Consolidated Financial Results for the Third Quarter Ended March 31, 2020 (Japanese GAAP)

April 28, 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:	No

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

1. Consolidated financial results for the nine-month period ended March 31, 2020

(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	
Nine months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2020	25,601	19.2	8,864	54.4	8,915	56.9	6,310	46.9
March 31, 2019	21,479	36.5	5,740	25.2	5,681	25.9	4,296	27.9

(Note) Comprehensive income: Nine months ended March 31, 2020: 6,264 million yen [48.8%]
Nine months ended March 31, 2019: 4,209 million yen [22.8%]

	Net income per share	Net income per share, fully diluted
Nine months ended	Yen	Yen
March 31, 2020	69.97	69.91
March 31, 2019	47.64	47.60

(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
March 31, 2020	78,597	34,576	44.0	383.18
June 30, 2019	50,055	31,107	62.1	344.72

(Reference) Equity: March 31, 2020: 34,554 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: 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 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)	March 31, 2020	94,286,400	June 30, 2019	94,286,400
② Number of treasury shares at the end of the period	March 31, 2020	4,108,486	June 30, 2019	4,108,392
③ Average number of shares during the period ended	March 31, 2020	90,177,948	March 31, 2019	90,178,118

(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.

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1. Qualitative information concerning this quarterly report

(1) Information concerning operating results

During the nine-month period ended March 31, 2020, the global economy maintained steady growth earlier despite US-China trade frictions and uncertainties in the Middle East, but the situation has changed dramatically due to the spread of COVID-19 throughout the world. The pandemic has already caused significant disruptions to economic activities, and with no end in sight, its growing impact on real economy is becoming a serious concern.

The situation in the semiconductor industry, our primary market, is as follows. With the spread of COVID-19, the demand for smartphones and consumer products will likely decline, but the demand for data center (DC) application is expected to increase, driven by the growth of telecommuting, e-commerce and gaming. The price falls of memory chips used for data storage are coming to an end due to production cuts by manufacturers and the increased demand for DC application, and there is a high expectation for the resumption of capital investments by memory manufacturers. In the area of leading-edge logic devices, extreme-ultraviolet (EUV) lithography, which is expected to be the next-generation lithography, is entering its high-volume manufacturing stage, and major device manufacturers and mask blank suppliers continue to invest in EUV-related businesses in earnest.

Under these circumstances, our consolidated net sales in the nine-month period ended March 31, 2020 totaled 25,601 million yen (up 19.2% year-on-year).

By product segment, semiconductor-related products accounted for 19,403 million yen (up 34.5% year-on-year), other products for 1,807 million yen (down 52.5% year-on-year), and services for 4,390 million yen (up 35.1% year-on-year).

As for consolidated income for this period, we recorded an operating income of 8,864 million yen (up 54.4% year-on-year), an ordinary income of 8,915 million yen (up 56.9% year-on-year), and a 6,310 million-yen net income attributable to owners of parent (up 46.9% year-on-year).

(2) Information concerning financial position

① Financial position

Total assets at the end of the period amounted to 78,597 million yen, up 28,541 million yen from the end of the previous fiscal year. This is mainly due to a 13,354 million yen increase in work in process, a 11,094 million yen increase in cash and deposits, and a 1,797 million yen increase in “other” current asset.

Liabilities at the end of the period amounted to 44,021 million yen, up 25,073 million yen from the end of the previous fiscal year. This is mainly due to a 18,095 million yen increase in advances received, a 3,751 million yen increase in accounts payable-trade, and a 2,237 million yen increase in “other” current liabilities.

Net assets, which consist of shareholders’ equity, accumulated other comprehensive income, and subscription right to shares, amounted to 34,576 million yen. The capital-to-asset ratio was 44.0%.

② Cash flows

Cash and cash equivalents at the end of the period amounted to 24,217 million yen, up 11,097 million yen from the end of the previous fiscal year. Following is the status of cash flows and their contributing factors during the nine-month period.

Net cash provided by operating activities amounted to 15,848 million yen (up 131.7% year-on-year). This is mainly because the sum of cash receipt, such as a 18,089 million yen increase in advances received, 8,915 million yen in income before income taxes, and a 2,764 million yen increase in “other, net,” exceeded the sum of cash payment, such as a 13,831 million yen increase in inventories, and 2,519 million yen used for income taxes paid.

Net cash used in investing activities amounted to 1,894 million yen (up 112.8% year-on-year). This is mainly due to 1,071 million yen used for purchase of property, plant and equipment, and 582 million yen used for purchase of intangible assets.

Net cash used in financing activities amounted to 2,799 million yen (up 63.2% year-on-year). This is mainly due to 2,795 million yen used for cash dividends paid.

(3) Information concerning forecast of consolidated financial results and others

We have not revised our forecast for the year ending June 2020 announced on February 3, 2020. However, uncertainties are growing about the schedule of our product sales due to travel restrictions by various countries and shipping delays in the midst of the COVID-19 pandemic. We have not revised the latest forecast based on our best estimate as of this reporting, but if there is any significant change in the situation, we will make announcements in an appropriate manner.

2. Consolidated financial statements and notes

(1) Consolidated balance sheet

(In thousands of yen)

	Previous (As of June 30,2019)	Current (As of March 31, 2020)
Assets		
Current assets		
Cash and deposits	13,185,860	24,280,406
Notes and accounts receivable-trade	4,313,818	5,531,856
Work in process	15,479,479	28,834,047
Raw materials and supplies	3,278,609	3,761,121
Other	3,589,280	5,387,258
Allowance for doubtful accounts	(5,990)	(9,040)
Total current assets	39,841,058	67,785,649
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	2,457,654	2,388,251
Machinery, equipment and vehicles, net	1,030,031	801,299
Tools, furniture and fixtures, net	309,310	412,046
Leased assets, net	3,190	23,415
Land	4,254,773	4,254,773
Construction in progress	--	22,337
Total property, plant and equipment	8,054,960	7,902,124
Intangible assets	462,664	870,562
Investments and other assets		
Investment securities	478,373	427,247
Deferred tax assets	1,113,574	1,462,614
Other	105,135	149,314
Allowance for doubtful accounts	(95)	--
Total investments and other assets	1,696,987	2,039,176
Total noncurrent assets	10,214,612	10,811,862
Total assets	50,055,671	78,597,512

(In thousands of yen)

	Previous (As of June 30, 2019)	Current (As of March 31, 2020)
Liabilities		
Current liabilities		
Accounts payable-trade	1,843,695	5,594,786
Income taxes payable	1,433,588	1,856,063
Advances received	12,234,776	30,330,712
Provision for bonuses	--	702,467
Provision for directors' bonuses	281,800	392,600
Provision for product warranties	327,991	86,400
Provision for quality compensation	230,344	146,055
Other	2,081,210	4,318,322
Total current liabilities	18,433,406	43,427,407
Noncurrent liabilities		
Net defined benefit liability	227,931	308,661
Asset retirement obligations	218,939	219,039
Other	67,888	66,149
Total noncurrent liabilities	514,758	593,850
Total liabilities	18,948,164	44,021,257
Net assets		
Shareholders' equity		
Capital stock	931,000	931,000
Capital surplus	1,080,360	1,080,360
Retained earnings	29,985,983	33,500,569
Treasury stock	(977,387)	(977,713)
Total shareholders' equity	31,019,955	34,534,216
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	221,898	186,268
Foreign currency translation adjustment	(155,846)	(165,728)
Total accumulated other comprehensive income	66,051	20,540
Subscription rights to shares	21,498	21,498
Total net assets	31,107,506	34,576,254
Total liabilities and net assets	50,055,671	78,597,512

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

(Consolidated statement of income)

(First nine months of the fiscal year)

(In thousands of yen)

	Previous (July 1, 2018 thru March 31, 2019)	Current (July 1, 2019 thru March 31, 2020)
Net sales	21,479,402	25,601,319
Cost of sales	9,721,791	11,013,732
Gross profit	11,757,610	14,587,586
Selling, general and administrative expenses	6,017,288	5,722,683
Operating income	5,740,322	8,864,902
Non-operating income		
Interest income	5,056	5,746
Dividend income	6,124	6,596
Rent income on non-current assets	1,932	1,534
Foreign exchange gains	--	32,388
Other	5,698	5,457
Total non-operating income	18,812	51,722
Non-operating expenses		
Loss on retirement of non-current assets	560	974
Foreign exchange losses	76,186	--
Other	615	278
Total non-operating expenses	77,362	1,252
Ordinary income	5,681,772	8,915,373
Income before income taxes	5,681,772	8,915,373
Income taxes-current	1,697,532	2,939,037
Income taxes-deferred	(311,989)	(333,766)
Total income taxes	1,385,543	2,605,270
Net income	4,296,228	6,310,102
Net income attributable to owners of parent	4,296,228	6,310,102

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

(In thousands of yen)

	Previous (July 1, 2018 thru March 31, 2019)	Current (July 1, 2019 thru March 31, 2020)
Net income	4,296,228	6,310,102
Other comprehensive income		
Valuation difference on available-for-sale securities	(86,493)	(35,630)
Foreign currency translation adjustment	257	(9,881)
Total other comprehensive income	(86,235)	(45,511)
Comprehensive income	4,209,992	6,264,591
Comprehensive income attributable to owners of parent	4,209,992	6,264,591
Comprehensive income attributable to non-controlling interests	--	--

(3) Consolidated statement of cash flows

(In thousands of yen)

	Previous (July 1, 2018 thru March 31, 2019)	Current (July 1, 2019 thru March 31, 2020)
Cash flows from operating activities		
Income before income taxes	5,681,772	8,915,373
Depreciation and amortization	347,962	640,644
Loss on retirement of non-current assets	560	974
Increase (decrease) in allowance for doubtful accounts	(369)	2,989
Increase (decrease) in provision for bonuses	510,494	698,425
Increase (decrease) in provision for directors' bonuses	(41,300)	110,800
Increase (decrease) in provision for product warranties	98,291	(241,684)
Increase (decrease) in provision for quality compensation	318,442	(84,288)
Increase (decrease) in net defined benefit liability	41,831	81,120
Interest and dividend income	(11,181)	(12,343)
Foreign exchange losses (gains)	28,090	42,164
Decrease (increase) on notes and accounts receivable-trade	326,773	(1,207,170)
Decrease (increase) in inventories	(3,625,571)	(13,831,397)
Increase (decrease) in accounts payable-trade	146,363	2,385,810
Increase (decrease) in advances received	4,144,821	18,089,692
Other, net	69,243	2,764,247
Sub-total	8,036,224	18,355,358
Interest and dividend income received	11,643	12,697
Income taxes paid	(1,206,840)	(2,519,925)
Net cash provided by (used in) operating activities	6,841,027	15,848,130
Cash flows from investing activities		
Payments into time deposits	(68,600)	(62,440)
Proceeds from withdrawal of time deposits	68,600	62,440
Purchase of property, plant and equipment	(798,215)	(1,071,527)
Proceeds from sales of property, plant and equipment	1,800	--
Purchase of intangible assets	(46,898)	(582,905)
Proceeds from sales of intangible assets	--	89
Payments for guarantee deposits	(46,735)	(31,753)
Other, net	--	(208,160)
Net cash provided by (used in) investing activities	(890,049)	(1,894,256)
Cash flows from financing activities		
Cash dividends paid	(1,713,385)	(2,795,516)
Other, net	(1,487)	(3,884)
Net cash provided by (used in) financing activities	(1,714,872)	(2,799,401)
Effect of exchange rate change on cash and cash equivalents	(39,073)	(57,057)
Net increase (decrease) in cash and cash equivalents	4,197,031	11,097,415
Cash and cash equivalents at beginning of period	10,107,234	13,120,550
Cash and cash equivalents at end of period	14,304,266	24,217,966

(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 765,367 thousand yen, and those of operating income, ordinary income and net income are each lowered by 551,579 thousand yen on the consolidated financial statements for the nine-month period ended March 31, 2020. There is no effect from this change on the amount of retained earnings at the beginning of this fiscal year.

3. Supplementary information

(1) Production by category

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

(In thousands of yen)

Category	(July 1, 2019 thru March 31, 2020) Previous	Current	Year-on-year increase (%)
Finished goods			
Semiconductor-related products	23,085,034	41,890,132	81.5
Other products	2,643,225	1,817,375	(31.2)
Subtotal	25,728,260	43,707,508	69.9
Services	3,249,752	4,390,190	35.1
Total	28,978,012	48,097,699	66.0

(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 nine months of the fiscal year are as follows.

(In thousands of yen)

Category	(July 1, 2019 thru March 31, 2020) Orders Previous	Orders Current	Year-on-year increase (%)	Backlog Previous	Backlog Current	Year-on-year increase (%)
Finished goods						
Semiconductor-related products	25,174,338	57,913,887	130.1	45,219,460	90,552,433	100.3
Other products	1,855,840	3,358,137	80.9	2,724,490	4,148,263	52.3
Subtotal	27,030,178	61,272,025	126.7	47,943,950	94,700,697	97.5
Services	3,317,845	4,572,740	37.8	805,865	1,103,648	37.0
Total	30,348,024	65,844,765	117.0	48,749,816	95,804,346	96.5

(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 nine months of the fiscal year are as follows.

(In thousands of yen)

Category	(July 1, 2019 thru March 31, 2020) Previous	Current	Year-on-year increase (%)
Finished goods			
Semiconductor-related products	14,421,151	19,403,398	34.5
Other products	3,808,498	1,807,731	(52.5)
Subtotal	18,229,650	21,211,129	16.4
Services	3,249,752	4,390,190	35.1
Total	21,479,402	25,601,319	19.2

(Note) Consumption taxes are not included.