



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

November 12, 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, Representative Director
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 Scheduled date of filing of quarterly report: November 12, 2021
 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, 2021 (from January 1, 2021 to September 30, 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	%
3Q of the fiscal year ending December 31, 2021	53,976	32.5	4,950	498.5	6,077	580.2	4,377	607.2
3Q of the fiscal year ended December 31, 2020	40,744	(18.0)	827	(69.9)	893	(65.3)	619	(47.4)

Note: Comprehensive income: 3Q of the fiscal year ending December 31, 2021: ¥6,623 million (–%)
 3Q of the fiscal year ended December 31, 2020: ¥809 million (–%)

	Earnings per Share		Diluted Earnings per Share	
	¥		¥	
3Q of the fiscal year ending December 31, 2021	84.50		–	
3Q of the fiscal year ended December 31, 2020	13.16		11.30	

Note: Diluted earnings per share for the third quarter of the fiscal year ending December 31, 2021 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, 2021	134,388		70,954		52.8		1,299.97	
Fiscal year ended December 31, 2020	116,117		57,976		49.9		1,230.53	

Reference: Shareholders' Equity: 3Q of the fiscal year ending December 31, 2021: ¥70,908 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	–	13.00	–		
Fiscal year ending December 31, 2021 (Forecast)				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	71,800	23.7	6,100	229.3	7,000	242.0	4,900	263.8	93.34

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

*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: None

(ii) Change of accounting policies other than those 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, 2021	58,792,239 shares	Fiscal year ended December 31, 2020	53,363,016 shares
(ii) Number of treasury shares as of the balance sheet date	3Q of the fiscal year ending December 31, 2021	4,246,158 shares	Fiscal year ended December 31, 2020	6,310,577 shares
(iii) Average number of shares outstanding during period (quarterly cumulative total)	3Q of the fiscal year ending December 31, 2021	51,808,975 shares	3Q of the fiscal year ended December 31, 2020	47,035,303 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, we saw a gradual recovery in economic conditions due to a pick-up in the economies of the West and other developed countries, following China. Further recovery is expected as economic activities normalize in the future, while the future remains uncertain owing to the situation of COVID-19 infections and shortages of semiconductors and other parts and materials worldwide.

Formulating the long-term business plan “Next Stage 2026 – Toward Further Growth –” in February 2019, Sodick Group has been making efforts, based on its founding spirit of “create, implement, and overcome difficulties,” to enhance its skills to contribute to a prosperous future and realize a sustainable society through *monozukuri* (manufacturing).

As part of sales and service activities, taking adequate measures to prevent infections of COVID-19 at the Nagoya Plastic Industry Fair 2021, we exhibited our newly developed vertical injection molding machine TR40VRE2 and electric injection molding machines in an effort to promote the Sodick brand and expand sales. In the future, in consideration of the situation of the COVID-19 pandemic, we will increase the number of exhibits in on-site exhibitions, add more content to Web exhibitions, and strengthen activities utilizing IT such as remote tools.

As part of R&D, we have developed a new metal 3D printer, LPM325S, featuring long-time, high-speed, and stable molding. In addition to conventional iron and stainless-steel powders, aluminum and titanium powders can be molded by this product. In addition, by mounting an original unit of automatic powder supply, automatic recovery, and automatic sieving, as standard equipment, we have simplified powder replacement, which contributes to improved productivity.

Under these circumstances, the consolidated net sales for the third quarter under review totaled ¥53,976 million (up 32.5% year on year), with operating income at ¥4,950 million (up 498.5% year on year), ordinary income at ¥6,077 million (up 580.2% year on year) and profit attributable to owners of the parent at ¥4,377 million (up 607.2% year on year).

The results of operations by segment are as follows:

Machine Tool Segment	Net Sales	¥37,248 million	Y/y change (rate)	Up 41.5%
	Operating Income	¥5,260 million	Y/y change (amount)	Up ¥3,585 million
Demand in the automotive, electronic components, 5G-related, and semiconductor-related segments in Greater China continued to be strong, and there were signs of persistent recovery in Japan and the West, resulting in an increase of net sales year on year. Segment income also increased significantly year on year owing to an increase in plant profitability associated with an increase in sales volume. Meanwhile, although the current level of orders remains high, there are concerns that tight procurement of semiconductors and other components will lengthen lead times and power shortages in China may have some impact.				
Industrial Machinery Segment	Net Sales	¥6,928 million	Y/y change (rate)	Down 13.9%
	Operating Income	¥274 million	Y/y change (amount)	Down ¥96 million
In addition to continued strong sales in North America, demand in Japan for automotive and electronic components also recovered moderately in the third quarter. However, net sales decreased year on year owing to sluggish sales in the first quarter affected by the impact of short delivery times in the fourth quarter of the previous year, in addition to a pause in demand in Greater China.				
Food Processing Machinery Segment	Net Sales	¥5,063 million	Y/y change (rate)	Up 127.8%
	Operating Income	¥566 million	Y/y change (amount)	Up ¥538 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. In addition to sanitary-related and labor-saving facilities, there was an increase in demand related to stay-at-home consumption incidental to refraining from going outside as well as overseas sales of noodle-making machines and cooked-rice production systems. As a result, net sales increased compared to the same period of the previous fiscal year.				
Others	Net Sales	¥4,735 million	Y/y change (rate)	Up 13.9%
	Operating Income	¥688 million	Y/y change (amount)	Up ¥376 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 also has been increasing, reflecting the increased demand for information and communications equipment. In the die and mold manufacturing business, although there are signs of a recovery in demand in the automotive industry, the future remains uncertain.				

(2) Explanation regarding Financial Position

Total assets stood at ¥134,388 million as of the end of the quarterly consolidated accounting period under review, an increase of ¥18,271 million from the end of the previous fiscal year, primarily owing to a ¥9,881 million increase in cash and deposits, a ¥2,766 million increase in raw materials and supplies, and a ¥2,292 million increase in notes and accounts receivable - trade.

Meanwhile, liabilities at the end of the period under review totaled ¥63,433 million, an increase of ¥5,293 million from the end of the previous fiscal year, primarily due to a ¥5,721 million increase in other current liabilities, a ¥3,235 million increase in electronically recorded obligations - operating, a ¥2,296 increase in long-term borrowings, and ¥2,158 million increase in notes and accounts payable - trade, which was partially offset by a ¥7,981 million decrease in current portion of bonds payable.

Net assets totaled ¥70,954 million at the end of the period under review, an increase of ¥12,978 million from the end of the previous fiscal year, primarily owing to a ¥3,861 million increase in capital surplus, a ¥3,833 million increase in share capital, and a ¥2,084 million increase in foreign currency translation adjustment.

(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 August 6, 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)	3Q fiscal year ending December 31, 2021 (as of September 30, 2021)
Assets		
Current assets:		
Cash and deposits	38,920	48,802
Notes and accounts receivable - trade	13,268	15,561
Electronically recorded monetary claims - operating	2,149	2,332
Merchandise and finished goods	7,668	8,778
Work in process	7,159	8,833
Raw materials and supplies	6,492	9,259
Others	2,508	3,554
Allowance for doubtful accounts	(214)	(268)
Total current assets	77,954	96,852
Non-current assets		
Property, plant and equipment		
Buildings and structures	28,136	28,579
Machinery, equipment and vehicles	21,095	21,630
Others	14,414	15,014
Accumulated depreciation	(33,287)	(35,562)
Total property, plant and equipment	30,358	29,661
Intangible assets		
Goodwill	1,336	1,263
Others	892	977
Total intangible assets	2,228	2,241
Investments and other assets		
Others	5,632	5,685
Allowance for doubtful accounts	(57)	(52)
Total investments and other assets	5,575	5,632
Total non-current assets	38,162	37,535
Total Assets	116,117	134,388

(In million yen)

	Fiscal year ended December 31, 2020 (as of December 31, 2020)	3Q fiscal year ending December 31, 2021 (as of September 30, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,297	6,456
Electronically recorded obligations - operating	3,870	7,105
Short-term borrowings	2,719	2,263
Current portion of bonds payable	8,121	140
Current portion of long-term borrowings	6,743	6,364
Income taxes payable	401	1,022
Provisions	913	1,083
Others	5,079	10,801
Total current liabilities	32,146	35,236
Non-current liabilities		
Convertible bond-type bonds with subscription rights to shares	720	650
Long-term borrowings	23,081	25,378
Provisions	212	189
Retirement benefit liability	592	649
Asset retirement obligations	64	65
Others	1,322	1,264
Total non-current liabilities	25,993	28,197
Total liabilities	58,140	63,433
Net Assets		
Shareholders' equity		
Share capital	20,785	24,618
Capital surplus	5,877	9,739
Retained earnings	33,787	35,389
Treasury shares	(4,566)	(3,073)
Total shareholders' equity	55,884	66,674
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	596	686
Foreign currency translation adjustment	1,746	3,831
Remeasurements of defined benefit plans	(328)	(283)
Total accumulated other comprehensive income	2,014	4,234
Non-controlling interests	77	46
Total Net Assets	57,976	70,954
Total Liabilities and Net Assets	116,117	134,388

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

(2) Consolidated Statements of Quarterly Income and Comprehensive Income

(Consolidated Statement of Quarterly Income)

(3Q Consolidated Results Accumulation Period)

(In million yen)

	3Q FY ended December 31, 2020 (from January 1, 2020 to September 30, 2020)	3Q FY ending December 31, 2021 (from January 1, 2021 to September 30, 2021)
Net Sales	40,744	53,976
Cost of sales	27,885	35,403
Gross profit	12,859	18,572
Selling, general and administrative expenses		
Personnel expenses	5,407	5,897
Provision of allowance for doubtful accounts	64	42
Others	6,560	7,680
Total selling, general and administrative expenses	12,032	13,621
Operating Income	827	4,950
Non-operating income		
Interest income	199	207
Dividends income	108	48
Foreign exchange gains	–	613
Share of profit of entities accounted for using equity method	36	42
Subsidy income	235	342
Others	162	184
Total non-operating income	742	1,439
Non-operating expenses		
Interest expenses	209	237
Foreign exchange losses	280	–
Provision of allowance for doubtful accounts	41	0
Others	144	74
Total non-operating expenses	676	312
Ordinary Income	893	6,077
Extraordinary income		
Gain on sales of non-current assets	26	20
Subsidy income	–	25
Others	1	–
Total extraordinary income	27	45
Extraordinary losses		
Loss on sales of non-current assets	1	16
Loss on retirement of non-current assets	18	27
Loss on tax purpose reduction entry of non-current assets	–	25
Others	1	1
Total extraordinary losses	22	70
Profit (loss) before income taxes	898	6,051
Income taxes - current	673	1,629
Income taxes - deferred	(386)	24
Total income taxes	286	1,654
Profit	612	4,397
Profit (loss) attributable to non-controlling interests	(6)	19
Profit Attributable to Owners of the Parent	619	4,377

(Consolidated Statements of Quarterly Comprehensive Income)
(3Q Consolidated Results Accumulation Period)

(In million yen)

	3Q FY ended December 31, 2020 (from January 1, 2020 to September 30, 2020)	3Q FY ending December 31, 2021 (from January 1, 2021 to September 30, 2021)
Profit	612	4,397
Other comprehensive income		
Valuation difference on available-for-sale securities	(308)	89
Foreign currency translation adjustment	(1,087)	2,054
Remeasurements of defined benefit plans, net of tax	(13)	44
Share of other comprehensive income of entities accounted for using equity method	(13)	36
Total other comprehensive income	(1,422)	2,226
Comprehensive income	(809)	6,623
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(802)	6,597
Comprehensive income attributable to non-controlling interests	(7)	26

(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 2,000,000 treasury shares pursuant to the provisions of Article 178 of the Companies Act and implemented the plan on February 26, 2021.

Decrease in retained earnings: ¥1,447 million

Decrease in treasury shares: ¥1,447 million

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

Increase in share capital: ¥3,833 million

Increase in capital surplus: ¥3,833 million

(3) Based on a resolution of the Board of Directors held on April 16, 2021, the Company resolved to dispose of 65,900 treasury shares as restricted stock compensation on May 7, 2021.

Increase in capital surplus: ¥21 million

Decrease in treasury shares: ¥47 million

As a result, share capital, capital surplus, retained earnings and treasury shares at the end of the consolidated cumulative third quarter of the fiscal year under review were ¥24,618 million, ¥9,739 million, ¥35,389 million, and ¥3,073 million, respectively.

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

None

(Segment information, etc.)

I Previous consolidated cumulative third quarter (from January 1, 2020 to September 30, 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	26,317	8,045	2,223	36,586	4,158	40,744	–	40,744
Intersegment sales or transfers	62	28	–	90	1,243	1,334	(1,334)	–
Total	26,380	8,073	2,223	36,677	5,401	42,079	(1,334)	40,744
Segment income (loss)	1,675	370	27	2,073	312	2,385	(1,558)	827

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

2. The adjustment amount of -¥1,558 million to segment income includes -¥39 million in eliminations of intersegment transactions and -¥1,518 million in group overheads not allocable to individual reportable segments. Group overheads consist mainly of the cost of head office functions not attributable to any particular reportable segment.

3. Segment income is stated on reconciliation with the operating income 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, 2021 to September 30, 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	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 income (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 molds and molding operations, elemental technology operations, etc.

2. The adjustment amount of -¥1,839 million to segment income includes -¥26 million in eliminations of intersegment transactions and -¥1,813 million in group overheads not allocable to individual reportable segments. Group overheads consist mainly of the cost of head office functions not attributable to any particular reportable segment.

3. Segment income is stated on reconciliation with the operating income 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)

(Purchase and cancellation of treasury shares)

At a meeting of the Board of Directors held on November 12, 2021, the Company resolved on matters pertaining to the purchase of 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: 500,000 shares (upper limit)
(0.91% of the total number of issued shares, excluding treasury shares)
- (3) Total amount of purchase: ¥500 million (upper limit)
- (4) Purchase period: November 15, 2021 to December 15, 2021
- (5) Purchase method: Market purchase on the Tokyo Stock Exchange, Inc.

3. Details of the matters pertaining to the cancellation

- (1) Class of shares to be cancelled: common shares of the Company
- (2) Total number of shares to be cancelled: total number of treasury shares to be purchased in accordance with 2. above
- (3) Scheduled date of cancellation: December 28, 2021