Translation

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Summary of Consolidated Financial Results for the Six Months Ended June 30, 2020 (Based on Japanese GAAP)

August 6, 2020

Company name: Altech Corporation
Stock exchange listing: Tokyo
Stock code: 4641 URL https://www.alpsgiken.co.jp/
Representative: President Atsushi Imamura
Inquiries: Director General Manager Akira Kouno TEL 042(774)3333
Scheduled date to file Quarterly Securities Report: August 7, 2020
Scheduled date to commence dividend payments: September 18, 2020
Preparation of supplementary material on quarterly financial results: Yes
Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended June 30, 2020 (from January 1, 2020 to June 30, 2020)

(1) Consolidated operating results (cumulative) Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended June 30, 2020	17,483	5.4	1,785	8.6	2,139	26.4	1,426	18.3
Six months ended June 30, 2019	16,589	5.5	1,644	0.4	1,692	1.9	1,206	(3.2)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended June 30, 2020	69.48	–
Six months ended June 30, 2019	57.66	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2020	18,833	11,736	62.2
As of December 31, 2019	19,471	12,165	62.4

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended December 31, 2019	–	35.00	–	38.00	–
Year ending December 31, 2020	–	35.00			
Year ending December 31, 2020 (Forecast)			–	35.00	70.00

3. Forecast of consolidated financial results for the year ending December 31, 2020 (from January 1, 2020 to December 31, 2020)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	38,320	5.4	4,270	6.4	4,270	4.2	2,910	0.1	139.02

4. Notes

(1) Changes in significant subsidiaries during the six months ended June 30, 2020 (changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Application of special accounting methods for preparing quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations:	No
Changes in accounting policies due to other reasons:	No
Changes in accounting estimates:	No
Restatement of prior period financial statements:	No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2020	24,746,675 shares	As of December 31, 2019	24,746,675 shares

Number of treasury shares at the end of the period

As of June 30, 2020	4,287,637 shares	As of December 31, 2019	3,797,910 shares

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended June 30, 2020	20,538,478 shares	Six months ended June 30, 2019	20,921,946 shares

Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2019	As of June 30, 2020
Assets		
Current assets		
Cash and deposits	7,442,059	6,806,630
Notes and accounts receivable - trade	5,382,018	5,042,430
Work in process	155,568	135,820
Raw materials and supplies	961	961
Other	426,694	739,491
Allowance for doubtful accounts	(2,115)	(2,123)
Total current assets	13,405,188	12,723,210
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,013,586	3,016,902
Accumulated depreciation	(1,286,261)	(1,333,295)
Buildings and structures, net	1,727,325	1,683,607
Land	1,449,757	1,451,803
Other	397,364	403,995
Accumulated depreciation	(317,000)	(329,648)
Other, net	80,364	74,347
Total property, plant and equipment	3,257,447	3,209,758
Intangible assets		
Goodwill	277,321	248,129
Other	160,120	154,626
Total intangible assets	437,442	402,756
Investments and other assets		
Investment securities	1,020,504	929,015
Shares of subsidiaries and associates	–	97,500
Deferred tax assets	643,338	774,694
Other	928,485	919,312
Accumulated depreciation	(220,968)	(222,873)
Other,net	707,517	696,438
Total investments and other assets	2,371,360	2,497,648
Total non-current assets	6,066,250	6,110,163
Total assets	19,471,438	18,833,374

(Thousands of yen)

	As of December 31, 2019	As of June 30, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	112,052	63,344
Short-term borrowings	700,000	700,000
Accounts payable - other	1,559,567	1,323,912
Income taxes payable	864,974	905,294
Provision for bonuses	1,333,112	1,685,120
Provision for bonuses for directors (and other officers)	32,085	12,932
Other	2,386,442	2,087,028
Total current liabilities	6,988,234	6,777,633
Non-current liabilities		
Retirement benefit liability	206,035	199,559
Other	111,430	119,395
Total non-current liabilities	317,466	318,954
Total liabilities	7,305,700	7,096,588
Net assets		
Shareholders' equity		
Share capital	2,347,163	2,347,163
Capital surplus	3,060,564	3,066,215
Retained earnings	10,425,509	11,056,439
Treasury shares	(3,963,015)	(5,013,148)
Total shareholders' equity	11,870,221	11,456,670
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	257,173	246,032
Foreign currency translation adjustment	15,021	10,128
Total accumulated other comprehensive income	272,195	256,160
Non-controlling interests	23,321	23,955
Total net assets	12,165,737	11,736,785
Total liabilities and net assets	19,471,438	18,833,374

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended June 30, 2019	Six months ended June 30, 2020
Net sales	16,589,340	17,483,725
Cost of sales	12,291,991	13,274,548
Gross profit	4,297,349	4,209,176
Selling, general and administrative expenses	2,653,225	2,423,374
Operating profit	1,644,123	1,785,802
Non-operating income		
Interest income	1,514	2,164
Dividend income	16,459	14,265
Subsidy income	13,062	303,057
Rental income	18,313	2,103
Compensation income	–	43,503
Foreign exchange gains	119	–
Other	22,569	25,033
Total non-operating income	72,037	390,129
Non-operating expenses		
Interest expenses	1,960	923
Rental cost	7,151	17,393
Foreign exchange losses	–	5,519
Other	14,629	12,205
Total non-operating expenses	23,742	36,042
Ordinary profit	1,692,418	2,139,888
Extraordinary income		
Gain on sales of non-current assets	84	183
donation income	100,000	100,000
Total extraordinary income	100,084	100,183
Extraordinary losses		
Loss on sales of non-current assets	425	–
Loss on retirement of non-current assets	2	0
Loss on valuation of investment securities	1,171	79,214
Total extraordinary losses	1,599	79,214
Profit before income taxes	1,790,903	2,160,857
Income taxes - current	604,268	864,981
Income taxes - deferred	(19,949)	(131,839)
Total income taxes	584,319	733,141
Profit	1,206,584	1,427,715
Profit attributable to non-controlling interests	181	732
Profit attributable to owners of parent	1,206,402	1,426,983

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended June 30, 2019	Six months ended June 30, 2020
Profit	1,206,584	1,427,715
Other comprehensive income		
Valuation difference on available-for-sale securities	(40,823)	(11,141)
Foreign currency translation adjustment	(19,508)	(4,992)
Total other comprehensive income	(60,331)	(16,133)
Comprehensive income	1,146,252	1,411,582
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,146,777	1,410,948
Comprehensive income attributable to non-controlling interests	(525)	633