

WE'RE FOR CREATORS™

FY2022/12 1Q

Supplemental Material for Financial Results Briefing

May 13, 2022



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.

Despite steady demand, sales and profits are down YoY due to reduced sales quantities resulting from the shortage of semiconductors

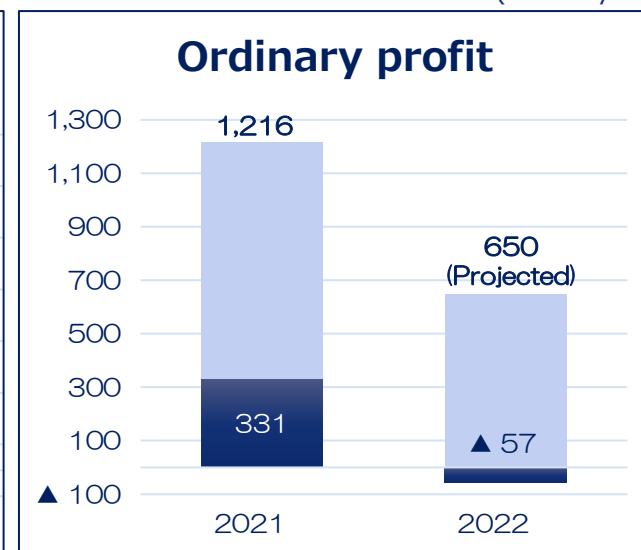
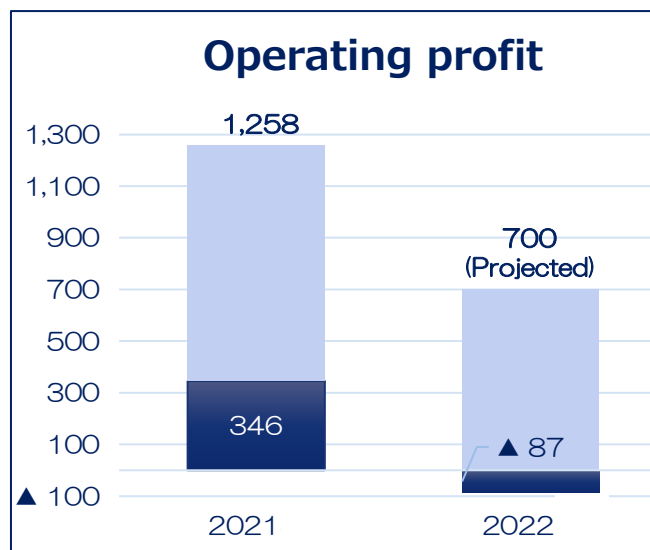
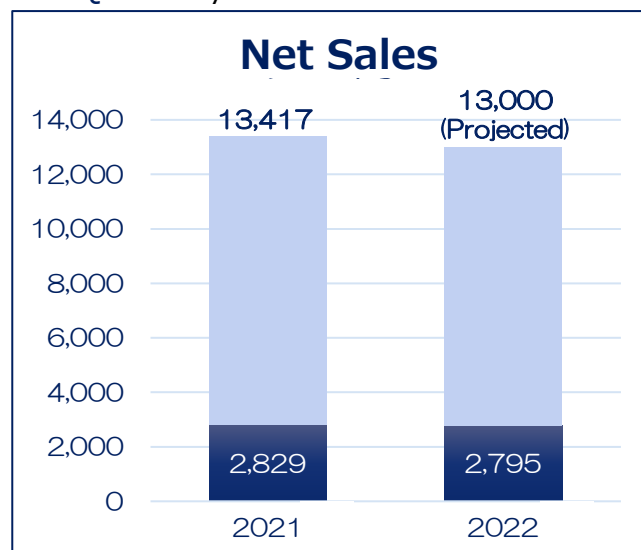
Consolidated financial results through FY2022 1Q

Net sales: 2,795 million yen (-33 million yen YoY)
 Operating profit: -87 million yen (-433 million yen YoY)
 Ordinary profit : -57 million yen (-388 million yen YoY)

- Sales quantities decreased considerably due to a product supply shortage resulting from difficulty in procuring semiconductors.
- While sales decreased only slightly due to the consolidation of six months' profit and loss (for October 2021 – March 2022) from HookUp as a result of a change in the ending date of that company's fiscal year, operating profit and ordinary profit both decreased considerably YoY due to consolidation of six months' SG&A expenses and other expenses from HookUp as well. (* Hookup profit / loss is not consolidated in the previous 1Q.)

■ 1Q ■ Full year

(Million yen)



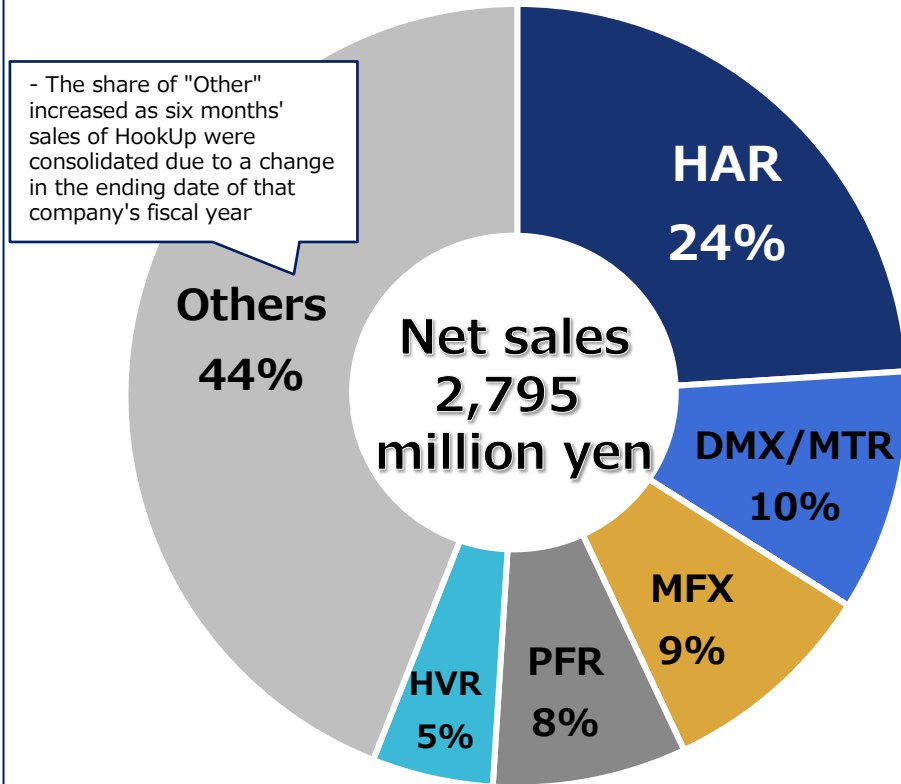
Consolidated income statement for FY2022 1Q (summary)



(Million yen)

	FY 2021/12 1Q results	FY 2022/12 1Q results	Change	Remarks
Net sales	2,829	2,795	-33	- Despite steady demand for Company products, sales quantities decreased due to the global shortage of semiconductors - Because of the change in the accounting period, consolidated HookUp's profit and loss for six month (from October 2021 to March 2022), and the sales slightly decreased
Gross profit (Gross profit margin)	1,248 (44.1%)	1,032 (36.9%)	-216	- 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
Operating profit (Operating profit margin)	346 (12.2%)	-87 (-3.1%)	-433	- In addition to the above, consolidation of the income statement of HookUp beginning in 2Q of the previous year resulted in a YoY increase in SG&A expenses
Ordinary profit (Ordinary profit margin)	331 (11.7%)	-57 (-2.0%)	-388	- Foreign exchange gains of 26 million yen were recorded due to the devalued yen
Quarterly net profit attributable to owners of the parent (Quarterly net profit margin)	201 (7.1%)	-60 (-2.2%)	-261	
EBITDA	446	15	-430	EBITDA = Operating profit + * Depreciation
Depreciation	*99	*102	2	* Includes 47 million yen in amortization of goodwill (vs. 44 million yen in the previous year)
R&D expenses	264	230	-33	
Foreign exchange gains/losses	-3	26	29	
Average exchange rate (yen/USD)	105.8 yen	116.2 yen	+10.4 yen	

Net sales by product category



Category

HAR: Handy Audio Recorders

DMX/MTR: Digital Mixers/Multi Track Recorders

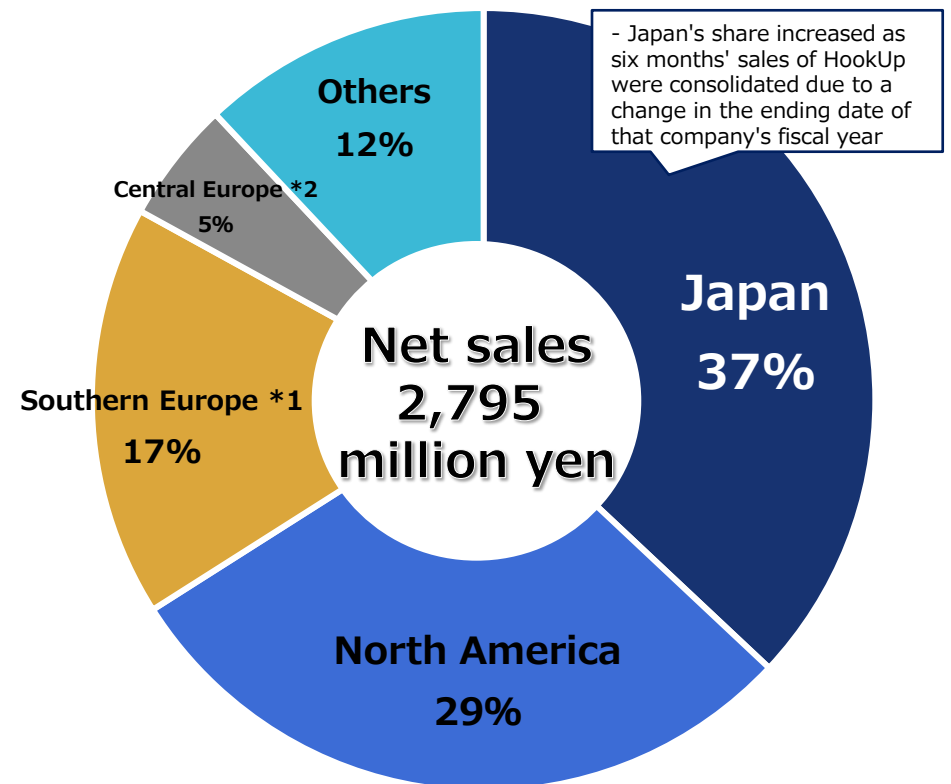
MFX: Multi-Effects

PFR: Professional Field Recorders

HVR: Handy Video Recorders

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

net sales by region



*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

FY2022 1Q net sales by product category



With the exceptions of some categories, sales decreased due to a product supply shortage resulting from difficulty in procuring semiconductors

(Million yen)

	FY 2021/12 1Q results (share)	FY 2022/12 1Q results (share)	Change	Main factors behind changes in net sales
Handy Audio Recorders (HAR)	1,203 (43%)	678 (24%)	-525	- Reduced shipments due to inventory adjustments by dealers in Central Europe and China - Supplies of some products are short due to difficulty in procuring semiconductors
Digital Mixers/Multi Track Recorders (DMX/MTR)	540 (19%)	285 (10%)	-255	- Product supplies are short due to difficulty in procuring semiconductors, mainly for the L-Series
Multi-Effects (MFX)	288 (10%)	246 (9%)	-42	- Product supplies are short due to difficulty in procuring semiconductors, mainly for the G1 Four-Series
Professional Field Recorders (PFR)	179 (6%)	232 (8%)	53	- Effects of new products from the F2/F2-BT, F3, and F8n Pro - Product supplies are short for some products due to difficulty in procuring semiconductors
Handy Video Recorders (HVR)	188 (7%)	148 (5%)	-40	- Down YoY as a rebound from rapid growth in demand for uses such as web conferencing as working from home spread due to COVID-19 in the same period last year
Others	265 (9%)	173 (6%)	-92	- In addition to product supply shortages for some products due to difficulty in procuring semiconductors, sales decreased as a rebound from the effects of new products from the AM7 and ZDM-1PMP in the same period last year
Brands offered by Mogar	162 (6%)	191 (7%)	28	- Demand recovered in southern Europe due to progressive normalization of economic activities after COVID-19
Brands offered by HookUp	- (-)	839 (31%)	839	- HookUp's results are included in the consolidated income statement beginning with 2Q of the previous consolidated fiscal year - Six months' sales were consolidated due to a change in the ending date of the fiscal year of HookUp
Total	2,829	2,795	-33	

FY2022 1Q net sales by region



Sales decreased in nearly all regions as a result of product supply shortages due to difficulty in procuring semiconductors

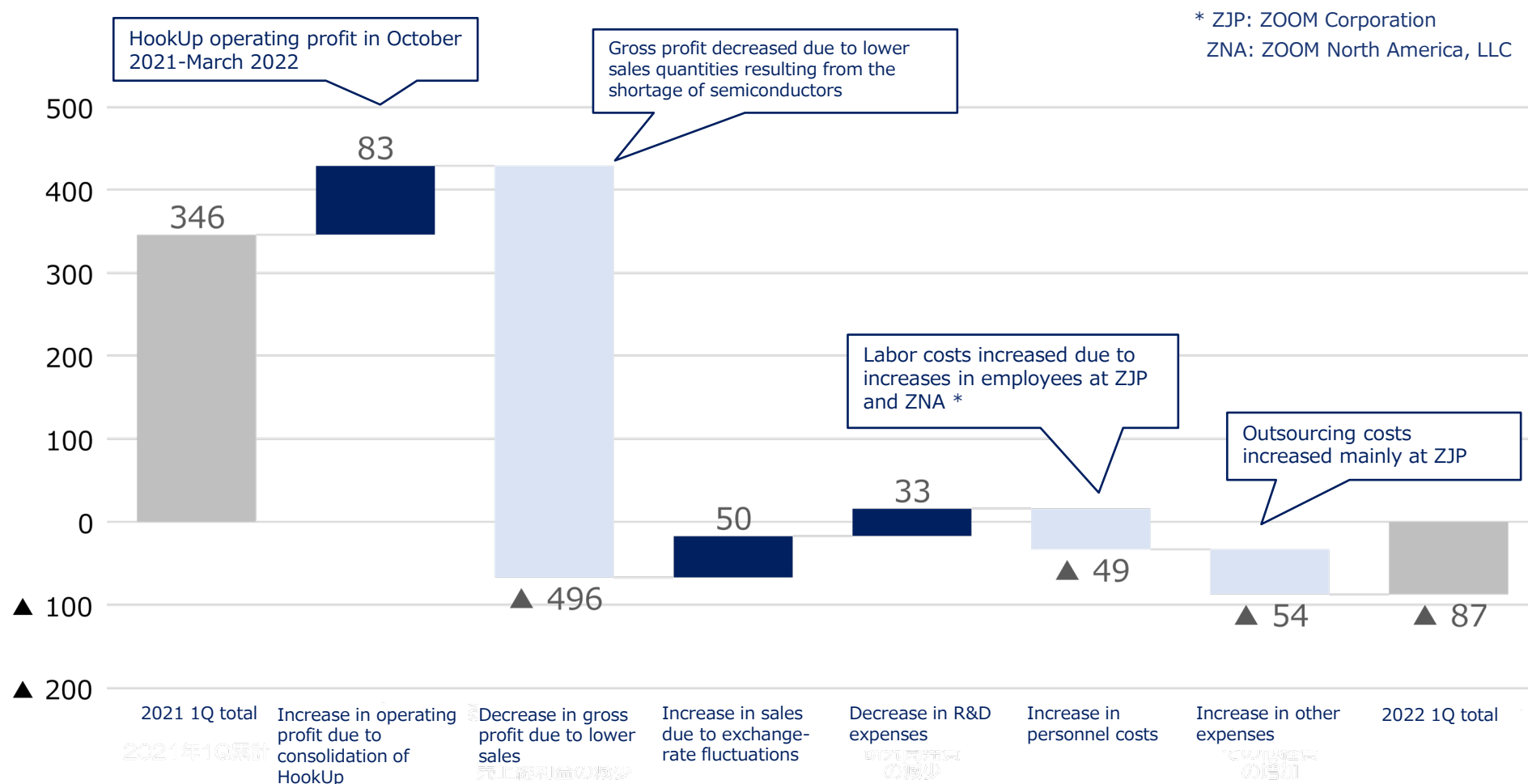
(Million yen)

	FY 2021/12 1Q results (Share)	FY 2022/12 1Q results (Share)	Change	Main factors behind changes in net sales
Japan	239 (9%)	1,026 (37%)	787	- Six months' sales were consolidated due to a change in the ending date of the fiscal year of HookUp (839 million yen) - In addition to product supply shortages, sales of some products including HVR were down as a rebound from growth in demand in the same period last year
North America	999 (35%)	800 (29%)	-198	- Reduced shipments due to inventory adjustments by dealers - Decreases mainly in sales of HAR and DMX due to a product supply shortage resulting from difficulty in procuring semiconductors
Southern Europe *1	472 (17%)	470 (17%)	-2	- Decreased sales due to lower demand for HAR and supply shortages for new products - Recovery in demand for brands offered by Mogar due to normalization of economic activities in southern Europe
Central Europe *2	555 (20%)	153 (5%)	-401	- Decrease due to a rebound from large-scale shipments of the outstanding balance of orders received mainly for HAR in the same period one year ago - Reduced shipments due to HAR inventory adjustments by dealers
U.A.E.	39 (1%)	36 (1%)	-3	
Others	522 (18%)	307 (11%)	-214	- Down 50 million yen in China: Reduced shipments due to inventory adjustments by dealers - Others: Down 29 million yen in Sweden, down 25 million yen in South Korea
Total	2,829	2,795	-33	

*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)



FY2022 1Q Consolidated Balance Sheet (summary)



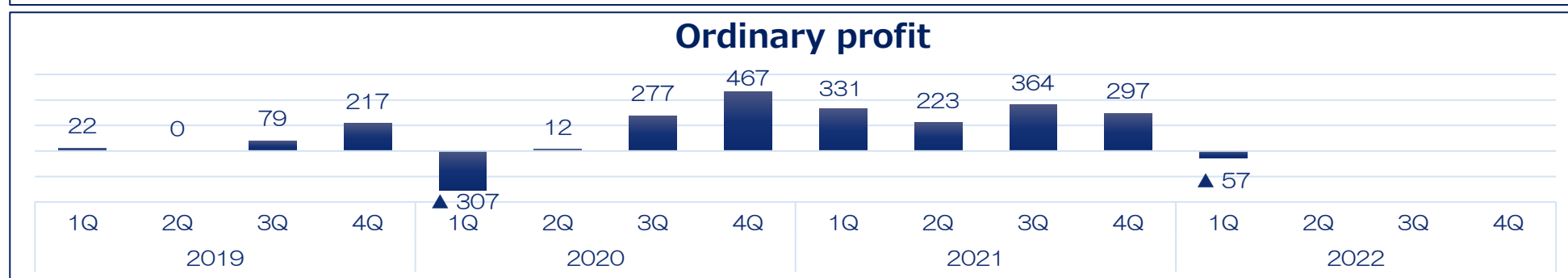
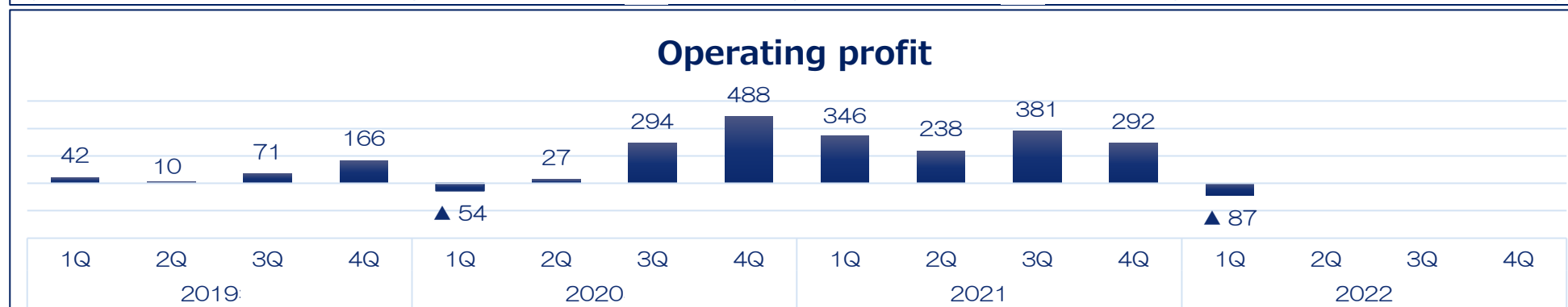
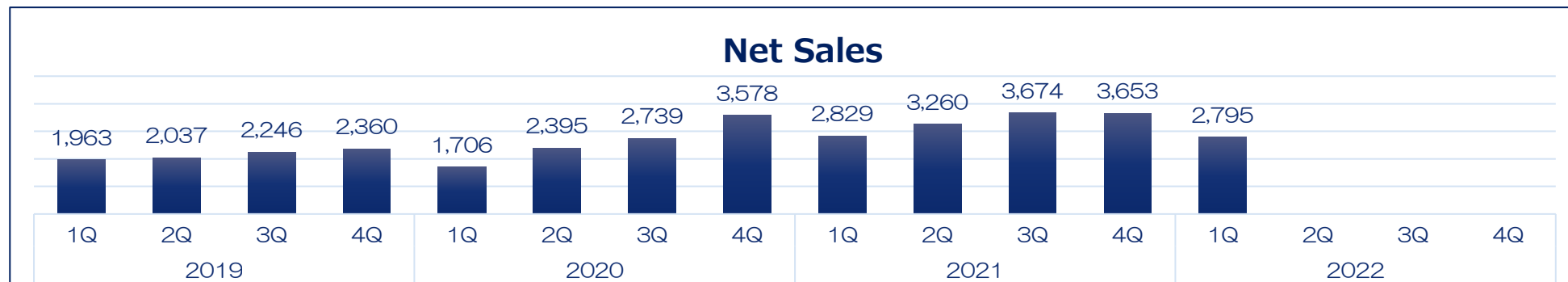
(Million yen)

	FY 2021/12	FY 2022/12 1Q total	Change	Main factors behind changes
Current assets	8,035	8,497	462	
Cash and deposits	2,067	1,900	-166	Dividend 218 million yen
Accounts receivable-trade and contract assets	1,950	1,286	-663	Decreased sales: 3,653 million yen in 4Q of last year, 2,795 million yen in 1Q of this year
Merchandise and finished goods	2,963	3,190	227	Increased logistics lead time
Raw materials and supplies	115	1,107	951	Inventories of onerous supplies newly recognized due to application of the Accounting Standard for Revenue Recognition (877 million yen)
Non-current assets	2,794	2,864	69	
Property, plant, and equipment	548	540	-7	
Intangible fixed assets	1,476	1,502	26	Goodwill: + 30 million yen (increased due to devaluation of the yen)
Investments and other assets	769	820	51	Increase of +57 million yen in deferred tax assets
Total assets	10,829	11,361	531	
Current liabilities	3,675	4,293	618	Liabilities on onerous supplies newly recorded under current liabilities (other) due to application of the Accounting Standard for Revenue Recognition (877 million yen)
Accounts payable-trade	1,000	773	-227	Decreased purchases from production consignment factories
Short-term loans payable	1,346	1,604	257	Increase due to raising working capital etc.
Non-current liabilities	1,242	1,209	-32	
Total liabilities	4,917	5,503	585	
Capital stock	212	212	-	
Total net assets	5,911	5,858	-53	
Total liabilities and net assets	10,829	11,361	531	

Trends in quarterly business results in FY 2022 1Q and the past three years No.1



(Million yen)

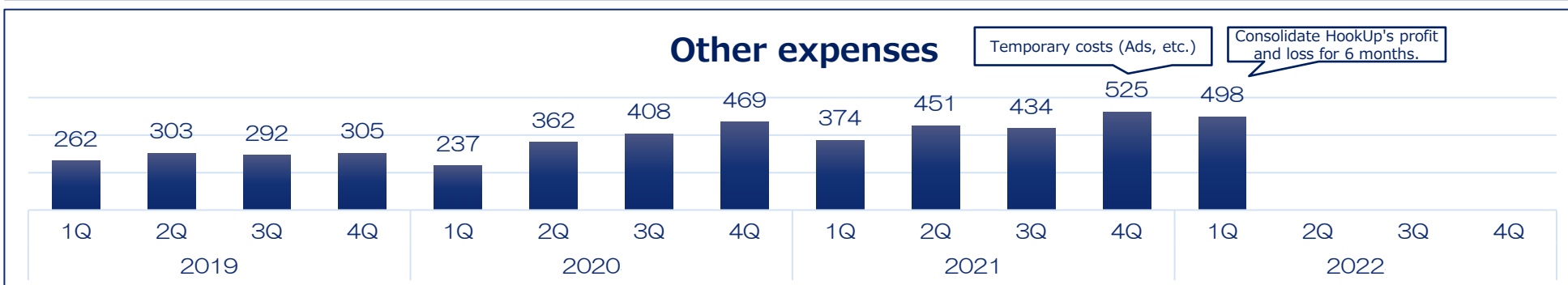
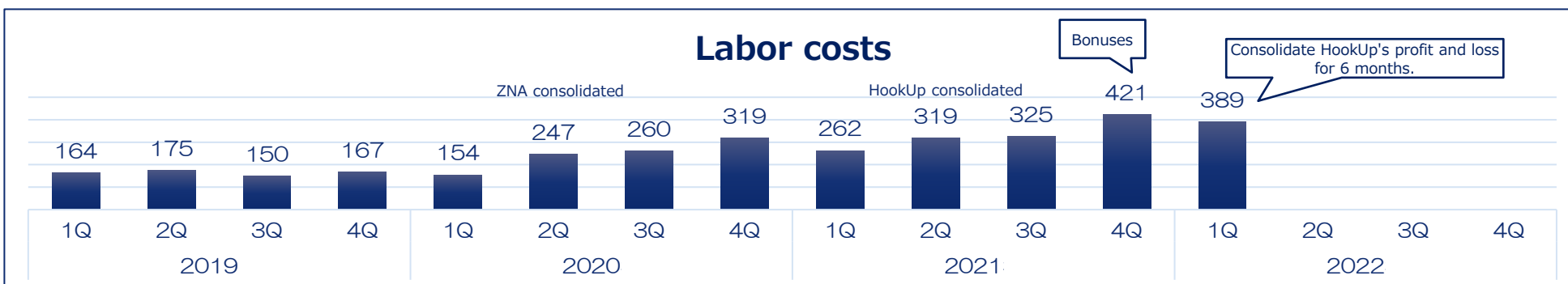
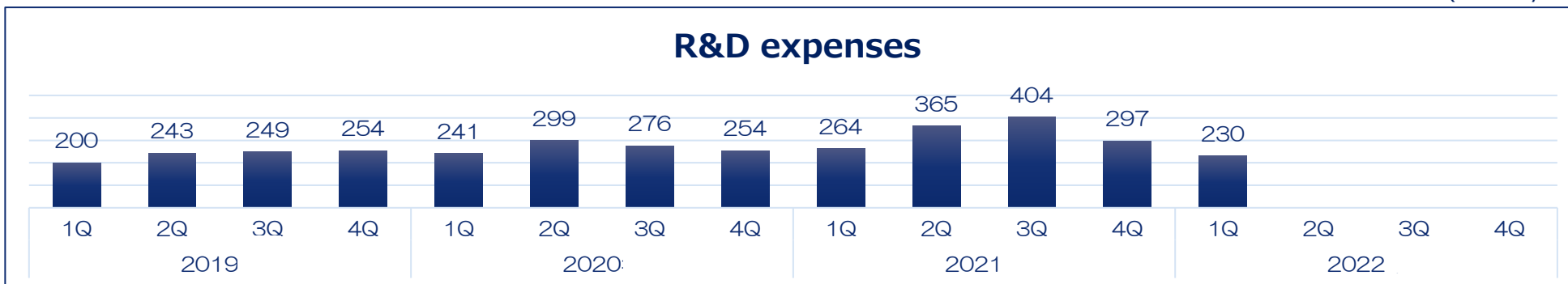


Sales quantities decreased considerably due to a product supply shortage resulting from difficulty in procuring semiconductors.

Trends in quarterly business results in FY 2022 1Q and the past three years No.2



(Million yen)



Consolidation of HookUp's profit and loss for six months resulted in YoY increases in labor costs and other expenses.

FY 2022/12 forecasts of consolidated financial results



Sales and profits are projected to decrease due to product supply shortages resulting from the shortage of semiconductors

- Production in the first half of 2022 is expected to be only about 70-80% of the required volume due to the shortage of semiconductor supply.
- Even though a recovery is projected in the second half of 2022, the balance of outstanding orders is not expected to be filled by the end of FY2022.
- Because of the change in the accounting period, consolidated HookUp's profit and loss for 15 months.(Consolidated for 9 months in FY 2021/12)

(Million yen)

	FY 2021/12 Results	FY 2022/12				
		Forecast	Change	Rate of change	1Q results	Rate of achievement
Net sales	13,417	13,000	-417	-3.1%	2,795	22%
Operating profit	1,258	700	-558	-44.4%	-87	-
Ordinary profit	1,216	650	-566	-46.6%	-57	-
Net income attributable to owners of the parent	854	400	-454	-53.2%	-60	-
EBITDA	1,666	1,110	-556	-33.4%	15	1%

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

While the trend toward devaluation of the yen has a positive effect on business results, projections of business results remain unchanged due to uncertainty regarding resolution of the shortage of semiconductors.

FY 2022/12 sales projections by consolidation category



(Million yen)

	FY 2021/12 Results	FY 2022/12				
		Forecast	Change	Rate of change	1Q results	Rate of achievement
Handy Audio Recorders (HAR)	4,933	3,884	-1,049	-21.3%	678	17%
Digital Mixers/Multi Track Recorders (DMX/MTR)	2,203	2,013	-190	-8.6%	285	14%
Multi-Effects (MFX)	1,289	1,123	-166	-12.9%	246	22%
Professional Field Recorders (PFR)	968	1,231	+262	+27.1%	232	19%
Handy Video Recorders (HVR)	819	635	-183	-22.3%	148	23%
Others	1,278	1,361	+83	+6.5%	173	13%
Brands offered by Mogar	827	808	-18	-2.2%	191	24%
Brands offered by HookUp	1,098	1,942	+844	+76.9%	839	43%
Total	13,417	13,000	-417	-3.1%	2,795	22%