

WE'RE FOR CREATORS™



Fiscal Year ending December
2022 (40th term)

Second Quarter Financial Results Briefing

August 17, 2022

ZOOM Corporation

ZOOM®

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I. FY2022 2Q financial results

FY2022 2Q financial results highlights



Sales and profits are down YoY due to inventory adjustments by some dealers, short supplies of hot-selling products resulting from the shortage of semiconductors, and other factors.

Consolidated financial results through FY2022 2Q

Net sales: 5,658 million yen (-431 million yen YoY)

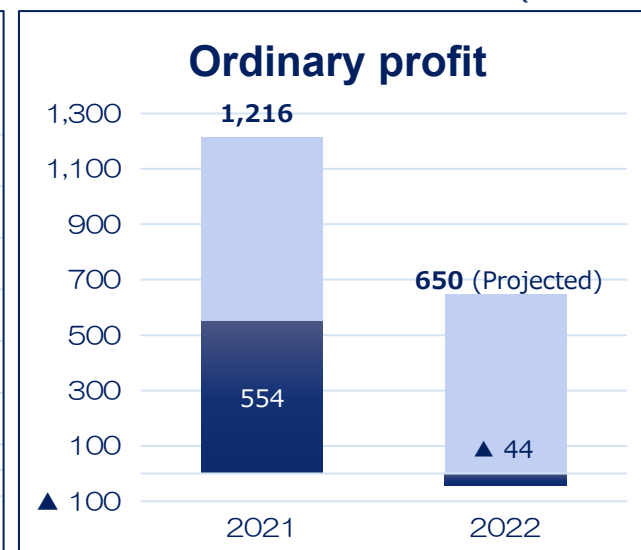
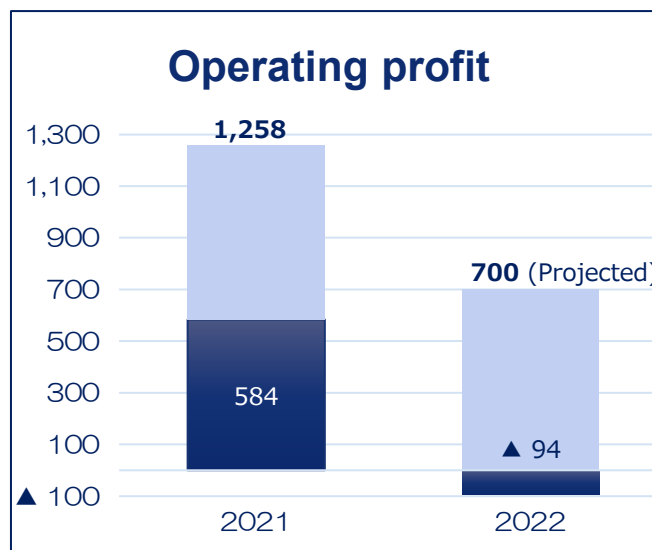
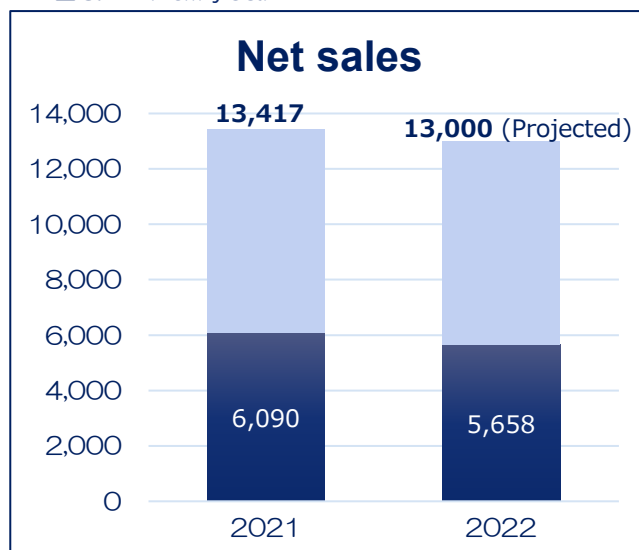
Operating profit: -94 million yen (-679 million yen YoY)

Ordinary profit: -44 million yen (-599 million yen YoY)

- Sales quantities decreased due to short supplies of new and hot-selling products resulting from the shortage of semiconductors, and inventory adjustments by dealers in Europe and North America resulting from a build-up of stocks in these regions triggered by changes in the post-COVID market environment.
- The effects of the yen's depreciation and the inclusion of HookUp's profit and loss for nine months (from October 2021 to June 2022) resulting from the change in the accounting period are set off.

■ 2Q ■ Full year

(Million yen)



Consolidated income statement for FY2022 2Q (summary)

(Million yen)

	FY 2021/12 2Q results	FY 2022/12 2Q results	Change	Remarks
Net sales	6,090	5,658	-431	- Sales quantities decreased due to short supplies of new and hot-selling products resulting from the shortage of semiconductors, and inventory adjustments by dealers in Europe and North America - The effects of the yen's depreciation and the inclusion of HookUp's profit and loss for nine months resulting from the change in the accounting period are set off.
Gross profit (Gross profit margin)	2,622 (43.1%)	2,115 (37.4%)	-507	- While the share of North America, where gross profit margin is high, decreased, the share of sales of HookUp, which has a relatively lower gross profit margin, increased to 22% from 6% in the same period last year.
Operating profit (Operating profit margin)	584 (9.6%)	-94 (-1.7%)	-679	
Ordinary profit (Ordinary profit margin)	554 (9.1%)	-44 (-0.8%)	-599	- Foreign exchange gains of 44 million yen were recorded due to the devalued yen
Quarterly net profit attributable to owners of the parent (Quarterly net profit margin)	391 (6.4%)	-104 (-1.8%)	-495	- Due to the discontinuation of the development of some products, a 33 million yen loss on the retirement of non-current assets of the related molds was recorded.
EBITDA	784	117	-666	EBITDA = Operating profit + * Depreciation
Depreciation				* Includes 99 million yen in amortization of goodwill (vs. 89 million yen in the previous year)
R&D expenses	*199	*212	12	
Foreign exchange gains/losses	630 -6	492 44	-137 50	
Average exchange rate (yen/USD)	107.6 yen	122.8 yen	+15.2 yen	

Net sales by product category for FY2022 2Q

Others: Brands offered by Mogar, brands offered by HookUp and others)



AMS-Series

ZUM-2PMP



Brands offered by Mogar

Brands offered by HookUp



Q8n-4K

High-quality sound 4K camera for musicians.

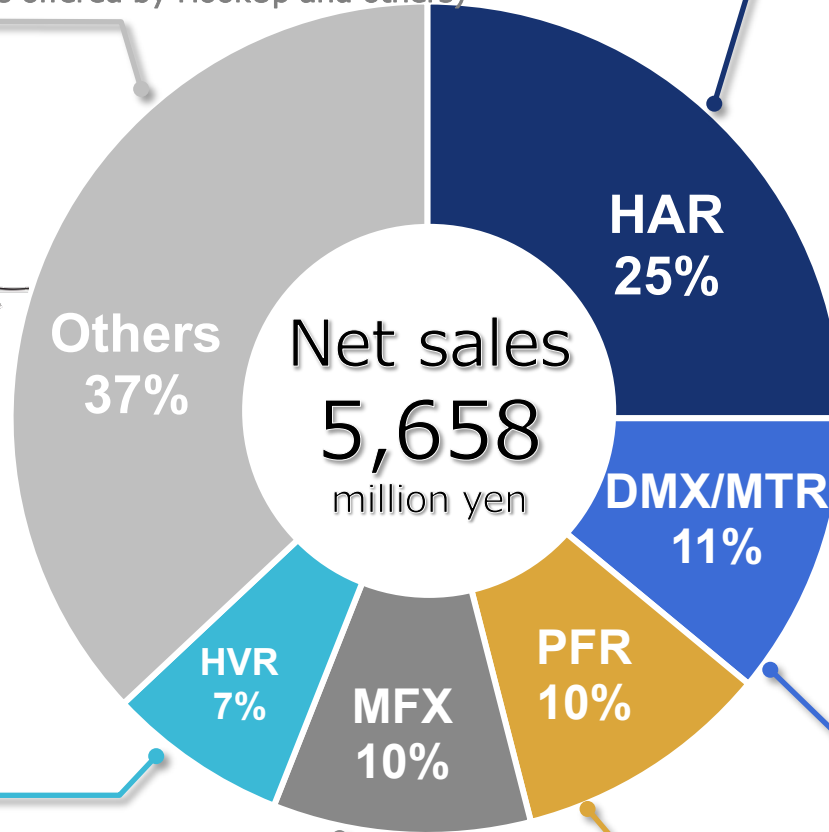
Handy Video Recorders

Multi-Effects



B6

Multi-effects with expression pedal, which provides greatly expanded expressiveness for the guitar.



Handy Audio Recorders



H6 BLACK

Your go-to handy recorder that can record professional sound with its advanced preamps and 6 interchangeable capsules, from podcasting to music to filmmaking and more.



R20

Live mixer and recorder that not only has good sound quality, but also allows you to play BGM, invite guests to appear on the phone, record podcasts, and mix live performances easily.

Digital Mixers / Multi Track Recorders

Professional Field Recorders



F3

In the various fields, a field recorder that can capture both explosive and subtle sounds at full audio quality.

FY2022 2Q net sales by product category



With the exceptions of some categories, sales decreased due to inventory adjustments by dealers and the shortage of semiconductors.

(Million yen)

	FY 2021/12 2Q results (share)	FY 2022/12 2Q results (share)	Change	Main factors behind changes in net sales
Handy Audio Recorders (HAR)	2,319 (38%)	1,429 (25%)	-890	- Reduced shipments due to inventory adjustments by dealers mainly in Europe and North America - Supplies of some products are short, affected by the shortage of semiconductors
Digital Mixers/Multi Track Recorders (DMX/MTR)	1,055 (17%)	615 (11%)	-439	- The production volume significantly decreased due to influence from the shortage of semiconductors, mainly for the L-Series
Professional Field Recorders (PFR)	474 (8%)	592 (10%)	118	- Effects of the new F3 product
Multi-Effects (MFX)	589 (10%)	551 (10%)	-38	- Effects of the new B6 product introduced in October 2021 - Production of some products declined due to influence from the shortage of semiconductors
Handy Video Recorders (HVR)	315 (5%)	371 (7%)	55	- Up YoY due to the effects of the yen's depreciation and the new Q8n-4K product, despite a decrease as a rebound from rapid growth in demand in the same period last year
Others	589 (10%)	398 (7%)	-190	- Decreased as a rebound from an increase in sales due to the effects of the new products in the microphone category in the same period last year
Brands offered by Mogar	375 (6%)	449 (8%)	73	- Demand recovered in Southern Europe due to progressive normalization of economic activities after COVID-19
Brands offered by HookUp	370 (6%)	1,250 (22%)	880	- Nine months' sales were consolidated due to a change in the ending date of the fiscal year of HookUp (Three months' sales in the same period last year)
Total	6,090	5,658	-431	

FY2022 2Q net sales by region



Sales decreased in many regions due to inventory adjustments by dealers, short supplies of hot-selling products resulting from the shortage of semiconductors, and other factors.

(Million yen)

	FY 2021/12 2Q results (share)	FY 2022/12 2Q results (share)	Change	Main factors behind changes in net sales
North America	2,296 (38%)	1,895 (34%)	-400	<ul style="list-style-type: none"> - Reduced shipments due to inventory adjustments by dealers - Decreases mainly in sales of DMX due to a product supply shortage resulting from difficulty in procuring semiconductors - Sales increased in the previous term due to cash payments as a countermeasure against COVID-19
Japan	805 (13%)	1,631 (29%)	825	<ul style="list-style-type: none"> - Nine months' sales were consolidated due to a change in the ending date of the fiscal year of HookUp (1,250 million yen) - Decrease due to a rebound from stay-home demand for HAR and DMX
Southern Europe *1	956 (16%)	944 (17%)	-12	<ul style="list-style-type: none"> - Reduced shipments of HAR and HVR due to inventory adjustments by dealers - Recovery in demand for brands offered by Mogar due to normalization of economic activities in Southern Europe
Central Europe *2	1,028 (17%)	426 (8%)	-601	<ul style="list-style-type: none"> - Decrease due to a rebound from large-scale shipments of the outstanding balance of orders received mainly for HAR and DMX in 1Q of last year - Reduced shipments due to inventory adjustments by dealers
Taiwan	55 (1%)	81 (1%)	25	<ul style="list-style-type: none"> - Some shipments for China were made via Taiwan due to the lockdown in Shanghai
Others	948 (15%)	679 (11%)	-269	<ul style="list-style-type: none"> - Down 77 million yen in China: Reduced shipments due to the lockdown in Shanghai - Others: Down 43 million yen in Sweden, down 30 million yen in South Korea
Total	6,090	5,658	-431	

*1. Southern Europe includes Italy, France, Spain, and Portugal

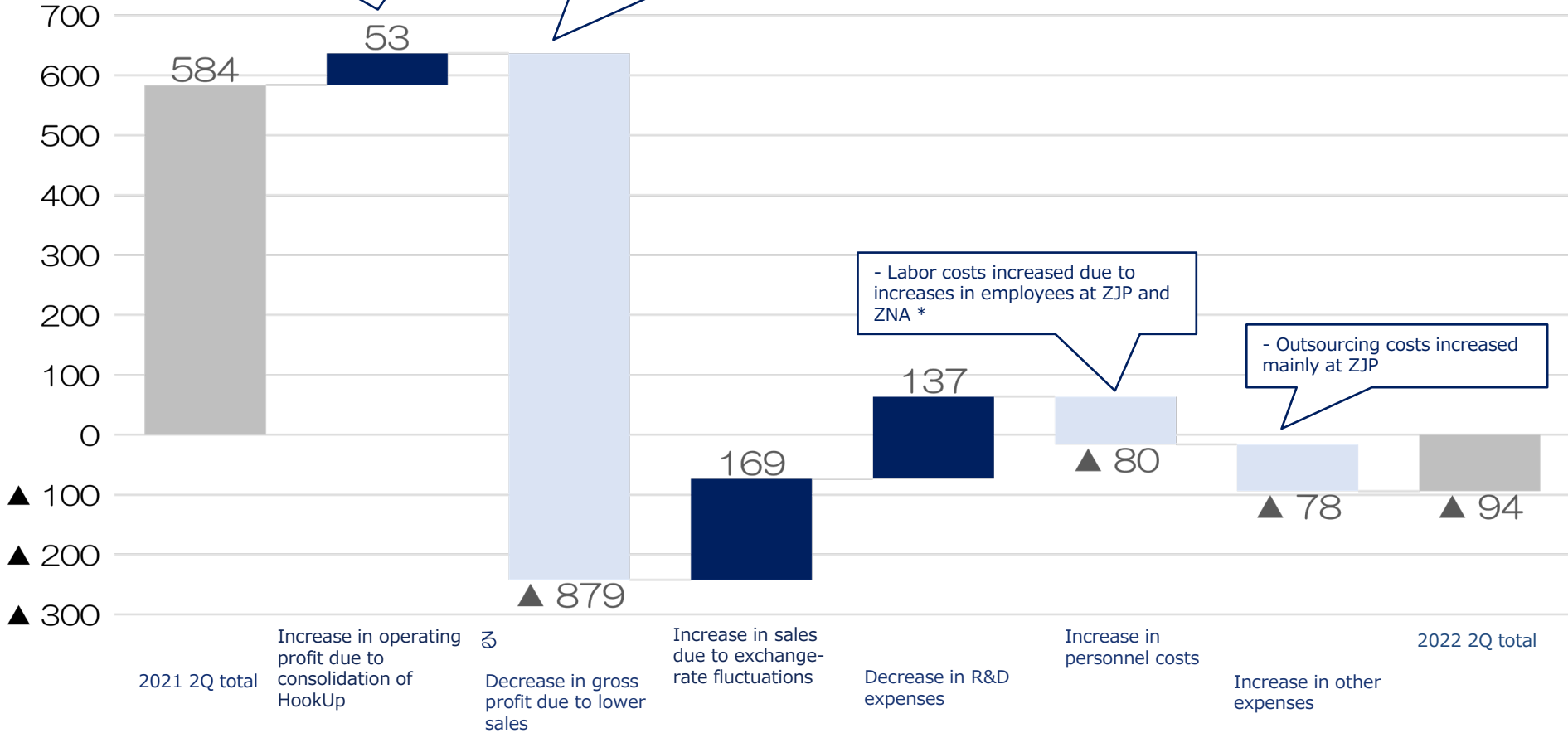
*2. Central Europe includes Germany, the UK, the three Benelux states, Austria, Poland, the Czech Republic, Slovakia, the three Baltic states, and other countries

Analysis of changes in operating profit (million yen)

Amount of increase in HookUp operating profit in the same period last year
 * Three months' loss and profit were consolidated for FY2021 2Q, and nine months for 2022 2Q

Gross profit decreased due to lower sales quantities resulting from the shortage of semiconductors and other factors

* ZJP: ZOOM Corporation
 ZNA: ZOOM North America, LLC



FY2022 2Q Consolidated Balance Sheet (summary)



(Million yen)

	FY 2021/12	FY 2022/12 2Q total	Change	Main factors behind changes
Current assets	8,035	9,890	1,855	
Cash and deposits	2,067	1,758	-308	* See the Consolidated Statement of Cash Flows (summary)
Accounts receivable-trade and contract assets	1,950	1,608	-342	Decreased sales: 3,653 million yen in 4Q of last year, 2,863 million yen in 2Q of this year
Merchandise and finished goods	2,963	4,030	1,066	Reduced shipments due to inventory adjustments by dealers There was also disruption in logistics, and stocks arrived together at ZNA in June. Also, affected by the yen's depreciation
Raw materials and supplies	155	1,231	1,075	Inventories of onerous supplies newly recognized due to application of the Accounting Standard for Revenue Recognition (960 million yen)
Non-current assets	2,794	2,968	174	
Property, plant, and equipment	548	495	-52	
Intangible fixed assets	1,476	1,592	115	Goodwill: +121 million yen (increased due to devaluation of the yen)
Investments and other assets	769	880	111	Increase of +96 million yen in deferred tax assets
Total assets	10,829	12,859	2,029	
Current liabilities	3,675	5,473	1,798	Liabilities on onerous supplies newly recorded under current liabilities (other) due to application of the Accounting Standard for Revenue Recognition (960 million yen)
Accounts payable-trade	1,000	1,476	476	Affected by an increase in production consignment factories and purchase of supply parts, as well as the yen's depreciation
Short-term loans payable	1,346	1,918	571	Increase due to raising working capital etc.
Non-current liabilities	1,242	1,178	-64	Repayment of long-term loans
Total liabilities	4,917	6,652	1,734	
Capital stock	212	212	-	
Total net assets	5,911	6,207	295	Foreign currency translation adjustment: +636 million yen
Total liabilities and net assets	10,829	12,859	2,029	

(Million yen)

	FY 2021/12 Cumulative 2Q results	FY 2022/12 Cumulative 2Q results	Change
Cash flow from operating activities	591	-502	-1,094
Cash flow from investing activities	-318	-94	224
Cash flow from financing activities	-876	141	1,017
Translation adjustments on cash and cash equivalents	93	141	48
Net increase (decrease) in cash and cash equivalents	-510	-313	196
Cash and cash equivalents at the beginning of the period	2,697	2,032	-664
Cash and cash equivalents at the quarter-end	2,186	1,718	-467

■ Major factors behind changes in cash flow in FY 2022 2Q (million yen)

Major factors affecting cash flow from operating activities:

511 due to decrease in trade receivable / 285 due to increase in accounts payable / -884 due to increase in inventory assets / -77 in quarterly net loss before income taxes.

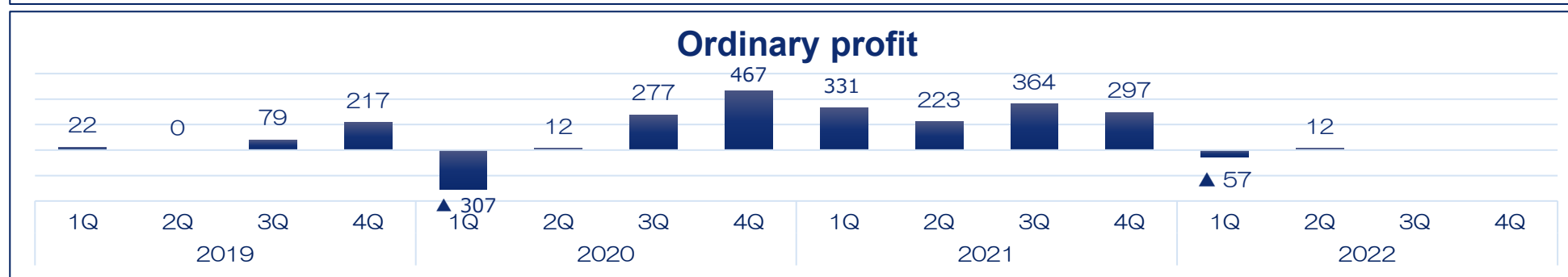
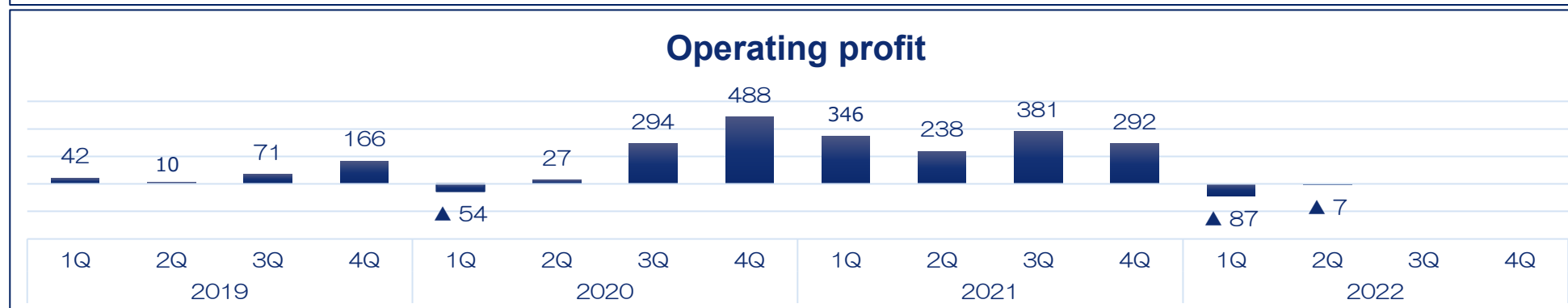
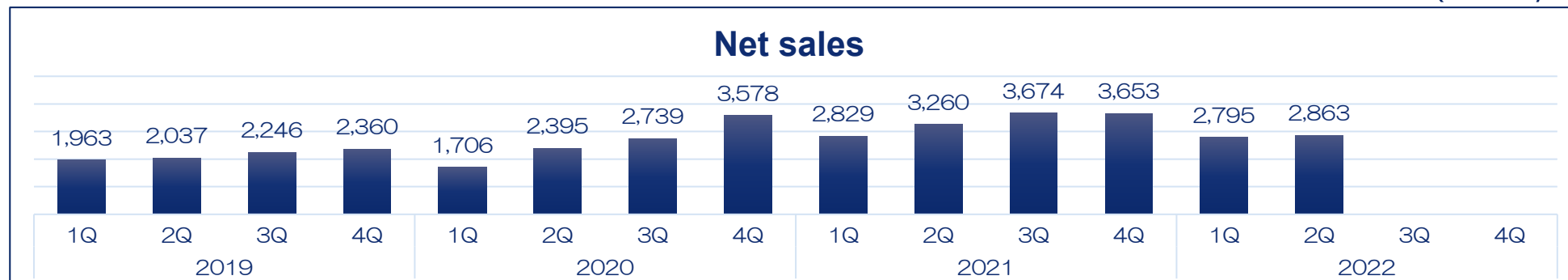
Major factors affecting cash flow from investing activities:

-76 due to purchase of property, plant, and equipment.

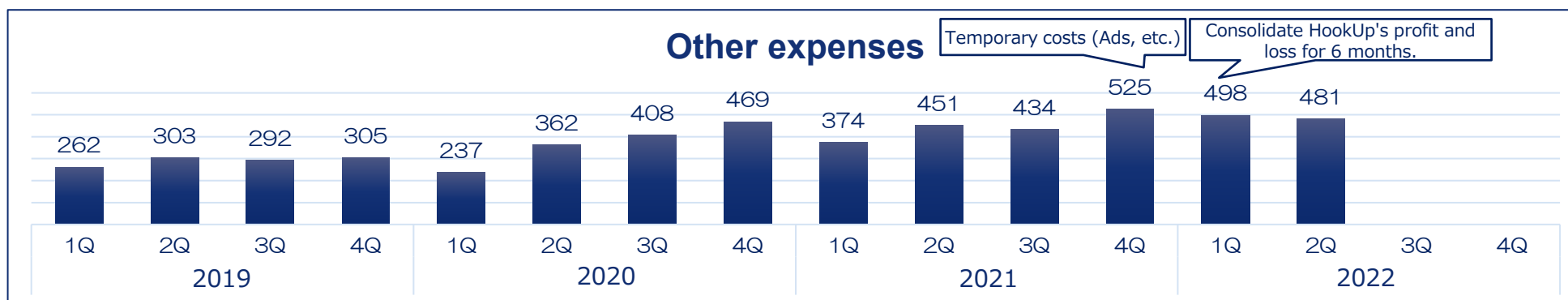
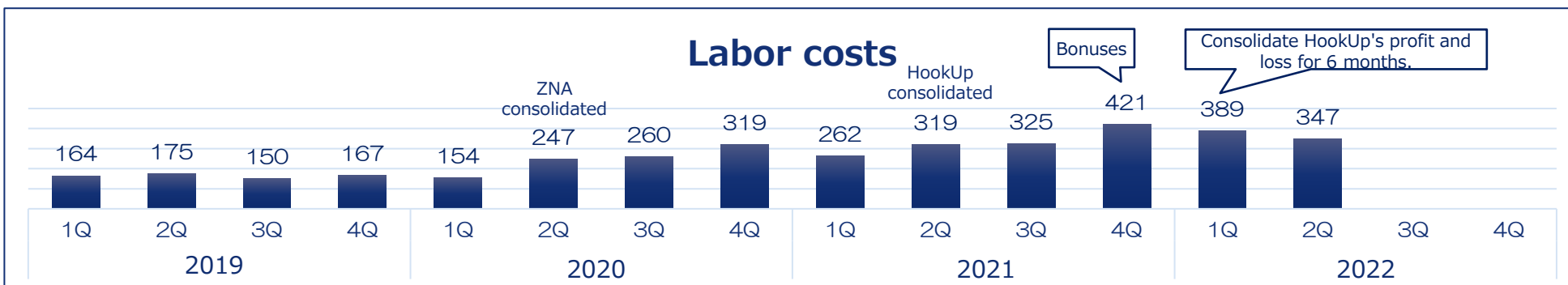
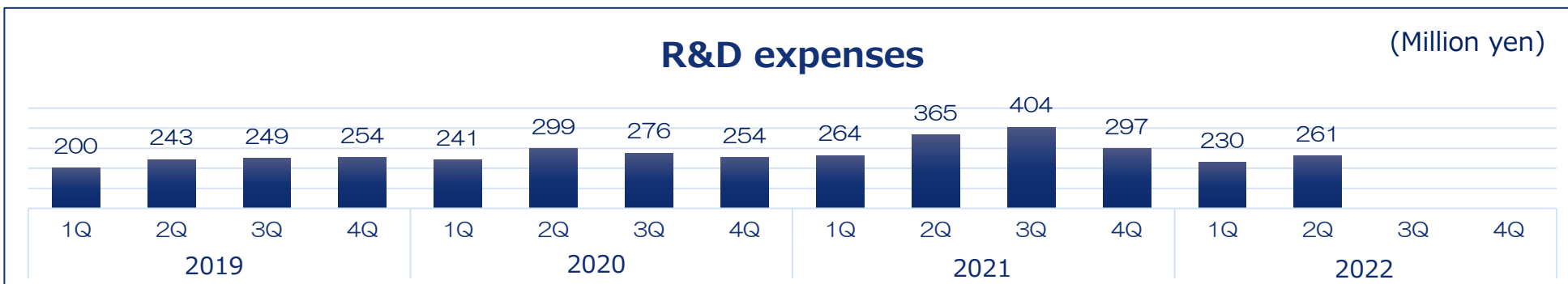
Major factors affecting cash flow from financing activities:

-64 from purchase of treasury stock / -217 from cash dividends paid / 512 from increase in short-term loans payable

(Million yen)



Sales quantities decreased due to inventory adjustments by some dealers, short supplies of hot-selling products resulting from the shortage of semiconductors, and other factors.



In 1Q, the consolidation of HookUp's profit and loss for six months resulted in YoY increases in labor costs and other expenses.

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II. FY2022/12 forecasts and FY2023/12 forecasts

Since sales recovery from September onward is expected, the forecasts of consolidated financial results remain unchanged.

- (1) The short supplies of products resulting from the shortage of semiconductors is anticipated to continue in the second half of 2022.
- (2) Dealers in Europe and North America adjusted inventory due to the situation in Ukraine and concerns about ongoing inflation, which affected the shipments in our Group until August.
- (3) In addition to the above, due to disruption in logistics, several months' worth of stocks arrived together at the dealer in North America, causing overstocking.
- (4) On the other hand, demand for our products overall remains firm, and recovery of sales from September onward is projected. In the year-end sales season, sales will increase as usual, and overstocking is expected to be solved.
- (5) The yen's depreciation has a positive effect on business results.

For the above reasons, we expect to achieve the forecasts of 13 billion yen for net sales and 700 million yen for operating profit for the whole financial year.

(Million yen)

	FY 2021/12 Results	FY 2022/12		
		Forecast	Change	Rate of change
Net sales	13,417	13,000	-417	-3.1%
Operating profit	1,258	700	-558	-44.4%
Ordinary profit	1,216	650	-566	-46.6%
Net income attributable to owners of the parent	854	400	-454	-53.2%
EBITDA	1,666	1,110	-556	-33.4%

Net profit per share	199.56 yen	92.87 yen	-106.69 yen	-53.5%
Dividends per share	102 yen (After the split: 51 yen)	50 yen	-	-
Payout ratio	25.6%	53.8%	-	-
Exchange rate (yen/USD)	109.8 yen	108.0 yen	-	-

* We conducted a two-for-one stock split of common stock on January 1, 2022.
 * Figures shown for net profit per share are from after the stock split.
 * Figures shown for dividends per share are from before the stock split for FY 2021/12 and after the stock split for FY 2022/12.

* Sensitivity to exchange rates (effects of changes in exchange rates on annual income): An increase (decrease) of one yen in the value of the yen in foreign exchange would lead to a decrease (increase) of approximately 27 million yen in operating profit.

Situation of the shortage of semiconductors

- The current situation is anticipated to continue in the second half of 2022.
- For the main category HAR, production in the required volume has become possible.
- Due to short supplies of some products, sales will recover from September onward.

First half (2022/1-6) procurement rate		Second half (2022/7-12) projected procurement rate	
Top five suppliers with the highest number of parts delivered	Procurement rate	Top five suppliers with the highest number of parts delivered	Procurement rate
1 Company A	99%	1 Company B	76%
2 Company B	54%	2 Company C	99%
3 Company C	100%	3 Company D	69%
4 Company D	63%	4 Company E	93%
5 Company E	100%	5 Company F	72%
Total	86%	Total	84%

Influence of the shortage of semiconductors in the second half

- Estimated amount of sales opportunity losses in the second half of 2022 due to the shortage of semiconductors (as of August 17, 2022; consolidated net sales base)

Model	Category	Million yen
F-Series	PFR	498
L-Series	DMX/MTR	83
Q-Series	HVR	31
Total		613

Demand for our products

- Demand for some products decreased YoY due to a rebound from stay-home demand.
- Dealers reduced their inventory levels due to the situation in Ukraine and concerns about ongoing inflation. Affected by this, our Group's sales are projected to recover from September onward.
- On the other hand, demand for our products overall remains firm, and the usual sales increase is expected for the year-end sales season.

Sell-through of our products in the North American market (retailers' sales)

- Retailers' sales of our products in the North American market *

Cumulative total as of July 2022: -6.6% YoY

Total from January to April: -8.8% YoY

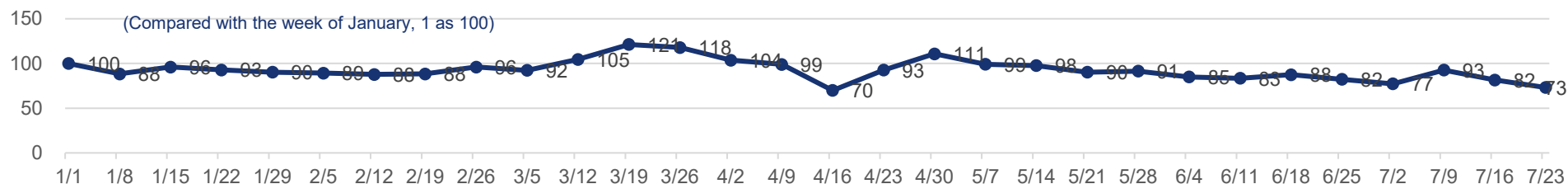
Total from May to July: -3.4% YoY

* According to our own research

- Because of cash payments in January and March 2021 in the U.S. as a countermeasure against COVID-19, sales between January and April last year significantly increased.

- From May to July, sales remained strong, despite a decrease YoY, and this trend is projected to continue in the future.

Sell Through of North America FY2022 (Weekly) *



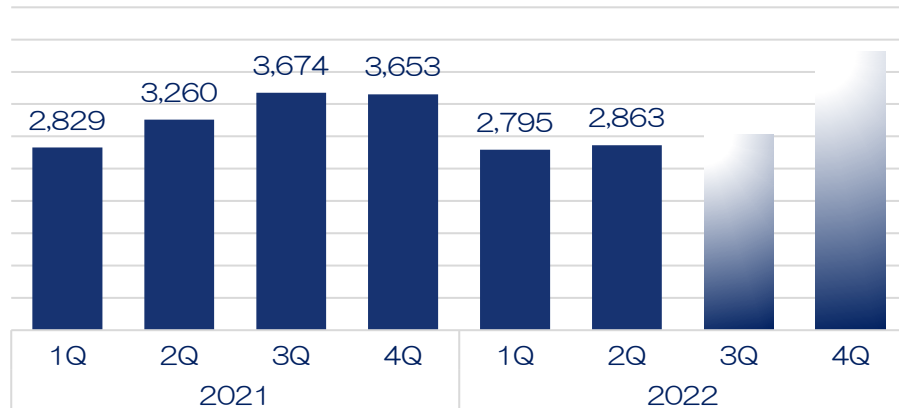
Foreign exchange

- The yen's depreciation has a positive effect on business results.
- For the second half of 2022, the forecasts were made in a range between \$1 = ¥ 130 and \$1 = ¥ 120.
- To forecast the business results for the second half of 2022, in view of the exchange risk, the figures were estimated at the rate of \$1 = ¥ 120 for August and later months.
- To be prepared for the risk of the yen's appreciation, we made forward exchange contracts for some export transactions in August.

Although **the sales quantities** did not reach the initial forecasts announced on February 14, 2022, the initial forecasts are expected to be achieved **in terms of value** due to the yen's depreciation.

Net sales

(Million yen)

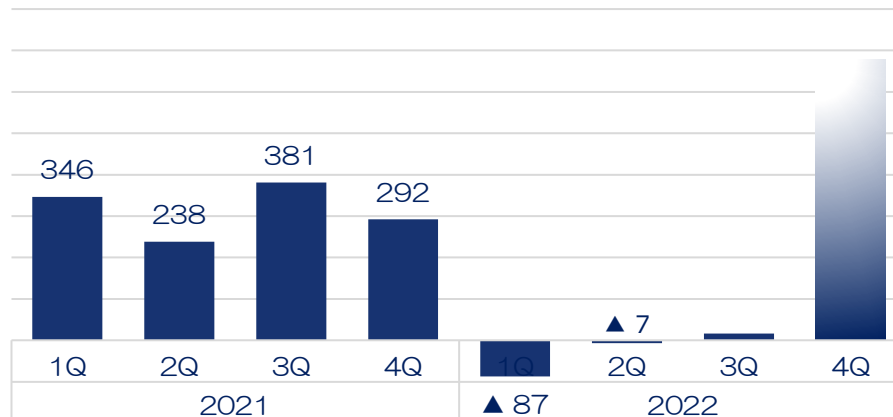


- Inventory adjustments are made by dealers mainly in Europe and North America until August.
- Sales will increase from September onward due to demand in the year-end sales season and as a rebound from inventory adjustments.

- In 2021, sales stalled from around October due to the shortage of semiconductors.

Operating profit

(Million yen)



- Sales and profits are expected to concentrate in 4Q of the current term.

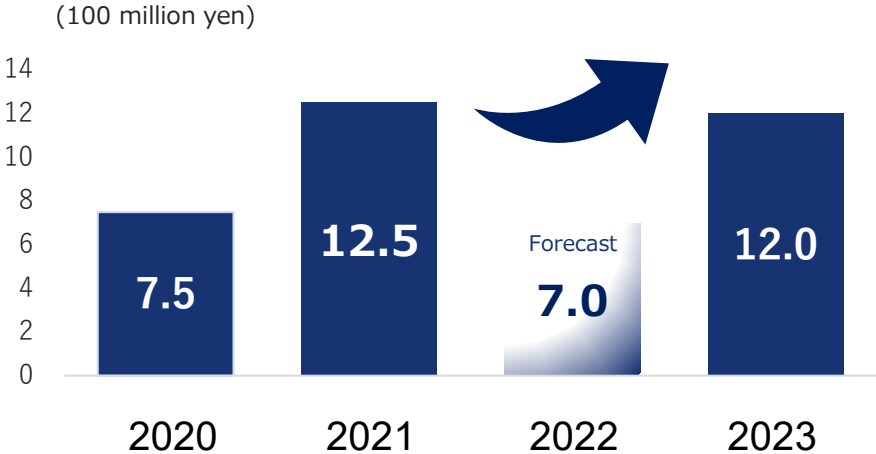
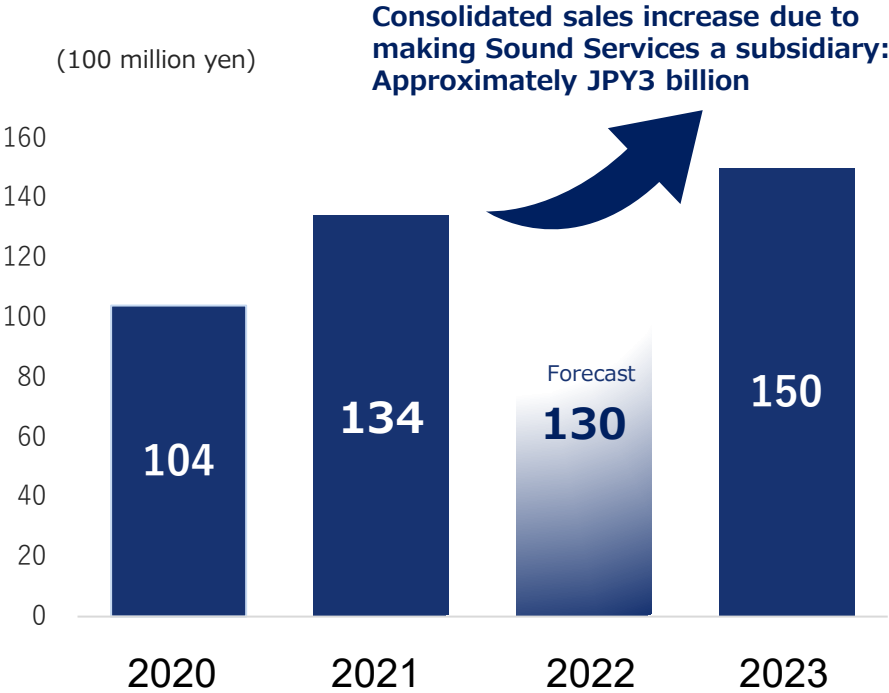
■ The performance target of the third medium-term management plan remains unchanged.

2023 consolidated sales: **JPY15 billion**
(Third medium-term management plan)

- Consolidated sales of JPY15 billion, the same as the performance target of the third medium-term management plan, is projected.

2023 consolidated operating profit: **JPY1.2 billion**
(Third medium-term management plan)

- Consolidated operating income of JPY1.2 billion, the same as the performance target of the third medium-term business plan, is projected.



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III. New Products and Establishment of Academic Promotion Foundation

Professional Field Recorders (PFR)

F3 2-Channel Field Recorder

Start of sales: January 2022

Sales Results: 7,100 units for January-June 2022

MAP: 35,000 yen (with tax)



- **The technology of world's first:** No need to adjust the recording input level (32-bit float recording) and the world's smallest commercial field recorder that can be connected to two microphones.
- **Target creator:** Videographer/Sound designer
- **Cost-performance:** The price is about 1/6, compared with other companies' products.
- **Problem solved:** Easy to carry and eliminates gain adjustment mistakes and sound cracking during recording.

*Sales results shown are for Zoom Cooperation on an unconsolidated basis.

Professional Field Recorders (PFR)

F8n Pro

Multi Track Field Recorder

Start of sales: February 2022

Sales results: 800 units for February-June 2022

MAP: 148,500 yen (with tax)



- **The technology of world's first:** Commercial field recorder with 8-channel mic preamps, supporting 32-bit float recording
- **Target creator:** Videographer/Sound designer
- **Cost-performance:** The price is about 100,000 yen lower compared with competitors' products.
- **Problem solved:** In field recording where input levels are unpredictable or in professional workplaces with strict demand for sound quality, eliminates problems such as sound cracking or too quiet and noisy sound.

*Sales results shown are for Zoom Cooperation on an unconsolidated basis.

Audio Interfaces (AIF)

AMS-Series

AUDIO I/F for MUSIC & STREAMING

Start of sales: June 2022

Sales results: 1,900 units for June 2022

MAP: AMS-22 11,900 yen (with tax)

AMS-24 14,900 yen (with tax)

AMS-44 19,900 yen (with tax)



- **The technology of world's first:** Each model is the world's smallest audio interface.
- **Target creator:** A musician who creates music with DAW/A musician or YouTuber who is livestreaming on social media.
- **Cost-performance:** The cost is about 1/2 compared with the case of recording and livestreaming using smartphones, tablets, and other companies' products.
- **Problem solved:** Both music production and livestreaming are supported, which can be changed with a single switch.
Lightweight and can be powered by batteries, enabling streaming with high sound quality from locations where streaming has been difficult until now.

*Sales results shown are for Zoom Cooperation on an unconsolidated basis.

Audio Interfaces (AIF)

UAC-Series USB Audio Converter

Schedule for release: winter 2022



- **The technology of world's first:** Equipped with 32-bit float recording technology
- **Target creator:** A musician or composer who uses music production software DAW
- **Cost-performance:** It is planned to achieve high sound quality with 32-bit float while the input/output specifications are equal to or higher than competing models in the same price range.
- **Problem solved:** The high dynamic range achieved by the dual AD converter and the broadband with a high sampling rate of up to 192 kHz enables recording with unprecedented high-level sound quality.

Microphone (MIC)

ZPC-1 Pencil Condenser Microphones

Start of sales: April 2022

Sales results: 900 units for April-June 2022 MAP: 18,000 yen (with tax)



Accessory (AC)

ZMA-1 Broadcast Mic Arm

Start of sales: March 2022

Sales results: 900 units for March-June 2022 MAP: 9,500 yen (with tax)



*Sales results shown are for Zoom Cooperation on an unconsolidated basis.

Prospectus for the Establishment of the Zoom Group Academic Promotion Foundation

Since its foundation in 1983, the Zoom Group has continually developed unique products by applying advanced technology with the aim of “Contributing to the advancement of music, a universal language, and its market expansion through the development and sales of electronic devices for music.” To create a century-old brand while adapting to changing markets, we would like to actively invest in technological innovation concurrently with fulfilling corporate social responsibilities by giving due consideration to the environment.

We have offered products and services that enrich people's lives through “sound,” “music,” and “musical instruments.” With our strong desire to return the favor to society still more, we have decided to establish the Zoom Group Academic Promotion Foundation to give a clear and concrete form to our management policy of creating solidarity and harmony with society.

To further develop science and technology related to sound, music, and musical instruments in Japan, the Foundation will provide grants to research and development in these areas while fostering researchers, thereby contributing to the realization of a society where people's lives and livelihoods are enriched.

July 01, 2022

ZOOM Corporation
Representative Director and CEO
Masahiro Iijima

Research universities and researchers engaged in acoustics

According to the website of the Acoustical Society of Japan, 110 universities and institutions and 253 researchers (professors and associate professors) conduct acoustic research across the country. If young researchers belonging to each laboratory are included, the number is likely to increase. In addition to acoustics, by expanding the scope of grants to the research on music and musical instruments, we can expect applications submitted from a broader range of fields.

Numbers of laboratories in universities, etc. and researchers associated with acoustics

Number of universities	110
Number of researchers	253

Areas of acoustics research

- (1) Speech
- (2) Auditory sense
- (3) Noise and vibration
- (4) Ultrasonics
- (5) Electroacoustics
- (6) Musical acoustics
- (7) Acoustic imaging
- (8) Architectural acoustics

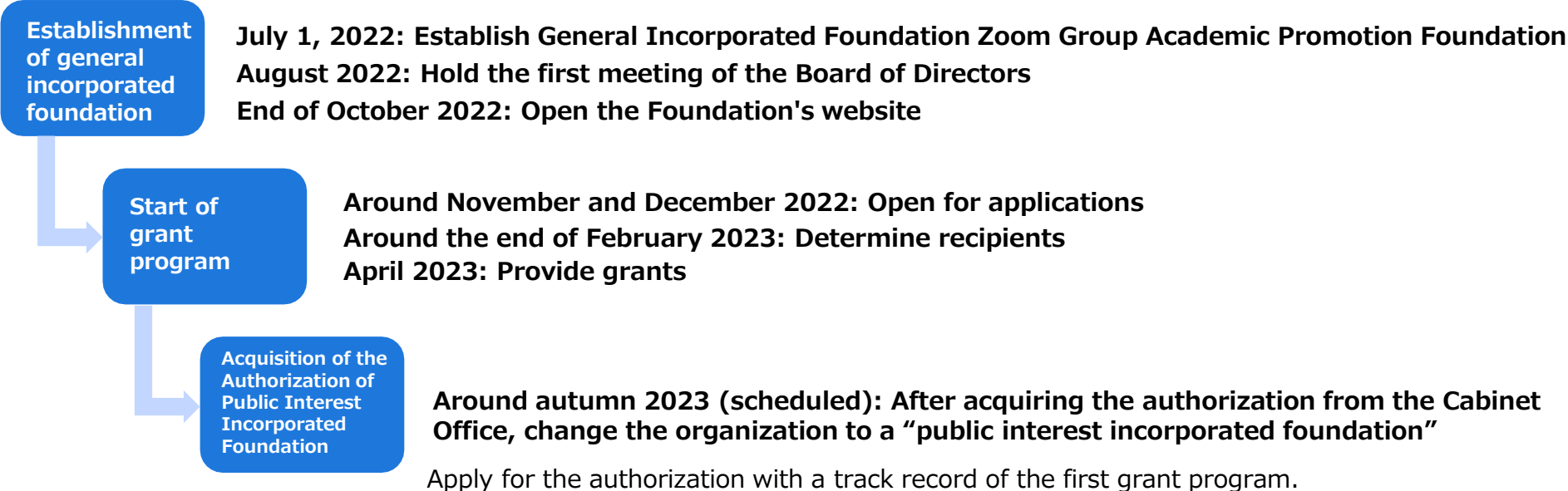
Members of the Zoom Group Academic Promotion Foundation

<Titles omitted>

Directors (Term of office: 2 years)	Masahiro Iijima (Representative Director)	Representative Director and CEO, ZOOM Corporation
	Yasuo Inoue	Project Researcher, Hosei University UAM Laboratory
	Takahisa Ishiguro	Representative Director and President, Stone System Corporation
Councilors (Term of office: 4 years)	Tatsuzo Yamada	Director and CFO, ZOOM Corporation
	Hideaki Fukazawa	Managing Director, Izukichi Co., Ltd.
	Shota Nakaya	Representative Director and CEO, Watashino Okyoushitsu & Co., Ltd.
Auditor (Term of office: 2 years)	Yosuke Nakano	Representative Director, AAA Sogo Accounting Co., Ltd.
Selection Committee Members (Term of office: 2 years)	Michihito Nozokido	Former Director and CTO, current Technical Advisor, ZOOM Corporation
	Yoichi Ito	Professor Emeritus, Department of Electrical Engineering, College of Science and Technology, Nihon University
	Toshihiro Konma	Professor, Graduate School of Systems Design, Tokyo Metropolitan University
Administrative Office	Hirokazu Iida/Yukie Nagatomo	

Foundation's operation schedule

The Foundation aims to acquire the Authorization of Public Interest Incorporated Foundation on the following schedule.



* The schedule may change because the acquisition of the authorization requires screening by the Cabinet Office.

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Note: Forward-looking statements included in this document have been prepared by the Company based on information currently available and based on certain assumptions considered reasonable. They involve inherent risks and uncertainties. Actual results may vary considerably because of various factors.