



Summary of Financial Statements for the First Quarter of the Year Ending December 31, 2021 (J-GAAP) (Consolidated)

May 11, 2021

Stock Exchange: Tokyo Stock Exchange, 1st Section

Company Name: Sodick Co., Ltd.

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: May 11, 2021

Scheduled date of dividend payout: –

Explanatory documents supplemental to the quarterly financial statements: Yes

Results briefing: No

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

1. Consolidated Results for the 1Q of the Fiscal Year Ending December 31, 2021 (from January 1, 2021 to March 31, 2021)

(1) Consolidated Financial Results (Accumulated Total)

(Percentages indicate year-on-year changes)

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of the Parent	
	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%
1Q of the fiscal year ending December 31, 2021	14,317	9.9	424	–	1,176	–	871	–
1Q of the fiscal year ended December 31, 2020	13,030	(30.8)	(88)	–	(67)	–	(18)	–

Note: Comprehensive income: 1Q of the fiscal year ending December 31, 2021: ¥2,983 million (–%)
1Q of the fiscal year ended December 31, 2020: -¥1,687 million (–%)

	Earnings per Share	Diluted Earnings per Share
	¥	¥
1Q of the fiscal year ending December 31, 2021	18.51	15.99
1Q of the fiscal year ended December 31, 2020	(0.39)	–

Note: Although there are dilutive shares, diluted earnings per share for the first quarter of the fiscal year ended December 31, 2020 is not shown in the above table, because the Company recorded a net loss per share.

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	¥ Million	¥ Million	%	¥
1Q of the fiscal year ending December 31, 2021	128,519	60,625	47.1	1,278.81
Fiscal year ended December 31, 2020	116,117	57,976	49.9	1,230.53

Reference: Shareholders' Equity: 1Q of the fiscal year ending December 31, 2021 ¥60,581 million
Fiscal year ended December 31, 2020 ¥57,899 million

2. Cash Dividends

	Annual Dividend				
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Total
Fiscal year ended December 31, 2020	–	12.00	–	13.00	25.00
Fiscal year ending December 31, 2021	–				
Fiscal year ending December 31, 2021 (Forecast)		13.00	–	13.00	26.00

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

3. Forecast for the Fiscal Year Ending December 31, 2021 (From January 1, 2021 to December 31, 2021)

(Percentages indicate year-on-year changes)

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of the Parent		Earnings per Share
	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%	¥
Full-year	65,400	12.7	4,100	121.3	4,100	100.3	3,000	122.7	63.76

Notes: Revisions to the most recently announced consolidated results forecast: None

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*Notes

(1) Changes in important subsidiaries during the consolidated cumulative first 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: None
- (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)	1Q of the fiscal year ending December 31, 2021	51,683,742 shares	Fiscal year ended December 31, 2020	53,363,016 shares
(ii) Number of treasury shares as of the balance sheet date	1Q of the fiscal year ending December 31, 2021	4,310,649 shares	Fiscal year ended December 31, 2020	6,310,577 shares
(iii) Average number of shares outstanding during period (quarterly cumulative total)	1Q of the fiscal year ending December 31, 2021	47,078,854 shares	1Q of the fiscal year ended December 31, 2020	47,039,398 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 5 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 first quarter of the fiscal year under review.

(1) Explanation regarding Results of Operations

With respect to the economic situation during the consolidated cumulative first quarter under review, economic activities were restrained due to the spread of COVID-19 infection worldwide, as in the previous fiscal year, and the outlook is expected to remain uncertain, but there were signs of partial recovery, varying across regions and industries.

In this business environment, formulating a long-term business plan “Next Stage 2026 – Toward Further Growth –,” Sodick Group has been making efforts to, based on its founding spirit of “create, implement, and overcome difficulties,” enhance its skills to contribute to a prosperous future and realize a sustainable society through monozukuri (manufacturing).

In terms of prevention of the spread of COVID-19 infection, the Group has maintained a system of continuing business while reducing the risk of infection by encouraging working at home and staggered working hours, in addition to being thorough in safety and health.

As part of sales and service activities, we have conducted activities using IT in such a way as adding more contents to the Web exhibitions or servicing through remote tools, in a situation where face-to-face services have become difficult as exhibitions have been cancelled one after another due to the impact of the COVID-19 pandemic.

On the R&D front, we launched sales of the next-generation thermosetting rubber injection molding machine “GL-LSR Series” with a degassing function. This product enables the complete removal of air trapped in the mold, which is a problem in the injection molding of solid rubber material with high viscosity, thereby contributing to the improvement of molding quality, improvement of productivity, cost reduction of the mold and improvement of its process capability, and reduction of environmental load by reducing material loss, and also contributing to the SDGs.

Under these circumstances, the consolidated net sales for the first quarter under review totaled ¥14,317 million (up 9.9% year on year), with operating income at ¥424 million (compared with operating loss of ¥88 million a year earlier), ordinary income at ¥1,176 million (compared with ordinary loss of ¥67 million a year earlier) and profit attributable to owners of the parent at ¥871 million (compared with loss attributable to owners of the parent of ¥18 million a year earlier).

The results of operations by segment are as follows:

Machine Tool Segment	Net Sales	¥10,382 million	Y/y change (rate)	Up 26.0%
	Operating Income	¥898 million	Y/y change (amount)	Up ¥700 million
Demand in the automotive, electronic components, 5G-related, and semiconductor-related segments in Greater China continued to expand and there were signs of recovery in other regions, resulting in an increase of net sales year on year. Orders in Europe have recently recovered, while orders in Greater China have increased significantly on the back of strong demand for electronic components and semiconductors. Segment income also increased significantly year on year, owing to an increase in plant-utilization rate associated with an increase in sales volume.				
Industrial Machinery Segment	Net Sales	¥1,893 million	Y/y change (rate)	Down 25.9%
	Operating Income	¥10 million	Y/y change (amount)	Down ¥132 million
Net sales decreased from the same period of the previous fiscal year, mainly due to weak sales for automotive/electronic components-related in Japan. On the other hand, orders for automotive-related and 5G-related in Japan, as well as for lenses and medical products in Greater China, showed a recovery trend recently.				
Food Processing Machinery Segment	Net Sales	¥580 million	Y/y change (rate)	Down 25.8%
	Operating Income	-¥39 million	Y/y change (amount)	Down ¥64 million
This segment is engaged in the development, production, and sale of a wide range of noodle-making machines, noodle-making plants, sterile-packed cooked-rice production systems, etc. as well as the provision of related maintenance services. While, in addition to sanitary-related and labor-saving facilities, there was an increase in demand related to nest-dweller consumption incidental to refraining from going outside, net sales decreased compared to the same period of the previous fiscal year due to restrictions on business activities affected by the spread of COVID-19 infection and the anticipated time of sales for major projects being in or after the second half of the fiscal year. However, net sales made progress which exceeded the planned value for the first quarter as compared to the annual plan for this fiscal year.				
Others	Net Sales	¥1,460 million	Y/y change (rate)	Up 0.5%
	Operating Income	¥144 million	Y/y change (amount)	Up ¥83 million
Other segments consist of precision mold and precision molding 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. Demand for ceramics is also increasing, reflecting the increased demand for information and communications equipment due to telework. In the die and mold manufacturing business, although demand in the automotive industry has slowed due to the global semiconductor shortage, segment income increased year on year due to productivity improvement by automated production lines.				

(2) Explanation regarding Financial Position

Total assets stood at ¥128,519 million as of the end of the quarterly consolidated accounting period under review, an increase of ¥12,402 million from the end of the previous fiscal year, primarily due to a ¥7,753 million increase in cash and deposits, a ¥1,152 million increase in work in process, and a ¥1,113 million increase in merchandise and finished goods.

Meanwhile, liabilities at the end of the period under review totaled ¥67,894 million, an increase of ¥9,754 million from the end of the previous fiscal year, primarily due to a ¥4,233 million increase in long-term borrowings, a ¥4,117 million increase in other current liabilities, and a ¥1,474 million increase in notes and accounts payable-trade.

Net assets totaled ¥60,625 million at the end of the period under review, an increase of ¥2,648 million from the end of the previous fiscal year, primarily due to a ¥1,958 million increase in foreign currency translation adjustment and a ¥1,447 million decrease in treasury shares; however, it was partially offset by a ¥1,190 million decrease in retained earnings.

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

There has been no change in the projections of results that were announced on February 12, 2021.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheets

(In million yen)

	Fiscal year ended December 31, 2020 (as of December 31, 2020)	1Q fiscal year ending December 31, 2021 (as of March 31, 2021)
Assets		
Current assets:		
Cash and deposits	38,920	46,673
Notes and accounts receivable-trade	13,268	14,014
Electronically recorded monetary claims-operating	2,149	2,396
Merchandise and finished goods	7,668	8,782
Work in process	7,159	8,311
Raw materials and supplies	6,492	6,807
Others	2,508	2,995
Allowance for doubtful accounts	(214)	(212)
Total current assets	77,954	89,767
Non-current assets		
Property, plant and equipment		
Buildings and structures	28,136	28,652
Machinery, equipment and vehicles	21,095	21,808
Others	14,414	14,603
Accumulated depreciation	(33,287)	(34,603)
Total property, plant and equipment	30,358	30,461
Intangible assets		
Goodwill	1,336	1,328
Others	892	926
Total intangible assets	2,228	2,254
Investments and other assets		
Others	5,632	6,092
Allowance for doubtful accounts	(57)	(56)
Total investments and other assets	5,575	6,035
Total non-current assets	38,162	38,751
Total Assets	116,117	128,519

Summary of Financial Statements for the First Quarter of the Year Ending December 31, 2021

(In million yen)

	Fiscal year ended December 31, 2020 (as of December 31, 2020)	1Q fiscal year ending December 31, 2021 (as of March 31, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable- trade	4,297	5,771
Electronically recorded obligations-operating	3,870	4,341
Short-term borrowings	2,719	2,252
Current portion of bonds payable	8,121	7,790
Current portion of long-term borrowings	6,743	7,033
Income taxes payable	401	600
Provision	913	811
Others	5,079	9,197
Total current liabilities	32,146	37,798
Non-current liabilities		
Convertible bond-type bonds with subscription rights to shares	720	720
Long-term borrowings	23,081	27,315
Provision	212	185
Net defined benefit liability	592	648
Asset retirement obligations	64	64
Others	1,322	1,161
Total non-current liabilities	25,993	30,096
Total liabilities	58,140	67,894
Net Assets		
Shareholders' equity		
Capital stock	20,785	20,950
Capital surplus	5,877	6,049
Retained earnings	33,787	32,597
Treasury shares	(4,566)	(3,119)
Total shareholders' equity	55,884	56,478
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	596	718
Foreign currency translation adjustment	1,746	3,704
Remeasurements of defined benefit plans	(328)	(320)
Total accumulated other comprehensive income	2,014	4,102
Non-controlling interests	77	44
Total Net Assets	57,976	60,625
Total Liabilities and Net Assets	116,117	128,519

(2) Consolidated Statements of Quarterly Income and Comprehensive Income

(Consolidated Statements of Quarterly Income)

(1Q Consolidated Results Accumulation Period)

(In million yen)

	1Q FY ended Dec. 31, 2020 (from Jan. 1, 2020 to Mar. 31, 2020)	1Q FY ending Dec. 31, 2021 (from Jan. 1, 2021 to Mar. 31, 2021)
Net Sales	13,030	14,317
Cost of sales	8,957	9,665
Gross profit	4,073	4,652
Selling, general and administrative expenses		
Personnel expenses	1,857	1,881
Provision of allowance for doubtful accounts	5	(7)
Others	2,298	2,353
Total selling, general and administrative expenses	4,161	4,227
Operating income (loss)	(88)	424
Non-operating income		
Interest income	61	56
Dividends income	53	3
Foreign exchange gains	–	566
Share of profit of entities accounted for using equity method	1	11
Subsidy income	84	146
Others	76	62
Total non-operating income	277	846
Non-operating expenses		
Interest expenses	66	75
Foreign exchange losses	157	–
Provision of allowance for doubtful accounts	11	0
Others	21	18
Total non-operating expenses	257	94
Ordinary income (loss)	(67)	1,176
Extraordinary income		
Gain on sales of non-current assets	9	5
Subsidy income	–	25
Total extraordinary income	9	30
Extraordinary losses		
Loss on sales of non-current assets	–	0
Loss on retirement of non-current assets	0	7
Loss on tax purpose reduction entry of non-current assets	–	25
Others	–	1
Total extraordinary losses	0	34
Profit (loss) before income taxes	(58)	1,173
Income taxes - current	109	437
Income taxes - deferred	(146)	(154)
Total income taxes	(36)	283
Profit (loss)	(21)	889
Profit (loss) attributable to non-controlling interests	(3)	18
Profit (loss) attributable to owners of the parent	(18)	871

Summary of Financial Statements for the First Quarter of the Year Ending December 31, 2021

(Consolidated Statements of Quarterly Comprehensive Income)

(1Q Consolidated Results Accumulation Period)

(In million yen)

	1Q FY ended Dec. 31, 2020 (from Jan. 1, 2020 to Mar. 31, 2020)	1Q FY ending Dec. 31, 2021 (from Jan. 1, 2021 to Mar. 31, 2021)
Profit (loss)	(21)	889
Other comprehensive income		
Valuation difference on available-for-sale securities	(401)	121
Foreign currency translation adjustment	(1,276)	1,933
Remeasurements of defined benefit plans, net of tax	15	7
Share of other comprehensive income of entities accounted for using equity method	(2)	30
Total other comprehensive income	(1,665)	2,093
Comprehensive income	(1,687)	2,983
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,682)	2,959
Comprehensive income attributable to non-controlling interests	(5)	23

(3) Notes to Quarterly Consolidated Financial Statements

(Notes regarding going concern assumptions)

None

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

(1) Based on a resolution of the Board of Directors held on February 12, 2021, the Company resolved to cancel treasury shares pursuant to the provisions of Article 178 of the Companies Act and implemented the plan on February 26, 2021.

Decrease in treasury shares: ¥1,447 million

(2) During the consolidated cumulative first quarter of the fiscal year under review, share acquisition rights relating to convertible-bond-type bonds with share acquisition rights were exercised.

Increase in capital stock: ¥165 million

Increase in capital surplus: ¥165 million

As a result, capital stock, capital surplus and treasury shares at the end of the consolidated cumulative first quarter of the fiscal year under review were ¥20,950 million, ¥6,049 million and ¥3,119 million, respectively.

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

None

Summary of Financial Statements for the First Quarter of the Year Ending December 31, 2021

(Segment information, etc.)

I Previous consolidated cumulative first quarter (from January 1, 2020 to March 31, 2020)

1. Information on net sales and operating income (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 Processing Machinery Segment	Reportable Segment Total				
Net Sales								
Sales to outside parties	8,238	2,556	782	11,577	1,453	13,030	–	13,030
Intersegment sales or transfers	53	1	–	55	378	434	(434)	–
Total	8,292	2,558	782	11,632	1,832	13,465	(434)	13,030
Segment income (loss)	197	142	25	365	60	425	(513)	(88)

- Notes: 1. The category headed “Others” covers business segments outside reportable ones, such as precision molds and molding operations, elemental technology operations, lease operations, etc.
2. The adjustment amount of -¥513 million to segment income (loss) includes ¥14 million in eliminations of intersegment transactions and -¥528 million in group overhead not allocable to individual reportable segments. Group overhead consists mainly of the cost of head office functions not attributable to any particular reportable segment.
3. Segment income (loss) is stated on reconciliation with the operating income (loss) 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 first quarter (from January 1, 2021 to March 31, 2021)

1. Information on net sales and operating income (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 Processing Machinery Segment	Reportable Segment Total				
Net Sales								
Sales to outside parties	10,382	1,893	580	12,857	1,460	14,317	–	14,317
Intersegment sales or transfers	37	67	–	104	458	562	(562)	–
Total	10,420	1,960	580	12,961	1,919	14,880	(562)	14,317
Segment income (loss)	898	10	(39)	869	144	1,013	(588)	424

- Notes: 1. The category headed “Others” covers business segments outside reportable ones, such as precision molds and molding operations, elemental technology operations, lease operations, etc.
2. The adjustment amount of -¥588 million to segment income (loss) includes -¥20 million in eliminations of intersegment transactions and -¥567 million in group overhead not allocable to individual reportable segments. Group overhead consists mainly of the cost of head office functions not attributable to any particular reportable segment.
3. Segment income (loss) is stated on reconciliation with the operating income (loss) stated in the consolidated statement of quarterly income.

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

None

(Material subsequent events)

(Disposal of treasury shares as restricted stock compensation)

At a meeting of the Board of Directors held on April 16, 2021, the Company resolved as follows to dispose of treasury shares as restricted stock compensation (hereinafter referred to as the “Disposal of treasury shares”) and carried out the disposal.

1. Outline of disposal

(1) Date of disposal	May 7, 2021
(2) The class and number of shares to be disposed of	65,900 shares of the Company’s common stock
(3) Disposal value	¥1,052 per share
(4) Total amount of disposal	¥69,326,800
(5) Assignees of the disposal	Directors of the Company (*) 6 persons 40,400 shares Executive officers of the Company 15 persons 11,600 shares Employees of the Company 4 persons 1,900 shares Directors of Subsidiaries 6 persons 7,600 shares Executive officers of Subsidiaries 6 persons 4,400 shares *Excluding External Directors.
(6) Others	The Disposal of treasury shares shall be subject to the effectuation of the Securities Registration Statement under the Financial Instruments and Exchange Act.

2. The purpose and reasons for the disposal

At the meeting of the Company’s Board of Directors held on February 14, 2019, it was resolved that the Company would introduce a stock compensation plan (hereinafter referred to as “the System”) under which the Company’s eligible directors (excluding external directors, hereinafter referred to as “Eligible Directors”) would be issued restricted stock with the aim of sharing the benefits and risks of stock price fluctuations with shareholders and further increasing their motivation to contribute to the improvement of stock prices and corporate value. In addition, at the 43rd Ordinary General Meeting of Shareholders held on March 28, 2019, the Company received approval to set the total amount of monetary compensation receivables to be paid as remuneration, etc. for shares with restriction on transfer to the Eligible Directors of the Company at an annual amount not exceeding 100 million yen, to limit the total number of shares with restriction on transfer to be allotted to the Eligible Directors of the Company for each fiscal year to 200,000 shares, and to designate the period from 10 years to 30 years as the period for restriction on transfer of shares of the Company, which shall be specifically determined by the Board of Directors.

In response, at the Board of Directors’ meeting held on April 16, 2021, the Company resolved to grant executive officers and employees of the Company and directors and executive officers of the Company’s subsidiaries stock compensation plan with restriction on transfer in the same manner as the System, and to allot 65,900 shares of the Company’s common stock as specified shares with restriction on transfer to the 6 Eligible Directors, 15 executive officers and 4 employees of the Company, and 6 directors and 6 executive officers of subsidiaries (hereinafter referred to as “Assignee(s)”) for the period from the 45th Ordinary General Meeting of Shareholders to the 46th Ordinary General Meeting of Shareholders to be held in March 2022, by paying a total of ¥69,326,800 in monetary compensation claims, and by way of capital contribution in kind, all of the monetary compensation claims by the Assignees. The amount of monetary compensation claims to each assignee is determined after comprehensively considering various matters, such as the degree of contribution of each Assignee to the Company.

3. Basis for calculating the amount to be paid in and the details thereof

In order to eliminate arbitrariness, the disposal price of the treasury shares shall be the closing price of the Company’s common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of resolution of the Board of Directors of the Company (April 15, 2021), which is ¥1,052. This is the market price immediately before the date of the resolution of the Company’s Board of Directors, and the Company believes that this is a reasonable and not particularly favorable price.

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(Exercise of convertible-bond-type bonds with share acquisition rights)

With respect to the first series of unsecured convertible-bond-type bonds with share acquisition rights issued by the Company on April 18, 2016, share acquisition rights were exercised by April 14, 2021 after the end of the first quarter consolidated cumulative period under review. The outline is as follows.

(1) Number of share acquisition rights exercised		7,336 share acquisition rights
(2) Decrease in convertible-bond-type bonds with share acquisition rights		¥7,336 million
(3) Increase in capital stock		¥3,668 million
(4) Increase in capital surplus		¥3,668 million
(5) Class and number of shares increased	Common stock	7,108,497 shares