

Summary of Consolidated Financial Results for the Year Ended December 31, 2019

under Japanese GAAP



Feb 14, 2020

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 the ordinary general meeting of shareholders: March 26, 2020
 Scheduled date for commencement of dividend payment: March 27, 2020
 Scheduled date for the submission of annual securities report: March 26, 2020
 Supplementary briefing material in English: None
 Holding of financial results meeting: Yes (for institutional investors and analysts (in Japanese only))

(Amounts of less than one million yen are omitted)

1. Consolidated financial results for fiscal year 2019(January 1, 2019 – December 31, 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	%
For the year ended								
December 31, 2019	8,608	11.7	291	11.8	318	(7.9)	250	(21.3)
December 31, 2018	7,705	22.3	260	(20.5)	346	(4.5)	318	10.4

(Note)Comprehensive income

For the ended December 31, 2019: 231 million yen ((4.9%))

For the ended December 31, 2018: 243 million yen ((9.4%))

	Earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to sales
	Yen	Yen	%	%	%
For the year ended					
December 31, 2019	110.03	108.29	5.2	4.0	3.4
December 31, 2018	140.31	137.35	6.9	4.7	3.4

(Reference)Equity in earnings of affiliates

For the ended December 31, 2019: 152 million yen

For the ended December 31, 2018: 146 million yen

(2) Consolidated financial position

	Total assets	Net assets	Shareholder's equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2019	7,855	4,875	61.9	2,128.57
As of December 31, 2018	7,934	4,732	59.6	2,075.82

(Reference)Shareholder's equity:

As of December 31, 2019: 4,866 million yen

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

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
For the year ended				
December 31, 2019	(53)	(456)	(31)	2,312
December 31, 2018	(151)	(380)	11	2,913

2. Dividends

	Dividend per share					Total annual dividends	Payout ratio (consolidated)	Dividends on equity (consolidated)
	First quarter	Second quarter	Third quarter	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY ending 2018	-	0.00	-	43.00	43.00	98	30.6	2.1
FY ending 2019	-	0.00	-	34.00	34.00	77	30.9	1.6
FY ending 2020 (Forecast)	-	0.00	-	40.00	40.00		30.7	

3. Forecast of consolidated financial results for fiscal year 2020 (January 1, 2020 – December 31, 2020)

(% represents year on year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
For the year ended December 31, 2020	8,641	0.4	301	3.7	381	19.7	299	19.2	130.19

※Notes

(1) Changes in significant subsidiaries during the period (Changes in specific subsidiaries involving changes in the scope of consolidation) : No

Number of new companies: -

Number of excluded companies: -

(2) 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

(3) Number of issued shares (common shares)

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

As of December 31, 2019 2,297,412

As of December 31, 2018 2,297,412

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

As of December 31, 2019 11,231

As of December 31, 2018 17,506

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

For the year ended December 31, 2019 2,281,018

For the year ended December 31, 2018 2,271,539

*These consolidated quarterly financial results are outside the scope of audit by a certified public accountant or an audit corporation.

*Appropriate use of performance forecasts and other noteworthy matters

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

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

The Company plans to hold a financial results meeting for analysts on February 27, 2020. The materials distributed at this financial results meeting shall be posted on the Company's website after the meeting has been held.

Contents of the Attached Materials

1. Consolidated financial statements

(1) Consolidated balance sheets

(2) Consolidated income statements

(3) Consolidated comprehensive income statements

(4) Consolidated cash flow statements

1. Consolidated financial statements

(1) Consolidated balance sheets

(Million yen)

	As of December 31, 2018	As of December 31, 2019
Assets		
Current assets		
Cash and deposits	2,942	2,344
Accounts receivable – trade	1,161	1,346
Merchandise and finished goods	2,146	2,063
Raw materials and supplies	72	102
Short-term loans receivable	4	211
Accounts receivable – other	460	398
Other	142	152
Allowance for doubtful accounts	(32)	(26)
Current assets total	6,899	6,591
Non-currents assets		
Property, plant and equipment		
Buildings and structures, net	24	33
Machinery, equipment and vehicles, net	0	8
Tools, furniture and fixtures, net	175	275
Leased assets, net	–	77
Construction in progress	7	65
Property, plant and equipment total	206	459
Intangible assets		
Goodwill	180	155
Other	78	98
Intangible assets total	259	254
Investments and other assets		
Investment securities	311	345
Long-term loans receivable	25	20
Deferred tax assets	111	93
Other	121	90
Investments and other assets total	569	550
Non-current assets total	1,035	1,264
Assets total	7,934	7,855

(Million yen)

	As of December 31, 2018	As of December 31, 2019
Liabilities		
Current liabilities		
Accounts payable-trade	1,336	936
Short-term loans payable	1,174	1,249
Income taxes payable	41	19
Provision for bonuses	22	24
Provision for product warranties	42	58
Other	434	481
Current liabilities total	3,052	2,770
Non-current liabilities		
Long-term loans payable	4	-
Retirement benefit liability	144	131
Other	-	78
Non-current liabilities total	149	209
Liabilities total	3,201	2,980
Equity		
Shareholder's equity		
Capital stock	212	212
Capital surplus	261	261
Retained earnings	4,275	4,416
Treasury shares	(38)	(24)
Shareholder's equity total	4,710	4,866
Accumulated other comprehensive income		
Foreign currency translation adjustment	25	8
Remeasurements of defined benefit plans	(3)	(8)
Accumulated other comprehensive income total	22	0
Non-controlling interests	-	8
Equity total	4,732	4,875
Liabilities and equities total	7,934	7,855

(2) Consolidated income statements

(Million yen)

	For the year ended December 31, 2018	For the year ended December 31, 2019
Net sales	7,705	8,608
Cost of sales	5,079	5,547
Gross profit	2,626	3,061
Selling, general and administrative expenses	2,366	2,770
Operating profit	260	291
Non-operating income		
Interest income	2	2
Equity in earnings	146	152
Insurance premiums refunded cancellation	29	27
Other	7	7
Total of non-operating income	185	190
Non-operating expense		
Interest expense	26	26
Sales discounts	16	30
Foreign exchange losses	7	33
Tax dues	34	44
Settlement package	-	20
Compensation expense	11	-
Other	4	7
Total of non-operating expense	100	162
Ordinary profit	346	318
Extraordinary loss		
Loss on disposal of fixed assets	0	0
Total of extraordinary loss	0	0
Profit before income taxes	345	318
Income taxes-current	71	42
Income taxes-deferred	(1)	17
Total income taxes	69	60
Profit	275	258
Profit (Loss) attributable to non-controlling interests	(43)	7
Profit attributable to owners of parent	318	250

(3) Consolidated comprehensive income statements

(Million yen)

	For the year ended December 31, 2018	For the year ended December 31, 2019
Profit	275	258
Other comprehensive income		
Foreign currency translation adjustment	(18)	(12)
Remeasurements of defined benefit plans	(6)	(9)
Accounted for using equity method	(6)	(4)
Total other comprehensive income	(31)	(26)
Comprehensive income	243	231
Comprehensive income attributed to owners of parent	290	228
Comprehensive income attributable to non-controlling interests	(46)	2

(4) Consolidated cash flow statements

(Million yen)

	For the year ended December 31, 2018	For the year ended December 31, 2019
Cash flows from operating activities		
Profit before income taxes	345	318
Depreciation	219	136
Amortization of goodwill	9	18
Increase (decrease) in provision for product warranties	4	16
Increase (decrease) in provision for bonus	0	1
Increase (decrease) in allowance for doubtful accounts	3	(3)
Increase (decrease) in retirement benefit liability	(16)	(7)
Interest income	(2)	(2)
Interest expenses	26	26
Foreign exchange losses (gains)	28	47
Share of (profit) loss of entities accounted for using equity method	(146)	(152)
Insurance premiums refunded cancellation	(29)	(27)
Loss on disposal of fixed assets	0	0
Decrease (increase) in accounts receivable – trade	(267)	(199)
Decrease (increase) in inventory	(119)	31
Decrease (increase) in accounts receivable – other	(122)	61
Increase (decrease) in accounts payable – trade	(35)	(388)
Other	40	47
Subtotal	(60)	(77)
Interest and dividend income received	72	106
Interest expenses paid	(26)	(19)
Income tax paid	(136)	(63)
Net cash provided by (used in) operating activities	(151)	(53)
Cash flows from investing activities		
Decrease (increase) in long term deposit	(2)	(2)
Purchase of property, plant and equipment	(238)	(268)
Purchase of intangible asset	(76)	(48)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(85)	-
Loan advances	-	(206)
Collection of loans receivable	4	4
Payments for guarantee deposits	(55)	-
Purchase of insurance funds	(1)	-
Proceeds from cancellation of insurance funds	71	63
Other	3	0
Net cash provided by (used in) investing activities	(380)	(456)
Cash flows from financing activities		
Net increase (decrease) in short-term loan	109	96
Repayments of long-term loan	(20)	(29)
Proceeds from disposal of treasury shares	11	3
Proceeds from share issuance to non-controlling shareholders	-	5
Purchase of treasury shares	(0)	(0)
Cash dividends paid	(90)	(92)
Repayments of lease obligations	-	(14)
Net cash provided by (used in) financing activities	11	(31)
Effect of exchange rate change on cash and cash equivalents	(50)	(59)
Net increase (decrease) in cash and cash equivalents	(572)	(600)
Cash and cash equivalents at beginning of period	3,485	2,913
Cash and cash equivalents at end of period	2,913	2,312