



TSE 1st Section, 6143

1Q FY21/12
Results Briefing

May 11, 2021

Sodick Co., Ltd.

I. 1Q FY21/12 Financial Results Summary

II. FY21/12 Financial Results Projections

(Reference Materials)

Financial Results Highlights



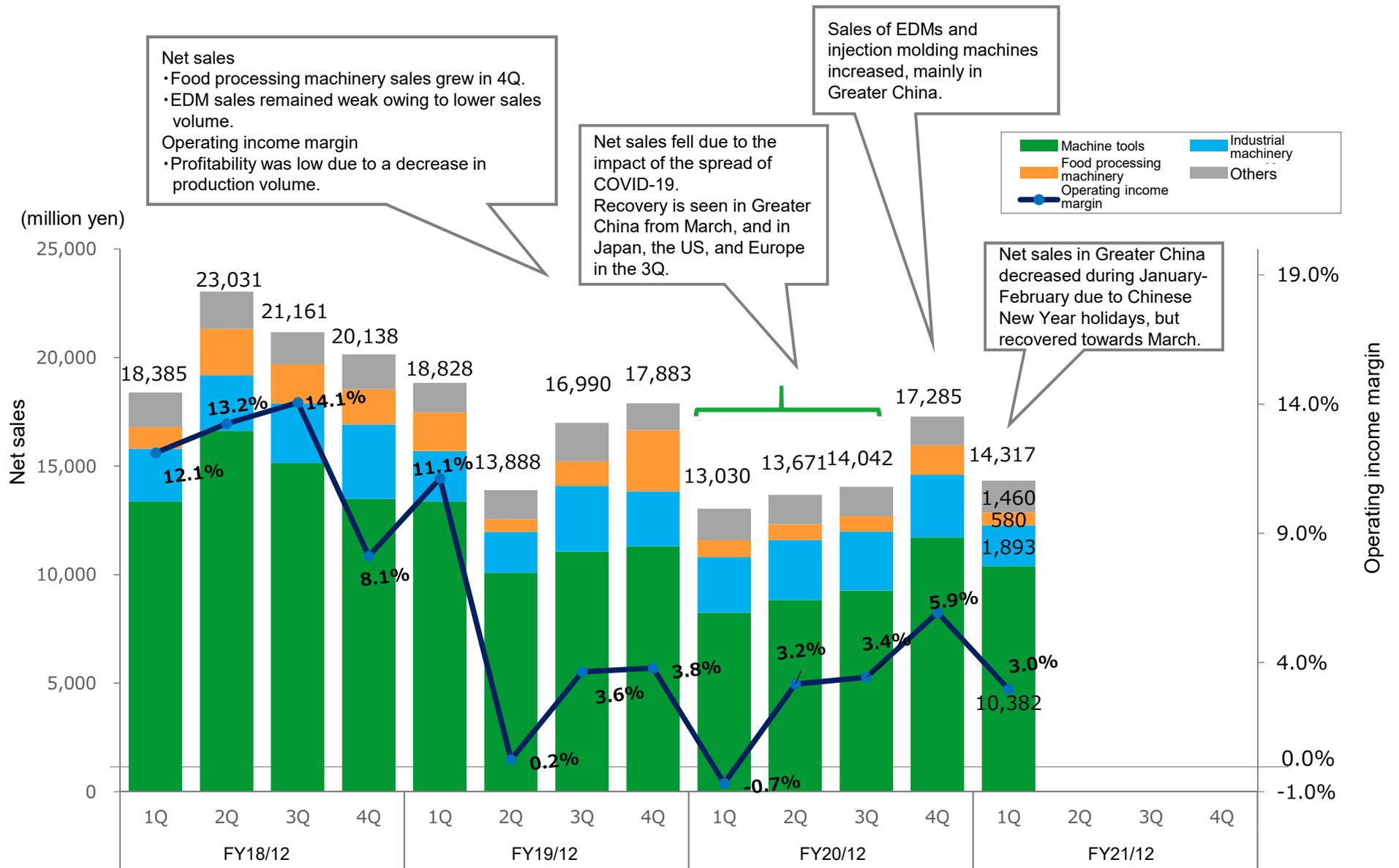
- ✓ Net sales increased by approximately 10% from the same period of the previous year as sales of electrical discharge machines (EDMs) in the Greater China increased substantially, recovering quickly from the spread of COVID-19.
- ✓ Gross profit increased due to the improved profitability at plants associated with an increase in production volume.

(million yen)

	1Q FY20/12		1Q FY21/12		YoY change		FY21/12 Full-year projection	
	Actual	Income margin	Actual	Income margin	Amount	Rate	Amount	Income margin
Net sales	13,030	–	14,317	–	1,287	9.9%	65,400	–
Gross profit	4,073	31.3%	4,652	32.5%	579	14.2%		
Operating income	-88	–	424	3.0%	512	–	4,100	6.3%
Ordinary income	-67	–	1,176	8.2%	1,244	–	4,100	6.3%
Net income	-18	–	871	6.1%	889	–	3,000	4.6%
	Ratio to sales		Ratio to sales					
Capital investment	386	3.0%	400	2.8%			3,100	
Depreciation	839	6.4%	814	5.7%			3,500	
R&D expenses	807	6.2%	770	5.4%			3,600	
Average exchange rate over the period	USD	108.86 yen		106.09 yen		2.77 yen up	104.00 yen	
	EUR	120.08 yen		127.81 yen		7.73 yen down	122.00 yen	
	CNY	15.60 yen		16.35 yen		0.75 yen down	15.50 yen	
	THB	3.48 yen		3.50 yen		0.02 yen down	3.40 yen	

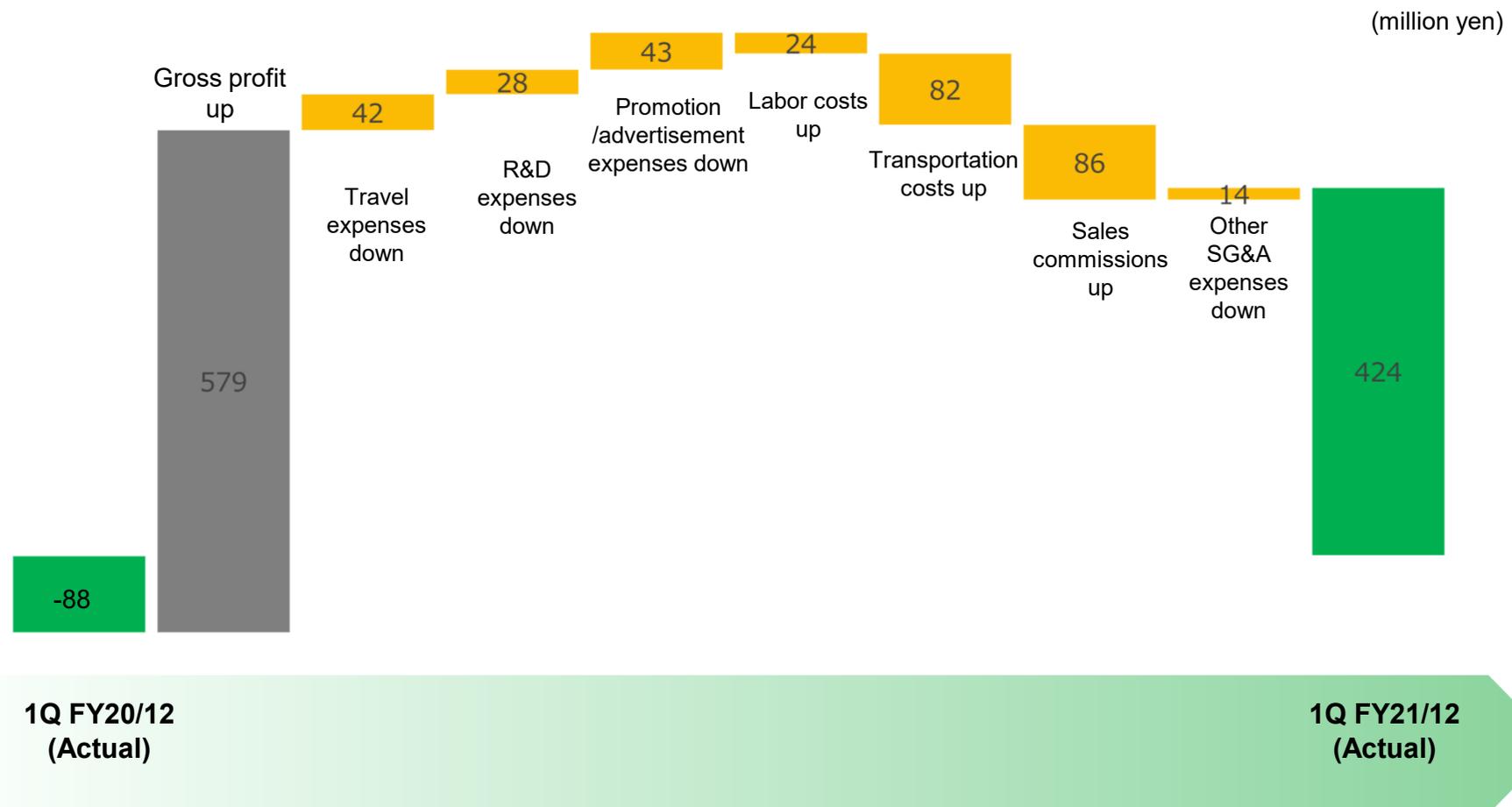
*Reference information Exchange rate at end of Mar. 2020 USD: 110.71 yen EUR: 129.80 yen CNY: 16.84 yen THB: 3.54 yen
Exchange rate at end of Mar. 2019 USD: 108.83 yen EUR: 119.55 yen CNY: 15.31 yen THB: 3.34 yen

Ratio of Operating Income to Net Sales (Quarterly)



Details of Changes in Operating Income

- ✓ Although operating income returned to the black due to an increase in gross profit, SG & A expenses increased due to an increase in transportation costs and sales commissions associated with an increase in the number of units sold (increase of 66 million yen from the same period of the previous year).



Financial Results by Segment



(million yen)

		1Q FY20/12	1Q FY21/12	YoY chg.		FY21/12 Full-year projection
		Actual	Actual	(Amount)	(Rate)	
Net sales	● Machine tool segment	8,238	10,382	2,144	26.0%	41,200
	● Industrial machinery segment	2,556	1,893	-662	-25.9%	10,300
	● Food processing machinery segment	782	580	-201	-25.8%	6,500
	● Other segments	1,453	1,460	7	0.5%	7,400
		13,030	14,317	1,287	9.9%	65,400
Segment income	● Machine tool segment	197	898	700	354.3%	4,800
	● Industrial machinery segment	142	10	-132	-92.8%	500
	● Food processing machinery segment	25	-39	-64	-	300
	● Other segments	60	144	83	139.0%	700
		425	1,013	587	138.0%	6,300
Adjustment amounts		-513	-588	-74	-	-2,200
Total operating income		-88	424	512	-	4,100

Financial Results by Segment



(million yen)

Machine Tool Segment

Net sales

- Demand for automotive, electronic components, 5G-related products, and semiconductor-related fields continued to expand in Greater China. Demand recovered in other regions as well and net sales showed a year-on-year increase.
- In recent months, orders in Europe have been on a recovery trend, while orders in Greater China have surged due to brisk demand for electronic parts and semiconductor-related products.

Segment income

- Segment income significantly increased compared to the same period of the previous year, mainly due to an improvement in plant operation rate associated with an increasing volume of units sold.

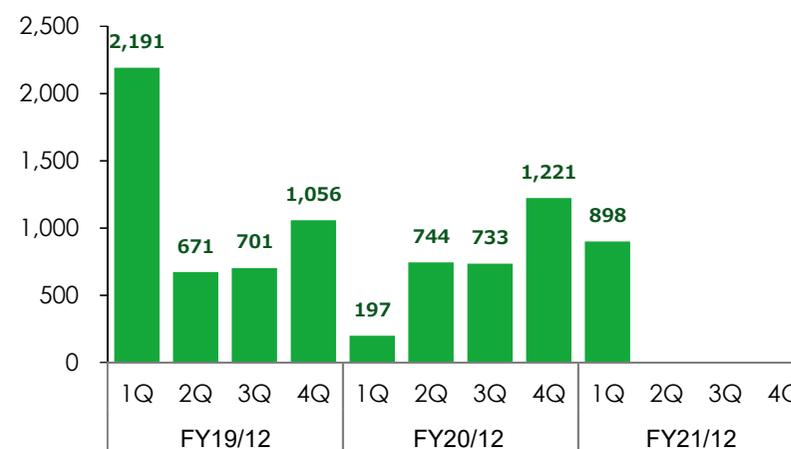
(million yen)

	1Q FY20/12	1Q FY21/12	YoY chg.	
			Amount	Rate
Net sales	8,238	10,382	2,144	26.0%
Segment income	197	898	700	354.3%

Net sales (Quarterly)



Segment income (Quarterly)



Financial Results by Segment



(million yen)

Industrial Machinery Segment

Net sales

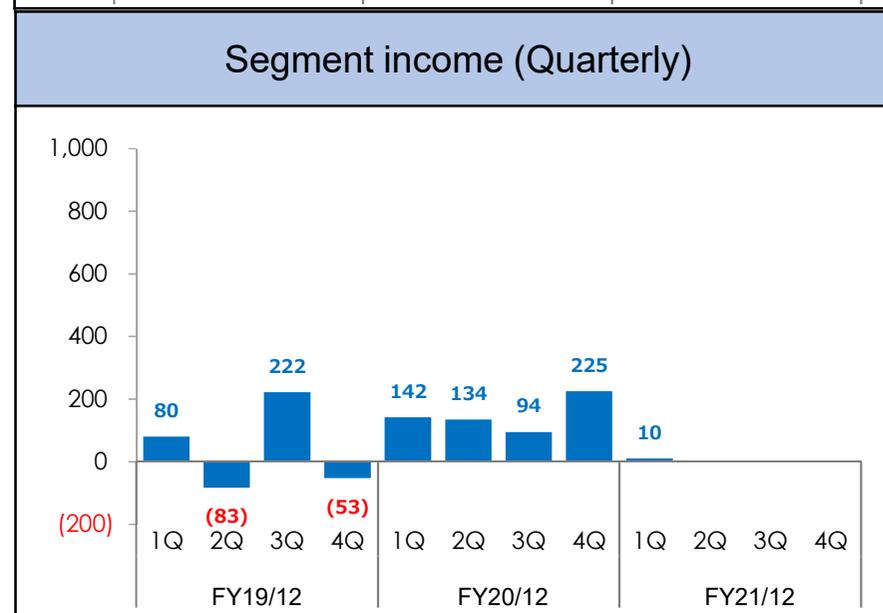
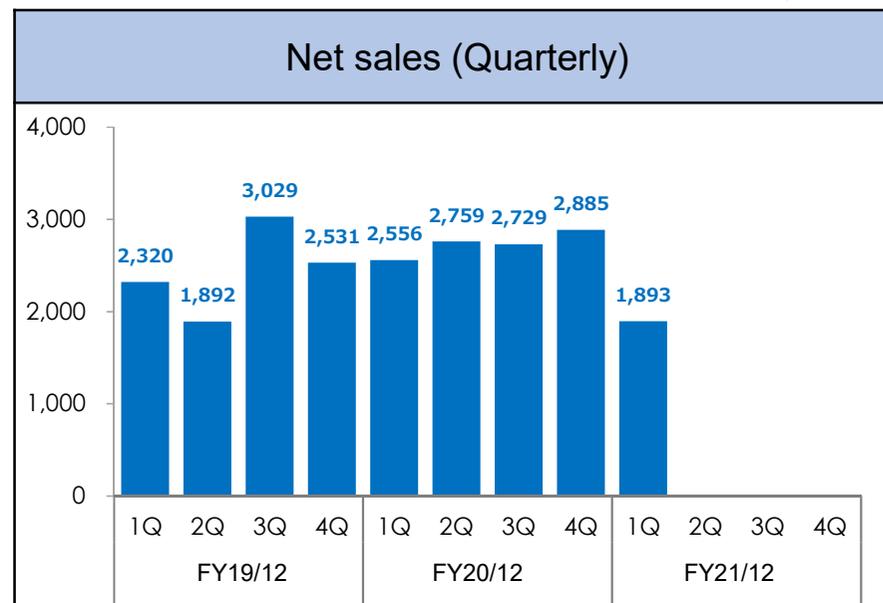
- Net sales decreased from the same period of the previous year, mainly due to weak sales for automotive and electronic components in Japan.
- In recent months, there has been strong demand for automotive and 5G-related products in Japan, as well as for lenses and medical products in Greater China.

Segment income

- Segment income significantly decreased from the same period of the previous year, mainly due to a decrease in sales in Japan.

(million yen)

	1Q FY20/12	1Q FY21/12	YoY chg.	
			Amount	Rate
Net sales	2,556	1,893	-662	-25.9%
Segment income	142	10	-132	-92.8%



Financial Results by Segment



(million yen)

Food Processing Machinery Segment

Net sales

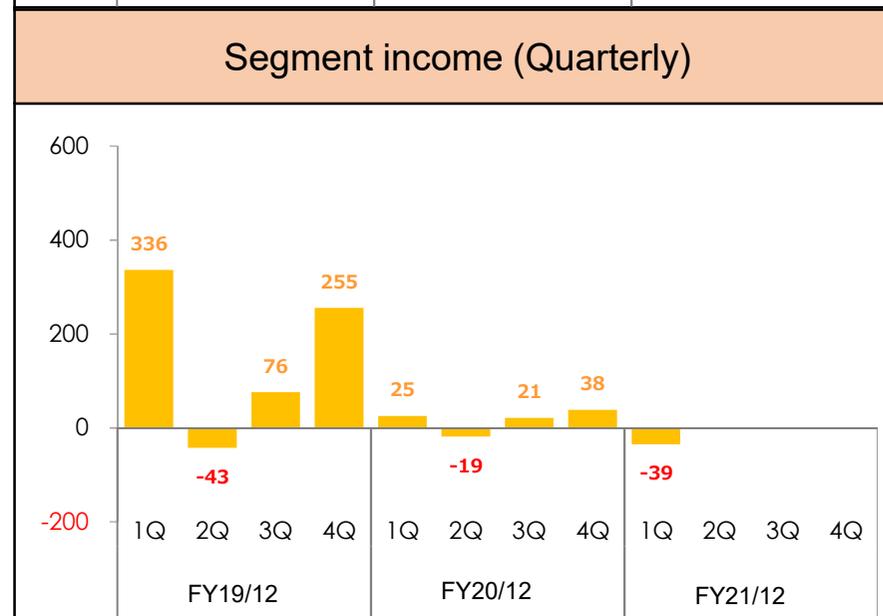
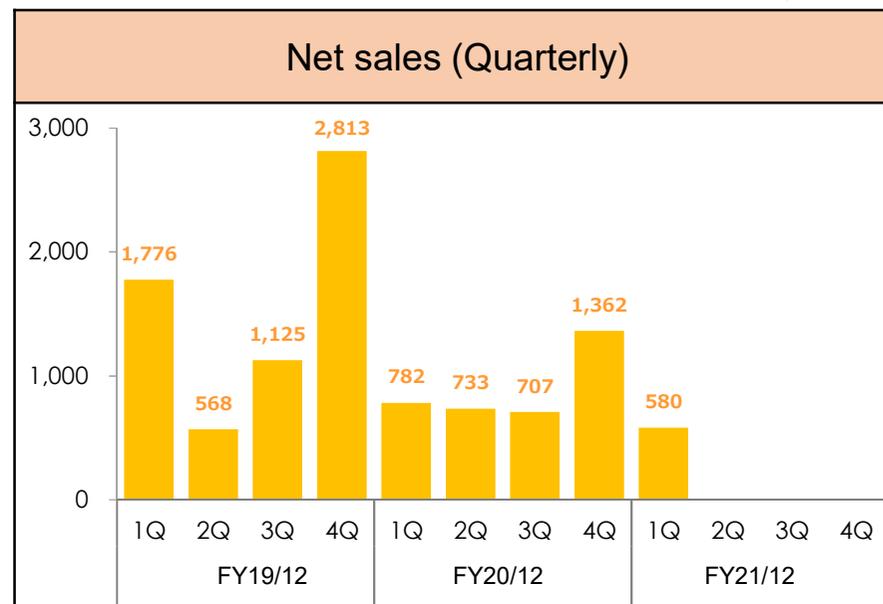
- There was growing demand related to nest-dweller consumption resulting from refraining from going outside in addition to that for sanitary equipment and equipment for responding to manpower reduction.
- Net sales showed a decrease compared from the same period of the previous year because business activities have been affected by the spread of COVID-19 and expected sales dates for major projects fall after the second half of the current fiscal year; however, they exceeded the 1Q plan.

Segment income

- Profitability declined due to the absence of high-value-added products such as noodle-making equipment, rice production equipment, etc.

(million yen)

	1Q FY20/12	1Q FY21/12	YoY chg.	
			Amount	Rate
Net sales	782	580	-201	-25.8%
Segment income	25	-39	-64	-



Financial Results by Segment



(million yen)

■ Other Segments

Net sales

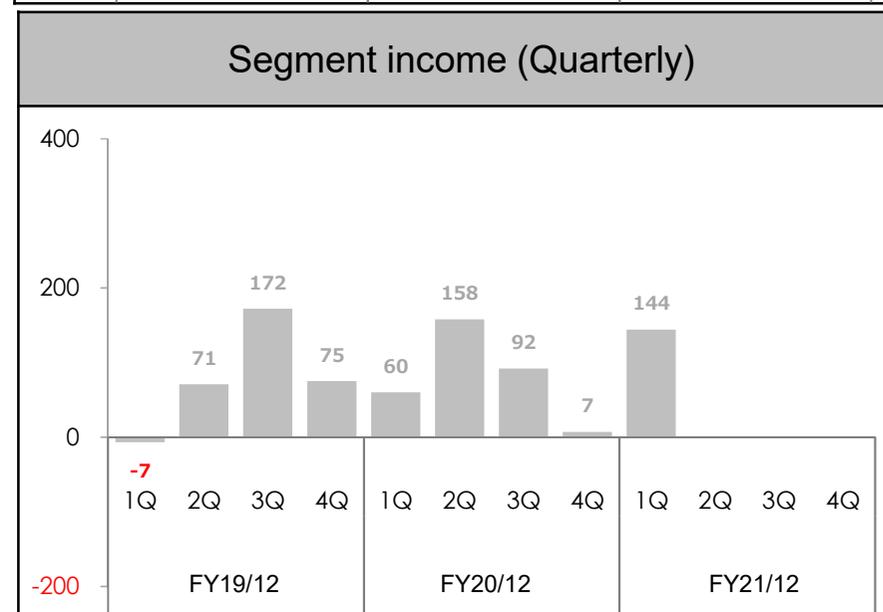
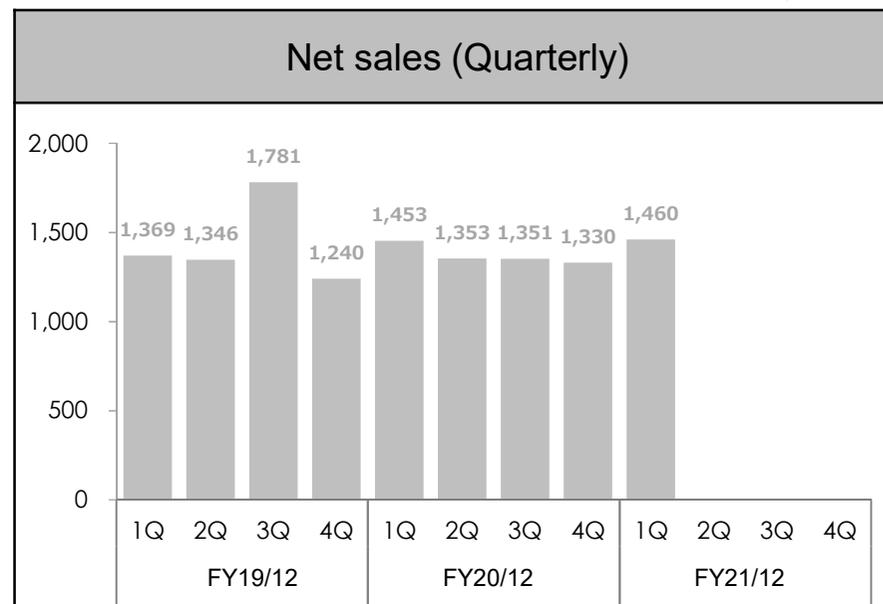
- Demand for ceramics has increased reflecting increased demand for information and communication equipment due to telework, etc.
- In the precision die and molding business, demand in the automotive industry has slowed due to the global semiconductor shortage.

Segment income

- Segment income increased compared to the same period of the previous year due to improved profitability and production efficiency in the precision die and molding business through automation and other measures.

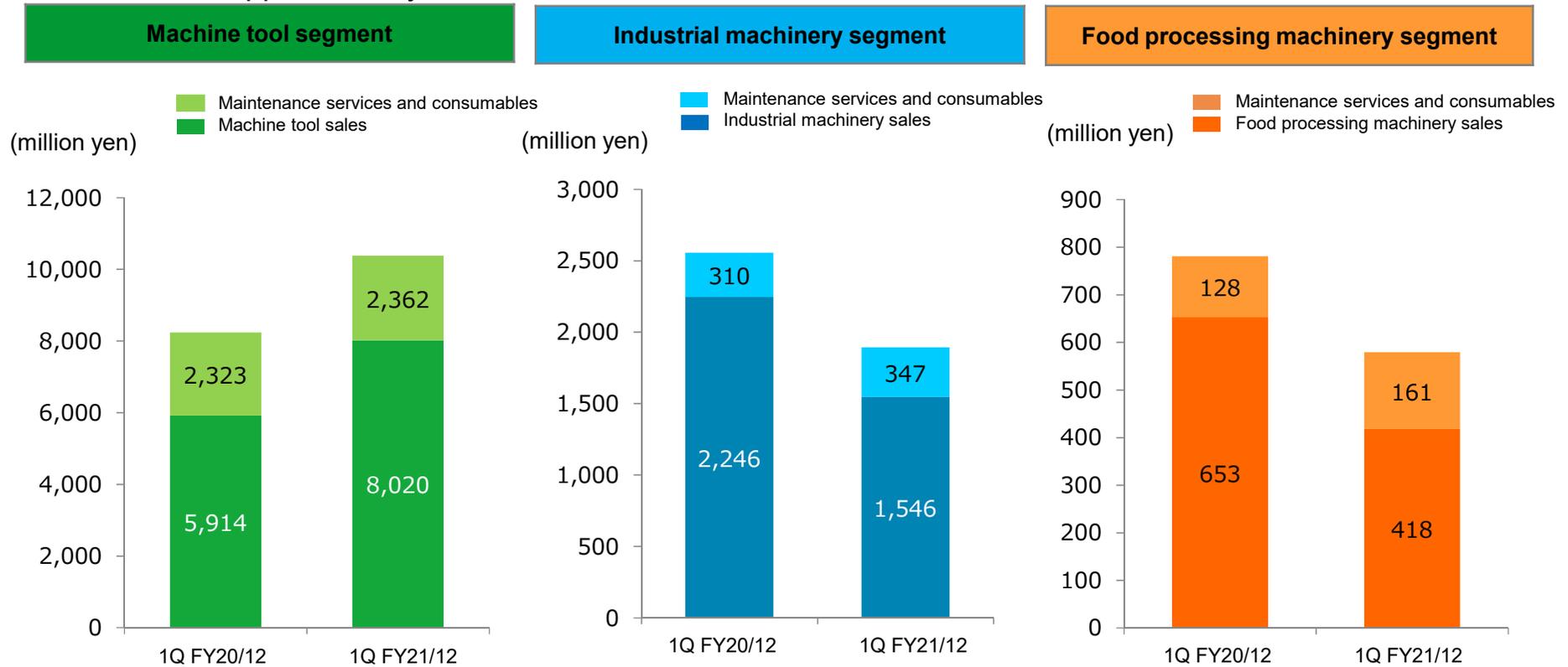
(million yen)

	1Q FY20/12	1Q FY21/12	YoY chg.	
			Amount	Rate
Net sales	1,453	1,460	7	0.5%
Segment income	60	144	83	139.0%



Net Sales by Segment

- ✓ Net sales of maintenance services and consumables that generate stable cash flows account for approximately 22%.

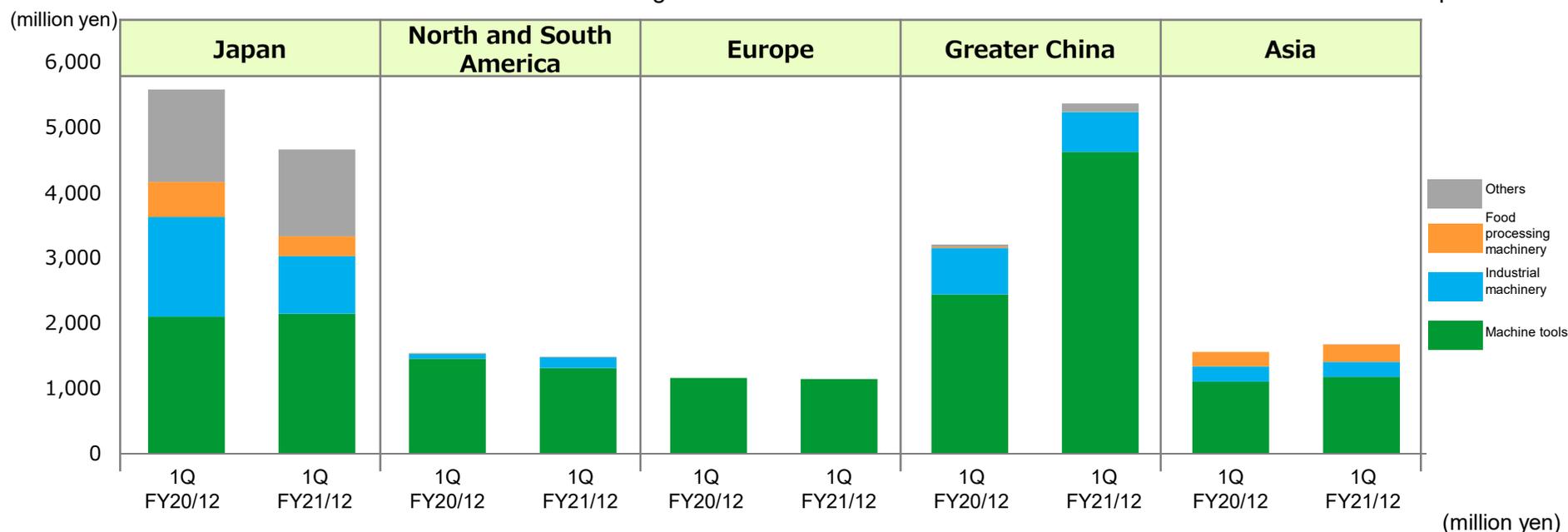


	Machine tool segment				Industrial machinery segment				Food processing machinery segment			
	1Q FY20/12		1Q FY21/12		1Q FY20/12		1Q FY21/12		1Q FY20/12		1Q FY21/12	
Machine sales	5,914	71.8%	8,020	77.2%	2,246	87.9%	1,546	81.7%	653	83.5%	418	72.1%
Maintenance services and consumables	2,323	28.2%	2,362	22.8%	310	12.1%	347	18.3%	128	16.4%	161	27.8%
Total	8,238		10,382		2,556		1,893		782		580	

Overseas Sales Ratio by Segment



✓ The ratio of overseas sales rose to 67.5% due to a significant increase in sales in Greater China and a decrease in sales in Japan.



1Q FY20/12	Japan		North and South America		Europe		Greater China		Asia		Total	
Machine tools	2,096	25.5%	1,451	17.6%	1,156	14.0%	2,436	29.6%	1,097	13.3%	8,238	63.2%
Industrial machinery	1,527	59.8%	80	3.1%	—	—	710	27.8%	237	9.3%	2,556	19.6%
Food processing machinery	536	68.6%	5	0.7%	—	—	19	2.5%	220	28.2%	782	6.0%
Others	1,416	97.4%	—	—	—	—	37	2.6%	—	—	1,453	11.2%
By region - Total	5,577	42.8%	1,536	11.8%	1,156	8.9%	3,204	24.6%	1,555	11.9%	13,030	100.0%

1Q FY20/12	Japan		North and South America		Europe		Greater China		Asia		Total	
Machine tools	2,141	20.6%	1,307	12.6%	1,139	11.0%	4,621	44.5%	1,172	11.3%	10,382	72.5%
Industrial machinery	882	46.6%	170	9.0%	0	0.0%	611	32.3%	229	12.1%	1,893	13.2%
Food processing machinery	304	52.5%	4	0.7%	0	0.1%	3	0.6%	267	46.1%	580	4.1%
Others	1,330	91.1%	—	—	—	—	129	8.8%	1	0.1%	1,460	10.2%
By region - Total	4,659	32.5%	1,482	10.3%	1,140	8.0%	5,365	37.5%	1,670	11.7%	14,317	100.0%

Effect of exchange rate	—	Around -40 million yen	Around 70 million yen	Around 230 million yen	Around 10 million yen	Around 270 million yen
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Balance Sheet

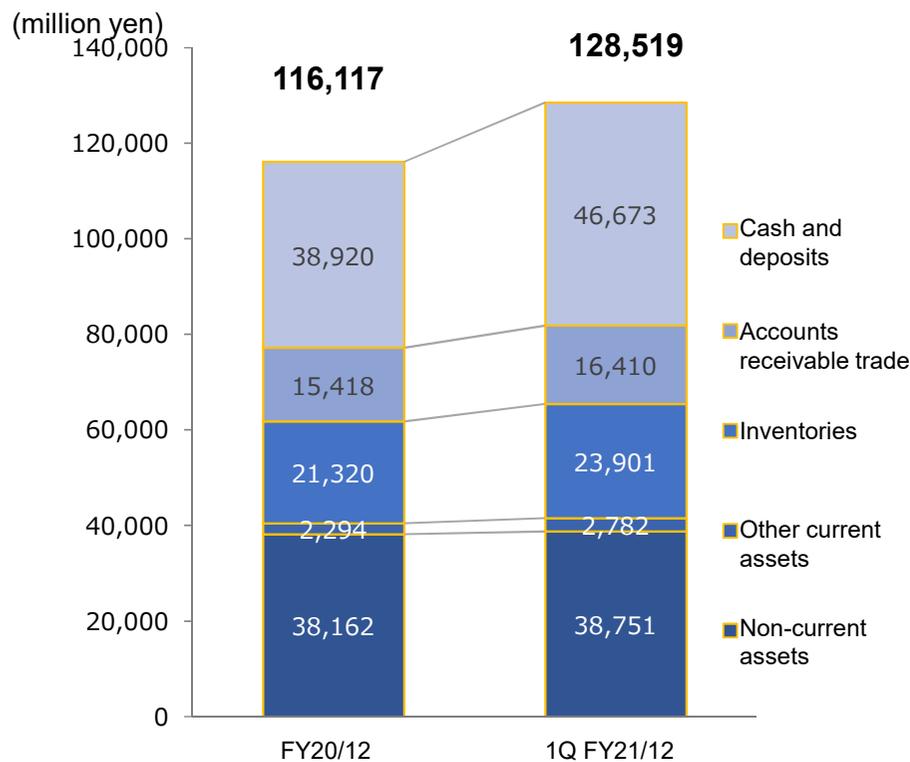
- ✓ Total assets increased by approximately 12.4 billion yen from the end of the previous fiscal year, due to an increase in cash and deposits resulting from procurement of long-term loans payable, etc. and an increase in accounts receivable trade.
- ✓ Net assets increased by approximately 2.6 billion yen due to an increase in capital stock resulting from partial conversion of convertible bond-type bonds with subscription rights to shares and an increase in foreign currency translation adjustment resulting from the yen's depreciation.

Results of conversion of "The first series of unsecured convertible bond-type bonds with subscription rights to shares"(*) into new shares (redemption date of April 16, 2021)

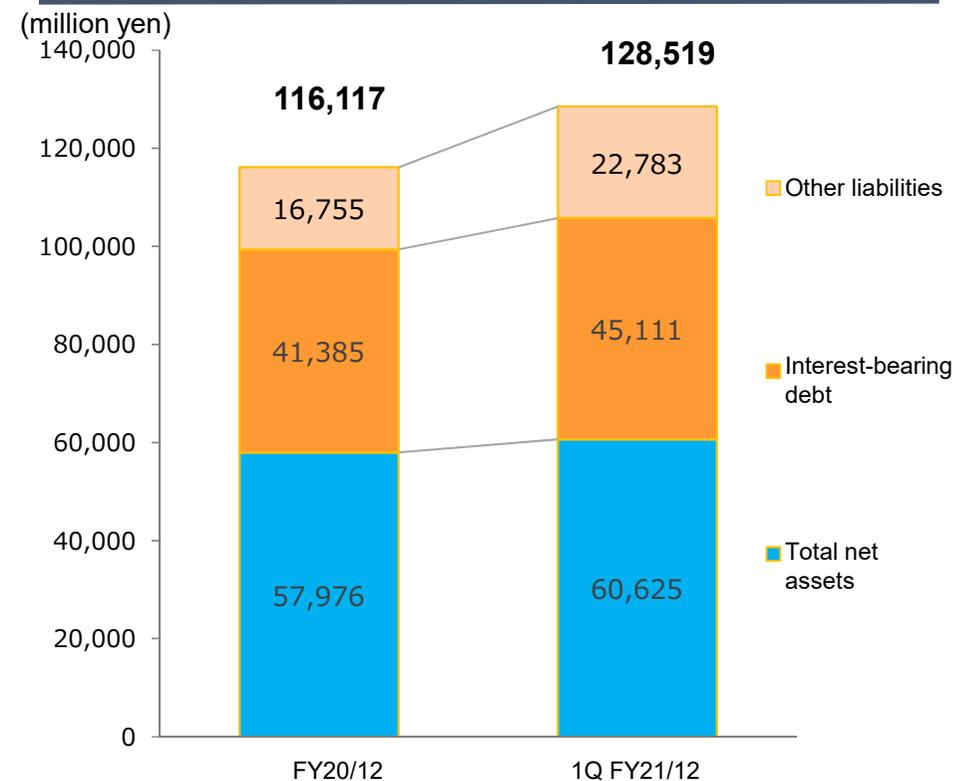
- Number of share acquisition rights exercised: 7,686
- Decrease in bonds with subscription rights to shares: 7,686 million yen
- Class and number of shares increased: 7,447,630 shares of common stock

*Issue date: April 2016 Total issue amount: 8 billion yen

Assets



Liabilities and net assets



*Reference information

Exchange rate at end of Mar. 2021
Exchange rate at end of Dec. 2020

USD: 110.71 yen EUR: 129.80 yen CNY: 16.84 yen THB: 3.54 yen
USD: 103.50 yen EUR: 126.95 yen CNY: 15.88 yen THB: 3.44 yen

1 Launch of sales of GL-LSR Series degassing-type injection molding machines for thermosetting rubber

Solid rubber contains a lot of air in the material by its nature, and because of its high viscosity, air has entered the mold during molding, creating a problem of defective molded products. To solve this problem, we have newly developed a device “Degassing-type Stuffer Box” that supplies air directly to the mold while removing air contained in the solid thermosetting rubber material.

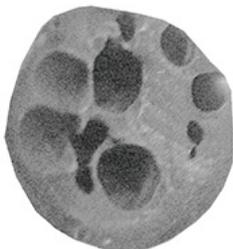
This product reduces molding time (up to 50% reduction from the existing models), improves molding quality, and reduces mold costs. It also contributes to reducing environmental impact by reducing material loss and defective products.

With this product, we will plan to capture demand for automotive, electronics, aerospace sealing materials, and medical equipment components.



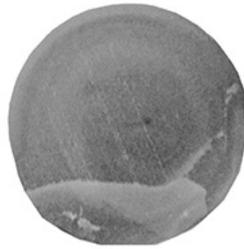
▲ GL100-LSR degassing-type injection molding machines for thermosetting rubber

No degassing



*Cross-sectional comparison of metering materials
Molding defects due to residual air (Left)
Problem solved by this technology (Right)

With degassing



Our proprietary material feeder “Degassing-type Stuffer Box” has succeeded in eliminating most of the "air entering the material" that causes molding defects and material loss, and can improve the quality and productivity of rubber molding immediately.

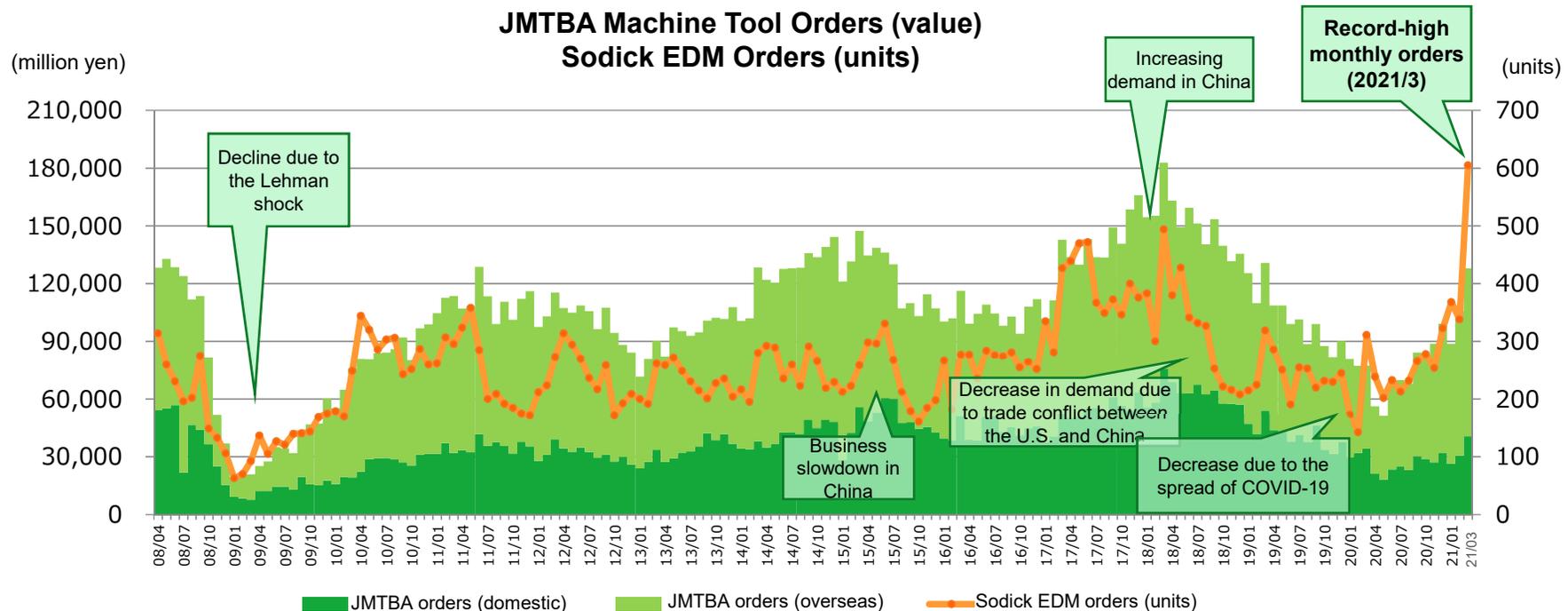
I. 1Q FY21/12 Financial Results Summary

II. FY21/12 Financial Results Projections

(Reference Materials)

Market Environment

- ✓ **Japan:** Although demand is expected for next-generation auto-related and 5G-related industries in addition to government subsidy policies and potential demand, such as replacement demand for aging equipment, the future is uncertain due to a decline in facility investment sentiment and a tendency to refrain from investment.
- ✓ **North America and Europe:** There are concerns about the impact on business activities due to the re-expansion of COVID-19.
Although the auto-related industries are on a recovery trend, the aerospace industry is expected to face difficult conditions.
- ✓ **Greater China:** While the future is uncertain due to the deterioration of U.S.-China relations, demand for high-precision machines is expected to continue due to the growing demand for advanced manufacturing and automation in 5G, semiconductor, and auto-related industries.
- ✓ **Asia:** Although economic conditions differ from region to region, the situation is expected to remain difficult.



FY21/12 Financial Results Projections



- ✓ Demand for high-precision processing machines is expected to continue to grow in the future due to strong recent orders, particularly in Greater China, a move for lighter, more electrically-powered and fewer gasoline-powered vehicles in the automotive industry, as well as a need for more advanced systems in preparation for the spread of 5G; however, at the moment, the initial projections remain unchanged.

(million yen)

	1Q FY21/12		FY21/12 Full-year		Progress toward projection	FY20/12 Full-year
	Actual	Income margin	Projection	Income margin		Actual
Net sales	14,317	–	65,400	–	21.9%	58,030
Operating income	424	3.0%	4,100	6.3%	10.4%	1,852
Ordinary income	1,176	8.2%	4,100	6.3%	28.7%	2,046
Net income	871	6.1%	3,000	4.6%	29.0%	1,346

Average exchange rate over the period	USD	106.09 yen		104.00 yen		106.76 yen
	EUR	127.81 yen		122.00 yen		121.88 yen
	CNY	16.35 yen		15.50 yen		15.48 yen
	THB	3.50 yen		3.40 yen		3.42 yen

FY20/12 Financial Results Projections (by Segment)



(million yen)

		1Q FY21/12	FY21/12 Full-year	Progress toward projection	FY20/12
		Actual	Projection		Actual
Net sales	● Machine tool segment	10,382	41,200	25.2%	38,024
	● Industrial machinery segment	1,893	10,300	18.4%	10,931
	● Food processing machinery segment	580	6,500	8.9%	3,585
	● Other segments	1,460	7,400	19.7%	5,488
		14,317	65,400	21.9%	58,030
Segment income	● Machine tool segment	898	4,800	18.7%	2,896
	● Industrial machinery segment	10	500	2.0%	596
	● Food processing machinery segment	-39	300	-	65
	● Other segments	144	700	20.6%	319
		1,013	6,300	16.1%	3,878
Adjustment amounts		-588	-2,200	26.7%	-2,025
Total operating income		424	4,100	10.4%	1,852

Machine tool segment

- ✓ Demands in 5G-related and semiconductor-related fields continued to recover in China. Demand for high-precision machines is expected to increase in line with highly-advanced manufacturing accompanied by the promotion of next-generation auto-related industries, such as CASE.
- ✓ Demand for facility investments is expected to recover as the economy, which slowed down due to the spread of COVID-19 infection and associated lockdown measures in major cities, is expected to revive.

Industrial machinery segment

- ✓ Demand is expected to remain strong for 5G-related components and lenses as well as for next-generation auto-related industries.
- ✓ On the other hand, there are concerns that the competitive environment will be more severe.

Food processing machinery segment

- ✓ In addition to the postponed projects from the FY20 to FY21, demand for high-quality noodle production facilities, packaged rice production systems, and automated equipment is expected to continue to grow.
- ✓ As a number of projects are concentrated in the second half, the business progress in the first quarter is weak.

Other segments

- ✓ Precision die and molding business is seen to enjoy growing demand with the expansion of molding items in the automotive industry.
- ✓ External sales of ceramics are expected to see continued demand in ceramics thanks to increasing demand for information and communication equipment.

Reference Materials: Domestic and Overseas Sites



1 Head Office and Research and Technology Center



2 Miyazaki Plant



3 Fukui Plant



4 Kaga Plant

- 5 Sodick America Corporation (San Jose)
- 6 Shanghai Sodick Software
- 7 Sodick Suzhou Sodick Special Equipment Co., Ltd.
- 8 Amoy Co., Ltd. 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 Enterprise (S.Z.) Co., Ltd.
- 19 Sodick Korea Co., Ltd.
- 20 Sodick Vietnam Co., Ltd.
- 21 Sodick Philippines Inc.
- 22 PT Sodick Technology Indonesia
- 23 Sodick Singapore Pte., Ltd.
- 24 Sodick Technology (M) Sdn Bhd.
- 25 Sodick Technologies India Pte., Ltd.

Reference Materials: Participation in Major Exhibitions



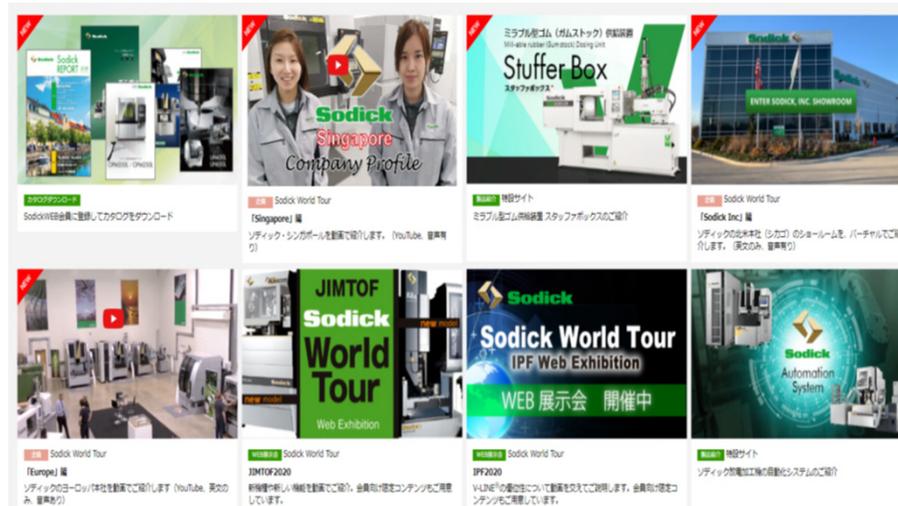
Period	Location		Exhibition	Notes
2021				
May 20-22	Japan	Kanazawa	MEX Kanazawa (The 58th Machinery and Electronics Exhibition in Kanazawa)	Cancelled due to spread of COVID-19
May 26-28	China	Shanghai	TCT	Exhibition on 3D Printing Technology
Jun. 1-4	Japan	Nagoya	FOOMA JAPAN 2021	Food machinery and technology exhibition
Jun. 23-26	Thailand	Bangkok	INTERMOLD THAI	
Jun. 23-26	Malaysia	Kuala Lumpur	METALTECH 2021	
Sept. 29-Oct. 1	Japan	Nagoya	Nagoya Plastic Industrial Fair 2021	
Oct. 20-23	Japan	Nagoya	MECT (MECHATRONICS TECHNOLOGY JAPAN) 2021	Machine Tool Show

*Due to the spread of COVID-19, the exhibition schedule may change.

[References] Sodick Web Exhibition

Our website URL: <https://www.sodick.co.jp/>

- We introduce our latest machines and technologies with a movie at Sodick Web Exhibition.



- A wide range of contents including our group's overseas sites is also available.



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