



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

February 14, 2022

Stock Exchange: Tokyo Stock Exchange, 1st Section

Company Name: Sodick Co., Ltd.

Code Number: 6143 URL <https://www.sodick.co.jp/>

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Scheduled date of ordinary general shareholders' meeting: March 30, 2022

Scheduled date of dividend payout: March 31, 2022

Scheduled date of filing of financial statements: March 30, 2022

Explanatory documents supplemental to the financial statements: Yes

Results briefing: Yes

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

1. Consolidated Results for the Fiscal Year Ended December 31, 2021 (from January 1, 2021 to December 31, 2021)

(1) Consolidated Financial Results

(Percentages indicate year-on-year changes)

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of the Parent	
	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%
Fiscal year ended December 31, 2021	75,174	29.5	6,813	267.8	8,588	319.6	6,591	389.4
Fiscal year ended December 31, 2020	58,030	(14.1)	1,852	(45.9)	2,046	(42.5)	1,346	(32.7)

Note: Comprehensive income: Fiscal year ended December 31, 2021: ¥10,454 million (-%)

Fiscal year ended December 31, 2020: ¥398 million (-76.7%)

	Earnings per Share	Diluted Earnings per Share	Return on Equity	Ratio of Ordinary Income to Total Assets	Ratio of Operating Income to Net Sales
	¥	¥	%	%	%
Fiscal year ended December 31, 2021	125.67	-	10.0	6.8	9.1
Fiscal year ended December 31, 2020	28.63	24.59	2.3	1.8	3.2

Reference: Equity in earnings of non-consolidated subsidiaries and affiliates: Fiscal year ended December 31, 2021: ¥99 million

Fiscal year ended December 31, 2020: ¥71 million

Note 1: As the percentage change in comprehensive income for the fiscal year ended December 2021 from the same period of the previous fiscal year exceeded 1,000%, it is stated as “-”.

Note: Diluted earnings per share for 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	%	¥
Fiscal year ended December 31, 2021	134,866	74,438	55.2	1,376.33
Fiscal year ended December 31, 2020	116,117	57,976	49.9	1,230.53

Reference: Shareholders' Equity: Fiscal year ended December 31, 2021 ¥74,315 million

Fiscal year ended December 31, 2020: ¥57,899 million

(3) Consolidated Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at the End of the Period
	¥ Million	¥ Million	¥ Million	¥ Million
Fiscal year ended December 31, 2021	7,642	(2,203)	(1,932)	44,229
Fiscal year ended December 31, 2020	5,270	(1,410)	1,665	38,255

2. Cash Dividends

	Annual Dividend					Total Cash Dividend Paid (Annual)	Payout Ratio (Consolidated)	Ratio of Dividend Paid to Net Assets (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Total			
	¥	¥	¥	¥	¥	¥ Million	%	%
Fiscal year ended December 31, 2020	–	12.00	–	13.00	25.00	1,176	87.3	2.0
Fiscal year ended December 31, 2021	–	13.00	–	13.00	26.00	1,411	20.6	1.9
Fiscal year ending December 31, 2022 (Forecast)	–	13.00	–	14.00	27.00		24.9	

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

(Percentages indicate year-on-year changes)

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of the Parent		Earnings per Share
	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%	¥
Full-year	77,900	3.6	7,200	5.7	7,200	(16.2)	5,700	(13.5)	108.57

Notes

(1) Changes in important subsidiaries during the fiscal year under review (changes that occurred in specified subsidiaries in conjunction with a change in the scope of consolidation): None

(2) 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

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

(i) Shares issued and outstanding as of the balance sheet date (including treasury shares)	Fiscal year ended December 31, 2021	58,292,239 shares	Fiscal year ended December 31, 2020	53,363,016 shares
(ii) Number of treasury shares as of the balance sheet date	Fiscal year ended December 31, 2021	4,246,368 shares	Fiscal year ended December 31, 2020	6,310,577 shares
(iii) Average number of shares outstanding during period	Fiscal year ended December 31, 2021	52,454,970 shares	Fiscal year ended December 31, 2020	47,039,613 shares

(Reference) Summary of Non-consolidated Results

1. Non-consolidated Results for the Fiscal Year Ended December 31, 2021 (from January 1, 2021 to December 31, 2021)

(1) Non-consolidated Financial Results (Percentages indicate year-on-year changes)

	Net Sales		Operating Income		Ordinary Income		Profit	
	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%
Fiscal year ended December 31, 2021	42,240	26.1	1,509	–	3,819	215.4	2,666	97.8
Fiscal year ended December 31, 2020	33,502	(21.3)	(934)	–	1,210	(40.0)	1,348	(8.1)

	Earnings per Share	Diluted Earnings per Share
	¥	¥
Fiscal year ended December 31, 2021	50.83	–
Fiscal year ended December 31, 2020	28.66	24.61

Note: Diluted earnings per share for the fiscal year ending December 31, 2021 are not shown in the above table because there are no dilutive shares.

Summary of Financial Statements for the Year Ended December 31, 2021

(2) Non-consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	¥ Million	¥ Million	%	¥
Fiscal year ended December 31, 2021	94,346	47,084	49.9	871.19
Fiscal year ended December 31, 2020	84,948	38,296	45.1	813.92

Reference: Shareholders' Equity: Fiscal year ended December 31, 2021: ¥47,084 million
Fiscal year ended December 31, 2020: ¥38,296 million

* These financial statements are not subject to audit performed 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. For the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof, please refer to "1. Overview of Results of Operations, etc. (4) Future Outlook" on p. 7

1. Overview of Results of Operations, etc.

(1) Analysis of Results of Operations

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

(i) General overview

During the fiscal year 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 resurgence of COVID-19 infections and global shortages of materials including semiconductor, soaring oil prices, and geopolitical risks such as the US-China conflicts.

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).

On the R&D front, the V-LINE® inert gas dissolution injection molding system “INFILT-V” that facilitates the molding of biodegradable plastics that was launched in 2020, received the Super Manufacturing Parts Prize for Environment-, Resource-, and Energy-Related Parts at the Nikkan Kogyo Shimbun’s 2021 (18th) Awards, and LPM325S, a new metal 3D printer that was launched in October 2021 and is compatible with long-time, high-speed, stable molding, received the Monozukuri Prize at the Nikkan Kogyo Shimbun’s 2021 (64rd) Best 10 New Product Awards. We will continue to actively research and develop environmentally conscious products in addition to their performance.

As part of sales and service activities, we made efforts to spread the Sodick brand and expand sales by exhibiting at Mechatrotech Japan 2021 after taking sufficient measures to prevent the spread of COVID-19. 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.

Under these circumstances, the consolidated net sales for the fiscal year under review totaled ¥75,174 million (up 29.5% year on year), with operating income at ¥6,813 million (up 267.8% year on year), ordinary income at ¥8,588 million (up 319.6% year on year) and profit attributable to owners of the parent at ¥6,591 million (up 389.4% year on year).

(ii) Segment overview

Machine Tool Segment	Net Sales	¥51,485 million	Y/y change (rate)	Up 35.4%
	Operating Income	¥7,176 million	Y/y change (amount)	Up ¥4,279 million
Growing 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, the West and Asia, resulting in an increase of net sales year on year. Meanwhile, the current level of orders are starting to settle down, and there are concerns 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	¥10,367 million	Y/y change (rate)	Down 5.2%
	Operating Income	¥503 million	Y/y change (amount)	Down ¥92 million
In addition to continued strong sales in North America, sales in Japan for automotive and electronic components also increased. However, net sales decreased year on year owing to a pause in demand in Greater China, which were strong in the previous fiscal year.				
Food Processing Machinery Segment	Net Sales	¥6,884 million	Y/y change (rate)	Up 92.0%
	Operating Income	¥830 million	Y/y change (amount)	Up ¥764 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 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	¥6,437 million	Y/y change (rate)	Up 17.3%
	Operating Income	¥811 million	Y/y change (amount)	Up ¥491 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 overall automotive industry has slowed owing to the semiconductor shortage. Despite that, net sales increased year on year owing to productivity improvements by the expansion of production items, etc.				

(2) Analysis of Financial Position

(i) Assets, Liabilities, and Net Assets

Total assets stood at ¥134,866 million as of the end of the year under review, an increase of ¥18,749 million from the end of the previous fiscal year, primarily due to a ¥6,354 million increase in cash and deposits, a ¥5,095 million increase in notes and accounts receivable - trade, a ¥2,935 million increase in raw materials and supplies, and a ¥1,691 million increase in work in process, partially offset by a ¥3,613 million increase in accumulated depreciation.

Meanwhile, liabilities at the end of the fiscal year under review totaled ¥60,428 million, an increase of ¥2,288 million from the end of the previous year, primarily due to a ¥3,426 million increase in other current liabilities, a ¥2,854 million increase in electronically recorded obligations - operating, a ¥2,125 million increase in notes and accounts payable- trade, and a ¥1,169 million increase in long-term loans payable, partially offset by a ¥7,981 million decrease in current portion of bonds payable.

Net assets totaled ¥74,438 million at the end of the fiscal year under review, an increase of ¥16,461 million from the end of the preceding year, primarily owing to a ¥3,861 million increase in capital surplus, a ¥3,833 million increase in capital stock, a ¥3,656 million increase in foreign currency translation adjustment, and a ¥3,441 million increase in retained earnings. As a result, the equity ratio stood at 55.2% at the end of the fiscal year.

(ii) Cash Flows

Cash and cash equivalents (hereinafter, "cash") at the end of the fiscal year under review were ¥44,229 million, an increase of ¥5,973 million from the end of the prior fiscal year, due to the following changes in cash flows:

Cash flows and reason for changes in cash flows during the year under review are described as follows:

(Cash flows from operating activities)

Cash acquired from operating activities of ¥7,642 million (as compared with ¥5,270 million acquired in the preceding fiscal year) was chiefly due to ¥8,538 million in profit before income taxes and ¥4,801 million increase in trade payables, partially offset by ¥5,471 million increase in inventories.

(Cash flows from investing activities)

Cash used by investing activities of ¥2,203 million (as compared with ¥1,410 million used in the preceding year) was primarily due to ¥2,107 million for the purchase of property, plant and equipment.

(Cash flows from financing activities)

Cash used by financing activities of ¥1,932 million (as compared with ¥1,665 million used in the previous year) was primarily due to the repayment of long-term borrowings payable of ¥7,583 million and the payment of cash dividends paid of ¥1,320 million, partially offset by the proceeds from long-term borrowings payable of ¥8,544 million.

Cash flow indicators of Sodick Group trended as follows.

	Fiscal year ended Dec. 31, 2018	Fiscal year ended Dec. 31, 2019	Fiscal year ended Dec. 31, 2020	Fiscal year ended Dec. 31, 2021
Equity ratio (%)	48.7	51.2	49.9	55.2
Equity ratio based on market capitalization (%)	27.2	40.0	35.7	32.8
Ratio of cash flow to interest-bearing debt (years)	4.3	4.6	7.9	4.4
Interest coverage ratio (times)	29.3	28.5	18.1	23.4

Notes: Equity ratio = Shareholders' equity / total assets

Equity ratio (%) based on market capitalization = Market capitalization / total assets

Ratio of cash flow to interest-bearing debt (years) = Interest-bearing debt / operating cash flow

Interest coverage ratio = Operating cash flow / interest expenditure

* The basis of calculation for all values is consolidated financial data.

* Market capitalization is calculated by multiplying the closing price of Sodick shares at the end of the fiscal year by the number of shares outstanding (less treasury shares) at the end of the fiscal year.

* Interest-bearing debt comprise all debts on the consolidated balance sheet on which interest is payable and non-interest bearing convertible bond-type bonds with share acquisition rights .

* Operating cash flow and interest expenditure refer to "Cash Flows from Operating Activities" and "Interest expenses paid" according to the consolidated statement of cash flows.

(3) Basic Dividend Policy and Dividends for the Current and Following Fiscal Years

Given that Sodick holds custody over shareholders' valuable capital for the corporate activities of the Company, we are committed to ensuring sufficient internal reserves necessary for future business development and for strengthening management resources. Consistent with these principles, our basic policy for dividend payments has been to preserve stability and continuity. Specifically, we aim to maintain a dividend-on-equity ratio (DOE) of 2% or more and a total return ratio of 30% or more, comprehensively taking into account the subject year's business results and cash flows.

We will be using internal reserves in effective ways from a long-term perspective for R&D and capital investment to continuously enhance the Company's operating results. For the period under review, in keeping with the dividend basic policy and consistent with our judgment of business performance, we propose an annual dividend of ¥26 per share, comprised of a fiscal year-end regular dividend of ¥13 and a second quarter-end dividend of ¥13.

For the next fiscal year, we expect to propose an annual dividend of ¥27 per share, comprised of a fiscal year-end regular dividend of ¥14 and a second quarter-end dividend of ¥13.

(4) Future Outlook

We expect that the demand for capital investments will continue to grow amid ongoing development of manufacturing at an international level in the medium and long run. Of all industries, the automotive industry, in which the Company's major customers operate, sees demand for automotive lightening and automotive electronics and electronic systems as well as fewer gasoline-powered vehicles further increase in response to CASE (Connected, Autonomous, Shared/Service, Electric) and MaaS (Mobility as a Service). In addition, as capital investment to upgrade systems continues to increase in line with the development of AI and IoT and towards diffusion of the next-generation mobile technology 5G, capital investment-related demand for high-precision machinery is likely to further increase.

However, the future is likely to remain uncertain due to the resurgence of the COVID-19, the global shortage of materials including semiconductors, soaring oil prices, and geopolitical risks such as the US-China conflict.

Under these circumstances, each segment is forecast to perform in the next fiscal year as follows:

Machine Tool Segment	Net Sales	¥51,200 million	Y/y change (rate)	Down 0.6%
	Operating Income	¥7,500 million	Y/y change (amount)	Up ¥323 million
Although demand for high-precision machinery is expected to increase as manufacturing becomes more sophisticated, particularly in the automotive-related, semiconductor-related, and 5G-related fields, demand in Greater China, our company's largest market, is steady but not as strong as in the first quarter of the previous fiscal year, slightly decreasing net sales year-on-year. In addition, there are still concerns about the impact of prolonged lead times due to tight procurement of semiconductors and other components and a shortage of shipping containers.				
Industrial Machinery Segment	Net Sales	¥10,800 million	Y/y change (rate)	Up 4.2%
	Operating Income	¥300 million	Y/y change (amount)	Down ¥203 million
Demand is expected to be strong in Japan and Greater China, particularly for automotive and electronic components. Demand for medical-related products is expected to continue in North America, while the demand is also expected in Greater China. However net sales are expected to increase but profit is expected to decrease year on year due to a temporary increase in start-up costs associated with the start of production at the new plant in China.				
Food Processing Machinery Segment	Net Sales	¥8,200 million	Y/y change (rate)	Up 19.1%
	Operating Income	¥950 million	Y/y change (amount)	Up ¥119 million
In addition to projects related to sanitary-related and labor-saving facilities in Japan, demand for capital investments in fresh noodles, frozen noodles and packaged rice is expected to grow in overseas markets such as Greater China and Asia.				
Others	Net Sales	¥7,700 million	Y/y change (rate)	Up 19.6%
	Operating Income	¥950 million	Y/y change (amount)	Up ¥138 million
Demand for ceramics will continue to remain strong, and sales are expected to expand in the die and mold manufacturing business with the expansion of molding items.				

For the fiscal year ending December 31, 2022, Sodick Group aims to achieve net sales of ¥77,900 million (up 3.6% year on year), with operating income of ¥7,200 million (up 5.7%), ordinary income of ¥7,200 million (down 16.2%), and net profit attributable to owners of the parent of ¥5,700 million (down 13.5%).

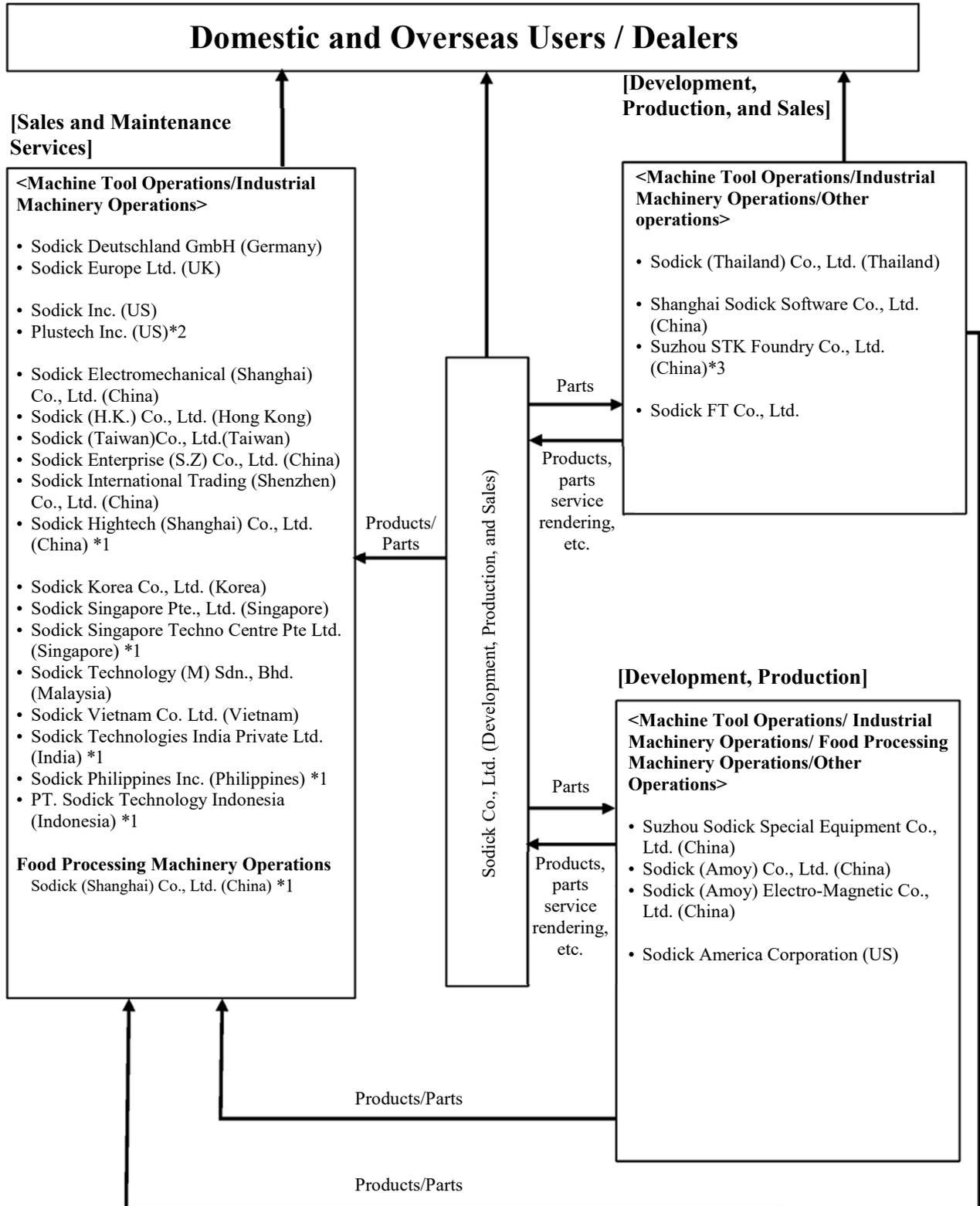
These forecasts are based on the fiscal year average exchange rate of 115 yen against the U.S. dollar and 130 yen against the euro.

	Fiscal year ending Dec. 31, 2022 Full-year forecasts (¥ Million)	Fiscal year ended Dec. 31, 2021 Actual results (¥ Million)	Year-on-year change (%)
Net sales	77,900	75,174	3.6
Operating income	7,200	6,813	5.7
Ordinary income	7,200	8,588	(16.2)
Profit attributable to owners of the parent	5,700	6,591	(13.5)

Note: Please be reminded that these projections reflect judgments of the Company using currently available information. Depending on both known and unknown risks and uncertain factors, actual results may differ from these projections.

2. Corporate Group

The operations of Sodick Group consist of the following four segments: (i) machine tool segment engaged in the development, production, and marketing of electrical discharge machines (EDMs), machining centers, and metal 3D printers; (ii) industrial machinery segment engaged in the development, production, and marketing of injection molding machines; (iii) food processing machinery segment engaged in the development, production, and marketing of mainly noodle production plants, noodle production equipment, and sterile-packed cooked rice production systems; and (iv) other segments include 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. These operations work together in organic interconnections to contribute to the business of Sodick Group. The following diagram gives an overview of the main business relationships in the Group.



Unmarked = Consolidated subsidiaries
 *1 Non-consolidated subsidiaries
 *2 Affiliates included under the equity method
 *3 Affiliates not included under the equity method

3. Basic Approach to the Selection of Accounting Standards

As a matter of policy, Sodick Group has been preparing its consolidated financial statements in accordance with the Generally Accepted Accounting Principles of Japan, which has the advantage of facilitating comparisons with prior accounting periods and other companies. For the time being, this policy remains in force. A shift to the application of International Financial Reporting Standards (IFRS) would depend on future developments in Japan and overseas.

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

(In million yen)

	Fiscal year ended December 31, 2020 (as of December 31, 2020)	Fiscal year ended December 31, 2021 (as of December 31, 2021)
Assets		
Current assets:		
Cash and deposits	38,920	45,274
Notes and accounts receivable – trade	13,268	18,363
Electronically recorded monetary claims – operating	2,149	2,104
Merchandise and finished goods	7,668	9,352
Work in process	7,159	8,851
Raw materials and supplies	6,492	9,427
Others	2,508	3,428
Allowance for doubtful accounts	(214)	(425)
Total current assets	77,954	96,377
Non-current assets		
Property, plant and equipment		
Buildings and structures	28,136	29,049
Machinery, equipment and vehicles	21,095	22,214
Tools, furniture and fixtures	3,954	4,302
Land	7,222	7,278
Leased assets	2,403	2,882
Construction in progress	833	1,390
Accumulated depreciation	(33,287)	(36,901)
Total property, plant and equipment	30,358	30,217
Intangible assets		
Goodwill	1,336	1,240
Others	892	1,032
Total intangible assets	2,228	2,273
Investments and other assets		
Investment securities	3,226	3,537
Long-term loans receivable	3	27
Deferred tax assets	1,112	1,199
Others	1,290	1,286
Allowance for doubtful accounts	(57)	(52)
Total investments and other assets	5,575	5,997
Total non-current assets	38,162	38,488
Total Assets	116,117	134,866

(In million yen)

	Fiscal year ended December 31, 2020 (as of December 31, 2020)	Fiscal year ended December 31, 2021 (as of December 31, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,297	6,423
Electronically recorded obligations - operating	3,870	6,724
Short-term borrowings	2,719	2,242
Current portion of bonds payable	8,121	140
Current portion of long-term borrowings	6,743	6,527
Accounts payable - other	883	1,599
Income taxes payable	401	1,207
Provision for product warranties	342	411
Provision for quality guarantee	5	3
Provision for bonuses	489	802
Provision for point card certificates	1	–
Provisions for loss on compensation for damage	75	–
Others	4,196	7,622
Total current liabilities	32,146	33,705
Non-current liabilities		
Convertible bond-type bonds with subscription rights to shares	720	580
Long-term borrowings	23,081	24,251
Provision for directors' retirement benefits	22	20
Provision for product warranties	190	169
Net defined benefit liability	592	469
Asset retirement obligations	64	65
Others	1,322	1,166
Total non-current liabilities	25,993	26,722
Total liabilities	58,140	60,428
Net Assets		
Shareholders' equity		
Capital stock	20,785	24,618
Capital surplus	5,877	9,739
Retained earnings	33,787	37,229
Treasury shares	(4,566)	(3,117)
Total shareholders' equity	55,884	68,470
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	596	732
Foreign currency translation adjustment	1,746	5,402
Remeasurements of defined benefit plans	(328)	(219)
Total accumulated other comprehensive income	2,014	5,914
Non-controlling interests	77	52
Total net assets	57,976	74,438
Total Liabilities and Net Assets	116,117	134,866

Summary of Financial Statements for the Year Ended December 31, 2021

(2) Consolidated Statements of Income and Comprehensive Income

(Consolidated Statements of Income)

(In million yen)

	Fiscal year ended December 31, 2020 (from Jan. 1, 2020 to Dec. 31, 2020)	Fiscal year ended December 31, 2021 (from Jan. 1, 2021 to Dec. 31, 2021)
Net Sales	58,030	75,174
Cost of sales	39,779	49,461
Gross profit	18,250	25,713
Selling, general and administrative expenses		
Personnel expenses	7,343	8,265
Provision of allowance for doubtful accounts	57	187
Amortization of goodwill	138	140
Research and development expenses	2,216	2,324
Provision for point card certificates	0	-
Others	6,640	7,981
Total selling, general and administrative expenses	16,397	18,899
Operating income	1,852	6,813
Non-operating income		
Interest income	266	305
Dividends income	118	102
Foreign exchange gains	-	976
Equity in earnings of affiliates	71	99
Subsidy income	424	512
Gain on sale of scraps	16	37
Others	190	198
Total non-operating income	1,088	2,231
Non-operating expenses		
Interest expenses	285	327
Foreign exchange losses	393	-
Provision of allowance for doubtful accounts	49	1
Others	166	127
Total non-operating expenses	894	456
Ordinary income	2,046	8,588
Extraordinary income		
Gain on sales of non-current assets	28	28
Subsidy income	-	25
Gain on liquidation of subsidiaries and associates	129	-
Others	1	-
Total extraordinary income	159	53
Extraordinary losses		
Loss on sales of non-current assets	1	17
Loss on retirement of non-current assets	31	58
Loss on tax purpose reduction entry of non-current assets	-	25
Loss on valuation of shares of subsidiaries and associates	18	-
Provision of allowance for loss on compensation for damage	75	-
Others	1	1
Total extraordinary losses	128	103
Profit before income taxes	2,078	8,538
Income taxes - current	1,178	2,025
Income taxes - deferred	(444)	(102)
Total income taxes	734	1,922
Profit	1,343	6,615
Profit (loss) attributable to non-controlling interests	(3)	23
Profit attributable to owners of the parent	1,346	6,591

(Consolidated Statements of Comprehensive Income)

(In million yen)

	Fiscal year ended December 31, 2020 (from Jan. 1, 2020 to Dec. 31, 2020)	Fiscal year ended December 31, 2021 (from Jan. 1, 2021 to Dec. 31, 2021)
Profit	1,343	6,615
Other comprehensive income		
Valuation difference on available-for-sale securities	(304)	135
Foreign currency translation adjustment	(515)	3,611
Remeasurements of defined benefit plans, net of tax	(100)	108
Share of other comprehensive income of entities accounted for using equity method	(23)	53
Total other comprehensive income	(944)	3,908
Comprehensive income	398	10,524
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	401	10,491
Comprehensive income attributable to non-controlling interests	(2)	32

Summary of Financial Statements for the Year Ended December 31, 2021

(3) Consolidated Statements of Changes in Equity

Fiscal year ended December 31, 2020 (from January 1, 2020 to December 31, 2020)

(In million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current fiscal year	20,785	5,896	33,670	(4,647)	55,705
Changes of items during current fiscal year					
Dividends of surplus			(1,176)		(1,176)
Reserve for the awards and welfare fund for employees of foreign subsidiaries			(5)		(5)
Profit Attributable to Owners of the Parent			1,346		1,346
Purchase of treasury shares				(53)	(53)
Disposal of treasury shares				70	70
Cancellation of treasury shares		(15)	(48)	63	-
Restricted stock compensation		(3)			(3)
Net changes of items other than shareholders' equity					
Total changes of items during current fiscal year	-	(18)	117	81	179
Balance at end of current fiscal year	20,785	5,877	33,787	(4,566)	55,884

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Accumulated remeasurements of defined benefit plans	Accumulated other comprehensive income		
Balance at beginning of current fiscal year	901	2,286	(227)	2,960	79	58,745
Changes of items during current fiscal year						
Dividends of surplus						(1,176)
Reserve for the awards and welfare fund for employees of foreign subsidiaries						(5)
Profit Attributable to Owners of the Parent						1,346
Purchase of treasury shares						(53)
Disposal of treasury shares						70
Cancellation of treasury shares						-
Restricted stock compensation						(3)
Net changes of items other than shareholders' equity	(304)	(539)	(100)	(945)	(2)	(947)
Total changes of items during current fiscal year	(304)	(539)	(100)	(945)	(2)	(768)
Balance at end of current fiscal year	596	1,746	(328)	2,014	77	57,976

Fiscal year ended December 31, 2021 (from January 1, 2021 to December 31, 2021)

(In million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current fiscal year	20,785	5,877	33,787	(4,566)	55,884
Changes of items during current fiscal year					
Issuance of new shares - exercise of share acquisition rights	3,833	3,833			7,667
Dividends of surplus			(1,320)		(1,320)
Reserve for the awards and welfare fund for employees of foreign subsidiaries			(14)		(14)
Profit Attributable to Owners of the Parent			6,591		6,591
Purchase of treasury shares				(413)	(413)
Disposal of treasury shares				47	47
Cancellation of treasury shares			(1,814)	1,814	-
Purchase of shares of consolidated subsidiaries		6			6
Restricted stock compensation		21			21
Net changes of items other than shareholders' equity					-
Total changes of items during current fiscal year	3,833	3,861	3,441	1,449	12,586
Balance at end of current fiscal year	24,618	9,739	37,229	(3,117)	68,470

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Accumulated remeasurements of defined benefit plans	Accumulated other comprehensive income		
Balance at beginning of current fiscal year	596	1,746	(328)	2,014	77	57,976
Changes of items during current fiscal year						
Issuance of new shares - exercise of share acquisition rights						7,667
Dividends of surplus						(1,320)
Reserve for the awards and welfare fund for employees of foreign subsidiaries						(14)
Profit Attributable to Owners of the Parent						6,591
Purchase of treasury shares						(413)
Disposal of treasury shares						47
Cancellation of treasury shares						-
Purchase of shares of consolidated subsidiaries						6
Restricted stock compensation						21
Net changes of items other than shareholders' equity	135	3,656	108	3,899	(24)	3,874
Total changes of items during current fiscal year	135	3,656	108	3,899	(24)	16,461
Balance at end of current fiscal year	732	5,402	(219)	5,914	52	74,438

Summary of Financial Statements for the Year Ended December 31, 2021

(4) Consolidated Statements of Cash Flows

(In million yen)

	Fiscal year ended December 31, 2020 (from Jan. 1, 2020 to Dec. 31, 2020)	Fiscal year ended December 31, 2021 (from Jan. 1, 2021 to Dec. 31, 2021)
Cash flows from operating activities		
Profit before income taxes	2,078	8,538
Depreciation	3,399	3,452
Amortization of goodwill	138	140
Increase (decrease) in net defined benefit liability	(67)	(29)
Increase (decrease) in provision for bonuses	165	311
Increase (decrease) in allowance for doubtful accounts	50	180
Interest and dividend income	(384)	(407)
Interest expenses	285	327
Share of (profit) loss of entities accounted for using equity method	(71)	(99)
Foreign exchange losses (gains)	100	(250)
Loss on valuation of shares of subsidiaries and associates	18	-
Loss (gain) on sale and retirement of non-current assets	4	47
Decrease (increase) in trade receivables	(86)	(4,352)
Decrease (increase) in inventories	1,610	(5,471)
Increase (decrease) in trade payables	(1,102)	4,801
Increase (decrease) in accounts payable - other	(134)	483
Increase (decrease) in advances received	101	2,496
Increase (decrease) in accrued consumption taxes	32	(266)
Decrease (increase) in advance payments - trade	(30)	(132)
Subsidy income	-	(25)
Loss (gain) on liquidation of subsidiaries and associates	(129)	-
Increase (decrease) in provision for loss on compensation for damage	75	(75)
Others	529	(574)
Subtotal	6,583	9,096
Interest and dividends received	267	280
Interest expenses paid	(290)	(327)
Subsidies received	-	25
Income tax refund (or paid)	(1,289)	(1,431)
Cash flows from operating activities	5,270	7,642
Cash flows from investing activities		
Payments into time deposits	(413)	(200)
Proceeds from withdrawal of time deposits	506	96
Purchase of property, plant and equipment	(1,538)	(2,107)
Proceeds from sale of property, plant and equipment	68	539
Purchase of intangible assets	(175)	(344)
Purchase of investment securities	(0)	(0)
Purchase of shares of subsidiaries and associates	(56)	-
Payments of loans receivable	-	(23)
Collection of loans receivable	18	3
Proceeds from liquidation of subsidiaries	129	-
Others	51	(165)
Cash flows from investing activities	(1,410)	(2,203)

(In million yen)

	Fiscal year ended December 31, 2020 (from Jan. 1, 2020 to Dec. 31, 2020)	Fiscal year ended December 31, 2021 (from Jan. 1, 2021 to Dec. 31, 2021)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	227	(543)
Proceeds from long-term borrowings	12,500	8,544
Repayments of long-term borrowings	(9,810)	(7,583)
Redemption of bonds	(140)	(454)
Repayments of finance lease obligations	(250)	(359)
Proceeds from sale and leaseback transactions	416	254
Purchase of treasury shares	(53)	(413)
Dividends paid	(1,176)	(1,320)
Others	(48)	(56)
Cash flows from financing activities	1,665	(1,932)
Effect of exchange rate change on cash and cash equivalents	(160)	2,466
Net increase (decrease) in cash and cash equivalents	5,364	5,973
Cash and cash equivalents at the beginning of the period	32,890	38,255
Cash and cash equivalents at the end of the period	38,255	44,229

(5) Notes to Consolidated Financial Statements

(Notes regarding going concern assumptions)

None

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

None

(Changes of the presentation method)(Consolidated statements of cash flows)

“Decrease (increase) in advance payments - trade” which was included in “Other” in cash flows from operating activities in the previous consolidated fiscal year, is presented as an independent item from the current consolidated fiscal year, as its monetary importance has increased.

The consolidated financial statements for the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, the ¥499 million presented in “Other ” under cash flows from operating activities in the previous consolidated fiscal year has been reclassified into -¥30 million in “Decrease (increase) in advance payments - trade” and ¥529 million in “Other”.

(Segment information, etc.)

[Segment information]

1. Summary of reportable segments

Reportable segments are business units of Sodick for which stand-alone financial information is available and whose allocation of management resources and financial results are, at regular intervals, the subject of decisions and assessments of the board of directors.

Sodick runs its business operations using comprehensive strategic planning that distinguishes between products and services. The Group's three reportable segments comprise the Machine Tool Segment, the Industrial Machinery Segment and the Food Processing Machinery Segment.

Main products by segment comprise electrical discharge machines and machining centers in the Machine Tool Segment, plastic injection molding machines in the Industrial Machinery Segment, and noodle production plant and equipment in the Food Processing Machinery Segment. In each segment the scope of operations includes product development, manufacture, and sales.

2. Method of computation of net sales, income or loss, assets, liabilities, and other items by reportable segments

The accounting methods used in each reportable segment are the same as described in the "Important Matters Concerning the Basis of Preparation of Consolidated Financial Statements."

Income information of reportable segments reflects operating income.

Intersegment sales data are based on arm's length transaction prices.

3. Information on sales, operating income (loss), assets, and other items by reportable segment

Fiscal year ended December 31, 2020 (from January 1, 2020 to December 31, 2020)

(Inmillion yen)

	Reportable Segment				Others (Note 1)	Total	Adjustment amount (Notes 2, 3, 4, 5)	Amount stated on the consolidated statement of income (Note 6)
	Machine Tool Segment	Industrial Machinery Segment	Food Processing Machinery Segment	Reportable Segment Total				
Net Sales								
Sales to outside parties	38,024	10,931	3,585	52,541	5,488	58,030	–	58,030
Intersegment sales or transfers	196	135	–	332	1,631	1,964	(1,964)	–
Total	38,221	11,066	3,585	52,874	7,120	59,994	(1,964)	58,030
Segment income	2,896	596	65	3,558	319	3,878	(2,025)	1,852
Segment assets	63,559	11,326	3,647	78,533	11,237	89,771	26,346	116,117
Other								
Depreciation	2,243	446	100	2,789	488	3,278	121	3,399
Amortization of goodwill	90	31	–	122	16	138	–	138
Increase in property, plant and equipment and intangible assets	718	220	50	989	1,414	2,404	44	2,448

- Notes: 1. The category headed "Others" covers business segments outside reportable ones, such as precision molds and molding operations and elemental technology operations.
2. The adjustment amount of -¥2,025 million to segment income includes ¥65 million in eliminations of intersegment transactions and -¥2,091 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. The adjustment amount of ¥26,346 million to segment assets includes ¥27,228 million in group assets that are not allocable to reportable segments and -¥882 million in eliminations of intersegment transactions. Group assets consist mainly of assets related to head office functions not attributable to reportable segments.
4. The adjustment amount of ¥121 million to depreciation of the category headed "Other" consists of ¥121 million in Group-based depreciation not attributable to reportable segments.
5. The adjustment amount of ¥44 million to increases in property, plant and equipment and intangible assets in the category headed "Other" consists of ¥44 million in Group-based property, plant and equipment and intangible assets not attributable to reportable segments.
6. Segment income is stated on reconciliation with the operating income stated in the consolidated statement of income.

Summary of Financial Statements for the Year Ended December 31, 2021

Fiscal year ended December 31, 2021 (from January 1, 2021 to December 31, 2021)

(Inmillion yen)

	Reportable Segment				Others (Note 1)	Total	Adjustment amount (Notes 2, 3, 4, 5)	Amount stated on the consolidated statement of income (Note 6)
	Machine Tool Segment	Industrial Machinery Segment	Food Processing Machinery Segment	Reportable Segment Total				
Net Sales								
Sales to outside parties	51,485	10,367	6,884	68,737	6,437	75,174	–	75,174
Intersegment sales or transfers	409	76	–	486	2,282	2,769	(2,769)	–
Total	51,895	10,443	6,884	69,223	8,720	77,943	(2,769)	75,174
Segment income	7,176	503	830	8,510	811	9,321	(2,507)	6,813
Segment assets	74,894	13,055	5,643	93,592	11,544	105,137	29,729	134,866
Other								
Depreciation	2,369	366	85	2,820	524	3,345	107	3,452
Amortization of goodwill	91	31	–	122	17	140	–	140
Increase in property, plant and equipment and intangible assets	2,572	153	13	2,739	589	3,329	121	3,451

- Notes: 1. The category headed “Others” covers business segments outside reportable ones, such as precision molds and molding operations and elemental technology operations.
2. The adjustment amount of -¥2,507 million to segment income includes -¥57 million in eliminations of intersegment transactions and -¥2,450 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. The adjustment amount of ¥29,729 million to segment assets includes ¥30,649 million in group assets that are not allocable to reportable segments and -¥919 million in eliminations of intersegment transactions. Group assets consist mainly of assets related to head office functions not attributable to reportable segments.
4. The adjustment amount of ¥107 million to depreciation of the category headed “Other” consists of ¥107 million in Group-based depreciation not attributable to reportable segments.
5. The adjustment amount of ¥121 million to increases in property, plant and equipment and intangible assets in the category headed “Other” consists of ¥121 million in Group-based property, plant and equipment and intangible assets not attributable to reportable segments.
6. Segment income is stated on reconciliation with the operating income stated in the consolidated statement of income.

(Per-share information)

	Fiscal year ended December 31, 2020 (from Jan. 1, 2020 to Dec. 31, 2020)	Fiscal year ended December 31, 2021 (from Jan. 1, 2021 to Dec. 31, 2021)
Net assets per share (yen)	1,230.53	1,376.33
Profit per share (yen)	28.63	125.67
Diluted earnings per share (yen)	24.59	—

Note: The table below shows the basis of calculation of profit per share and diluted earnings per share.

	Fiscal year ended December 31, 2020 (from Jan. 1, 2020 to Dec. 31, 2020)	Fiscal year ended December 31, 2021 (from Jan. 1, 2021 to Dec. 31, 2021)
Profit per share (yen)		
Profit attributable to owners of the parent (¥ Million)	1,346	6,591
Portion not attributable to shares of common stock (¥ Million)	—	—
Profit attributable to owners of parent company's common stock (¥ Million)	1,346	6,591
Average number of common stock outstanding (thousands of shares)	47,039	52,454
Diluted earnings per share (yen)		
Adjustment to profit attributable to owners of the parent (¥ Million)	—	—
Increase in the number of common stock (thousands of shares)	7,733	—
(of which convertible bonds (thousands of shares))	(7,733)	(—)
Description of dilutive shares not included in calculation of diluted earnings per share due to no dilutive effect.	—	—

Note: Diluted earnings per share for the current consolidated fiscal year are not shown in the above table because there are no dilutive shares.

(Material subsequent events)

(Purchase and cancellation of treasury shares)

At a meeting of the Board of Directors held on February 14, 2022, 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: February 15, 2022 to March 9, 2022
- (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: March 31, 2022