Consolidated Financial Results for the Second Quarter Ended December 31, 2019 (Japanese GAAP)

February 3, 2020

Company name:	Lasertec Corporation
Stock exchange listing:	Tokyo Stock Exchange
Code:	6920
URL:	https://www.lasertec.co.jp/
Representative:	Osamu Okabayashi Representative Director and President
Contact for inquiries:	Shu Uchiyama Managing Director and Chief Administrative Officer Phone: +81-45-478-7111
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Preparation of supplementary material for financial results:	Yes
Financial results briefing:	Yes (for analysts and institutional investors)

(Figures less than a million yen are rounded down.)

1. Consolidated financial results for the six-month period ended December 31, 2019

(1) Consolidated operating results

(The percentage figures indicate changes from the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
Six months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
December 31, 2019	19,948	18.5	7,988	55.2	7,948	54.3	5,593	45.3
December 31, 2018	16,837	61.1	5,148	57.1	5,150	56.4	3,848	59.3

(Note) Comprehensive income: Six months ended December 31, 2019: 5,707 million yen [52.0%]
Six months ended December 31, 2018: 3,755 million yen [45.0%]

	Net income per share	Net income per share, fully diluted
Six months ended	Yen	Yen
December 31, 2019	62.03	61.98
December 31, 2018	42.67	42.64

(Notes) Effective January 1, 2020, the company split its common stock 2 for 1 in accordance with the resolution of the Board of Directors dated November 25, 2019. The figures of "net income per share" and "net income per share, fully diluted" are calculated as if the stock split took place at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
December 31, 2019	60,766	35,417	58.2	392.51
June 30, 2019	50,055	31,107	62.1	344.72

(Reference) Equity: December 31, 2019: 35,395 million yen, June 30, 2019: 31,086 million yen

(Note) Effective January 1, 2020, the company split its common stock 2 for 1 in accordance with the resolution of the Board of Directors dated November 25, 2019. The figures of "net assets per share" are calculated as if the stock split took place at the beginning of the previous fiscal year.

2. Dividends

	Dividend per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended June 30, 2019	--	16.00	--	31.00	47.00
Fiscal year ending June 30, 2020	--	31.00			
Fiscal year ending June 30, 2020 (Forecast)			--	24.00	--

(Note) Revision to forecast of dividends since the last announcement: No
Effective January 1, 2020, the company split its common stock 2 for 1 in accordance with the resolution of the Board

of Directors dated November 25, 2019. The figure of year-end dividend per share for the fiscal year ending June 30, 2020 (forecast) is calculated based on the number of issued shares after the stock split. The figure would be 48 yen if it were calculated using the number of issued shares before the stock split. The figure of total dividend per share for the fiscal year ending June 30, 2020 (forecast) is not shown here because its calculation is too complicated due to the stock split.

3. Forecast of consolidated financial results for the year ending June 30, 2020

(The percentage figures indicate changes from the same period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Annual	40,000	39.0	14,000	76.3	14,000	78.7	10,000	68.5	110.89

(Note) Revision to forecast of financial results since the last announcement: Yes
Effective January 1, 2020, the company split its common stock 2 for 1 in accordance with the resolution of the Board of Directors dated November 25, 2019. The figure of net income per share in this forecast is calculated based on the number of issued shares after the stock split (excluding treasury shares).

※ Notes

(1) Significant changes of subsidiaries during the period (changes of specified subsidiaries accompanying changes in the scope of consolidation): None

Number of subsidiaries added to consolidation: None (Company names: --),
Number of subsidiaries excluded from consolidation: None (Company names: --)

(2) Application of special accounting procedures to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policy, changes or restatement of accounting estimates
① Changes in accounting policy due to revision of accounting standards: None
② Changes in accounting policy other than ①: Yes
③ Changes in accounting estimates: None
④ Restatement due to revision: None
(Note) For details, see "(4) Notes to consolidated financial statements (Changes in accounting policy)" on page 9 of the attached supplementary material.

(4) Number of issued shares (common stock):

(Shares)

① Number of issued shares at the end of the period (including treasury shares)	December 31, 2019	94,286,400	June 30, 2019	94,286,400
② Number of treasury shares at the end of the period	December 31, 2019	4,108,486	June 30, 2019	4,108,392
③ Average number of shares during the period ended	December 31, 2019	90,177,965	December 31, 2018	90,178,160

(Note) Effective January 1, 2020, the company split its common stock 2 for 1 in accordance with the resolution of the Board of Directors dated November 25, 2019. The figures in this table of the number of issued shares (common stock) are calculated as if the stock split took place at the beginning of the previous fiscal year.

※ **This report of financial results is not subject to auditing by certified public accountants.**

※ **Statement about proper use of forecast of financial results and other special notes**

The forecast of financial results provided in this report is based on the information currently available to the company and based on certain assumptions it has judged as reasonable. Actual results may differ materially from the forecast due to various factors.

Lasertec will give a presentation of financial results to analysts and institutional investors on February 4, 2020. The presentation materials provided at this meeting will be available on our website.

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1. Qualitative information concerning this quarterly report

(1) Information concerning operating results

During the six-months period ended December 31, 2019, the global economy maintained steady growth, albeit at slower pace, but uncertainty increased in its outlook amid the growing tide of protectionist trade policies, as exemplified by the US-China trade friction, and heightening tension in geopolitics.

In the semiconductor industry, our primary market, the demand for chips in PC and data center applications remained sluggish due to a shortage of central processing units (CPUs). The volume of smartphone shipments also declined for the second year in a row. Memory manufacturers curtailed the production of memories used for data storage and restrained capital investments in the midst of protracted price falls. However, in the area of leading-edge semiconductors, extreme ultraviolet (EUV) lithography was entering its volume manufacturing stage, and major device manufacturers and mask blank suppliers continued to invest in EUV-related businesses in earnest.

Under these circumstances, our consolidated net sales in the six-month period ended December 31, 2019 totaled 19,948 million yen (up 18.5% year-on-year).

By product segment, semiconductor-related products accounted for 15,866 million yen (up 29.3% year-on-year), other products for 1,316 million yen (down 47.0% year-on-year), and services for 2,765 million yen (up 33.1% year-on-year).

As for consolidated income for this period, we recorded an operating income of 7,988 million yen (up 55.2% year-on-year), an ordinary income of 7,948 million yen (up 54.3% year-on-year), and a 5,593 million-yen net income attributable to owners of parent (up 45.3% year-on-year).

(2) Information concerning financial position

① Financial position

Total assets at the end of the period amounted to 60,766 million yen, up 10,710 million yen from the end of the previous fiscal year. This is mainly due to a 6,328 million yen increase in work in process, a 2,108 million yen increase in notes and accounts receivable-trade, and a 1,121 million yen increase in cash and deposits.

Liabilities at the end of the period amounted to 25,349 million yen, up 6,400 million yen from the end of the previous fiscal year. This is mainly due to a 2,654 million yen increase in advances received, a 1,726 million yen increase in other current liabilities, and a 1,302 million yen increase in accounts payable-trade.

Net assets, which consist of shareholders' equity, accumulated other comprehensive income, and subscription right to shares, amounted to 35,417 million yen. The capital-to-asset ratio was 58.2%.

② Cash flows

Cash and cash equivalents at the end of the period amounted to 14,241 million yen, up 1,120 million yen from the end of the previous fiscal year. Following is the status of cash flows and their contributing factors during the six-month period.

Net cash provided by operating activities amounted to 4,073 million yen (down 38.4% year-on-year). This is mainly because the sum of cash receipt, such as 7,948 million yen in income before income taxes, a 3,010 million yen increase in "other, net," and a 2,633 million yen increase in advances received, exceeded the sum of cash payment, such as a 6,736 million yen increase in inventories, a 2,081 million yen in notes and accounts receivable-trade, and 1,479 million yen used for income taxes paid.

Net cash used in investing activities amounted to 1,588 million yen (up 482.0% year-on-year). This is mainly due to 1,003 million yen used for purchase of property, plant and equipment, and 576 million yen used for purchase of intangible assets.

Net cash used in financing activities amounted to 1,400 million yen (up 41.0% year-on-year). This is mainly due to 1,397 million yen used for cash dividends paid.

(3) Information concerning forecast of consolidated financial results

We have not revised our sales forecast for the full year announced on August 7, 2019. As for income

forecast, operating income is expected to be higher than the previous forecast due to the restraints of selling, general and administrative expenses. However, the forecast of net income is not revised since we expect a higher-than-expected tax obligation as a result of reduced R&D and other tax-deductible expenses.

2. Consolidated financial statements and notes

(1) Consolidated balance sheet

(In thousands of yen)

	Previous (As of June 30,2019)	Current (As of December 31, 2019)
Assets		
Current assets		
Cash and deposits	13,185,860	14,307,230
Notes and accounts receivable-trade	4,313,818	6,422,497
Work in process	15,479,479	21,808,266
Raw materials and supplies	3,278,609	3,702,726
Other	3,589,280	3,844,227
Allowance for doubtful accounts	(5,990)	(8,492)
Total current assets	39,841,058	50,076,456
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	2,457,654	2,412,144
Machinery, equipment and vehicles, net	1,030,031	880,828
Tools, furniture and fixtures, net	309,310	392,610
Leased assets, net	3,190	24,420
Land	4,254,773	4,254,773
Construction in progress	--	1,029
Total property, plant and equipment	8,054,960	7,965,806
Intangible assets	462,664	912,331
Investments and other assets		
Investment securities	478,373	597,885
Deferred tax assets	1,113,574	1,099,356
Other	105,135	114,407
Allowance for doubtful accounts	(95)	--
Total investments and other assets	1,696,987	1,811,648
Total noncurrent assets	10,214,612	10,689,786
Total assets	50,055,671	60,766,243

(In thousands of yen)

	Previous (As of June 30, 2019)	Current (As of December 31, 2019)
Liabilities		
Current liabilities		
Accounts payable-trade	1,843,695	3,146,355
Income taxes payable	1,433,588	2,359,648
Advances received	12,234,776	14,889,025
Provision for bonuses	--	78,312
Provision for directors' bonuses	281,800	311,100
Provision for product warranties	327,991	114,755
Provision for quality compensation	230,344	105,594
Other	2,081,210	3,807,439
Total current liabilities	18,433,406	24,812,231
Noncurrent liabilities		
Net defined benefit liability	227,931	251,566
Asset retirement obligations	218,939	219,006
Other	67,888	66,331
Total noncurrent liabilities	514,758	536,904
Total liabilities	18,948,164	25,349,135
Net assets		
Shareholders' equity		
Capital stock	931,000	931,000
Capital surplus	1,080,360	1,080,360
Retained earnings	29,985,983	34,181,746
Treasury stock	(977,387)	(977,713)
Total shareholders' equity	31,019,955	35,215,392
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	221,898	305,185
Foreign currency translation adjustment	(155,846)	(124,969)
Total accumulated other comprehensive income	66,051	180,216
Subscription rights to shares	21,498	21,498
Total net assets	31,107,506	35,417,107
Total liabilities and net assets	50,055,671	60,766,243

(2) Consolidated statement of income and consolidated statement of comprehensive income

(Consolidated statement of income)

(First six months of the fiscal year)

(In thousands of yen)

	Previous (July 1, 2018 thru December 31, 2018)	Current (July 1, 2019 thru December 31, 2019)
Net sales	16,837,945	19,948,645
Cost of sales	7,334,168	8,279,332
Gross profit	9,503,776	11,669,313
Selling, general and administrative expenses	4,355,000	3,680,418
Operating income	5,148,775	7,988,894
Non-operating income		
Interest income	2,977	2,213
Dividend income	6,124	6,596
Rent income on non-current assets	1,101	1,048
Other	4,134	4,289
Total non-operating income	14,339	14,148
Non-operating expenses		
Loss on retirement of non-current assets	10	110
Foreign exchange losses	12,158	54,422
Other	527	213
Total non-operating expenses	12,696	54,745
Ordinary income	5,150,418	7,948,297
Income before income taxes	5,150,418	7,948,297
Income taxes-current	1,568,262	2,375,759
Income taxes-deferred	(266,158)	(20,984)
Total income taxes	1,302,103	2,354,775
Net income	3,848,314	5,593,521
Net income attributable to owners of parent	3,848,314	5,593,521

(Consolidated statement of comprehensive income)
(First six months of the fiscal year)

(In thousands of yen)

	Previous (July 1, 2018 thru December 31, 2018)	Current (July 1, 2019 thru December 31, 2019)
Net income	3,848,314	5,593,521
Other comprehensive income		
Valuation difference on available-for-sale securities	(97,753)	83,287
Foreign currency translation adjustment	4,818	30,876
Total other comprehensive income	(92,934)	114,164
Comprehensive income	3,755,379	5,707,685
Comprehensive income attributable to owners of parent	3,755,379	5,707,685
Comprehensive income attributable to non-controlling interests	--	--

(3) Consolidated statement of cash flows

(In thousands of yen)

	Previous (July 1, 2018 thru December 31, 2018)	Current (July 1, 2019 thru December 31, 2019)
Cash flows from operating activities		
Income before income taxes	5,150,418	7,948,297
Depreciation and amortization	223,114	410,862
Loss on retirement of non-current assets	10	110
Increase (decrease) in allowance for doubtful accounts	622	2,362
Increase (decrease) in provision for bonuses	91,202	72,753
Increase (decrease) in provision for directors' bonuses	(54,000)	29,300
Increase (decrease) in provision for product warranties	173,682	(213,394)
Increase (decrease) in provision for quality compensation	459,907	(124,749)
Increase (decrease) in net defined benefit liability	47,718	22,931
Interest and dividend income	(9,102)	(8,810)
Foreign exchange losses (gains)	18,731	(16,720)
Decrease (increase) on notes and accounts receivable-trade	(659,253)	(2,081,620)
Decrease (increase) in inventories	(1,138,952)	(6,736,620)
Increase (decrease) in accounts payable-trade	391,304	595,550
Increase (decrease) in advances received	2,356,581	2,633,143
Other, net	133,116	3,010,604
Sub-total	7,185,102	5,543,999
Interest and dividend income received	9,098	8,806
Income taxes paid	(576,513)	(1,479,011)
Net cash provided by (used in) operating activities	6,617,688	4,073,793
Cash flows from investing activities		
Purchase of property, plant and equipment	(203,623)	(1,003,818)
Purchase of intangible assets	(22,598)	(576,601)
Proceeds from sales of intangible assets	--	89
Payments for guarantee deposits	(46,735)	--
Other, net	--	(8,160)
Net cash provided by (used in) investing activities	(272,958)	(1,588,490)
Cash flows from financing activities		
Cash dividends paid	(991,960)	(1,397,759)
Other, net	(1,034)	(2,798)
Net cash provided by (used in) financing activities	(992,995)	(1,400,558)
Effect of exchange rate change on cash and cash equivalents	(24,106)	35,714
Net increase (decrease) in cash and cash equivalents	5,327,627	1,120,459
Cash and cash equivalents at beginning of period	10,107,234	13,120,550
Cash and cash equivalents at end of period	15,434,861	14,241,010

(4) Notes to consolidated financial statements

(Note on going concern)

None

(Note on significant changes in the amount of shareholders' equity)

None

(Changes in accounting policy)

(Adoption of accounting standard for revenue recognition and others)
Since ASBJ Statement No. 29 Accounting Standard for Revenue Recognition and ASBJ Guidance No. 30 Implementation Guidance on Accounting Standard for Revenue Recognition are adoptable from the first quarter of a fiscal year that starts on April 1, 2018 or later, we have chosen to adopt them from the first quarter of this fiscal year. As a result, we now recognize the revenue of goods or service in the amount we expect to receive in exchange when the control of such goods or service promised is transferred to the customer. As such, the following changes have been introduced:

(1) Product sale
In product sale transactions, the obligation of warranty service is treated separately from the obligation of product sale. We recognize the revenue of product sale when the control of asset is transferred to the customer whereas we recognize the revenue of warranty service step by step as we fulfill our obligation over the warranty period.

(2) Out-of-warranty maintenance service
With respect to out-of-warranty maintenance service, we recognize revenue either when we fulfill our obligation by transferring the control of service to the customer or as we fulfill our obligation step by step over the period of maintenance agreement.

We have adopted the Accounting Standard for Revenue Recognition and its Implementation Guidance in accordance with the provisional accounting procedure for the adoption of the accounting standard set forth in the proviso of Section 84 of ASBJ Statement No. 29. According to this procedure, the cumulative effect from the adoption of the new accounting standard for the periods prior to this fiscal year is reflected on retained earnings on the balance sheet at the beginning of this fiscal year, and the new accounting standard is applied to the new balance of retained earnings. However, we also employ the method set forth in Section 86 of ASBJ Statement No. 29, and the new accounting standard is not applied retrospectively to the contracts whose revenue was recognized almost entirely prior to the beginning of this fiscal year.

As a result of this change, the amount of net sales is lowered by 770,102 thousand yen, and those of operating income, ordinary income and net income are each lowered by 601,827 thousand yen on the consolidated financial statements for the six-month period ended December 31, 2019. There is no effect from this change on the amount of retained earnings at the beginning of this fiscal year.

(Material subsequent events)

(Stock split and partial amendment to articles of incorporation)
As of January 1, 2020, we implemented a stock split and partially amended the articles of incorporation in accordance with the Board of Directors resolution dated November 25, 2019.

1. Purpose of stock split and partial amendment to articles of incorporation
The purpose of the stock split is to increase the liquidity of our stock and make it more accessible to a larger number of investors, thereby broadening our shareholder base.

2. Outline of stock split
(1) Method of split
Each share of the common stock owned by the shareholders of record on the final Register of Shareholders as of the Record Date, December 31, 2019 (December 30, 2019 in terms of trading date), was split into two shares.

(2) Increase in the number of shares due to split
① Total number of issued shares before the stock split: 47,143,200

② Number of increased shares due to the stock split: 47,143,200
③ Total number of issued shares after the stock split: 94,286,400
④ Total number of authorized shares after the stock split: 256,000,000

(3) Schedule
① Public notice of Record Date: December 13, 2019
② Record Date: December 31, 2019
③ Effective date of the stock split: January 1, 2020

(4) Effect on per share figures
"Per share" figures are calculated as if the stock split took place at the beginning of the previous fiscal year, and its effect is described where applicable.

3. Partial amendment to articles of incorporation
(1) Reason for amendment
Because of the stock split, we partially amended the Articles of Incorporation as described below as of January 1, 2020 in accordance with Article 184 Paragraph 2 of the Companies Act.

(2) Description of Amendment

(The part changed by amendment is underlined)

Current	After Amendment
Articles 1 through 5. *(Paragraphs omitted)* **Article 6.** (Total number of authorized shares) The total number of shares the company is authorized to issue is 128,000,000. **Articles 7 through 50.** *(Paragraphs omitted)* (New Addition)	**Articles 1 through 5.** *(Paragraphs unchanged)* **Article 6.** (Total number of authorized shares) The total number of shares the company is authorized to issue is 256,000,000. **Articles 7 through 50.** *(Paragraphs unchanged)* **Supplementary Clause 24.** This amendment to the Articles of Incorporation shall become effective as of January 1, 2020.

(3) Schedule
① Date of resolution by Board of Directors: November 25, 2019
② Effective date: January 1, 2020

4. Miscellaneous
There is no change to the amount of capital as a result of this stock split.

3. Supplementary information

(1) Production by category

Production by category for the first six months of the fiscal year is as follows.

(In thousands of yen)

Category	(July 1, 2019 thru December 31, 2019) Previous	Current	Year-on-year increase (%)
Finished goods			
Semiconductor-related products	16,745,861	29,374,680	75.4
Other products	1,780,562	1,393,973	(21.7)
Subtotal	18,526,423	30,768,653	66.1
Services	2,077,380	2,765,479	33.1
Total	20,603,804	33,534,132	62.8

(Notes)
1. Numbers shown above are based on sales prices.
2. Consumption taxes are not included.

(2) Orders and backlog by category

Orders and backlog by category for the first six months of the fiscal year are as follows.

(In thousands of yen)

Category	(July 1, 2019 thru December 31, 2019) Orders Previous	Orders Current	Year-on-year increase (%)	Backlog Previous	Backlog Current	Year-on-year increase (%)
Finished goods						
Semiconductor-related products	23,341,468	37,671,183	61.4	45,532,667	73,846,288	62.2
Other products	772,384	660,088	(14.5)	2,964,044	1,941,618	(34.5)
Subtotal	24,113,852	38,331,272	59.0	48,496,711	75,787,907	56.3
Services	2,153,515	2,925,391	35.8	813,905	1,081,010	32.8
Total	26,267,367	41,256,663	57.1	49,310,617	76,868,918	55.9

(Notes)
1. Numbers shown above are based on sales prices.
2. Orders reflect adjustment for cancellation and other changes.
3. Consumption taxes are not included.

(3) Sales by category

Sales by category for the first six months of the fiscal year are as follows.

(In thousands of yen)

Category	(July 1, 2019 thru December 31, 2019) Previous	Current	Year-on-year increase (%)
Finished goods			
Semiconductor-related products	12,275,074	15,866,839	29.3
Other products	2,485,489	1,316,326	(47.0)
Subtotal	14,760,564	17,183,166	16.4
Services	2,077,380	2,765,479	33.1
Total	16,837,945	19,948,645	18.5

(Note) Consumption taxes are not included.