

# **FY 2024/12 1Q**

# **Supplemental Material for**

# **Financial Results Briefing**

**May 13, 2024**

**ZOOM CORPORATION**

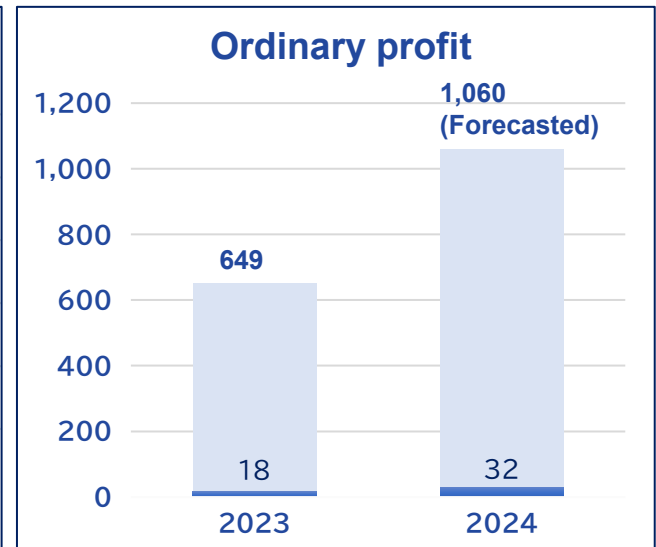
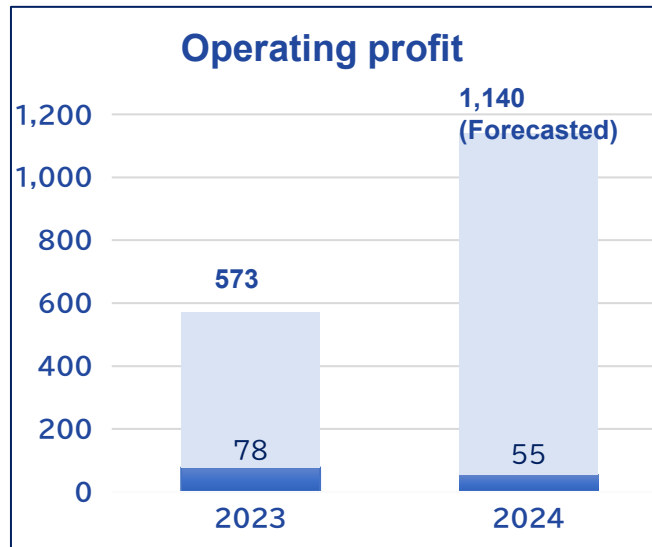
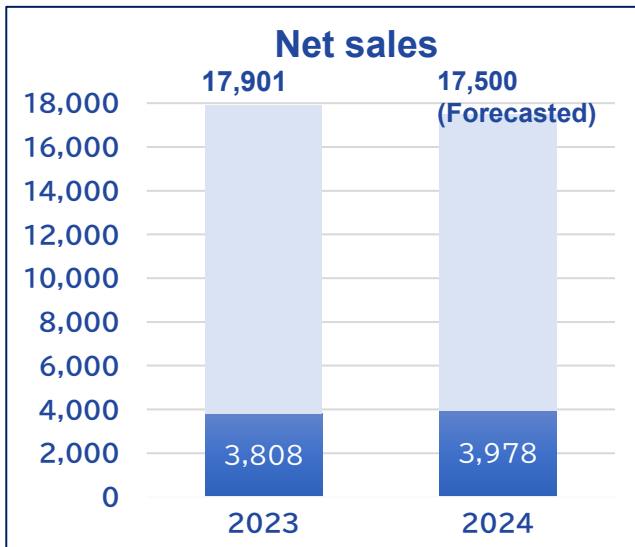
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**Sales increased because of the devalued yen, but operating profit decreased from the increase in selling, general, and administrative expenses**

## Consolidated financial results through FY 2024 1Q

**Net sales: 3,978 million yen (+ 169 million yen YoY)**  
**Operating profit: 55 million yen (- 23 million yen YoY)**  
**Ordinary profit : 32 million yen (+ 14 million yen YoY)**

- Though Sound-Service Musikanlagen-Vertriebsgesellschaft mbH and its subsidiary Sound Service MSL Distribution Ltd (hereinafter both are referred to as the "Sound Service Group") contributed to the profit of each stage, operating profit decreased year-on-year not only because of the devalued yen but also because of the increase in R&D expenses, increase in expenses for overseas exhibits, and increase in the selling, general, and administrative expenses of overseas subsidiaries. Ordinary profit increased because syndicated loan fees of 62 million yen were recorded as non-operating expenses in the same period of the previous year.



# Consolidated income statement for FY 2024 1Q (summary)

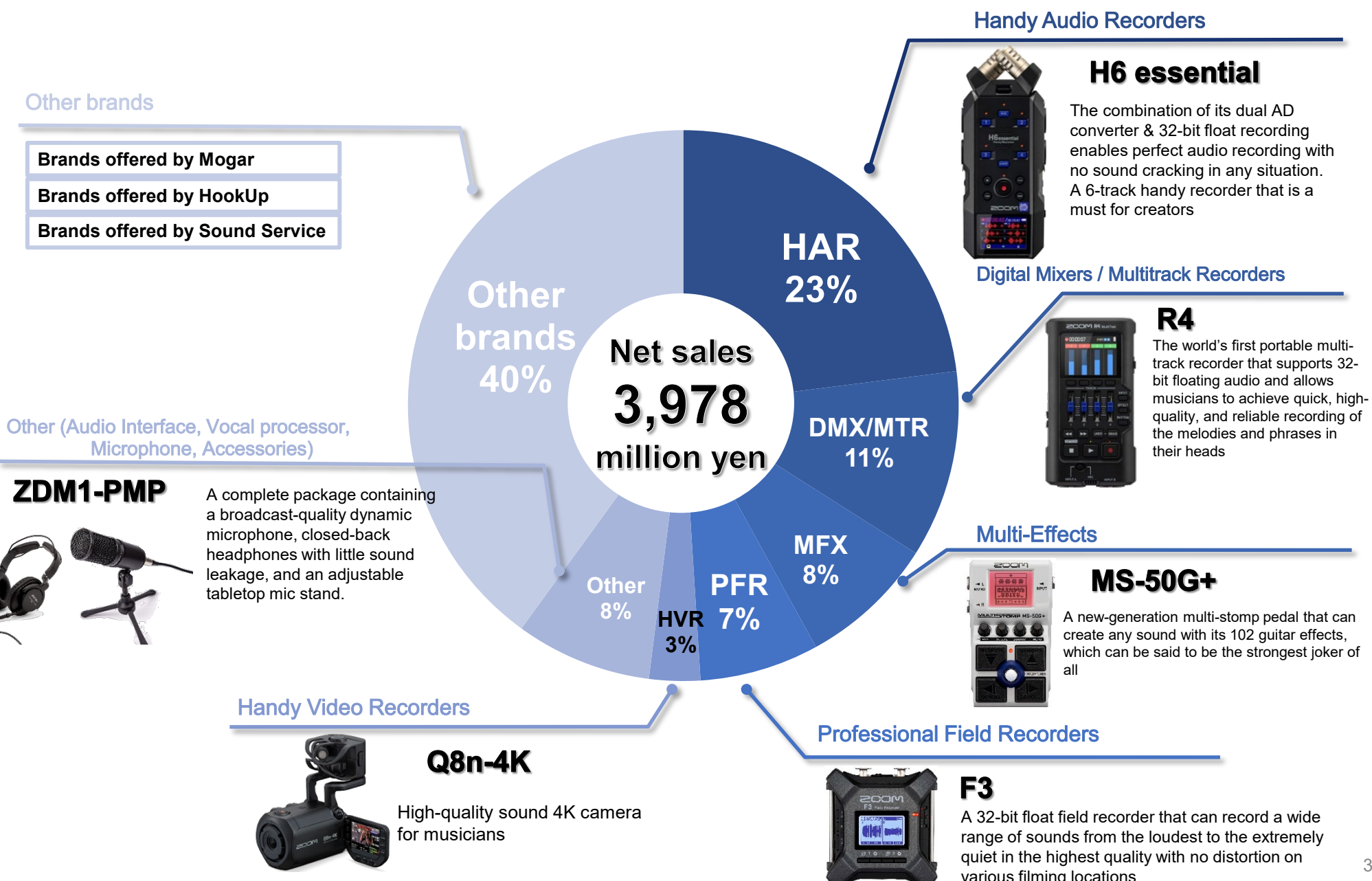


(Million yen)

	FY 2023 1Q results	FY 2024 1Q results	Change	Remarks
<b>Net sales</b>	3,808	3,978	169	<ul style="list-style-type: none"> <li>- Increased mainly because of the devalued yen. Despite the decrease year-on-year on a foreign currency basis, sales went as planned.</li> <li>- Market sentiment worsened in the US and Europe because of the decrease in disposable income caused by inflation.</li> </ul>
<b>Gross profit</b> (Gross profit margin)	1,488 (39.1%)	1,604 (40.3%)	116	<ul style="list-style-type: none"> <li>- As temporary expenses due to the consolidation of the Sound Service Group (full deduction of unrealized profits included in inventory), which had been recorded in the same year of the previous period, were eliminated, gross profit improved by 123 million yen year-over-year.</li> <li>- On the other hand, the final sale of former HAR products worsened in terms of gross profit.</li> </ul>
<b>Operating profit</b> (Operating profit margin)	78 (2.1%)	55 (1.4%)	-23	<ul style="list-style-type: none"> <li>- R&amp;D expenses increased because of the development of new products</li> <li>- Advertisement expenses, travel and transportation expenses, and other expenses increased because of the sponsorship of exhibits overseas</li> <li>- Selling, general, and administrative expenses of overseas subsidiaries increased because of the devalued yen</li> </ul>
<b>Ordinary profit</b> (Ordinary profit margin)	18 (0.5%)	32 (0.8%)	14	- Recorded syndicated loan fees of 62 million yen to fund the acquisition of Sound Service shares in the same period of the previous year
<b>Quarterly net profit attributable to owners of the parent</b> (Quarterly net profit margin)	-87 (-2.3%)	-78 (-2.0%)	8	- Exceeded the plan though a net loss was still stated because of no tax savings on amortization of goodwill and non-controlling interests occurring in the profits of the Mogar and Sound Service Group
<b>EBITDA</b>	279	255	-24	EBITDA = Operating profit + *Depreciation
<b>Depreciation</b>	*200	*200	-0	* Including 115 million yen in amortization of goodwill (vs. 102 million yen in the previous year)
<b>R&amp;D expenses</b>	171	198	26	
<b>Foreign exchange gains/losses</b>	7	-14	-21	
<b>Average exchange rate (USD/JPY)</b>	132.3 yen	148.5 yen	+16.2 yen	

\*As amortization of goodwill increased by 165,000 yen with the determination of the goodwill amount of the Sound Service Group, the results for FY 2023/12 Q1 changed.

# Components of FY 2024 1Q net sales (graph)



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

## Handy Audio Recorders



**H6 essential**  
The combination of its dual AD converter & 32-bit float recording enables perfect audio recording with no sound cracking in any situation. A 6-track handy recorder that is a must for creators

## Digital Mixers / Multitrack Recorders



**R4**  
The world's first portable multi-track recorder that supports 32-bit floating audio and allows musicians to achieve quick, high-quality, and reliable recording of the melodies and phrases in their heads

## Multi-Effects



**MS-50G+**  
A new-generation multi-stomp pedal that can create any sound with its 102 guitar effects, which can be said to be the strongest joker of all

## Professional Field Recorders



**F3**  
A 32-bit float field recorder that can record a wide range of sounds from the loudest to the extremely quiet in the highest quality with no distortion on various filming locations

## Handy Video Recorders



**Q8n-4K**  
High-quality sound 4K camera for musicians



**ZDM1-PMP**  
A complete package containing a broadcast-quality dynamic microphone, closed-back headphones with little sound leakage, and an adjustable tabletop mic stand.

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

## Sales of handy audio recorders increased as new products were launched

(Million yen)

	FY 2023 1Q results (share)	FY 2024 1Q results (share)	Change	Main factors behind changes in net sales
<b>Handy audio recorders</b> (HAR)	725 (19%)	931 (23%)	206	- Effects of three new models of the essential series - Sales increased by holding a final sale of old products
<b>Digital mixers/Multi track recorders</b> (DMX/MTR)	452 (12%)	446 (11%)	-5	- Decreased as a reaction against the rapid increase in the sales of L series in the same period of the previous year because of the elimination of semiconductor shortage
<b>Multi-effects</b> (MFX)	333 (9%)	299 (8%)	-33	- Decreased as a reaction against the favorable sales of G2 FOUR series in the previous year because of the effect of new models though new models of MS-50G+ had a good effect
<b>Professional field recorders</b> (PFR)	311 (8%)	285 (7%)	-25	- Sales decreased because of the inventory adjustment as the inventory level of local retailers was high in North America and Central Europe
<b>Handy video recorders</b> (HVR)	123 (3%)	133 (3%)	10	- Increased due to the devalued yen
<b>Others</b>	297 (8%)	321 (8%)	23	- Increased sales of mike pack for podcasts in North America
<b>Brands offered by Mogar</b>	270 (7%)	283 (7%)	12	- Increased because of the devalued yen (Euro-denominated sales decreased.)
<b>Brands offered by HookUp</b>	366 (10%)	344 (9%)	-21	- Decreased because of price rise caused by the devalued yen
<b>Brands offered by Sound Service</b>	927 (24%)	930 (24%)	3	- Increased because of the devalued yen (Euro-denominated sales decreased.)
<b>Total</b>	<b>3,808</b>	<b>3,978</b>	<b>169</b>	

## Sales increased in Central Europe and North America because of the devalued yen

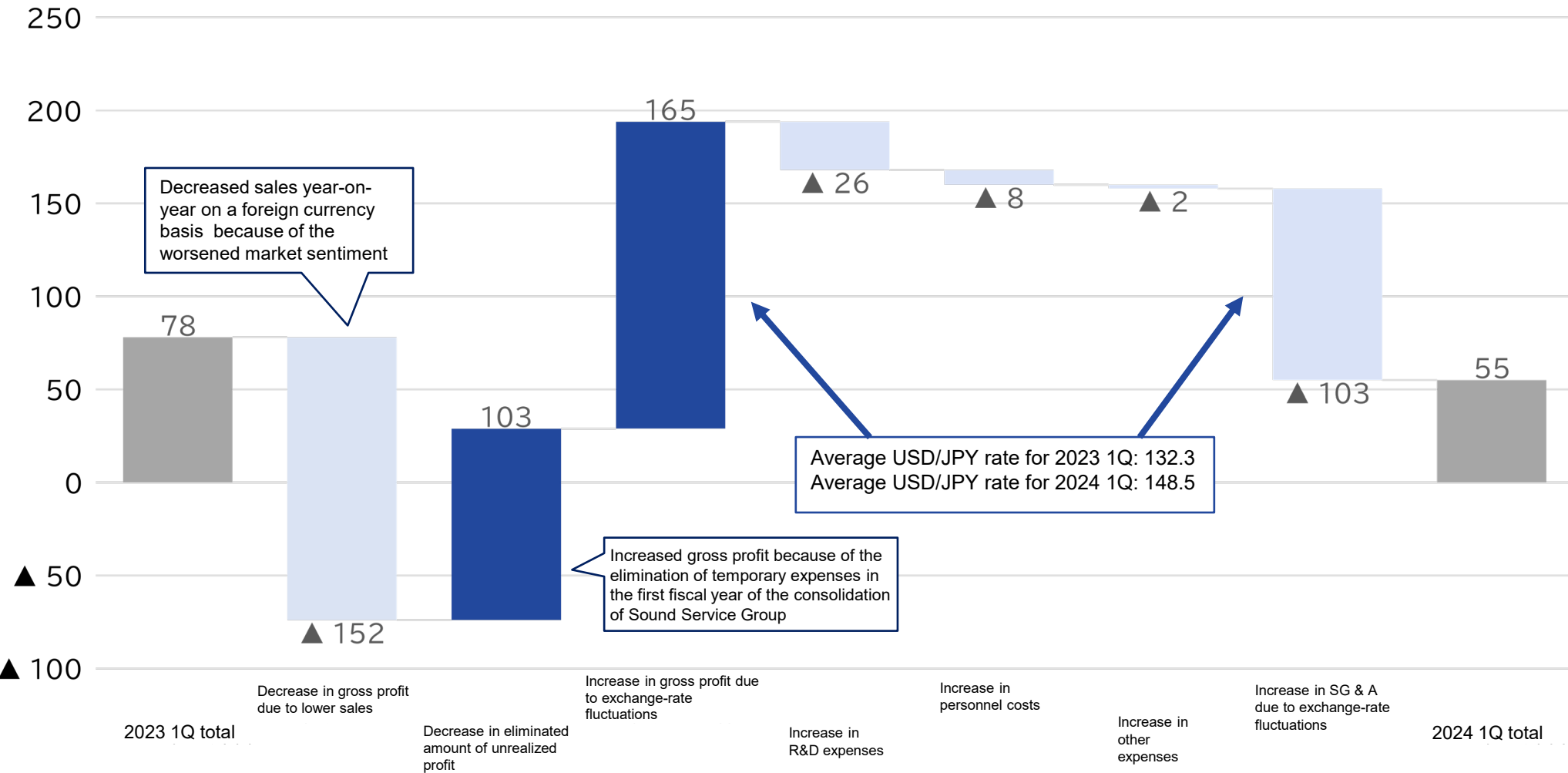
(Million yen)

	FY 2023 1Q results (share)	FY 2024 1Q results (share)	Change	Main factors behind changes in net sales
<b>Central Europe</b> <sup>*1</sup>	1,452 (38%)	1,644 (41%)	191	- Increased because of the devalued yen (decreased on a euro basis, but went as planned)
<b>North America</b>	798 (21%)	875 (22%)	76	- Increased because of the devalued yen (decreased on a dollar basis but went as planned).
<b>Japan</b>	596 (16%)	620 (16%)	23	- Decreased sales of HookUp by 29 million yen affected by price rise - Increased sales of 53 million yen in ZOOM products due to the effect of new models
<b>Southern Europe</b> <sup>*2</sup>	601 (16%)	580 (15%)	-20	- Inventory adjustment made because of the high inventory level of local retailers - Decreased sales of brands whose handling was discontinued, such as Zildjian
<b>China</b>	58 (1%)	56 (1%)	-2	
<b>Others</b>	299 (8%)	200 (5%)	-98	Brazil - 18 million yen, Australia - 15 million yen, Sweden - 15 million yen, the Philippines -11 million yen
<b>Total</b>	3,808	3,978	169	

\*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

# Operating profit decreased because of the decrease in sales on a foreign currency basis and increase in expenses



\*As amortization of goodwill increased by 165,000 yen with the determination of the goodwill amount of Sound Service Group, the amount of operating profit for FY 2023/12 1Q was changed.

# FY 2024 1Q Consolidated Balance Sheet (summary)



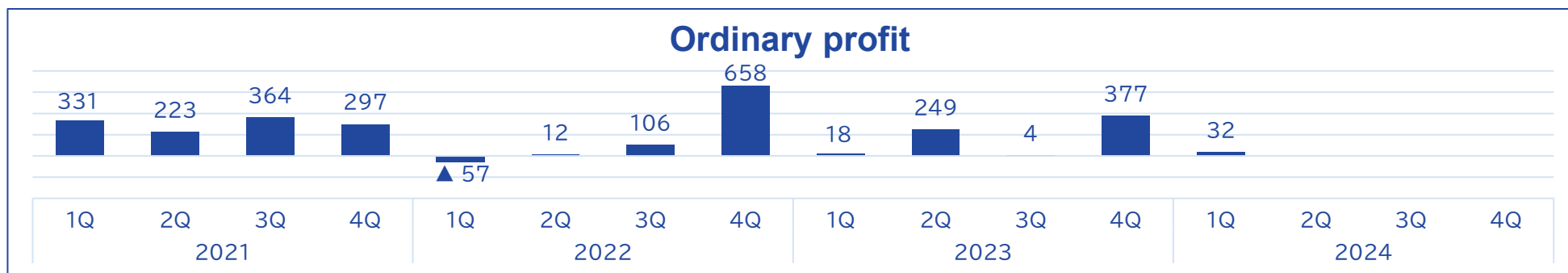
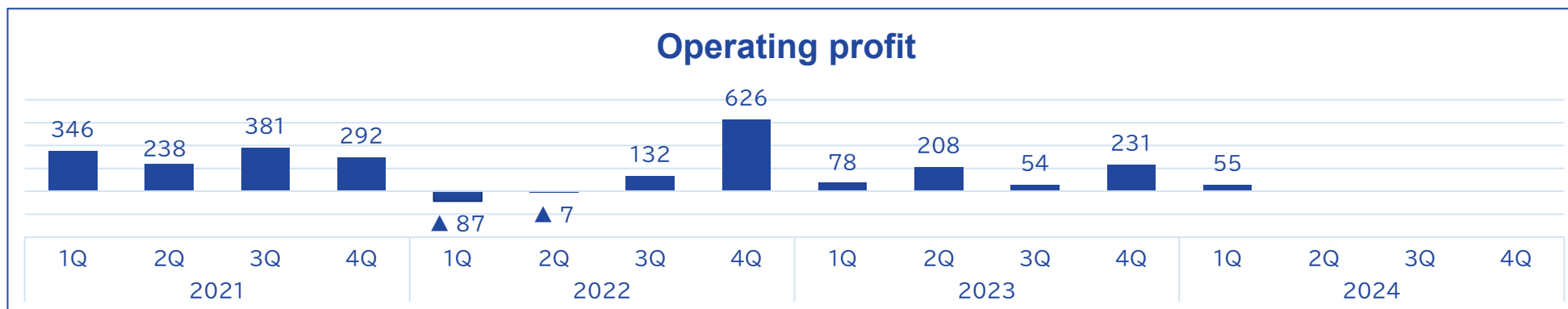
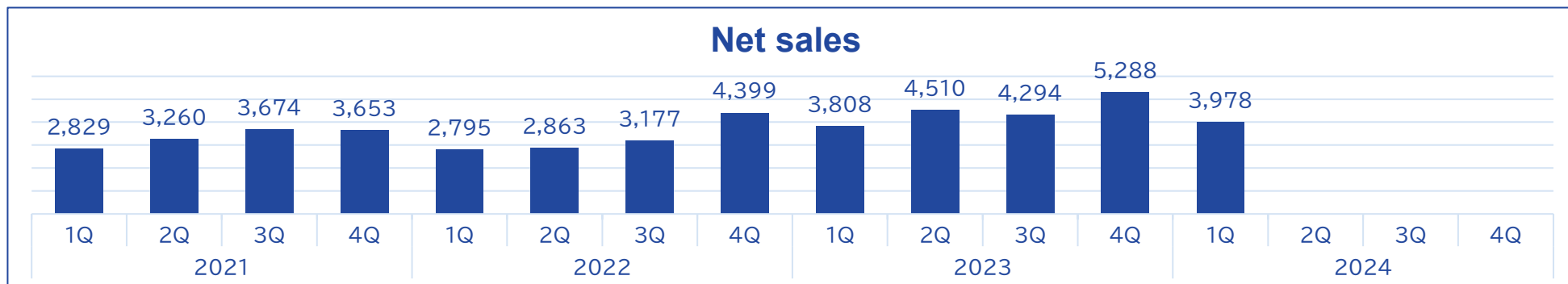
(Million yen)

	End of FY 2023/12	End of FY 2024 1Q	Change	Main factors behind changes
<b>Current assets</b>	<b>13,721</b>	<b>13,646</b>	<b>-75</b>	
Cash and deposits	2,847	3,385	537	Decreased due to recovery of accounts receivable-trade
Notes and accounts receivable-trade	2,267	1,739	-528	Decreased sales: 5,288 million yen in Q4 of last year, 3,978 million yen in 1Q of this year
Merchandise and finished goods	6,668	6,822	154	Increased because of the rise in conversion rates caused by the devalued yen
Raw materials and supplies	1,106	1,137	30	
<b>Non-current assets</b>	<b>5,538</b>	<b>5,587</b>	<b>48</b>	
Property, plant, and equipment	1,491	1,478	-12	
Intangible fixed assets	3,287	3,329	41	The amount of goodwill increased by 38 million yen because of the rise in conversion rates caused by the devalued yen
Investments and other assets	759	778	19	
<b>Total assets</b>	<b>19,260</b>	<b>19,233</b>	<b>-26</b>	
<b>Current liabilities</b>	<b>7,143</b>	<b>6,953</b>	<b>-190</b>	
Accounts payable-trade	1,396	1,162	-233	Decrease in trade payables
Short-term loans payable	3,410	3,692	282	Borrowing working capital
<b>Non-current liabilities</b>	<b>4,193</b>	<b>4,094</b>	<b>-98</b>	
<b>Total liabilities</b>	<b>11,336</b>	<b>11,047</b>	<b>-289</b>	
<b>Capital stock</b>	<b>212</b>	<b>212</b>	<b>-</b>	
<b>Total net assets</b>	<b>7,923</b>	<b>8,186</b>	<b>262</b>	Increase in foreign currency translation adjustment by 360 million yen, increase in non-controlling interests by 110 million yen
<b>Total liabilities and net assets</b>	<b>19,260</b>	<b>19,233</b>	<b>-26</b>	



## As a reaction to the year-end sales campaign in the previous year, both sales and profits in 1Q were sluggish in those years

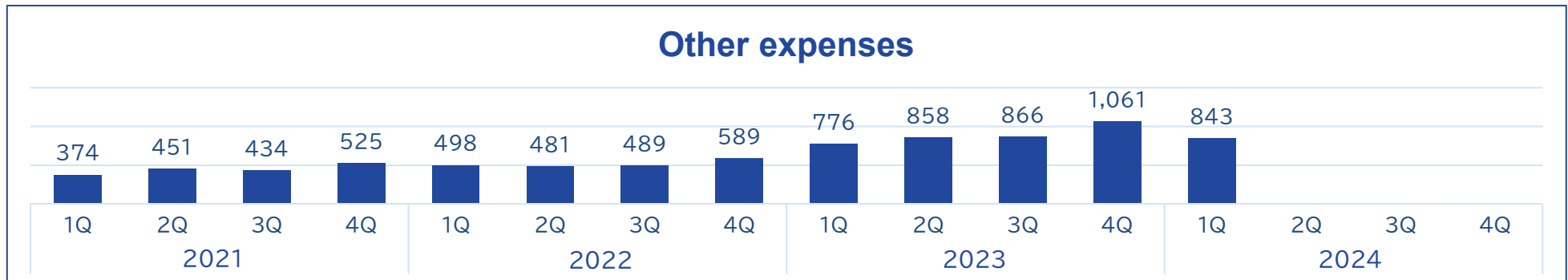
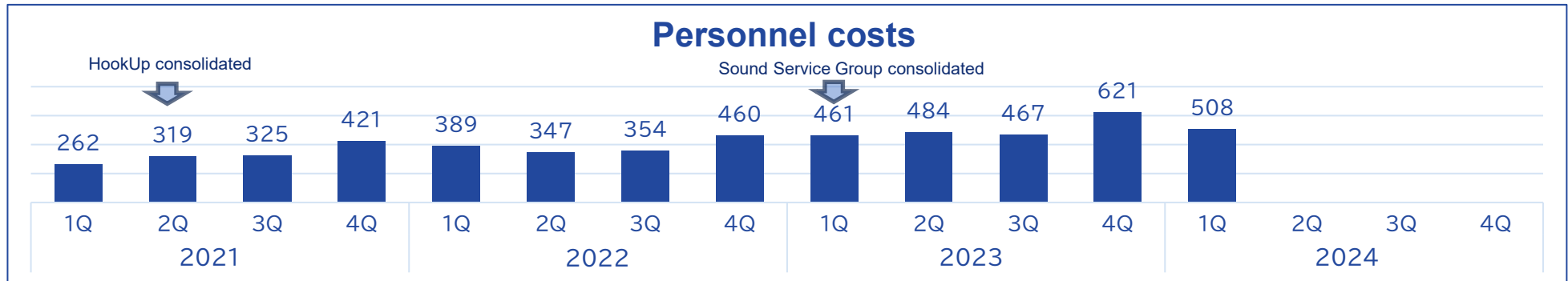
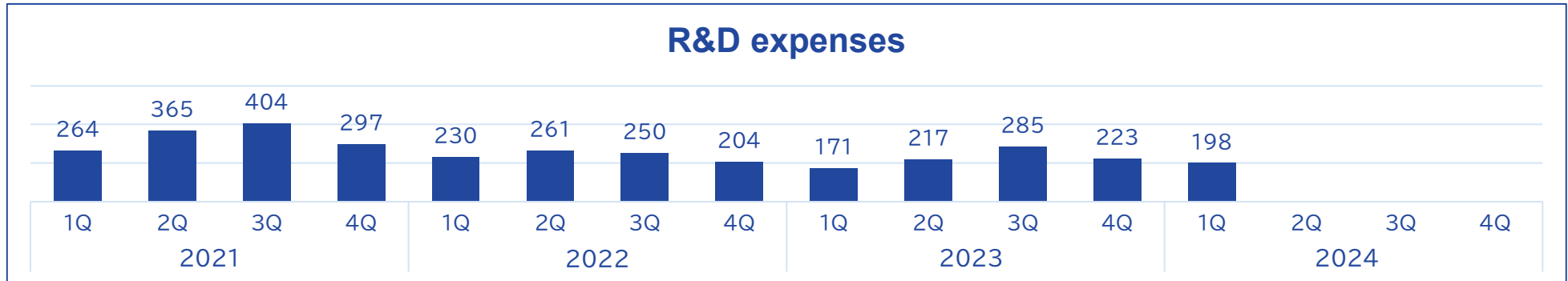
(Million yen)



\*As amortization of goodwill increased by 165,000 yen with the determination of the goodwill amount of Sound Service Group, the amounts of operating profit and ordinary profit for FY 2023 changed.

# Increase in personnel expenses and other expenses due to conversion of the Sound Service Group into a consolidation

(Million yen)



\*As amortization of goodwill increased by 165,000 yen with the determination of the goodwill amount of the Sound Service Group, the amount of other expenses for FY 2023 changed.

## Consolidation of Sound Service Group is expected to provide major contributions to profitability in each stage and massive increases in profits

- In a state in which there are no effects due to variation in exchange rates, we expect a slight decrease year on year in sales due to a strong yen through business year, despite there being a plan for an increase
- We expect an improvement in the gross profit margin of ZOOM North America. Also, temporary expenses due to eliminated amount of unrealized profit in the first fiscal year of consolidation (decrease in operating profit of 363 million yen in FY 2023/12) will be eliminated.
- We expect resolution of semiconductor shortages and limited increases in manufacturing costs of components, etc.

(Million yen)

	FY 2023/12 Results	FY 2024/12				
		Forecast	Change	Rate of change	1Q results	Rate of achievement
Net sales	17,901	17,500	-401	-2.2%	3,978	23%
Operating profit	573	1,140	+566	+98.7%	55	5%
Ordinary profit	649	1,060	+410	+63.2%	32	3%
Net profit attributable to owners of the parent	88	400	+311	+349.7%	-78	-
EBITDA	1,378	1,871	+492	+35.4%	255	14%

Net profit per share	20.64 yen	92.47 yen	+71.83 yen	+348.0%
Dividends per share	30 yen	31 yen	-	-
Payout ratio	145.3%	33.5%	-	-
Exchange rate (yen/USD)	140.5 yen	132.5 yen	-	-

\* Sensitivity to exchange rates (effects of changes in exchange rates on annual income): An increase (decrease) of one yen against the dollar would lead to a decrease (increase) of approximately 17 million yen in operating profit.

**Budgets of both sales and profits were met in 1Q. Forecasts of financial results through the business year are expected to be met.**