

FY 2024/12 Q3

**Financial Results
Supplemental Explanatory
Materials**

November 13, 2024

ZOOM CORPORATION

Decreased income compared to the same period last year also ended positive compared to the plan (revised business results forecast)
Due to unexpected rapid exchange rate changes since August, gross profit margins decreased and profits declined

Net sales

12,121 million yen

(Δ491 million yen compared to previous period)

(+150 million yen compared to plan)

- A decrease in income compared to the same period last year due to worsening market sentiment **has already been included in the plan (revised business results forecast)**
- Small decreases on a foreign-currency basis compared to the plan, which were due to the impact of end of term shipping amounts in the United States being delayed to Q4 and some orders in Europe and Asia not being removed, **ended as positive when denominated in yen**

Operating profit

Δ97 million yen

(Δ491 million yen compared to previous period)

(Δ132 million yen compared to plan)

- As with sales, a decrease in profits compared to the same period last year was already included
- Due to **unexpected rapid changes in currency exchange rates** since August, the value of the yen increased between the times of product procurement and sales, **resulting in a temporary decline in gross profit margins and decreased profits**

Outlook for the entire financial year

- In Q3, **we released new products one after the other**. Since full expansion will occur from Q4, **increased sales are anticipated during the year-end sales rush**
- In addition, since year-end sales have been tending to recover since last year, **the forecast for business results is unchanged**



I. FY 2024/12 Q3 Financial Results

FY 2024/12 Q3 Consolidated Profit and Loss Statement (summary)

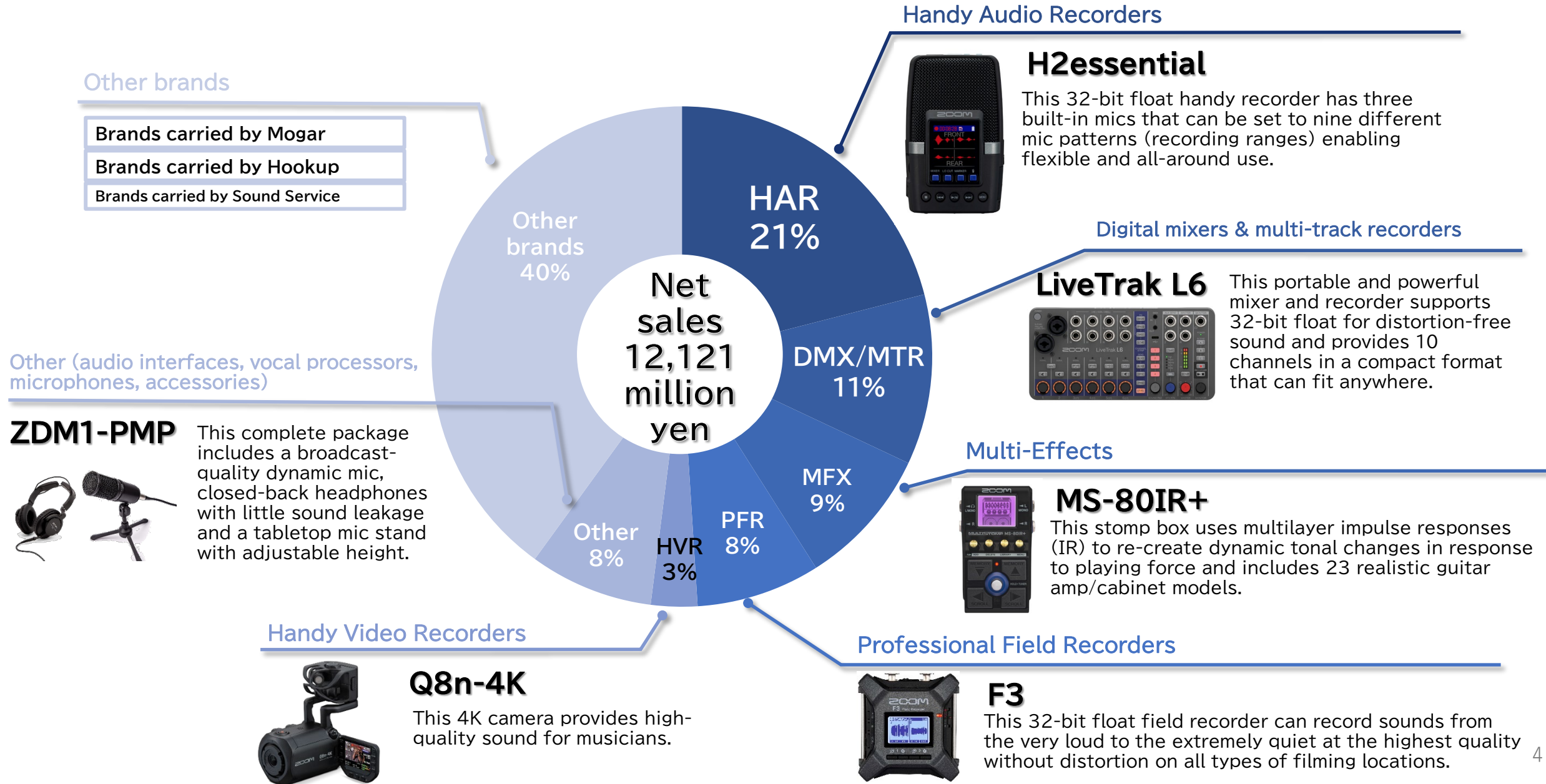


(In millions of yen)

	FY 2023.12 Q3 results	FY 2024.12 Q3 results	Increase/ decrease	Remarks
Net sales	12,162	12,121	△491	<ul style="list-style-type: none"> A decrease in income compared to the same period last year due to worsening market sentiment has already been included in the revised business results forecast Compared to the plan, a slight decrease on the exchange rate base also resulted positive when converted to yen
Gross profit (Gross profit margin)	4,931 (39.1%)	4,677 (38.6%)	△253	<ul style="list-style-type: none"> Gross profit margins decreased temporarily due to unexpected sudden exchange rate changes since August
Operating profit (Operating profit margin)	342 (2.7%)	△97 (△8%)	△439	(See the analysis of operating profit changes on p. 7)
Ordinary profit (Ordinary profit margin)	272 (2.2%)	△141 (△1.2%)	△413	
Net profit attributable to owners of the parent for Q4 (Interim net profit margin)	△82 (△0.7%)	△464 (△3.8%)	△382	<ul style="list-style-type: none"> Corporate and other taxes amounted to 248 million yen due to no tax savings effect on goodwill amortization, decreased taxable income as a result of the elimination of some deferred tax assets and other factors 75 million yen transferred from 49% portion of the profit from subsidiaries in which we hold 51% of the equity to non-controlling shareholder equity
EBITDA	954	507	△447	EBITDA = Operating profit + Depreciation*
Depreciation	612*	604*	△8	*Includes 352 million yen in amortization of goodwill (compared to 323 million yen in the same period last year)
Research and development expenses	674	725	50	
Foreign exchange gains/losses	28	△39	△68	
Average exchange rate (JPY/USD)	138.1 yen	151.2 yen	+ 13.1 yen	

*With determination of the goodwill amount of the Sound Service Group, goodwill amortization increased 521,000 yen, so the FY 2023/12 Q3 amount has been changed.

Composition of FY 2024/12 Q3 net sales (graph)



FY 2024/12 Q3 net sales by product category



Reactionary declines in various categories occurred due to temporary increases in demand in the same period last year have already been included in the revised business results forecast

(In millions of yen)

	FY 2023.12 Q3 results	FY 2024.12 Q3 results	Change from previous year (excluding exchange rate impact)	Main factors in net sales change
Handy audio recorders (HAR)	2,707	2,592	Δ4.3% (Δ12.3%)	<ul style="list-style-type: none"> Reactionary decline due to a temporary increase in demand from implementing closeout sales for old models in the same period last year New H essential series products continue to have favorable sales
Digital mixers / multitrack recorders (DMX/MTR)	1,312	1,295	Δ1.3% (Δ9.2%)	<ul style="list-style-type: none"> Reactionary decline in L series sales, which had increased rapidly in the same period last year after semiconductor shortages New product effect of R4 in the North American region The LiveTrak L6 was released as a new product in September, and increased sales are anticipated during the year-end sales rush
Multi-effects (MFX)	1,118	1,119	0.1% (Δ6.0%)	<ul style="list-style-type: none"> Sales of the MS+ series, which are new products, are exceeding expectations domestically, and overseas sales will begin in earnest from Q4 Reactionary decline from the new product effect of the G2 FOUR series in the same period last year
Professional field recorders (PFR)	1,397	991	Δ29.1% (Δ34.4%)	<ul style="list-style-type: none"> Since there was a temporary increase in demand during the same period last year as a result of demand rebalancing after semiconductor shortages, dealer inventory adjustment has begun this period No new products were released this period
Handy video recorders (HVR)	417	408	Δ2.2% (Δ11.1%)	<ul style="list-style-type: none"> Reactionary decline due to a temporary increase in demand during the same period last year due to large purchases from government agencies in southern Europe This period is moving according to the plan, particularly with increased sales in the North American region.
Other products	893	943	+5.5% (Δ2.9%)	<ul style="list-style-type: none"> Reactionary decline due to a temporary increase in demand from implementing closeout sales for old HAR models in the same period last year New H essential series product accessories continue to have favorable sales
Brands carried by Mogar	811	880	+8.5% (Δ1.3%)	<ul style="list-style-type: none"> Decrease due to end of handling the Zildjian brand Increase due to low yen (sales in euros decreased)
Brands carried by Hookup	1,084	1,187	+9.5%	<ul style="list-style-type: none"> Increase through discounting and the introduction of new products for Universal Audio and IK Multimedia, which are major brands
Brands carried by Sound Service	2,868	2,708	Δ5.6% (Δ15.0%)	<ul style="list-style-type: none"> Decreased sales due to end of handling the Blackstar brand Reactionary decline due to sales of new Nord brand products in the same fiscal period last year
Total	12,612	12,121	Δ3.9% (Δ11.2%)	

FY 2024/12 Q3 net sales by region

Increased sales in Japan, which received priority for new product shipments, along with the new product effect overseas will be incorporated from Q4, so comparisons for Q3 declined

(In millions of yen)

	FY 2023.12 Q3 results	FY 2024.12 Q3 results	Change from previous year (excluding exchange rate impact)	Main factors in net sales change
Central Europe ¹	4,595	4,622	+0.6% (Δ8.7%)	<ul style="list-style-type: none"> Decreased sales due to end of handling the Blackstar brand Reactionary decline due to sales of new Nord brand products in the same fiscal period last year Increase due to low yen (sales in euros decreased)
North America	2,981	2,670	Δ10.4% (Δ18.2%)	<ul style="list-style-type: none"> Reactionary decline in the HAR category due to a temporary increase in demand from implementing closeout sales for old models in the same period last year New H essential series products continue to have favorable sales
Japan	1,766	2,053	+16.2%	<ul style="list-style-type: none"> ZOOM products increased due to the new product effects of the H essential series and MS+ series Hookup increased due to new products for major brands and discounting
Southern Europe ²	1,841	1,743	Δ5.3% (Δ13.9%)	<ul style="list-style-type: none"> Decrease due to end of handling the Zildjian brand The temporary increase in demand for ZOOM products in the same period last year was not covered by the introduction of new products this period
Other regions	1,427	1,032	Δ27.7% (Δ35.2%)	<ul style="list-style-type: none"> ▲81 million yen in Australia, ▲73 million yen in China, ▲39 million yen in the Philippines, ▲37 million yen in Singapore
Total	12,612	12,121	Δ3.9% (Δ11.2%)	

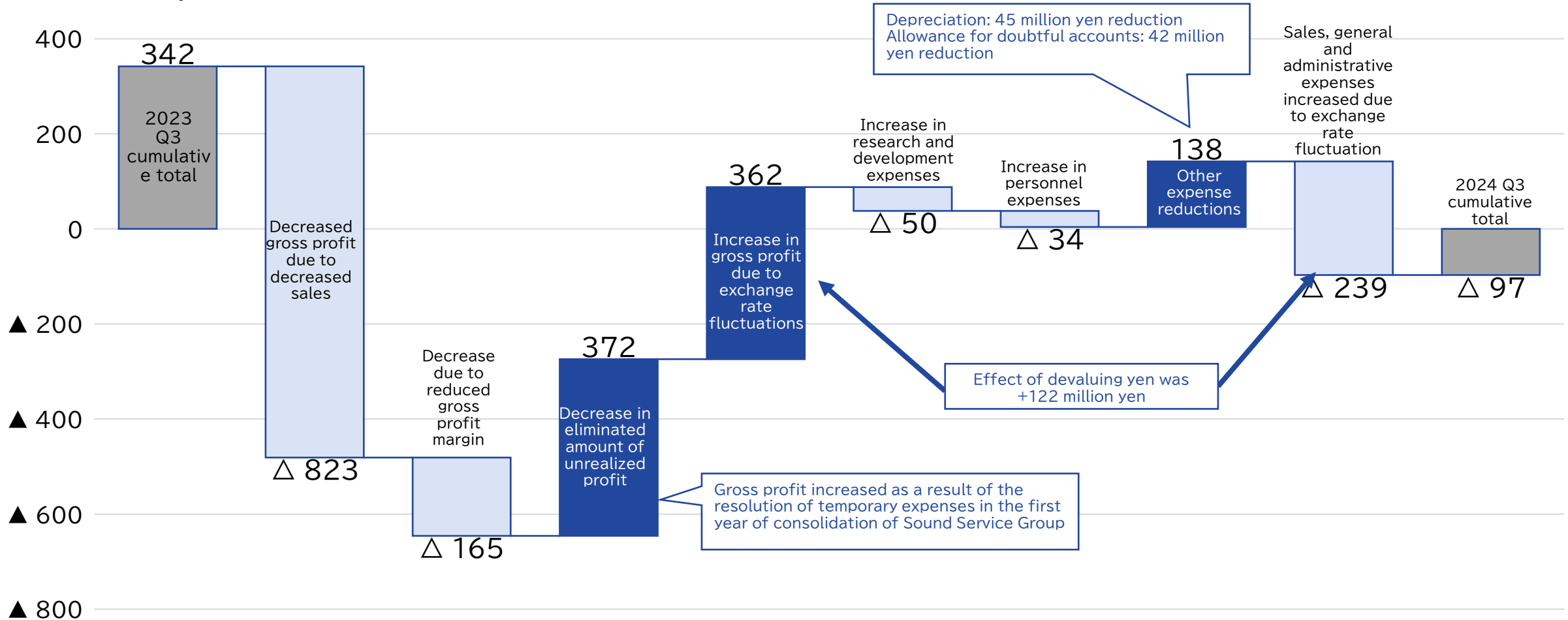
¹ Central Europe is defined as including Germany, the UK, the 3 Benelux countries, Austria, Poland, Czechia, Slovakia and the 3 Baltic countries

² Southern Europe is defined as including Italy, France, Spain and Portugal

FY 2024/12 Q3 analysis of operating profit changes

Even incorporating reduced profits compared to the same period last year in the revised business results forecast due to unexpected currency exchange rate changes since August, gross profit margins temporarily declined, and earnings dropped in Q3

(In millions of yen)



*With determination of the goodwill amount of the Sound Service Group, goodwill amortization increased 521,000 yen, so the FY 2023/12 Q3 amount has been changed.

FY 2024/12 Q3 Consolidated Balance Sheet (summary)



(In millions of yen)

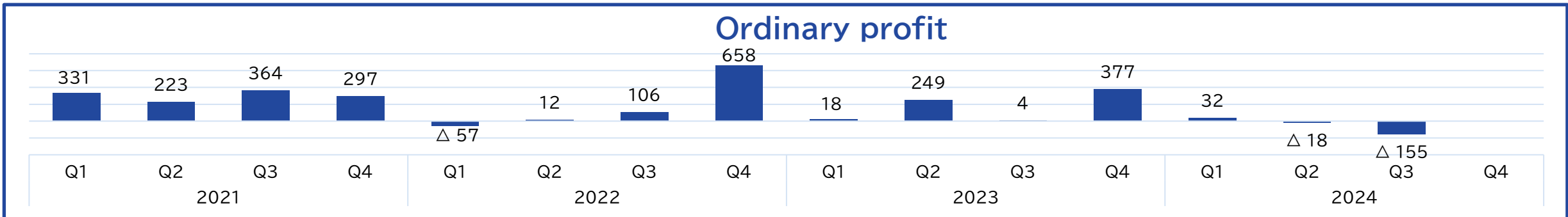
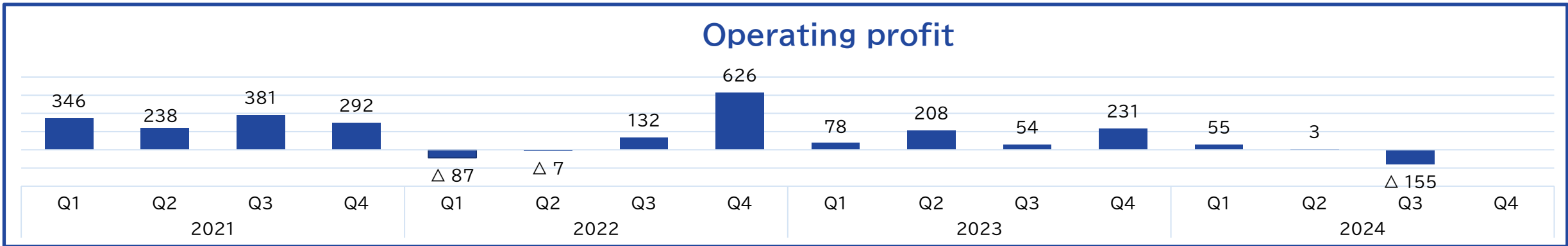
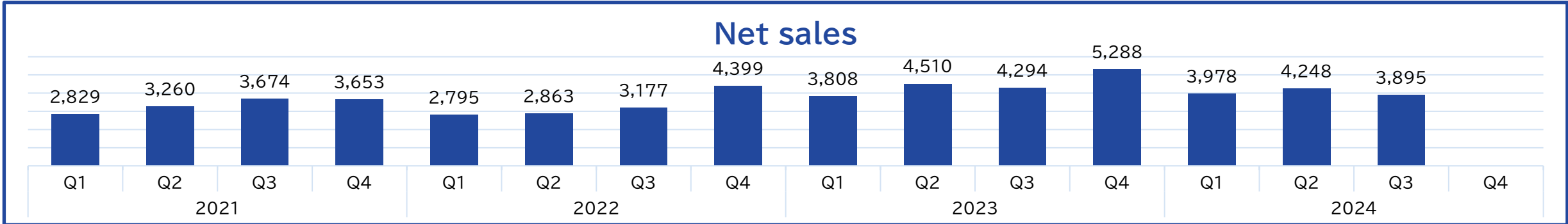
Note: Last day rates were \$1 = ¥141.8 at the end FY 23.12 and \$1 = ¥142.73 at the end of FY 24.12 Q3

	End of FY 23.12	End of FY 24.12 Q3	Increase/ decrease	Main factors for changes
Current assets	13,721	13,523	Δ467	
Cash equivalents	2,847	2,593	Δ254	Decrease in working capital due to increased inventory and other factors
Notes and accounts receivable	2,267	1,458	Δ809	Decreased sales: 5,288 million yen in Q4 of last period, 3,895 million yen in Q3 of this period
Merchandise and manufactured goods	6,668	7,447	779	In addition to the increase in new products, stock has accumulated in preparation for the year-end sales rush
Raw materials and supplies	1,106	1,074	Δ31	
Fixed assets	5,538	5,032	Δ505	
Tangible fixed assets	1,491	1,393	Δ98	
Intangible fixed assets	3,287	3,000	Δ286	Due to depreciation, goodwill decreased 300 million yen
Investments and other assets	759	638	Δ121	Deferred tax assets decreased 113 million yen
Total assets	19,260	18,286	Δ973	
Current liabilities	7,143	6,951	Δ192	
Accounts payable	1,396	1,332	Δ63	
Short-term loans payable	3,410	3,718	308	Borrowing of working capital
Fixed liabilities	4,193	3,800	Δ392	
Total liabilities	11,336	10,751	Δ585	
Capital	212	212	–	
Total net assets	7,923	7,534	Δ388	Accumulated profit carried forward decreased 599 million yen (net income of parent company for period Δ464 million yen)
Total liabilities and net assets	19,260	18,286	Δ973	

Quarterly business results for FY 2024/12 Q3 and trends over past 3 years



(In millions of yen)



*With determination of the goodwill amount of the Sound Service Group, goodwill amortization increased 521,000 yen, so the FY 2023/12 Q3 amount has been changed.

II. 2024/12 Business Results Forecast

2024/12 Consolidated Business Results Forecast (previous year comparison)



Since July, products have been released one after the other. Because sales will begin in earnest overseas in Q4, increased sales are anticipated during the year-end sales rush, and the business forecast is unchanged

(In millions of yen)	FY 23.12	FY 24.12				
	Result	8/14 revised forecast	Increase/decrease	Rate of change	Q3 results	Rate of progress
Net sales	17,901	17,500	Δ401	Δ2.2%	12,121	69%
Operating profit	573	730	+156	+27.3%	Δ97	-
Ordinary profit	649	640	Δ9	Δ1.5%	Δ141	-
Net profit attributable to owners of the parent for the period	88	30	Δ58	Δ66.3%	Δ464	-
EBITDA	1,378	1,466	87	+6.3%	507	35%

Current net profit per share	20.64 yen	6.89 yen	Δ13.75 yen	Δ66.6%
Dividend per share	30 yen	31 yen	-	-
Dividend payout ratio	145.3%	450.1%	-	-
Exchange rate (JPY/USD)	140.5 yen	142.3 yen	-	-

Note: Sensitivity to exchange rates (impact of exchange rate fluctuations on annual profit): An increase (decrease) of 1 yen would decrease (increase) operating profit approximately 21 million yen.

Planned dividend of 31 yen per share for 2024/12 period (no change)

Regarding dividends, we recognize the importance of returning profits to our shareholders. While considering the state of profits each business year, future business development and other factors, we are endeavoring to return profits to our shareholders by maintaining stable dividends. Specifically, our policy is to implement progressive dividends without reduction with a dividend payout ratio of at least 30% as a standard.

We revised our business results forecast on August 14, 2024 as follows, but we left our anticipated annual dividend per share at 31 yen in consideration of the above policy.

Dividend condition	FY 22.12 (actual)	FY 23.12 (actual)	FY 24.12 (forecast)
Net profit attributable to owners of the parent for the period	377 million yen	88 million yen	30 million yen
Total amount of dividends	214 million yen	129 million yen	135 million yen
Annual dividend per share	50 yen	30 yen	31 yen
Dividend payout ratio	56.6%	145.3%	450.1%

Note: The amount of anticipated dividends could change according to business results.



Caution: Statements related to forecasts about the future in this document are based on information that can currently be obtained by the company and certain assumptions determined logically. Latent risks and uncertainties are inherent in them. Actual business results, for example, could differ greatly due to various factors.