

# Summary of Consolidated Financial Results for the Year Ended December 31, 2018

under Japanese GAAP



Feb 15, 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 the ordinary general meeting of shareholders: March 26, 2019  
 Scheduled date for commencement of dividend payment: March 27, 2019  
 Scheduled date for the submission of annual securities report: March 26, 2019  
 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 2018(January 1, 2018 – December 31, 2018)

### (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, 2018	7,705	22.3	260	(20.5)	346	(4.5)	318	10.4
December 31, 2017	6,300	5.6	327	48.2	362	77.0	288	61.0

(Note)Comprehensive income

For the ended December 31, 2018: 246 million yen ((8.2%))

For the ended December 31, 2017: 269 million yen (72.6%)

	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, 2018	140.31	137.35	6.9	4.7	3.4
December 31, 2017	133.19	126.32	6.7	5.6	5.2

(Reference)Equity in earnings of affiliates

For the ended December 31, 2018: 146 million yen

For the ended December 31, 2017: 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, 2018	7,934	4,732	59.6	2,075.82
As of December 31, 2017	6,804	4,520	66.4	2,004.57

(Reference)Shareholder's equity:

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

As of December 31, 2017: 4,520 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, 2018	(151)	(380)	11	2,913
December 31, 2017	364	(341)	211	3,485

## 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 2017	-	0.00	-	40.00	40.00	90	30.0	2.0
FY ending 2018	-	0.00	-	43.00	43.00	98	30.6	2.1
FY ending 2019 (Forecast)	-	0.00	-	63.00	63.00	-	-	-

### 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 parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
For the year ended December 31, 2019	8,540	10.8	616	136.3	673	94.4	473	48.5	207.62

#### ※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) Mogar Music S.p.A.

Number of excluded companies: -

(2)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

(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, 2018 2,297,412

As of December 31, 2017 2,297,412

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

As of December 31, 2018 17,506

As of December 31, 2017 42,083

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

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

For the year ended December 31, 2017 2,167,171

\*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 March 1, 2019. 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, 2017	As of December 31, 2018
<b>Assets</b>		
Current assets		
Cash and deposits	3,512	2,942
Accounts receivable – trade	703	1,161
Merchandise and finished goods	1,415	2,146
Raw materials and supplies	28	72
Deferred tax assets	51	64
Accounts receivable – other	294	460
Other	169	147
Allowance for doubtful accounts	–	(32)
Current assets total	6,174	6,963
Non-currents assets		
Property, plant and equipment		
Buildings and structures, net	15	24
Machinery, equipment and vehicles, net	0	0
Tools, furniture and fixtures, net	136	175
Construction in progress	3	7
Total property, plant and equipment	155	206
Intangible assets		
Goodwill	–	180
Other	28	78
Total intangible assets	28	259
Investments and other assets		
Investment securities	296	311
Long-term loans receivable	32	25
Deferred tax assets	17	46
Other	98	121
Total property, plant and equipment	445	505
Non-current assets total	629	970
Total assets	6,804	7,934

(Million yen)

	As of December 31, 2017	As of December 31, 2018
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	1,249	1,336
Short-term loans payable	678	1,174
Income taxes payable	102	41
Provision for bonuses	22	22
Provision for product warranties	34	42
Other	196	434
Current liabilities total	2,283	3,052
Non-current liabilities		
Long-term loans payable	-	4
Net defined benefit liability	-	144
Current liabilities total	-	149
Total liabilities	2,283	3,201
<b>Equity</b>		
Shareholder's equity		
Capital stock	212	212
Capital surplus	296	262
Retained earnings	4,054	4,275
Treasury shares	(92)	(38)
Total shareholder's equity	4,470	4,710
Accumulated other comprehensive income		
Foreign currency translation adjustment	50	25
Remeasurements of defined benefit plans	-	(3)
Total accumulated other comprehensive income	50	22
Non-controlling interests	-	-
Total equity	4,520	4,732
Liabilities and equities total	6,804	7,934

## (2) Consolidated income statements

(Million yen)

	For the year ended December 31, 2017	For the year ended December 31, 2018
Net sales	6,300	7,705
Cost of sales	4,115	5,079
Gross profit	2,185	2,626
Selling, general and administrative expenses	1,857	2,366
Operating profit	327	260
Non-operating income		
Interest income	1	2
Equity in earnings	146	146
Insurance premiums refunded cancellation	-	29
Others	0	7
Total of non-operating income	149	185
Non-operating expense		
Interest expense	10	42
Foreign exchange losses	26	7
Tax dues	56	34
Compensation expense	-	11
Listing related expenses	20	-
Others	0	4
Total of non-operating expense	114	100
Ordinary profit	362	346
Extraordinary income		
Gain on sales of investment securities	2	-
Total of extraordinary income	2	-
Extraordinary loss		
Loss on disposal of fixed assets	0	0
Total of extraordinary loss	0	0
Profit before income taxes	364	345
Income taxes-current	100	71
Income taxes-deferred	(23)	(1)
Total income taxes	76	69
Profit	288	275
Profit attributable to non-controlling interests (Loss)	-	(43)
Profit attributable to owners of parent	288	318

### (3) Consolidated comprehensive income statements

(Million yen)

	For the year ended December 31, 2017	For the year ended December 31, 2018
Profit	288	275
Other comprehensive income		
Foreign currency translation adjustment	(12)	(18)
Remeasurements of defined benefit plans	-	(3)
Accounted for Using Equity Method	(7)	(6)
Total other comprehensive income	(19)	(28)
Comprehensive income	269	246
Comprehensive income attributed to owners of parent	269	293
Comprehensive income attributable to non-controlling interests	-	(46)

## (4) Consolidated cash flow statements

(Million yen)

	For the year ended December 31, 2017	For the year ended December 31, 2018
<b>Cash flows from operating activities</b>		
Profit before income taxes	364	345
Depreciation	221	219
Amortization of goodwill	-	9
Increase (decrease) in provision for product warranties	(0)	4
Increase (decrease) in provision for bonus	12	0
Increase (decrease) in allowance for doubtful accounts	-	3
Increase (decrease) in defined benefit liability	-	(16)
Interest income	(1)	(2)
Interest expenses	10	42
Foreign exchange losses (gains)	(6)	28
Share of (profit) loss of entities accounted for using equity method	(146)	(146)
Insurance premiums refunded cancellation	-	(29)
Loss (gain) on valuation of investment securities	(2)	-
Loss on disposal of fixed assets	0	0
Decrease (increase) in accounts receivable – trade	149	(267)
Decrease (increase) in inventory	(457)	(119)
Decrease (increase) in accounts receivable – other	(96)	(122)
Increase (decrease) in accounts payable – trade	185	(35)
Others	47	40
Subtotal	282	(44)
Interest and dividend income received	78	72
Interest expenses paid	(11)	(42)
Income tax paid	13	(136)
<b>Net cash provided by (used in) operating activities</b>	<b>364</b>	<b>(151)</b>
<b>Cash flows from investing activities</b>		
Decrease (increase) in long term deposit	(2)	(2)
Purchase of property, plant and equipment	(250)	(238)
Purchase of intangible asset	(2)	(76)
Proceeds from sales of investment securities	7	-
Purchase of investments in subsidiaries resulting in change in scope of consolidation	-	(85)
Payment of loans receivable	(172)	-
Collection of loans receivable	84	4
Payments for guarantee deposits	(1)	(55)
Purchase of insurance funds	(3)	(1)
Proceeds from cancellation of insurance funds	-	71
Others	-	3
<b>Net cash provided by (used in) investing activities</b>	<b>(341)</b>	<b>(380)</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loan	3	109
Decrease in short-term loans payable	-	(20)
Proceeds from issuance of common shares	340	-
Proceeds from disposal of treasury shares	-	11
Purchase of treasury shares	(92)	(0)
Cash dividends paid	(39)	(90)
<b>Net cash provided by (used in) financing activities</b>	<b>211</b>	<b>11</b>
Effect of exchange rate change on cash and cash equivalents	(43)	(50)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>190</b>	<b>(572)</b>
Cash and cash equivalents at beginning of period	3,295	3,485
Cash and cash equivalents at end of period	3,485	2,913