

WE'RE FOR CREATORS™

FY 2023/12 3 Q

Supplemental Material for Financial Results Briefing

November 13, 2023

zoom®

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.

Sharply increased sales due to the conversion of the Sound Service Group into a consolidated subsidiary and due to a devalued yen; sharply increased profits due to the effects of a devalued yen

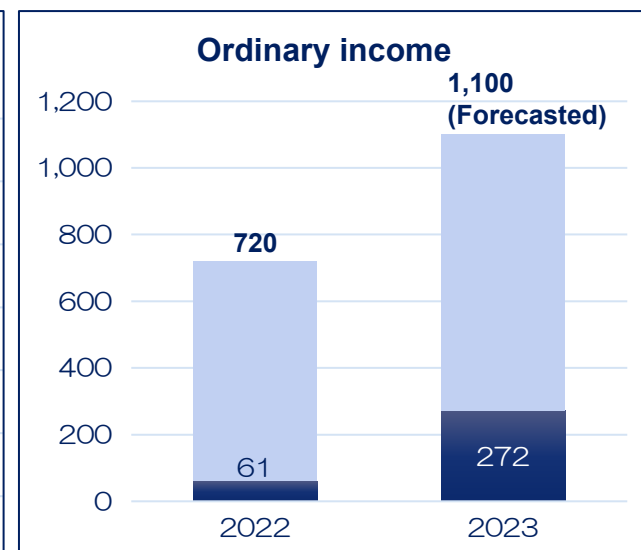
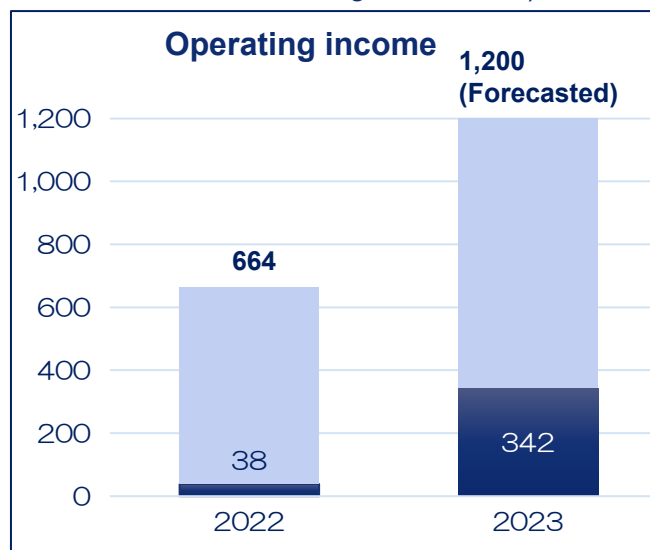
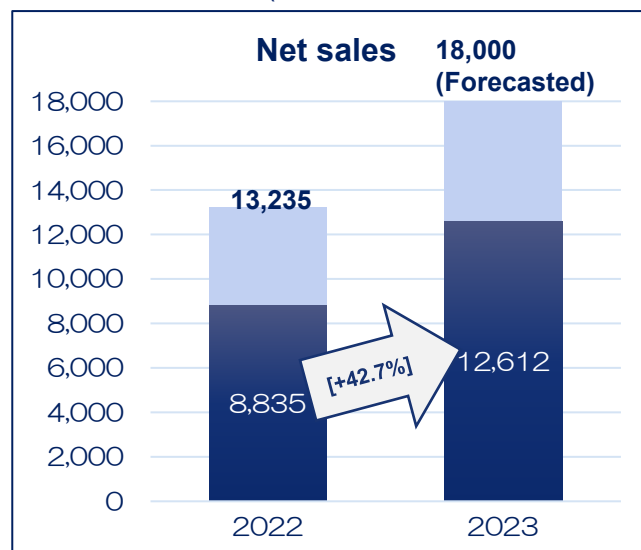
Consolidated financial results through FY 2023 3Q

Net sales: 12,612 million yen (+3,777 million yen YoY)
 Operating profit: 342 million yen (+304 million yen YoY)
 Ordinary profit : 272 million yen (+210 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.

■ 3Q ■ Annual (forecasts of consolidated financial results announced August 10, 2023)

(Million yen)



Consolidated income statement for FY 2023 3Q (summary)



(Million yen)

	FY 2022 3Q results	FY 2023 3Q results	Change	Remarks
Net sales	8,835	12,612	3,777	<ul style="list-style-type: none"> Increase mainly from conversion of the Sound Service Group into a consolidated subsidiary in January 2023
Gross profit (Gross profit margin)	3,341 (37.8%)	4,931 (39.1%)	1,590	<ul style="list-style-type: none"> The share of HookUp's sales, which have a relatively low gross profit margin, decreased (Change to fiscal period) 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 356 million yen, one-time expenses for the first term)
Operating profit (Operating profit margin)	38 (0.4%)	342 (2.7%)	304	<ul style="list-style-type: none"> Selling, general and administrative expenses including 158 million yen in amortization of goodwill arising from conversion of the Sound Service Group into a consolidated subsidiary
Ordinary profit (Ordinary profit margin)	61 (0.7%)	272 (2.2%)	210	<ul style="list-style-type: none"> 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)	-44 (-0.5%)	-81 (-0.7%)	-36	Down 354 million yen from ordinary profit due to the lack of tax-savings effects on amortization of goodwill and the occurrence of non-controlling interests (175 million yen) on Mogar and Sound Service Group
EBITDA	364	954	590	<ul style="list-style-type: none"> Increase in amortization of goodwill EBITDA = Operating profit + * Depreciation
Depreciation	*326	*611	285	* Including 322 million yen in amortization of goodwill (vs. 153 million yen in the previous year)
R&D expenses	742	674	-67	
Foreign exchange gains/losses	30	28	-1	
Average exchange rate (yen/USD)	128.0 yen	138.1 yen	+10.1 yen	

Components of FY 2023 3Q net sales (graph)

Other brands

- Brands offered by Mogar
- Brands offered by HookUp
- Brands offered by Sound Service

Other (Audio Interface, Vocal processor, Microphone, Accessories)

UAC-232



An audio interface enabling top-quality recording with no need for gain adjustment, using our proprietary dual-AD circuitry and 32-bit floating recording technology

Handy Video Recorders



Q8n-4K

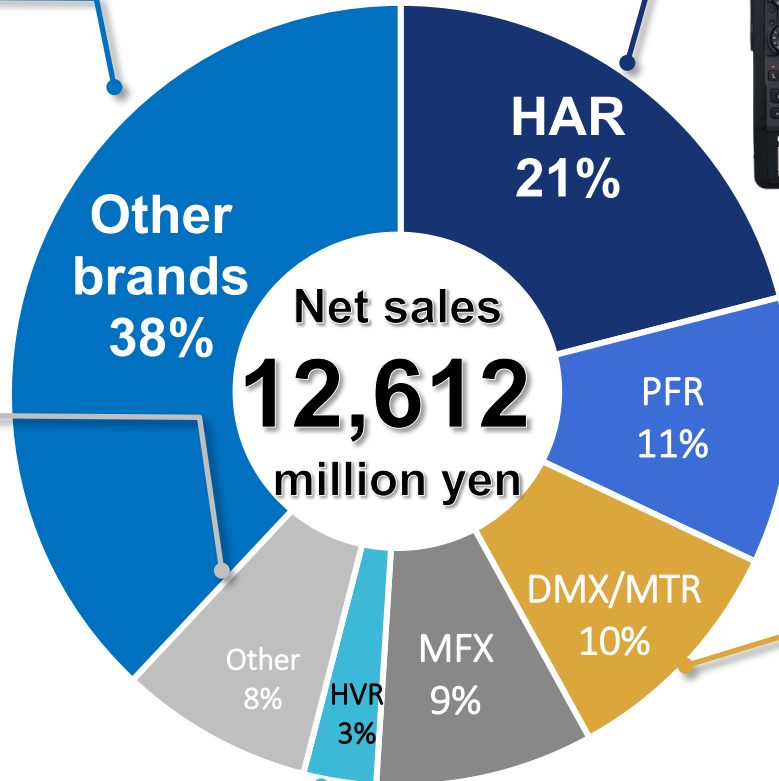
High-quality sound 4K camera for musicians

Multi-Effects



G2X FOUR

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



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

Professional Field Recorders



F8n Pro

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

Digital Mixers / Multi track Recorders



L-8

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

FY 2023 3Q 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 3Q results (share)	FY 2023 3Q results (share)	Change	Main factors behind changes in net sales
Handy audio recorders (HAR)	2,583 (29%)	2,707 (21%)	124	<ul style="list-style-type: none"> Despite effects of the conversion of the Sound Service Group into a consolidated subsidiary and a devalued yen, the cycling of the demand in the existing model has caused declining sales
Professional field recorders (PFR)	827 (9%)	1,397 (11%)	570	<ul style="list-style-type: none"> Effects of new models of the M series Strong sales of the F series
Digital mixers/multi track recorders (DMX/MTR)	964 (11%)	1,312 (10%)	347	<ul style="list-style-type: none"> Resolution of the semiconductor shortage has led to an increase in the sales of the L series
Multi-Effects (MFX)	922 (10%)	1,118 (9%)	196	<ul style="list-style-type: none"> Effect of new models of G2 FOUR and G2X FOUR Strong sales of G1X FOUR
Handy video recorders (HVR)	445 (5%)	417 (3%)	-28	<ul style="list-style-type: none"> A downturn has been continuing due to the fact that there had been demand for web cameras during the COVID-19 pandemic
Others	744 (9%)	893 (8%)	149	<ul style="list-style-type: none"> Strong sales of V3 and ZDM-1PMP Effects of new models of UAC-232
Brands offered by Mogar	761 (9%)	811 (6%)	50	Sales increased due to the devalued yen
Brands offered by HookUp	1,587 (18%)	1,084 (9%)	-502	<ul style="list-style-type: none"> For the same period of the previous year, the sales of 12 months were posted, but, for this year, the sales of 9 months were posted, thereby resulting in a decrease
Brands offered by Sound Service	-	2,868 (23%)	2,868	<ul style="list-style-type: none"> Posting of net sales other than those of ZOOM products offered by the Sound Service Group in brands offered by the Sound Service due to conversion of the Sound Service Group into a consolidated subsidiary
Total	8,835	12,612	3,777	

FY 2023 3Q 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 3Q results (share)	FY 2023 3Q results (share)	Change	Main factors behind changes in net sales
Central Europe *1	824 (9%)	4,595 (36%)	3,770	<ul style="list-style-type: none"> • Increase in sales due to conversion of Sound Service Group into a consolidated subsidiary • Sales decreased in the previous quarter due to inventory adjustments by sales agents and retail stores
North America	2,980 (34%)	2,981 (24%)	1	<ul style="list-style-type: none"> • Despite a failing summer sales battle from a decline in market sentiment and a decrease in sales due to inventory adjustments by sales agents and retail stores, sales were comparable to the same period of the previous year due to the effects of a devalued yen
Southern Europe *2	1,565 (18%)	1,841 (15%)	276	<ul style="list-style-type: none"> • Sales increased due to the devalued yen • Sales decreased in the previous quarter due to inventory adjustments by sales agents overseas
Japan	2,147 (24%)	1,766 (14%)	-381	<ul style="list-style-type: none"> • Sales of HookUp decreased by 478 million yen due to the change in the ending date of the fiscal period. Due to the fact that the period included twelve months last year but nine months this year. • Increased sales of 97 million yen in ZOOM products due to the effect of new models, etc.
China	201 (2%)	217 (2%)	15	
Others	1,115 (13%)	1,209 (9%)	94	<ul style="list-style-type: none"> • Philippines + 60M, Australia + 51M
Total	8,835	12,612	3,777	

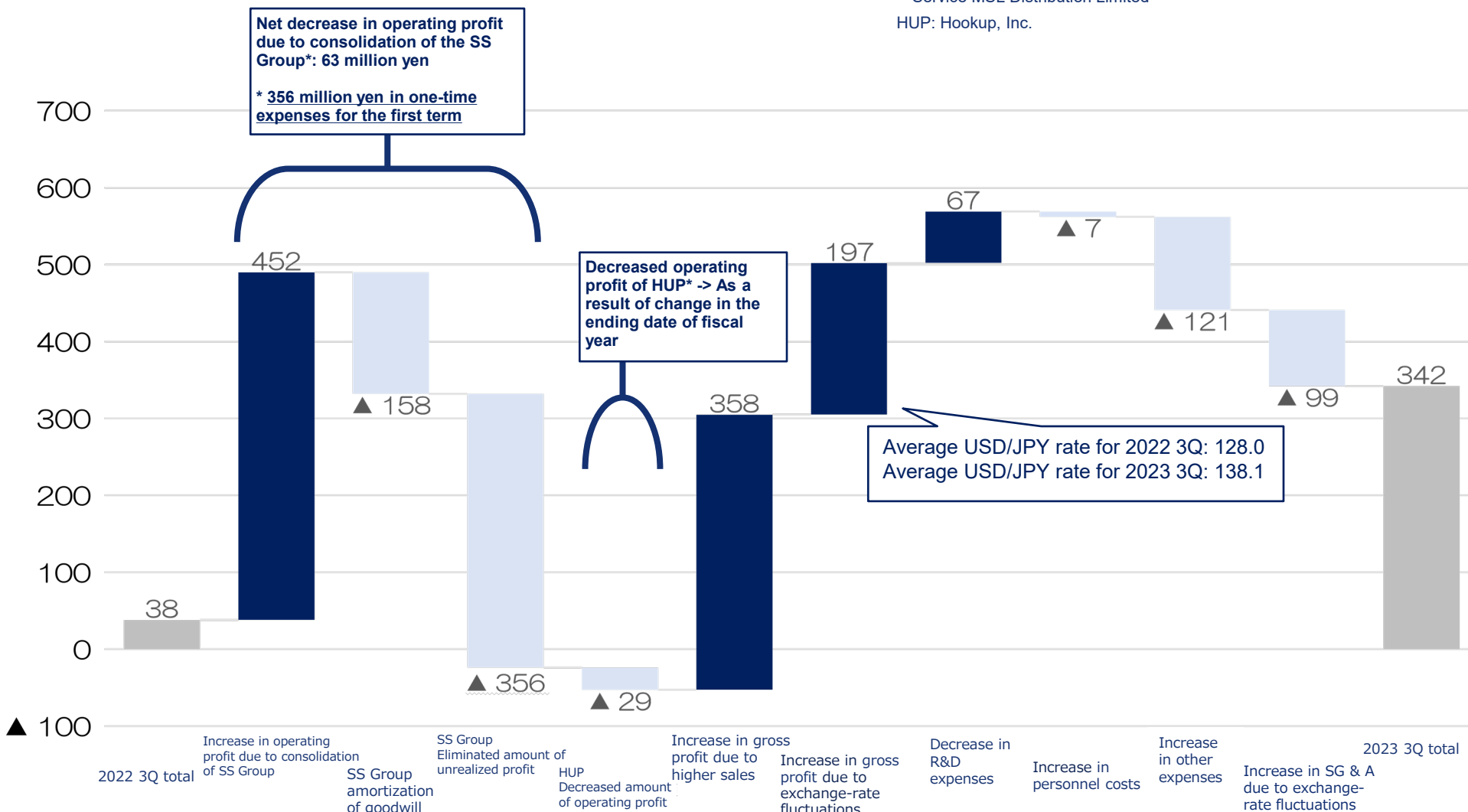
*1. Central Europe includes Germany, the UK, the three Benelux states, Austria, Poland, the Czech Republic, Slovakia, the three Baltic states, and other countries.

*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.



FY 2023 3Q Consolidated Balance Sheet (summary)



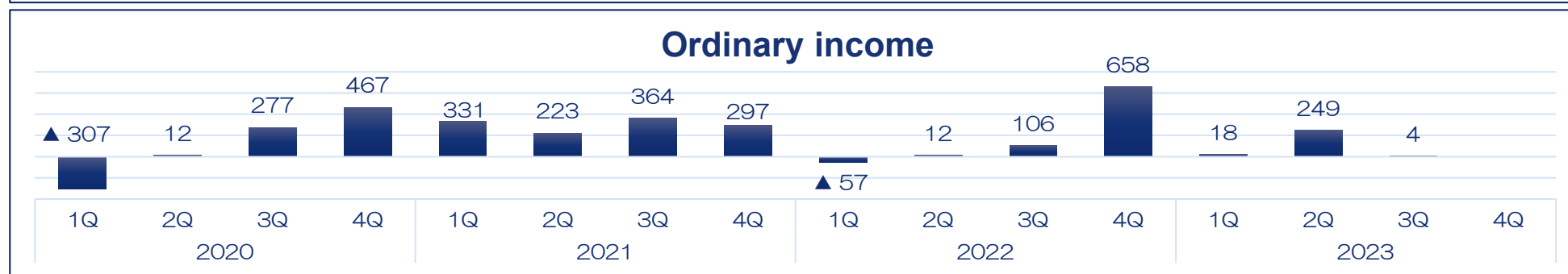
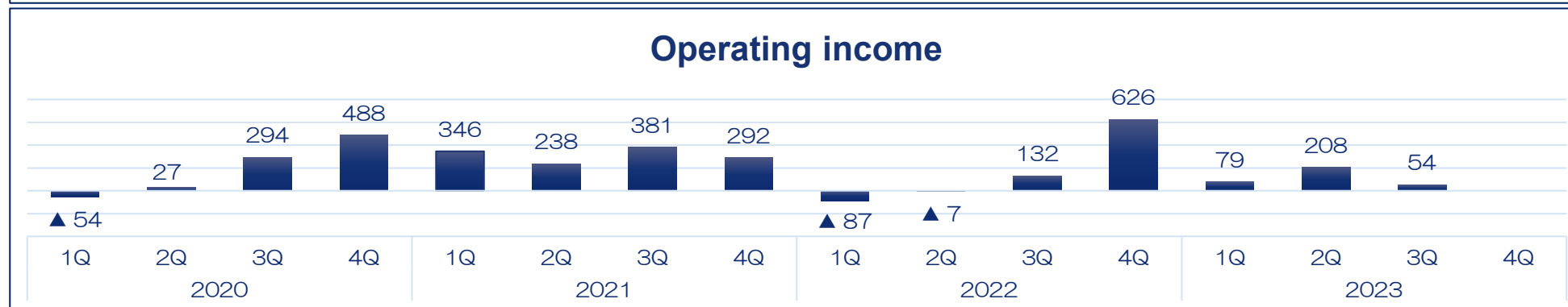
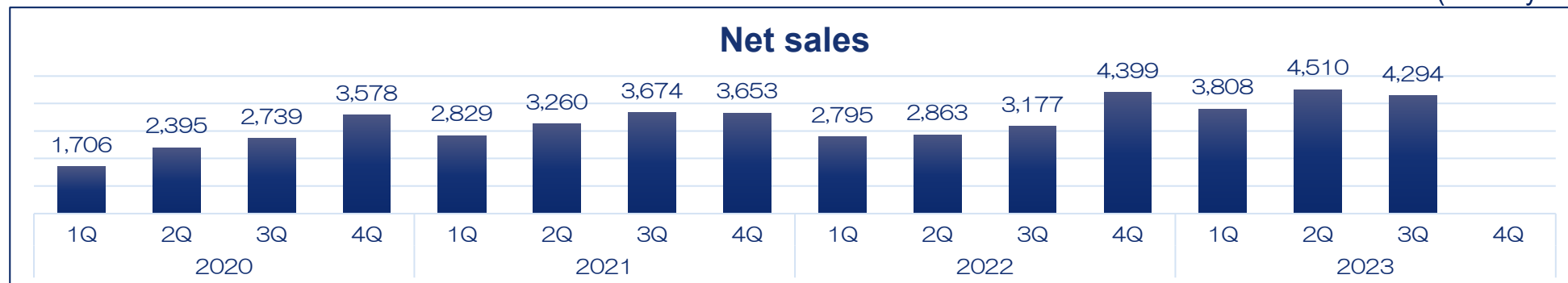
(Million yen)

	FY 2022/12	FY 2023 3Q	Change	Main factors behind changes
Current assets	10,841	14,000	3,158	
Cash and deposits	2,171	2,999	828	
Notes and accounts receivable-trade	2,109	1,807	-301	Decreased due to recovery of accounts receivable-trade
Merchandise and finished goods	4,013	7,258	3,244	Increase due to conversion of Sound Service Group into a consolidated subsidiary (+2,680 million yen)
Raw materials and supplies	1,288	1,045	-242	
Non-current assets	2,808	5,856	3,048	
Property, plant, and equipment	647	1,514	866	Increase due to conversion of Sound Service Group into a consolidated subsidiary (+895 million yen)
Intangible fixed assets	1,437	3,463	2,025	Increase in goodwill of 2,044 million yen due to conversion of the Sound Service Group into a consolidated subsidiary
Investments and other assets	723	879	155	
Total assets	13,650	19,857	6,207	
Current liabilities	5,907	7,684	1,777	
Accounts payable-trade	1,080	1,790	710	Increase due to conversion of Sound Service Group into a consolidated subsidiary (+381 million yen)
Short-term loans payable	2,513	3,379	866	Increase due to conversion of Sound Service Group into a consolidated subsidiary (+632 million yen)
Non-current liabilities	1,152	4,271	3,119	Increase due to conversion of Sound Service Group into a consolidated subsidiary (+920 million yen) Increase in long-term loans payable of 2,192 million yen due to getting a loan for acquisition of the stock of the Sound Service
Total liabilities	7,060	11,956	4,896	
Capital stock	212	212	-	
Total net assets	6,590	7,900	1,310	Increase in non-controlling interests of 1,112 million yen due to conversion of the Sound Service Group into a consolidated subsidiary
Total liabilities and net assets	13,650	19,857	6,207	

Trends in quarterly business results in FY 2023 3Q and the past three years No.1



(Million yen)

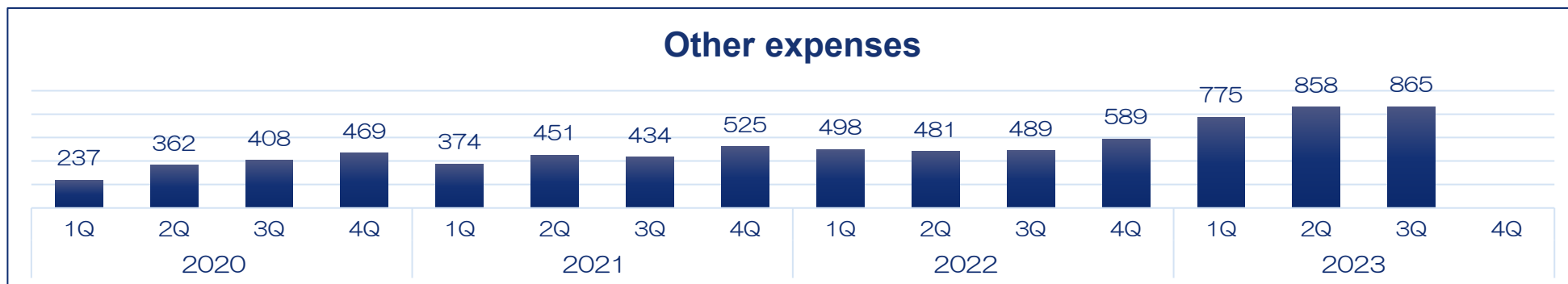
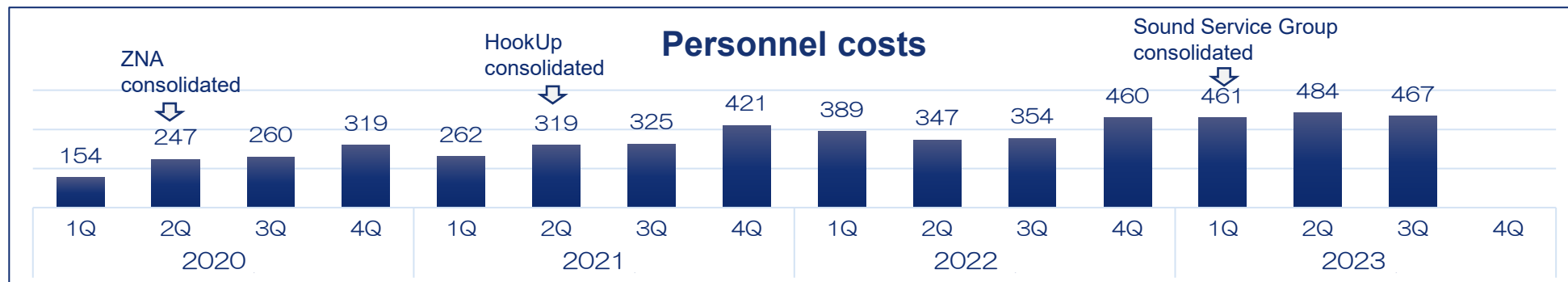
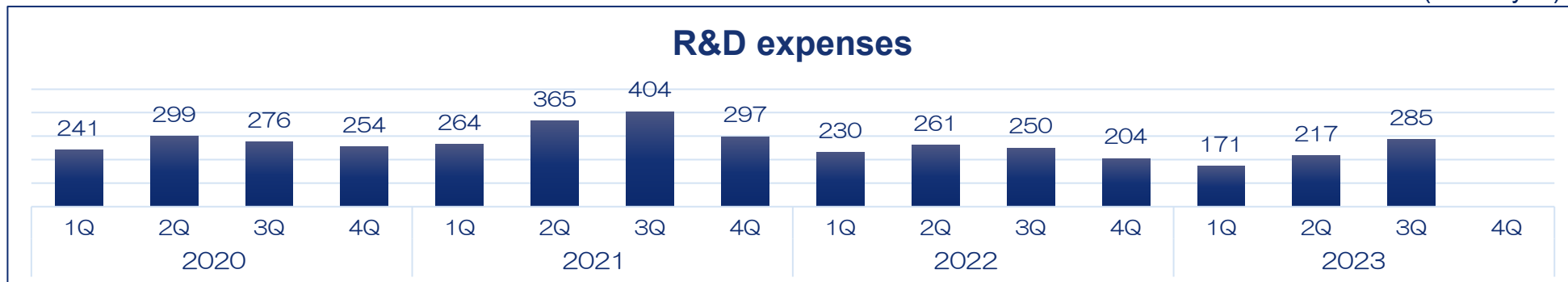


A failing summer sales battle from a decline in market sentiment in Europe and the United States led to an increase in inventory of sales agents and retail stores. This caused a decrease in the number of orders received in comparison to average years, which caused sales to remain stagnant during 3Q.

Trends in quarterly business results in FY 2023 3Q and the past three years No.2



(Million yen)



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

FY 2023/12 forecasts of consolidated financial results



There is a low achievement rate of profits; however, as we anticipate a year-end sales battle, there are no changes to our forecasted financial results for the fiscal year

(Million yen)

	FY 2022/12 Results	FY 2023/12				
		Forecast	Change	Rate of change	3Q results	Rate of achievement
Net sales	13,235	18,000	+4,764	+36.0%	12,612	70%
Operating profit	664	1,200	+535	+80.7%	342	29%
Ordinary profit	720	1,100	+379	+52.7%	272	25%
Net income attributable to owners of the parent	377	400	+22	+5.9%	-81	-
EBITDA	1,111	1,980	+868	+78.2%	954	48%

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	130.0 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 22 million yen in operating profit.

As dividends for FY2023/12, we plan to pay 30 yen per share (no change)

We think dividend as a significant matter in return of profits to shareholders, and we have the policy to keep dividend stable, taking into account profit for each fiscal year and future business expansion, seek return of profits to shareholders, and pay stable dividend with the target payout ratio of around 30%.

Dividend	FY 2020 (Actual)	FY 2021 (Actual)	FY 2022 (Actual)	FY 2023 (Forecasts)
Net income attributable to owners of the parent	502 million yen	854 million yen	377 million yen	400 million yen
Total amount of dividends	138 million yen	218 million yen	214 million yen	130 million yen
Annual dividend per share (After the split)	31 yen	51 yen	50 yen	30 yen
Payout ratio	27.7%	25.6%	56.6%	32.4%

* The future total amount of dividends may change according to the above policy.

* We conducted a two-for-one stock split of common stock on January 1, 2022.