



Summary of Financial Statements for the Third Quarter of the Year Ending December 31, 2022 (JGAAP) (Consolidated)

November 11, 2022

Company Name: Sodick Co., Ltd. Stock Exchange: Tokyo Stock Exchange, Prime Market
 Code Number: 6143 URL: <https://www.sodick.co.jp/>
 Representative: Kenichi Furukawa, President and Representative Director
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 Scheduled date of filing of quarterly report: November 11, 2022
 Scheduled date of dividend payout: –
 Explanatory documents supplemental to the quarterly financial statements: Yes
 Results briefing: None

(Amounts of less than one million have been omitted.)

1. Consolidated Results for the 3Q of the Fiscal Year Ending December 31, 2022 (from January 1, 2022, to September 30, 2022)

(1) Consolidated Financial Results (Accumulated Total)

(Percentages indicate year-on-year changes)

	Net Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of the Parent	
	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%
3Q of the fiscal year ending December 31, 2022	59,758	10.7	4,558	(7.9)	7,738	27.3	5,154	17.7
3Q of the fiscal year ended December 31, 2021	53,976	32.5	4,950	498.5	6,077	580.2	4,377	607.2

Note: Comprehensive income: 3Q of the fiscal year ending December 31, 2022 ¥11,844 million (78.8%)
 3Q of the fiscal year ended December 31, 2021 ¥6,623 million (–%)

	Earnings per Share
	¥
3Q of the fiscal year ending December 31, 2022	96.11
3Q of the fiscal year ended December 31, 2021	84.50

Note 1: We have applied the Accounting Standards for Revenue Recognition (Corporate Accounting Standards No. 29 of March 31, 2020) since the beginning of the first quarter of the current fiscal year, and figures for the third quarter of the fiscal year ending December 2022 are those after the application of those Accounting Standards.

Note 2: Diluted earnings per share for the third quarter of the fiscal year ending December 2022 are not shown in the above table because there are no dilutive shares.

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	¥ Million	¥ Million	%	¥
3Q of the fiscal year ending December 31, 2022	145,283	83,357	57.3	1,567.50
Fiscal year ended December 31, 2021	134,866	74,438	55.2	1,376.33

Reference: Shareholders' Equity: 3Q of the fiscal year ending December 31, 2022 ¥83,298 million
 Fiscal year ended December 31, 2021 ¥74,385 million

Note: We have applied the Accounting Standards for Revenue Recognition (Corporate Accounting Standards No. 29 of March 31, 2020) since the beginning of the first quarter of the current fiscal year, and figures for the third quarter of the fiscal year ending December 2022 are those after the application of those Accounting Standards.

2. Cash Dividends

	Annual Dividend				
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Total
	¥	¥	¥	¥	¥
Fiscal year ended December 31, 2021	—	13.00	—	13.00	26.00
Fiscal year ending December 31, 2022	—	13.00	—		
Fiscal year ending December 31, 2022 (Forecast)				14.00	27.00

Note: Revisions to the most recently announced dividend forecast: None

3. Forecast for the Fiscal Year Ending December 31, 2022 (From January 1, 2022 to December 31, 2022)

(Percentages indicate year-on-year changes)

	Net Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of the Parent		Earnings per Share
	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%	¥
Full-year	77,500	3.1	5,600	(17.8)	8,900	3.6	6,000	(9.0)	112.13

Note: Revisions to the most recently announced consolidated results forecast: Yes

*Notes

- (1) Changes in important subsidiaries during the consolidated cumulative third quarter under review (changes in specified subsidiaries resulting in a change in the scope of consolidation): None
- (2) Application of accounting specific to the preparation of quarterly consolidated financial statements: None
- (3) Change of accounting policies; change and/or restatement of accounting estimates
 - (i) Change of accounting policies caused by revision of accounting standards: Yes
 - (ii) Change of accounting policies other than stated in (i): None
 - (iii) Change of accounting estimates: None
 - (iv) Retroactive restatement: None

(4) Number of shares issued and outstanding (shares of common stock)

(i) Shares issued and outstanding as of the balance sheet date (including treasury shares)	3Q of the fiscal year ending December 31, 2022	57,292,239 shares	Fiscal year ended December 31, 2021	58,292,239 shares
(ii) Number of treasury shares as of the balance sheet date	3Q of the fiscal year ending December 31, 2022	4,151,291 shares	Fiscal year ended December 31, 2021	4,246,368 shares
(iii) Average number of shares outstanding during period (quarterly cumulative total)	3Q of the fiscal year ending December 31, 2022	53,634,090 shares	3Q of the fiscal year ended December 31, 2021	51,808,975 shares

* Quarterly financial statements are not subject to a quarterly review by certified public accountants or an audit firm.

* Cautionary statement regarding forward-looking information

The Company bases the above forecasts on judgments that rely on currently available information and contain numerous uncertainties. Changing conditions and other factors may cause actual results to differ from the above forecasts. In addition, for matters regarding forecasts, please refer to: "1. Qualitative Information regarding the Quarterly Financial Statements under Review (3) Explanation regarding Future Forecast Information including Projections of Consolidated Results" on Page 4 of the attachment to this summary of quarterly financial statements.

1. Qualitative Information regarding the Quarterly Financial Statements under Review

Matters concerning the future in the text are based on the judgments of the Company as of the end of the third quarter of the fiscal year under review.

(1) Explanation regarding Results of Operations

During the consolidated cumulative third quarter under review under review, the environment surrounding the Group continued to recover moderately as the economies of Japan, the West, and other developed countries continued to recover. On the other hand, it is necessary to pay close attention to various risk factors, such as the impact on production activities due to the shortage of components such as semiconductors, the progress of global inflation, and the rapid exchange rate fluctuations, as well as geopolitical risks such as Russia's invasion of Ukraine and concerns about an economic slowdown due to China's strict COVID-19 policy.

Under these circumstances, the Group strives to contribute to the sustainable development of society through manufacturing as a company that "Creates your Future" by providing the highest value to customers in the spirit of "Create (So)," "Implement (di)," and "Overcome difficulties (ck)." Against the backdrop of technological innovation in the automotive and telecommunications fields, the increasing need for labor saving, and the promotion of carbon neutrality and the Sustainable Development Goals (SDGs), manufacturing sites are also required to improve operability, reduce power consumption and waste, consolidate processes, and promote DX, as well as to improve precision, speed, and automation. Recognizing these "contributions to evolving manufacturing" as important management issues, we are working together to promote business expansion and sustainability initiatives, including the promotion of new product development, the development of total solutions, the enhancement of after-sales services, and the provision of added value using DX.

In July 2022, we established the Sodick China South China Tech Center to enhance our proposal capabilities and after-sales service for customers in the region, where the die processing market continues to grow.

Under these circumstances, the consolidated net sales for the third quarter under review totaled ¥59,758 million (up 10.7% year on year), with operating profit at ¥4,558 million (down 7.9% year on year), ordinary profit at ¥7,738 million (up 27.3% year on year), and profit attributable to owners of the parent at ¥5,154 million (up 17.7% year on year).

The status of the segments is as follows.

Machine Tool Segment	Net Sales	¥45,264 million	Y/y change (rate)	Up 14.3%
	Operating Profit	¥5,507 million	Y/y change (amount)	Up ¥246 million
<p>In Japan, the West, and Asia, demand for electronic components, semiconductors, and EV-related products was firm, while in Greater China, although demand for EV-related products was still strong, demand for smartphones and consumer products peaked out, and facility investments declined due to the impact of the strict COVID-19 policy. Net sales increased year on year due to the yen's depreciation, but the business environment remains uncertain.</p> <p>As the sophistication of manufacturing is expected to continue in the future, the need for high-speed, high-precision machining is expected to increase. In addition, improvements in operability, energy-saving measures, stable machining over a long period of time, and larger and more complex workpieces are also important opportunities. We are developing business activities recognizing those opportunities. Aiming at regions and customers that require high-precision machining, we will further expand sales of electrical discharge machines (EDMs), which are our strength, and at the same time, we will address high-value-added machining needs for metal 3D printers and precision machining centers, which are expected to grow significantly in the medium to long term, by promoting technological development and strengthening our sales structure.</p> <p>As part of our efforts to develop products to meet these needs, for electrical discharge machines (EDMs), we have renewed the entry model VL series of wire-cut EDM and developed the VN400Q/600Q for machining complex shapes in parts and molds for medical equipment and the aerospace industry, and the AX350L ultra-precision wire-cut EDM for the manufacture of press molds for EV motor cores and lead frame molds for semiconductor packages. Regarding machining centers, we have developed the UX450L linear motor-driven machining center, which is capable of further high-speed, high-precision machining as well as improved operability and energy saving, and the HP300L, which achieves both high-speed and high-precision machining with simultaneous 5-axis control. In the area of metal 3D printers, we developed the LPM450, which enables stable large-size molding, and the LPM325S, which was released last year and supports long, high-speed, stable molding, and won the Grand Prize (Minister of Economy, Trade and Industry Award) at the 52nd Machine Design Awards sponsored by the Nikkan Kogyo Shimbun, Ltd.</p> <p>These products are exhibited at JIMTOF 2022 (Japan International Machine Tool Fair) in November 2022.</p>				

Industrial Machinery Segment	Net Sales	¥8,115 million	Y/y change (rate)	Up 17.1%
	Operating Profit	¥733 million	Y/y change (amount)	Up ¥459 million
<p>While demand for EV-related products and electronic components remained strong in Japan, demand in the U.S. was slowing due to the impact of high interest rates. In addition, although there was demand for EV-related and medical products in Greater China, there was also a decline in demand for smartphone-related products and a decline in facility investments due to the impact of the strict COVID-19 policy. Net sales increased year on year, but the business environment remains uncertain.</p> <p>In Greater China and other Asian regions, demand for ultra-high-precision injection molding machines, which our company excels at, is expected to increase due to the trend toward higher precision in manufacturing. We also recognize the need to reduce the amount of electricity used and the amount of waste generated by molding as an important opportunity and are developing this business.</p> <p>To meet the abovementioned needs, as measures of product development, we have developed the MS G2 Series as a successor to the MS Series of electric injection molding machines, with improved control accuracy and operability. We intend to increase the sales ratio of electric injection molding machines in the future because they can achieve higher cycle and lower power consumption than hybrid injection molding machines controlled by electric and hydraulic power, which are our current mainstay.</p>				
Food Machinery Segment	Net Sales	¥4,164 million	Y/y change (rate)	Down 17.8%
	Operating Profit	¥93 million	Y/y change (amount)	Down ¥472 million
<p>Although demand for equipment related to noodle-making machines in Japan and aseptically packaged rice production equipment in overseas markets remained strong, there was also a decline in the desire for facility investments as a result of the restrictions imposed by the COVID-19 policy in China and rising costs among customers due to global inflation, and because of prolonged business negotiations on multiple projects and postponed receiving of orders, net sales decreased year on year.</p> <p>In the future, hygienic and labor-saving needs in Japan are expected to expand in a wide range of fields, including the ready-made foods, confectionery, and bread industries, not limited to the production of noodles and rice. In addition, demand for raw noodles and rice is expected to increase in overseas markets, mainly in Greater China and Asia, due to improvements in food quality and the development of infrastructure. Consequently, further production capacity will be required, and thus we have been proceeding with reinforcement of the production lines for food machinery at the Amoi Plant in China and Kaga Office.</p>				
Others	Net Sales	¥4,913 million	Y/y change (rate)	Up 3.8%
	Operating Profit	¥364 million	Y/y change (amount)	Down ¥324 million
<p>Other segments consist of precision dies and mold operations involving the made-to-order production of precision connectors and other products, and element technology operations involving the sale, etc. of linear motors and ceramic components. Net sales in the dies and mold operations remained flat year on year, and the impact of supply chain disruptions continued. In the element technology operations, net sales were slightly higher than the same period of the previous fiscal year, but profit ratio declined due to higher costs owing to higher material costs.</p>				

(2) Explanation regarding Financial Position

Total assets stood at ¥145,283 million as of the end of the third quarter under review, an increase of ¥10,417 million from the end of the previous fiscal year, primarily due to a ¥3,280 million increase in merchandise and finished goods, a ¥3,151 million increase in raw materials and supplies, a ¥2,236 million increase in buildings and structures, and a ¥1,526 million increase in machinery, equipment and vehicles.

Meanwhile, liabilities at the end of the period under review totaled ¥61,926 million, an increase of ¥1,497 million from the end of the previous fiscal year, primarily due to a ¥5,077 million increase in contract liabilities, which was partially offset by a ¥3,720 million decrease in current liabilities under other including advances received.

Net assets totaled ¥83,357 million at the end of the period under review, an increase of ¥8,919 million from the end of the previous fiscal year, primarily due to a ¥6,425 million increase in foreign currency translation adjustment and a ¥2,225 million increase in retained earnings.

Moreover, we have applied the Accounting Standards for Revenue Recognition (Corporate Accounting Standards No. 29 of March 31, 2020) since the beginning of the first quarter of the current fiscal year.

(3) Explanation regarding Future Forecast Information including Projections of Consolidated Results

There have been revisions to the projections of results that were announced on August 9, 2022.

2. Quarterly Consolidated Financial Statements and Notes**(1) Quarterly Consolidated Balance Sheets**

(In million yen)

	Fiscal year ended December 31, 2021 (as of December 31, 2021)	3Q fiscal year ending December 31, 2022 (as of September 30, 2022)
Assets		
Current assets		
Cash and deposits	45,274	40,847
Notes and accounts receivable - trade	18,363	—
Notes and accounts receivable - trade, and contract assets	—	16,030
Electronically recorded monetary claims-operating	2,104	3,215
Merchandise and finished goods	9,352	12,633
Work in process	8,851	9,957
Raw materials and supplies	9,427	12,578
Others	3,428	3,679
Allowance for doubtful accounts	(425)	(433)
Total current assets	96,377	98,510
Non-current assets		
Property, plant and equipment		
Buildings and structures	29,049	31,286
Machinery, equipment and vehicles	22,214	23,740
Others	15,855	17,329
Accumulated depreciation	(36,901)	(40,586)
Total property, plant and equipment	30,217	31,770
Intangible assets		
Goodwill	1,240	1,226
Others	1,032	1,342
Total intangible assets	2,273	2,568
Investments and other assets		
Long-term time deposits	-	4,888
Others	6,050	7,597
Allowance for doubtful accounts	(52)	(51)
Total investments and other assets	5,997	12,435
Total non-current assets	38,488	46,773
Total Assets	134,866	145,283

(In million yen)

	Fiscal year ended December 31, 2021 (as of December 31, 2021)	3Q fiscal year ending December 31, 2022 (as of September 30, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,423	5,901
Electronically recorded obligations - operating	6,724	7,088
Short-term borrowings	2,242	2,045
Current portion of bonds payable	140	140
Current portion of long-term borrowings	6,527	8,159
Income taxes payable	1,207	1,748
Contract liabilities	—	5,077
Provisions	1,217	1,423
Others	9,221	5,501
Total current liabilities	33,705	37,086
Non-current liabilities		
Bonds payable	580	510
Long-term borrowings	24,251	22,569
Provisions	189	77
Retirement benefit liability	469	666
Asset retirement obligations	65	66
Others	1,166	950
Total non-current liabilities	26,722	24,839
Total liabilities	60,428	61,926
Net Assets		
Shareholders' equity		
Capital stock	24,618	24,618
Capital surplus	9,739	9,717
Retained earnings	37,229	39,455
Treasury shares	(3,117)	(3,091)
Total shareholders' equity	68,470	70,700
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	732	971
Foreign currency translation adjustment	5,402	11,827
Remeasurements of defined benefit plans	(219)	(201)
Total accumulated other comprehensive income	5,914	12,597
Non-controlling interests	52	59
Total net assets	74,438	83,357
Total Liabilities and Net Assets	134,866	145,283

(2) Quarterly Consolidated Statement of Income and Comprehensive Income

(Quarterly Consolidated Statement of Income)

(3Q Consolidated Results Accumulation Period)

(In million yen)

	3Q FY ended December. 31, 2021 (from January 1, 2021 to September 30, 2021)	3Q FY ending December. 31, 2022 (from January 1, 2022 to September 30, 2022)
Net Sales	53,976	59,758
Cost of sales	35,403	40,042
Gross profit	18,572	19,716
Selling, general and administrative expenses		
Personnel expenses	5,897	6,907
Provision of allowance for doubtful accounts	42	(32)
Others	7,680	8,283
Total selling, general and administrative expenses	13,621	15,158
Operating Profit	4,950	4,558
Non-operating income		
Interest income	207	293
Dividend income	48	263
Foreign exchange gains	613	2,608
Share of profit of entities accounted for using equity method	42	47
Subsidy income	342	114
Others	184	167
Total non-operating income	1,439	3,495
Non-operating expenses		
Interest expenses	237	227
Provision of allowance for doubtful accounts	0	—
Others	74	87
Total non-operating expenses	312	314
Ordinary Profit	6,077	7,738
Extraordinary income		
Gain on sale of non-current assets	20	45
Subsidy income	25	—
Total extraordinary income	45	45
Extraordinary losses		
Loss on sale of non-current assets	16	0
Loss on retirement of non-current assets	27	34
Loss on tax purpose reduction entry of non-current assets	25	—
Extra retirement payments	—	183
Others	1	0
Total extraordinary losses	70	218
Profit before income taxes	6,051	7,565
Income taxes - current	1,629	2,496
Income taxes - deferred	24	(85)
Total income taxes	1,654	2,410
Profit	4,397	5,155
Profit attributable to non-controlling interests	19	0
Profit Attributable to Owners of the Parent	4,377	5,154

(Quarterly consolidated statement of comprehensive income)
(3Q Consolidated Results Accumulation Period)

(In million yen)

	3Q FY ended December. 31, 2021 (from January 1, 2021 to September 30, 2021)	3Q FY ending December. 31, 2022 (from January 1, 2022 to September 30, 2022)
Profit	4,397	5,155
Other comprehensive income		
Valuation difference on available-for-sale securities	89	238
Foreign currency translation adjustment	2,054	6,269
Remeasurements of defined benefit plans, net of tax	44	18
Share of other comprehensive income of entities accounted for using equity method	36	161
Total other comprehensive income	2,226	6,689
Comprehensive income	6,623	11,844
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,597	11,837
Comprehensive income attributable to non-controlling interests	26	6

(3) Notes to Quarterly Consolidated Financial Statements

(Notes regarding going concern assumptions)

None

(Notes in case of significant variation in shareholders' equity)

- (1) At the Board of Directors meeting held on February 14, 2022, the Company resolved to purchase treasury shares pursuant to the provisions of Article 156 of the Companies Act as applied pursuant to Article 165, paragraph 3 of the same Act, and purchased the treasury shares.

Furthermore, at the Board of Directors meeting held on August 9, 2022, the Company resolved to purchase treasury shares pursuant to the provisions of Article 156 of the Companies Act as applied pursuant to Article 165, paragraph 3 of the same Act, and purchased the treasury shares

Increase in treasury shares: ¥785 million

- (2) At the Board of Directors meeting held on February 14, 2022, the Company resolved to cancel treasury shares pursuant to the provisions of Article 178 of the Companies Act, and cancelled the treasury shares on March 31, 2022.

Furthermore, at the Board of Directors meeting held on August 9, 2022, the Company resolved to cancel treasury shares pursuant to the provisions of Article 178 of the Companies Act, and cancelled the treasury shares on September 30, 2022.

Decrease in capital surplus: ¥21 million

Decrease in retained earnings: ¥719 million

Decrease in treasury shares: ¥740 million

- (3) Base on a resolution of the Board of Directors meeting held on April 15, 2022, the Company disposed of 95,400 treasury shares as restricted stock compensation on May 6, 2022.

Decrease in retained earnings: ¥1 million

Decrease in treasury shares: ¥70 million

As a result, capital surplus, retained earnings, and treasury shares at the end of the consolidated cumulative third quarter of the fiscal year under review were ¥9,717 million, ¥39,455 million, and ¥3,091 million, respectively.

(Changes in the scope of consolidation or the scope of application of the equity method)

None

(Change of accounting policies)

(Application of Accounting Standards for Revenue Recognition)

The Company has applied the Accounting Standards for Revenue Recognition (Corporate Accounting Standards No. 29 of March 31, 2020; hereinafter referred to as “Revenue Recognition Accounting Standards”) since the beginning of the first quarter of the consolidated cumulative fiscal year under review and decided to recognize revenue at an amount expected to receive in exchange for goods or a service at the time of transfer of control of those goods or service promised to a customer. Major changes therefrom are as follows.

(1) Revenue recognition relating to construction contracts

In recording revenue from construction contracts, we had applied the percentage-of-completion method (the cost-to-cost method to estimation of the progress rate of construction) to construction that is recognized as to produce a definite result in the progressed part and the completed contract method to other construction. However, we have changed to a method of recognizing revenue over a certain period of time with the fulfillment of obligations. Moreover, we apply the cost recovery method to construction for which the progress rate relating to the fulfillment of obligations cannot be reasonably estimated.

(2) Revenue recognition relating to sale of products

We deliver the products under contracts with customers and provide free maintenance service in the warranty period in some transactions. Although we did not recognize revenue from that maintenance service previously, we decided to distinguish an obligation to deliver products from that to provide the maintenance service to recognize revenue at the time of fulfillment of each of the obligations.

We apply the Revenue Recognition Accounting Standards accounting to the transitional handling specified in the proviso of Section 84 of the Revenue Recognition Accounting Standards. We have applied new accounting policies from the balance at the beginning of the first quarter of the current consolidated fiscal year by adding or subtracting an affected cumulative amount when the new accounting policies are retroactively applied before the beginning of the first quarter of that fiscal year to or from retained earnings at the beginning of the first quarter of the fiscal year. However, as we apply the method specified in Section 86 of the Revenue Recognition Accounting Standards, we do not retroactively apply new accounting policies to contracts almost all of whose revenue amounts were recognized according to the previous handling before the beginning of the first quarter of the current consolidated fiscal year. Moreover, as we apply the method specified in (1) after the “moreover” of Section 86 of the Revenue Recognition Accounting Standards, we did the accounts for contracts amended before the beginning of the first quarter of the current consolidated fiscal year under the terms of the contracts in which all amendments were reflected and added or subtracted cumulative amounts influenced thereby to or from retained earnings at the beginning of the first quarter of the current consolidated fiscal year.

As a result, for the current consolidated cumulative third quarter, net sales decreased by ¥154 million, cost of sales decreased by ¥14 million, and operating profit, ordinary profit, and profit before income taxes each decreased by ¥139 million. Moreover, the balance of retained earnings at the beginning of current fiscal year decreased by ¥795 million.

As we applied the Revenue Recognition Accounting Standards, “notes and accounts receivable - trade” shown under “current assets” in the consolidated balance sheet for the previous consolidated fiscal year are included in “notes and accounts receivable - trade, and contract assets” from the first quarter of the consolidated fiscal year, and “advances received” shown under “current liabilities” are included in “contract liabilities” from the first quarter of that fiscal year.

Furthermore, we do not state information about resolved revenue from contracts with customers in the third quarter of the previous consolidated cumulative fiscal year according to the transitional handling specified in Section 28-15 of the Accounting Standards for Quarterly Financial Statements (Corporate Accounting Standards No. 12 of March 31, 2020).

(Application of Accounting Standards for Market Value Calculation)

We have applied the Accounting Standards for Market Value Calculation (Corporate Accounting Standards No. 30 of July 4, 2019; hereinafter referred to as “Market Value Calculation Accounting Standards”) since the beginning of the first quarter of the current consolidated fiscal year and decided to apply the new accounting policies specified by the Market Value Calculation Accounting Standards over the future according to the transitional handling specified in Section 19 of the Market Value Calculation Accounting Standards and Section 44-2 of the Accounting Standards for Financial Instruments (Corporate Accounting Standards No. 10 of July 4, 2019). There is no significant change in the market value calculating method therefrom.

(Segment Information, etc.)

I. Previous consolidated cumulative third quarter (from January 1, 2021, to September 30, 2021)

1. Information on net sales and operating profit (loss) by reportable segment

(In million yen)

	Reportable Segment				Others (Note 1)	Total	Adjustment amount (Note 2)	Amount stated on the quarterly consolidated statement of income (Note 3)
	Machine Tool Segment	Industrial Machinery Segment	Food Machinery Segment	Reportable Segment Total				
Net Sales								
Sales to outside parties	37,248	6,928	5,063	49,240	4,735	53,976	–	53,976
Intersegment sales or transfers	55	67	–	122	1,753	1,876	(1,876)	–
Total	37,303	6,996	5,063	49,363	6,489	55,852	(1,876)	53,976
Segment profit (loss)	5,260	274	566	6,101	688	6,790	(1,839)	4,950

Notes: 1. The category headed “Others” covers business segments outside reportable ones, such as precision dies and mold operations, elemental technology operations, etc.

2. The adjustment amount of -¥1,839 million to segment profit includes -¥26 million in eliminations of intersegment transactions and -¥1,813 million in group overhead not attributable to any particular reportable segment. Group overhead consists mainly of the cost of head office functions not attributable to any particular reportable segment.

3. Segment profit is stated on reconciliation with the operating profit stated in the consolidated statement of quarterly income.

2. Information on impairment losses or goodwill, etc. of non-current assets by reportable segment

None

II. Current consolidated cumulative third quarter (from January 1, 2022, to September 30, 2022)

1. Information on net sales and operating profit (loss) by reportable segment

(In million yen)

	Reportable Segment				Others (Note 1)	Total	Adjustment amount (Note 2)	Amount stated on the quarterly consolidated statement of income (Note 3)
	Machine Tool Segment	Industrial Machinery Segment	Food Machinery Segment	Reportable Segment Total				
Net Sales								
Sales to outside parties	42,564	8,115	4,164	54,844	4,913	59,758	–	59,758
Intersegment sales or transfers	196	207	–	404	1,707	2,111	(2,111)	–
Total	42,760	8,323	4,164	55,248	6,620	61,869	(2,111)	59,758
Segment profit (loss)	5,507	733	93	6,334	364	6,698	(2,140)	4,558

Notes: 1. The category headed “Others” covers business segments outside reportable ones, such as precision dies and mold operations, elemental technology operations, etc.

2. The adjustment amount of -¥2,140 million to segment loss includes -¥1 million in eliminations of intersegment transactions and -¥2,139 million in group overhead not attributable to any particular reportable segment. Group overhead consists mainly of the cost of head office functions not attributable to any particular reportable segment.

3. Segment profit is stated on reconciliation with the operating profit stated in the consolidated statement of quarterly income.

2. Information on impairment losses or goodwill, etc. of non-current assets by reportable segment

None

3. Matters concerning changes in reportable segments

(Application of Accounting Standards for Revenue Recognition)

As mentioned in the Changes in Accounting Policies, we have applied the Revenue Recognition Accounting Standards and other standards since the beginning of the first quarter of the consolidated fiscal year.

As a result, for the current consolidated cumulative third quarter, net sales of Machine Tool Segment decreased by ¥154 million, and Segment profit decreased by ¥139 million, compared with the previous method.

(Business combination-related matters)

(Company split with a consolidated subsidiary (simplified or summary absorption-type company split))

Based on the resolution at the Board of Directors meeting held on April 15, 2022, the Company succeeded to the businesses of developing, manufacturing and selling consumables for electrical discharge machines (EDMs) of Sodick F.T. Co., Ltd., a wholly owned subsidiary of the Company, by the method of company split (hereinafter referred to as the “Company Split”) with an effective date of July 1, 2022.

As the Company Split is a company split under the provisions of Article 796, paragraph (2) of the Companies Act in which the Company succeeds to the businesses of its wholly owned subsidiary (simplified absorption-type company split), we omit some disclosure matters and details of it.

1. Purpose of the Company Split

As informed in “Notice of Entity Conversion” dated January 5, 2022, the Company has changed over its system from an organization by function to an organization by business since January 1, 2022. In the new system, a division consistently directs sales, techniques, development, after-sales service, and production and provides a total solution to business servitization and digitization as well as machine tools. In order to realize that, the Company decided that it was to succeed to the businesses of developing, producing and selling consumables for EDMs through a company split (simplified absorption-type company split) and thereby aims at increasing business efficiency by unifying the production and sale of supplies with services therefor in the CS Division and at expanding business areas.

2. Main points of the Company Split

(1) Schedule for the Company Split

Date of resolution on the Company Split by the Board of Directors: April 15, 2022

Execution date of an agreement for the Company Split: April 19, 2022

Effective date of the Company Split: July 1, 2022

* The Company Split was carried out through the procedure for a simplified absorption-type company split under the provisions of Article 796, paragraph (2) of the Companies Act in the Company and through the procedure for a summary absorption-type company split under the provisions of Article 784, paragraph (1) of the said Act in Sodick F.T, not through a resolution on an approval for the company split agreement by a shareholders meeting.

(2) Method of the Company Split

The Company Split is an absorption-type company split in which Sodick F.T is a split company and the Company is a succeeding company.

(3) Details of allotment relating to the Company Split

As Sodick F.T is a wholly-owned subsidiary of the Company, the Company is to allot no shares or otherwise provide no money or the like in connection with the Company Split.

(4) Handling of share acquisition rights and bonds with share acquisition rights in connection with the Company Split

None

(5) Changes in share capital owing to the Company Split

The Company’s share capital does not change owing to the Company Split.

(6) Rights and obligations that the succeeding company succeeds to

The Company succeeded to the rights and obligations that Sodick F.T had in connection with the businesses of developing, manufacturing, and selling consumables for electrical discharge machines (EDMs) and are specified in the company split agreement, through the Company Split.

(7) Prospects for performance of obligations

We consider that there is no problem with prospects for the performance of obligations that the Company and Sodick F.T are to have in the Company Split.

3. Details of business of division to succeed

(1) Details of business of division to succeed

The businesses of developing, producing and selling consumables for EDMs that Sodick F.T has

(2) Operating results of division to succeed (fiscal year ended December 2021)

Net sales: ¥2,459 million

Operating profit: ¥143 million

(3) Items and amounts of assets and liabilities to succeed to (as of June 30, 2022)

Sodick Co., Ltd.

Assets		Liabilities	
Item	Book value	Item	Book value
Current assets	¥527 million	Current liabilities	¥1,551 million
Non-current assets	¥1,335 million	Non-current liabilities	–
Total	¥1,862 million	Total	¥1,551 million

4. State after the Company Split

The name, location, title and name of the representative, details of business, share capital, and fiscal term of the Company are not changed after the Company Split.

5. Outline of the accounting

We intend to account for transactions under common control according to the Accounting Standards for Business Combinations (Corporate Accounting Standards No. 21 of January 16, 2019) and the Guidelines on Application of Business Combination Accounting Standards and Business Split Accounting Standards (Corporate Accounting Standard Application Guidelines No. 10 of January 16, 2019).

(Revenue recognition-related matters)

Information about resolved revenue from contracts with customers

Current consolidated cumulative third quarter (from January 1, 2022, to September 30, 2022)

1. Breakdown of goods and services by type

(In million yen)

	Reportable Segment			Others (Note 1)	Total
	Machine Tool Segment	Industrial Machinery Segment	Food Machinery Segment		
Machine sales	33,526	6,939	3,639	4,913	49,019
Maintenance services and consumables	9,037	1,176	525	—	10,739
Total	42,564	8,115	4,164	4,913	59,758

Notes: 1. The category headed “Others” covers business segments outside reportable ones, such as precision dies and mold operations, elemental technology operations, etc.

2. Amounts after deduction of those of intergroup transactions are shown.

2. Breakdown of overseas sales

(In million yen)

	Reportable Segment			Others (Note 2)	Total
	Machine Tool Segment	Industrial Machinery Segment	Food Machinery Segment		
Japan	8,481	3,460	2,099	4,606	18,648
North and South America	6,383	989	14	—	7,386
Europe	5,283	2	—	—	5,286
Greater China	17,278	2,444	1,415	307	21,445
Asia	5,136	1,218	635	—	6,990
Total	42,564	8,115	4,164	4,913	59,758

Notes: 1. Revenue by country or region is analyzed based on customers’ locations.

2. The category headed “Others” covers business segments outside reportable ones, such as precision dies and mold operations, elemental technology operations, etc.

3. Amounts after deduction of those of intergroup transactions are shown.

(Material subsequent events)

(Purchase and cancellation of treasury shares)

At the Board of Directors meeting held on November 11, 2022, the Company resolved to purchase treasury shares pursuant to Article 156 of the Companies Act as applied pursuant to Article 165, paragraph 3 of the same Act, and also resolved to cancel all the purchased treasury shares pursuant to Article 178 of the Companies Act.

1. Reasons for purchase and cancellation of treasury shares

The purchase and cancellation of treasury shares are to improve the share value through the reinforcement of returns to shareholders and flexible capital policy in response to changes in the business environment.

2. Details of the matters pertaining to the purchase

(1) Class of shares to be purchased:	Common shares of the Company
(2) Total number of shares purchasable:	2,500,000 shares (upper limit) (4.70% of the total number of issued shares, excluding treasury shares)
(3) Total amount of purchase:	¥2,500 million (upper limit)
(4) Purchase period:	November 14, 2022 to August 4, 2023
(5) Purchase method:	Market purchase on the Tokyo Stock Exchange, Inc.

3. Details of matters pertaining to the cancellation

(1) Class of shares to be cancelled:	Common shares of the Company
(2) Total number of shares to be canceled:	Total number of treasury shares to be purchased in accordance with 2. above
(3) Scheduled date of cancellation:	August 31, 2023