

**JVCKENWOOD**

February 1, 2023

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**Accounting Report for the Q3 of Fiscal Year Ending March 2023**  
**(April 1, 2022 – December 31, 2022)**

**Operating Results**

(JPY in Million, except Basic net income per share)

	3rd Quarter FYE 3/2022 April 1, 2021 to December 31, 2021	3rd Quarter FYE 3/2023 April 1, 2022 to December 31, 2022
Revenue	194,626	247,497
Operating profit	3,625	19,506
Profit before tax	3,077	19,343
Profit attributable to owners of parent company	503	15,513
Comprehensive income	4,078	19,537
Basic net income per share	3.08 yen	94.89 yen

FYE: Fiscal year ended / ending

## 1. Qualitative Information on Q3 Financial Results

### (1) Description of Operating Results

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

Revenue of JVCKENWOOD Corporation and its consolidated subsidiaries for the first nine months of the fiscal year under review increased significantly from a year earlier. This was mainly due to the increased revenue resulting from the normalization of production and sales in the Mobility & Telematics Services Sector and the significant increased revenue in the Communications Systems Business in the Public Service Sector from the stronger-than-expected sales. Operating profit of the JVCKENWOOD Group (the "Group") also rose significantly from a year earlier as a result of the effect of increased revenue and the recording of a gain on transfer of fixed assets (approximately 9,700 million yen) in the third quarter of the fiscal year under review.

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

	(Million yen)			
	Q3(1–Q3) of FYE3/22	Q3 (1–Q3) of FYE3/23	Year-on-year comparison	Change
Revenue	194,626	247,497	+52,871	+27.2%
Core operating income*	272	11,216	+10,944	+4,018.0%
Operating profit	3,625	19,506	+15,881	+438.1%
Profit before income taxes	3,077	19,343	+16,265	+528.5%
Profit attributable to owners of the parent company	503	15,513	+15,009	+2,979.4%

\* Core operating income does not include non-recurring items that mainly occur temporarily, such as other income included in operating profit, other expenses, and foreign exchange losses or gains. Operating performance by business segment is explained using core operating income.

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

		Q1	Q2	Q3	Q3 (1–Q3) (for reference)
Profit-and-loss exchange rates	U.S. dollar Euro	Approx. 130 yen Approx. 138 yen	Approx. 138 yen Approx. 139 yen	Approx. 141 yen Approx. 144 yen	Approx. 136 yen Approx. 141 yen
FY2021 (for reference)	U.S. dollar Euro	Approx. 110 yen Approx. 132 yen	Approx. 110 yen Approx. 130 yen	Approx. 114 yen Approx. 130 yen	Approx. 111 yen Approx. 131 yen

#### Revenue

During the first nine months of the fiscal year under review, revenue in the Mobility & Telematics Services Sector as a whole increased significantly. This was mainly due to an increase in sales of products such as speakers, amplifiers, and cables for automobiles, the recovery in production following the lifting of the lockdown in Shanghai, and the ending of the shortage of semiconductors and other components. Furthermore, sales in the Communications Systems Business in the Public Service Sector continued to be strong and significantly more than expected, and sales in the Media Service Sector continued to be robust. As a result, the revenue of the Group increased approximately 52,900 million yen, or 27.2%, from a year earlier to 247,497 million yen.

#### Core operating income

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

In the first nine months of the fiscal year under review, core operating income of the Group significantly increased approximately 10,900 million yen, or 4,018.0%, from a year earlier to 11,216 million yen, reflecting the significant increase in revenue as described above. For the first nine months of the fiscal year under review, government subsidies for employing employees, etc., are recognized as net profit or loss and subtracted from cost of sales and selling, general and administrative expenses.

#### Operating profit

Operating profit for the first nine months of the fiscal year under review significantly increased approximately 15,900 million yen, or 438.1%, from a year earlier to 19,506 million yen. This was mainly due to a significant increase in core operating income and a recording of gain on transfer of fixed assets (approximately 9,700 million yen) associated with the sale of land of the Company's Hachioji Business Center during the third quarter of the fiscal year under review, despite a decrease in gain on sales of a subsidiary and gain on valuation of financial assets recorded in the previous fiscal year.

#### Profit before income taxes

In the first nine months of the fiscal year under review, profit before income taxes significantly increased approximately 16,300 million yen, or 528.5%, from a year earlier to 19,343 million yen, mainly due to a significant increase in operating profit.

TRANSLATION - FOR REFERENCE ONLY -

**Profit attributable to owners of the parent company**

Profit attributable to owners of the parent company for the first nine months of the fiscal year under review significantly increased approximately 15,000 million yen, or 2,979.4%, from a year earlier to 15,513 million yen, mainly reflecting a significant increase in profit before income taxes.

**Revenue and Core Operating Income (Loss) by Business Segment**

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

First Nine Months of the Fiscal Year Ending March 2023 (from April 1, 2022, to December 31, 2022) (Million yen)

Segment		Q3(1-Q3) of FYE3/22	Q3 (1-Q3) of FYE3/23	Year-on-year comparison
Mobility & Telematics Services Sector	Revenue	111,600	148,380	+36,779
	Core operating income	-1,330	4,266	+5,596
Public Service Sector	Revenue	39,540	51,986	+12,445
	Core operating income	-169	6,478	+6,648
Media Service Sector	Revenue	38,650	41,737	+3,086
	Core operating income	1,862	421	-1,441
Others	Revenue	4,834	5,393	+559
	Core operating income	-89	50	+140
Total	Revenue	194,626	247,497	+52,871
	Core operating income	272	11,216	+10,944

**Mobility & Telematics Services Sector**

In the Mobility & Telematics Services Sector for the first nine months of the fiscal year under review, revenue increased approximately 36,800 million yen, or 33.0%, from a year earlier to 148,380 million yen, and core operating income significantly increased approximately 5,600 million yen from a year earlier to 4,266 million yen and turned profitable. These were due to a significant increase in revenue of the respective OEM, Aftermarket, and Telematics Service businesses.

➤ Revenue

In the OEM Business, revenue increased significantly from a year earlier, mainly due to higher sales of dealer-installed products resulting from stronger sales of products such as speakers, amplifiers, and cables for automobiles, a significant increase in the operating rate of our Shanghai Plant following the lifting of the lockdown in the Shanghai area, and the ending of the shortage of semiconductors and other components.

In the Aftermarket Business, revenue increased from a year earlier, mainly due to the ending of the shortage of semiconductors and other components and the continuous solid sales both in Japan and overseas for the third quarter of the fiscal year under review.

In the Telematics Service Business, revenue also significantly increased from a year earlier, mainly due to the continuous solid sales of telematics solution-related products, including connected-type dashcams for non-life insurance companies, in addition to the ending of the shortage of components.

➤ Core Operating Income

While core operating income decreased in the Telematics Service Business mainly due to the impact of a component price hike, income increased in the OEM, Aftermarket, and Telematics Service businesses due to the effect of increased revenue. As a result, income in the Mobility & Telematics Services Sector as a whole also increased significantly from a year earlier and turned profitable.

**Public Service Sector**

In the Public Service Sector for the first nine months of the fiscal year under review, revenue increased approximately 12,400 million yen or 31.5% from a year earlier to 51,986 million yen. Core operating income significantly rose approximately 6,600 million yen from a year earlier to 6,478 million yen, returning to profitability.

➤ Revenue

In the Communications Systems Business, revenue significantly increased approximately 12,100 million yen from a year earlier and showed continued strength. This was mainly due to robust demand in the public safety market in the United States backed by a large government budget, the advancing acquisition of orders with the introduction of our new tri-band-compatible radios with high performance, in addition to the increasing demand for professional radios from the growing global momentum for crisis management.

In the Professional Systems Business, revenue increased approximately 300 million yen from a year earlier. This was due to the increased revenue in healthcare, although JVCKENWOOD Public & Industrial Systems Corporation showed the slow recovery in sales of the electric equipment market with considerable sales volume.

## TRANSLATION - FOR REFERENCE ONLY -

### ➤ Core Operating Income

While core operating income in the Professional Systems Business remained almost flat from a year earlier, the income increased significantly in the Communications Systems Business from a year earlier due to the effect of increased revenue. As a result, income in the Public Service Sector as a whole also increased significantly, returning to profitability.

### **Media Service Sector**

Revenue of the Media Service Sector for the first nine months of the fiscal year under review increased approximately 3,100 million yen or 8.0% from a year earlier to 41,737 million yen. Core operating income decreased approximately 1,400 million yen or 77.4% from a year earlier to 421 million yen.

### ➤ Revenue

In the Media Business, revenue increased approximately 1,700 million yen from a year earlier due to the recovery trend of sales in projectors and other products after the second quarter of the fiscal year under review, although affected by a production decrease resulting from the production transfer of mainly professional video cameras and projectors during the first quarter of the fiscal year under review.

In the Entertainment Business, revenue rose approximately 1,400 million yen from a year earlier, mainly due to continuous steady sales in the Content Business that continued from the second quarter of the fiscal year under review.

### ➤ Core Operating Income

While core operating income in the Entertainment Business increased from a year earlier due to the effect of increased revenue, the income in the Media Business decreased from a year earlier mainly due to the impact of a drop in the production of professional video cameras and projectors resulting from the transfer of production during the first quarter of the fiscal year under review. As a result, income in the Media Service Sector as a whole decreased from a year earlier.

## **(2) Description of Financial Position**

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

#### **Assets**

Total assets increased approximately 17,200 million yen from the end of the previous fiscal year to 298,010 million yen. This was mainly due to an increase in inventories resulting from the impact of supply chain problems, despite a decrease in trade and other receivables.

#### **Liabilities**

Total liabilities decreased approximately 1,400 million yen from the end of the previous fiscal year to 195,451 million yen. This was mainly due to a decrease in borrowings from further repayment of bank borrowings, despite an increase in trade and other payables.

#### **Equity**

Total equity increased approximately 18,600 million yen from the end of the previous fiscal year to 102,558 million yen. This was mainly due to an increase of approximately 14,500 million yen in retained earnings and an increase in other components of equity.

The ratio of equity attributable to owners of the parent company increased 4.3 percentage points from the end of the previous fiscal year to 32.6% 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 first nine months of the fiscal year under review was 15,684 million yen, which is an increase of approximately 18,300 million yen from the same period of the previous fiscal year. This was mainly due to increased profit before income taxes and decreased trade and other receivables.

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

Net cash used in investing activities for the first nine months of the fiscal year under review was 962 million yen, which is a decrease of approximately 4,600 million yen from the same period of the previous fiscal year. This was mainly due to the gain of proceeds from the sale of land of the Company's Hachioji Business Center, despite an increase in expenditures for the purchases of property, plant and equipment.

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

Net cash used in financing activities for the first nine months of the fiscal year under review was 15,164 million yen, which is an increase of approximately 8,000 million yen from the same period of the previous fiscal year. This was mainly due to further repayment of bank borrowings.

Cash and cash equivalents at the end of the third quarter of the fiscal year under review increased approximately 4,700 million yen from the same period of the previous fiscal year to 49,865 million yen.

**(3) Description of Forward-Looking Information Such as Consolidated Earnings Forecast Description of Financial Position**Earnings Forecast for FYE3/23

During the first nine months of the fiscal year under review, the Communications Systems Business in the Public Service Sector continued to perform well, significantly outperforming the previously announced forecast. This was due to robust demand in the public safety market in the United States backed by a large government budget, the advancing acquisition of orders with the introduction of our new tri-band-compatible radios with high performance, in addition to the increasing demand for radios from the growing global momentum for crisis management.

Furthermore, the acquisition of orders for large projects will be having an impact in the fourth quarter against the backdrop of the continued strong market conditions in the Communications Systems Business. Accordingly, revenue and items of profits and losses below the core operating income of the Group are expected to exceed the performance forecast announced on October 31, 2022, as described in the "Revision of Consolidated Earnings Forecast for the Fiscal Year Ending March 2023" separately disclosed today.

[Full-year consolidated earnings forecast]

		(Million yen)				
		Earnings for the fiscal year ended March 2022	Previously announced forecasts for the fiscal year ending March 2023 (Announced on October 31, 2022)	Revised forecasts for the fiscal year ending March 2023 (Announced on February 1, 2023)	Change from the previous forecasts	Year-on-year comparison
Revenue		282,088	330,000	333,000	+3,000	+50,911
Core operating income (for reference)		7,144	12,700	14,300	+1,600	+7,155
Operating profit		9,054	20,800	21,400	+600	+12,345
Profit before income taxes		8,515	19,800	21,000	+1,200	+12,484
Profit attributable to owners of the parent company		5,873	15,200	16,000	+800	+10,126
Exchange rate	(U.S. dollar)	112 yen	140 yen	135 yen	-5 yen	+23 yen
	(Euro)	131 yen	140 yen	141 yen	+1 yen	+10 yen

The revised forecasts of the items of profits and losses below the core operating income are the highest profits since the management integration in 2008.

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, 2022	As of December 31, 2022
Assets		
Current assets		
Cash and cash equivalents	48,707	49,865
Trade and other receivables	59,570	55,460
Contract assets	1,826	2,933
Other financial assets	4,761	4,580
Inventories	55,585	71,530
Right to recover products	213	253
Income taxes receivable	748	1,115
Other current assets	5,386	6,369
Total current assets	176,799	192,110
Non-current assets		
Property, plant and equipment	56,249	56,062
Goodwill	2,231	2,309
Intangible assets	18,601	19,143
Net defined benefit assets	2,582	2,269
Investment property	3,626	3,793
Investments accounted for using the equity method	4,604	5,252
Other financial assets	10,072	10,356
Deferred tax assets	5,385	6,272
Other non-current assets	654	439
Total non-current assets	104,008	105,899
Total assets	280,807	298,010

## TRANSLATION - FOR REFERENCE ONLY -

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	49,431	54,963
Contract liabilities	2,852	3,082
Refund liabilities	4,416	5,641
Short-term borrowings	17,918	15,292
Other financial liabilities	4,453	4,548
Income taxes payable	1,685	2,788
Provisions	1,838	1,596
Other current liabilities	23,617	24,145
Total current liabilities	106,213	112,057
Non-current liabilities		
Long-term borrowings	51,920	44,440
Other financial liabilities	10,925	12,242
Net defined benefit liabilities	22,517	21,646
Provisions	1,167	1,247
Deferred tax liabilities	3,080	3,095
Other non-current liabilities	1,020	722
Total non-current liabilities	90,632	83,394
Total liabilities	196,846	195,451
Equity		
Capital stock	13,645	13,645
Capital surplus	42,112	42,022
Retained earnings	13,346	27,852
Treasury stock	- 140	- 140
Other components of equity	10,530	13,852
Equity attributable to owners of the parent company	79,495	97,232
Non-controlling interests	4,465	5,326
Total equity	83,961	102,558
Total liabilities and equity	280,807	298,010

## TRANSLATION - FOR REFERENCE ONLY -

(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, 2021	Nine months ended December 31, 2022
Revenue	194,626	247,497
Cost of sales	143,645	178,477
Gross profit	50,981	69,020
Selling, general and administrative expenses	50,708	57,803
Other income	4,214	11,563
Other expenses	551	2,645
Foreign exchange gains (losses)	- 310	- 628
Operating profit	3,625	19,506
Finance income	135	314
Finance expenses	799	941
Share of profit (loss) of investments accounted for using the equity method	116	464
Profit before income taxes	3,077	19,343
Income tax expenses	2,162	3,314
Profit	915	16,029
Profit attributable to:		
Owners of the parent company	503	15,513
Non-controlling interests	411	515
Profit	915	16,029
Earnings per share		
Basic earnings per share	3.08 yen	94.89 yen
Diluted earnings per share	3.08 yen	94.75 yen



## TRANSLATION - FOR REFERENCE ONLY -

## (Quarterly Consolidated Statement of Comprehensive Income)

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Profit	915	16,029
Other comprehensive income ("OCI")		
Items that will not be reclassified subsequently to profit or loss		
Financial assets measured at fair value through OCI	- 122	26
Changes in fair value of investment property	- 90	—
Share of OCI of investments accounted for using the equity method	2	3
Total of items that will not be reclassified subsequently to profit or loss	- 211	30
Items that may be reclassified subsequently to profit or loss		
Exchange differences arising on translation of foreign operations	2,652	4,077
Cash flow hedges	713	- 486
Share of OCI of investments accounted for using the equity method	8	- 112
Total of items that may be reclassified subsequently to profit or loss	3,374	3,478
OCI, net of income tax	3,163	3,508
Comprehensive income	4,078	19,537
Total comprehensive income attributable to:		
Owners of the parent company	3,491	18,808
Non-controlling interests	586	728
Comprehensive income	4,078	19,537

## TRANSLATION - FOR REFERENCE ONLY -

## (3) Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Cash flows from operating activities		
Profit before income taxes	3,077	19,343
Depreciation and amortization	13,012	13,049
Impairment losses	—	972
Increase (decrease) in net defined benefit liabilities	- 1,040	- 1,101
Decrease (increase) in net defined benefit assets	344	312
Finance income	- 135	- 314
Finance expenses	799	941
Gain on valuation of financial assets measured at fair value through profit and loss	- 2,094	- 815
Gain on sales of subsidiaries	- 1,494	—
Gain on sales of property, plant and equipment	- 32	- 9,764
Loss on disposal of property, plant and equipment	17	37
Decrease (increase) in trade and other receivables	3,063	5,074
Decrease (increase) in inventories	- 13,357	- 13,852
Increase (decrease) in trade and other payables	2,310	4,956
Increase (decrease) in other current liabilities	- 2,946	136
Other, net	- 1,891	- 562
Subtotal	- 367	18,414
Interest received	69	213
Dividend received	63	63
Interest paid	- 698	- 805
Income taxes paid	- 1,701	- 2,200
Net cash provided by (used in) operating activities	- 2,634	15,684

## TRANSLATION - FOR REFERENCE ONLY -

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Cash flows from investing activities		
Purchases of property, plant and equipment	- 4,690	- 5,504
Proceeds from sales of property, plant and equipment	67	11,296
Purchases of intangible assets	- 6,990	- 6,314
Proceeds from sales of equity instruments	509	3
Purchases of investments accounted for using the equity method	—	- 300
Proceeds from sales of subsidiaries resulting in change in scope of consolidation	4,913	—
Proceeds from distribution of debt instruments	593	—
Other, net	12	- 143
Net cash used in investing activities	- 5,585	- 962
Cash flows from financing activities		
Proceeds from short-term borrowings	7,620	7,261
Repayment of short-term borrowings	- 9,294	- 9,865
Proceeds from long-term borrowings	10,353	12,088
Repayment of long-term borrowings	- 11,759	- 20,236
Repayment of lease liabilities	- 2,805	- 2,731
Cash dividends paid	- 819	- 980
Other, net	- 436	- 699
Net cash used in financing activities	- 7,141	- 15,164
Effect of exchange rate changes on cash and cash equivalents	863	1,633
Net increase (decrease) in cash and cash equivalents	- 14,497	1,191
Cash and cash equivalents at beginning of year	59,644	48,707
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	—	- 32
Cash and cash equivalents at end of quarter	45,146	49,865