultra-high-precision pitch processing. Moreover, MT ferrule manufacturing demands high precision in not only mold fabrication but also the hole drilling and molding processes. This has also driven growing orders for our K3BL small-hole drilling EDM and LP20EH4 precision injection molding machine—both designed to complement the precision capabilities of the EXC100L+.

Mold for MT ferrule





MT ferrules (connectors used in optical communications) are seeing improved precision as they become multi-core in design.



EXC100L+
Ultra-precision wire-cut EDM
Received the Nikkan Kogyo Shimbun 110th Anniversary Special Award at the 2025 (68th) Best 10 New Product Awards

K3BL
Small-hole drilling EDM

LP20EH4
Precision injection molding machine

In addition, we are receiving more inquiries about our products for various applications, such as high-precision turbine blades for the energy and aerospace sectors and precision parts for medical devices. High-precision processing has become an indispensable requirement amid the rapid global expansion of advanced industries. High-precision processing equipment—once required only by a few select cutting-edge companies—is now attracting strong demand and underpinning the expansion of the global market. As times have changed, the technical expertise we had built up over the years came into the spotlight, allowing Sodick's strengths to truly shine.

We are now entering a period of major transformation in the industrial structures. We believe the next wave of growth will come from the full-scale adoption of physical AI and robots. Our plan is to capture this major trend, which is expected to drive strong demand for ultra-high-precision manufacturing, and translate it into future business growth.

Furthermore, while much of Japan's mold industry has relocated overseas, we expect to see ongoing developments domestically in the fields of semiconductors, electronic components, cutting-edge EV and automotive technologies, high-end products, difficult-to-machine materials, and ultra-precision processing. With this in mind, Sodick will continue supporting Japan's advanced manufacturing industries and helping them enhance their global competitiveness.

Strengthening our metal 3D printer business with the addition of AltForm

Prima Additive, an Italian manufacturer of metal 3D printers that officially joined the Group in May 2025, recently changed its name to AltForm. Sodick's metal 3D printers use the powder bed fusion (PBF) method, which is designed for mold manufacturing, while AltForm's products use the directed energy deposition (DED) method, which is designed for parts manufacturing. The two companies' business areas also differ, with Sodick focusing mainly on the Japanese and Asian markets, while AltForm primarily targets European and U.S. markets. Both companies already have delivery track records in the U.S. market. Therefore, we believe we can further strengthen competitiveness by cross-selling in global markets, expanding each other's product lineups, and developing new fields and applications.

AltForm is a highly advanced company capable of developing everything, including software programs, in-house. Moreover, its metal 3D printers provide an optimal solution for addressing the upcoming full enactment of Euro 7* regulations in Europe concerning tire wear particles (microplastics). Specifically, AltForm's technology applies a coating process to brake pads to prevent the dispersion of tire wear particles, and in 2026, we plan to establish a full-scale production system for its commercial deployment. Moreover, Sodick's LPM450 and OPM250L+ are already being deployed in mold markets for such applications as gigacasting in the automotive and aerospace sectors. Accordingly, we aim to leverage synergies between the two companies to develop the metal 3D printer business into a strong growth driver for the Group.

altform-pb400

* Euro 7 is a comprehensive type approval regulation that governs exhaust emissions, brake particulate matter, tire wear, and battery durability.

Transition to medium-term management plan based on the desired position in four years to accelerate growth

In February 2026, we announced our medium-term management plan, through which we aim to adopt a more proactive management approach. Until now, we have worked hard to become a truly growth-oriented company, but our 100 billion yen sales milestone proved to be an extremely high hurdle that we could not overcome. Because our business model is highly susceptible to economic fluctuations, we had traditionally adopted rolling management targets. However, this tended to obscure our medium- to long-term perspective and prevented us from advancing to the next stage of growth, which was a dilemma. With this in mind, we formulated a medium-term management plan based on the desired position in four years that clearly defines our performance targets for all stakeholders, both inside and outside the Group. Under the plan, our targets for four years from

Management targets of the medium-term management plan through FY2029

	FY2025 result	FY2026 forecast	FY2029 target
Net sales	¥80.5 billion	¥88.5 billion	¥100 billion
Operating profit Operating profit margin	¥4.2 billion 5.2%	¥5.5 billion 6.2%	¥10 billion 10.0%
PBR (Price book-value ratio)	0.5x	–	1.0x
ROE (Return on equity)	5.2%	5.6%	8.0%
EPS (Earnings per share)	¥89	¥100	¥130

now (FY2029) are net sales of 100 billion yen and operating profit of 10 billion yen. Considering our position as a manufacturing company with a high level of in-house production, achieving approximately 25% net sales growth and establishing a business structure capable of sustaining a 10% operating profit margin will be extremely challenging tasks. To realize these goals, we will concentrate resources on high-value-added areas, implement structural cost reforms, strengthen after-sales service profitability, and reshape our business portfolio through M&As and other initiatives.

We also established capital efficiency targets, which we had not previously presented clearly. Achieving these targets will require fundamental management reforms and growth initiatives. Accordingly, we will work together with Advantage Partners (AP), with whom we announced a capital and business alliance in 2025. By fully absorbing AP's management expertise, global network, and implementation skills, we aim to establish a management structure enabling us to operate independently even after AP's exit. Through our alliance with AP, moreover, we will raise 10 billion yen and, together with our own funds, establish a strategic investment framework of 20 billion yen over four years to promote expansion into growth fields, DX initiatives, productivity reforms, and human resource enhancement. Through these efforts, we aim to generate 50 billion yen in operating cash flow over the four-year period of the plan.

Operational reforms to strengthen both human resources and organizational capabilities

As industrial structures undergo global transformation, we in the manufacturing industry must also significantly evolve our organizations. We share this recognition of the challenge in our discussions with customers.

In the past, our competitive edge was built on advanced core technologies and skilled engineers, but it has now become extremely difficult to secure skilled personnel. Unless we actively incorporate AI and other technologies into every stage of our business—including manufacturing and quality control, as well as design, development, and procurement—and significantly improve productivity, we will not be able to generate sufficient profits to fuel business growth. Our role is to provide machinery and solutions that address these business challenges faced by our customers, and we must significantly enhance the value we deliver.

Regarding technical personnel, we are working closely with our R&D leadership to recruit specialists in new fields through job-based hiring while working to acquire new skills through our internal engineer development programs. We already have multiple non-Japanese employees working within the Group, and we intend to continue increasing the number of talented personnel regardless of nationality. With regard to management talent, we started by launching a new leadership development framework in Japan. We also established a Talent Development Committee that will identify and pool high-potential talent and provide individualized development while incorporating a bottom-up approach. Regardless of age, we aim to appoint individuals to executive officer positions based on their abilities and develop them as future CXO candidates. At that time, reducing dependence on specific individuals will become extremely important. We want to move away from a structure that easily becomes person-dependent and appoint leaders capable of building robust functional systems, while maintaining a strong pipeline of backup talent.

We brought in members from AP and launched operational reforms. The greatest value of our partnership with AP lies in the ability to objectively assess every stage of Sodick's value chain through external insight and expertise. In particular, AP has experience in corporate evaluation and reform across diverse industries, enabling it to identify issues that internal staff cannot detect on their own. It is extremely important for employees themselves to recognize the resources and systems the Company lacks and to build concrete mechanisms to address them. Our targets of 100 billion yen in net sales and 10 billion yen in operating profit are certainly challenging, but they represent only a milestone for us. Beyond that, our people and organization must advance to higher levels in order to achieve the next stage of growth.

Fostering unity to become a truly global company

In August 2026, Sodick will celebrate its 50th anniversary, thanks to the support it has received over the years. I would like to express my sincere gratitude to all stakeholders, including customers, shareholders, and investors, who have supported the Company.

As we embark on the next 50 years, we established a new corporate philosophy—consisting of our Purpose, Mission, Vision, and Value—to foster shared values and a sense of unity among all employees. Over the past 50 years, our employees have worked hard under our company motto of "Create," "Implement," and "Overcome Difficulties." Today, however, Sodick generates 70% of net sales outside Japan and more than half of its employees are based overseas, so we believed we needed to adopt language that people in every country could easily understand. We also created a brand story that connects the corporate philosophy so that employees working at sites around the world will not lose their sense of direction when they face challenges or difficulties in their work. I hope this will serve as a foundation that helps individual employees reflect on why they work at Sodick and what they are striving to achieve.

I have spent most of my career working overseas and am often told within the Company that I represent a different style of leadership from my predecessors. Over the next 50 years, I want to build Sodick into a truly multinational organization that is not bound by the mindset of any particular country or region. We aim to become a multinational corporation originating in Japan, and I sincerely ask for your continued trust and support as we build the next 50 years together.

Sodick's brand story

We promise to drive the future of manufacturing through creativity and innovation, powered by our core strengths that have driven our product development.

By solving customer challenges and building the future together, we will continue to be an essential partner in every manufacturing sector.

In pursuit of this vision with our DNA of creativity, implementation, and overcoming difficulties, we keep moving forward with integrity.

On our 50th anniversary, we move into as we look towards the future, we aim to "Grow Forward in the Next Era."

Medium-Term Management Plan 2026–2029

Transforming the Medium-Term Management Plan Based on the Desired FY2029 Position

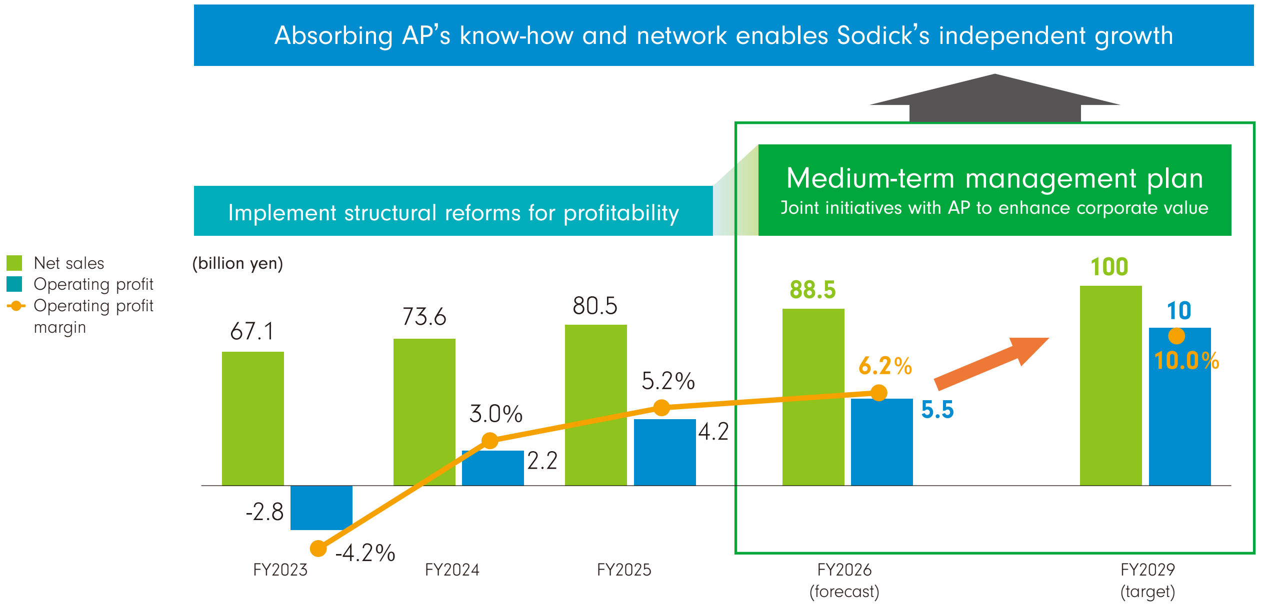
The Company has historically operated rolling three-year plans to maintain flexibility in addressing changes in the management environment. However, to more clearly communicate our management targets for enhancing corporate value over the medium to long term, the medium-term management plan beginning in FY2026 was based on the desired FY2029 position. The plan covers a four-year period through FY2029, with strategies and annual targets established by working backward from the goals set for the final year. Our management will take clear responsibility for this plan and work to ensure its steady execution.

	Previous medium-term management plan	Medium-term management plan toward FY2029
Period	• Three-year plan based on annual accumulation	• Clarify the desired position in four years (FY2029)
Target setting	• FY1 based on current performance • FY2–3 based on extending initial-year forecasts	• FY1 remains based on current performance • Set ambitious targets starting from the desired FY2029 position
Focus areas	• Net sales and operating profit as the main indicators	• Focus on indicators contributing to enhancing corporate value, such as ROE and PBR
Progress monitoring/updates	• Annual rolling updates (review-focused)	• Abolish rolling updates • Monitor progress through various measures • Execute action plans firmly

Positioning of the Medium-Term Management Plan

To date, we have achieved growth by expanding sales in global markets under a business model centered on EDMs. However, the business environment has become increasingly volatile in recent years, evidenced by wider fluctuations in regional demand and other factors. This highlighted the need to reassess our traditional business structure and growth model. In FY2023, our performance declined significantly, due in part to the impact of the market correction in China, resulting in an operating loss. While market conditions have since begun to improve, our experience underscored the vulnerability of our business structure to changes in specific markets. In light of this, we have come to recognize that, to transform our overall business structure and build a more stable foundation for growth, we must take steps that go beyond simply continuing along our current path.

With this in mind, under the medium-term management plan, we will work to transform both our business model and organizational structure by utilizing external expertise and networks. Under our capital and business alliance with Advantage Partners (AP), for example, we will enhance our sales capabilities, expand solution-based businesses, optimize inventory levels, and explore M&A opportunities. In these and other ways, we will strengthen our earnings base and improve the quality of our growth, with the aim of sustainably increasing corporate value over the medium to long term.



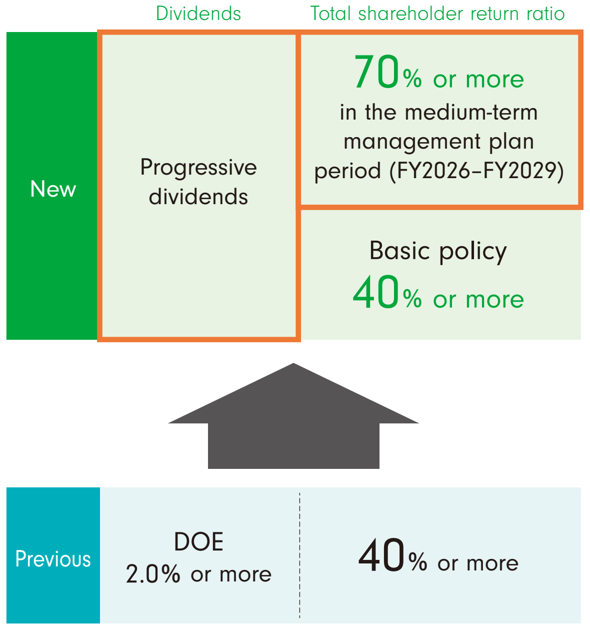
Key Indicators of the Medium-Term Management Plan

Our targets for FY2029, the final year of the plan, are net sales of 100 billion yen, operating profit of 10 billion yen, and an operating profit margin of 10%. The plan also clearly states our intention to further strengthen management that is conscious of cost of capital and stock price. As targets related to capital profitability and market valuation, we have set a PBR of 1.0 times or higher, ROE of 8% or higher, and EPS of 130 yen.

- We aim to achieve 100 billion yen in net sales and 10 billion yen in operating profit in FY2029.
- We aim to achieve PBR, ROE, and EPS as early as possible.

	FY2025 result	FY2026 forecast	FY2029 target	FY2025 ➡ FY2029
Net sales	¥80.5 billion	¥88.5 billion	¥100 billion	+5.5% /per year
Operating profit	¥4.2 billion	¥5.5 billion	¥10 billion	+24.0% /per year
Operating profit margin	5.2%	6.2%	10.0%	+4.8 pp
PBR (Price book-value ratio)	0.5x	–	1.0x	+0.5
ROE (Return on equity)	5.2%	5.6%	8.0%	+2.8 pp
EPS (Earnings per share)	¥89	¥100	¥130	+¥41

Enhancing Shareholder Returns



With regard to shareholder returns, our basic policy has been to maintain a dividend on equity (DOE) ratio of 2% or more and a total shareholder return ratio of 40% or more. Under the plan, we will continue steadily executing growth investments. At the same time, we have revised our shareholder return policy with a stronger emphasis on improving capital efficiency and enhancing returns to shareholders.

During the period of the medium-term management plan (FY2026–2029), we will target a total shareholder return ratio of 70% or more, reflecting business growth and improved cash flows, and we have also introduced a progressive dividend policy as a new initiative. At the same time, we will maintain our previous total shareholder return ratio target of 40% or more as the minimum threshold and flexibly determine the level and method of shareholder returns based on our business performance and investment opportunities. Rather than viewing growth investments and shareholder returns as mutually exclusive, we will pursue enhanced and sustainable shareholder returns as part of our effort to increase corporate value through improved capital efficiency.

Who We Are
Value Creation
Strategy & Business
Sustainability
Data

Special Feature

Capital and Business Alliance with Advantage Partners, Inc.

With the support of a new partner, we are accelerating our growth strategy and pursuing the sustainable enhancement of corporate value.

In July 2025, Sodick entered into a capital and business alliance with Advantage Partners, Inc. (AP). To further accelerate our growth strategy and enhance corporate value, we are collaborating with AP, one of the pioneers of Japan's private equity industry, to transform our business model.

Yuji Akutsu
CEO, President and Representative Director

Kenji Kobayashi
Principal
Advantage Partners, Inc.

Sodick × ADVANTAGE PARTNERS

Addressing fundamental business model challenges for full-scale growth following structural reforms

Akutsu: Sodick began as a pioneer in the field of EDMs and now holds a leading market share of the global high-end EDM market. We began pursuing a global business strategy at an early stage and established production sites in Thailand and China. In terms of sales, we have expanded into Greater China, North and South America, Europe, and Asia, and promoted localization. While many Japanese machinery manufacturers focus their overseas business on Japanese-affiliated companies, most of Sodick's customers are local firms. Indeed, localization has become an essential component of our business model.

The machine tool market is highly susceptible to economic fluctuations. Despite facing several challenges along the way, Sodick has grown steadily and achieved record-high net sales in FY2018. Subsequently, however, we faced a series of headwinds, such as the COVID-19 pandemic, soaring raw material costs, and a slowdown in the Chinese market, resulting in a loss in FY2023. Greater China is the largest market for the mold industry, a key customer base for our EDMs, and serves as a vital revenue source for the Company. With this in mind, we have established an operational framework that anticipates changes in the business environment, such as local manufacturing of products for the Chinese market. In FY2023, however, the economy deteriorated more rapidly than expected, which affected our performance.

We cannot call ourselves a truly global company if our performance declines whenever a particular region or market weakens. We quickly implemented Group-wide structural reforms and returned to profitability in FY2024. As we looked toward the next stage of growth, however, we recognized the need to confront the Company's fundamental challenges. Around that time, we began discussions with AP, which offered us expertise to help enhance our corporate value.

Kobayashi: From an investor's perspective, Sodick has overwhelming competitiveness in its organic business and strong growth potential in the global high-end EDM market. Once we recognized that President Akutsu viewed Sodick as having challenges in various areas, such as business processes, while substantially having fundamental business strengths, we at AP believed we could make a contribution.

Akutsu: We decided to partner with AP not only for fund-raising purposes, but also for their expertise to support our growth in practical ways and their willingness to work alongside us. Of course, we had meticulously analyzed and discussed our numerical challenges internally and recognized the levels we needed to achieve, but we faced difficulties in how to translate those targets into concrete actions.

Boldly reforming our internal business processes and front-line activities to achieve "global growth," "solution-based offerings," and "high added value"

Kobayashi: When a company is experiencing steady growth in revenue and sales volume, it does not need to implement strict profit management because profits follow naturally, so there is no issue. However, once its performance begins to falter, various challenges come to the surface.

At AP, we first conduct business due diligence on target companies and carefully evaluate their business value, competitiveness, and future potential. Based on that, we define a vision for the next five to 10 years and examine the gap between the desired future state and the current situation. We then identify the growth drivers needed to enhance corporate value and close such gaps.

Akutsu: For Sodick, these growth drivers are "global growth," "solution-based offerings," and "high added value." As we worked to translate our growth strategy into a concrete roadmap and implement it on the front lines, we wanted to adopt new systems and approaches unlike those used previously. We positioned various initiatives as medium- to long-term priorities. These included strengthening our sales capabilities, enhancing solution-based proposals, improving management systems, and examining M&A opportunities. We then established a project composed of members from both Sodick and AP, in which we are leveraging AP's expertise in management control and business planning, as well as its global network.

Kobayashi: Currently, Sodick is engaged in multiple parallel projects centered on three core themes—global growth, solution-based offerings with a customer lifetime value (LTV) mindset, and a shift toward higher value-added offerings by industry. Each project has set KPIs and KGIs and implements PDCA cycles on a weekly, biweekly, and monthly basis. In a project related to solution-based offerings, for example, we began trials in January 2026, and we are supporting Sodick's decision-making while quantitatively analyzing the benefits to customers as well.

At the monthly steering committee meetings, four Internal Directors, including Chairman Furukawa and President Akutsu, participate in reviewing the progress and direction of each project and making decisions on various matters, such as additional investments.

Akutsu: Based on my observation at the steering committee meetings, I can see that Sodick's employees are embracing new mindsets and business processes through their work with AP members on these projects. These are approaches that did not previously exist within the Company. For a start, I believe this will provide an important opportunity to transform the mindsets of front-line managers and extend those changes throughout the front lines. Ultimately, our goal is to strengthen Sodick's overall ability to create value.

Kobayashi: At AP, we pursue what we call "management with unwavering commitment." This approach involves identifying issues as facts and figures, defining the desired future state, developing solutions, and ensuring disciplined execution of decisions once they are made. Furthermore, we must pursue reforms from the perspective of Company-wide optimization, rather than partial optimization. The term "management with unwavering commitment" means that we will not settle for temporary measures, but definitely move forward using methods that are reproducible, sustainable, and effective. It is not as easy as it sounds, of course, but I believe that if we can pull this off, Sodick will become even stronger.

Akutsu: I agree. Global manufacturing is undergoing rapid transformation. For example, advances in generative AI are driving its accompanying need for new forms of manufacturing on a massive scale. Going forward, many new products, including humanoid robots, are likely to emerge. Therefore, we aim to continue providing solutions to the world through products and technologies, including our core EDMs, that contribute to rapidly evolving manufacturing. I believe there can be no turning back.

Kobayashi: Yes, we are currently implementing a variety of initiatives to enhance Sodick's fundamental corporate value. It would be meaningless if things reverted to the way they were after we step away a few years from now. With sustainable enhancement of corporate value as our goal, we will continue moving forward together with Sodick.

Financial and Capital Policies

Masato Takagi

Director and Managing Executive Officer
General Manager of Corporate Division

> Building on the outcomes of our structural reforms, we will improve capital efficiency, strengthen our ability to generate greater earnings, and achieve sustainable growth in these changing times.

Review of FY2025

After posting an operating loss of 2.8 billion yen in FY2023, the Company successfully returned to profitability in FY2024, supported by its structural reform initiatives. In FY2025, sales of EDMs continued performing steadily, and profitability improved thanks to higher sales, structural reforms, and increased factory operating rates, resulting in a substantial year-on-year increase in profits.

We also made steady progress in strengthening our financial base, including through our capital and business alliance with Advantage Partners (AP). In addition, we generated stable operating cash flow for two consecutive years, and while total assets expanded modestly, our equity ratio remained mostly unchanged from the previous year. Considering these factors, we believe that our overall financial position remains sound.

On the other hand, foreign currency translation adjustment under net assets has increased as the yen has weakened, creating the risk of lower ROE. In light of this situation, we will continue working to optimize inventory levels across the Group's factories while proceeding with the sale of cross-shareholdings and idle assets. Regarding inventories, we need to increase safety inventory levels in response to rising geopolitical risks and concerns over potential shortages of semiconductors and rare earth materials. With this in mind, we will optimize inventory levels based on a balanced approach that secures sufficient safety inventories to mitigate supply risks while minimizing distribution inventories as much as possible.

As part of our growth investment strategy, we officially acquired Prima Additive, an Italian manufacturer of metal 3D printers, in May 2025. Following the acquisition, that company changed its name to AltForm. Since AltForm already has business relationships with major manufacturers, primarily in Europe and the United States, this presents an opportunity for Sodick to expand its sales territory. On the other hand, AltForm has limited brand recognition in Japan, so we expect to generate cross-selling opportunities by leveraging our sales network. As for our business performance, our sales are growing but have not yet contributed sufficiently to profits. Going forward, we will continue investing in production facilities and other areas to strengthen our earnings capacity and build a structure that can contribute more meaningfully to profits.

In March 2025, the new office and showroom of the Canadian branch of Sodick, Inc., a U.S.-based sales subsidiary, were completed in Ontario, Canada. Using the new facilities as a hub, we are expanding our direct sales activities, including exhibiting at the Canadian Manufacturing Technology Show (CMTS), a machine tool exhibition, for the first time. We are also pursuing other initiatives to strengthen sales in new regions. For example, we plan to establish new sales sites on the West Coast of the United States and in India.

In December 2025, we held a completion ceremony for our Suzhou Technical Center in Jiangsu, China. Following the downsizing and relocation of our Suzhou Factory, we recognized the need to strengthen our customer support capabilities. We established this technical center as a hub focused on providing services and solutions, and we will actively address the needs of our Chinese customers in such areas as automation and digital transformation.

Capital and business alliance with AP

Through the structural reforms we have pursued since 2023, we have gained a clear picture of various challenges facing the Company. Recognizing the need for fundamental management reform and growth investments, we entered into a capital and business alliance with AP in July 2025. We are currently leveraging the expertise of AP to enhance our project execution framework and advance reforms. To fund our growth investments, we are securing the necessary capital through the use of unsecured, interest-free convertible bonds and share acquisition rights. In principle, conversion and exercise of acquisition rights are permitted only when the Company's stock price exceeds 1,117 yen. This figure is the base amount calculated at the time the capital and business alliance was agreed upon and does not reflect the medium- to long-term corporate value anticipated by Sodick and AP. Both the Company and AP place top priority on enhancing business value through the execution of future projects and growth investments, with the aim of ensuring that our corporate value is appropriately recognized by the capital markets.

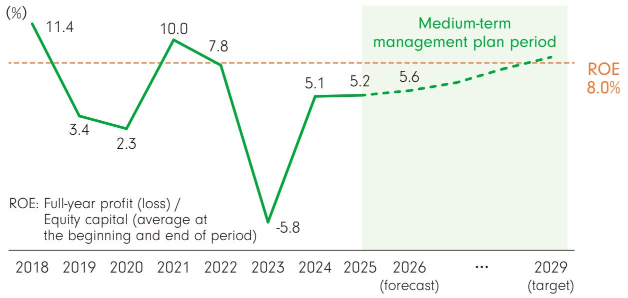
Transforming our medium-term management plan and further strengthening management that is conscious of cost of capital and stock price

The targets of our four-year medium-term management plan, which started in FY2026, are net sales of 100 billion yen, operating profit of 10 billion yen, and an operating profit margin

Action to implement management that is conscious of cost of capital and stock price

Return on equity (ROE)

- ROE remains below the target level of 8%.
- Although profit margins have been recovering recently, they remain at a low level.
- Initiatives are being implemented to improve capital profitability, with the aim of achieving the target at an early stage.

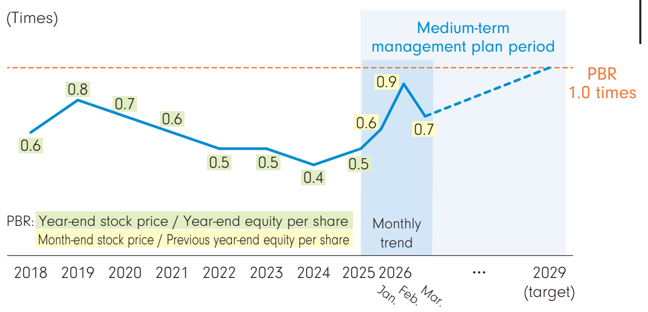


Actions to improve return on equity

- Improvement of profitability
- Improvement of capital efficiency
- Optimization of financial base

Market valuation (PBR)

- It has shown an upward trend, driven by earnings recovery and expectations for further growth.
- Initiatives are being implemented to maintain and enhance the PBR above 1.0 times.



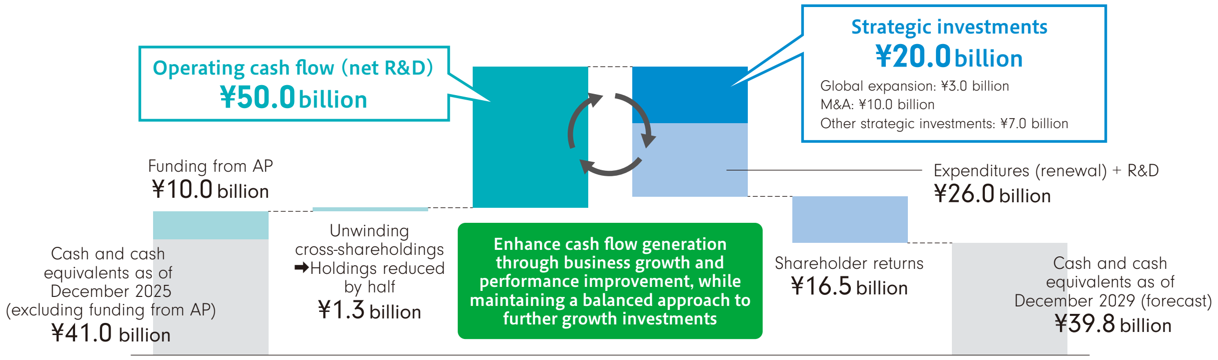
Actions to improve market valuation

- Strengthening shareholder returns
- Promotion of sustainability
- Strengthening corporate governance
- Promotion of IR/SR activities

Capital allocation

Over the four-year period from FY2026 to FY2029, we plan as follows:

- Allocate 20.0 billion yen to strategic investments (including 10.0 billion yen funded by AP) to drive business growth
- Generate 50.0 billion yen in operating cash flow through improved business performance
- Allocate 16.5 billion yen to shareholder returns
- While achieving business growth and maintaining an appropriate cash balance, interest-bearing debt will be utilized as needed



Note: The figures shown are estimates as of today and are not finalized.

of 10%. As we pursue structural reforms and improved earnings to achieve these targets, we also recognize that strengthening management that is conscious of cost of capital and stock price is essential to the sustainable enhancement of corporate value.

ROE, a key indicator of capital profitability, has remained at a low level since 2022 and continues to trend below our target of 8%. Meanwhile, PBR, a key indicator of market valuation, remained below 1.0 times for the past eight years, but has recently shown an upward trend driven by earnings recovery and expectations for further growth. We will continue working to improve market valuation. Under the medium-term management plan, our targets are PBR of 1.0 times or higher, ROE of 8% or higher, and EPS of 130 yen. We view these targets as not merely aspirational goals, but business objectives that we aim to achieve as early as possible. To enhance capital profitability, we will pursue further profitability improvements while enhancing capital efficiency and optimizing our financial base. To improve market valuation, we will continue strengthening shareholder returns, advancing sustainability initiatives, enhancing corporate governance, and enriching our IR and SR activities.

Under the medium-term management plan, our highest priority is to drive business growth and enhance profitability through growth investments, thereby strengthening our cash flow generation capabilities. We expect to generate cumulative operating cash flows of 50 billion yen over the four-year period of the plan and, under our capital allocation policy, we will balance growth investments and shareholder returns while maintaining financial soundness. We have secured a 20-billion-yen funding pool for growth investments, including 10 billion yen raised from AP. By steadily expanding our presence in such markets as Europe, the United States, and Asia, we intend to reduce our dependence on the Chinese market. Achieving this will require a stronger portfolio of new-domain and high-value-added products. To this end, we will prioritize investments that broaden our product portfolio, including the acquisition of Italy-based AltForm. To return the fruits of our investments to shareholders, we plan shareholder returns totaling approximately 16.5 billion yen over the four-year period. In addition, we have structured our overall cash allocation plan to ensure that we have sufficient working capital.

Through dialogue with investors, we recognized that our shareholder return targets were at a low level, and we have therefore held repeated discussions on this matter at Board meetings. Under the medium-term management plan, we have introduced a new shareholder return benchmark, targeting a total shareholder return ratio of at least 70% over the four-year period. Specifically, we will adopt a progressive dividend policy with the previous total shareholder return ratio benchmark of 40% serving as the minimum threshold, while maintaining flexibility based on our business performance and investment plans.

Enhancing corporate value through sustainability initiatives

When seeking to reduce the cost of capital, it is important to consider not only financial metrics but also non-financial information, including sustainability data. With this in mind, we continue promoting ESG management through governance reforms that enhance management quality, initiatives aimed at achieving carbon neutrality, and efforts to support the active participation of diverse human resources.

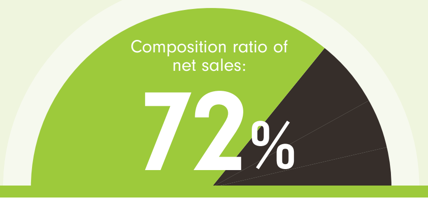
The impact of rising greenhouse gas levels on the global environment is becoming increasingly apparent. With this in mind, in December 2022, we announced our endorsement of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We also established greenhouse gas emissions (Scope 1 and 2) as a metric for assessing and managing risks associated with climate change and our environmental initiatives, and we set a target to reduce these emissions by 46% by 2030 compared with the 2017 level. We are currently exploring ways to reduce total greenhouse gas emissions, including Scope 3 emissions, and aim to achieve carbon neutrality across the entire Group by 2050.

Since 2022, meanwhile, we have been conducting employee satisfaction (ES) surveys to track engagement scores. We have set a target of achieving a standard deviation score of 55 or higher by FY2026 and have been working to improve employee satisfaction, including by enhancing our corporate culture. Although our employee engagement score fell to 37 in FY2024 due to a decline in our business performance and other factors, it recovered to 41 in FY2025. We believe this improvement reflects the positive changes taking place within the organization as front-line staff feedback has been incorporated into Company-wide and departmental systems and translated into concrete actions. We also held town hall meetings, which serve as opportunities for dialogue between the President and employees, in a group discussion format, bringing together employees of various ages from each department. In addition, we set up a suggestion box where employees could freely submit proposals for process improvements and operational reforms. These proposals are evaluated and discussed by the secretariat, and those deemed feasible are implemented on a trial basis by the relevant departments. In conjunction with our employees' initiatives, we continue conducting new management training programs for executives and managers with the aim of creating workplaces that foster a sense of growth and excitement. We are moving away from the traditional top-down management approach, where managers set policies and issue instructions to the front lines, and we are now pursuing a "co-creative management" approach, where supervisors and team members work jointly to proactively identify front-line challenges and determine the way forward through dialogue.

Furthermore, one of our top priorities is to develop and empower human resources responsible for implementing our business strategies on the front lines. In 2025, we launched new initiatives for human resource development, established a Talent Development Committee, began cultivating management talent, and introduced a new system for developing managerial personnel.

To be a company that continues to evolve for the next 50 years

2026 marks an important year for the Company as we celebrate our 50th anniversary. "Grow Forward in the Next Era," the theme of our 50th anniversary, represents our aspiration to remain a company that continues evolving steadily even in an ever-changing world. Thanks to more than two years of structural reforms, we have achieved a certain degree of improvement in profitability. We believe that building on this foundation to improve capital efficiency and develop the capacity to generate further profits is what defines a company that continues evolving in an ever-changing world. As the officer in charge of finance, I am fully committed to driving progress toward the targets for shareholder returns, capital efficiency, and market valuation set forth in our medium-term management plan. We will create opportunities for dialogue with a wider range of stakeholders, including individual investors, to provide timely updates on our initiatives and achievements.



Machine Tool Segment

Sodick offers a wide lineup of products including electrical discharge machines (EDMs), which have a leading share of the global market, precision machining centers, metal 3D printers, and micro-laser processing machines. Our products are highly regarded in a variety of fields, including auto-related industries and electronics-related industries such as smartphones.

Hideki Tsukamoto
Director and Senior Managing Executive Officer

■ Review of results and recognized issues of FY2025

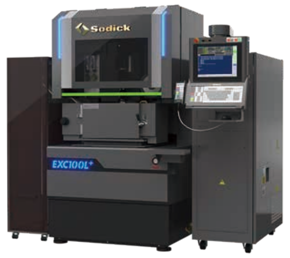
Sales and profit growth driven by firm global demand for electronic components for data centers

Although automotive-related markets remained sluggish worldwide, demand in Greater China was strong for electronic components, including optical connectors for data centers, along with semiconductor and smartphone-related products. In addition, demand remained strong in the aerospace sector in North and South America, Europe, and Japan, while the medical sector continued to win orders from emerging manufacturers in the United States. Under these circumstances, segment sales increased significantly year on year. Segment profit also rose substantially, driven by higher sales and the positive effects of production consolidation in China and improved factory operating rates.

As manufacturing clearly becomes more advanced, this segment is focusing on expanding further sales of EDMs—which excel in highly accurate, high-precision processing—while also strengthening maintenance services and sales of consumables. In addition, in May 2025, we acquired Prima Additive (currently, AltForm), an Italian manufacturer of metal 3D printers, making it a subsidiary. In this way, we accelerated efforts to expand our product lineup and sales channels and address demand for high-value-added processing.

Meeting the increasingly sophisticated needs of the next generation through ultra-precision processing and automation solutions

The rapid expansion of high-speed optical communication networks fueled by generative AI demand is driving growing needs for increasingly precise electronic components. With this in mind, we launched a number of new products to address customers' demand for ultra-high-precision manufacturing. For example, EXC100L+, an ultra-precision wire-cut EDM unveiled in July 2025, supports nano-level ultra-precision processing required for rapidly growing applications, such as MT ferrules, as well as electronic components, semiconductors, and advanced medical devices. As labor shortages at manufacturing sites continue to intensify, demand for smart factories is also increasing. Accordingly, we jointly developed AIQ-MfgSemiAuto, a flexible production system that systemizes die-sinker EDM production lines, in collaboration with a systems partner. We also rolled out SZ25, a new automated transfer system that automatically exchanges electrodes and workpieces. In these and other ways, we will address a wide range of manufacturing-site challenges to support improved productivity.



EXC100L+
Ultra-precision wire-cut EDM

Main applications	Mold manufacturing, component machining
Main customers	Automobiles, IT, smartphones, electrical and electronic components, aerospace, medical devices, etc.
Core products	Die-sinker EDMs, Wire-cut EDMs, Small-hole drilling EDMs, Metal 3D printers, Precision machining centers, Micro-laser processing machines, CAD-CAM

Opportunities

- Innovation in the automotive industry (NEV, synthetic fuels, CASE, MaaS, gigacasting)
- Japanese government initiatives to promote the aerospace industry
- Growth in demand for high-precision processing equipment as manufacturing becomes more sophisticated
- Advances in semiconductor packaging technologies
- Increased needs for labor savings and automation
- Increased interest in energy savings

Risks

- Monetary tightening policies and rising global inflation
- Drastic foreign exchange rate fluctuations, fears of a recession or economic slowdown
- Heightened geopolitical risk
- Price hike of raw materials and parts supply shortages, supply chain disruptions
- Price hike of natural resources and energy, and electricity

■ Growth strategies

Solidifying our earnings foundation through optimization in global production structure and expansion into new fields

In addition to optimizing production scale in China, we are working to optimize a global three-region production structure—spanning Kaga (Japan), Thailand, and China—that is resilient to fluctuations in exchange rates and market conditions.

We are also expanding our sales structure. For example, our Suzhou Technical Center, opened in China in December 2025, has been transformed into a solutions hub that addresses customers' automation and DX needs. In addition, we have established a consumables and service parts warehouse to improve service speed. By also establishing offices for our Shanghai and Taiwan sales subsidiaries, we will enhance our ability to promptly and attentively address the needs of the Greater China market. We also plan to establish a technical center in Pune, Maharashtra, as part of our expansion into India, where market growth is expected in automotive, electronic equipment, mold manufacturing, and other industries. In these ways, we will establish a support structure capable of providing rapid and advanced technical proposals.

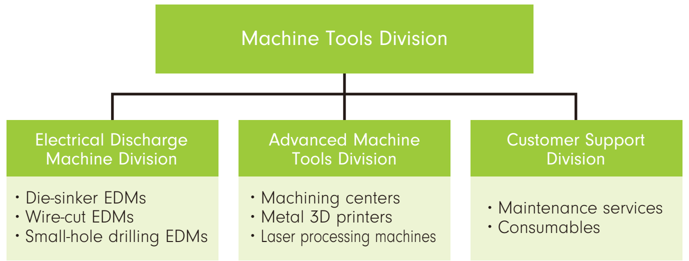
Suzhou Technical Center

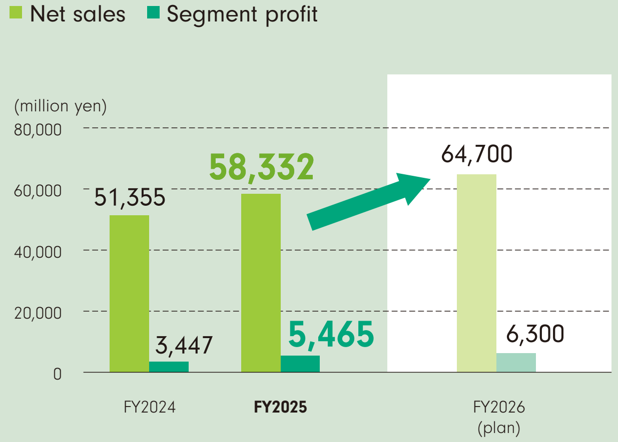
Organizational reform to reinforce advanced products and launch of a new structure in 2026

To accelerate growth strategies across the entire business division, in January 2026, we reorganized the Machine Tools Division into the Electrical Discharge Machine Division, Advanced Machine Tools Division, and Customer Support Division. The Advanced Machine Tools Division is positioned as a core business responsible for creating a "second pillar" following EDMs. It brings together our work in machining centers, metal 3D printers, and laser processing machines. Our aim is to establish a structure in which sales and engineering collaborate for each product to promote market development and business growth from a market-oriented perspective.

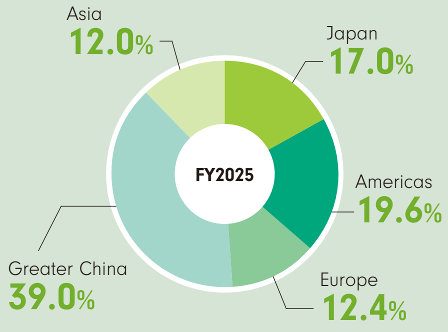
Furthermore, we will enhance human resource development across the entire business division. To strengthen our global talent pool in support of overseas market expansion, we will pursue optimal personnel placement and talent development with the aim of fostering global and business-oriented perspectives. In addition, to strengthen our engineers' capabilities to support the expansion of advanced products, we plan to implement training programs and assign young engineers to domestic and overseas postings.

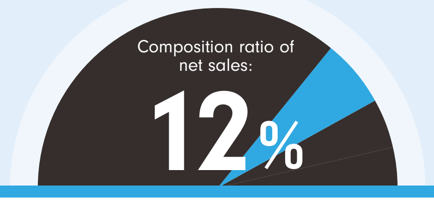
In 2026, we plan to launch high-value-added products, as we did in 2025. These include a new EDM model commemorating our 50th anniversary. In the metal 3D printer business, meanwhile, we will prepare to introduce AltForm's products to the Japanese market.





Composition ratio of net sales by region





Industrial Machinery Segment

In the industrial machinery segment, we deliver value throughout the manufacturing sites by leveraging precision molding processes that convert raw materials, such as plastics, into finished molded products. In recent years, we have seen growing needs for further miniaturization and higher precision of parts, and environmental solutions. In response, we have expanded our business domain beyond simply providing standalone equipment to creating value across the entire molding process, including molding conditions, elemental technologies, and automation.

Kazuyoshi Taniguchi
General Manager
Industrial Machinery Division

■ Review of results and recognized issues of FY2025

Sales growth driven by optical connectors; progressive shift toward high-value-added products

Following from 2024, global demand in the automotive-related sector remained in a state of adjustment. By contrast, demand in the electronic components and medical sectors remained strong, particularly for optical connectors for data centers and advanced medical devices. Under these market conditions, we implemented structural reforms focusing on optimizing our production structure and shifting toward high-value-added products. Our LP20EH4, a product for precision and high-value-added applications, has been steadily building a track record thanks to its proven ability to handle thin-walled, complex shapes and high-viscosity resin materials.

As a result, segment sales increased slightly year on year, and our optical connector business expanded to account for more than one-fourth of overall segment sales. On the other hand, segment profit declined temporarily due to our proactive investments in human resources and R&D aimed at future growth.

LP20EH4
High-precision injection molding machine

Broadening the scope of value provided in the molding process in response to higher precision and environmental demands

On January 1, 2025, this segment underwent a reorganization, transitioning from the "Injection Molding Machinery Division" to the "Industrial Machinery Division." The reorganization clearly reflects our strategy of expanding our business domain beyond the traditional development and sales of injection molding machines to deliver value across the entire molding process, with a focus on precision molding.

Our flagship V-LINE technology for injection molding machines is designed to meet demand for lighter, thinner, shorter, smaller, and more environmentally friendly products. It excels in the production of key electronic components and connection mechanism parts for the precision sector. Meanwhile, advancements in logic semiconductors and chiplets drive the need for even greater precision and consistent quality in small components. With this in mind, we are working to develop and refine new and elemental technologies while striving to provide innovative hardware.

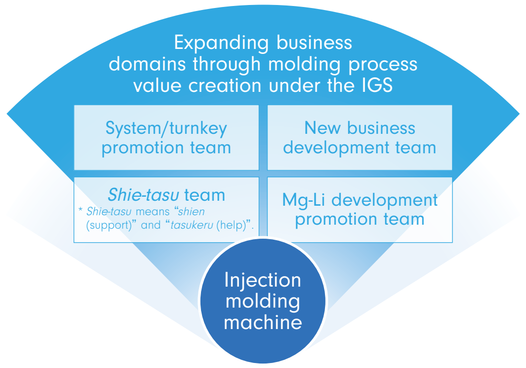
In the automation field as well, we are expanding the scope of our offerings beyond standalone equipment through collaboration with customers and equipment manufacturers. In 2025, we held events where customers could directly experience our products and applications, allowing them to see firsthand how this segment is evolving to cover the entire molding process.

■ Growth strategies

Accelerating our expansion of business domains through molding process value creation with IGS project launch

We have positioned the injection molding machinery business as the foundation for molding process value creation and have been advancing initiatives aimed at expanding our offering areas and creating new growth opportunities.

To further strengthen our execution capabilities, we launched the Innovation & Growth Strategy (IGS) project in 2025. IGS is a cross-functional growth initiative that focuses on both deepening our molding processes and expanding our business domains, with the goal of creating value that goes beyond simply providing injection molding machines. Under the project, the system/turnkey promotion team is developing automated and labor-saving systems—covering everything from molding to post-processing—for the growing MT ferrule market. It also engages in the development and integration of post-processing equipment in addition to injection molding machines. Our aim is to improve quality and productivity throughout the entire MT ferrule production process. Other teams are also working to expand the value of the molding process and strengthen our business foundation through various initiatives. These include molding support, expansion into new materials and applications, and the creation of new business domains.



(Source of molding process value creation)

Strengthening after-sales support and expanding into European market with a focus on enhancing customer value

We are working to improve customer convenience and provide peace of mind by ensuring stable operation and consistent quality across the entire molding process. In the after-sales service business, we are expanding our "Sodick Remote Service" to improve equipment monitoring and accelerate troubleshooting responses, thereby supporting operating conditions at molding sites remotely. This supports our customers' production activities by reducing the risk of equipment downtime and improving response speed. With regard to consumables, we are working to enhance value through the provision of genuine consumables to improve the reliability of the entire molding process, taking into account quality variations and their impact on operational stability. By integrating equipment, consumables, and services as a unified offering, we are creating an environment enabling customers to use their equipment with confidence over the long term.

To support medium- to long-term growth, moreover, we are making a full-scale expansion into the European market, where our sales ratio remains relatively low. In this segment, we established Plustech Inc. in the United States in 2004 through a joint investment with Yamazen Corporation, and we have since refined our molding technologies and process capabilities in the medical device and precision electronic components sectors. Leveraging technologies and expertise accumulated in North America, we plan to establish a new company in Germany to expand into the European market. The new company will include a technical center function in addition to sales and service capabilities. Our aim is to establish an integrated structure that provides everything from equipment installation and process optimization to after-sales support, while addressing challenges across the entire molding process in the European region.

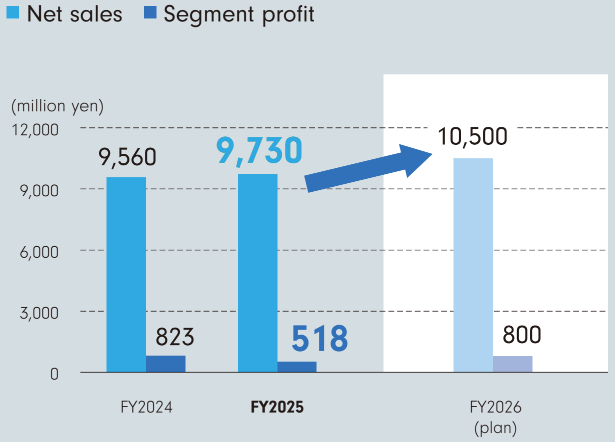
Main applications	Manufacturing of plastic components and other difficult-to-process materials, special materials, light metal components, etc.
Main customers	Automobiles, IT, smartphones, electrical and electronic components, medical devices, etc.
Core products	Horizontal injection molding machines, Vertical injection molding machines, Light metal alloy injection molding machines, Automatic injection molding production systems, Quality and production management software

Opportunities

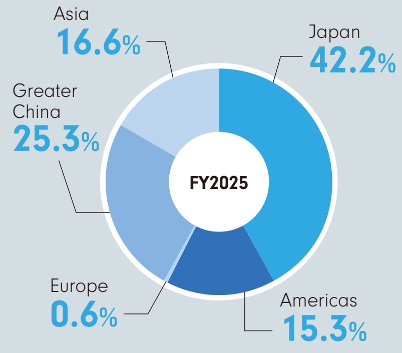
- Innovation in the automotive and aerospace industries (automated driving, EV, electrification, lighter-weight components, adoption of new materials, etc.)
- Expansion of communications network (5G, AI data centers, highly functional terminals, etc.)
- Growth in demand for high-precision processing equipment along with advancement of manufacturing
- Increased needs for labor savings, automation, and environmental considerations
- Growing demand for highly functional plastics and bioplastics

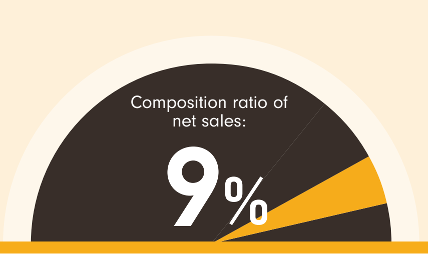
Risks

- Global economic stagnation due to conflicts and export prohibition measures
- Intensified price competition in injection molding machine market
- Demand change along with economic fluctuations
- Large fluctuations in foreign exchange markets
- Price hike of raw materials and parts supply shortages



Composition ratio of net sales by region





Food Machinery Segment

In the food machinery segment, we offer a lineup of food machinery, including noodle-making machines, noodle-boiling systems, and aseptically-packed cooked rice production systems. By providing equipment that is ideally suited to the production of noodles, packaged cooked rice, and precooked side dishes sold at convenience stores and supermarkets, we contribute to a safe, reliable, healthy, and high-quality food culture.

Takahiro Nakamura
General Manager
Food Machinery Division

■ Review of results and recognized issues of FY2025

Seizing opportunities related to market restructuring despite temporary capital investment adjustments due to soaring rice prices

In FY2025, the market for aseptically-packed cooked rice was affected by rice shortages and rising rice prices, resulting in adjustments to some capital investment plans. In the convenience store sector, meanwhile, some capital investment plans were postponed, while rising building costs caused delays in new factory construction and expansion projects. Furthermore, the emergence of new Chinese manufacturers has made the competitive environment increasingly severe. On the other hand, there were some positive factors. These included shortages of packaged cooked rice products caused by rising rice prices, which prompted major retailers and distributors to consider in-house production, as well as an increase in inquiries for replacement of existing equipment due to the track record we have built in aseptically-packed cooked rice production systems. Overseas, the market for aseptically-packed cooked rice is beginning to take shape in China, and we expect demand to expand over the medium to long term despite the severe competitive environment. In addition, in the food service industry, investment in central kitchens, which serve as centralized cooking facilities, remained firm, while restructuring and consolidation among noodle vendors led to an increase in new business inquiries.

Segment sales fell short of our target due to various factors, including delays in the timing of large-scale projects, while segment profit increased as a result of initiatives to improve profitability.

Steady progress in strengthening sales and production structures in Japan and overseas

We are making steady progress with structural reforms in this segment. On the sales side, we will step up promotional activities by enhancing information sharing and communication with major food manufacturers, convenience store headquarters, major trading companies and distributors, and partner manufacturers. These efforts will be spearheaded by our newly established Tokyo Satellite Office in Hatchobori, Tokyo. In addition, we recruited international personnel and began training them to strengthen our expansion into overseas markets.

Meanwhile, our production structure is now capable of manufacturing a full line of cooked rice production systems thanks to the expansion of the Kaga Factory's west building. At the same time, strengthening our engineering capabilities has become a key challenge. With this in mind, we will work to maximize our production capacity by attracting and developing the necessary personnel.

Shared space at the Tokyo Satellite Office in Hatchobori, Tokyo. This new base was established to strengthen our sales promotion activities targeting major food manufacturers and other companies headquartered in Tokyo.

■ Growth strategies

Building on noodle-making machines and cooked rice production systems to target new markets and expand into machinery for confectionery, bakery, and precooked side dish sectors

For our flagship noodle-making machines and aseptically-packed cooked rice production systems, we will enhance value for customers and broaden our business scope through turnkey proposals in collaboration with manufacturers whose products are highly compatible with our production systems. We will also focus on enhancing our products by adopting new technologies, improving cost competitiveness, and strengthening countermeasures against imitation manufacturers.

To cultivate new growth fields beyond noodle-making machines and cooked rice production systems, we are strengthening sales of continuous vacuum cooling equipment. At FOOMA JAPAN 2025, we received testing requests and business inquiries from a wide range of sectors, including cooked rice products, precooked side dishes, bakery, and confectionery. We also secured our first order for the cooling equipment used for post-baking rapid cooling of melon bread supplied to convenience stores. At FOOMA JAPAN 2026, we will actively showcase new applications for our continuous vacuum cooling equipment as we aim to expand into a broader range of markets. Looking ahead, we will work to increase our industry recognition by participating in confectionery- and bakery-related organizations. We also plan to exhibit at the MOBAC SHOW (international bakery- and confectionery-related industry exhibition) in March 2027.

Exhibited at FOOMA JAPAN 2025. There, we showcased our proprietary technologies—centered on continuous vacuum cooling equipment—to numerous companies across the cooked rice, precooked side dish, bakery, and confectionery industries.

Continuous vacuum cooling equipment. By alternating vacuum cooling between two chambers, the equipment enables continuous processing while rapidly cooling food products to suppress bacterial growth and maintain product quality and flavor.

Moisture rate monitor for food. Jointly marketed with Shimadzu Corporation, the system enables real-time quality control by being integrated into production lines.

Investing in organizational structure and human resources alongside product development

We are also evaluating potential M&A opportunities involving medium-sized partner companies that can generate synergies with this segment. Furthermore, in light of the increasing workload on our sales departments resulting from our market expansion strategy, we are planning to establish a new sales engineer department. Because technical coordination with general contractors and engineering firms is indispensable for new factory projects and large-scale equipment projects, the new department will provide technical support, including equipment proposals and participation in regular construction meetings, with the aim of strengthening our order acquisition framework.

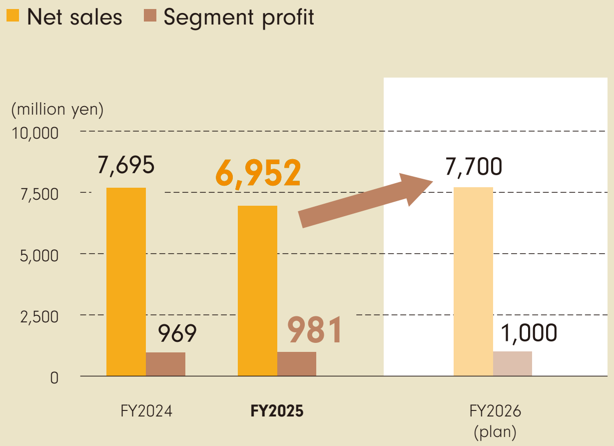
Main applications	Chilled noodles (udon, soba, Chinese noodles, etc.), frozen noodles, long shelf-life noodles, aseptically-packed cooked rice, confectionery, precooked side dishes
Main customers	Leading food manufacturers, restaurant chains, frozen food manufacturers, etc.
Core products	Noodle-making machines, automatic noodle-boiling machines, noodle steaming machines, sterilizing machines, aseptically-packed cooked rice production systems, continuous vacuum cooling equipment, moisture rate monitors

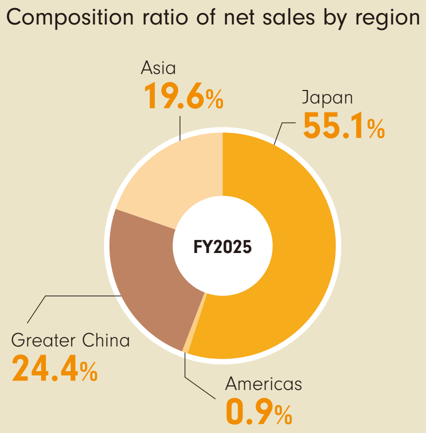
Opportunities

- Rising standards of living and expanding distribution network including chilled logistics infrastructure, supermarkets, and convenience stores in Greater China and the rest of Asia
- Global market growth for aseptically-packed cooked rice (growth in new countries and markets)
- Increased needs for labor savings and automation at manufacturing sites from labor shortages
- Even higher levels of food hygiene management and safety including stronger measures to prevent food contamination
- Increased need to extend shelf lives for high-quality cooked noodles and precooked side dishes
- Increase in central kitchens driven by growth of the food service industry due to inbound tourism demand

Risks

- High exposure to the domestic food, noodle, and cooked rice markets
- Significant increases in prices of parts and materials due to inflation
- Decline in customers' capital investment appetite due to deteriorating business performances caused by rising food and raw material costs
- Emergence of competing manufacturers in Japan and overseas





Composition ratio of net sales:

7%

Other Segments

In other segments, Sodick engages in precision dies and mold operations, which produce precision connectors and other built-to-order components for automobiles, and the elemental technology operations, which sells linear motors, ceramic products, and other products that have emerged in the course of bringing production in-house, and LED lighting.

* Effective FY2026, the linear motor business has been transferred to the machine tool segment for reporting disclosure purposes.

Yuichi Takahashi
President and Representative Director
Sodick F.T Co., Ltd.

■ Review of results and recognized issues of FY2025

Year-on-year increase in segment sales thanks to strong order intake; return to profitability aided by process improvements and other structural reforms

In our precision dies and mold operations, there were concerns about a slowdown in the automotive-related market, but the decline was limited, and our full-year performance remained solid. Also, our cost reductions and factory operating rate improvements progressed as planned, enabling us to achieve our sales target. In the ceramics business, demand in the semiconductor market remained strong, while the flat panel display (FPD) market continued to stagnate. As a result, we enjoyed a stronger-than-expected order intake that, combined with progress in process improvements, enabled us to achieve our planned targets.

In the LED lighting business, the market for LED lighting continues to expand ahead of the discontinuation of conventional fluorescent lamp production in 2027. However, competition intensified as advances in LED device technology slowed, and the order intake for this business fell below expectations. Our LED-based natural turf cultivation system, introduced as a new business in 2024, is attracting increasing attention, having been installed at Nagasaki Stadium City and Ajinomoto Stadium. Anticipating future demand growth, we added new "Made in Japan" products with enhanced functionality and quality to our lineup.

As a result, we recorded a year-on-year increase in segment sales and returned to profitability in segment profit.

Nagasaki Stadium City

Launch of new products of LED-based natural turf cultivation system

During the year, we commenced sales of our new LED400 natural turf cultivation system, following the success of earlier LED55 and LED140 models. The new system is designed to significantly enhance turf growth even in environments with poor sunlight conditions. At stadiums and sports facilities that use natural turf, poor turf growth during winter and damage caused by events have become major challenges. However, conventional natural turf cultivation systems on the market have relied on high-pressure sodium lamps, making effective cultivation difficult due to limitations in light spectrum characteristics and excessive heat generation. Our system controls light and temperature through LED and infrared units to create optimal growing conditions. We are confident that the new LED400 will overcome challenges in turf cultivation and contribute to the further development of the sports industry.

Main applications	Design and manufacturing of mold, production of plastic molded parts, development, manufacturing, and sale of products that use linear motors, the control devices for these, ceramic products, and LED lighting, etc.
Core products	Ceramics, Linear motors, LED lighting

Opportunities

- Innovation in the automotive industry (lighter-weight components, electrification, etc.) and continuity of demand
- Ongoing semiconductor-related demand and demand from semiconductor manufacturing equipment manufacturers
- Increased needs for labor savings and automation

Risks

- Globally rising fuel prices, shortages of raw materials
- Export restrictions on semiconductor manufacturing equipment

■ Growth strategies

Aiming to be a driving force behind the cycle of technological innovation

Our businesses had primarily focused on applying Sodick's elemental technologies to other fields. However, based on the theme of Sodick's 50th anniversary, "Grow Forward in the Next Era," we have developed a vision for our future. We aim to serve as a driving force that powerfully accelerates the cycle of technological innovation—creation, application, adaptation, and re-creation. Guided by our medium-term management plan, we will work to realize this vision by applying our technologies across a broad range of fields while leveraging accumulated expertise and technologies to drive re-creation.

In our precision dies and mold operations, we will apply our processing and metal 3D printing technologies to enhance the functionality of components for semiconductor manufacturing equipment. We will also create new solutions that better meet customer needs by leveraging equipment derived from our connector manufacturing technologies. In the ceramics business, we will apply our large-scale precision ceramics manufacturing technologies to develop components for next-generation semiconductor manufacturing equipment. In the LED lighting business, we will not only promote the value of our new LED-based natural turf cultivation system but also expand its range of applications.

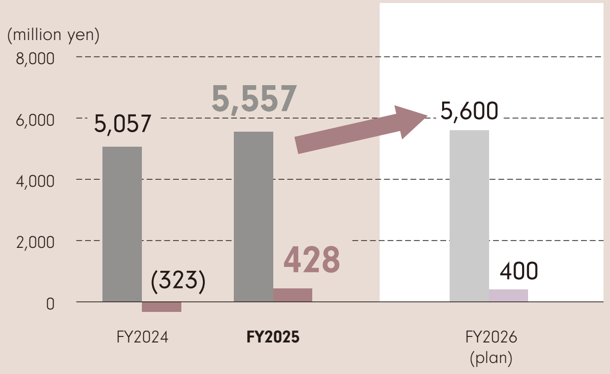
Fostering a corporate culture where management and employees understand and inspire each other

I deliver messages directly to all employees to ensure they understand not only our business philosophy and strategic direction but also how our business can help solve emerging social challenges. Our policy is to deepen employees' understanding of our business and management and create an environment where they can feel confident in their work. In the process, we aim to foster a corporate culture that inspires creativity and a corporate spirit that brings creative ideas to life.

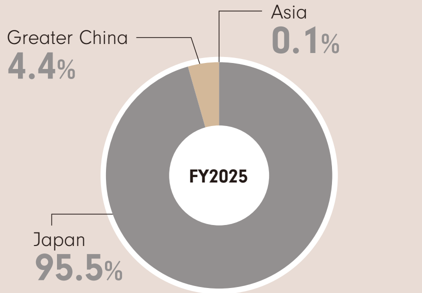
In addition, we have introduced a system for centrally managing personnel information, enabling management to gain a deeper understanding of employees and avoid missing opportunities to identify and develop talent. We also provide training for managers to help them recognize that every employee is a key stakeholder and thus maximize the potential of our organization.

Meeting for corporate culture reforms

■ Net sales ■ Segment profit



Composition ratio of net sales by region



Technology Strategy

We will continue to be a pioneer in manufacturing in the next generation by combining our accumulated technologies with AI and data technologies.

Tatsuo Toyonaga
General Manager
Advanced Research Center

Technology development strategy

Sodick started as a machine tool company, and as of today, machine tools, mainly EDMs, account for close to 70% of total sales of Sodick. Our founder, Toshihiko Furukawa, invented a non-wearable electrode circuit for EDMs in the 1960s, which led to great advances in electrical discharge technologies. Later, by equipping EDMs with NC units, we made it possible to automate the entire process, from processing to finishing. Thanks to these achievements, Sodick is recognized as a pioneer in EDMs. Since our founding, we have improved the performance of our products by internally manufacturing parts and equipment critical to the performance of our machines, rather than relying on external procurement. Through this experience, we have accumulated diverse manufacturing technologies. Currently, we are stepping up development of high-value-added products by integrating our accumulated technologies with technologies for using big data.

EDMs will remain our core products into the future, and developing next-generation models will continue to be a key focus for us. Rather than pursuing in-house manufacturing for its own sake, we have turned to it when we could not meet the criteria demanded by our customers and/or ourselves through components purchased externally. If purchased components do not present any issues, we do not need to spend valuable internal resources on in-house development. At the same time, we are always considering possibilities, such as M&As and alliances, to improve development efficiency.

Sodick's technological domains

Domain	Sodick's strengths
Core technologies	Discharge control, linear motors, and other control technologies
Technologies for enhanced precision and speed	Ceramics, air sliders, and counter shafts
Injection molding machines	Micromolding using V-LINE
Turnkey solutions	Sales of systems for MT ferrules

Priority R&D domains and markets

Present	Medium term (3–5 years)	Long term (10 years)
Micro machining and processing of difficult-to-machine materials	AI-driven autonomous processing	AI-driven unmanned operation
Molds	Component machining	Broader domains

R&D initiatives in FY2025

In FY2025, we worked to differentiate our products from those of our competitors through basic research and applied development related to EDMs. The machine tool industry is shifting from a business model centered on standalone machine sales to one that emphasizes after-sales services, and we are working to adapt our products and functions accordingly.

As a result of our R&D, we developed "AIQ-MfgSemiAuto," a flexible production system that integrates the production line for die-sinker EDMs used to machine metal components with high precision at mold manufacturing and other sites.

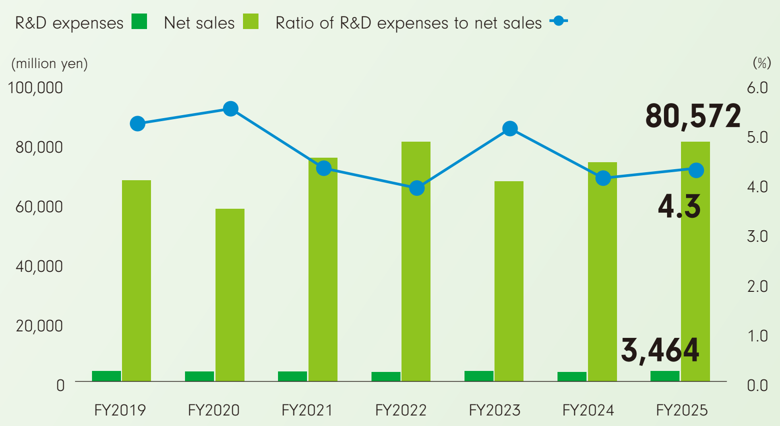
In terms of recognition, our "EXC100L+" ultra-precision wire-cut EDM received the Nikkan Kogyo Shimbun 110th Anniversary Special Award at the 68th Best 10 New Product Awards, while our Automatic Conductive Piece Shifter "ACPS" received the Machinery & Robot Component Award at the 22nd 'CHO' MONODZUKURI Innovative Parts and Components Awards 2025.

R&D structure, investment, and human resource development

Sodick develops products at R&D departments in each division—machine tools, industrial machinery, and food machinery. We also have R&D functions in the Japan Head Office, Silicon Valley in the United States, and Shanghai, China. We are conducting medium- to long-term research including advanced software, hardware, and next-generation technologies, aiming to enhance our competitiveness with advanced technologies. We are also investing steadily in R&D, with a benchmark of 4–5% of net sales.

In Sodick, there are roughly 200 R&D engineers in Japan and roughly 30 overseas. To realize our medium- to long-term business vision, we are working to strengthen our capabilities in system and software development, including IoT, by both developing human resources and securing new personnel. Given the rapid pace of technological advancement, we utilize training programs led by external experts for AI and other cutting-edge technologies. For our proprietary technologies, moreover, we incorporate training programs into our annual development plans to ensure systematic knowledge transfer.

R&D expenses



Materiality issue: Contributing to evolving manufacturing

We believe we will continue supporting our customers' manufacturing. We launched metal 3D printers in 2014 and offered new ways of making metal molds. However, manufacturing is entering another new age and we are constantly pursuing R&D with a view toward the next stage. Our strength in food machinery is in aseptically-packed cooked rice production systems for making packaged cooked rice, and the application of this sterilization technology has made it possible to extend the shelf life of *onigiri* rice balls sold at convenience stores to 36 hours, from the previous 18 hours. This is contributing to reduction of food waste. The "AX350L iGroove+ Edition" ultra-precision wire-cut EDM is a new product that meets the demand for long-term stable machining and labor saving in precision mold manufacturing, and is equipped with a wire rotation mechanism and energy-saving functions to realize environmentally friendly and sustainable production. For the future manufacturing business, we recognize that needs for automation and labor savings to address labor shortages and technological succession will accelerate further. We are currently focusing on technologies for software and IoT systems to provide innovative total solutions connecting with various machines. We will work to develop digital technologies in various areas with a spirit of "We create it if it does not exist" to realize customers' dreams.

In addition, we are working to optimize our production technologies and infrastructure to enable new manufacturing approaches. By leveraging AI and DX, we will advance automation by shifting inspection processes from human judgment to AI-based decision-making. Moreover, we are formulating a vision for an intelligent factory that leverages AI to achieve high production efficiency through data analysis of production processes.

Intellectual Property Strategy

Tetsuo Sera
Department Manager
Intellectual Property Department

Intellectual property strategy for profit growth

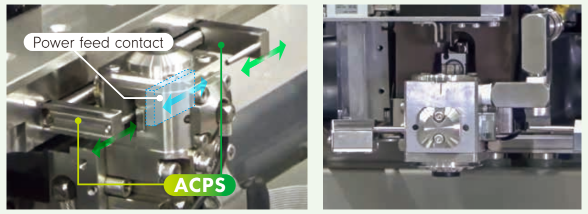
Traditionally, the primary roles of intellectual property departments at machinery manufacturers were to secure rights for development outputs and resolve intellectual property disputes. In recent years, however, capital markets are demanding higher profitability from companies. Accordingly, intellectual property departments are expected to play a more direct role in driving profit growth. They have close access to the strategies, development trends, and challenges of each business segment, as well as competitors' patent filing activities and broader technology trends. Leveraging patent-related big data, they can conduct macro-level analyses of competitors' strengths and weaknesses, market trends, the ease of market entry, and analysis in identifying potential customers and alliance partners. In addition, they can conduct micro-level analyses of individual patents. Sodick's Intellectual Property Department also provides proposals to each business division based on the outputs of these macro- and micro-level analyses. Going forward, we aim to strengthen Sodick's competitiveness by securing and developing talent capable of engaging in key strategic business initiatives from an intellectual property perspective. These include M&As, entry into new businesses, and startup investments.

Sodick's intellectual property strengths

While labor shortages in the manufacturing industry are a global challenge, one of Sodick's strengths lies in its products and solutions that support automation and labor-saving, enabling workers on the manufacturing sites to operate safely and efficiently.

▶ EDM business

Sodick's Automatic Conductive Piece Shifter "ACPS" received the Machinery & Robot Component Award at the 22nd 'CHO' MONODZUKURI Innovative Parts and Components Awards 2025. By incrementally changing the point of contact, this technology enables the lifespan of the power feed contact that delivers current to the moving wire electrode to be extended. Our ACPS technology, which enables stable, long-duration, unmanned machining by precisely and automatically shifting the position of the power feed contact, is covered by patents JP7162115, CN116265160, and US12594615.



"ACPS" Automatic Conductive Piece Shifter

▶ Food machinery segment

Our "Neo Mazar" noodle loosening machine is equipped with multiple cups that can rotate about a center line perpendicular to a circular inclined conveyor belt, allowing for even stirring and portioning of boiled noodles and seasonings within the cups. By reducing manual handling, it lowers the risk of bacterial contamination and foreign matter intrusion, enabling the safer delivery of seasoned noodles.

Sodick's conveyor-type Neo Mazar is covered by patents JP7060913, CN11581465, KR102849897, and US20230083718.

Neo Mazar

Intellectual Property Landscape

Positioning Intellectual Property Landscape as a key intellectual property administrative operation, we have put forward a range of proposals to top management and each business division.

In particular, the greatest strength of the ceramics business lies in its ability to manufacture large ceramic electrostatic chucks, measuring 1,300 mm in both width and depth, with high precision. It is targeting entry into the semiconductor manufacturing equipment market, which is expected to grow in the future. By combining information gathered by business divisions from semiconductor manufacturing equipment manufacturers' production sites with intelligence provided by our Intellectual Property Department, we analyze where our strengths can be applied within the semiconductor manufacturing process, which involves more than 1,000 steps. We also assess competitors' strengths and weaknesses, and key development priorities.

Furthermore, in 2025, we analyzed the technological areas in which our strengths and weaknesses lie with respect to wire-cut EDMs and presented the results to business divisions. While we have many strengths in hardware, including equipment and power supplies, we face challenges in software-related areas, such as machining conditions and processing programs. Accordingly, we are working to promote development strategies and recruitment from the perspectives of automation and ease of use.

Issues to address

1. Protect revenue and brand from counterfeit products

Because wire-cut EDMs use many consumables, we sell some consumables under our own brand. However, counterfeit products bearing our registered trademarks—in particular, imitation products of wire guides that incorporate diamond-processed components—are circulating both domestically and overseas. To prevent brand misuse, we are conducting investigations and taking appropriate action.

2. Leverage intellectual property to promote partnerships

To reduce development time and mitigate investment risk, we are promoting joint development and partnerships with other companies and universities. While we have identified potential alliance candidates through large-scale patent landscape analysis, other companies can likewise analyze our patents and consider us as a potential partner. Accordingly, when drafting patent specifications, we make every effort to present the strengths of our technology in clear, accessible terms.

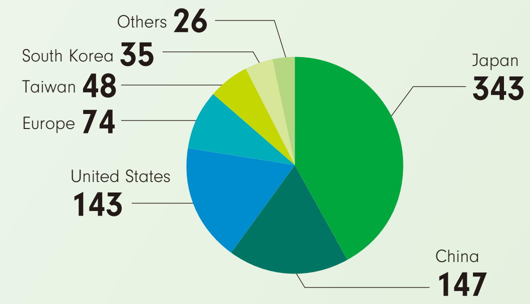
3. Conduct risk management for branding and information dissemination

We actively utilize social media for promotional activities. However, because social media platforms are accessible to the general public, they carry the risk of damaging the value of our products, brand, and intellectual property. To ensure effective branding and risk management in information dissemination via social media and other channels by the Company and its affiliated companies, our Public Relations Office, Sales Promotion Office, Intellectual Property Department, Export Control Office, and Legal Affairs Office are working together to establish an appropriate framework.

Intellectual property targets and progress

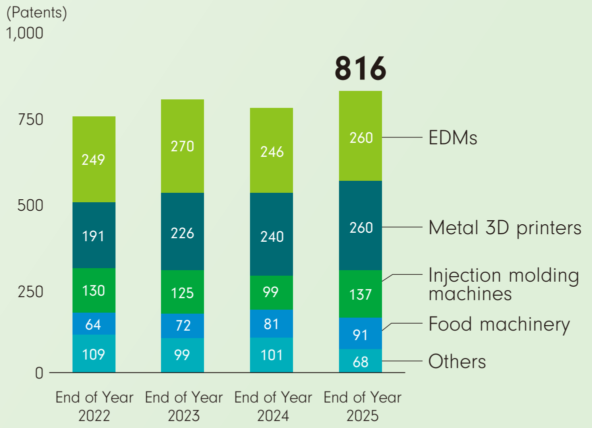
As Sodick's overseas sales ratio has increased, so have its foreign patent ratio, climbing from 47% of total holdings as of December 31, 2022 to 58% at the end of 2025. Outside Japan, our key jurisdictions for patent filings are the United States, China, Germany, and the United Kingdom for EDMs; the United States for metal 3D printers; the United States and China for injection molding machines; and China and South Korea for food machinery.

Number of patents held by country and region (as of the end of December 2025)



With a sales structure in the five major markets of Japan, China, the rest of Asia, the United States, and Europe, Sodick is pursuing a competitive advantage by building up a global patent portfolio. We will work to optimize countries for patent applications according to our management plans.

Number of patents held by product



	End of Year 2022	End of Year 2023	End of Year 2024	End of Year 2025
EDMs	249	270	246	260
Metal 3D printers	191	226	240	260
Injection molding machines	130	125	99	137
Food machinery	64	72	81	91
Others	109	99	101	68

For more details on our IP-related activities, please visit the Sodick corporate website.
https://www.sodick.co.jp/en/sustainability/governance/intellectual_property.html
https://www.sodick.co.jp/en/tech/patent.html

Sodick's Sustainability

Policy, Structure, and Initiatives for Sustainability

Basic Policy for Sustainability

Sodick's philosophy is to provide the highest value to its customers and contribute to a sustainable society as a company that will "Create Your Future" under the founding spirit of "Create," "Implement," and "Overcome Difficulties."

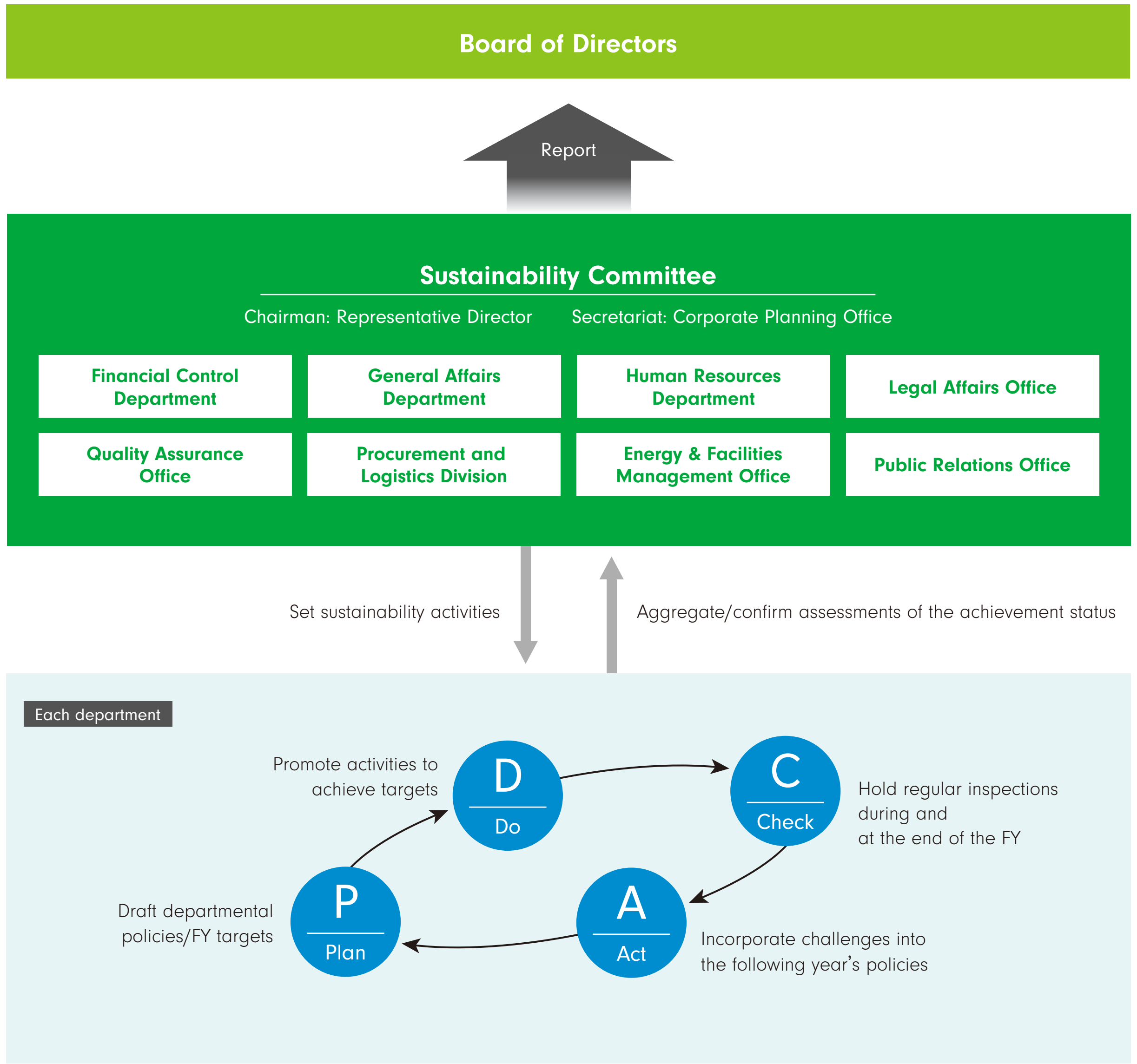
We do this in accordance with the Sodick Group Corporate Ethics Charter and Corporate Code of Conduct (Compliance Guidelines). On the basis of the practice of sincere business activities, we recognize that sustainability initiatives such as "contributing to evolving manufacturing," "addressing environmental management," "promoting diversification of human resources," and "strengthening governance" are our important management issues. We are proactively addressing these issues to enhance corporate value over the medium to long term.

Structure for Promotion

The Sustainability Committee, chaired by the Representative Director, sets policies and targets for medium- to long-term themes including climate change, carbon neutrality, human rights, and health and productivity management, and manages sustainability activities being carried out Company-wide.

With the Sustainability Committee at the center, we will pursue long-term, systematic sustainability activities by repeating PDCA cycle.

System for Promoting Sustainability



Board of Directors

Report

Sustainability Committee

Chairman: Representative Director   Secretariat: Corporate Planning Office

Financial Control Department	**General Affairs Department**	**Human Resources Department**	**Legal Affairs Office**
Quality Assurance Office	**Procurement and Logistics Division**	**Energy & Facilities Management Office**	**Public Relations Office**

Set sustainability activities

Aggregate/confirm assessments of the achievement status

Each department

Draft departmental policies/FY targets

Promote activities to achieve targets

Hold regular inspections during and at the end of the FY

Incorporate challenges into the following year's policies

Materiality Designation Process

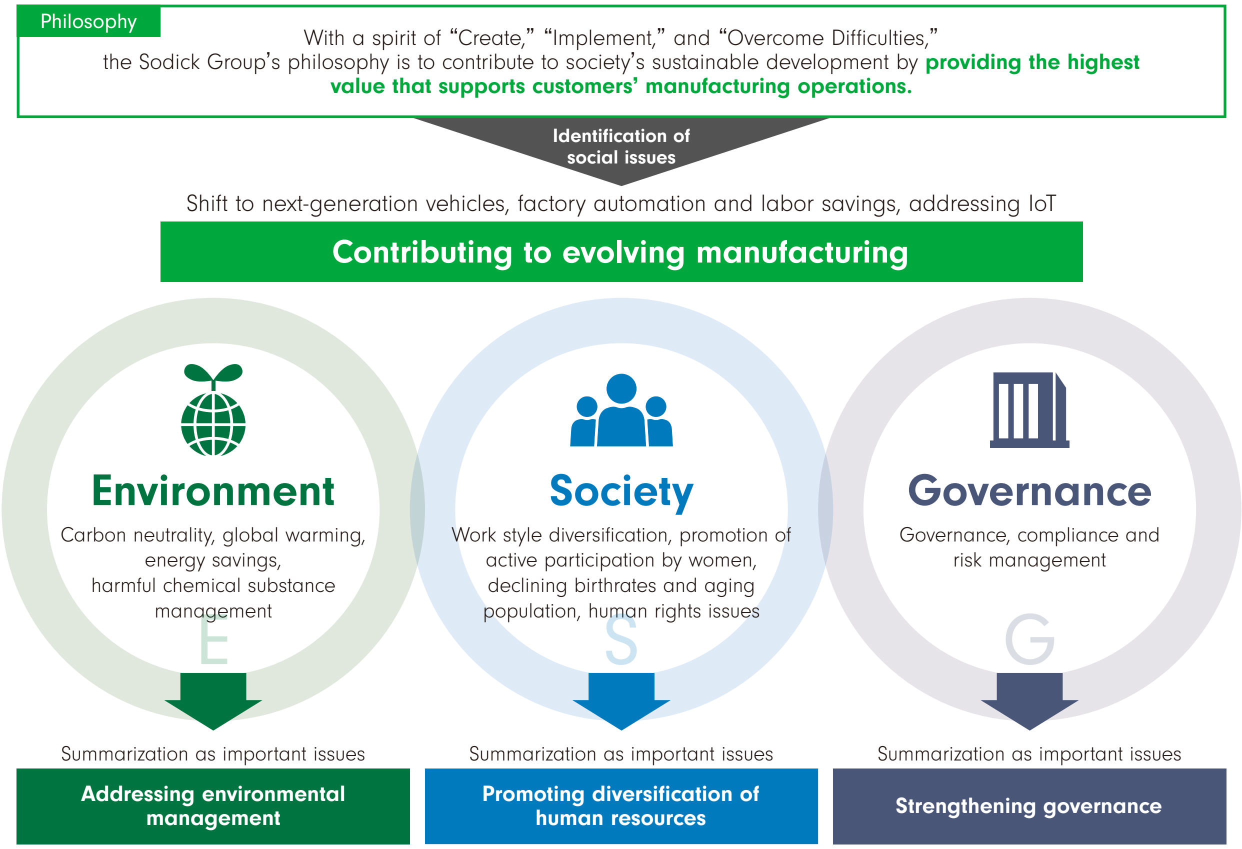
Addressing the UN's Sustainable Development Goals (SDGs) and other issues surrounding sustainability is essential to achieving the Group's sustainable growth and vision, and we recognize this as an important management issue. We have designated our materiality to accelerate the sustainability activities we have been carrying out to date, as we strive to enhance corporate value over the medium to long term.

In the materiality analysis, we analyzed the relevance and importance of global social issues and the 17 SDGs to our company from both positive and negative aspects. From that analysis, we then identified social issues in light of our corporate philosophy, and summarized them as four materiality issues (important issues).

Analysis of 17 SDGs in Terms of Their Relevance and Importance to Sodick

	1 NO POVERTY	2 ZERO HUNGER	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY	6 CLEAN WATER AND SANITATION	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
	Poverty	Food waste Agricultural support	Medical care/ Social welfare	Support for schools and education	Gender equality	Provision of clean water and toilets	Energy savings Renewable energy	Fulfilling and humane employment Economic growth	Provision of manufacturing infrastructure
Degree of relevance Degree of importance	○	○	△	–	○	–	◎	○	◎
	10 REDUCED INEQUALITIES	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	14 LIFE BELOW WATER	15 LIFE ON LAND	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17 PARTNERSHIPS FOR THE GOALS	
	Diversity	Urban development	Production and consumption Food waste	Global warming countermeasures	Reduction of marine debris	Forest preservation	Prevention of violence, corruption, and bribery	Strengthening capital, technological, functional, trade, and other partnerships	
Degree of relevance Degree of importance	○	–	◎	◎	○	○	○	○	

Designation of Important Issues in Light of Our Philosophy



Philosophy

With a spirit of "Create," "Implement," and "Overcome Difficulties," the Sodick Group's philosophy is to contribute to society's sustainable development by **providing the highest value that supports customers' manufacturing operations.**

Identification of social issues

Shift to next-generation vehicles, factory automation and labor savings, addressing IoT

Contributing to evolving manufacturing

Environment

Carbon neutrality, global warming, energy savings, harmful chemical substance management

Society

Work style diversification, promotion of active participation by women, declining birthrates and aging population, human rights issues

Governance

Governance, compliance and risk management

Summarization as important issues

Addressing environmental management

Summarization as important issues

Promoting diversification of human resources

Summarization as important issues

Strengthening governance

Progress of Materiality Initiatives

Setting Materiality KPIs

We cannot simply designate materiality; it also needs to be integrated with our business strategy as “important issues related to the sustainability of our business model.” We are carrying out ESG activities as part of our measures to strengthen our management base under the medium-term management plan, and we have set materiality KPIs for these activities.

Four Materiality Issues (Important Issues) and Main KPIs

		KPIs	2025 results and targets
Contributing to evolving manufacturing	▶ Anticipated outcomes **Contribute to the foundation for economic development through the advancement of sophisticated manufacturing** • Higher precision, higher functional EDMs • Higher precision injection molding machines and greater diversity of molding materials 9	Setting targets for environmentally friendly products	Percentage of environmentally friendly products in total machine tool sales: 68.5% in 2025/75% by 2026
			Percentage of environmentally friendly products in total industrial machinery sales: 99.5% in 2025/100% by 2026 * Incorporates P. SAVE MODE
Addressing environmental management	▶ Anticipated outcomes **Use renewable energy and reduce CO_2 emissions to achieve carbon neutrality** • CO_2 emission reduction targets • Promotion of wire recycling system • Use of solar power generation • Environmentally friendly products (biodegradable plastic molding machines, boiling machines equipped with CIP automated cleaning, etc.) • Conversion to environmentally friendly company vehicles • Implementation of QVP+ activities 7 9 12 13	Reducing greenhouse gas emissions	Greenhouse gas emissions (Scope 1 and 2) (1) 23% reduction in 2025/46% reduction by 2030 (vs. that of 2017) (2) Carbon neutrality by 2050 (including Scope 3)
		Improving energy consumption rate index	Energy consumption rate index: At least 3% improvement over three years (2024–2026)
Promoting diversification of human resources	▶ Anticipated outcomes **Further promote a corporate culture in which diverse employees can work comfortably with a sense of satisfaction** • Personnel system (job classifications aligned with life stages, impartial evaluation of performance) • Hiring of non-Japanese employees • Addressing the Act on Promotion of Women’s Participation and Advancement in the Workplace • Promotion of work style reforms (reduced working hours, remote work, parental and nursing care leave, etc.) 5 8 10	Increasing percentage of women in management positions (non-consolidated)	4.0% in 2025/5% by the end of 2026
		Increasing percentage of male employees taking parental leave (non-consolidated)	68.2% in 2025/100% by the end of 2027
Strengthening governance	▶ Anticipated outcomes **Strengthen both offensive and defensive governance to support management as the Company grows** • Enhancement of governance • Strengthening of risk management and compliance • Thorough export controls 16	No numerical targets set. Aim to resolve issues from perspectives including evaluation of the Board of Directors’ effectiveness, internal controls, risk management, and compliance.	

Major Activities during 2025

Stakeholder	Theme	Activity	Related SDGs
Environment	Reducing environmental impact of business activities	• Measures to conserve and recycle resources (reduction of paper and plastic waste, reuse of packaging materials, etc.) • Installed solar power generation system (business sites in Japan and overseas) and visualized peak electricity demand to reduce electricity use • Strengthened and improved management of harmful chemical substances	7 13 14 15
	Green procurement	• Revised Green Procurement Standards • Activities to reduce printed materials	15
Customers	Contributing to the environment through products	• Promoted development of environmentally friendly products • Promoted development of recyclable and green products	9 12 13 15
	Quality enhancement	• Activities to reduce design-caused defects • Strengthened risk assessment by machine model • Formulated manual of welding standards for machine tools	9 12
	BCP	• Business continuity plan for procurement and logistics (survey, improvement)	11
Society	Social and cultural activities	• Selected as Sports Yell Company by the Japan Sports Agency • Activities and awards of Sodick sumo team at major competition	9 14
Employees	Promoting diversity	• Hired non-Japanese employees • Accepted non-Japanese technical interns • Hired employees with disabilities • Promoted and encouraged women in the workforce	5 10
	Creating comfortable workplace environments	• Promoted health and productivity management • Held town hall meetings • Introduced remote working, reduced working hours, and staggered working hours systems • Carried out employee satisfaction survey and applied scores as compensation indicator for Directors • Held safety training to eliminate work-related injuries • Traffic safety courses and dissemination of information to employees to prevent traffic accidents with company vehicles	8
	Human resource development	• Conducted co-creative management training • Held IT security seminar • Made core personnel, skills, and qualification information visible (talent management system)	4
Shareholders and Investors	Strengthening corporate governance	• Transitioned to a company with an Audit & Supervisory Committee • Delegated authority for certain decisions from the Board of Directors to management meetings • Announced Declaration of Partnership Building • Formulated Multi-Stakeholder Policy	
	ESG information disclosure	• Issued Integrated Report • Disclosed information in response to TCFD recommendations • Expanded disclosure of ESG information	

Environmental Initiatives

Addressing Environmental Management

Accelerating Environmental Conservation Activities

The Sodick Group has designated four materiality issues as management's most important issues, one of which is "addressing environmental management." We will work on this issue along various themes including carbon neutrality, global warming, energy savings, and management of harmful chemical substances, from the perspectives of promoting sustainability activities and increasing corporate value over the medium to long term.

Acquisition of Environmental Management Certification

All of our business locations in Japan have acquired the certification under the ISO14001:2015 international environmental management standard. We continuously review and improve our operations confirming the effectiveness.

Management of Chemical Substances That Affect the Environment

In addition to releasing our Green Procurement Standards and lists of hazardous chemicals, we worked to develop a proprietary ERP-linked harmful chemical substances control system (SHCSCS).

Environmental Policy—FY2026—

1) To take environmental factors into consideration at each stage across the entire life cycle of Sodick's products, we aim to reduce greenhouse gas emissions, taking into account climate change and resource depletion. We will also strive to develop products and establish production systems that contribute to a recycling-based society through such initiatives as the 3Rs (Reduce, Reuse, Recycle) + 1R (Refuse).
2) By realizing the comprehensive management of all parts and materials via our control system for harmful chemical substances, we aim to reduce and eliminate harmful chemical substances, and strive to understand and comply with customers' requests and the laws and regulations of Japan and other countries.

Long-Term Environmental Targets

Greenhouse Gas Emission Reduction Targets

Step 1
46% reduction by 2030 (vs. that of 2017)

Promoting overall reduction, including Scope 3

Step 2
Aiming to achieve carbon neutrality by 2050

Greenhouse gas*1 emission data (values calculated from January through December of relevant years) (t-CO_2)

	2021	2022	2023	2024	2025
Japan	11,222	11,068	10,646	9,677	9,632
Overseas	11,407 (Thailand)	10,747 (Thailand)	8,433 (Thailand)	16,238 (Thailand, China, United States, Taiwan)	17,926 (Thailand, China, United States, Taiwan, United Kingdom, Singapore)

*1 Scope 1 and 2
*2 Japan: market-based/Overseas: location-based

Environment-Related Materiality and KPIs

Materiality	KPIs		Activities
		Targets	
Addressing environmental management	Reducing greenhouse gas emissions	Greenhouse gas emissions: (1) 46% reduction by 2030 (vs. that of 2017) (2) Carbon neutrality by 2050	Energy-saving measures: Expansion and installation of solar power generation systems, conversion to LED lighting, upgrading of energy-saving machinery and equipment, upgrading of air conditioning systems, optimal operation of compressors
	Improving energy consumption rate index	Energy consumption rate index: At least 3% improvement over three years (2024–2026)	Maintaining best-effort target of 1% reduction under Act on Rationalizing Energy Use
Contributing to evolving manufacturing	Setting targets for environmentally friendly products	Percentage of environmentally friendly products in total machine tool sales: 75% by 2026	Reducing electricity consumption with AL i Groove+ Edition
		Percentage of environmentally friendly products in total industrial machinery sales: 100% by 2026	• Sales of AI-VENT (that does not use a dryer) • Incorporating P. SAVE MODE (energy-saving operation)

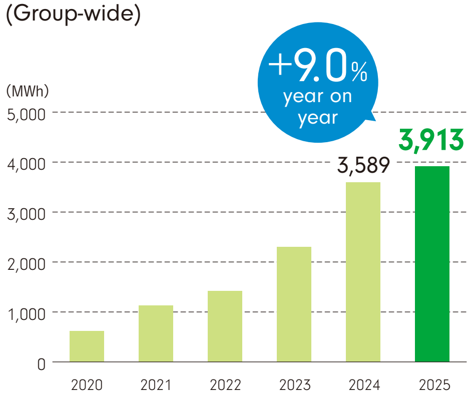
Examples of Initiatives

Expansion of Solar Power Generation Systems

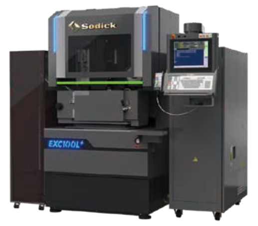
We are expanding solar power generation systems at our business sites both in Japan and overseas. We have installed solar power generation systems at our Head Office, the Kaga Factory, the Miyazaki Factory, and our technical centers in Japan, and at the Thailand Factory, the Suzhou Technical Center (China), and Sodick Europe Ltd. (U.K.) overseas. We also newly installed a solar power generation system at the Amoy Factory (China) in April 2025.

As a result of these efforts, total solar power generated in 2025 was 3,913 MWh (domestic: 2,786 MWh, overseas: 1,127 MWh), eliminating approximately 1,700 tons of greenhouse gas emissions annually. We will remain committed to reducing greenhouse gas emissions by continuously expanding the use of renewable energy and improving the self-consumption ratio at our domestic and overseas sites.

Solar power generation at Sodick facilities (Group-wide)



Development of Environmentally Friendly Products

Machine tools	With Sodick's EDMs, we have pursued reductions in power consumption during operation and energy savings through improvements in machining speed. "EXC100L+," an ultra-precision wire-cut EDM released in 2025, features a system in which the processes of jetting, circulation, and pumping of machining fluid have been fully converted to inverter control, enabling optimal control of operations in response to machining conditions. This delivers a reduction in power consumption of up to 25% compared to previous models, while maintaining ultra-precision processing performance at the nano level.  EXC100L+ ultra-precision wire-cut EDM
Industrial machinery	In the industrial machinery segment, we held Circular Economy Molding Demonstration Seminars at sites across Japan to support customers' environmental conservation activities. Using molding technologies that contribute to the circular economy, including AI-VENT, INFILT-V, and the direct horizontal recycling molding method, we are proposing solutions for plastic recycling systems, zero-waste molding systems, and direct horizontal recycling systems utilizing 100% recycled crushed materials.
Food machinery	Since food machinery inevitably involves energy-intensive processes such as heating, warming, and cooling, we are pursuing the development of innovative products that break away from conventional production process norms. Reducing food waste is also an important consideration. The "continuous vacuum cooling equipment 2025," which we brought to market in 2025, incorporates technology that rapidly and uniformly cools cooked foods such as bread, rice, and side dishes from the inside by placing them in a vacuum state. This product contributes to resolving social issues not only by reducing food waste, but also from the perspectives of energy saving, labor saving, and space saving.

CDP Evaluation

The Sodick Group received a "C" rating from CDP* in its evaluation of the Group's climate change initiatives and information disclosure. We recognize our response to climate change as an important management issue and will continue to accelerate initiatives.

DISCLOSURE INSIGHT ACTION

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* CDP: An international non-governmental organization (NGO) founded in the U.K. in 2000 whose main activities include requesting companies and local governments to disclose information on measures to combat environmental issues such as climate change countermeasures, water resource protection, and forest preservation, as requested by global institutional investors and major purchasing organizations strongly interested in environmental issues, and encouraging the implementation of said measures

Climate-Related Financial Information Disclosure Based on TCFD Recommendations

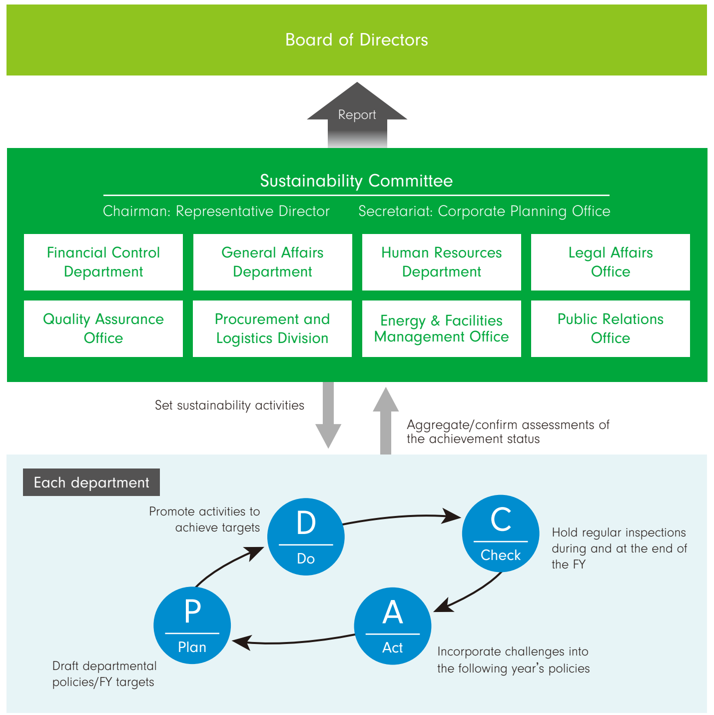
The Sodick Group discloses important information related to the issue of climate change based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Governance

Sodick's philosophy is to provide the highest value to its customers and contribute to a sustainable society as a company that will "Create Your Future" under the founding spirit of "Create," "Implement," and "Overcome Difficulties." We have established a Sustainability Committee chaired by the Representative Director to promote management based on the standpoint of sustainability, including "contributing to evolving manufacturing," "addressing environmental management," "promoting diversification of human resources," and "strengthening governance."

The committee meets four times per year to discuss climate change action as one of its important agenda items. It coordinates with each department to implement a PDCA cycle and promote long-term, systematic sustainability activities. Decisions are reported to the Board of Directors. The details are then discussed as necessary and reflected in the management of the Group as a whole.

System for promoting sustainability



Risk Management

We have established a Risk Management Committee to manage risks related to our business. Climate change-related risks are integrated into Group-wide risk management, which is supervised by the Risk Management Committee. Subsidiaries and business divisions report risk information four times a year, and the identified risks are evaluated in terms of probability of occurrence and impact. We consider policies and countermeasures, report them to the Board of Directors, deliberate them, and reflect them in our management strategies.

Metrics and Targets

We set greenhouse gas emissions (Scope 1 and 2) as metrics for evaluating and managing climate change risks and promotion of our environmental management. The target is to reduce emissions by 46% compared to 2017 by 2030. Furthermore, going forward, we will promote initiatives to reduce overall greenhouse gas emissions, including Scope 3, aiming to achieve carbon neutrality by 2050. In order to achieve our targets, we will actively promote the introduction of renewable energy, such as by installing and expanding solar power generation equipment at our facilities. We also engage in technological development to improve the environmental impact reduction performance of our products for society-wide decarbonization.

Strategy

We conducted scenario analysis to understand the impact of risks and opportunities arising from climate change.

Scenario Analysis Method

We conducted an analysis using the 1.5°C and 4°C scenarios to understand the impact of climate change on the business environment in 2030. The identified risks and opportunities were qualitatively assessed on a three-point scale of high, medium and low in terms of probability of occurrence and impact.

Scenario Analysis Results (Impact from the Transition to a Decarbonized Society)

Classification			Significance		Our initiatives
			4°C scenario	1.5°C scenario	
Risks	Policies and regulations	Introduction of carbon taxes and emissions trading	Low	Medium	● Introduction of renewable energy (installation and expansion of solar power generation equipment) ● Development and sale of products that can contribute to reducing CO_2 emissions and an environmentally friendly society through ISO 14001 operations
		Energy conservation policies	Low	Medium	● Development and sale of products that can contribute to reducing CO_2 emissions and an environmentally friendly society through ISO 14001 operations
		Obligation for information disclosure	Low	Medium	● Tracking and disclosure of chemical substance content in products ● Establishment of system for managing hazardous chemical substances
	Market	Changes in energy costs	Low	Low	● Installation and expansion of solar power generation equipment
		Changes in raw material costs	Medium	Medium	● Development of special wire technology to help reduce consumables
		Changes in customer behavior	Low	Medium	● Development and sale of products that can contribute to reducing CO_2 emissions in each stage of the product life cycle and an environmentally friendly society through ISO 14001 operations
Opportunities	Policies and regulations	Energy conservation policies	Low	Medium	● Development of carbon-free/energy-saving products ・Injection molding machines to manufacture light parts ・Metal 3D printers to help shorten manufacturing processes ・Rapid cooling equipment for granule powder that efficiently manages temperature
	Technology	Spread of renewable energy and energy-saving technologies	Medium	Medium	● Development of carbon-free/energy-saving products ・Injection molding machines to manufacture light parts ・Metal 3D printers to help shorten manufacturing processes
Physical risks	Acute	Intensification of abnormal weather	Low	Low	● Establishment of business continuity plan (BCP) ● Surveys on supplier BCPs

* Implemented a review of impact through comprehensive risk management (December 2025)

Human Capital Strategy

Human Capital and Diversity

The Sodick Group believes that human resources are an important source of capital for increasing corporate value over the medium to long term. We strive to create a work environment and corporate culture where all employees can grow together with the Company, respect each other's diversity as to gender, nationality, and career, and play active roles.

It is important to respect diverse perspectives and values in order to respond to changes in the business environment such as global business expansion, the development of new businesses that meet diverse market needs, and the creation of added value. On the basis of the policies of "promoting unified human resource management," "continuing recruitment and promotion that emphasize diversity of human resources," and "creating a comfortable work environment and offering career support," we aim to encourage all employees to enhance their expertise and build their careers and personal networks through interactions with diverse human resources both in Japan and overseas. Moreover, for recruiting, we proactively employ people with different experiences, skills, and careers as we believe that the fusion of these human resources will become a source of new value creation.

KPIs and results related to human capital and diversity

Indicators	Targets	Results (FY2025)
Employee satisfaction score	Standard deviation score of 55 or higher by the end of 2026	41
Percentage of female employees in management positions	5% by the end of 2026	4.0%
Percentage of male employees taking parental leave	100% by the end of 2027	68.2%

Increasing Employee Engagement

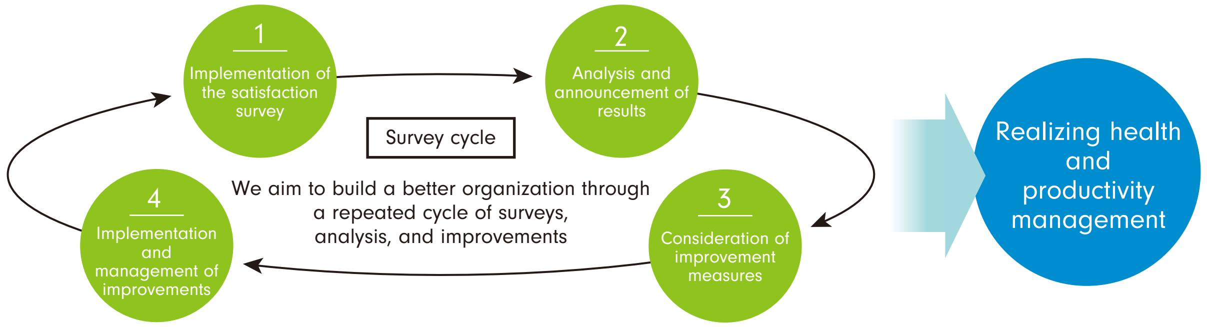
We actively promote improvements in the workplace environment and health advancement to enable every employee to remain physically and mentally well and continuously take on the challenge of achieving further growth.

We believe that maintaining the growth of the Company and its employees will increase motivation, leading to improved productivity and financial performance Company-wide. To identify current issues and drive improvement, we have been conducting employee satisfaction surveys since 2022 to assess the Company's present state and better understand what employees "expect" and "want." We identify issues from the survey results, consider and implement measures for improvement, and evaluate their effectiveness through the following year's survey, establishing a continuous improvement cycle. Through these efforts, we hope to encourage every employee to take deeper interest in the Company as an active participant, thereby creating a better organization and realizing health and productivity management.

Expected effects of increased engagement

Improved labor productivity	There is a positive correlation between the "engagement score" and "labor productivity." We believe that as the score increases, labor productivity will also increase.
Improved operating profit margin	There is also a positive correlation between the "engagement score" and "operating profit margin in the current fiscal year." We believe that as the score increases, the operating profit margin will also increase.
Decreased turnover rate	Organizations with a higher "engagement score" tend to have a lower "turnover rate." We believe that a higher score contributes to lower turnover rates especially among middle-level employees.
Improved customer satisfaction	We believe that a high "engagement score" will result in improvements in the quality of communication, fewer accidents, fewer product shortages, and increased customer satisfaction.
Improved corporate value	We believe that as the "engagement score" improves, operating profit and corporate value will also improve.

Utilization cycle of employee satisfaction surveys



Method of Using Employee Satisfaction Surveys

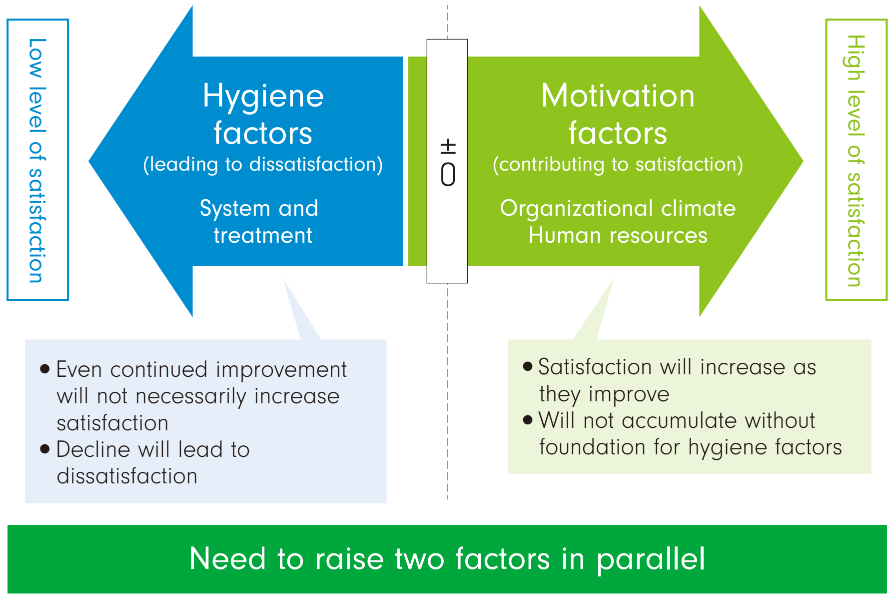
To raise engagement scores across the Company, we believe it is necessary to address both "hygiene factors (system and treatment, etc.)" that lead to dissatisfaction and "motivation factors (organizational climate, etc.)" that contribute to satisfaction. As a first step, we reviewed bonuses and implemented a significant wage increase in the second half of 2022. Although bonuses were reduced due to declining performance from the second half of 2023 through the first half of 2024, we plan to continue improving treatment while improving revenues. With respect to "motivation factors," our approach focuses on initiatives aimed at transforming our organizational climate.

Moreover, increasing employees' sense of fulfillment is quite important in order to generate sustained innovation and continuously improve business performance. We recognize this as one of our top priorities. In 2024, we revised officer compensation and introduced a system in which employee satisfaction scores are linked to officer compensation.

Human Resource Development

To fulfill the Company's philosophy of providing the highest value to customers and striving to contribute to a sustainable society as a company that will "Create Your Future," we must become a company where people can grow, as well as create opportunities for the growth for each and every employee. We will work toward this goal while upholding an educational philosophy of developing human resources who unite as "all challengers," boldly anticipating and embracing future challenges.

Aiming for improvement based on two factors



Source: Herzberg's two-factor (motivation-hygiene) theory

Implementation of Town Hall Meetings

With the aim of visualizing organizational issues and fostering a sense of unity with the field staff, we held town hall meetings where management and employees could engage in direct dialogue.

Candid opinions from the field staff were shared, and the meetings served as an opportunity for co-creation to improve operations and strengthen employee development.

We will continue to work toward building a better organization through dialogue.

Promoting Diversification of Human Resources (Diversity & Inclusion)

Promoting Diversity & Inclusion Starting with the Active Participation of Women

We position Diversity & Inclusion (D&I) as an important management issue based on the belief that respecting diverse perspectives and values leads to enhanced corporate value. To date, we have focused our efforts on promoting the active participation of women, but now we are using those efforts as a starting point to develop an organization where all employees, regardless of gender, can demonstrate their abilities.

A survey of female employees regarding their careers and work environment revealed that, while a certain number have an interest in management positions, issues such as the weight of the role’s responsibilities and anxieties about work styles also exist. We recognize that these factors are influenced not only by individual motivations but also by our organization’s support system and management practices.

In light of these issues, we are working to improve both our systems and corporate culture, and rather than limiting the active participation of women to a specific initiative, we are instead working to reexamine the entire workplace so that employees can work comfortably as well as review management practices. As part of this effort, we launched “The Nexus,” a community that promotes Diversity & Inclusion, in 2026. This community deepens connections between employees regardless of gender, age, or job type, and creates opportunities for them to proactively think about their careers and work styles.

In addition, we are conducting surveys targeting managers on team member development and diverse human resource management to understand management-side issues and support needs. This reduces the burden on managers and improves their management skills, which in turn creates a work environment where “aspiring to a management position is a positive choice.”

Going forward, we will use the promotion of active participation of women as a starting point while working to create an organization where all employees can work with peace of mind and take on challenges in their future careers.

Data on active participation by women

Indicators	Targets	FY2024 results	FY2025 results
Percentage of women in management positions	At least 5% (2026)	3.5%	4.0%
Percentage of women hired	At least 25% (FY2027)	29%	20%
Female employee turnover ratio	Within 3% (2027)	7.6%	5.1%

Health and Productivity Management, and Occupational Health and Safety

Promoting Health and Productivity Management

Under the “Sodick Health and Productivity Management Declaration,” we work together as one team to maintain and improve the health of our employees, enabling us to continue to support the manufacturing operations of our customers and take on the challenge of further growth, guided by the basic spirit of “Create,” “Implement,” and “Overcome Difficulties” as stated in our management philosophy.

In April 2022, we established a new framework, led by the Representative Director as chief executive, that works in cooperation with our Safety and Health Committee, occupational health physician, and health insurance society.

Promotion structure

Major initiatives during FY2025

- ■ Offering specific health guidance and health seminars
- ■ Implementing health promotion campaigns and events
- ■ Improving attendance rates for cancer screening, etc. (providing medical checkups and PET cancer screenings for employees aged 40 and over)
- ■ Conducting interviews and providing time management education for employees who work long hours
- ■ Expanding systems related to work-life balance (encouraging male employees to take parental leave, etc.)
- ■ Establishing a new leave system for injuries and illnesses (care leave)

* Please also visit the Sodick website for more information on our initiatives in areas such as global human resource participation, occupational health and safety, industrial accident prevention, EAP (Employee Assistance Program), and mental health.
https://www.sodick.co.jp/en/sustainability/society/index.html

Creating a Comfortable Workplace

Progress in Work Style Reform

As part of our efforts to promote health and productivity management, we encourage employees to take paid leave by setting aside several days a year. Our aim is to create a virtuous cycle in which employees rest properly and return to work refreshed and motivated. To reduce overtime, meanwhile, we are promoting greater operational efficiency and using systems to ensure stricter labor time management.

We are also working to create an environment in which employees can balance work and child rearing, and are implementing reforms such as expanding the scope of those eligible for short working hours and encouraging male employees to take parental leave. Regarding encouraging male employees to take parental leave, we are promoting the creation of an environment in which they can easily take leave through having interviews between the Human Resources Department and those eligible to take leave and providing information through the in-house newsletter. As a result, the number of male employees taking parental leave has increased.

Data on work flexibility

		FY2021	FY2022	FY2023	FY2024	FY2025
Average number of days of paid leave taken		11.6	14.1	13.3	13.0	14.0
Annual average overtime hours		296	299	253	244	205
Number of employees taking parental leave	Women	3	8	10	13	15
	Men	11	13	14	23	9
Number of employees working reduced hours		8	11	13	15	22

Human Rights and Compliance

Sodick Group Corporate Ethics Charter and Code of Conduct (Compliance Guidelines)

All corporate officers and employees of the Sodick Group should be aware of the environment and social responsibilities surrounding the Group, respect human rights, comply with laws and regulations, and act in accordance with social ethics for the sound development of the Group. In order to meet the expectations of society, we have established and are implementing the Sodick Group Corporate Ethics Charter and Corporate Code of Conduct (Compliance Guidelines) as the Group’s Code of Conduct.

Chapter 3 Relations between the company and employees
19. Respect for human rights and prohibition of discriminatory treatment

The Sodick Group shall ensure a sound work environment in which no person is harassed or discriminated against due to their ethnicity, beliefs, race, sex, religion, nationality, language, physical features, wealth, place of birth, or other such reasons.

The Sodick Group does not use forced labor, slave labor, compulsory labor, or labor from human trafficking.

In particular, the Sodick Group views as unacceptable the kinds of harassment that are increasingly becoming social problems, including sexual harassment, power-based harassment and administering pressure to drink alcohol. If a problem occurs, the Sodick Group shall promptly investigate the matter and take firm measures to assist the victim and prevent recurrence.

Reporting Rules on Human Rights and Compliance

Our compliance regulations stipulate that, in the event of observing an act or suspected act of noncompliance in a business or organization, an employee must immediately consult with his/her supervisor or manager, or if he/she is unable to consult, must report the matter (Article 4: Obligation to Consult, Article 7: Obligation to Report).

The regulations guarantee that whistleblowers will not be subject to dismissal, reduction in salary, or any other disadvantages (Article 8: Protection of Whistleblowers).

Human rights and compliance reporting desk

1. Compliance Hotline Desk
In principle, the Compliance Hotline Desk serves as the point of contact for reporting. In addition to compliance-related issues, it also provides consultation for harassment-related issues.

2. External point of contact
In the event of circumstances that cannot be reported to the Compliance Hotline Desk, an outside attorney serves as a point of contact for reporting.

Training for Human Rights and Compliance

We are working to create a harassment-free working environment by conducting harassment-related training and human rights and compliance training for all new employees to ensure comprehensive Company-wide awareness.

Supply Chain Initiatives

Procurement Policies and Guidelines

Suppliers of the Sodick Group

While our basic principle is local production for local use in Japan, Thailand, and China, where our production centers are located, we conduct procurement activities globally according to the characteristics of procurement items so that we can ensure stable procurement of parts and materials. We have established a Basic Procurement Policy and procure the most suitable parts based on relationships of mutual understanding and trust with our suppliers.

Supplier Selection Criteria

In addition to the quality, price, and stability of procurement items, we investigate suppliers to assess their technical level, production capacity, quality control status, and response to environmental improvement. We also select suppliers by examining their operational conditions, business continuity plans (BCP), compliance with laws and regulations, and responses to social issues.

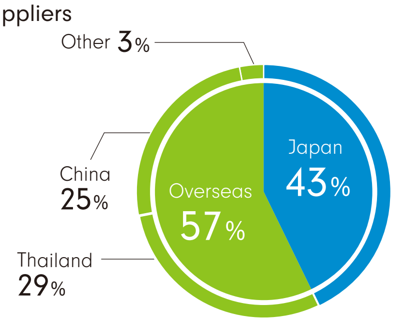
Conducting Supplier Surveys and Audits

We ask our suppliers to understand the Sodick Group's procurement policy. In addition to various surveys at the beginning of the business transaction, we require them to respond to various documents to realize environmentally friendly product manufacturing even after transactions. We conduct written evaluations of each company and ask key suppliers to cooperate with on-site audits.

Sustainable Procurement Guidelines

To contribute to the sustainable development of society, the Sodick Group works with its suppliers to promote sustainability throughout its supply chain. We have formulated the Sodick Sustainable Procurement Guidelines, based on the four categories of human rights and labor, compliance, the environment, and quality and safety. We ask suppliers to cooperate with our efforts to disseminate a sustainability mindset. We distributed the guidelines to our major suppliers in Japan and received the Confirmation of Acknowledgement from suppliers accounting for more than 90%. In 2024, we introduced a CSR Procurement Survey to monitor the sustainability initiatives of our suppliers. The questionnaire-based survey elicited a solid response rate of more than 70%. Through the survey, we will continue stepping up efforts to promote the Company's sustainability.

Number of suppliers
(FY2025)



Basic Procurement Policy

1. Sincere, open, honest, and fair trade
   We procure optimal components globally, honoring the principle of free competition.
2. Prosperous partnerships with our suppliers
   We aim to build relationships that prosper both us and our suppliers, reflecting our commitment to mutual understanding and trust.
3. Respect for human rights
   We strive to build a sustainable supply chain and a society that respects human rights.
4. Legal compliance and environmental protection
   Our procurement initiatives comply with national and regional laws and conserve and protect the environment.
5. Quality, economic rationality, stable supply
   We fully evaluate each supplier for suitable quality, reliability, delivery, price, capacity to develop technology and actively propose solutions, and management stability, among other considerations, and our procurement practices are based on reasonable standards.

Item	Details
Human rights and labor	● Prohibition of discrimination and human rights violations ● Prohibition of harassment ● Prohibition of forced labor ● Prohibition of child labor ● Appropriate payment of wages ● Working hours management ● Freedom of association ● Ensuring occupational health and safety ● Action on conflict minerals
Compliance	● Compliance with laws and regulations ● Corruption prevention ● Management of confidential information ● Compliance with the Unfair Competition Prevention Act ● Intellectual property protection ● Export control ● Whistleblower protection ● Information disclosure
Environment	● Reduction of greenhouse gas emissions ● Contribution to a recycling-based society ● Chemical substance management ● Prevention of air, water, soil pollution
Quality and safety	● Ensuring quality ● Ensuring safety

Prosperous Partnerships Across the Entire Supply Chain

Legal Compliance

To ensure the fairness and transparency of the entire supply chain, the Sodick Group thoroughly complies with all relevant laws and regulations, such as the Act on Preventing Delay in Payment to Small and Medium-Sized Entrusted Business Operators in Relation to Manufacturing Consignment. We go beyond simply preventing infractions, seeing the fostering of a corporate culture in which compliance is expected as an important part of the Group's foundation, and we have created a system in which every person works proactively to comply with laws and regulations.

Declaration of Partnership Building

The Sodick Group has announced a Declaration of Partnership Building with the aim of realizing prosperous partnerships across the entire supply chain, and we work together with suppliers, striving to achieve sustainable growth. We comply with Promotion Standards based on the promotion standards for small and medium-sized enterprises, and we actively work to reform transaction practices and business practices that impede the building of partnerships with suppliers. By doing so, we are creating a fair and sustainable business environment.

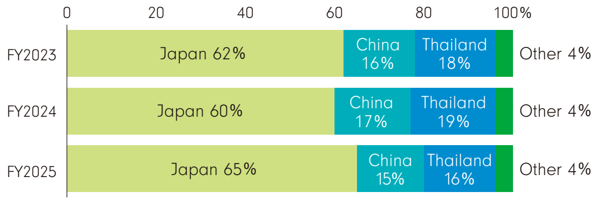
Through these activities, we are contributing to greater competitiveness and the creation of value across the entire supply chain.

Ensuring Supply Chain Resilience

Diversifying and Reviewing Procurement Channels

The Sodick Group is working to disperse risks by securing multiple procurement channels in Japan and overseas for stable procurement of parts and materials. We respond to shortages in parts and materials supply through procuring distribution inventories and alternative products. We are also continuously reviewing procurement channels to cope with foreign exchange rate fluctuations, such as the yen's depreciation, and changes in production volume at each factory.

Location of suppliers by country
(procurement value basis)



Conducting Surveys of Secondary Manufacturers

We are working to strengthen the resilience of our supply chain in light of the risks of natural disasters and other calamities and geopolitical risks around the world. We formulated Sodick Supply Chain Survey and conducted a supplier survey on important items with large procurement value. In addition to conducting surveys of primary manufacturers, we did surveys of secondary manufacturers that supply parts and materials to primary manufacturers in order to understand the situation across the entire supply chain. Based on the results, we will introduce measures including having multiple procurement channels and strengthen a resilient supply chain for quick response to changes in international circumstances.

BCP (Business Continuity Plan)

BCP Initiatives

We have established a system to grasp the situation and minimize the impact on business continuity when supply chain issues emerge from earthquakes or other large-scale natural disasters, pandemic outbreaks, or international conflicts, etc. We grasp the suppliers' BCP responses and provide support for improvements.

Conducting BCP Surveys

We conducted our first BCP survey in 2016 and did subsequent BCP surveys in 2020, 2022, and 2024. In 2024, the survey again attracted numerous responses. Going forward, we intend to survey suppliers every two years and to promote activities to raise awareness of BCP measures.

Sodick's Governance Reforms

At Sodick, strengthening corporate governance is one of our management materiality issues. We will further strengthen our corporate governance to enhance management transparency, impartiality, and speed.

Promoting Governance Reforms to Maximize Corporate Value

Given today's drastically changing management environment, an effective governance structure is indispensable. Sodick is working to support management by strengthening both offensive and defensive governance. We have accelerated the strengthening and reform of the governance structure in areas including ensuring diversity and improving the effectiveness of the Board of Directors, accelerating management decision-making, and addressing issues related to sustainability.

In 2025, we transitioned to a company with an Audit & Supervisory Committee. We will enhance corporate governance through strengthening the supervisory function of the Board of Directors by having the members of the Board of Directors consist of the Audit & Supervisory Committee Members responsible for auditing the execution of duties by Directors. In addition, by delegating some of the Board of Directors' decision-making authority regarding business execution to management meetings, we aim to accelerate management decision-making and further enhance corporate value.

History of initiatives to strengthen corporate governance

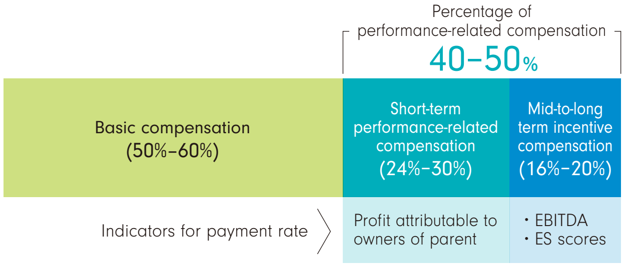
2012	● Introduction of executive officer system
2014	● Election of one External Director
2015	● Addition of one External Director (total of two persons) ● Establishment of Advisory Committee on Personnel and Committee on Compensation
2016	● Evaluation of the effectiveness of the Board of Directors carried out ● Addition of one External Director (total of three persons)
2018	● Addition of one External Director (total of four persons)
2019	● Election of a female Director
2020	● Review of number of members in Advisory Committee on Personnel and Committee on Compensation (two Internal Directors and three External Directors)
2021	● Election of a female Audit & Supervisory Board Member
2022	● Establishment of a top management meeting and each division's management meeting
2023	● Change in the term of office of Directors from two years to one year
2024	● Change of Chairperson of Advisory Committee on Personnel and Committee on Compensation from President and Representative Director to External Director ● Addition of one External Director (total of five persons) ● Addition of one female Audit & Supervisory Board Member (total of two persons) ● Addition of ES scores as an indicator for the payment rate of mid-to-long term incentive compensation for Internal Directors
2025	● Shift to a company with an Audit & Supervisory Committee

Composition of Board of Directors and other committees

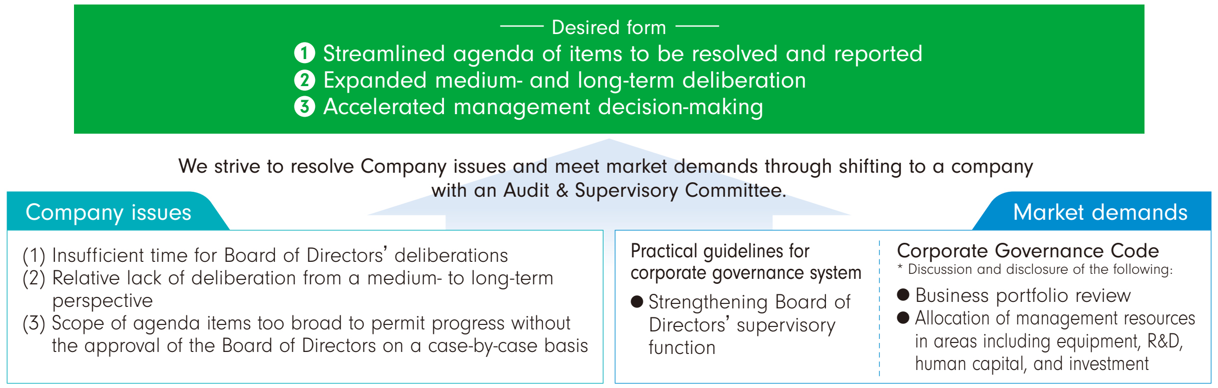
		Percentage of External Directors	Percentage of female Directors
Board of Directors	🔵🔵🔵🔵🔵🔵🔵 🟠🟠🟠🟠🟠	58.3%	25.0%
Audit & Supervisory Committee	🔵🔵🔵 🟠	75.0%	50.0%
Advisory Committee on Personnel Committee on Compensation	🔵🔵🔵 🟠🟠	60.0%	0.0%

🔵 External Director 🟠 Internal Director

Compensation ratio for Internal Directors (excluding Audit & Supervisory Committee Members)



Desired form of governance structure



Desired form

① Streamlined agenda of items to be resolved and reported
② Expanded medium- and long-term deliberation
③ Accelerated management decision-making

We strive to resolve Company issues and meet market demands through shifting to a company with an Audit & Supervisory Committee.

Company issues

(1) Insufficient time for Board of Directors' deliberations
(2) Relative lack of deliberation from a medium- to long-term perspective
(3) Scope of agenda items too broad to permit progress without the approval of the Board of Directors on a case-by-case basis

Market demands

Practical guidelines for corporate governance system
- Strengthening Board of Directors' supervisory function

Corporate Governance Code
* Discussion and disclosure of the following:
- Business portfolio review
- Allocation of management resources in areas including equipment, R&D, human capital, and investment

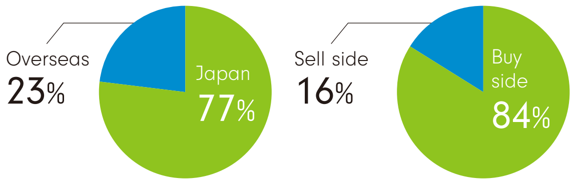
Strengthening Engagement with Shareholders and Investors

We regard all of our shareholders and investors as important stakeholders, and place importance on constructive dialogue to enhance corporate value. The department in charge of IR handles this dialogue with shareholders. In cases where shareholders have individual requests, Representative Directors and Directors respond to them by taking into consideration factors such as the purpose of the meeting and the importance of the topic. The opinions we receive from our shareholders and investors are reported to the Board of Directors and management meetings as needed, and are put to use for the future management of the Company. As for dialogue initiatives beyond individual meetings, in addition to the financial results briefings for institutional investors, which we hold twice a year, we have been holding business briefings for the machine tool, industrial machinery, and food machinery segments since 2022. Since we view the General Meeting of Shareholders as a valuable and important opportunity for dialogue with shareholders, we set aside ample time for Q&A sessions and hold tours of our showroom after the meeting. For individual investors, we have set up a dedicated page on our website to provide a concise overview of our business activities, performance, management policies, etc.

Status of dialogue (FY2025)

Activity details	Results	Main persons in charge
General Meeting of Shareholders	1 time	All Directors and executive officers
Financial results briefing	2 times	Representative Directors and Directors
Business briefing	1 time	Representative Directors, Directors, and executive officers
IR meetings	123 meetings	Representative Directors, Directors, executive officers, and department in charge of IR
SR meetings	8 meetings	Representative Directors, Directors, External Directors, and executive officers

Overview of shareholders and investors we met with



Key dialogue topics and matters of interest
- Economic and demand trends in Greater China
- Measures to strengthen after-sales services
- Shareholder returns
- Status of initiatives with Advantage Partners

Matters incorporated based on dialogue
- Enhanced information disclosure in financial results briefing materials, etc.
- Reviewed the shareholder return policy
- Disclosed the status of business growth initiatives with Advantage Partners

Roundtable Discussion among External Directors (Audit & Supervisory Committee Members)

With our 50th anniversary marking a major turning point, we look forward to Sodick's growth into a truly global company.

In March 2025, Sodick transitioned to a company with an Audit & Supervisory Committee. In this section, we invited three External Directors who serve as Audit & Supervisory Committee Members to discuss the Company's Board of Directors, governance, and key management issues.

Yukiko Omura
External Director
(Audit & Supervisory Committee Member)

As an attorney, Ms. Omura possesses advanced expertise, broad insight, and extensive experience. She has served as an External Audit & Supervisory Board Member of the Company since 2024 and an External Director (Audit & Supervisory Committee Member) since 2025.

Mari Otaki
External Director
(Audit & Supervisory Committee Member)

Ms. Otaki possesses extensive experience and broad insight in internal auditing and corporate auditing at Sodick and other companies. She has served as an External Audit & Supervisory Board Member of the Company since 2021 and an External Director (Audit & Supervisory Committee Member) since 2025.

Haruchika Gohara
External Director
(Audit & Supervisory Committee Member)

Mr. Gohara possesses extensive experience and high-level expertise in finance and accounting gained through many years of audit work at an audit firm as a certified public accountant. He has served as an External Audit & Supervisory Board Member of the Company since 2023, an External Director since 2024, and an External Director (Audit & Supervisory Committee Member) since 2025.

Identifying various risks associated with global market expansion and ensuring a balance between local independence and corporate control

Gohara: Sodick is advancing a core strategy of expanding its presence in global markets while lowering its dependence on the Chinese market. However, market risks are increasing around the world. More recently, escalating tensions in the Middle East could restrict crude oil trading and trigger market slowdowns across multiple regions. These developments impact not only the machinery industry but also industries as a whole, so all companies, including Sodick, must continue carefully monitoring the situation.

Otaki: I support Sodick's current global strategy, but risks remain high in all regions, including key markets like India and Latin America, so it is important to diversify rather than rely too heavily on any one area.

Omura: Looking at the global machinery market, I believe there are both risks and opportunities from three perspectives: technological advancement, labor saving, and regional and geopolitical factors. With its high-precision processing technologies centered on EDMs, Sodick is well positioned to benefit from trends toward greater technological advancement and labor saving. However, there are growing discontinuous risks, including geopolitical risks such as escalating U.S.–China tensions, supply chain fragmentation, technology leakage, and legal and compliance issues. In addressing these issues, I want to particularly emphasize, as an Audit & Supervisory Committee Member, not just eliminating risks, but placing them under control. First, we should avoid dependence on any specific region. Next, we should consider establishing multiple supply chain channels. To address changes in local regulations, I believe we need to maintain an appropriate balance between local decision-making independence and corporate control.

Gohara: Agreed. In 2025, in line with our global strategy, we established new overseas bases and added new companies and products to the Group through M&As, and I expect such developments to continue increasing in the future. At Board meetings, we carefully review each proposal from various perspectives, including the feasibility of each plan and whether risks have been sufficiently identified in order to assess the appropriateness of each investment. As all three of us have transitioned from Audit & Supervisory Board Members to Directors with voting rights, we are also able to oppose proposals if we determine that the risks are too significant.

Otaki: While we certainly have the authority to vote against proposals, I believe M&As remain strategically essential. However, many overseas target companies are privately held, so for Sodick as a listed company, governance risks become higher, making control more challenging. In 2026, we plan to conduct an on-site audit of AltForm in Italy, and I believe we need to evaluate the situation with a meticulous mindset rather than relying on assumptions of good faith. Because cultures differ significantly from country to country, fostering a stronger understanding of the governance standards expected of a listed company will also be essential.

Omura: As values and cultures differ from region to region, I am constantly considering how to balance local independence with corporate control. Particularly in the United States and Europe, decision-making is fast, making it difficult for the Head Office to control everything centrally. It is important to allow a certain degree of autonomous operation while remaining uncompromising on matters that must be upheld.

In addition to establishing systems that help prevent issues from arising, it is equally important to have a framework in place for responding swiftly and effectively when issues do occur.

Gohara: As ultimate responsibility lies with the Directors, we will remain constantly attentive and respond appropriately. While we remain vigilant, we are very excited about the future of our 3D printer business and market expansion now that AltForm has joined the Group. We should continue to actively explore options such as M&As.

Omura: I feel the same way. The European market is difficult to develop independently from the ground up. Furthermore, maintaining and strengthening our technological competitiveness in the European market will require us to enhance and upgrade our capabilities in areas where our technological advantage may be insufficient.

Otaki: I have high expectations for the Indian market. It is extremely large and relatively easy to secure talented personnel, so I believe it will grow significantly as infrastructure continues to improve over time.

> As we advance M&As and overseas expansion in line with our global strategy, further strengthening governance will be essential.

Improved management oversight and accelerated decision-making by transitioning to a company with an Audit & Supervisory Committee

Omura: It has been about a year since the Company transitioned to a company with an Audit & Supervisory Committee. With seven of the 12 Directors now serving as External Directors, have you felt any changes compared with the previous structure?

Gohara: By delegating greater authority to the executive team, the scope of decisions that can be made at management meetings has increased, and the speed of management decision-making has clearly improved.

Otaki: I also feel a considerable difference. In the past, the Board agenda included many items related to day-to-day operations, but we have now completely separated those matters and narrowed down the agenda items themselves.

Omura: I also believe the Board of Directors has strengthened its role as a monitoring entity. We are gradually establishing a process where we thoroughly review all relevant matters before putting an issue on the agenda, then we clarify the key points and narrow the discussion down to the essential requirements. With this approach, the sense of responsibility and level of awareness among executive officers are gradually changing. If matters are properly decided at management meetings, the decision-making process will become even faster.

Gohara: At least in 2025, my understanding is that discussions on business direction and organizational strategy began at a very early stage. Regarding the partnership with Advantage Partners (AP), we held extensive discussions on the extent to which that company could provide useful expertise to Sodick. I myself believed that we had issues with inventory and cost management due in part to organizational silos, so I supported bringing in external expertise. Moreover, the partnership agreement is structured so that AP also benefits if Sodick's share price rises, enabling both companies to work toward the same goals and drive corporate value enhancement from within the organization. We have also been receiving progress reports, and things appear to be going well.

Omura: I believe the key priority is to eventually embed AP's network and management analysis capabilities within the Group, enabling our organization to operate independently.

Otaki: Representatives from AP also attend management meetings and Board meetings as observers and listen to our opinions and discussions, so I expect the reforms to move in a positive direction.

Medium-term management plan proposed by the executive team based on the desired FY2029 position

Gohara: We have had extensive discussions about the medium-term management plan, but first and foremost, the decision to adopt an approach based on the desired FY2029 position was a major one.

Omura: That's right. While more and more companies have adopted rolling management targets in recent years, I understand that the proposal for Sodick to introduce a medium-term management plan based on the desired FY2029 position originated from the executive team. I found this highly encouraging as it reflected our management's strong sense of determination.

Otaki: Since the way budgets are formulated varies significantly from department to department, I believe this will significantly alter the substance of business execution. We also revised our shareholder return guidelines, demonstrating our strong resolve as a company.

Gohara: Among publicly listed companies in the United States, it is common practice to secure the necessary budget from generated cash and return the remainder to investors. By contrast, Japanese companies have traditionally tended to accumulate retained earnings, although they are now gradually moving closer to the U.S. approach. Our Board of Directors has repeatedly discussed shareholder return levels and examined them in comparison with Prime Market-listed companies and industry peers. We need to continue closely monitoring whether a four-year total shareholder return ratio of 70% is appropriate. In any case, I support the policy of enhancing shareholder returns.

Omura: We are expected to manage the Company responsibly, taking into account such factors as the balance between growth investments and profitability, the size of our equity capital, and capital efficiency. In practice, deciding how much to allocate to growth investments is not easy, so determining the overall direction of capital policy remains an issue that requires ongoing consideration.

The capital markets are demanding management that balances growth investments and profitability while maintaining capital efficiency.

Building an organization where all employees can work with satisfaction and fulfillment will lead to stronger human resources.

Actively embracing new cultures, reforming the organization, and cultivating even stronger human resources

Otaki: Ahead of its 50th anniversary, Sodick has established a purpose, mission, vision, and value as a corporate philosophy and adopted branding-oriented thinking. Under President Akutsu's leadership, we have increasingly introduced Western corporate culture into the Company. Today, many Japanese companies have overseas subsidiaries, but I believe only a limited number truly manage their businesses from a global perspective. In that respect, I believe Sodick is becoming closer to a truly global company.

Gohara: It is encouraging to see each new initiative being clearly communicated and steadily taking root throughout the organization.

Omura: Sodick has practiced global management for some time, but I feel this has not been communicated sufficiently to the outside world. Now, I feel that the Company as a whole is becoming more outward-looking. Especially in competing with high-value-added products, it is extremely important to demonstrate competitiveness in the European and U.S. markets, even more so than in Asian markets. I believe President Akutsu's overseas management experience will become increasingly valuable going forward.

Gohara: Our net sales target of 100 billion yen for FY2029 is merely a milestone along the way. We hope to reach this target at an early stage and move on to the next phase, but achieving this will require us to develop products and businesses in new fields. By expanding into fields earmarked for future growth, Sodick should also realize significant growth itself.

Omura: Sodick's strengths lie in its solid presence in niche fields and in the direct sales structure and unique networks it has built in overseas markets. When considering how to leverage these strengths, I believe a strategy focused on selling individual products has clear limitations. Our business can expand if we provide added value through solutions utilizing digital data and after-sales services, then sell such solutions as packages together with products.

Otaki: That is certainly true, but achieving it will require our human resources to further elevate their capabilities. While we would like to cultivate people who can confront overseas markets with creativity and initiative, this presents a key challenge. Specifically, our current level of employee satisfaction remains low. Building an organization where employees can find satisfaction and fulfillment will ultimately lead to stronger human resources.

I expect the Corporate Division to continue conducting employee satisfaction surveys and to build an organization that enhances the value of human resources going forward.

Gohara: The values of society have changed dramatically since Sodick was established 50 years ago. However, many companies struggle to fully adapt to change and remain stuck with outdated systems and structures. Sodick has renewed the composition of its Board of Directors and is now pursuing a major transformation as a company, which we intend to support.

Corporate Governance

Basic Approach to Corporate Governance

Sodick's philosophy is to provide the highest value to its customers and contribute to a sustainable society as a company that will "Create Your Future" under the founding spirit of "Create," "Implement," and "Overcome Difficulties." Furthermore, as we approach our 50th anniversary, we established a corporate philosophy in January 2026 to clarify our corporate purpose, mission, vision, and behavioral principles.

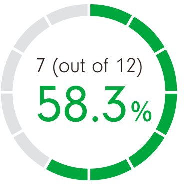
To realize this philosophy, it is important to always conduct management that is transparent and easy to understand for all stakeholders, including shareholders, investors, customers, and employees. We strive to make efficient use of our management resources, strengthen our risk management and compliance, and maximize corporate value for all of our shareholders and investors.

Corporate Governance Structure and Features

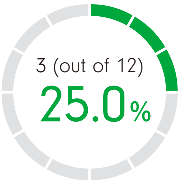
The Company has adopted a company with an Audit & Supervisory Committee in order to enhance corporate governance by strengthening the supervisory function of the Board of Directors and through enhancement of the monitoring system by having the members of the Board of Directors consist of the Audit & Supervisory Committee Members responsible for auditing the execution of duties by Directors. The Board of Directors supervises the execution of duties by the Representative Directors, Directors, and executive officers by performing a supervisory function over management in general and carries out decision-making on important management issues, while the Audit & Supervisory Committee monitors business execution.

Strengthening Management Supervisory Functions

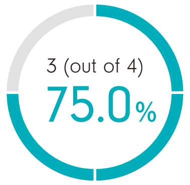
Seven of 12 Directors of the Company are External Directors. They apply their objective perspectives and wealth of knowledge and experience to management, thereby strengthening the corporate governance structure. Furthermore, three of the four Audit & Supervisory Committee Members are External Directors, increasing the objectiveness and fairness of management supervision. Board of Directors meeting materials are provided in advance to ensure enough time for review. Particularly important matters that require a resolution by the Board of Directors are discussed in advance at management meetings. External Directors receive advance briefings from the Board of Directors Secretariat as necessary. This enables them to compensate any lack of internal information about the Board of Directors agenda, and exercise their management supervision functions.



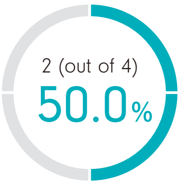
Percentage of External Directors



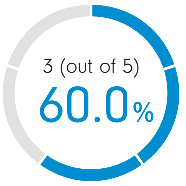
Percentage of female Directors



Percentage of External Audit & Supervisory Committee Members



Percentage of female Audit & Supervisory Committee Members



Percentage of External Members on Advisory Committee on Personnel

Corporate Governance Structure (as of end-March 2026)

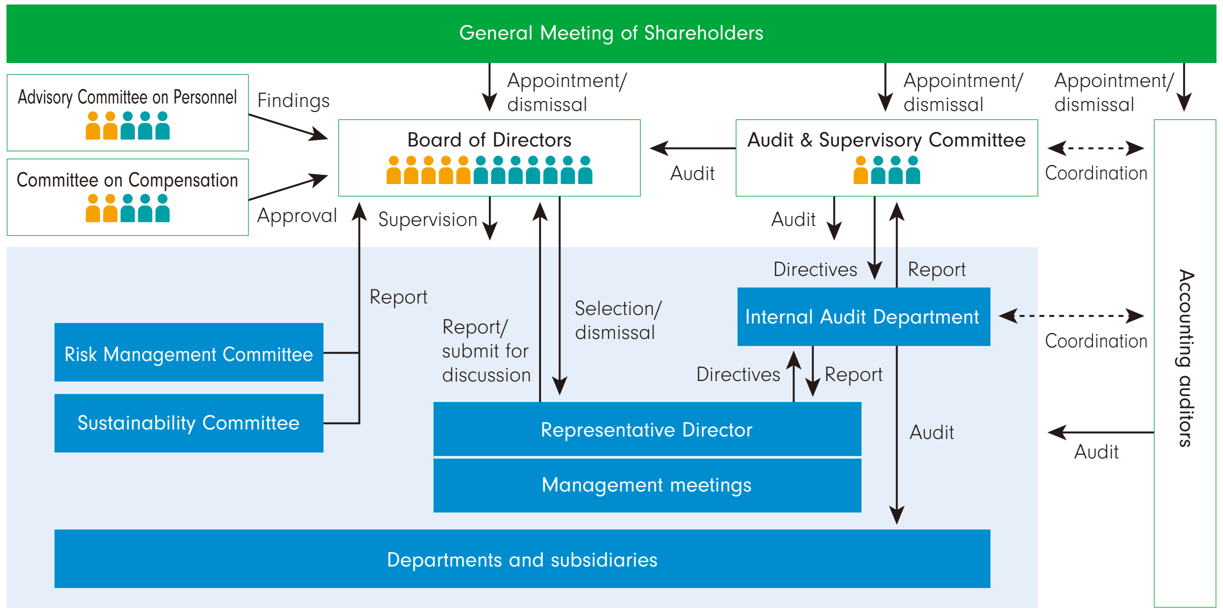
Organizational Structure	Company with an Audit & Supervisory Committee
Directors (Excluding Directors who are Audit & Supervisory Committee Members)	8 Directors*[1] (of which 4 are External Directors) Chairperson of Board of Directors: Chairman and Representative Director
Directors who are Audit & Supervisory Committee Members	4 Directors*[2] (of which 3 are External Directors)
Term of Office of Directors	Directors (excluding Directors who are Audit & Supervisory Committee Members): 1 year Directors who are Audit & Supervisory Committee Members: 2 years
Company with Executive Officer System	Yes
Optional Advisory Committees of Board of Directors	Advisory Committee on Personnel Committee on Compensation
Accounting Auditors	Grant Thornton Taiyo LLC
Corporate Governance Report*[3]	https://www.sodick.co.jp/sustainability/governance.html (only available in Japanese)

*1 The Articles of Incorporation state that the number of Directors (excluding Directors who are Audit & Supervisory Committee Members) shall be not more than nine.

*2 The Articles of Incorporation state that the number of Directors who are Audit & Supervisory Committee Members shall be not more than five.

*3 For information about compliance with the Corporate Governance Code, please refer to our website.

Diagram of Sodick Corporate Governance Structure (as of end-March 2026)



Board of Directors

- The Board of Directors performs a supervisory function over decision-making on important issues and management in general as stipulated in the Board of Directors Regulations, including setting basic policy on management and appointing executive officers.
- Regular meetings of the Board of Directors take place once per month, and when necessary the Board also convenes extraordinary meetings.
- The Board is comprised of 12 Directors (five Internal Directors and seven External Directors) who supervise management and make important management decisions.
- The provision of opinions, advice, and cross-checking by External Directors serves to improve and revitalize the transparency and credibility of the Board of Directors while also strengthening its management supervision functions.
- Business meetings, joint technical meetings, quality control meetings, and management meetings may be held to gain broader and deeper understanding of the Company and to ensure effective management. Directors attend these meetings in order to ensure that decisions on basic and important items related to the execution of business are taken flexibly.

Audit & Supervisory Committee

- The function of the Audit & Supervisory Committee is to supervise management from an external perspective. It determines policies on auditing and the assignment of duties, and receives reports on the implementation and results of audits from full-time Audit & Supervisory Committee Members and the Internal Audit Department. In addition, it receives reports from Directors and accounting auditors on the state of execution of their duties, and requests explanations thereof as necessary.
- The Audit & Supervisory Committee is comprised of four Directors who are Audit & Supervisory Committee Members, three of whom are External Directors.

Advisory Committee on Personnel

The Advisory Committee on Personnel formulates appointment criteria and policies regarding personnel matters involving Directors and executive officers, selects candidates for those positions, and determines the standards for dismissal. This committee is comprised of five Directors, three of whom are External Directors, and chaired by an External Director.

Members	Chairman and Representative Director	Kenichi Furukawa
	CEO, President and Representative Director	Yuji Akutsu
	External Director	Kazunao Kudo (Chairperson)
	External Director	Kenzo Nonami
	External Director	Yoshikazu Goto

Committee on Compensation

The Committee on Compensation formulates policy on compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members) and executive officers, and deliberates and decides compensation standards, appraisals, and the monetary amounts of compensation. This committee is comprised of five Directors, three of whom are External Directors, and chaired by an External Director.

Members	Chairman and Representative Director	Kenichi Furukawa
	CEO, President and Representative Director	Yuji Akutsu
	External Director	Kazunao Kudo (Chairperson)
	External Director	Kenzo Nonami
	External Director	Yoshikazu Goto

Evaluating the Effectiveness of the Board of Directors

In order to enhance the effectiveness of corporate governance, the Company conducts an annual self-evaluation regarding the execution of duties by all Directors to confirm that the Board of Directors is performing its professional duties appropriately.

The Audit & Supervisory Committee Members analyze and evaluate the overall effectiveness of the Board of Directors based on each Director's self-evaluation, and disclose the result.

Method of Analysis and Evaluation

Self-Evaluation

A self-evaluation questionnaire is completed by all Directors.

Main Content of Questionnaire

- Composition, diversity, and skill balance of the Board of Directors
- Content and frequency of the resolutions and reports
- Active discussion on the agenda, sufficient allocation of time
- Functioning as a supervisory body for management, high-quality discussions
- Discussions on sustainability and human capital
- Evaluation of operation that is conscious of Group governance and cost of capital
- Deeper understanding of the business by External Directors, implementation of factory tours
- Evaluation of meeting bodies operation (Board of Directors and management meetings)
- Evaluation of Advisory Committee on Personnel and Committee on Compensation
- Risks such as cybersecurity-related risks
- Evaluation of the operation of the Board of Directors Secretariat
- Communication status of the Board of Directors, etc.

Compilation & Evaluation

Effectiveness of Board of Directors is analyzed and deliberated at Audit & Supervisory Committee meetings based on each Director's self-evaluation.

FY2025 Evaluation Results

The evaluation found that the Board of Directors was functioning properly in regard to its overall effectiveness, including smoothness of communication, discussions on approaches to business, and sharing of content of dialogue with investors, which have been improved since the previous fiscal year.

Discussion on Enhancing Effectiveness

Initiatives to further improve deliberations and enhance Board's supervisory functions

FY2026 Management Policy

We will work to address all issues to improve effectiveness, such as enhancing discussions on important matters from a medium- to long-term perspective at Board of Directors meetings and following up on past agenda items.

	Results for FY2025
Overall effectiveness	● Enhancing discussions on Group governance ● Enhancing discussions on human capital
External Officer	● Training for External Directors at external training organizations ● Holding lunch meetings for External Directors

▼

	Future challenges
Overall effectiveness	● Sharing meeting materials even earlier ● Accelerating management decision-making through partial delegation of authority to management meetings ● Enhancing agenda from medium- to long-term perspectives
External Officer	● Enhancing communication between External Directors ● Improving diversity and skill balance of External Directors

Matters for Focused Deliberation by the Board of Directors

The Company conducts training for Directors. It also takes up for focused deliberation the latest measures to be implemented and issues to be considered by the Board of Directors. In addition, we conduct measures to help Directors deepen understanding of the Company and to enable more in-depth discussion. The following are recent matters for focused deliberation (topics):

2024
- Business risks and issues to be addressed
- Internal audit status report
- Important points in export control and control status
- Intellectual property growth strategy
- Status of initiatives to adhere to the TCFD recommendations

2025
- Status and issues of capital policy (multiple times)
- Explanation of business improvement project
- Nature of Board of Directors and organizational structure
- Transition to a company with an Audit & Supervisory Committee

Training for Directors

The Company implements the following measures in order to ensure that Directors are able to perform their functions and roles appropriately.

(1) Directors take part in training provided by the Japan Association of Corporate Directors, the Japan Audit & Supervisory Board Members Association, and other organizations.

(2) We give External Directors opportunities to participate in management meetings. We also arrange factory tours in the Kaga Factory, which is our key business site, to deepen their understanding of our business.

(3) Other Directors and executive officers acquire the knowledge needed to enhance corporate value, and learn about the approaches taken to this, through methods such as e-learning provided by the Tokyo Stock Exchange.

Executive officers are allowed to attend management meetings in order to cultivate successor personnel. In addition, we implement initiatives to develop management personnel through training for executive managers and drawing up long-term business strategies.

Succession Plan

Developing the Next-Generation Management Human Resources

Since 2021, the Advisory Committee on Personnel has been formulating and continuously discussing a succession plan.

As a policy for developing the next-generation management human resources, we choose candidates from each division based on past evaluation results, and develop executive managers through management experience at overseas subsidiaries and appropriate training to supplement their knowledge and skills, in order to enhance their management experience and management factors outside their specialty fields, thereby developing people who meet the standards for each position.

The requirements for the next-generation management human resources are:

■Qualities and judgment capabilities that contribute to increasing corporate value
■Global perspective and ethics
■Extensive work experience and knowledge as a business manager
■Impartiality, communication skills, and leadership
■Sensitivity to and understanding of risk

Based on these plans, we will select and develop candidates with diverse skills and abilities so that they can play a key role in the future of the Group.

CEO Requirements

The CEO selection requirements define the following criteria in addition to the requirements for next-generation management human resources listed on the left.

1.	Dignity, character, and strong leadership as top management
2.	Strong attitude and decision-making capabilities to boldly tackle difficult challenges
3.	Skills to implement growth strategies without being bound by past norms or practices, with a vision for transforming the organization for the ideal state
4.	Skills to respond to changes in the management environment and to envision mid-to-long term global growth strategies
5.	Enthusiasm and passion for manufacturing with a sense of mission
6.	Commitment to fostering and promoting Sodick's culture based on our company motto of "Create, Implement, and Overcome Difficulties"
7.	Skills to overcome risk and criticism, make bold, rational decisions, and take responsibility for decisions
8.	Commitment to proactively developing and promoting personnel
9.	Extensive management experience, achievements, and management skills (if selected from an external group of qualified individuals)
10.	Commitment to enhancing corporate value through social contributions

Policy for Determining Compensation for Directors, etc.

Basic Approach

Compensation for the Company's Directors (excluding Directors who are Audit & Supervisory Committee Members) is based on a compensation system that is linked to shareholder profits, taking into consideration the management issues of sustainable growth and mid-to-long term corporate value enhancement. Compensation for each Director (excluding Director who is Audit & Supervisory Committee Member) is determined based on a compensation system that reflects appropriate results while taking company performance and his/her job responsibility into consideration.

The Committee on Compensation, which consists of a majority of External Directors, deliberates on the nature of the compensation system and the need for it to be reviewed from objective perspectives. The Board of Directors then makes decisions based on the recommendations of the Committee.

Compensation System

1) Regarding the Company's officer compensation, compensation for Executive Directors consists of basic compensation (fixed compensation) based on the compensation grade for their position and job responsibilities, short-term performance-related compensation consisting of a single year's performance reflection, and mid-to-long term incentive compensation based on stock compensation aimed at sharing interests in enhancing corporate value with shareholders. In principle, Non-Executive Directors (excluding External Directors and Directors who are Audit & Supervisory Committee Members) receive basic compensation and short-term performance-related compensation, while External Directors and Directors who are Audit & Supervisory Committee Members receive only basic compensation.
2) Regarding the compensation ratio by type of Executive Director, the higher the grade, the higher the amount of performance-related compensation. This is determined by using as benchmarks the compensation levels of companies that are similar to the Company in terms of business size, industry and business types.
3) The individual compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members) is determined by the Committee on Compensation, and the individual compensation for Directors who are Audit & Supervisory Committee Members is determined through deliberations by the Audit & Supervisory Committee.

Policy on Performance-Related Compensation, etc.

1) In order to raise awareness of performance improvement for each business year, short-term performance-related compensation is calculated based on profit attributable to owners of parent for the current fiscal year and compensation ratio by type. Once the performance for the current fiscal year has been finalized, the total amount of performance-related compensation is deliberated by the Committee on Compensation and paid as a lump sum in the form of a bonus within one month after its determination.
2) The reason for selecting profit attributable to owners of parent as a performance indicator is because we recognize that an increase in profit attributable to owners of parent will result in an increase in shareholders' equity, which will be a source of future dividends, and that this aligns with the intentions of shareholders.
3) We set targets for the medium-term management plan and increase profit attributable to owners of parent by achieving them.

Policy on Non-Monetary Compensation, etc.

1) With regard to non-monetary compensation, as an incentive for Executive Directors to contribute to the enhancement of corporate value over the medium to long term, we provide them with monetary compensation receivables according to their positions, and provide restricted stock compensation allocated from treasury shares according to the amount of the receivables.
2) The total amount of monetary compensation receivables is calculated based on two-year average EBITDA and single year's employee satisfaction survey (ES) scores.
3) The reason for selecting EBITDA as the total amount indicator of monetary compensation receivables is that it is not affected by decreases in profits due to an increase in depreciation associated with capital investments or an increase in interest rates. In this way, it is intended to encourage management that contributes to increasing mid-to-long term shareholder value. The reason for also selecting ES scores is because we believe that employee satisfaction should be directly linked to key management indicators such as sales and profits for the Company to grow in a sustainable manner.
4) Regarding restricted stock compensation, the number of shares allocated to each Director is determined by the Board of Directors based on the report from the Committee on Compensation.

Details for Officer Compensation (FY2025)

Officer category	Total compensation (million yen)	Total compensation by type (million yen)			Number of eligible officers
		Basic compensation	Performance-related compensation	Mid-to-long term incentives (non-monetary compensation)	
Director (excluding Audit & Supervisory Committee Member)	146	106	30	10	5
External Director	36	36	—	—	5
Total	183	142	30	10	10
Director (Audit & Supervisory Committee Member)	13	13	—	—	1
External Director	16	16	—	—	3
Total	29	29	—	—	4
Audit & Supervisory Board Member	8	8	—	—	2
External Audit & Supervisory Board Member	2	2	—	—	2
Total	10	10	—	—	4

Note: The above table includes one Director, one External Director, two full-time Audit & Supervisory Board Members, and two External Audit & Supervisory Board Members, who retired upon the conclusion of the 49th Annual General Meeting of Shareholders held on March 28, 2025.

Composition of Board of Directors and Audit & Supervisory Committee

The Company strives to increase corporate value over the medium to long term, considers a balance of knowledge, experience, and skills of the entire Board of Directors, and appoints Directors with diverse backgrounds.

Overview of Directors (as of end-March 2026)

Director	Status & Committees	Attendance (FY2025)		Fields of expertise that are particularly expected of Directors*					
		Board of Directors meetings	Audit & Supervisory Board meetings/ Audit & Supervisory Committee meetings	Corporate Management	Finance and Accounting	Legal Affairs and Risk Management	Manufacturing, Technology, and R&D	Global	Marketing
Kenichi Furukawa	▲Advisory Committee on Personnel ★Committee on Compensation	13/13 times		●	●	●		●	●
Yuji Akutsu	▲Advisory Committee on Personnel ★Committee on Compensation	13/13 times		●	●			●	●
Hideki Tsukamoto		13/13 times		●			●	●	
Masato Takagi		10/10 times (Note 1)		●	●	●			●
Kazunao Kudo	■External ◆Independent ▲Advisory Committee on Personnel ★Committee on Compensation	13/13 times		●			●	●	●
Kenzo Nonami	■External ◆Independent ▲Advisory Committee on Personnel ★Committee on Compensation	13/13 times		●			●	●	
Yoshikazu Goto	■External ◆Independent ▲Advisory Committee on Personnel ★Committee on Compensation	13/13 times		●			●	●	
Ayako Sano	■External ◆Independent	12/13 times		●	●	●			

Director who is Audit & Supervisory Committee Member	Status & Committees	Attendance (FY2025)		Fields of expertise that are particularly expected of Directors*					
		Board of Directors meetings	Audit & Supervisory Board meetings/ Audit & Supervisory Committee meetings	Corporate Management	Finance and Accounting	Legal Affairs and Risk Management	Manufacturing, Technology, and R&D	Global	Marketing
Tetsuro Kawahara		13/13 times	14/14 times	●	●				
Mari Otaki	■External ◆Independent	13/13 times	14/14 times		●	●			
Haruchika Gohara	■External ◆Independent	13/13 times	11/11 times (Note 2)		●	●			
Yukiko Omura	■External ◆Independent	13/13 times	14/14 times	●		●		●	

* Details of the criteria for the independence of External Officers are listed on our website. https://www.sodick.co.jp/en/sustainability/governance.html

* The above table does not encompass all of the expertise possessed by the Directors.

Note 1: Masato Takagi was elected at the Annual General Meeting of Shareholders held on March 28, 2025, and 10 Board of Directors meetings have been held since he assumed his post.

Note 2: Haruchika Gohara retired from the position of External Director and was elected as an External Director who is Audit & Supervisory Committee Member at the Annual General Meeting of Shareholders held on March 28, 2025, and 11 Audit & Supervisory Committee meetings have been held since he assumed his post.

Reasons for Selection of Each Skill and Details

Skill category	Reasons for selection
Corporate management	In order to respond immediately to changes in the business environment, achieve sustainable growth, and increase corporate value, it is necessary to make swift management decisions.
Finance and accounting	In order to ensure accurate financial reporting, build a resilient financial structure, and realize growth investments that contribute to sustainable development and the enhancement of corporate value, knowledge and experience in finance and accounting are required.
Legal affairs and risk management	Legal affairs and risk management are a fundamental part of appropriate legal compliance and corporate structure. Therefore, experience and knowledge in this category are necessary.
Manufacturing, technology, and R&D	Knowledge and experience in cutting-edge technologies (including DX) related to the Company's business are necessary to continue providing world-class products and services.
Global	For the Company, which aims to have the world's largest market share, it is important to formulate growth strategies and supervise management of global businesses. Therefore, knowledge and experience in overseas business management are required.
Marketing	It is necessary to formulate and implement realistic and specific business and marketing strategies in order to realize corporate strategies and achieve committed management plans, etc.

Management Team (as of end-March 2026)

1

Kenichi Furukawa

Chairman and Representative Director

Aug. 1999	Joined Sodick Co., Ltd.
Apr. 2007	President and Director of Tom Sodick Corporation
Dec. 2007	Finance Division Manager of Sodick Co., Ltd.
Apr. 2008	Corporate Planning Division Manager of Sodick Co., Ltd.
Jun. 2008	Director of Sodick Co., Ltd.
Jun. 2010	Executive Managing Director of Sodick Co., Ltd.
Jun. 2012	Senior Executive Managing Director (Management and Corporate Planning Division) of Sodick Co., Ltd.
Jul. 2012	Chairman of the Board of Sodick (Thailand) Co., Ltd. (current post)
Jun. 2014	Vice President and Representative Director of Sodick Co., Ltd.
Mar. 2018	President and Representative Director of Sodick Co., Ltd.
Aug. 2018	Chairman and the Board of Sodick F.T Co., Ltd. (current post)
Mar. 2024	CEO President and Representative Director of Sodick Co., Ltd.
Mar. 2025	Chairman and Representative Director of Sodick Co., Ltd. (current post)

2

Yuji Akutsu

CEO, President and Representative Director

Apr. 1987	Joined Sodick Co., Ltd.
Jan. 1991	Seconded to Sodick, Inc.
Nov. 2005	Vice President and Director of Sodick, Inc.
Jul. 2013	Executive Officer of Sodick Co., Ltd.
Jul. 2013	Sales Management Division Vice Manager (in charge of the Unites States, Europe) of Sodick Co., Ltd.
Apr. 2016	President and Director of Sodick, Inc.
Jan. 2022	Machine Tools Division Vice Manager of Sodick Co., Ltd.
Nov. 2022	COO (Chief Operating Officer) of Sodick Co., Ltd.
Mar. 2024	COO Executive Vice President and Director of Sodick Co., Ltd.
Mar. 2025	CEO, President and Representative Director of Sodick Co., Ltd. (current post)

3

Hideki Tsukamoto

Director and Senior Managing Executive Officer
General Manager of Machine Tools Division

Apr. 1985	Joined Sodick Co., Ltd.
Mar. 1998	Director of Sodick (Thailand) Co., Ltd. (current post)
Apr. 2008	President and Director of Sodick (Thailand) Co., Ltd.
Jul. 2012	Executive Officer (Production Management Division Vice Manager) of Sodick Co., Ltd.
Jun. 2014	Director (Production Management Division) of Sodick Co., Ltd.
Jun. 2015	Chairman of Suzhou Sodick Special Equipment Co., Ltd. (current post)
Jun. 2015	Chairman of Sodick Amoy Co., Ltd. (current post)
Jun. 2015	Executive Managing Director (Production Management Division) of Sodick Co., Ltd.
Mar. 2020	Senior Executive Managing Director (Machine Tools and Production Management Divisions) of Sodick Co., Ltd.
Mar. 2024	CTO/CPMO and Director Senior Corporate Executive Officer of Sodick Co., Ltd.
Mar. 2025	Director and Senior Managing Executive Officer of Sodick Co., Ltd. (current post)

4

Masato Takagi

Director and Managing Executive Officer
General Manager of Corporate Division

Apr. 1987	Joined Sodick Co., Ltd.
Apr. 1994	Senior Staff of Engineering Section, Engineering Department 1, Production Division of Sodick Co., Ltd.
Jul. 1998	Manager of Technical Support Section, Quality Assurance Office of Sodick Co., Ltd.
Oct. 2006	Manager of Corporate Planning Office of Sodick Co., Ltd.
Feb. 2008	Manager of Corporate Planning Department of Sodick Co., Ltd.
Jul. 2012	Executive Officer (Corporate Planning Division Vice Manager) of Sodick Co., Ltd.
Apr. 2018	Executive Officer (Corporate Division Vice Manager) of Sodick Co., Ltd.
Mar. 2025	Director and Managing Executive Officer (Corporate Division) of Sodick Co., Ltd. (current post)

5

Tetsuro Kawahara

Director and Full-time Audit &
Supervisory Committee Member

Apr. 1981	Joined Sodick Co., Ltd.
Dec. 2000	Joined Sodick Plastic Co., Ltd.
Oct. 2001	Transferred to Sodick Co., Ltd.
May 2003	Director of Sodick High Tech Co., Ltd.
Apr. 2006	Executive Managing Director of Sodick High Tech Co., Ltd.
Sep. 2009	Executive Managing Director of Sodick Shinyoko Co., Ltd. (currently Sodick F.T Co., Ltd.)
Dec. 2013	Senior Executive Managing Director of Sodick F.T Co., Ltd.
Jul. 2022	Transferred to Sodick Co. Ltd., Machine Tools CS Division Advisor
Mar. 2024	Full-time Audit & Supervisory Board Member of Sodick Co., Ltd.
Mar. 2025	Director and Full-time Audit & Supervisory Committee Member of Sodick Co., Ltd. (current post)

6

Kazunao Kudo

Director

Apr. 1977	Joined Sumitomo Electric Industries, Ltd.
Jan. 2000	Wire Products Department Manager of the Electronic Material Business Division of Sumitomo Electric Industries, Ltd.
Jan. 2001	Production Department Manager of the Electronic Material Business Division of Sumitomo Electric Industries, Ltd.
Jan. 2004	Vice President and Director of Suzhou Sumiden Automotive Wire Co., Ltd.
Jun. 2007	President and Director of Suzhou Sumiden Automotive Wire Co., Ltd.
Jun. 2008	Executive Officer of Sumitomo Wiring Systems, Ltd.
Jun. 2015	China Supreme Adviser of Suzhou Sumiden Automotive Wire Co., Ltd.
Jul. 2016	Senior Advisor of Qingdao Kyungshin Electronic Co., Ltd.
Mar. 2018	External Director of Sodick Co., Ltd. (current post)
Jun. 2018	External Director of Shibaura Electronics Co., Ltd.

7

Kenzo Nonami

Director

Feb. 1985	Researcher Engineer, National Aeronautics and Space Administration (NASA)
Apr. 2008	Director and Vice President of Chiba University (Research)
Oct. 2012	Chairman of Mini Surveyor Consortium (currently Japan Drone Consortium) (current post)
Nov. 2013	Representative Director and CEO of Autonomous Control Systems Laboratory Ltd. (currently ACSL Ltd.)
Apr. 2017	Professor Emeritus of Chiba University (current post)
Jun. 2019	Chairman of the Board of Advanced Robotics Foundation (current post)
Mar. 2020	External Director of Sodick Co., Ltd. (current post)
Jan. 2022	Representative Director and CEO of Autonomy Holdings, Inc. (current post)
Jul. 2023	Head of Robotics of Fukushima Institute for Research, Education and Innovation (current post)

8

Yoshikazu Goto

Director

Aug. 2003	Director of Standardization Division, Industrial Science and Technology Policy and Environment Bureau, the Ministry of Economy, Trade and Industry
Jun. 2004	Director of Technology Affairs Division, Small and Medium Enterprise Agency, the Ministry of Economy, Trade and Industry
Jul. 2008	Deputy Director-General of Manufacturing Industry Bureau, the Ministry of Economy, Trade and Industry
Apr. 2010	Senior Deputy Director-General of Manufacturing Industry Bureau, the Ministry of Economy, Trade and Industry
Oct. 2012	Specially appointed Professor, Department of Materials Engineering, Graduate School of Engineering, University of Tokyo
Jun. 2015	External Director of Paramount Bed Holdings Co., Ltd.
Oct. 2017	Vice Chairman of Japan Society for the Promotion of Machine Industry
Jun. 2018	External Director and Audit & Supervisory Committee Member of Paramount Bed Holdings, Co., Ltd. (current post)
Mar. 2022	External Director of Sodick Co., Ltd. (current post)

9

Ayako Sano

Director

Apr. 2001	Economic Research Department, Goldman Sachs (Japan) Ltd. (currently Goldman Sachs Japan Co., Ltd.)
Jan. 2009	Joined Tokyo Nishi Law Office (currently TNLAW Legal Professional Corporation)
Oct. 2018	Civil Conciliator at Tokyo District Court
Dec. 2018	Head of Aya Law Office (current post)
Mar. 2019	External Director of Skylark Holdings Co., Ltd. (current post)
Mar. 2021	External Director and Audit & Supervisory Committee Member of Metaps Co., Ltd. (currently Metaps Holdings, Inc.)
Mar. 2024	External Director of Sodick Co., Ltd. (current post)
May 2024	External Audit & Supervisory Board Member of Clas Co., Ltd. (current post)
Jun. 2024	Auditor, Research Institute of Economy, Trade and Industry (current post)
Jul. 2024	External Audit & Supervisory Board Member of AIN Holdings Inc. (current post)

10

Mari Otaki

Director and Audit &
Supervisory Committee Member

Sep. 1993	Joined OKABE Co., Ltd.
Feb. 2007	Joined Wilson Learning Worldwide Inc.
Aug. 2010	Director, Internal Audit Division of Wilson Learning Worldwide Inc.
Jun. 2012	Audit & Supervisory Board Member of Wilson Learning Worldwide Inc.
Mar. 2021	External Audit & Supervisory Board Member of Sodick Co., Ltd.
Mar. 2025	External Director and Audit & Supervisory Committee Member of Sodick Co., Ltd. (current post)

11

Haruchika Gohara

Director and Audit &
Supervisory Committee Member

Oct. 2002	Joined Chuo Aoyama Audit Corporation
Sep. 2004	Joined Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC)
Aug. 2008	Established Gohara Accounting Firm, and became President of the Firm (current post)
Nov. 2012	External Audit & Supervisory Board Member of Daiyoshi Trust Co., Ltd. (currently Daiwa House Parking Co., Ltd.)
Mar. 2023	External Audit & Supervisory Board Member of Sodick Co., Ltd.
Mar. 2024	External Director of Sodick Co., Ltd.
Mar. 2025	External Director and Audit & Supervisory Committee Member of Sodick Co., Ltd. (current post)
Mar. 2026	External Audit & Supervisory Board Member of KANEKIKA NAKAO CO., LTD (current post)

12

Yukiko Omura

Director and Audit &
Supervisory Committee Member

Apr. 2003	Joined Toyota Motor Corporation
Sep. 2007	Joined Nagashima Ohno Tsunematsu Law Office
Aug. 2014	Seconded to the Financial Services Agency
Apr. 2019	Joined Miura & Partners (current post)
Jan. 2020	External Director of ASIRO Inc.
May 2020	Audit & Supervisory Board Member of kokopelli Co., Ltd.
Oct. 2022	External Director and Audit & Supervisory Committee Member of halmek holdings Co., Ltd. (current post)
Mar. 2024	External Audit & Supervisory Board Member of Sodick Co., Ltd.
Mar. 2025	External Director and Audit & Supervisory Committee Member of Sodick Co., Ltd. (current post)
Mar. 2026	External Director and Audit & Supervisory Committee Member of Euglena Co., Ltd. (current post)

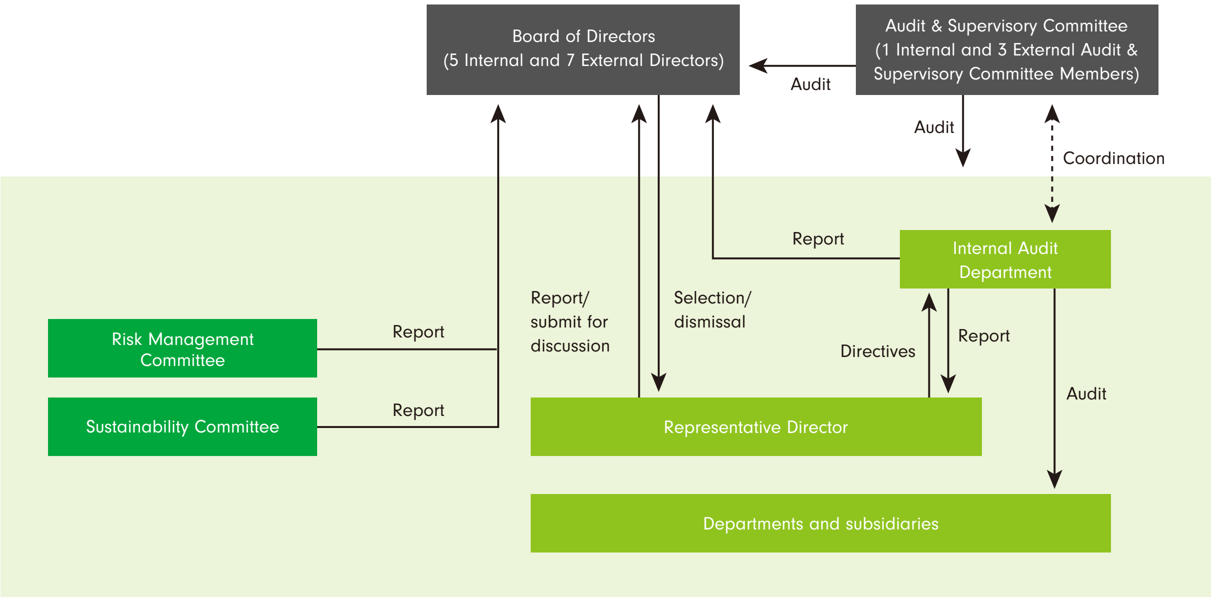
Risk Management

Basic Approach

The Sodick Group has established basic rules for risk management, and works to determine, analyze, evaluate, and take appropriate measures to avoid the risks that exist at each division. At the same time, a Risk Management Committee has been established to formulate necessary preemptive response policies to prepare for the occurrence or potential occurrence of unforeseen situations that would have a major impact on management. The Committee also responds appropriately and as needed in the event a situation were to occur.

- Risks related to economic fluctuations
- Risks related to new businesses
- Risks related to securing and developing human resources
- Risks from major fluctuations in foreign exchange rates
- Risks at overseas businesses
- Legal and regulatory risks
- Risks related to corporate social responsibility
- Risks related to the competitive environment
- Risks related to procurement of raw materials and parts
- Risks related to interest-bearing debt
- Impairment risks related to non-current assets
- Construction cost estimation risks
- Information security risks
- Risks related to natural and other disasters

Risk Management Structure (as of end-March 2026)



Risk Evaluation and Analysis

Four times a year at the Risk Management Committee, we conduct risk investigation (which evaluates degree of impact and likelihood of occurrence) at each division of the Company and its subsidiaries. We evaluate and analyze risks judged particularly significant, then discuss measures against these risks, report to and discuss those measures at the Board meetings, and finally reflect them in our business strategies.

In 2025, topics discussed include the impact of the U.S. tariff policy, the establishment of chemical substance management systems, and rare earth export restrictions.

Cybersecurity

We strive to strictly manage confidential business and technological information through appropriate IT technology measures, the establishment of internal systems, and employee training. In 2025, we cautioned personnel regarding the use of generative AI software and took countermeasures against ransomware infection.

Primary Risks

Risks Related to Economic Fluctuations

Likelihood of occurrence: High **Degree of impact: Major**

The Group is working to diversify its business portfolio by expanding the food machinery segment, which is relatively less affected by economic fluctuations, and by acquiring new customers through elemental technology.

Furthermore, by expanding the sales of regular maintenance services and consumables, and providing solutions for automation and labor savings, we are working to build a foundation for revenue that is resilient against fluctuations in product sales volume.

Moreover, in light of recent demand trends and the environment for receiving orders, we are carrying out cost reduction activities and reviewing suppliers on an ongoing basis. And by bringing automation and labor savings to production processes, we are building a production structure that can respond flexibly and efficiently to changes in the market environment.

Risks from Major Fluctuations in Foreign Exchange Rates

Likelihood of occurrence: High **Degree of impact: Major**

To suppress to some degree the impact of exchange rate fluctuations on business performance, the Group examines the details of foreign currency-denominated transactions, and takes such steps as entering into forward exchange contracts, thereby mitigating exchange rate risk.

In addition, by establishing production and sales structures overseas in order to match, as much as possible, the currencies in which revenues and expenses are denominated, we are working to create a structure that ensures the impact of exchange rate fluctuations on profit is relatively limited.

Nevertheless, with respect to the impact on net assets of foreign currency translation adjustment, short-term hedging is difficult. We therefore strive for appropriate financial management while comprehensively taking into account our financial health and capital structure.

Risks at Overseas Businesses

Likelihood of occurrence: High **Degree of impact: Major**

To mitigate risks at overseas businesses, the Group continuously obtains information on market trends, business conditions, and security matters in each region, ensuring that our business operations are capable of responding promptly and flexibly to changes in the business environment.

In China, we adhere to the principle of local production for local use. For example, we have a structure in place for sales in the Chinese market to be covered by production in China. And by decentralizing sales and production sites, we alleviate the impact on the Group as a whole of changes in the business environment in specific countries or regions.

We also work to ensure the stable operation of overseas businesses by sharing information with overseas bases and strengthening governance. For instance, we identify operational challenges and risks at an early stage and review business continuity plans (BCPs) as necessary.

Risks Related to Corporate Social Responsibility

Likelihood of occurrence: Medium **Degree of impact: Medium**

The Group has established a Sustainability Committee chaired by the Representative Director and is pursuing initiatives for compliance, social contribution, human resource development, quality management, and the environment. We are also promoting work style reform and working on initiatives such as setting the designation days to take paid leave and encouraging the reduction of overtime work. We also enforce the Sodick Group Corporate Ethics Charter, establish a human rights and compliance reporting desk and an external reporting hotline, and provide harassment-prevention training to employees.

Regarding environmental initiatives, by providing environmentally friendly products and services, we do business in a way that contributes to the realization of a sustainable society. In the area of business management as well, we have established a specialized department to promote initiatives including carbon neutrality and CO_2 emission reductions.

Risks Related to Procurement of Raw Materials and Parts

Likelihood of occurrence: High **Degree of impact: Major**

The Group has established a basic procurement policy, and achieved mutual understanding and relationships of trust with suppliers. And based on appropriate standards for quality, price, and stability, we procure optimal parts globally. We have also secured multiple procurement channels and suppliers in Japan and overseas to diversify our procurement sources, and we address risks including shortages of parts and materials and soaring costs for materials and logistics. To address the risk of export restrictions being imposed on items such as rare earths, we analyze our degree of dependence on specific countries, consider alternative materials, diversify suppliers, and review safe inventory levels for important parts. Through such efforts, we are mitigating the risk of cut-offs in supplies.

Given the ongoing rise in energy prices and transportation costs, as well as continued and steep increases in raw material prices, we are working to establish an efficient procurement framework for the Group as a whole.

Risks Related to New Businesses

Likelihood of occurrence: High **Degree of impact: Major**

The Group pursues the development of technologies and new products with the aims of achieving the world’s highest levels of processing precision and speed and expanding functionality to meet customer demands. Specifically, we conduct R&D through a trilateral structure spanning Japan, China, and North America, and complement this with research into cutting-edge technologies, monitoring of market trends, and collaboration with universities, research institutions, and academic experts.

We are also working to reduce the technological and market risks associated with new businesses by leveraging the elemental technologies and customer base cultivated through our existing businesses, while also utilizing M&A and ties with external partners.

Furthermore, by responding flexibly and agilely to changes in the business environment and market trends, including through the review of business plans and investments, we aim to achieve the stable launch of new businesses and realize medium- to long-term growth.

Information Security Risks

Likelihood of occurrence: Medium **Degree of impact: Major**

The Group strives to strictly manage confidential business and technological information through appropriate IT technology measures, establishment of internal systems, and employee training.

In addition to thorough use of thin clients as internal standard terminals, we have introduced comprehensive security management tools for IT asset management and to serve as countermeasures against internal information leakage, cyberattacks, etc. To further strengthen our security system, we also periodically carry out a vulnerability diagnosis, etc., using a third-party organization.

Risks Related to Securing and Developing Human Resources

Likelihood of occurrence: Medium **Degree of impact: Major**

The Group views the securing and development of human resources to support sustainable growth into the future as an important management issue, and works strategically to recruit and develop such talent. Our approach to human resource development centers on OJT, but by also providing position-specific training and education/training for different areas of specialization, we endeavor to enhance technical skills and managerial capabilities, as well as systemically develop young talent and next-generation leaders.

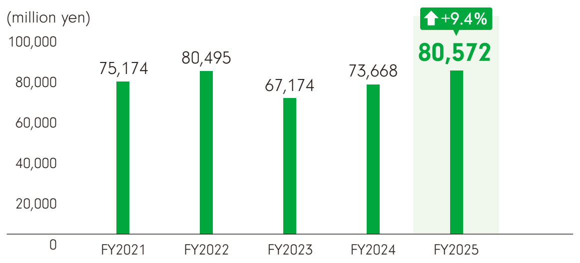
Furthermore, to support our global business operations, we actively develop and promote talent recruited locally at overseas bases, and strive to create a working environment that enables diverse human resources to give full play to their respective abilities.

Data

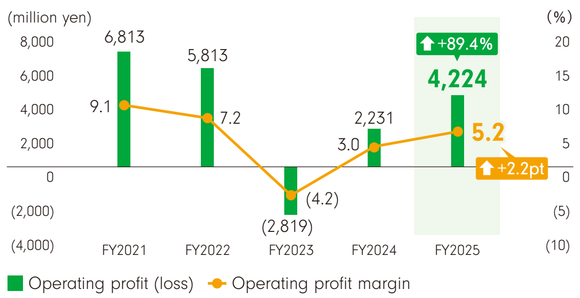
Financial and Non-Financial Highlights

Financial Highlights

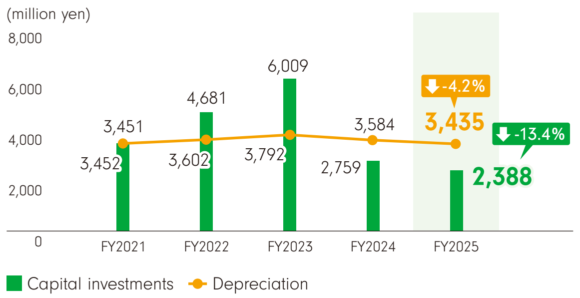
Net sales



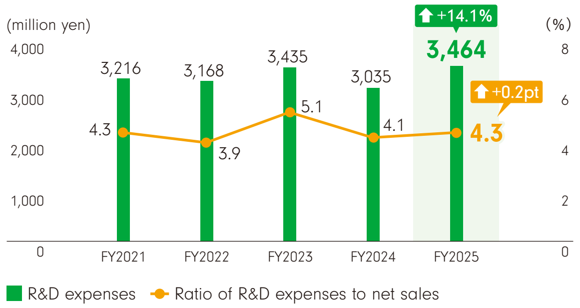
Operating profit (loss)/Operating profit margin



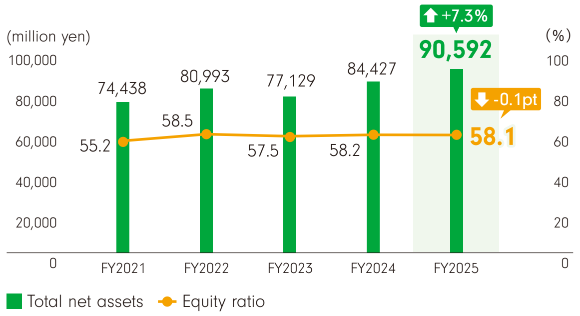
Capital investments/Depreciation



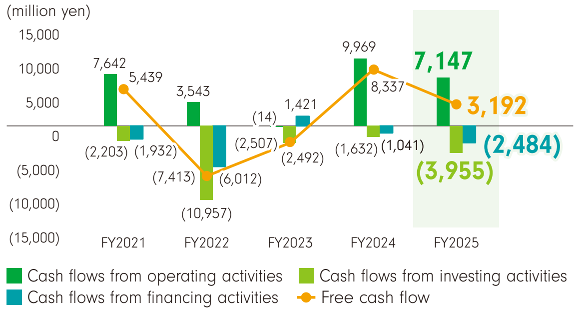
R&D expenses/Ratio of R&D expenses to net sales



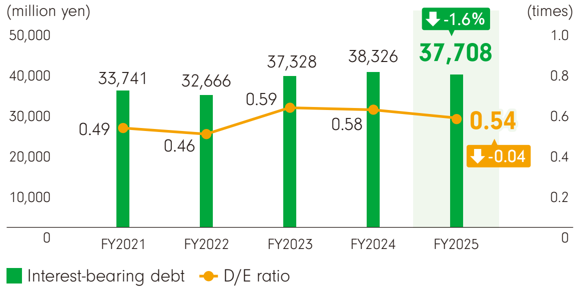
Total net assets/Equity ratio



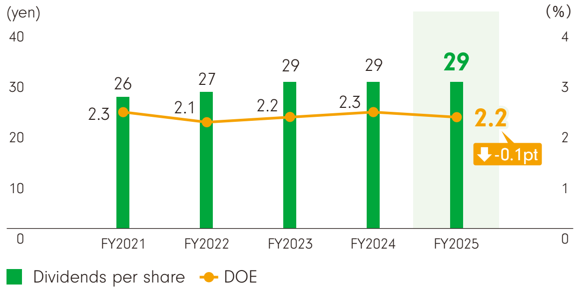
Cash flow



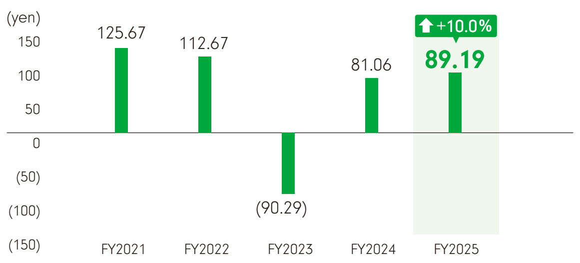
Interest-bearing debt/Debt-to-equity ratio (D/E ratio)



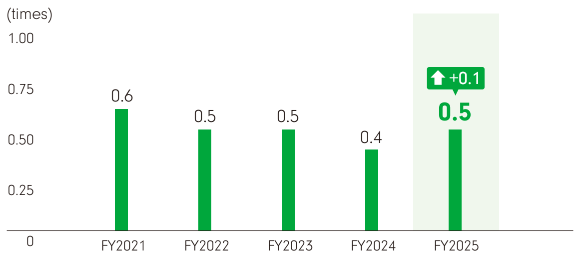
Dividends per share/Dividend on equity ratio (DOE)



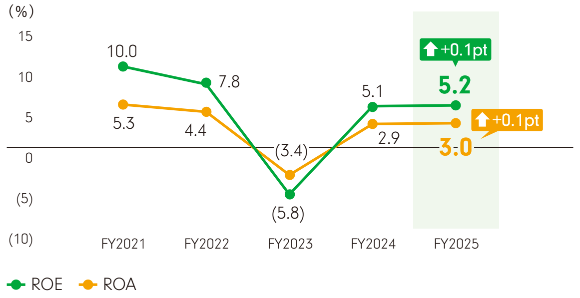
Earnings (loss) per share (EPS)



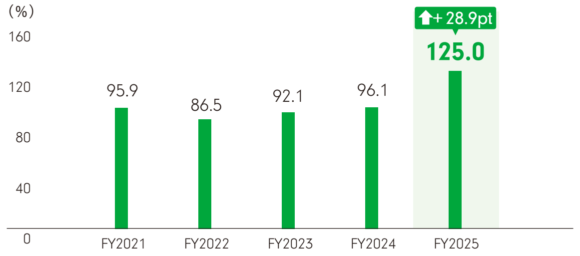
Price book-value ratio (PBR)



Return on equity (ROE)/Return on assets (ROA)

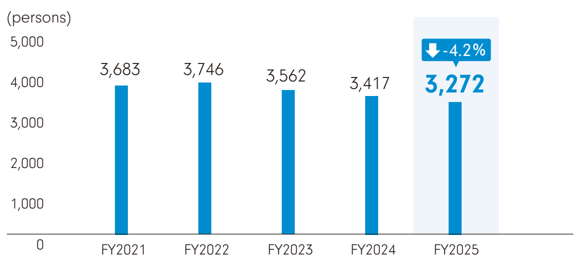


Total shareholder return (TSR)



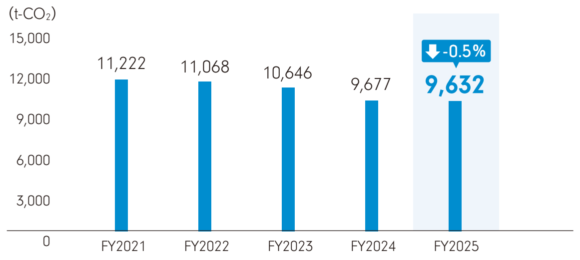
Non-Financial Highlights

Number of employees (consolidated)

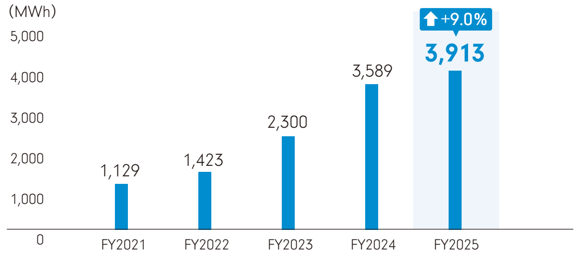


GHG emissions (Scope 1 and 2)

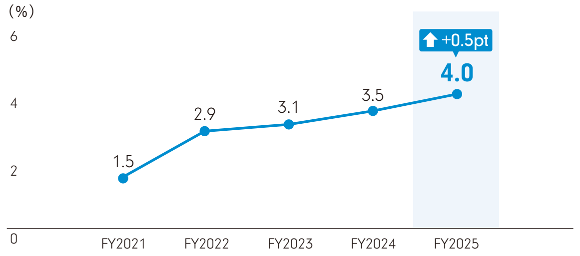
* Japan: market-based



Solar power generation (Group-wide)



Percentage of women in management positions (non-consolidated)



Corporate Overview/Stock Information (As of December 31, 2025)

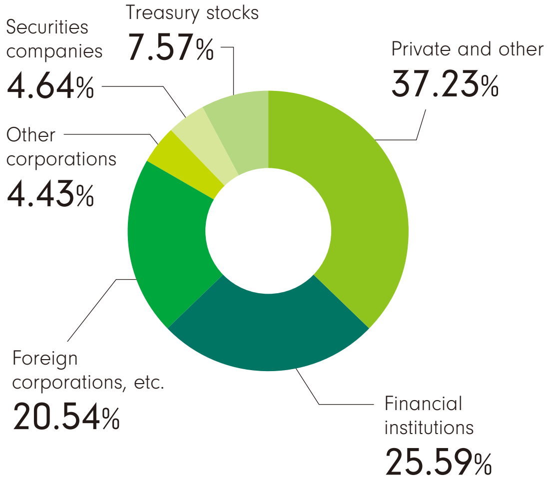
Location of Head Office:
3-12-1, Nakamachidai, Tsuzuki-ku,
Yokohama, Kanagawa, 224-8522 Japan
Phone: +81-45-942-3111 (main)
Established: August 3, 1976
Capital Stock: ¥24,618 million
Total number of authorized shares: 150,000,000
Total number of shares issued: 54,792,239
Total number of shareholders: 14,711

Number of employees: 1,173 (3,272 consolidated)
Fiscal year: January 1 – December 31
Annual general meeting of shareholders: March
Administrator of the shareholder register:
Sumitomo Mitsui Trust Bank, Limited
2-8-4 Izumi, Suginami-ku, Tokyo, 168-0063
Phone: 0120-782-031
(toll-free within Japan only)

Major Shareholders

	No. of shares (shares)	Percent ownership (%)
The Master Trust Bank of Japan, Ltd. (trust account)	6,901,000	12.59
Sodick Co., Ltd.	4,144,554	7.56
Custody Bank of Japan, Ltd. (trust account)	3,938,700	7.19
JPMorgan Securities Japan Co., Ltd.	1,343,792	2.45
Kiyoshi Morita	1,190,070	2.17
Sodick Business Partner Stock Ownership Association	1,046,500	1.91
Sodick Employee Stock Ownership Association	959,876	1.75
TF Co., Ltd.	895,000	1.63
STATE STREET BANK AND TRUST COMPANY 505223	867,556	1.58
Sumitomo Mitsui Banking Corporation	850,000	1.55

Share Distribution by Holder



Sodick IR Site

For more information, please refer to our IR site.

https://www.sodick.co.jp/en/ir/

- **Sodick's Strength**
  Gives a concise overview of our operations, our strengths, and our growth strategy.
- **Now accepting questions**
  Please use our inquiry form for questions. Note that the FAQ is only available in Japanese.

Sodick REPORT

We introduce Sodick's technology strategy and product strengths through trends and featured products in each of our businesses, user case studies, and exhibition reports.

https://www.sodick.co.jp/media/report/
(Japanese only)

Group Network


1 Sodick Head Office/ Research and Technology Center


2 Sodick Kaga Factory


3 Sodick Fukui Office


4 Sodick F.T Miyazaki Factory


5 Sodick America Corporation (San Jose)

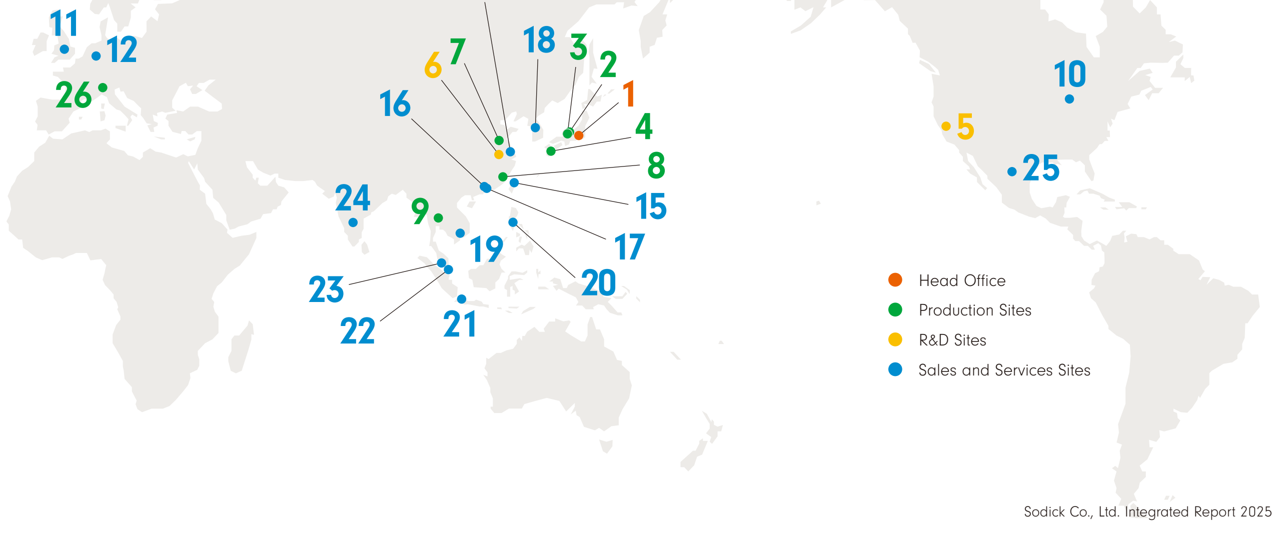

6 Shanghai Sodick Software Co., Ltd.


7 Suzhou Sodick Special Equipment Co., Ltd.


8 Sodick Amoy 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 Korea Co.,Ltd.
19 Sodick Vietnam Co., Ltd.
20 Sodick Philippines Inc.
21 PT Sodick Technology Indonesia
22 Sodick Singapore Pte., Ltd.
23 Sodick Technology (M) Sdn Bhd. (Malaysia)
24 Sodick Technologies India Private Limited
25 SODICK TECHNOLOGIA MEXICO, S.A. DE C.V.
26 AltForm S.r.l. (Italy)



● Head Office
● Production Sites
● R&D Sites
● Sales and Services Sites

Responsibility for Publication

On the Publication of Sodick Integrated Report 2025

In 2025, Sodick established a new management and execution structure. We transitioned from a company with an Audit & Supervisory Board to a company with an Audit & Supervisory Committee, aiming to separate the execution and supervisory functions, delegate greater authority to executives, and accelerate management decision-making. Furthermore, we launched a medium-term management plan in FY2026. Under the plan, we set ambitious targets for not only financial performance but also capital efficiency, demonstrating our clear commitment to all stakeholders. To achieve our targets in four years from now (FY2029, the final year of the plan), we need to further strengthen our financial foundation and business structure while steadily improving performance and capital efficiency. We recognize the importance of demonstrating these achievements to a wide range of stakeholders, including shareholders and investors, to earn proper recognition in the capital markets.

This report presents our value creation story, which embodies our Purpose of "Driving the Future of Manufacturing through Creativity and Innovation," as well as our initiatives for business domain and earnings structure reform centered on the themes of "global growth," "solution-based offerings," and "high added value" aimed at future growth.

This report includes pages with basic information, financial data, and environmental, social, and governance (ESG) material based on major guidelines. The Corporate Planning Office of the Corporate Division was responsible for editing this report, with the cooperation of various sections and Group companies, including the machine tool, industrial machinery, food machinery, and other segments, the Production Management Division, the Human Resources Department, the General Affairs Department, the Energy & Facilities Management Office, the Intellectual Property Department, and the R&D departments. To provide an accurate representation of our corporate activities, the executive team was directly involved in its content pertaining to areas including our understanding of risks and opportunities in the business environment, organizational strategy, governance, business results and forecasts, and policies for materiality and sustainability. I hereby confirm that the report production process and the information contained in this report are appropriate and valid.

We are also working to enhance the information available on the Sodick corporate website (https://www.sodick.co.jp/en/) from various perspectives. We hope that this report, together with our website, will provide a better understanding of our management and corporate activities, and we would appreciate receiving your candid feedback. Through ongoing dialogue with all stakeholders, we will continue confronting the challenges within our organization while striving to further strengthen our corporate capabilities and enhance corporate value.

Masato Takagi

Director and Managing Executive Officer

Sodick Co., Ltd.

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