

# Summary of Consolidated Financial Results for the second quarter of fiscal year 2020

under Japanese GAAP



August 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 filing the quarterly report: August 14, 2020  
 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 2020(January 1, 2020 – June 30, 2020)

### (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, 2020    | 4,101       | 2.5  | (27)             | -     | (294)           | -      | (53)                                    | -      |
| June 30, 2019    | 4,001       | 31.1 | 53               | 287.1 | 22              | (59.3) | 15                                      | (64.4) |

(Note)Comprehensive income

Six months ended June 30, 2020: (71) million yen(-%)

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

|                  | Earnings per share |  | Diluted earnings per share |  |
|------------------|--------------------|--|----------------------------|--|
|                  | Yen                |  | Yen                        |  |
| Six months ended |                    |  |                            |  |
| June 30, 2020    | (23.76)            |  | -                          |  |
| June 30, 2019    | 6.73               |  | 6.62                       |  |

### (2) Consolidated financial position

|                         | Total assets |  | Net assets  |  | Capital adequacy ratio |
|-------------------------|--------------|--|-------------|--|------------------------|
|                         | Million yen  |  | Million yen |  |                        |
| As of June 30, 2020     | 9,413        |  | 4,659       |  | 49.5                   |
| As of December 31, 2019 | 7,855        |  | 4,875       |  | 61.9                   |

(Reference)Equity capital:

As of June 30, 2020: 4,659 million yen

As of December 31, 2019: 4,866 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 2019            | -                    | 0.00                  | -                    | 34.00              | 34.00  |
| FY ending 2020            | -                    | 0.00                  | -                    | -                  | -      |
| FY ending 2020 (Forecast) | -                    | -                     | -                    | 40.00              | 40.00  |

Revisions to recent dividend forecast : None

## 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 parents |      | Earnings per share |
|-----------|-------------|------|------------------|------|-----------------|--------|--|------|--------------------|
|           | Million yen | %    | Million yen      | %    | Million yen     | %      | Million yen                              | %    | yen                |
| Full year | 9,886       | 14.8 | 573              | 97.0 | 262             | (17.7) | 366                                      | 46.0 | 162.92             |

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) : Yes

|                          |   |                |                         |
|--------------------------|---|----------------|-------------------------|
| Number of new companies: | 1 | (Company name) | ZOOM North America, LLC |
|--------------------------|---|----------------|-------------------------|

(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.: | None |
| b. Changes other than a.:                                 | None |
| c. Changes in accounting estimates:                       | None |
| 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, 2020     | 2,297,412 |
| As of December 31, 2019 | 2,297,412 |

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

|                         |        |
|-------------------------|--------|
| As of June 30, 2020     | 62,231 |
| As of December 31, 2019 | 11,231 |

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

|                                |           |
|--------------------------------|-----------|
| Six months ended June 30, 2020 | 2,261,934 |
| Six months ended June 30, 2019 | 2,279,906 |

\*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<br>31, 2019 | As of June<br>30, 2020 |
|--|----------------------------|------------------------|
| <b>Assets</b>                                |                            |                        |
| Current assets                               |                            |                        |
| Cash and deposits                            | 2,344                      | 2,686                  |
| Accounts receivable–trade                    | 1,346                      | 1,159                  |
| Merchandise and finished goods               | 2,063                      | 2,188                  |
| Raw materials and supplies                   | 102                        | 139                    |
| Other  | 762                        | 518                    |
| Allowance for doubtful accounts              | (26)                       | (31)                   |
| Current assets total                         | 6,591                      | 6,661                  |
| Non-currents assets                          |                            |                        |
| Property, plant and equipment                | 459                        | 507                    |
| Intangible assets                            |                            |                        |
| Goodwill                                     | 155                        | 1,469                  |
| Other  | 98                         | 108                    |
| Investments and other assets                 | 550                        | 666                    |
| Non-current assets total                     | 1,264                      | 2,752                  |
| Total assets                                 | 7,855                      | 9,413                  |
| <b>Liabilities</b>                           |                            |                        |
| Current liabilities                          |                            |                        |
| Accounts payable–trade                       | 936                        | 1,059                  |
| Short-term loans payable                     | 1,249                      | 1,689                  |
| Current portion of long-term loans payable   | –                          | 120                    |
| Income taxes payable                         | 19                         | 10                     |
| Provision for bonuses                        | 24                         | 30                     |
| Provision for product warranties             | 58                         | 58                     |
| Other  | 481                        | 546                    |
| Current liabilities total                    | 2,770                      | 3,514                  |
| Non-current liabilities                      |                            |                        |
| Long-term loans payable                      | –                          | 1,050                  |
| Net defined benefit liability                | 131                        | 127                    |
| Other  | 78                         | 62                     |
| Non-Current liabilities total                | 209                        | 1,239                  |
| Total liabilities                            | 2,980                      | 4,753                  |
| <b>Net assets</b>                            |                            |                        |
| Shareholder's equity                         |                            |                        |
| Capital stock                                | 212                        | 212                    |
| Capital surplus                              | 261                        | 261                    |
| Retained earnings                            | 4,416                      | 4,288                  |
| Treasury shares                              | (24)                       | (93)                   |
| Total shareholder's equity                   | 4,866                      | 4,668                  |
| Accumulated other comprehensive income       |                            |                        |
| Foreign currency translation adjustment      | 8                          | (1)                    |
| Remeasurements of defined benefit plans      | (8)                        | (7)                    |
| Total accumulated other comprehensive income | 0                          | (9)                    |
| Non-controlling interests                    | 8                          | –                      |
| Total net assets                             | 4,875                      | 4,659                  |
| Total liabilities and net assets             | 7,855                      | 9,413                  |

## (2) Consolidated quarterly income statements – second quarter

(Million yen)

|  | Six months ended<br>June 30, 2019 | Six months ended<br>June 30, 2020 |
|--|-----------------------------------|-----------------------------------|
| Net sales  | 4,001                             | 4,101                             |
| Cost of sales  | 2,598                             | 2,585                             |
| Gross profit   | 1,403                             | 1,516                             |
| Selling, general and administrative expenses                     | 1,350                             | 1,543                             |
| Operating profit (loss)  | 53                                | (27)                              |
| Non-operating income   |                                   |                                   |
| Interest income  | 1                                 | 0                                 |
| Share of profit of entities accounted for<br>using equity method | 36                                | -                                 |
| Refund of import duty  | -                                 | 3                                 |
| Insurance premiums refunded cancellation                         | 27                                | -                                 |
| Others   | 4                                 | 3                                 |
| Total of non-operating income                                    | 68                                | 7                                 |
| Non-operating expense  |                                   |                                   |
| Interest expense   | 12                                | 13                                |
| Sales discounts  | 15                                | 9                                 |
| Share of loss of entities accounted for<br>using equity method   | -                                 | 240                               |
| Foreign exchange losses  | 33                                | 7                                 |
| Tax dues   | 10                                | 2                                 |
| Settlement package   | 20                                | -                                 |
| Others   | 7                                 | 1                                 |
| Total of non-operating expense                                   | 100                               | 274                               |
| Ordinary profit (loss)   | 22                                | (294)                             |
| Extraordinary income   |                                   |                                   |
| Gain on step acquisitions  | -                                 | 178                               |
| Total of extraordinary income                                    | -                                 | 178                               |
| Profit (loss) before income taxes                                | 22                                | (116)                             |
| Income taxes   | 9                                 | (53)                              |
| Profit (loss)  | 12                                | (62)                              |
| Profit (loss) attributable to non-controlling interests          | (2)                               | (8)                               |
| Profit (loss) attributable to owners of parent                   | 15                                | (53)                              |

(3) Consolidated quarterly comprehensive income statements – second quarter

(Million yen)

|   | Six months ended<br>June 30, 2019 | Six months ended<br>June 30, 2020 |
|---|-----------------------------------|-----------------------------------|
| Profit (loss)   | 12                                | (62)                              |
| Other comprehensive income  |                                   |                                   |
| Foreign currency translation adjustment                           | (16)                              | (13)                              |
| Remeasurements of defined benefit plans                           | 0                                 | 1                                 |
| Accounted for using equity method                                 | (10)                              | 3                                 |
| Total other comprehensive income                                  | (26)                              | (9)                               |
| Comprehensive income  | (14)                              | (71)                              |
| Comprehensive income attributed to owners of parent               | (11)                              | (63)                              |
| Comprehensive income attributable<br>to non-controlling interests | (2)                               | (8)                               |

## (4) Consolidated quarterly cash flow statements – second quarter

(Million yen)

|  | Six months ended<br>June 30, 2019 | Six months ended<br>June 30, 2020 |
|--|-----------------------------------|-----------------------------------|
| Cash flows from operating activities   |                                   |                                   |
| Profit (loss) before income taxes  | 22                                | (116)                             |
| Depreciation   | 58                                | 90                                |
| Amortization of goodwill   | 9                                 | 42                                |
| Increase (decrease) in provision for product warranties                                  | 1                                 | (0)                               |
| Increase (decrease) in provision for bonus   | 3                                 | 5                                 |
| Increase (decrease) in allowance for doubtful accounts                                   | (2)                               | 4                                 |
| Increase (decrease) in defined benefit liability   | (17)                              | (3)                               |
| Interest income  | (1)                               | (0)                               |
| Interest expenses  | 28                                | 13                                |
| Foreign exchange losses (gains)  | 21                                | (13)                              |
| Share of (profit) loss of entities accounted for<br>using equity method                  | (36)                              | 240                               |
| Loss on step acquisitions (gains)  | -                                 | (178)                             |
| Insurance premiums refunded cancellation   | (27)                              | -                                 |
| Decrease (increase) in accounts receivable – trade                                       | (250)                             | 200                               |
| Decrease (increase) in inventory   | (44)                              | 277                               |
| Increase (decrease) in accounts payable – trade  | (353)                             | 122                               |
| Others   | 126                               | 3                                 |
| Subtotal   | (463)                             | 690                               |
| Interest and dividend income received  | 51                                | 15                                |
| Interest expenses paid   | (24)                              | (23)                              |
| Income tax paid  | (27)                              | (11)                              |
| Net cash provided by (used in) operating activities                                      | (463)                             | 670                               |
| Cash flows from investing activities   |                                   |                                   |
| Decrease (increase) in long term deposit   | (1)                               | (1)                               |
| Purchase of property, plant and equipment  | (100)                             | (100)                             |
| Purchase of intangible asset   | (42)                              | (10)                              |
| Purchase of investments in subsidiaries resulting in change<br>in scope of consolidation | -                                 | (1,072)                           |
| Proceeds from cancellation of insurance funds  | 63                                | -                                 |
| Others   | 2                                 | 0                                 |
| Net cash provided by (used in) investing activities                                      | (78)                              | (1,184)                           |
| Cash flows from financing activities   |                                   |                                   |
| Net increase (decrease) in short-term loan   | (163)                             | 460                               |
| Products from long-term loans payable  | -                                 | 1,200                             |
| Decrease in long-term loans payable  | (29)                              | (30)                              |
| Repayments of lease obligations  | (7)                               | (7)                               |
| Proceeds from share issuance to non-controlling shareholders                             | 2                                 | -                                 |
| Purchase of treasury shares  | -                                 | (69)                              |
| Cash dividends paid  | (98)                              | (77)                              |
| Dividend payments to non-controlling shareholders  | -                                 | (618)                             |
| Net cash provided by (used in) financing activities                                      | (296)                             | 858                               |
| Effect of exchange rate change on cash and cash equivalents                              | (47)                              | (3)                               |
| Net increase (decrease) in cash and cash equivalents                                     | (885)                             | 340                               |
| Cash and cash equivalents at beginning of period   | 2,913                             | 2,312                             |
| Cash and cash equivalents at end of period   | 2,027                             | 2,653                             |