

# JVCKENWOOD

February 1, 2024

## Consolidated Financial Results for the Nine Months Ending March 31, 2024 (Under IFRS)

Company name: JVCKENWOOD Corporation  
 Listing: Prime Market of the Tokyo Stock Exchange  
 Securities code: 6632  
 URL: <https://www.jvckenwood.com/en.html>  
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 Scheduled date to file quarterly securities report: February 8, 2024  
 Scheduled date to commence dividend payments: -  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results briefing: Yes (for analysts and institutional investors)

(Yen amounts are rounded down to millions, unless otherwise noted.)

### 1. Consolidated financial results for the nine months ending March 31, 2024 (from April 1, 2023 to December 31, 2023)

#### (1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Revenue		Core operating income*		Operating profit		Profit before tax		Profit attributable to owners of parent company	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Q3 of FYE3/24	267,258	8.0	16,015	42.8	14,982	-23.2	14,932	-22.8	10,922	-29.6
Q3 of FYE3/23	247,497	27.2	11,216	—	19,506	438.1	19,343	528.5	15,513	—

\*Core operating income is calculated by deducting cost of sales, selling and general administrative expenses from revenue, and does not include other income, other expenses, and foreign exchange gains and losses, which are nonrecurring items that mainly occur temporarily.

	Total comprehensive income		Basic earnings per share	Diluted earnings per share
	Million yen	%	Yen	Yen
Q3 of FYE3/24	17,928	-8.2	70.24	69.88
Q3 of FYE3/23	19,537	379.1	94.89	94.75

#### (2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent company	Ratio of equity attributable to owners of parent to total assets
	Million yen	Million yen	Million yen	%
Q3 of FYE3/24	306,847	113,324	107,031	34.9
FYE3/23	299,355	103,731	98,807	33.0

### 2. Cash dividends

	Annual dividends				
	1st quarter	2nd quarter	3rd quarter	Year end	Total
FYE3/23	Yen —	Yen 0.00	Yen —	Yen 12.00	Yen 12.00
FYE3/24	—	0.00	—		
FYE3/24(Forecast)				8.00	8.00

\* Revision of dividend forecast from the most recently announced forecast: None  
 Year-end dividends in FYE3/23: Regular dividend 7.00 (yen) and Special dividend 5.00 (yen)  
 Year-end dividends in FYE3/24 (Forecast): Regular dividend 8.00 (yen)

### 3. FYE3/24 full-year earnings forecast (April 1, 2023 – March 31, 2024)

(% indicate year-on-year changes)

	Revenue		Core operating income		Operating profit		Profit before tax		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%
Full year	355,000	5.4	18,500	16.8	16,500	-23.7	15,500	-26.8	10,500	-35.3

Note: Revisions to the forecast of earnings most recently announced: None

### Note

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

Newly included: – companies

Excluded: – companies

(2) Changes in accounting policies and changes in accounting estimates

(i) Changes in accounting policies required by IFRS: Yes

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(3) Number of issued shares (ordinary shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

Nine months ending March 31, 2024	164,000,201 shares
As of March 31, 2023	164,000,201 shares

(ii) Number of treasury shares at the end of the period

Nine months ending March 31, 2024	13,223,875 shares
As of March 31, 2023	516,992 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Nine months ending March 31, 2024	155,499,848 shares
Nine months ended March 31, 2023	163,484,515 shares

\* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

## 1. Qualitative Information on Q3 Financial Results

### (1) Description of Operating Results

#### **Overview of the Third Quarter of the Fiscal Year under Review**

On April 1, 2023, JVCKENWOOD Corporation changed business sector names from “Public Service” to “Safety & Security” and from “Media Service” to “Entertainment Solutions” in order to clarify the business strategy the Company pursues in transforming its business portfolio into a more profitable market where the Company’s strengths can be leveraged to maximize corporate value.

Revenue of JVCKENWOOD Corporation and its consolidated subsidiaries for the nine months of the fiscal year under review increased from the same period in the previous year, mainly due to the continued strong performance of the Communications Systems Business in the Safety & Security Sector, as well as the solid performance of the OEM Business in the Mobility & Telematics Services Sector. Core operating income of the JVCKENWOOD Group (the “Group”) rose significantly as a result. Operating profit of the Group decreased from the same period of the previous fiscal year, however, excluding the impact of a gain on the transfer of non-current assets of approximately 9,700 million yen recorded in the third quarter of the previous fiscal year, it increased significantly year on year.

A summary of consolidated operating results for the nine months of the fiscal year under review is as follows.

(Million yen)				
	Q3 (Q1–Q3) of FYE3/23	Q3 (Q1–Q3) of FYE3/24	Year-on-year comparison	Change
Revenue	247,497	267,258	+19,760	+8.0%
Core operating income*	11,216	16,015	+4,798	+42.8%
Operating profit	19,506	14,982	-4,524	-23.2%
Profit before income taxes	19,343	14,932	-4,410	-22.8%
Profit attributable to owners of the parent company	15,513	10,922	-4,590	-29.6%

\* Core operating income is calculated by deducting cost of sales and selling, general and administrative expenses from revenue, and does not include other income, other expenses, and foreign exchange gains and losses, which are nonrecurring items that mainly occur temporarily. Operating performance by business segment is explained using core operating income.

Profit-and-loss exchange rates used when preparing the financial statements for the nine months of the fiscal year under review are as follows.

		Q1	Q2	Q3	Q3 (Q1–Q3) (for reference)
Profit-and-loss exchange rates	U.S. dollar	Approx. 137 yen	Approx. 145 yen	Approx. 148 yen	Approx. 143 yen
	Euro	Approx. 150 yen	Approx. 157 yen	Approx. 159 yen	Approx. 155 yen
FY2022 (for reference)	U.S. dollar	Approx. 130 yen	Approx. 138 yen	Approx. 141 yen	Approx. 136 yen
	Euro	Approx. 138 yen	Approx. 139 yen	Approx. 144 yen	Approx. 141 yen

#### **Revenue**

Revenue of JVCKENWOOD Corporation and its consolidated subsidiaries for the nine months of the fiscal year under review rose approximately 19,800 million yen, or 8.0%, from the same period in the previous year to 267,258 million yen. This was mainly because sales in the Communications Systems Business in the Safety & Security Sector remained very brisk as in the previous fiscal year and because sales in the OEM Business in the Mobility & Telematics Services Sector and in the Entertainment Business in the Entertainment Solutions Sector remained strong.

#### **Core operating income**

JVCKENWOOD Corporation defines core operating income as revenue less cost of sales and selling, general and administrative expenses.

Core operating income for the nine months of the fiscal year under review increased approximately 4,800 million yen, or 42.8%, from the same period of the previous year to 16,015 million yen, mainly reflecting the significant increase in revenue.

#### **Operating profit**

Operating profit for the nine months of the fiscal year under review decreased by approximately 4,500 million yen, or 23.2%, from the previous year to 14,982 million yen, from the previous year, mainly due to the recording of a gain on the transfer of non-current assets (approximately 9,700 million) in the third quarter of the previous fiscal year, despite a substantial increase in core operating income.

#### **Profit before income taxes**

In the nine months of the fiscal year under review, profit before income taxes decreased approximately 4,400 million yen, or 22.8%, from the previous year to 14,932 million yen, mainly due to a decrease in operating profit.

### Profit attributable to owners of the parent company

Profit attributable to owners of the parent company for the nine months of the fiscal year under review decreased approximately 4,600 million yen, or 29.6%, from the previous year to 10,922 million yen, reflecting a decrease in profit before income taxes.

### Revenue and Profit (Loss) by Business Segment

Revenue and core operating income (loss) by business segment are as follows.

Nine Months of the Fiscal Year Ending March 2024 (from April 1, 2023, to December 31, 2023)

(Million yen)

Segment		Q3 (Q1–Q3) of FYE3/23	Q3 (Q1–Q3) of FYE3/24	Year-on-year comparison
Mobility & Telematics Services Sector	Revenue	148,380	148,800	+420
	Core operating income	4,266	3,073	-1,192
Safety & Security Sector	Revenue	51,986	69,900	+17,913
	Core operating income	6,478	13,293	+6,814
Entertainment Solutions Sector	Revenue	41,737	41,995	+258
	Core operating income	421	-186	-607
Others	Revenue	5,393	6,561	+1,167
	Core operating income	50	-165	-216
Total	Revenue	247,497	267,258	+19,760
	Core operating income	11,216	16,015	+4,798

#### Mobility & Telematics Services Sector

Revenue of the Mobility & Telematics Services Sector for the nine months of the fiscal year under review increased approximately 400 million yen, or 0.3%, from the previous year to 148,800 million yen. Core operating income decreased approximately 1,200 million yen from the previous year to 3,073 million yen.

Core operating income includes approximately 1,600 million yen as a negative impact of foreign exchange hedge, and core operating income of this sector, calculated by deducting the impact of foreign exchange hedge, increased year on year.

##### ➤ Revenue

Revenue of the OEM Business increased year on year. This was mainly because sales of supplies were solid in Japan and because sales of ASK Industries S.p.A., our subsidiary in Europe, remained brisk as in the previous fiscal year.

Revenue of the Aftermarket Business decreased from the previous year mainly due to the impact of a sales decline resulting from inventory adjustment at major U.S. mass retailers.

Revenue of the Telematics Service Business fell from the previous year due to a decline in sales of telematics solution-related products including dashcams with communication capabilities for insurance companies.

##### ➤ Core operating income

Core operating income of the entire Mobility & Telematics Services Sector decreased from the previous year. Although profit of the OEM Business was up from the previous year thanks to the revenue-increase effect, the segment as a whole was negatively impacted by foreign exchange hedging, and the Aftermarket Business and the Telematics Service Business were impacted by a revenue decrease.

#### Safety & Security Sector

Revenue of the Safety & Security Sector for the nine months of the fiscal year under review rose approximately 17,900 million yen, or 34.5%, from the previous year to 69,900 million yen. Core operating income increased approximately 6,800 million yen from the previous year to 13,293 million yen.

##### ➤ Revenue

Revenue of the Communications Systems Business significantly grew approximately 17,100 million yen from the previous year mainly because sales in the United States and other overseas markets were very brisk.

Revenue of the Professional Systems Business increased approximately 800 million yen from the previous year mainly because JVCKENWOOD Public & Industrial Systems Corporation tended to recover in the social infrastructure market including railways.

##### ➤ Core operating income

The Safety & Security Sector as a whole reported a sharp increase in profit from the previous year because the Communications Systems Business registered a large rise in profit thanks to substantial revenue growth, and the Professional Systems Business improved profit and loss because of revenue growth.

### **Entertainment Solutions Sector**

Revenue of the Entertainment Solutions Sector for the nine months of the fiscal year under review grew approximately 300 million yen, or 0.6%, from the previous year to 41,995 million yen. Core operating income decreased approximately 600 million yen from the previous year to a loss of 186 million yen.

In addition, we decided to reduce the size of our professional camera business in the Media Business in consideration of the current fiscal year's market conditions and other factors, and accordingly, we recorded an allowance of approximately 800 million yen for loss on components and materials as a structural reform expense in the third quarter of the current fiscal year. Core operating income in this sector, calculated by deducting this loss provision, increased year on year.

#### ➤ Revenue

Revenue of the Media Business decreased approximately 1,400 million yen from the previous year mainly due to lower sales of professional cameras and others although sales of projectors recovered from the impact of reduced production resulting from a transfer of production implemented in the first quarter of the previous fiscal year.

Revenue of the Entertainment Business increased approximately 1,700 million yen from the previous year mainly because sales in the content business remained strong.

#### ➤ Core operating income

Core operating income of the Entertainment Solutions Sector as a whole decreased from the previous year due to the impact of a decrease in revenue in the Media Business and the recording of an allowance of approximately 800 million yen for loss on components and materials as a structural reform expense in the professional camera business, although profit in the Entertainment Business rose due to the revenue-increase effect.

### (2) Description of Financial Position

#### **Analysis of Assets, Liabilities, and Equity, Etc.**

##### **Assets**

Total assets grew approximately 7,500 million yen from the end of the previous fiscal year to 306,847 million yen. This was mainly due to increases in trade and other receivables and property, plant and equipment, although cash and cash equivalents decreased.

##### **Liabilities**

Total liabilities decreased approximately 2,100 million yen from the end of the previous fiscal year to 193,522 million yen. This was mainly due to further repayment of bank borrowings, despite an increase in trade and other payables.

##### **Equity**

Total equity rose approximately 9,600 million yen from the end of the previous fiscal year to 113,324 million yen. This was due to an increase of approximately 9,000 million yen in retained earnings as well as an increase in other components of equity caused by the depreciation of the yen against major currencies, although there was a decrease due to purchase of treasury shares.

The ratio of equity attributable to owners of the parent company increased 1.9 percentage points from the end of the previous fiscal year to 34.9% due to an increase in equity attributable to owners of the parent company.

#### **Cash Flow Analysis**

##### **Cash Flow from Operating Activities**

Net cash earned in operating activities for the nine months of the fiscal year under review was 22,884 million yen, which is an increase of approximately 7,200 million yen from the same period of the previous fiscal year. This was mainly due to a drop in working capital caused by a decrease in inventories.

##### **Cash Flow from Investing Activities**

Net cash used in investing activities for the nine months of the fiscal year under review was 12,938 million yen, which is an increase of approximately 12,000 million yen from the same period of the previous fiscal year. This was mainly due to an increase in expenditures for purchase of property, plant and equipment in conjunction with the construction of a new company building and other factors, and a significant decrease in proceeds from sale of property, plant and equipment.

##### **Cash Flow from Financing Activities**

Net cash used in financing activities for the nine months of the fiscal year under review was 16,785 million yen, which is an increase of approximately 1,600 million yen from the same period of the previous fiscal year. This was mainly due to an increase in dividends and an increase in expenditure for the purchase of treasury shares.

Cash and cash equivalents at the end of the third quarter of the fiscal year under review increased approximately 1,400 million yen from the same period of the previous fiscal year to 51,298 million yen.

(3) Description of Forward-Looking Information Such as Consolidated Earnings Forecast

**Earnings Forecast for FYE3/24**

For the nine months of the fiscal year under review, results exceeded the forecast for the Group. This was mainly due to the continued strong performance of the Communications Systems Business in the Safety & Security Sector and the solid performance of the OEM Business in the Mobility & Telematics Services Sector.

For the fourth quarter, while we expect strong demand for radio systems as BCP\* and security measures as the global situation becomes more and more tense, there is uncertainty over the impact of the Noto Peninsula Earthquake and the decline in production and sales of domestic automobile manufacturers. Considering these among other factors, we will maintain the consolidated financial forecasts for the fiscal year ending March 2024 announced on October 31, 2023.

\* Business Continuity Plan

(Million yen)

	Consolidated earnings for the FYE March 2023	Earnings Forecast for the FYE March 2024 (Announced on October 31, 2023)	Year-on-year comparison	
Revenue	336,910	355,000	+18,090	
Core operating income*	15,836	18,500	+2,664	
Operating profit	21,634	16,500	-5,134	
Profit before income taxes	21,161	15,500	-5,661	
Profit attributable to owners of the parent company	16,229	10,500	-5,729	
Exchange rate	(U.S. dollar)	135 yen	147 yen	+12 yen
	(Euro)	141 yen	150 yen	+9 yen

\* Core operating income is calculated by deducting cost of sales and selling, general and administrative expenses from revenue, and does not include other income, other expenses, and foreign exchange gains and losses, which are nonrecurring items that mainly occur temporarily.

The earnings forecasts shown above were prepared by JVCKENWOOD Corporation based on information available as of the date of the announcement of this document. Actual results may differ from the forecasts due to various factors in the future.

2. Quarterly Consolidated Financial Statements  
(1) Quarterly Consolidated Statement of Financial Position

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and cash equivalents	56,186	51,298
Trade and other receivables	58,157	63,590
Contract assets	2,996	4,332
Other financial assets	3,552	3,380
Inventories	67,830	66,990
Right to recover products	261	243
Income taxes receivable	976	1,298
Other current assets	6,231	5,943
Subtotal	196,191	197,079
Assets classified as held for sale	995	884
Total current assets	197,187	197,963
Non-current assets		
Property, plant and equipment	54,721	59,138
Goodwill	2,379	2,565
Intangible assets	18,065	18,857
Net defined benefit assets	1,933	1,713
Investment property	3,817	3,911
Investments accounted for using the equity method	4,983	5,830
Other financial assets	9,758	10,581
Deferred tax assets	6,128	5,944
Other non-current assets	380	342
Total non-current assets	102,167	108,884
Total assets	299,355	306,847

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	52,868	55,505
Contract liabilities	4,088	3,886
Refund liabilities	5,084	5,176
Short-term borrowings	26,292	24,362
Other financial liabilities	4,643	5,331
Income taxes payable	2,995	1,529
Provisions	1,814	1,993
Other current liabilities	26,062	24,720
Total current liabilities	123,849	122,505
Non-current liabilities		
Long-term borrowings	36,190	34,473
Other financial liabilities	11,999	13,450
Net defined benefit liabilities	18,459	18,132
Provisions	1,252	1,314
Deferred tax liabilities	2,981	2,735
Other non-current liabilities	890	911
Total non-current liabilities	71,774	71,017
Total liabilities	195,624	193,522
Equity		
Capital stock	13,645	13,645
Capital surplus	42,029	42,161
Retained earnings	28,811	37,774
Treasury stock	-140	-7,129
Other components of equity	14,461	20,579
Equity attributable to owners of the parent company	98,807	107,031
Non-controlling interests	4,923	6,293
Total equity	103,731	113,324
Total liabilities and equity	299,355	306,847



(2) Quarterly Consolidated Statement of Income and Consolidated Statement of Comprehensive Income  
(Quarterly Consolidated Statement of Income)

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Revenue	247,497	267,258
Cost of sales	178,477	186,181
Gross profit	69,020	81,076
Selling, general and administrative expenses	57,803	65,061
Other income	11,563	1,905
Other expenses	2,645	2,878
Foreign exchange gains (losses)	-628	-59
Operating profit	19,506	14,982
Finance income	314	676
Finance expenses	941	1,116
Share of profit (loss) of investments accounted for using the equity method	464	390
Profit before income taxes	19,343	14,932
Income tax expenses	3,314	3,362
Profit	16,029	11,569
Profit attributable to:		
Owners of the parent company	15,513	10,922
Non-controlling interests	515	646
Profit	16,029	11,569
Earnings per share		
Basic earnings per share	94.89 yen	70.24 yen
Diluted earnings per share	94.75 yen	69.88 yen

## (Quarterly Consolidated Statement of Comprehensive Income)

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Profit	16,029	11,569
Other comprehensive income (“OCI”)		
Items that will not be reclassified subsequently to profit or loss		
Financial assets measured at fair value through OCI	26	217
Share of OCI of investments accounted for using the equity method	3	-10
Total of items that will not be reclassified subsequently to profit or loss	30	207
Items that may be reclassified subsequently to profit or loss		
Exchange differences arising on translation of foreign operations	4,077	5,868
Cash flow hedges	-486	-34
Share of OCI of investments accounted for using the equity method	-112	318
Total of items that may be reclassified subsequently to profit or loss	3,478	6,152
OCI, net of income tax	3,508	6,359
Comprehensive income	19,537	17,928
Total comprehensive income attributable to:		
Owners of the parent company	18,808	17,043
Non-controlling interests	728	885
Comprehensive income	19,537	17,928

## (3) Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Cash flows from operating activities		
Profit before income taxes	19,343	14,932
Depreciation and amortization	13,049	13,554
Impairment losses	972	410
Increase (decrease) in net defined benefit liabilities	-1,101	-472
Decrease (increase) in net defined benefit assets	312	220
Finance income	-314	-676
Finance expenses	941	1,116
Loss (gain) on valuation of financial assets measured at fair value through profit or loss	-815	-194
Loss (gain) on sale of property, plant and equipment	-9,764	-402
Loss on disposal of property, plant and equipment	37	53
Decrease (increase) in trade and other receivables	5,074	-2,568
Decrease (increase) in inventories	-13,852	4,107
Increase (decrease) in trade and other payables	4,956	1,118
Increase (decrease) in accrued expenses	-1,114	-2,860
Increase (decrease) in other current liabilities	1,250	326
Other, net	-562	-1,603
Subtotal	18,414	27,061
Interest received	213	585
Dividend received	63	276
Interest paid	-805	-1,002
Income taxes paid	-2,200	-4,037
Net cash provided by operating activities	15,684	22,884
Cash flows from investing activities		
Purchases of property, plant and equipment	-5,504	-7,671
Proceeds from sales of property, plant and equipment	11,296	1,645
Purchases of intangible assets	-6,314	-6,560
Payment for acquisition of investments accounted for using the equity method	-300	-888
Proceeds from distribution of debt instruments	—	712
Other, net	-140	-175
Net cash used in investing activities	-962	-12,938
Cash flows from financing activities		
Proceeds from short-term borrowings	7,261	4,370
Repayment of short-term borrowings	-9,865	-5,274
Proceeds from long-term borrowings	12,088	6,573
Repayment of long-term borrowings	-20,236	-10,527
Repayment of lease liabilities	-2,731	-2,862
Purchases of treasury stock	-0	-7,001
Cash dividends paid	-980	-1,961
Other, net	-699	-101
Net cash used in financing activities	-15,164	-16,785

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Effect of exchange rate changes on cash and cash equivalents	1,633	2,052
Net increase (decrease) in cash and cash equivalents	1,191	-4,787
Cash and cash equivalents at beginning of year	48,707	56,186
Cash and cash equivalents included in assets classified as held for sale	—	-99
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	-32	—
Cash and cash equivalents at end of quarter	49,865	51,298