



## Summary of Financial Statements for the First Quarter of the Year Ending December 31, 2020 (J-GAAP) (Consolidated)

May 12, 2020

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  
 Contact: Hirofumi Maejima, Executive Managing Director  
 Scheduled date of filing of quarterly report: May 12, 2020  
 Scheduled date of dividend payout: –  
 Explanatory documents supplemental to the quarterly financial statements: Yes  
 Results briefing: None

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

### 1. Consolidated Results for the 1Q of the Fiscal Year Ending December 31, 2020 (from January 1, 2020 to March 31, 2020)

#### (1) Consolidated Financial Results (Accumulated Total)

(Percentages indicate year-on-year changes)

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of the Parent	
	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%
1Q of the fiscal year ending December 31, 2020	13,030	(30.8)	(88)	–	(67)	–	(18)	–
1Q of the fiscal year ended December 31, 2019	18,828	2.4	2,093	(6.0)	2,168	11.4	1,460	10.2

Note: Comprehensive income: 1Q of the fiscal year ending December 31, 2020: -¥1,687 million (-%) 1Q of the fiscal year ended December 31, 2019: ¥1,984 million (-%)

	Earnings per Share	Diluted Earnings per Share
	¥	¥
1Q of the fiscal year ending December 31, 2020	(0.39)	–
1Q of the fiscal year ended December 31, 2019	31.09	26.69

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

#### (2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	¥ Million	¥ Million	%	¥
1Q of the fiscal year ending December 31, 2020	113,650	56,410	49.6	1,198.92
Fiscal year ended December 31, 2019	114,647	58,745	51.2	1,247.06

Reference: Shareholders' Equity: 1Q of the fiscal year ending December 31, 2020: ¥56,336 million Fiscal year ended December 31, 2019: ¥58,665 million

### 2. Cash Dividends

	Annual Dividend				
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2019	–	12.00	–	13.00	25.00
Fiscal year ending December 31, 2020	–				
Fiscal year ending December 31, 2020 (Forecast)		12.00	–	13.00	25.00

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

### 3. Forecast for the Fiscal Year Ending December 31, 2020 (From January 1, 2020 to December 31, 2020)

(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	%	Yen
Full-year	67,800	0.3	3,800	11.0	3,800	6.8	3,100	54.8	65.90

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

The impact of the spread of the new coronavirus (COVID-19) infection has not carefully been examined and thus is not factored into the full-year earnings forecast. In addition, owing to the increasing uncertainty caused by the spread of the infection, the Company has not made a forecast for the interim period, which is difficult to calculate, but only a full-year forecast.

\*Notes

- (1) Changes in important subsidiaries during the consolidated cumulative first quarter under review (changes in specified subsidiaries resulting in a change in the scope of consolidation): None
- (2) Application of accounting specific to the preparation of quarterly consolidated financial statements: None
- (3) Change of accounting policies; change and/or restatement of accounting estimates
  - (i) Change of accounting policies caused by revision of accounting standards: None
  - (ii) Change of accounting policies other than stated in (i): None
  - (iii) Change of accounting estimates: None
  - (iv) Retroactive restatement: None
- (4) Number of shares issued and outstanding (shares of common stock)

(i) Shares issued and outstanding as of the balance sheet date (including treasury shares)	1Q of the fiscal year ending December 31, 2020	53,450,916 shares	Fiscal year ended December 31, 2019	53,450,916 shares
(ii) Number of treasury shares as of the balance sheet date	1Q of the fiscal year ending December 31, 2020	6,464,199 shares	Fiscal year ended December 31, 2019	6,407,799 shares
(iii) Average number of shares outstanding during period (quarterly cumulative total)	1Q of the fiscal year ending December 31, 2020	47,039,398 shares	1Q of the fiscal year ended December 31, 2019	46,972,920 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 first quarter of the fiscal year under review.

### (1) Explanation regarding Results of Operations

During the consolidated cumulative first quarter under review, economic activities have been restrained and rapidly slowed down throughout the world owing to the impact of COVID-19 pandemic. In addition, looking ahead, the situation is expected to remain severe on account of the spread of COVID-19 infection, and we must pay close attention to risks that put further downward pressure on the domestic and overseas economies.

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

On the sales front, although we had planned to showcase our products at exhibitions around the world in a bid to strengthen the Sodick brand, the exhibitions were cancelled owing to the spread of COVID-19 infection. However, in early February, we held private shows at our West Japan Branch and East Japan Branch, inviting customers, agents and others. By unveiling a new Die-sinker EDM AL40G, whose launch was announced in October last year, and showcasing high-precision molded products made with metal molds manufactured by metal 3D printers, a production management system that utilizes IoT, and a variety of other machines, we have promoted our line of products that are suitable for high-precision processing and conducted aggressive sales activities.

As a result of the above, the consolidated net sales for the first quarter under review totaled ¥13,030 million (down 30.8% year on year), with operating loss at ¥88 million (compared with operating income of ¥2,093 million a year earlier), ordinary loss at ¥67 million (compared with ordinary income of ¥2,168 million a year earlier) and loss attributable to owners of the parent at ¥18 million (compared with profit attributable to owners of the parent of ¥1,460 million a year earlier).

The results of operations by segment are as follows:

Machine Tool Segment	Net sales	¥8,238 million	Y/y change (rate)	Down 38.3%
	Operating income	¥197 million	Y/y change (amount)	Down ¥1,993 million
As the spread of COVID-19 infection had a significant negative impact on not only China’s economy, the Company’s largest customer market, but also the global economy as a whole, a wide range of industries from the automotive industry to the smartphone and electronic component industries tended to postpone product shipments and capital investment owing mainly to the suspension of business activities. As a result, sales volumes of EDMs sharply decreased. On the other hand, in China, where the spread of COVID-19 infection is coming to an end, orders from the automotive and smartphone-related industries recovered in March. Segment income also plummeted from the same period of the prior year, chiefly on account of a lower plant-utilization rate associated with a decrease in sales volume.				
Industrial Machinery Segment	Net sales	¥2,556 million	Y/y change (rate)	Up 10.2%
	Operating income	¥142 million	Y/y change (amount)	Up ¥61 million
Despite a slowdown in economic activities due to the global spread of COVID-19 infection, demand from manufacturers of 5G smartphone antenna components as well as those of surveillance camera lenses was growing in China and other Asian countries and regions, resulting in a slight year-on-year increase in unit sales. In addition, thanks chiefly to the expansion of 5G-related demand in China and other parts of Asia in March, orders increased sharply from the same period of the previous year.				
Food Processing Machinery Segment	Net sales	¥782 million	Y/y change (rate)	Down 56.0%
	Operating income	¥25 million	Y/y change (amount)	Down ¥311 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. There was a rising noodle-making equipment demand from existing customers for maintenance and equipment upgrades as well as for hygiene and labor saving. However, in addition to the fact that sales of major projects in the current fiscal year are expected to be booked in the second half of the year or beyond, there was also a move to postpone capital investment owing to the spread of COVID-19 infection. Furthermore, owing to the absence of major noodle-making projects in the same period a year ago, sales plunged from a year earlier.				
Others	Net sales	¥1,453 million	Y/y change (rate)	Up 6.1%
	Operating income	¥60 million	Y/y change (amount)	Up ¥67 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. Although demand for ceramics continued to slow owing to the spread of COVID-19 infection, sales climbed year on year, supported mainly by a recovery in demand in mold and molding operations.				

**(2) Explanation regarding Financial Position**

Total assets stood at ¥113,650 million as of the end of the quarterly consolidated accounting period under review, a decrease of ¥997 million compared to the level at the end of the previous fiscal year, primarily due to a ¥811 million decrease in notes and accounts receivable-trade, a ¥441 million decrease in other current assets, a ¥419 million decrease in buildings and structures and ¥396 million decrease in machinery, equipment and vehicles, partially offset by a ¥1,551 million increase in cash and deposits.

Meanwhile, liabilities at the end of the period under review totaled ¥57,239 million, an increase of ¥1,337 million from the end of the previous year, mainly reflecting a ¥1,056 million increase in long-term loans payable.

Net assets totaled ¥56,410 million at the end of the period under review, a decrease of ¥2,334 million from the end of the preceding year, largely due to a ¥1,277 million decrease in foreign currency translation adjustment and a ¥632 million decrease in retained earnings.

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

There has been no change in the projections of results that were announced on February 14, 2020.

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

(In million yen)

	Fiscal year ended December 31, 2019 (as of December 31, 2019)	1Q fiscal year ending December 31, 2020 (as of March 31, 2020)
<b>Assets</b>		
Current assets:		
Cash and deposits	33,873	35,425
Notes and accounts receivable-trade	13,773	12,962
Electronically recorded monetary claims-operating	1,589	1,368
Merchandise and finished goods	8,733	8,746
Work in process	7,585	7,814
Raw materials and supplies	7,339	7,260
Other	2,774	2,332
Allowance for doubtful accounts	(379)	(385)
<b>Total current assets</b>	<b>75,290</b>	<b>75,525</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures	28,257	27,837
Machinery, equipment and vehicles	20,887	20,491
Other	13,512	13,465
Accumulated depreciation	(30,800)	(30,833)
<b>Total property, plant and equipment</b>	<b>31,856</b>	<b>30,960</b>
Intangible assets		
Goodwill	1,494	1,455
Other	916	889
<b>Total intangible assets</b>	<b>2,411</b>	<b>2,345</b>
Investments and other assets		
Other	5,184	4,914
Allowance for doubtful accounts	(95)	(95)
<b>Total investments and other assets</b>	<b>5,088</b>	<b>4,818</b>
<b>Total non-current assets</b>	<b>39,357</b>	<b>38,125</b>
<b>Total Assets</b>	<b>114,647</b>	<b>113,650</b>

(In million yen)

	Fiscal year ended December 31, 2019 (as of December 31, 2019)	1Q fiscal year ending December 31, 2020 (as of March 31, 2020)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable- trade	4,231	4,383
Electronically recorded obligations-operating	5,063	4,672
Short-term loans payable	2,508	2,505
Current portion of long-term loans payable	8,944	8,830
Income taxes payable	293	239
Provision	695	921
Other	5,355	5,990
Total current liabilities	27,092	27,543
Non-current liabilities		
Convertible bond-type bonds with subscription rights to shares	8,841	8,841
Long-term loans payable	18,203	19,259
Provision	271	212
Net defined benefit liability	545	513
Asset retirement obligations	63	63
Other	885	806
Total non-current liabilities	28,810	29,696
Total liabilities	55,902	57,239
Net Assets		
Shareholders' equity		
Capital stock	20,785	20,785
Capital surplus	5,896	5,896
Retained earnings	33,670	33,038
Treasury shares	(4,647)	(4,681)
Total shareholders' equity	55,705	55,039
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	901	499
Foreign currency translation adjustment	2,286	1,008
Remeasurements of defined benefit plans	(227)	(211)
Total accumulated other comprehensive income	2,960	1,296
Non-controlling interests	79	74
Total Net Assets	58,745	56,410
Total Liabilities and Net Assets	114,647	113,650

Summary of Financial Statements for the First Quarter of the Year Ending December 31, 2020

**(2) Consolidated Statements of Quarterly Income and Comprehensive Income**

(Consolidated Statements of Quarterly Income)

(1Q Consolidated Results Accumulation Period)

(In million yen)

	1Q FY ended Dec. 31, 2019 (from Jan. 1, 2019 to Mar. 31, 2019)	1Q FY ending Dec. 31, 2020 (from Jan. 1, 2020 to Mar. 31, 2020)
Net sales	18,828	13,030
Cost of sales	12,183	8,957
Gross profit	6,645	4,073
Selling, general and administrative expenses		
Personnel expenses	1,897	1,857
Provision of allowance for doubtful accounts	20	5
Other	2,634	2,298
Total selling, general and administrative expenses	4,552	4,161
Operating income (loss)	2,093	(88)
Non-operating income		
Interest income	57	61
Dividends income	103	53
Foreign exchange gains	23	–
Share of profit of entities accounted for using equity method	–	1
Subsidy income	69	84
Other	47	76
Total non-operating income	301	277
Non-operating expenses		
Interest expenses	68	66
Foreign exchange losses	–	157
Share of loss of entities accounted for using equity method	12	–
Provision of allowance for doubtful accounts	120	11
Other	24	21
Total non-operating expenses	226	257
Ordinary income (loss)	2,168	(67)
Extraordinary income		
Gain on sales of non-current assets	4	9
Total extraordinary income	4	9
Extraordinary losses		
Loss on sales of non-current assets	50	–
Loss on retirement of non-current assets	3	0
Loss on valuation of investments in capital of subsidiaries and associates	52	–
Other	3	–
Total extraordinary losses	108	0
Profit (loss) before income taxes	2,064	(58)
Income taxes - current	497	109
Income taxes - deferred	106	(146)
Total income taxes	603	(36)
Profit (loss)	1,461	(21)
Profit (loss) attributable to non-controlling interests	0	(3)
Profit (loss) attributable to owners of the parent	1,460	(18)

(Consolidated Statements of Quarterly Comprehensive Income)  
(1Q Consolidated Results Accumulation Period)

(In million yen)

	1Q FY ended Dec. 31, 2019 (from Jan. 1, 2019 to Mar. 31, 2019)	1Q FY ending Dec. 31, 2020 (from Jan. 1, 2020 to Mar. 31, 2020)
Profit	1,461	(21)
Other comprehensive income		
Valuation difference on available-for-sale securities	58	(401)
Foreign currency translation adjustments	525	(1,276)
Remeasurements of defined benefit plans, net of tax	(60)	15
Share of other comprehensive income of entities accounted for using equity method	(0)	(2)
Total other comprehensive income	523	(1,665)
Comprehensive income	1,984	(1,687)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,981	(1,682)
Comprehensive income attributable to non-controlling interests	2	(5)



**(3) Notes to Quarterly Consolidated Financial Statements**

(Notes regarding going concern assumptions)

None

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

None

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

None

(Segment information, etc.)

I Previous consolidated cumulative first quarter (from January 1, 2019 to March 31, 2019)

1. Information on 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	13,362	2,320	1,776	17,459	1,369	18,828	–	18,828
Intersegment sales or transfers	7	75	–	82	569	652	(652)	–
Total	13,369	2,396	1,776	17,542	1,939	19,481	(652)	18,828
Segment income (loss)	2,191	80	336	2,608	(7)	2,600	(507)	2,093

- 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 -¥507 million to segment income (loss) includes -¥66 million in eliminations of intersegment transactions and -¥573 million in group overhead not allocable to individual reportable segments. Group overhead consists mainly of the cost of head office functions not attributable to any particular reportable segment.  
 3. Segment income (loss) is stated on reconciliation with the operating income (loss) stated in the consolidated statement of quarterly income.

2. Information on impairment loss or goodwill, etc. of non-current assets by reportable segment  
 None

II Current consolidated cumulative first quarter (from January 1, 2020 to March 31, 2020)

1. Information on sales and operating income (loss) by reportable segment

(In million yen)

	Reportable segment				Others (Note 1)	Total	Adjustment amount (Note 2)	Amount stated on the quarterly consolidated statement of income (Note 3)
	Machine Tool Segment	Industrial Machinery Segment	Food Processing Machinery Segment	Reportable Segment Total				
Net Sales								
Sales to outside parties	8,238	2,556	782	11,577	1,453	13,030	–	13,030
Intersegment sales or transfers	53	1	–	55	378	434	(434)	–
Total	8,292	2,558	782	11,632	1,832	13,465	(434)	13,030
Segment income (loss)	197	142	25	365	60	425	(513)	(88)

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

2. The adjustment amount of ¥513 million to segment income (loss) includes ¥14 million in eliminations of intersegment transactions and ¥528 million in group overhead not allocable to individual reportable segments. Group overhead consists mainly of the cost of head office functions not attributable to any particular reportable segment.

3. Segment income (loss) is stated on reconciliation with the operating income (loss) stated in the consolidated statement of income.

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

None