



Summary of Financial Statements for the Second Quarter of the Year Ending December 31, 2021 (JGAAP) (Consolidated)

August 6, 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
 Contact: Hirofumi Maejima, Executive Managing Director Tel. +81-45-942-3111
 Scheduled date of filing of quarterly report: August 6, 2021
 Scheduled date of dividend payout: September 6, 2021
 Explanatory documents supplemental to the quarterly financial statements: Yes
 Results briefing: Yes (for institutional investors and analysts)

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

1. Consolidated Results for the 2Q of the Fiscal Year Ending December 31, 2021 (from January 1, 2021 to June 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	%
2Q of the fiscal year ending December 31, 2021	34,504	29.2	2,714	685.9	3,784	943.9	2,648	—
2Q of the fiscal year ended December 31, 2020	26,702	(18.4)	345	(83.8)	362	(82.5)	105	(88.1)

Note: Comprehensive income: 2Q of the fiscal year ending December 31, 2021: ¥4,865 million (—%)
 2Q of the fiscal year ended December 31, 2020: -¥1,298 million (—%)

	Earnings per Share	Diluted Earnings per Share
	¥	¥
2Q of the fiscal year ending December 31, 2021:	52.52	—
2Q of the fiscal year ended December 31, 2020	2.25	1.93

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	¥ Million	¥ Million	%	¥
2Q of the fiscal year ending December 31, 2021	132,002	69,911	52.9	1,280.84
Fiscal year ended December 31, 2020	116,117	57,976	49.9	1,230.53

Reference: Shareholders' Equity: 2Q of the fiscal year ending December 31, 2021: ¥69,865 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

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

*Notes

(1) Changes in important subsidiaries during the consolidated cumulative second 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)	2Q 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	2Q of the fiscal year ending December 31, 2021	4,245,748 shares	Fiscal year ended December 31, 2020:	6,310,577 shares
(iii) Average number of shares outstanding during period (quarterly cumulative total)	2Q of the fiscal year ending December 31, 2021	50,417,626 shares	2Q of the fiscal year ended December 31, 2020	47,026,602 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 second quarter of the fiscal year under review.

(1) Explanation regarding Results of Operations

During the consolidated cumulative second 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. The economy is expected to recover further as economic activities become normal with COVID-19 vaccines being more available. However, the outlook remains uncertain owing to the uncertainty surrounding the COVID-19 situation, the global semiconductor shortage, and the prolonged conflict between the U.S. and China.

In this business environment, formulating the 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).

As for sales and service activities, we had the web-based Sodick NEW Machining Solution 2021 exhibition, to provide information on our latest model and technologies, in spite of the situation where holding real exhibitions and visiting clients to provide face-to-face services are difficult in the wake of the COVID-19 pandemic. We will continue to promote activities such as adding more content to the web exhibition and utilizing IT, including remote tools.

Under these circumstances, the consolidated net sales for the second quarter under review totaled ¥34,504 million (up 29.2% year on year), with operating income at ¥2,714 million (up 685.9% year on year), ordinary income at ¥3,784 million (up 943.9% year on year) and profit attributable to owners of the parent at ¥2,648 million

The results of operations by segment are as follows:

Machine Tool Segment	Net Sales	¥24,145 million	Y/y change (rate)	Up 41.5%
	Operating Income	¥3,156 million	Y/y change (amount)	Up ¥2,214 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 the West, resulting in an increase of net sales year on year. Meanwhile, although the current level of orders remains high, there is a concern that tight procurement of semiconductors and other components will lengthen lead times. 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	¥4,628 million	Y/y change (rate)	Down 12.9%
	Operating Income	¥177 million	Y/y change (amount)	Down ¥98 million
Sales in the automotive and electronic components segment in Japan and Greater China increased in the second quarter along with the continued strong performance of medical-related products in North America. However, net sales slightly decreased owing to the sluggish performance in the first quarter affected by short delivery times in the fourth quarter of the previous fiscal year. As in the Machine Tool Segment, we see a temporary lull in the market in Japan and Greater China due to the shortage of semiconductors.				
Food Processing Machinery Segment	Net Sales	¥2,521 million	Y/y change (rate)	Up 66.4%
	Operating Income	¥205 million	Y/y change (amount)	Up ¥199 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, and equipment for confectionery and prepared foods 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 nest-dweller 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	¥3,209 million	Y/y change (rate)	Up 14.3%
	Operating Income	¥426 million	Y/y change (amount)	Up ¥207 million
Other segments consist of die and mold manufacturing business 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. While demand for ceramics continued to grow reflecting the increased demand for information and communications equipment, in the die and mold manufacturing business, demand in the automotive industry has slowed owing to the global semiconductor shortage. Despite that, net sales increased year on year owing to productivity improvements by automated production lines and the expansion of production items such as high value-added components.				

(2) Explanation regarding Financial Position

Total assets stood at ¥132,002 million as of the end of the quarterly consolidated accounting period under review, an increase of ¥15,885 million from the end of the previous fiscal year, primarily due to a ¥9,041 million increase in cash and deposits and a ¥2,301 million increase in notes and accounts receivable-trade.

Meanwhile, liabilities at the end of the period under review totaled ¥62,091 million, an increase of ¥3,950 million from the end of the previous fiscal year, mainly reflecting a ¥3,239 million increase in long-term borrowings.

Net assets totaled ¥69,911 million at the end of the period under review, an increase of ¥11,934 million from the end of the previous fiscal year, primarily due to a ¥3,833 million increase in share capital, a ¥3,861 million increase in capital surplus, and a ¥2,105 increase in foreign currency translation adjustment.

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

There have been revisions to 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)	2Q fiscal year ending December 31, 2021 (as of June 30, 2021)
Assets		
Current assets:		
Cash and deposits	38,920	47,962
Notes and accounts receivable-trade	13,268	15,569
Electronically recorded monetary claims-operating	2,149	2,250
Merchandise and finished goods	7,668	8,976
Work in process	7,159	8,062
Raw materials and supplies	6,492	7,863
Others	2,508	3,548
Allowance for doubtful accounts	(214)	(251)
Total current assets	77,954	93,982
Non-current assets		
Property, plant and equipment		
Buildings and structures	28,136	28,650
Machinery, equipment and vehicles	21,095	21,787
Others	14,414	14,706
Accumulated depreciation	(33,287)	(35,173)
Total property, plant and equipment	30,358	29,971
Intangible assets		
Goodwill	1,336	1,294
Others	892	934
Total intangible assets	2,228	2,228
Investments and other assets		
Others	5,632	5,875
Allowance for doubtful accounts	(57)	(55)
Total investments and other assets	5,575	5,819
Total non-current assets	38,162	38,019
Total Assets	116,117	132,002

(In million yen)

	Fiscal year ended December 31, 2020 (as of December 31, 2020)	2Q fiscal year ending December 31, 2021 (as of June 30, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable- trade	4,297	6,608
Electronically recorded obligations-operating	3,870	6,058
Short-term borrowings	2,719	2,255
Current portion of bonds payable	8,121	140
Current portion of long-term borrowings	6,743	6,631
Income taxes payable	401	915
Provisions	913	1,172
Others	5,079	9,020
Total current liabilities	32,146	32,801
Non-current liabilities		
Convertible bond-type bonds with subscription rights to shares	720	650
Long-term borrowings	23,081	26,321
Provisions	212	188
Retirement benefit liability	592	653
Asset retirement obligations	64	65
Others	1,322	1,410
Total non-current liabilities	25,993	29,289
Total liabilities	58,140	62,091
Net Assets		
Shareholders' equity		
Share capital	20,785	24,618
Capital surplus	5,877	9,739
Retained earnings	33,787	34,374
Treasury shares	(4,566)	(3,072)
Total shareholders' equity	55,884	65,659
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	596	656
Foreign currency translation adjustment	1,746	3,851
Remeasurements of defined benefit plans	(328)	(301)
Total accumulated other comprehensive income	2,014	4,205
Non-controlling interests	77	46
Total Net Assets	57,976	69,911
Total Liabilities and Net Assets	116,117	132,002

(2) Consolidated Statements of Quarterly Income and Comprehensive Income

(Consolidated Statements of Quarterly Income)

(2Q Consolidated Results Accumulation Period)

(In million yen)

	2Q FY ended Dec. 31, 2020 (from Jan. 1, 2020 to Jun. 30, 2020)	2Q FY ending Dec. 31, 2021 (from Jan. 1, 2021 to Jun. 30, 2021)
Net Sales	26,702	34,504
Cost of sales	18,270	22,832
Gross profit	8,432	11,672
Selling, general and administrative expenses		
Personnel expenses	3,585	3,840
Provision of allowance for doubtful accounts	68	27
Others	4,432	5,090
Total selling, general and administrative expenses	8,086	8,957
Operating Income	345	2,714
Non-operating income		
Interest income	127	135
Dividends income	86	38
Foreign exchange gains	–	628
Share of profit of entities accounted for using equity method	11	28
Subsidy income	171	341
Gain on sale of scraps	6	17
Others	107	94
Total non-operating income	511	1,284
Non-operating expenses		
Interest expenses	136	157
Foreign exchange losses	197	–
Provision of allowance for doubtful accounts	40	0
Others	119	56
Total non-operating expenses	494	214
Ordinary Income	362	3,784
Extraordinary income		
Gain on sales of non-current assets	21	12
Subsidy income	–	25
Others	3	–
Total extraordinary income	24	37
Extraordinary losses		
Loss on sales of non-current assets	2	5
Loss on retirement of non-current assets	4	17
Loss on tax purpose reduction entry of non-current assets	–	25
Others	1	1
Total extraordinary losses	8	49
Profit (loss) before income taxes	378	3,772
Income taxes - current	414	1,056
Income taxes - deferred	(137)	47
Total income taxes	276	1,104
Profit	101	2,667
Profit (loss) attributable to non-controlling interests	(3)	19
Profit Attributable to Owners of the Parent	105	2,648

(Consolidated Statements of Quarterly Comprehensive Income)
(2Q Consolidated Results Accumulation Period)

(In million yen)

	2Q FY ended Dec. 31, 2020 (from Jan. 1, 2020 to Jun. 30, 2020)	2Q FY ending Dec. 31, 2021 (from Jan. 1, 2021 to Jun. 30, 2021)
Profit	101	2,667
Other comprehensive income		
Valuation difference on available-for-sale securities	(357)	59
Foreign currency translation adjustment	(1,052)	2,080
Remeasurements of defined benefit plans, net of tax	15	26
Share of other comprehensive income of entities accounted for using equity method	(6)	30
Total other comprehensive income	(1,400)	2,197
Comprehensive income	(1,298)	4,865
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,292)	4,839
Comprehensive income attributable to non-controlling interests	(6)	25

(3) Consolidated Statements of Quarterly Cash Flows

(In million yen)

	2Q FY ended Dec. 31, 2020 (from Jan. 1, 2020 to Jun. 30, 2020)	2Q FY ending Dec. 31, 2021 (from Jan. 1, 2021 to Jun. 30, 2021)
Cash flows from operating activities		
Profit (loss) before income taxes	378	3,772
Depreciation	1,671	1,669
Amortization of goodwill	69	69
Increase (decrease) in provision for bonuses	105	243
Increase (decrease) in allowance for doubtful accounts	98	26
Increase (decrease) in retirement benefit liability	13	68
Interest and dividend income	(214)	(173)
Interest expenses	136	157
Foreign exchange losses (gains)	9	(160)
Decrease (increase) in trade receivables	1,692	(1,969)
Decrease (increase) in inventories	(1,817)	(3,084)
Increase (decrease) in trade payables	351	4,407
Increase (decrease) in accounts payable - other	(78)	367
Increase (decrease) in advances received	829	3,304
Increase (decrease) in accrued consumption taxes	180	34
Decrease (increase) in advance payments - trade	(58)	(443)
Subsidy income	–	(25)
Others	965	(1,174)
Subtotal	4,335	7,090
Interest and dividends received	149	103
Interest paid	(140)	(159)
Subsidies received	–	25
Income taxes refund (paid)	(473)	(656)
Net cash used in operating activities	3,871	6,403
Cash flows from investing activities		
Payments into time deposits	(37)	(161)
Purchase of property, plant and equipment	(778)	(764)
Proceeds from sale of property, plant and equipment	135	503
Purchase of intangible assets	(76)	(131)
Purchase of investment securities	(0)	(0)
Loan advances	–	(0)
Proceeds from collection of loans receivable	1	1
Others	9	(174)
Net cash used in investing activities	(746)	(728)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	249	(503)
Proceeds from long-term borrowings	7,100	7,200
Repayments of long-term borrowings	(4,119)	(4,044)
Redemption of bonds	(70)	(384)
Purchase of treasury shares	(52)	(1)
Dividends paid	(611)	(611)
Repayments of finance lease obligations	(116)	(174)
Proceeds from sale and leaseback transactions	–	254
Others	(17)	(56)
Net cash used in financing activities	2,361	1,679
Effect of exchange rate change on cash and cash equivalents	(478)	1,461
Net increase (decrease) in cash and cash equivalents	5,008	8,815
Cash and cash equivalents at the beginning of the period	32,890	38,255
Cash and cash equivalents at the end of the period	37,898	47,071

(4) Notes to Quarterly Consolidated Financial Statements

(Notes regarding going concern assumptions)
None

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

(1) During the consolidated cumulative second quarter of the fiscal year under review, 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

(2) 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 and treasury shares at the end of the consolidated cumulative second quarter of the fiscal year under review were ¥24,618 million, ¥9,739 million and ¥3,072 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 second quarter (from January 1, 2020 to June 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	17,063	5,316	1,515	23,894	2,807	26,702	–	26,702
Intersegment sales or transfers	62	5	–	67	859	927	(927)	–
Total	17,126	5,321	1,515	23,962	3,666	27,629	(927)	26,702
Segment income (loss)	941	276	5	1,223	219	1,442	(1,097)	345

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 -¥1,097 million to segment income includes -¥51 million in eliminations of intersegment transactions and -¥1,045 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 second quarter (from January 1, 2021 to June 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	24,145	4,628	2,521	31,295	3,209	34,504	–	34,504
Intersegment sales or transfers	33	132	–	166	1,106	1,272	(1,272)	–
Total	24,179	4,760	2,521	31,461	4,315	35,777	(1,272)	34,504
Segment income (loss)	3,156	177	205	3,539	426	3,965	(1,251)	2,714

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 -¥1,251 million to segment income includes -¥27 million in eliminations of intersegment transactions and -¥1,223 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