

Summary of Consolidated Financial Results for the second quarter of fiscal year 2019 under Japanese GAAP



Aug 9, 2019

Company Name: ZOOM CORPORATION
 Listing: Tokyo Stock Exchange-JASDAQ
 Code No: 6694
 URL: <https://www.zoom.co.jp/>
 Representative: Masahiro Iijima, CEO
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 Scheduled date for filing the quarterly report: August 9, 2019
 Scheduled date for commencement of dividend payment: -
 Supplementary briefing material in English: None
 Briefing session of quarterly results : Yes (for institutional investors and analysts (in Japanese only))

(Amounts of less than one million yen are omitted)

1. Consolidated financial results for the second quarter of fiscal year 2019(January 1, 2019 – June 30, 2019)

(1) Consolidated operating results

(% represents year on year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended								
June 30, 2019	4,001	31.1	53	287.1	22	(59.3)	15	(64.4)
June 30, 2018	3,051	2.1	13	(89.8)	54	(50.2)	43	(48.1)

(Note)Comprehensive income

Six months ended June 30, 2019: (14) million yen(-%)

Six months ended June 30, 2018: 15 million yen((71.8%))

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended				
June 30, 2019	6.73		6.62	
June 30, 2018	19.04		18.57	

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio
	Million yen	Million yen	%
As of June 30, 2019	7,339	4,622	63.0
As of December 31, 2018	7,934	4,732	59.6

(Reference)Equity capital:

As of June 30, 2019: 4,622 million yen

As of December 31, 2018: 4,732 million yen

2. Dividends

	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Annual
	Yen	Yen	Yen	Yen	Yen
FY ending 2018	-	0.00	-	43.00	43.00
FY ending 2019	-	0.00	-	63.00	63.00
FY ending 2019 (Forecast)	-	0.00	-	63.00	63.00

Revisions to recent dividend forecast : None

3. Forecast of consolidated financial results for fiscal year 2019(January 1, 2019 – December 31, 2019)

(% represents year on year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parents		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	yen
Full year	8,540	10.8	616	136.6	673	94.4	473	48.5	207.62

Revisions to recent business forecast : None

※Notes

(1)Changes in significant subsidiaries during the period(Changes in specific subsidiaries involving changes in the scope of consolidation) : None

(2)Adoption of specific accounting treatments to the preparation of consolidated quarterly financial statements: Yes

(3)Changes in accounting policies, changes in accounting estimates, and restatement

a. Changes due to revision to accounting standards, etc.:	Yes
b. Changes other than a.:	Yes
c. Changes in accounting estimates:	Yes
d. Restatement:	None

(4)Number of issued shares(common shares)

a. Number of issued shares as of the end of the period(including treasury shares)

As of June 30, 2019	2,297,412
As of December 31, 2018	2,297,412

b. Total number of treasury shares at the end of the period

As of June 30, 2019	17,506
As of December 31, 2018	17,506

c. Average number of shares during the period(cumulative)

Six months ended June 30, 2019	2,279,906
Six months ended June 30, 2018	2,267,644

*These consolidated quarterly financial results are outside the scope of the quarterly review.

*Appropriate use of performance forecasts and other noteworthy matters.

The forecasted financial information described above are based on information currently available to the company and certain assumption considered to be reasonable.

Actual financial results may differ significantly due to potential risks and uncertainties.

Contents of the Attached Materials

1. Consolidated quarterly financial statements

(1) Consolidated quarterly balance sheets

(2) Consolidated quarterly income statements

(3) Consolidated quarterly comprehensive income statements

(4) Consolidated quarterly cash flow statements

1. Consolidated quarterly financial statements

(1) Consolidated quarterly balance sheets

(Million yen)

	As of December 31, 2018	As of June 30, 2019
Assets		
Current assets		
Cash and deposits	2,942	2,058
Accounts receivable-trade	1,161	1,397
Merchandise and finished goods	2,146	2,123
Raw materials and supplies	72	117
Other	607	519
Allowance for doubtful accounts	(32)	(28)
Current assets total	6,899	6,187
Non-currents assets		
Property, plant and equipment	206	381
Intangible assets		
Goodwill	180	164
Other	78	108
Investments and other assets	569	497
Non-current assets total	1,035	1,151
Total assets	7,934	7,339
Liabilities		
Current liabilities		
Accounts payable-trade	1,336	973
Short-term loans payable	1,174	977
Income taxes payable	41	34
Provision for bonuses	22	26
Provision for product warranties	42	43
Other	434	470
Current liabilities total	3,052	2,525
Non-current liabilities		
Long-term loans payable	4	-
Net defined benefit liability	144	122
Other	-	68
Non-Current liabilities total	149	190
Total liabilities	3,201	2,716
Net assets		
Shareholder's equity		
Capital stock	212	212
Capital surplus	261	261
Retained earnings	4,275	4,192
Treasury shares	(38)	(38)
Total shareholder's equity	4,710	4,627
Accumulated other comprehensive income		
Foreign currency translation adjustment	25	(1)
Remeasurements of defined benefit plans	(3)	(2)
Total accumulated other comprehensive income	22	(4)
Non-controlling interests	-	-
Total net assets	4,732	4,622
Total liabilities and net assets	7,934	7,339

(2)Consolidated quarterly income statements – second quarter

(Million yen)

	Six months ended June 30, 2018	Six months ended June 30, 2019
Net sales	3,051	4,001
Cost of sales	2,033	2,598
Gross profit	1,017	1,403
Selling, general and administrative expenses	1,003	1,350
Operating profit	13	53
Non-operating income		
Interest income	1	1
Share of profit of entities accounted for using equity method	49	36
Insurance premiums refunded cancellation	29	27
Others	0	4
Total of non-operating income	80	68
Non-operating expense		
Interest expense	7	28
Foreign exchange losses	17	33
Tax dues	13	10
Settlement package	-	20
Others	1	7
Total of non-operating expense	40	100
Ordinary profit	54	22
Profit before income taxes	54	22
Income taxes-current	13	17
Income taxes-deferred	(1)	(7)
Total income taxes	11	9
Profit	43	12
Profit attributable to non-controlling interests	-	(2)
Profit attributable to owners of parent	43	15

(3) Consolidated quarterly comprehensive income statements – second quarter

(Million yen)

	Six months ended June 30, 2018	Six months ended June 30, 2019
Profit	43	12
Other comprehensive income		
Foreign currency translation adjustment	(19)	(16)
Remeasurements of defined benefit plans	–	0
Accounted for using equity method	(7)	(10)
Total other comprehensive income	(27)	(26)
Comprehensive income	15	(14)
Comprehensive income attributed to owners of parent	15	(11)
Comprehensive income attributable to non-controlling interests	–	(2)

(4) Consolidated quarterly cash flow statements – second quarter

(Million yen)

	Six months ended June 30, 2018	Six months ended June 30, 2019
Cash flows from operating activities		
Profit before income taxes	54	22
Depreciation	69	58
Amortization of goodwill	-	9
Increase (decrease) in provision for product warranties	0	1
Increase (decrease) in provision for bonus	2	3
Increase (decrease) in allowance for doubtful accounts	-	(2)
Increase (decrease) in defined benefit liability	-	(17)
Interest income	(1)	(1)
Interest expenses	7	28
Foreign exchange losses (gains)	9	21
Share of (profit) loss of entities accounted for using equity method	(49)	(36)
Insurance premiums refunded cancellation	(29)	(27)
Decrease (increase) in accounts receivable – trade	(174)	(250)
Decrease (increase) in inventory	204	(44)
Increase (decrease) in accounts payable – trade	(493)	(353)
Others	88	126
Subtotal	(311)	(463)
Interest and dividend income received	22	51
Interest expenses paid	(7)	(24)
Income tax paid	(82)	(27)
Net cash provided by (used in) operating activities	(379)	(463)
Cash flows from investing activities		
Decrease (increase) in long term deposit	(1)	(1)
Purchase of property, plant and equipment	(101)	(100)
Purchase of intangible asset	(68)	(42)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(85)	-
Payments for guarantee deposits	(55)	-
Proceeds from cancellation of insurance funds	71	63
Others	2	2
Net cash provided by (used in) investing activities	(239)	(78)
Cash flows from financing activities		
Net increase (decrease) in short-term loan	-	(163)
Decrease in long-term loans payable	-	(29)
Repayments of lease obligations	-	(7)
Proceeds from share issuance to non-controlling shareholders	-	2
Proceeds from disposal of treasury shares	9	-
Purchase of treasury shares	(0)	-
Cash dividends paid	(90)	(98)
Net cash provided by (used in) financing activities	(80)	(296)
Effect of exchange rate change on cash and cash equivalents	(38)	(47)
Net increase (decrease) in cash and cash equivalents	(738)	(885)
Cash and cash equivalents at beginning of period	3,485	2,913
Cash and cash equivalents at end of period	2,747	2,027