

WE'RE FOR CREATORS™



**Fiscal Year ended December
2021 (39th term)**

Financial Results Briefing

February 18, 2022

ZOOM Corporation

zoom®

We're For Creators



I. FY 2021/12 financial results

Sales and profit both remarkable grew YoY (Record high)

Consolidated financial results FY 2021

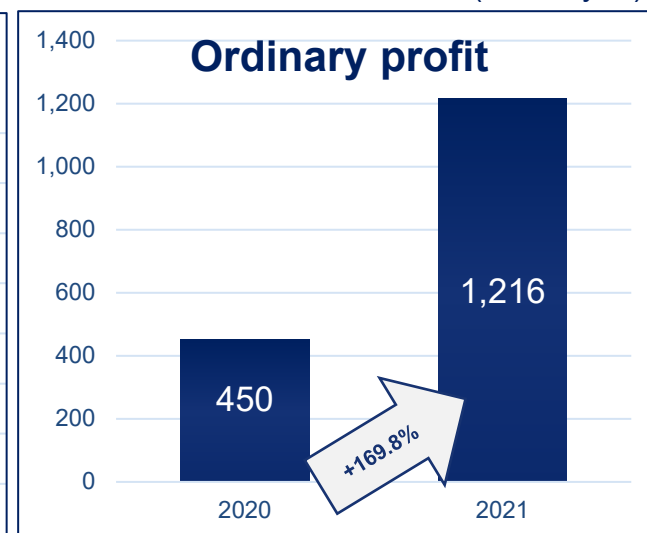
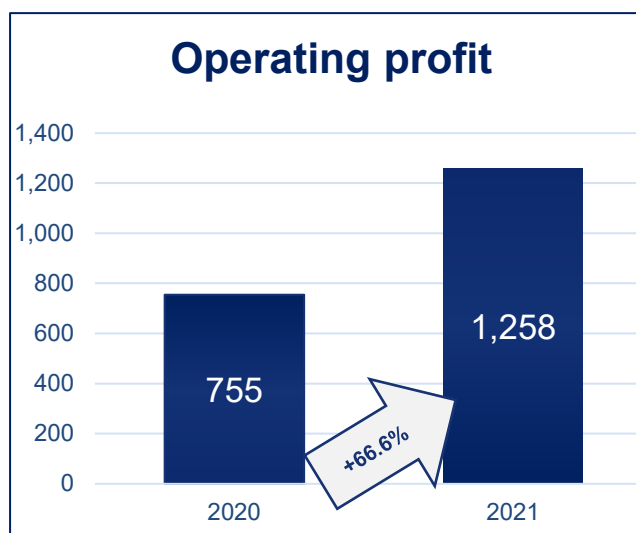
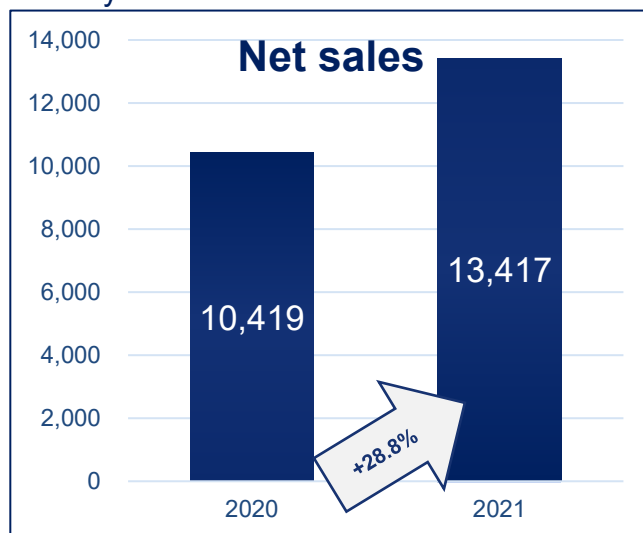
Net sales: 13,417 million yen (+2,998 million yen YoY, + 3.2% vs. forecast)
Operating income: 1,258 million yen (+ 503 million yen YoY, +11.4% vs. forecast)
Ordinary income: 1,216 million yen (+ 765 million yen YoY, +13.7% vs. forecast)

*The forecasts are figures disclosed on August 12, 2021.

- Sales and profit both grew YoY because of strong demand for our products due to changes in lifestyles with COVID-19 pandemic and to making HookUp a consolidated subsidiary in 2021.
- Achieved the performance target of the third medium-term business plan (2021-2023) in the first year: Consolidated operating income 1.2 billion yen.

■ Full year

(Million yen)



Consolidated income statement for FY 2021 (summary)

(millions of yen)

	Results for FY ended Dec. 2020	Results for FY ended Dec. 2021	Change	Remarks
Net sales	10,419	13,417	2,998	<ul style="list-style-type: none"> Strong demand for our products Secured the minimum required semiconductor parts Sales increased 1,098 million yen due to making HookUp a consolidated subsidiary
Gross profit (Gross profit margin)	4,288 (41.2%)	5,704 (42.5%)	1,416	<ul style="list-style-type: none"> Gross profit margin improved due to yen depreciation and price increase of some products.
Operating profit (Operating profit margin)	755 (7.2%)	1,258 (9.4%)	503	<ul style="list-style-type: none"> Operating profit increased 75 million yen due to making HookUp a subsidiary.
Ordinary profit (Ordinary profit margin)	450 (4.3%)	1,216 (9.1%)	765	<ul style="list-style-type: none"> In the last year, non-operating expenses of 240 million yen were recorded as share of loss of entities accounted for using equity method, accompanying the filing by ZOOM UK Distribution Ltd. (ZUK) for administration under bankruptcy law.
Net profit attributable to owners of the parent (Net profit margin)	502 (4.8%)	854 (6.4%)	351	<ul style="list-style-type: none"> In the last year, 178 million yen in extraordinary gains was recorded as gain on step acquisitions from fair-market valuation of the equity stake in ZOOM North America, LLC (ZNA) prior to making it a consolidated subsidiary.
EBITDA	823	1,666	843	EBITDA = Operating profit + * Depreciation + share of profit/loss of entities accounted for using equity method
Depreciation	*315	*408	92	* Includes 181 million yen in amortization of goodwill (vs. 115 million yen in the previous year)
R&D expenses	1,071	1,331	259	
Foreign exchange gains/losses	(20)	(7)	13	
Average exchange rate (yen/USD)	106.8yen	109.8yen	+3.0yen	

Net sales by product category FY 2021



Other(brands handled by Mogar, HookUp, and others)

UAC-2



Brands offered by Mogar

Brands offered by HookUp

iQ7



ZDM-1PMP



Handy Video Recorder



Q2n-4K

High-quality sound 4K camera for musicians.

Professional Field Recorder



F6

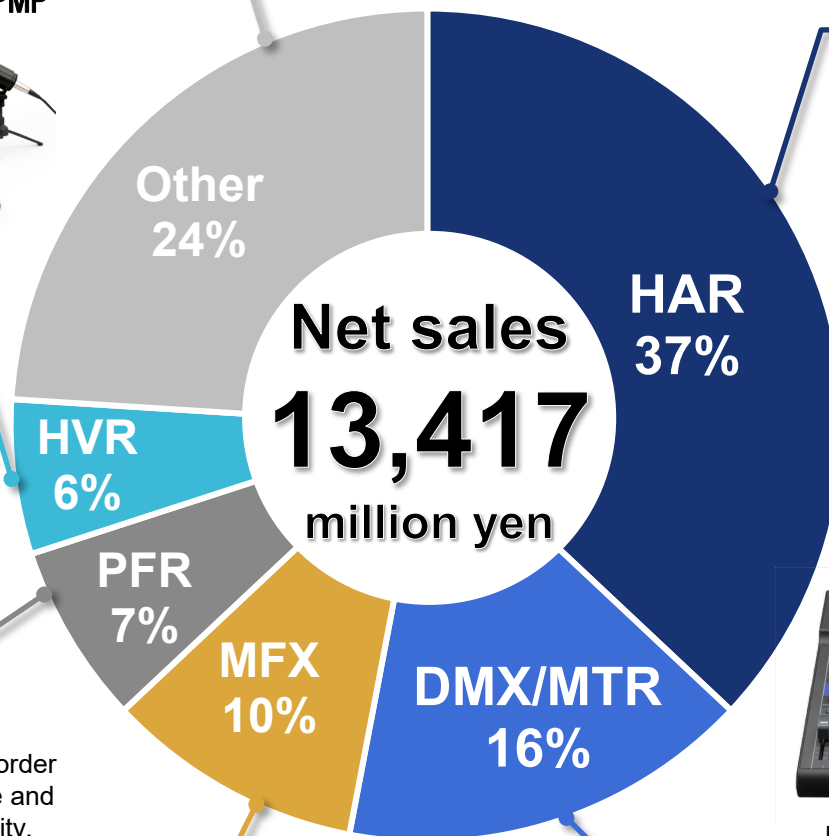
In the various fields, a field recorder that can capture both explosive and subtle sounds at full audio quality.

Multi Effects



G1X-FOUR

Multi-effects with expression pedal, which provides greatly expanded expressiveness for the guitar.



Net sales
13,417
million yen

Handy Audio Recorder



H6 BLACK

Your go-to handy recorder that can record professional sound with its advanced preamps and 6 interchangeable capsules, from podcasting to music to filmmaking and more.



L-8

Live mixer and recorder that not only has good sound quality, but also allows you to play BGM, invite guests to appear on the phone, record podcasts, and mix live performances easily.

Digital Mixer / Multitrack Recorder

*Actual figure for FY 2021/12

FY 2021 net sales by product category



Demand for recorders and digital mixers remains strong

(millions of yen)

	Results for FY ended Dec. 2020	Results for FY ended Dec. 2021	Change	Main factors behind changes in net sales
Handy audio recorders(HAR)	4,496	4,933	436	<ul style="list-style-type: none"> • Stable strong demand • Impact of introducing the new H8 model in the second half of last year • Little impact on production as the response to the supplier factory fire has progressed smoothly.
Digital mixers/multitrack recorders (DMX/MTR)	1,371	2,203	831	<ul style="list-style-type: none"> • Because of the expansion of the audio distribution market, sales increased for the P series, which are well suited for recording podcasts, and for the L series, used for live streaming and recording.
Multi-effects (MFx) *1	1,118	1,289	171	<ul style="list-style-type: none"> • Strong sales of the G1 Four series • Effects of the new G6 product introduced in the second half of last year
Professional field recorders (PFR)	680	968	288	<ul style="list-style-type: none"> • Demand is in a recovering trend as outdoor activities continue to resume • Effects of the new F2 and F2-BT products introduced in the second half of last year.
Handy video recorders (HVR)	1,028	819	(209)	<ul style="list-style-type: none"> • 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 *1	1,032	1,278	245	<ul style="list-style-type: none"> • Effects of the new ZUM-2PMP microphone pack product for podcast use • Effects of the new V3 vocal effects processor product introduced
Brand products offered by Mogar	691	827	135	<ul style="list-style-type: none"> • Demand recovers due to normalization of economic activities because of the spread of vaccination.
Brand products offered by HookUp	-	1,098	1,098	<ul style="list-style-type: none"> • Sales were recorded of products from other companies' brands handled by HookUp, as a result of consolidation from this second quarter.
Total	10,419	13,417	2,998	

*1. Our vocal effects processors (V3 and V6), which were included under multi-effects through the previous consolidated fiscal year, have been shifted to another category (Others).

FY 2021 net sales by region

Sales in North America and Japan strong increased due to making ZNA and HookUp a subsidiary

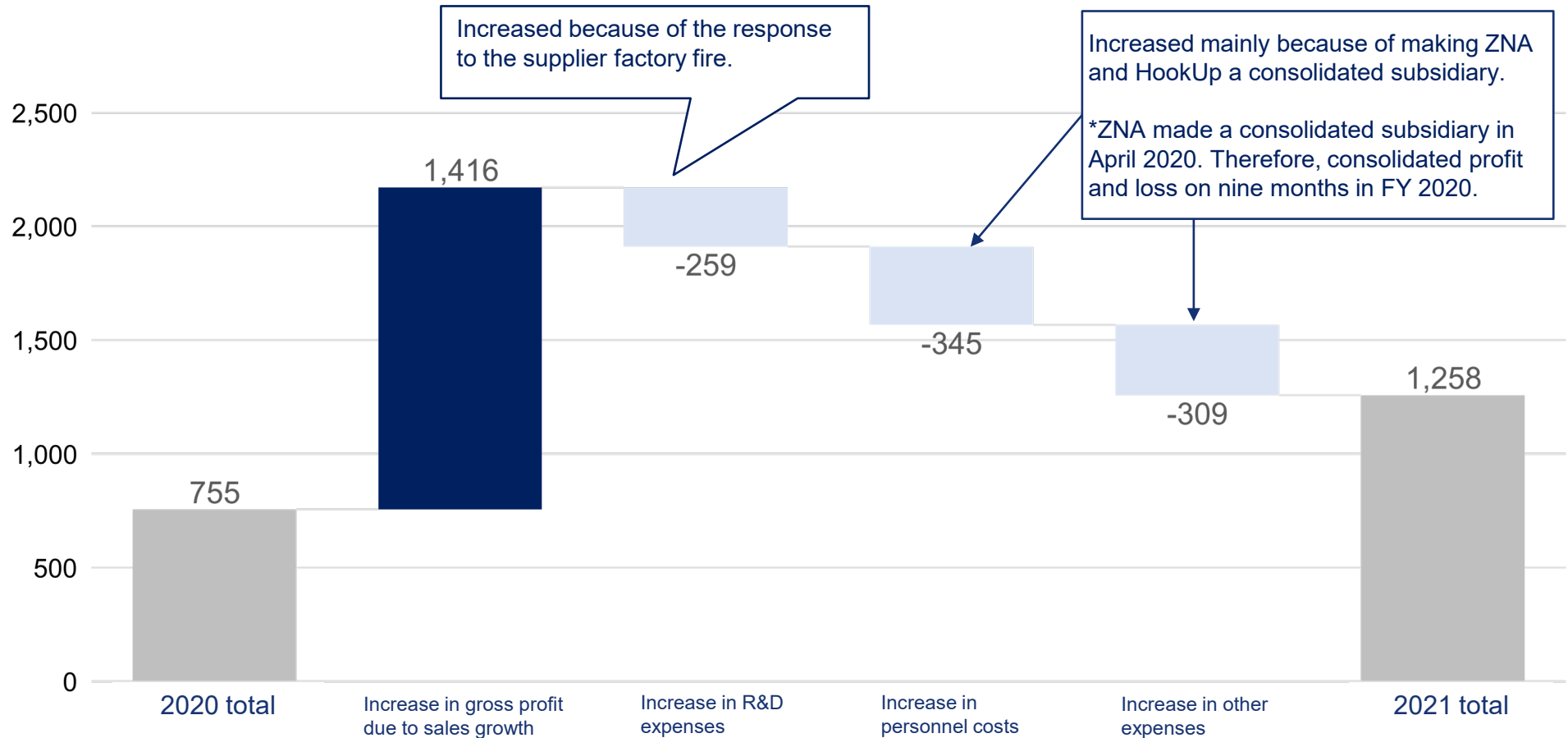
(millions of yen)

	Results for FY ended Dec. 2020 (share)	Results for FY ended Dec. 2021 (share)	Change	Main factors behind changes in net sales
North America	4,305 (41%)	5,241 (39%)	936	<ul style="list-style-type: none"> • Making ZNA a consolidated subsidiary in April 2020 (consolidated profit and loss for nine months in FY 2020.) • Strong demand for our products due to change in lifestyle with COVID-19 pandemic. • Especially HAR and DMX, which is suitable for audio distribution • Strong sales for G1 Four (MFX)
Southern Europe *1	1,744 (17%)	2,097 (16%)	353	<ul style="list-style-type: none"> • Demand recovers due to normalization of economic activities from the lockdown in the last year. • Online sales grew
Central Europe *2	1,524 (14%)	1,945 (14%)	420	<ul style="list-style-type: none"> • Same reason in North America • Sales to the UK increased as a rebound from decreased sales due to the filing by ZUK under bankruptcy law in the same period of last year.
Japan	927 (9%)	1,940 (14%)	1,013	<ul style="list-style-type: none"> • Sales increased 1,098 million yen due to making HookUp a subsidiary. • Sales decreased in some products such as HVR down YoY as a rebound from rapid growth in demand from consumers staying at home.
China	286 (3%)	315 (2%)	29	
Others	1,631 (16%)	1,877 (15%)	245	<ul style="list-style-type: none"> • Russia: +80; Taiwan: +75; UAE: +62
Total	10,419	13,417	2,998	

*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)



FY 2021 Consolidated Balance Sheet (summary)



(millions of yen)

	End of FY 2020/12	End of FY 2021/12	Change	Main factors behind changes
Current assets	7,661	8,035	373	
Cash and deposits	2,731	2,067	-663	In expenditures on acquisition of treasury stock and HookUp's stock
Accounts receivable-trade	1,658	1,950	291	Increase due to making HookUp a consolidated subsidiary
Merchandise and finished goods	2,516	2,963	447	Increase due to making HookUp a consolidated subsidiary
Noncurrent assets	2,536	2,794	258	
Property, plant, and equipment	526	548	21	
Intangible fixed assets	1,393	1,476	83	Goodwill increased by 87 million yen because of making HookUp a consolidated subsidiary
Investments and other assets	616	769	153	Increase of 78 million yen in deferred tax assets
Total assets	10,198	10,829	631	
Current liabilities	3,883	3,675	-208	
Accounts payable-trade	1,133	1,000	-132	Decreased purchases from production consignment factories due to lack of semiconductor parts
Short-term loans payable	1,601	1,346	-254	Partial repayment of loans intended for working capital
Noncurrent liabilities	1,177	1,242	64	
Total liabilities	5,061	4,917	-144	
Capital stock	212	212	—	
Total net assets	5,136	5,911	775	Increase in retained earnings 682 million yen due to recording of net profit
Total liabilities and net assets	10,198	10,829	631	

FY 2021 Consolidated Statement of Cash Flows (Summary)



(millions of yen)

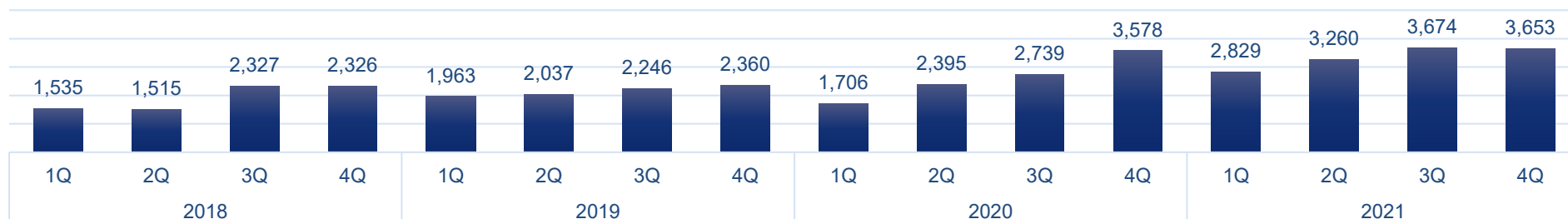
	FY 2020	FY 2021	Change
Cash flow from operating activities	990	637	(353)
Cash flow from investing activities	(1,269)	(478)	791
Cash flow from financing activities	716	(937)	(1,653)
Translation adjustments on cash and cash equivalents	(51)	113	165
Net increase (decrease) in cash and cash equivalents	384	(664)	(1,049)
Cash and cash equivalents at the beginning of the period	2,312	2,697	384
Cash and cash equivalents at the end of the period	2,697	2,032	(664)

■ Major factors behind changes in cash flow in FY 2021 (million yen)

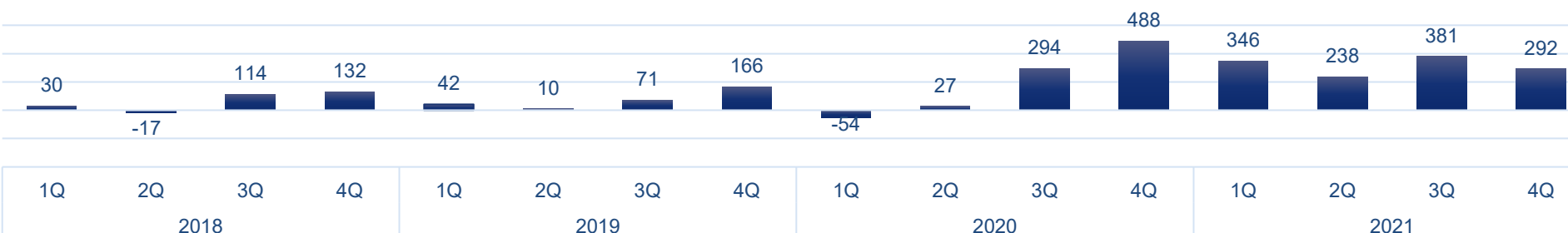
- Major factors affecting cash flow from operating activities: 1,216 in net profit before income taxes/-370 due to decrease in accounts payable.
- Major factors affecting cash flow from investing activities: -285 due to purchase of investments in subsidiaries resulting in change in scope of consolidation.
- Major factors affecting cash flow from financing activities: -426 from purchase of treasury stock/-380 from decrease in short-term loans payable.

(millions of yen)

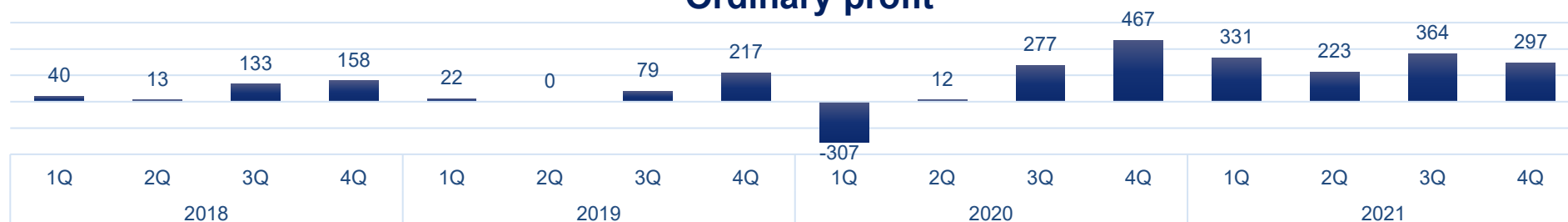
Net sales



Operating profit



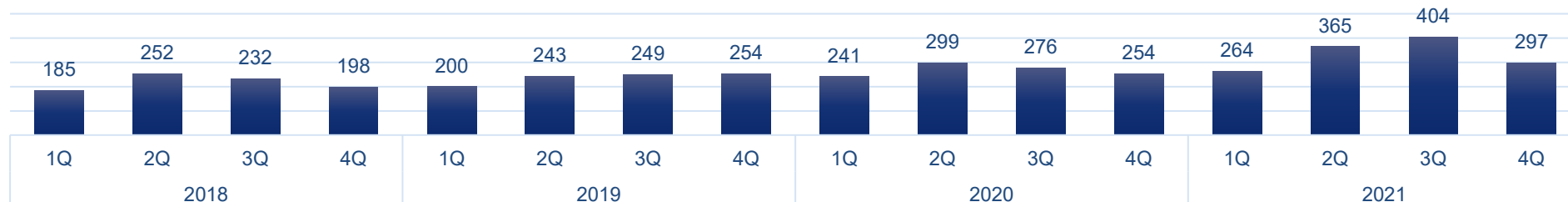
Ordinary profit



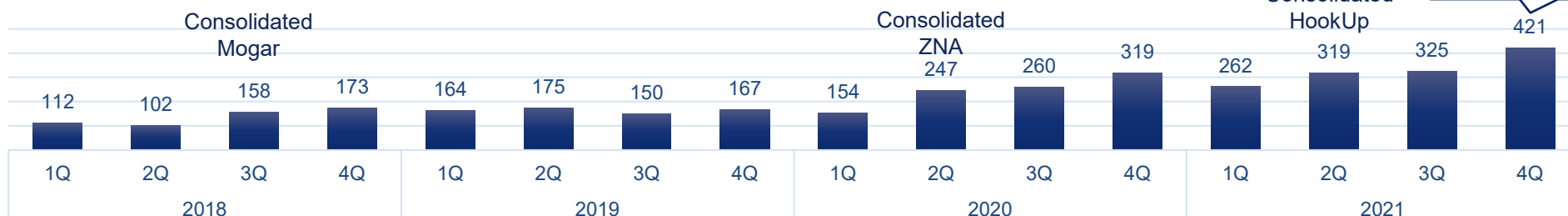
Usually while sales and profit tend to increase towards 4th quarter, on FY 2021 decreased because of the impact of semiconductor shortage

(millions of yen)

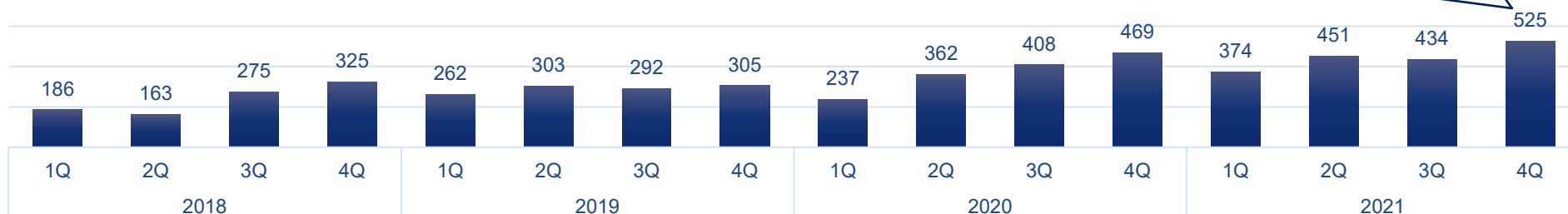
Research & Development expenses



Personnel costs



Other expenses



R&D expenses peaked in 3Q due to changes in new product development schedule because of the supplier factory fire.

We will pay an annual dividend of 102 yen per share (as same as the latest Forecast)

We think that the return of profits to shareholders is one of the most important managerial issues. The basic policy is established of paying stable dividends by setting the payout ratio of around 30% as the target, as well as securing the internal reserves necessary for future business expansion.

Based on the above policy, we will pay an annual dividend of 102 yen per share for FY 2021. While the profit attributable to owners of the parent for FY 2022 will be significantly decreased to 400 million yen, we think that the decreased will be temporary because of semiconductor shortage. In order to maintain stable dividends, we plan to pay an annual dividend of 50 yen per share for FY 2022.

Dividend information	FY 2020 (Actual)	FY 2021 (Actual)	FY 2022 (Forecast)
Profit attributable to owners of parent	502 million yen	854 million yen	400 million yen
Total amount of dividends	138 million yen	(plan) 218 million yen	215 million yen
Annual dividend per share	62 yen (After the split: 31 yen)	(plan) 102 yen (After the split: 51 yen)	50 yen

We conducted a two-for-one stock split of common stock on January 1, 2022. The annual dividend per share for FY 2020 and FY 2021 is based on the number of shares before the stock split. The other hand, that of FY 2022 (plan) is based the number of shares after the stock split.

We're For Creators



II . FY 2022.12 forecasts

FY 2022/12 forecasts of consolidated financial results

Sales and profit both will be decreased YoY. Especially, in the first half of the year, sales will be decrease significantly YoY.

- In the first half of 2022, production will be limited to 70% to 80% of the required quantity due to a shortage of semiconductor supply.
- Although recovery of a shortage of semiconductor supply will be expected in the second half of 2022, the backorder will not be eliminated by the end of 2022.
- Gross profit margin will be conservatively expected to be worse than the FY 2021 by 1.7 points due to the risk of rising parts prices and the strong yen.
- Because of the change in the accounting period, we will consolidate HookUp's profit and loss for 15 months in FY 2022. (Consolidated for nine months in FY 2021.)

(millions of yen)

	FY 2021/12 Results	FY 2022/12		
		Forecast	Change	Rate of change
Net sales	13,417	13,000	-417	-3.1%
Operating profit	1,258	700	-558	-44.4%
Ordinary profit	1,216	650	-566	-46.6%
Net profit attributable to owners of the parent	854	400	-454	-53.2%
EBITDA	1,666	1,110	-556	-33.4%
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. Net profit per share is based on the number of shares after the stock split. The annual dividend per share of FY 2021 is based on the number of shares before the stock split and that of FY 2022 is based on the number of shares after the stock split.

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.

FY 2022/12 sales projections by consolidation category

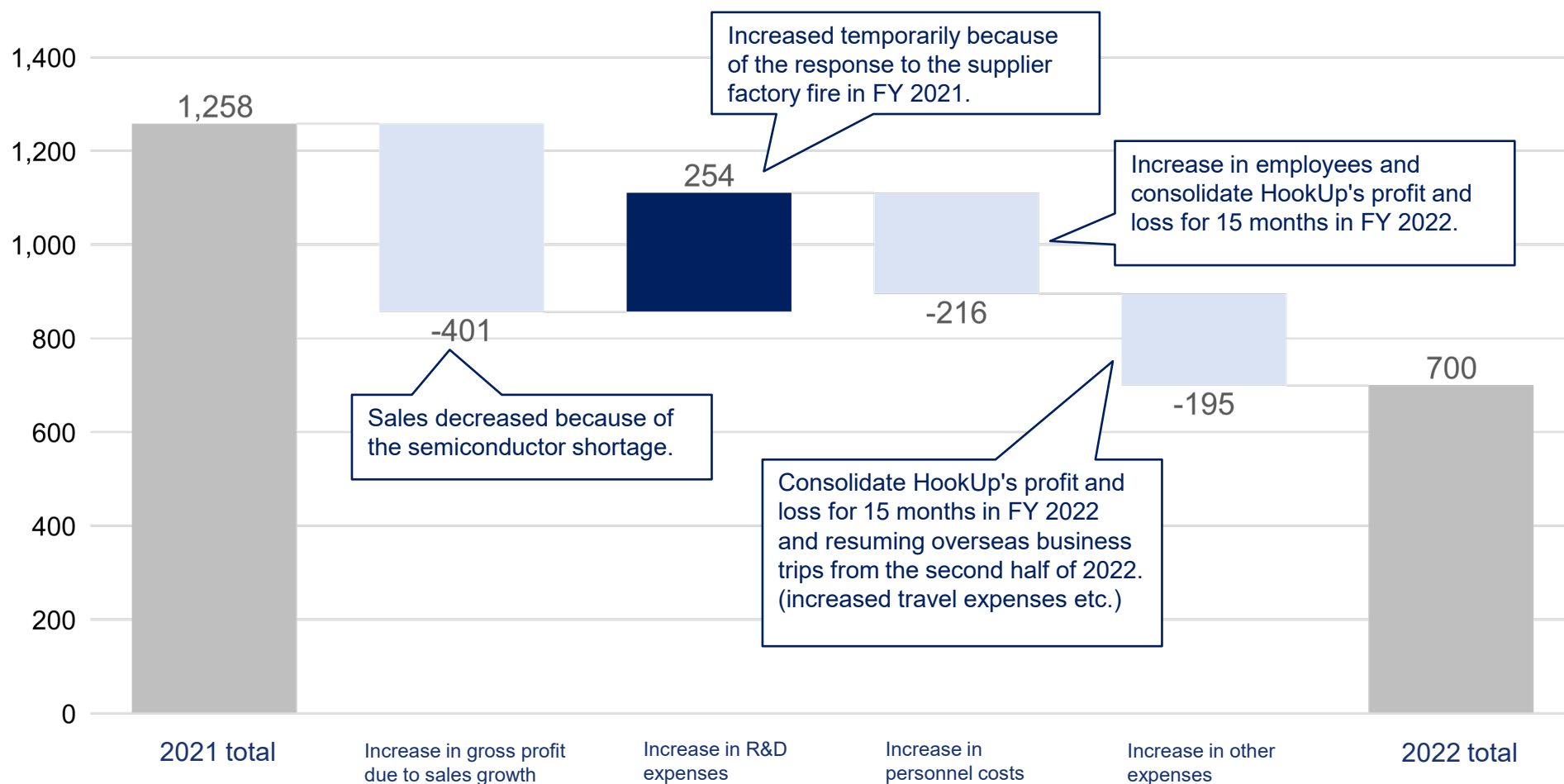


- Sales in each category will be decreased, but sales will increase in the categories expected to be impacted by the introduction of the new model, such as PFR and Others.
- Because of the change in the accounting period, sales increased for the brands handled by HookUp for 15 months in FY 2022.
(Consolidated for nine months in FY 2021/12)

(millions of yen)

	FY 2021/12 results	FY 2022/12		
		Forecast	Change	Rate of change
Handy audio recorders (HAR)	4,933	3,884	-1,049	-21.3%
Digital mixers/multitrack recorders (DMX/MTR)	2,203	2,013	-190	-8.6%
Professional field recorders (PFR)	968	1,231	-262	+27.1%
Multi-effects (MFX)	1,289	1,123	-166	-12.9%
Handy video recorders (HVR)	819	635	-183	-22.3%
Others	1,278	1,361	+83	+6.5%
Brands offered by Mogar	827	808	-18	-2.2%
Brands offered by HookUp	1,098	1,942	+844	+76.9%
Total	13,417	13,000	-417	-3.1%

Analysis of changes in operating profit (million yen)



Compared with Forecast FY 2022/12 on demand base

- On a demand basis (if it is no hindrance to production), both sales and profits would be prospected to increase YoY.

*Gross profit margin would be prospected the same as FY 2021

(Sales to North America with a high gross profit margin would increase, and any increase in parts prices would be limited)

- The decrease in sales due to the shortage of semiconductors in FY 2022 would be about 1.5 billion yen.

(millions of yen)

	FY 2021/12 results	FY 2022/12 on demand base		FY 2022/12 disclosed			FY 2023/12 Third medium- term business plan
		Forecast	Rate of Change vs last year	Forecast	Change vs on demand base	Rate of Change	
Net sales	13,417	14,500	+8.1%	13,000	-1,500	-10.3%	15,000
Operating income	1,258	1,520	+20.8%	700	-820	-53.9%	1,200
Ordinary income	1,216	1,470	+20.8%	650	-820	-55.8%	—
Net income attributable to owners of the parent	854	990	+15.9%	400	-590	-59.6%	—

We're For Creators



III. New products and progress on Medium-Term Business Plan

Multi-Effects(MFX)

B6

Bass Multi-Effects Processor

Start of sales: October 2021

Sales results: 1,400 units for October-December 2021 MAP: 54,900 yen(with tax)



- **The technology of world's first:** Equipped with direct box modeling that can be switched to the main body
- **Target creator:** Professional bassist/Composer/Senior bassist
- **Cost-performance:** The cost is about 1/3, compared with the case where the same performance is reproduced with multi-effects by other companies, direct box, and the line selector for switching
- **Problem solved:** Eliminates complicated settings when using two basses properly and easy input switching with a foot switch is possible

*Sales results shown are for Zoom Cooperation on an unconsolidated basis.

Digital Mixer/Multitrack Recorder(DMX)

R20

Multitrack Recorder

Start of sales: November 2021

Sales results: 1,000 units for November-December 2021 MAP: 49,800 yen(with tax)



■ **The technology of world's first:** Edit the recorded data on the main unit screen with your fingertips

■ **Target creator:**
A singer-songwriter who wants to complete a song by recording at home
A band that wants to easily record their performances in the studio

■ **Cost-performance:**
The cost is about 1/4, compared with the case where the same performance is reproduced with tablets, dedicated apps, audio interfaces and controllers by other companies

■ **Problem solved:**
Without a tablet, PC, or dedicated app, you can record, edit, and complete music with the main unit

*Sales results shown are for Zoom Cooperation on an unconsolidated basis.

Handy Video Recorder(HVR)

Q8n-4K

Handy Video Recorder

Start of sales: December 2021

Sales results: 100 units for December 2021

MAP: 46,000 yen(with tax)



- **The technology of world's first:** Interchangeable eight types of 4K quality video recording and scenes
It is possible to use the separately sold microphone capsule
- **Target creator:** Singer-songwriter/Bands/Videographer/YouTuber
- **Cost-performance:** The cost is about 1/3, compared with the case where the same performance is reproduced with 4K cameras, XY microphones, and preamplifiers for external microphone input by other companies
- **Problem solved:** No need to transport large equipment required for 4K quality and high-quality video recording and to connect devices in complex configurations

*Sales results shown are for Zoom Cooperation on an unconsolidated basis.

Professional Field Recorders(PFR)

F3

2-Channel Field Recorders

Start of sales: January 2022

Sales results: 100 units for December 2021 MAP: 35,100 yen(with tax)



- **The technology of world's first:** No need to adjust the recording input level (32-bit float recording) and the world's smallest commercial field recorder that can be connected to two microphones
- **Target creator:** Videographer/Sound designer
- **Cost-performance:** The price is about 1/6, compared with other companies' products
- **Problem solved:** Easy to carry and eliminates gain adjustment mistakes and sound cracking during recording

*Sales results shown are for Zoom Cooperation on an unconsolidated basis.

OEM product sales results 1



Podcast Micpack(MIC)

ZDM-1PMP

PODCAST MICPACK

Start of Sales: August 2021

Sales Results: 33,000 units for January-December 2021

MAP: 13,000 yen(with tax)



Dynamic Vocal Microphone(MIC)

ZDM-1

DYNAMIC VOCAL MICROPHONE

Start of Sales: October 2021

Sales Results: 8,000 units for January-December 2021

MAP: 8,000 yen(with tax)



USB Podcast MICPAPACK(MIC)

ZUM-2PMP

USB PODCAST MICPACK

Start of Sales: May 2021

Sales Results: 12,000 units for May-December 2021

MAP: 15,400 yen(with tax)



Headphones(OTR)

ZHP-1

PROFESSIONAL CLOSED-BACK HEADPHONES

Start of Sales: June 2021

Sales Results: 3,000 units for June-December 2021

MAP: 5,000 yen(with tax)



*Sales results shown are for Zoom Cooperation on an unconsolidated basis.

OEM product sales results 2



Headphone Amplifier(OTR)

ZHA-4 HEADPHONE AMPLIFIER

Start of Sales: July 2021

Sales Results: 5,000 units for July-December 2021

MAP: US \$ 85.00(with tax)



USB Microphone(MIC)

ZUM-2 USB MICROPHONE

Start of Sales: August 2021

Sales Results: 4,000 units for August-December 2021

MAP: 15,600 yen(with tax)



Tuner/Metronome(OTR)

ZTM-1 TUNER/METRONOME

Start of Sales: December 2021

Sales Results: 800 units for December 2021

MAP: 2,500 yen(with tax)



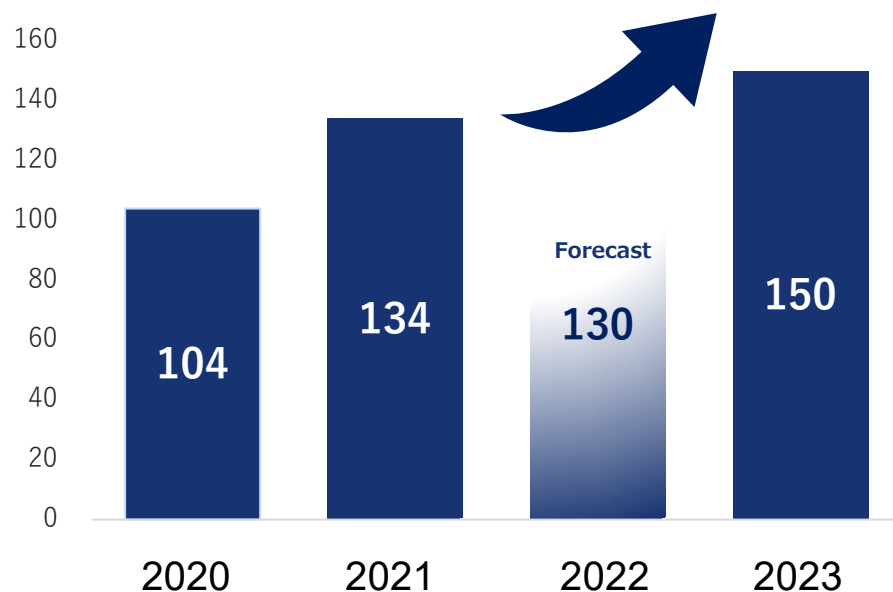
*Sales results shown are for Zoom Cooperation on an unconsolidated basis.

Performance Goal

2023 consolidated sales:
JPY15 billion (initial plan)

- Target consolidated sales of JPY15 billion for 2023, the final fiscal year of the plan (actual figure for 2021: JPY13.4 billion)

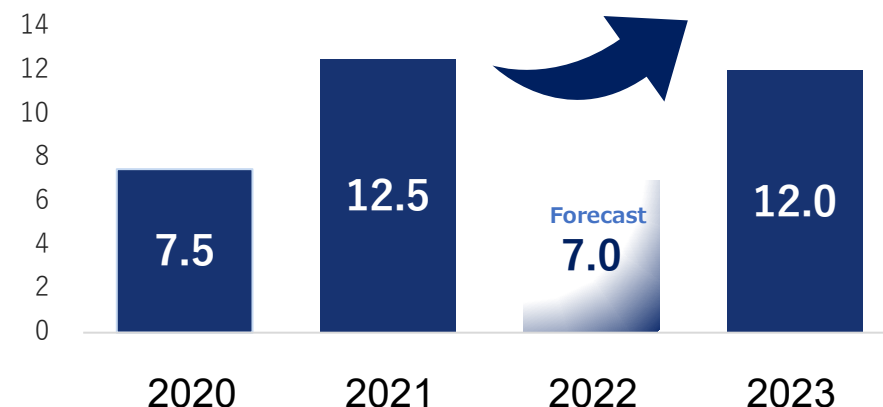
(100 millions of yen)



2023 Consolidated operating profit:
JPY1.2 billion (initial plan)

- Target consolidated operating profit of JPY1.2 billion for 2023, the final fiscal year of the plan (actual figure for 2021: JPY1.25 billion)

(100 millions of yen)



Core strategies

1 Branding reinforcement via “We’re For Creators”

- Introduced online user registration and three-year extended warranty
- Start to create and sell T- shirts with ZOOM logo
- Start to use sponsored advertising on Amazon

2 The diversification of core and related businesses

- Deployment of products specializing on podcast use, despite the fact that this use lacks a strong direct connection to music
- Continuing to study streaming as a new trend
- Obtained patents for the technology used in H3-VR (Number of patents obtained: 8) As of December 2021
- Expansion of products utilizing OEM (Number of models released: 5) As of December 2021

3 Expand and enrich products targeted at middle class

- The main price range in the market is from around 10,000 yen to 200,000 yen
- * The highest estimated market price of the products developed in FY 2021 is 54,900 yen for the B6, and the lowest estimated market price is 35,100 yen for the F3.

4 Risk management

- Complete the response to the fire at a supplier plant and minimize the impact on sales.
- Work on the chip shortages in the future
- Increase the production bases other than China and transfer productions to them gradually

5 Treatment and prevention of work habits diseases

- Hire vice presidents in sales departments (August 2021)
- Establish the positions of two vice presidents in the development department and reorganization into a fully project-based organization (April 2021)

Profit distribution

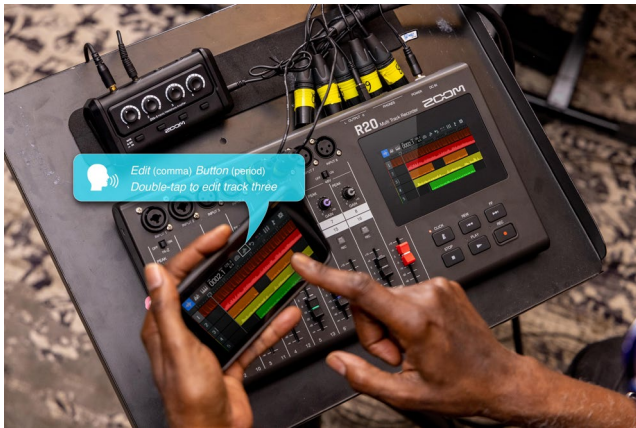
- (Staff)** Introduced restricted stock in April 2021
- (Officers)** Introduced annual salary system and restricted stock in April 2021
- (Customers)** Refer to cost performance of new products
- (Distributors)** Terminated contracts of 11 domestic suppliers wherein annual transaction amounts were one million yen or less (as of December 2021)
- (Global environment)** ESG committees that include members of US subsidiaries will be held monthly from October 2021

Distribute profits to all stakeholders in an appropriate manner

Staff	Introduce a system that directly links growth of our company with income of staff
Officers	Add incentives that correspond the contribution of each member to the compensation
Customers	Commit overwhelming cost performance compare to competing products
Shareholders	Introduce a system that gives preferential treatment to shareholders holding our shares for a medium to long period of time for non-speculative purposes
Factories	Build a win-win relationships through financially sound cost reduction
Distributors	Minimize lost profits by implementing measures that strictly manage the market territory
Sales outlets	Eliminate unreasonable/excessive competition via channel management
Communities	Establish NPO that serve the public interest and contribute to the communities where our company, staff, and officers belong
Global environment	Reduce the environmental burden by promoting energy-saving and waste reduction through improving product performance

SDGs

Five Codes of Management (2) • • Bear the fair cost of the ESGs and SDGs



Accessibility*Support

- B6 or R20 remote control app supports accessibility
- Use reading app(VoiceOver) for iOS
- Visually impaired can use the product

* **Accessibility** • • • It is used to mean "awareness that anyone can use it" and "ingenuity to make it easy to use".

ESG

Five Codes of Management (2) • • Bear the fair cost of the ESGs and SDGs

Environment response: Packing reform

- Stop excessive packaging and specialize in transportation applications
- Stop full-color printing and switch to monochrome printing on cardboard material
- No petroleum-derived materials are used
- Recycled paper is used for all paper materials
- Eco-friendly material selection is possible at the cost of eliminating overwrapping and full-color printing
- Target products: Implemented gradually from new products in 2022
- Due: Fully implemented with new products at the end of 2023



Established a 100-year brand by completing the medium-term management plan

We're For Creators



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.

IR Contact:

Zoom Corporation inquiry page

<https://cloud.swcms.net/zoomPublic/ja/inquiry.html>