

WE'RE FOR CREATORS™

FY 2023/12 1Q
Supplemental Material for
Financial Results Briefing

May 15, 2023



ZOOM CORPORATION

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.

Sharp increase in net sales and profits due to conversion of Sound Service Group into a consolidated subsidiary

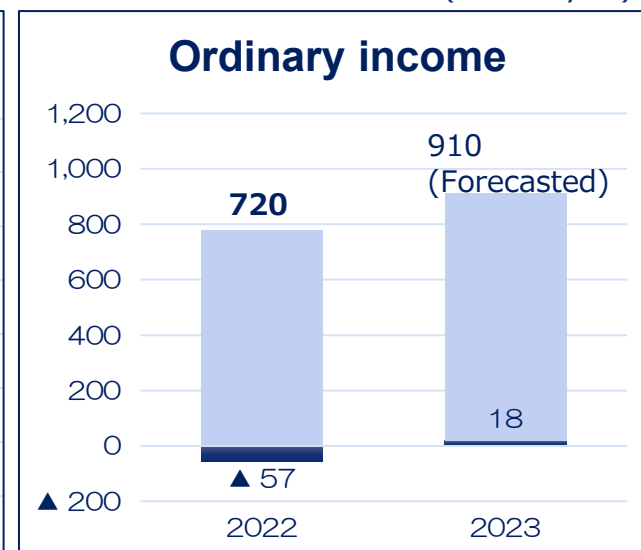
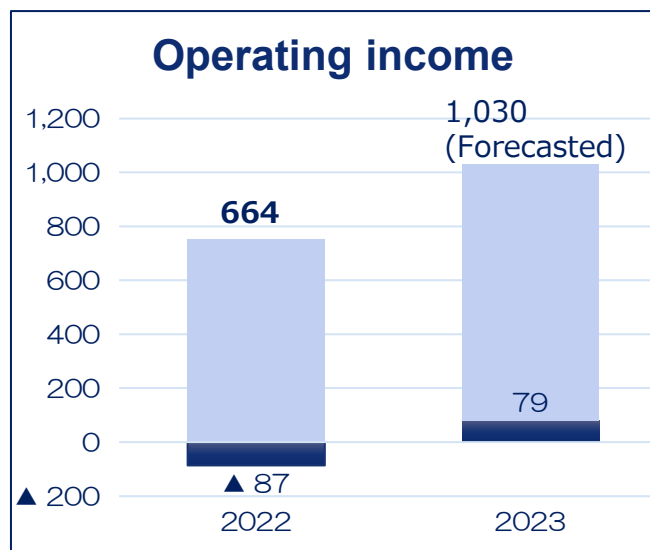
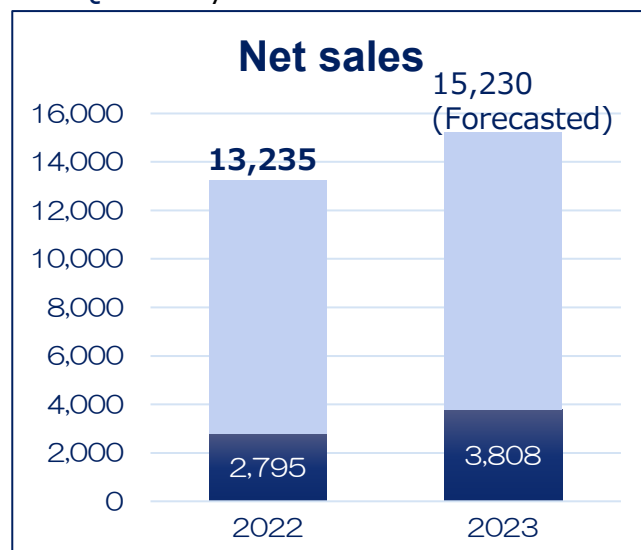
Consolidated financial results through FY 2023 1Q

Net sales: 3,808 million yen (+1,012 million yen YoY)
 Operating profit: 79 million yen (+166 million yen YoY)
 Ordinary profit: 18 million yen (+75 million yen YoY)

•The Company recorded sharply increased sales and profits due to the yen weakness compared with the same period of the previous year and conversion of Sound-Service Musikanlagen-Vertriebsgesellschaft mbH (hereinafter referred to as the “Sound Service”) and its subsidiary Sound Service MSL Distribution Limited (hereinafter referred to as “Sound Service MSL” and, combined with the former, collectively referred to as the “Sound Service Group”) into a consolidated subsidiary in January 2023.

■ 1Q ■ Full year

(Million yen)



Consolidated income statement for FY 2023 1Q(summary)



(Million yen)

	FY 2022 1 Q results	FY 2023 1 Q results	Change	Remarks
Net sales	2,795	3,808	1,012	·Increase mainly from conversion of the Sound Service Group into a consolidated subsidiary in January 2023
Gross profit (Gross profit margin)	1,032 (36.9%)	1,488 (39.1%)	456	·Conversion of the Sound Service Group with a high gross profit margin into a consolidated subsidiary ·Increase in a deducted amount of unrealized profit included in stock of the group due to conversion of the group into a consolidated subsidiary (up 85 million yen, one-time expenses for the first term)
Operating profit (Operating profit margin)	-87 (-3.1%)	79 (2.1%)	166	·Selling, general and administrative expenses including 50 million yen in amortization of goodwill arising from conversion of the Sound Service Group into a consolidated subsidiary
Ordinary profit (Ordinary profit margin)	-57 (-2.0%)	18 (0.5%)	75	·Posting of 62 million yen in fee of the syndicated loan for acquiring stocks of the Sound Service
Quarterly net profit attributable to owners of the parent (Quarterly net profit margin)	-60 (-2.2%)	-87 (-2.3%)	-27	·Recording of net loss due to amortization of goodwill having no effect of a tax reduction and profits of Mogar and the Sound Service Group attributable to non-controlling interests
EBITDA	15	279	264	EBITDA = Operating profit + * Depreciation
Depreciation	*102	*200	97	* Including 102 million yen in amortization of goodwill (vs. 47 million yen in the previous year)
R&D expenses	230	171	-59	
Foreign exchange gains/losses	26	7	-19	
Average exchange rate (yen/USD)	116.2 yen	132.3 yen	+16.1 yen	

Components of FY 2023 1Q net sales (graph)

Others: Brands offered by Mogar, brands offered by HookUp, brands offered by the Sound Service, and others

UAC-232



V3



Increase in composition ratio of Others due to conversion of the Sound Service Group into a consolidated subsidiary

Brands offered by Mogar

Brands offered by HookUp

Brands offered by the Sound Service

Handy Audio Recorders

H6 BLACK



Handy recorder with 6 types of exchangeable mic capsules reliable in all cases ranging from pod casting to music and video production and offering professional-level audio quality

Digital Mixers / Multi Track Recorders

L-8



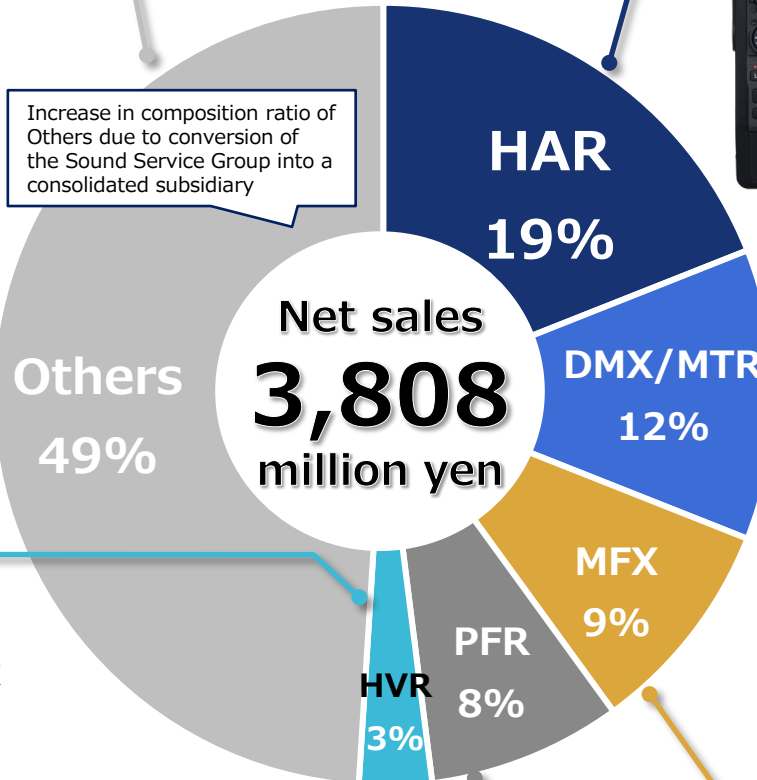
Live mixers and recorders having a high level of audio quality and making it possible easily to stream background-music, invite guests by phone, record podcast programs and make mix of live musical performance

Multi-Effects

G2X FOUR



Multi-effects equipped with the expression pedal significantly increasing the expressiveness of guitar



Handy Video Recorders

Q8n-4K



High-quality sound 4K camera for musicians

Professional Field Recorders

F3



Field recorders making it possible to record sound from overwhelming sound to very quiet sound at the best quality without distortion in a variety of sets.

FY 2023 1Q net sales by product category



Sales increase in many categories due to conversion of the Sound Service Group into a consolidated subsidiary

(Million yen)

	FY 2022/12 1Q results (market share)	FY 2023/12 1Q results (market share)	Change	Main factors behind changes in net sales
Handy Audio Recorders (HAR)	678 (24%)	725 (19%)	46	<ul style="list-style-type: none"> • Increase due to conversion of the Sound Service Group into a consolidated subsidiary • In case of eliminating the effect of the consolidated subsidiary of the Sound Service Group Net sales: 672 million yen (-5 million yen YoY)
Digital Mixers/Multi Track Recorders (DMX/MTR)	285 (10%)	452 (12%)	167	<ul style="list-style-type: none"> • Increase due to conversion of Sound Service Group into a consolidated subsidiary • A recovery of net sales of L series due to the impact of a shortage in semiconductors
Multi-Effects (MFX)	246 (9%)	333 (9%)	87	<ul style="list-style-type: none"> • Increase due to conversion of Sound Service Group into a consolidated subsidiary • Effect of new models of G2 FOUR and G2XFOUR
Professional Field Recorders (PFR)	232 (8%)	311 (8%)	78	<ul style="list-style-type: none"> • Increase due to conversion of Sound Service Group into a consolidated subsidiary • Strong sales of F3 and F8n Pro
Handy Video Recorders (HVR)	148 (5%)	123 (3%)	-25	<ul style="list-style-type: none"> • Continued reduction as a rebound from the sharply increased demand for the purpose of Web conferences
Others	173 (6%)	297 (8%)	124	<ul style="list-style-type: none"> • Strong sales of V series and ZDM-1PMP in North America • Effects of new models of the AMS series and UAC-232
Brands offered by Mogar	191 (7%)	270 (7%)	79	<ul style="list-style-type: none"> • Reduced sales due to inventory adjustments by local dealers in the same period of the previous year
Brands offered by HookUp	839 (31%)	366 (10%)	-472	<ul style="list-style-type: none"> • Consolidation of six months' sales due to a change in the ending date of the fiscal year of HookUp in the same period of the previous year (Consolidation of three months' sales in the current period)
Brands offered by Sound Service	-	927 (24%)	927	<ul style="list-style-type: none"> • Posting of net sales other than those of ZOOM products offered by the Sound Service Group due to conversion of the Sound Service Group into a consolidated subsidiary
Total	2,795	3,808	1,012	

FY 2023 1Q net sales by region



Sharply increased net sales in central Europe due to conversion of the Sound Service Group into a consolidated subsidiary

(Million yen)

	FY 2022 1Q results (Share)	FY 2023 1Q results (Share)	Change	Main factors behind changes in net sales
Central Europe *1	153 (5%)	1,452 (38%)	1,299	•Inclusion of net sales of the Sound Service Group as those in central Europe due to conversion of the group into a consolidated subsidiary (inclusion of net sales of the single Zoom in central Europe for the same period of the previous year)
North America	800 (29%)	798 (21%)	-1	
Southern Europe *2	470 (17%)	601 (16%)	131	•Reduced sales due to inventory adjustments by local dealers in the same period of the previous year
Japan	1,026 (37%)	596 (16%)	-430	•Reduced sales of 464 million yen due to consolidation of six month's sales of HookUp due to a change in the ending date of the fiscal year in the same period of the previous year and consolidation of three months' sales in the current period •Increased sales of 34 million yen in ZOOM products due to the effect of new models
China	30 (1%)	58 (1%)	27	
Others	313 (11%)	299 (8%)	-13	•Taiwan: -18 million yen
Total	2,795	3,808	1,012	

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

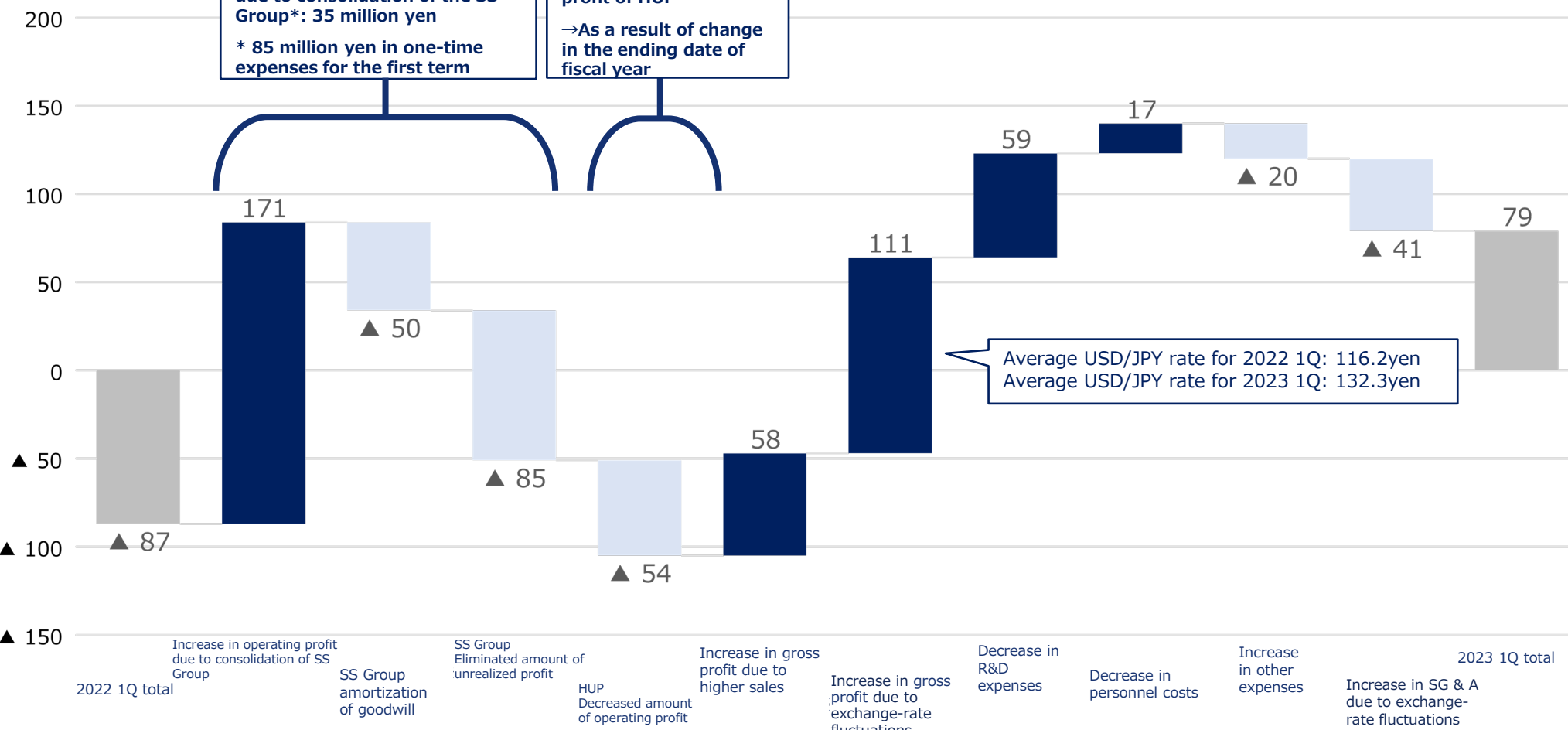
*2. Southern Europe includes Italy, France, Spain, and Portugal

Analysis of changes in operating profit (million yen)

*SS Group: Sound-Service Musikanlagen-Vertriebsgesellschaft mbH and Sound Service MSL Distribution Limited
 HUP : Hookup, Inc.

Net increase in operating profit due to consolidation of the SS Group*: 35 million yen
 * 85 million yen in one-time expenses for the first term

Decreased operating profit of HUP*
 →As a result of change in the ending date of fiscal year



FY 2023 1Q Consolidated Balance Sheet (summary)



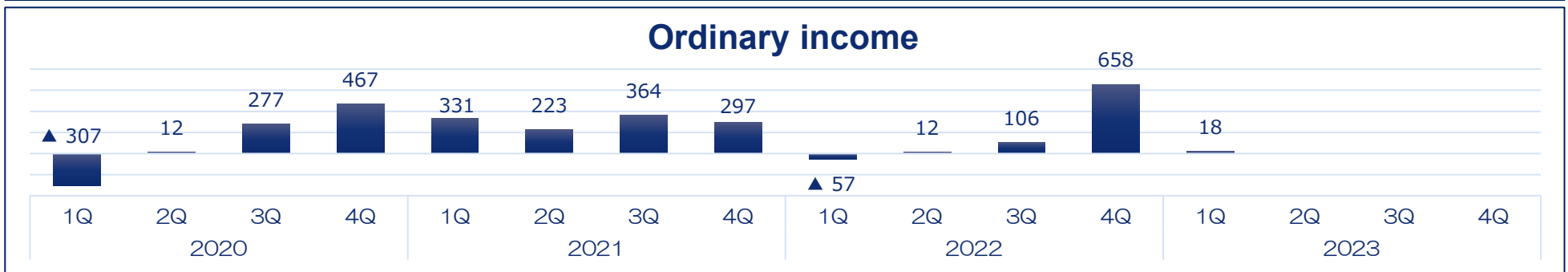
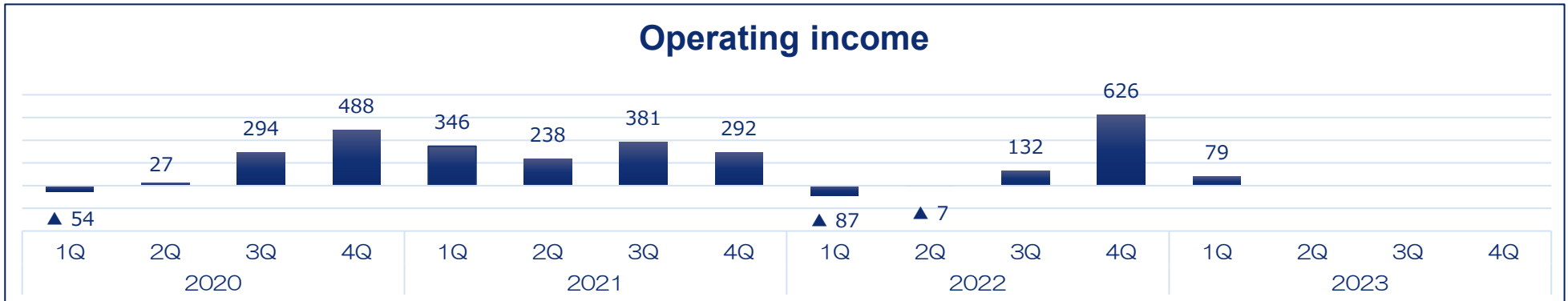
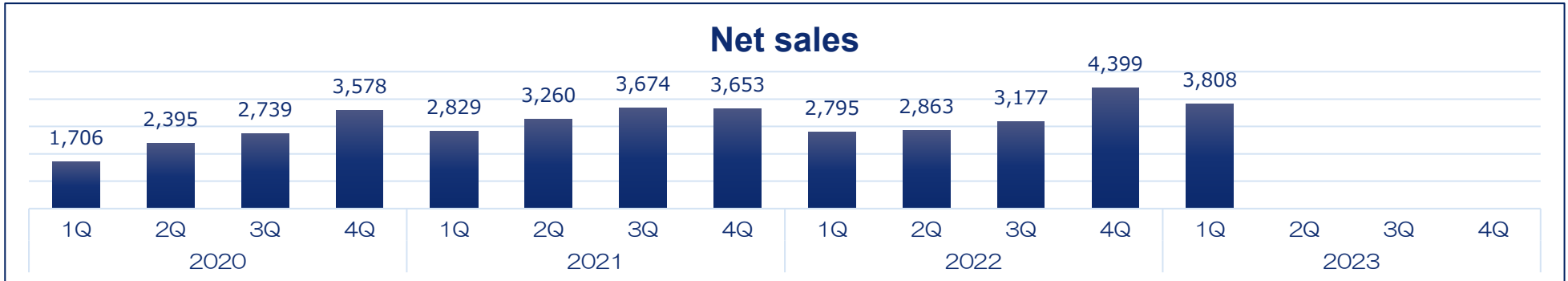
(Million yen)

	FY 2022/12	FY 2023 1Q	Change	Main factors behind changes
Current assets	10,841	12,433	1,591	
Cash and deposits	2,171	2,487	315	
Notes and accounts receivable -trade	2,109	1,911	-197	Decreased sales: 4,399 million yen in Q4 of last year, 3,808 million yen in 1Q of this year
Merchandise and finished goods	4,013	6,223	2,209	Increase due to conversion of the Sound Service Group into a consolidated subsidiary (+2,532 million yen)
Raw materials and supplies	1,288	1,158	-129	Decrease in deposited stock of paid supplied product
Non-current assets	2,808	5,584	2,775	
Property, plant, and equipment	647	1,457	809	Increase due to conversion of Sound Service Group into a consolidated subsidiary (+862 million yen)
Intangible fixed assets	1,437	3,411	1,974	Increase in goodwill of 1,957 million yen due to conversion of the Sound Service Group into a consolidated subsidiary
Investments and other assets	723	715	-8	
Total assets	13,650	18,017	4,367	
Current liabilities	5,907	6,535	628	
Accounts payable-trade	1,080	1,386	306	Increase due to conversion of Sound Service Group into a consolidated subsidiary (+493 million yen)
Short-term loans payable	2,513	2,825	312	Increase due to conversion of Sound Service Group into a consolidated subsidiary (+364 million yen)
Non-current liabilities	1,152	4,465	3,312	Increase in long-term loans payable of 2,463 million yen due to getting a loan for acquisition of the stock of the Sound Service
Total liabilities	7,060	11,001	3,941	
Capital stock	212	212	-	
Total net assets	6,590	7,016	426	Increase in non-controlling interests of 922 million yen due to conversion of the Sound Service Group into a consolidated subsidiary
Total liabilities and net assets	13,650	18,017	4,367	

Trends in quarterly business results in FY 2023 1Q and the past three years No.1



(Million yen)

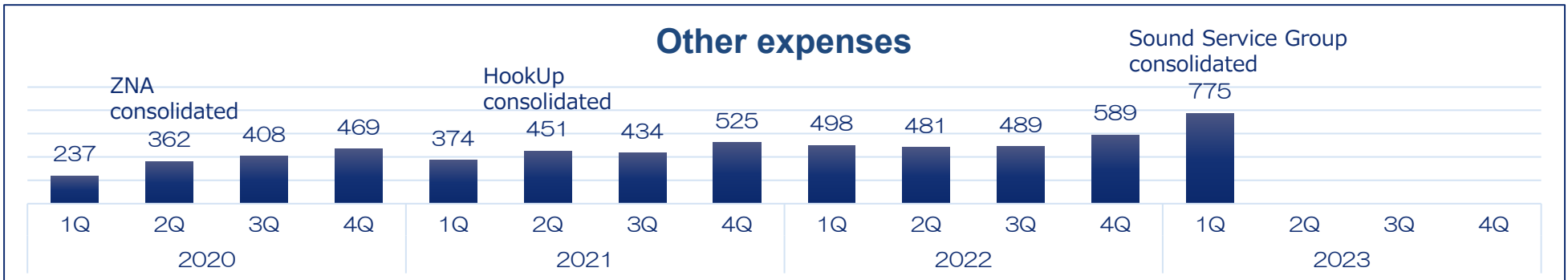
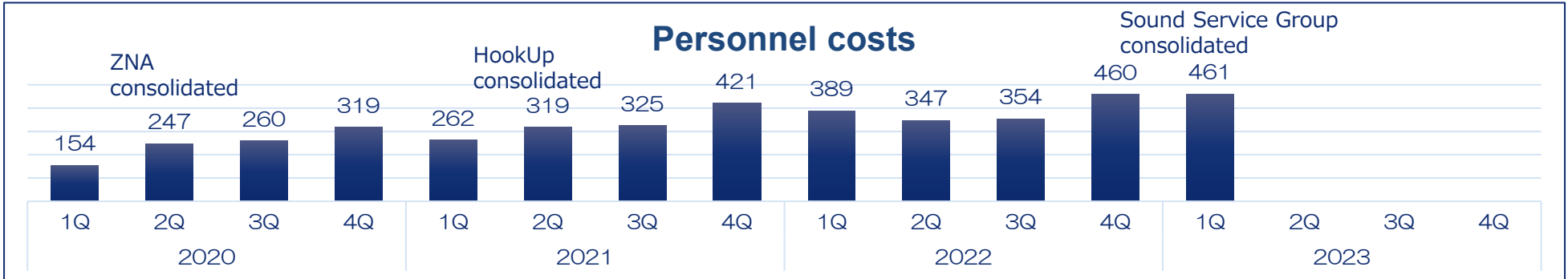
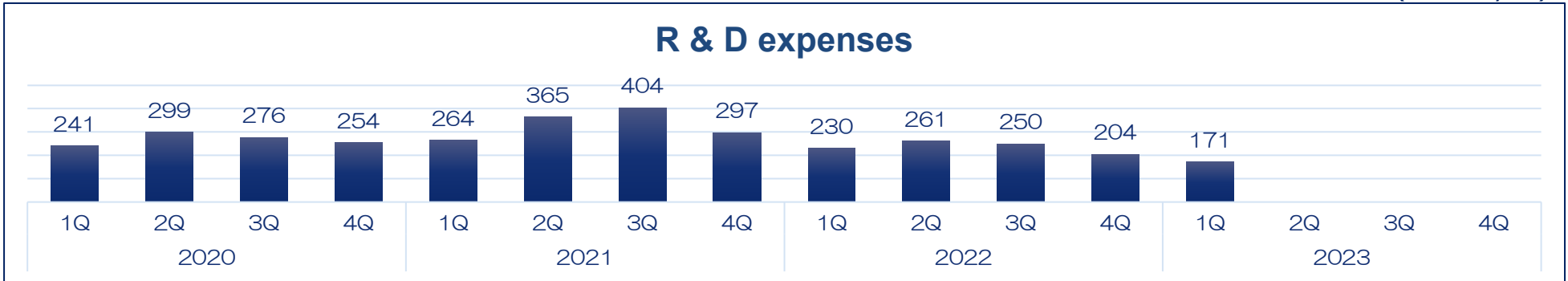


Sharp increase in net sales and profits due to conversion of the Sound Service Group into a consolidated subsidiary.

Trends in quarterly business results in FY 2023 1Q and the past three years No.2



(Million yen)



Increase in personnel expenses and other expenses due to conversion of the Sound Service Group into a consolidated subsidiary.

Forecasting of increase in net sales and profits due to conversion of the Sound Service Group into a consolidated subsidiary

- Actual results for 1Q achieving 25% of full-year sales forecast due to conversion of the Sound Service Group into a consolidated subsidiary
- The conversion into a consolidated subsidiary caused an increase in the deducted amount of unrealized profits included in the stock of the company and amortization of goodwill, as well as an increase in income taxes due to no tax reduction effect of amortization of goodwill and transferred amount of net profit to a non-controlling interest. This limited the contribution to profits at each stage for 1Q.

(Million yen)

	FY 2022/12 Results	FY 2023/12				
		Forecast	Change	Rate of change	1Q results	Rate of achievement
Net sales	13,235	15,230	+1,994	+15.1%	3,808	25%
Operating profit	664	1,030	+365	+55.1%	79	8%
Ordinary profit	720	910	+189	+26.4%	18	2%
Net income attributable to owners of the parent	377	400	+22	+5.9%	-87	-
EBITDA	1,111	1,709	+597	+53.8%	279	16%

Net profit per share	88.36 yen	92.68 yen	+4.32 yen	+4.9%
Dividends per share	50 yen	30 yen	-	-
Payout ratio	56.6%	32.4%	-	-
Exchange rate (yen/USD)	131.4 yen	122.5 yen	-	-

▸ 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 16 million yen in operating profit.

Net sales and profits are expected to achieve their forecasts on a full-year basis.