

JVCKENWOOD

Translation for Reference Only

JVCKENWOOD

Results and Forecast Briefing

Third Quarter (Q1-3) of Fiscal Year Ending March 2023 (IFRS)

February 1, 2023

JVCKENWOOD Corporation



- * All figures in this document are prepared in accordance with International Financial Reporting Standards (IFRS).
- * Percentages and value differences shown in this document were computed in yen and any single-digit value was rounded off to the nearest two-digit value.

Financial Results for Q3 (Q1–3) of FYE3/'23: Highlights

* M&T : Mobility & Telematics Services Sector
PS : Public Service Sector
MS : Media Service Sector

■ Cumulative results for Q3 of FYE3/'23

Revenue and income showed significant growth year-on-year due to a large increase in revenue as a result of the normalization of M&T production and sales as well as better-than-expected performance of PS Communications Systems Business.

■ Upward revision of the earnings forecast following last October

We made an upward revision to the earnings forecast released in October 2022 as we will enjoy, during Q4, an effect from orders for large projects for PS Communications Systems against a backdrop of persistently strong market conditions, among other factors.

■ Revised year-end dividend forecast to pay a special dividend and changed shareholder return policy

1. Overview of Q3 (Q1–3) financial results for FYE3/'23 and full-year earnings forecast

2. Revision of the dividend forecast

3. Topics

<Reference material>

1. Overview of Q3 (Q1–3) financial results for FYE3/'23 and full-year earnings forecast

2. Revision of the dividend forecast

3. Topics

<Reference material>

Financial results for Q3 (1-3Q) of FYE3/'23

(Billion yen)

	FYE3/'21 Q1-3	FYE3/'22 Q1-3	FYE3/'23 Q1-3	YoY	
Revenue	194.9	194.6	247.5	+ 52.9	+27.2%
Cost of sales	143.5	143.6	178.5	+ 34.8	+24.2%
Gross profit	51.4	51.0	69.0	+ 18.0	+35.4%
Profit margin	26.4%	26.2%	27.9%		
Core operating income^{*1}	2.0	0.27	11.2	+ 10.9	+4018.0%
Profit margin	1.0%	0.1%	4.5%		
Other Income, Other Expenses, Foreign Exchange Loss, etc.	0.1	3.4	8.3	+ 4.9	147.2%
Operating profit	2.1	3.6	19.5	+ 15.9	+438.1%
Profit margin	1.1%	1.9%	7.9%		
Profit before income taxes	2.0	3.1	19.3	+ 16.3	+528.5%
Profit attributable to owners of the parent company	0.5	0.5	15.5	+ 15.0	2979.4%
EBITDA^{*2}	17.2	16.8	34.2	+ 17.4	+103.6%
EBITDA margin	8.8%	8.6%	13.8%		

*1: Core operating income does not include nonrecurring items that mainly occur temporarily, such as other income included in operating income, other expenses, and foreign exchange losses (gains).

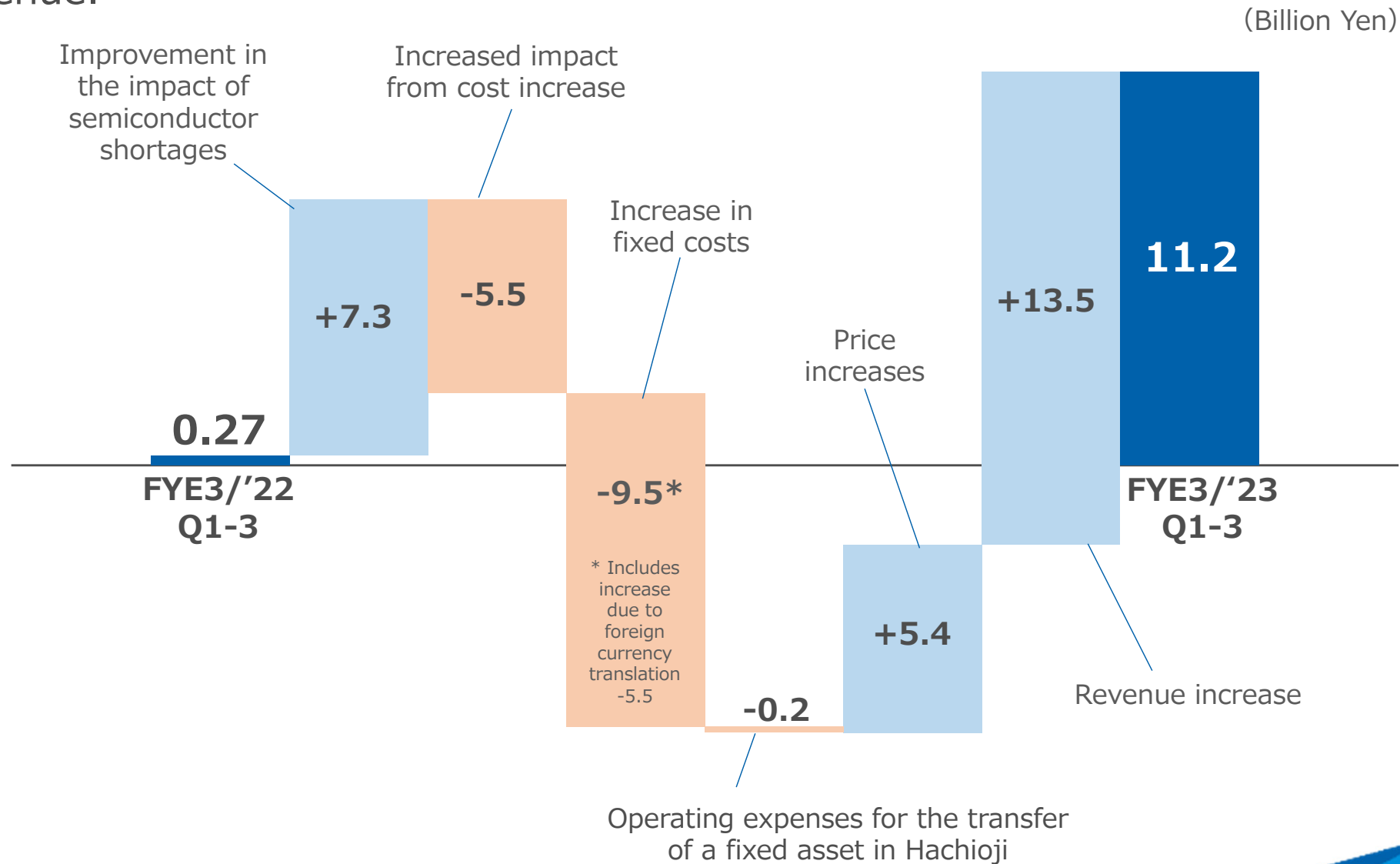
*2: Profit (loss) before tax + Interest expense + Depreciation expense + Impairment loss

		FYE3/'21					FYE3/'22					FYE3/'23				
		Q1	Q2	Q3	Q4	Full-Year	Q1	Q2	Q3	Q4	Full-Year	Q1	Q2	Q3	Q4	Full-Year
Profit-And-Loss	U.S. dollar	108	106	105	106	106	110	110	114	116	112	130	138	141		
Exchange Rates	Euro	119	124	125	128	124	132	130	130	130	131	138	139	144		

Financial results for Q3 (Q1-3) of FYE3/'23:

Factors for changes in core operating income

- Core operating income showed significant growth year-on-year as higher costs and increased fixed costs were covered by an improvement in the shortage of components such as semiconductors, as well as price adjustments and growing revenue.



Financial results for Q3 (Q1-3) of FYE3/'23: results by sector

(Billion yen)

		FYE3/'21 Q1-3	FYE3/'22 Q1-3	FYE3/'23 Q1-3	YoY	
M&T	Revenue	112.9	111.6	148.4	+ 36.8	+33.0%
	Core Operating Income	2.8	-1.3	4.3	+ 5.6	–
PS	Revenue	41.6	39.5	52.0	+ 12.4	+31.5%
	Core Operating Income	-0.9	-0.2	6.5	+ 6.6	–
MS	Revenue	36.5	38.7	41.7	+ 3.1	+8.0%
	Core Operating Income	0.2	1.9	0.42	-1.4	-77.4%
Others	Revenue	3.8	4.8	5.4	+ 0.6	+11.6%
	Core Operating Income	-0.1	-0.09	0.05	+ 0.1	–
Total	Revenue	194.9	194.6	247.5	+ 52.9	+27.2%
	Core Operating Income	2.0	0.27	11.2	+ 10.9	+4018.0%

M&T

Both revenue and income from OEMs showed growth due to an increase in sales of amplifiers, speakers, and cables, as well as to higher sales of dealer-installed products owing to the lifting of the Shanghai lockdown and the resolved shortages of components. Revenue and income both grew as sales in the Aftermarket and the Telematics Service Businesses continued to be strong.

PS

Revenue and income from Communications Systems increased significantly due to the growing momentum for crisis management worldwide, robust demand in the public safety market in the United States, and the effect of the introduction of new tri-band products. Professional Systems performance was flat year on year due to a delay in sales recovery in the electric equipment market in spite of higher healthcare sales.

MS

Despite a recovery trend from Q2 onward, income in Media Business declined due to the impact in Q1 of reduced production caused by the production transfer. Both revenue and income increased in Entertainment Business as the Content Business remained strong in continuation from Q2.

Upward revision to the full-year earnings forecast for FYE3/'23

- Q3 (Q1–3) earnings greatly exceeded the forecast released last time as PS Communications Systems continued to be strong in continuation from Q2.
- Company-wide revenue and each profit below core operating income are expected to exceed the forecast released last time as we will enjoy, during Q4, an effect from orders for large projects for PS Communications Systems against a backdrop of persistently strong market conditions, among other factors.

(Billion Yen)

	Results for FYE3/'21	Results for FYE3/'22	Initial Forecasts for FYE3/'23 (Apr. 27, '22)	Previous Forecasts for FYE3/'23 (Oct. 31, '22)	Revised Forecasts for FYE3/'23 (Feb. 1, '23)	Change from previous forecasts	YoY
Revenue	273.6	282.1	300.0	330.0	333.0	+ 3.0	+ 50.9 +18.0%
Core Operating Income*	7.5	7.1	9.5	12.7	14.3	+ 1.6	+ 7.2 +100.1%
Operating Profit	4.9	9.1	8.0	20.8	21.4	+ 0.6	+ 12.3 +136.3%
Profit Before Income Taxes	4.5	8.5	7.0	19.8	21.0	+ 1.2	+ 12.5 +146.6%
Profit Attributable to Owners of the Parent Company	2.2	5.9	4.0	15.2	16.0	+ 0.8	+ 10.1 +172.4%
ROE (%)	3.6	8.1	4.9	16.4	18.1	+ 1.7	+ 10.0 +123.5%

* Core operating income does not include nonrecurring items that mainly occur temporarily, such as other income included in operating income, other expenses, and foreign exchange losses (gains).

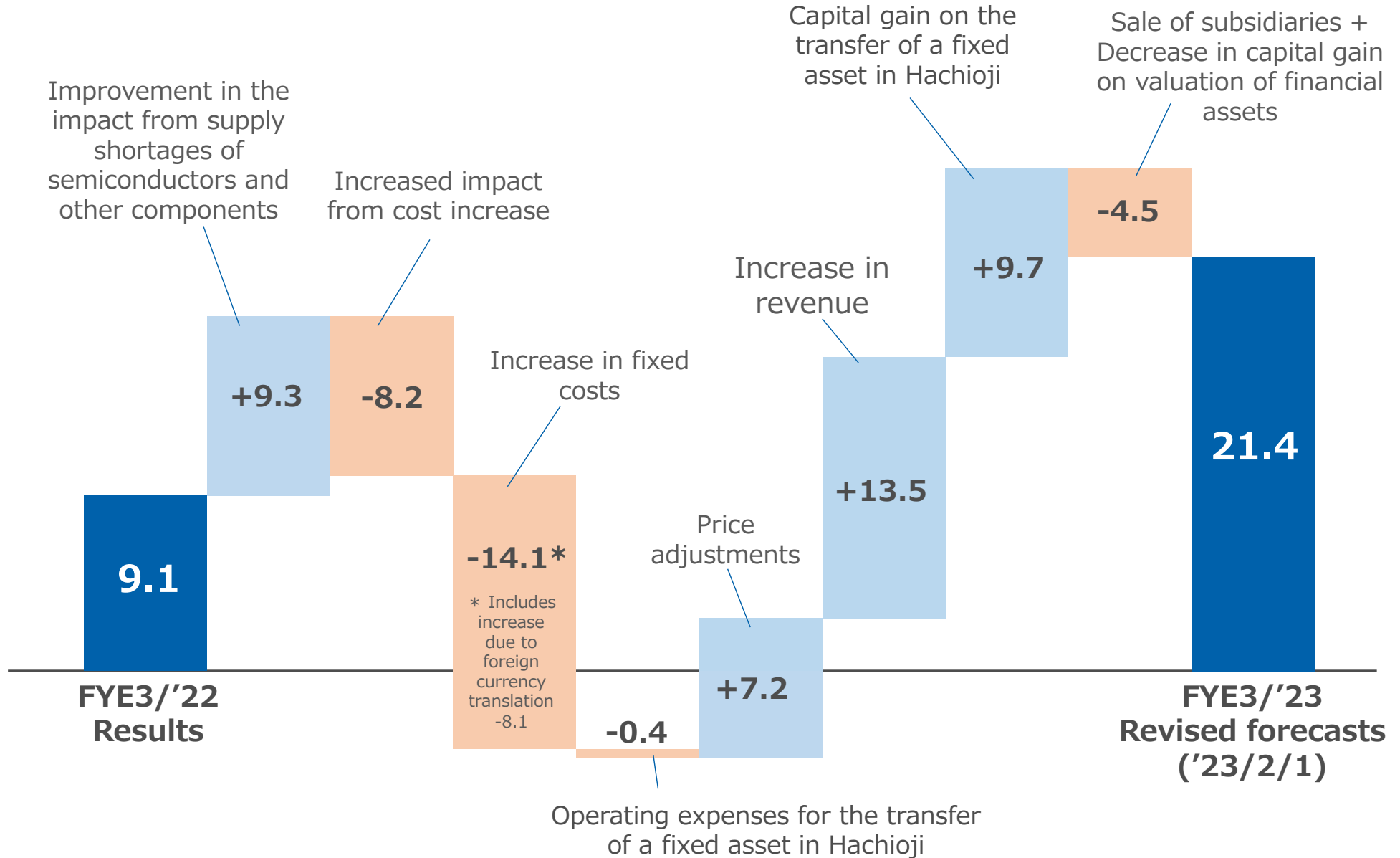
(Yen)

		Result for FYE3/'21	Result for FYE3/'22	Assumption for FYE3/'23 (Apr. 27, '22)	Assumption for FYE3/'23 (Oct. 31, '22)	Assumption for FYE3/'23 (Feb. 1, '23)
Profit-And-Loss Exchange Rate	U.S. dollar	106	112	122	140	135
	Euro	124	131	130	140	141

Full-year earnings forecast for FYE3/'23: Factors behind changes in operating income

(Billion yen)

*Revised forecasts



Full-year earnings forecast for FYE3/'23 by sector

- M&T: Unchanged from the forecast released last time
- PS: Upward revision due to strong sales of Communications Systems Business
- MS: Likely to fall short of the earnings forecast released last time due to the effects from the shortage of projector parts and to lower sales of professional video cameras

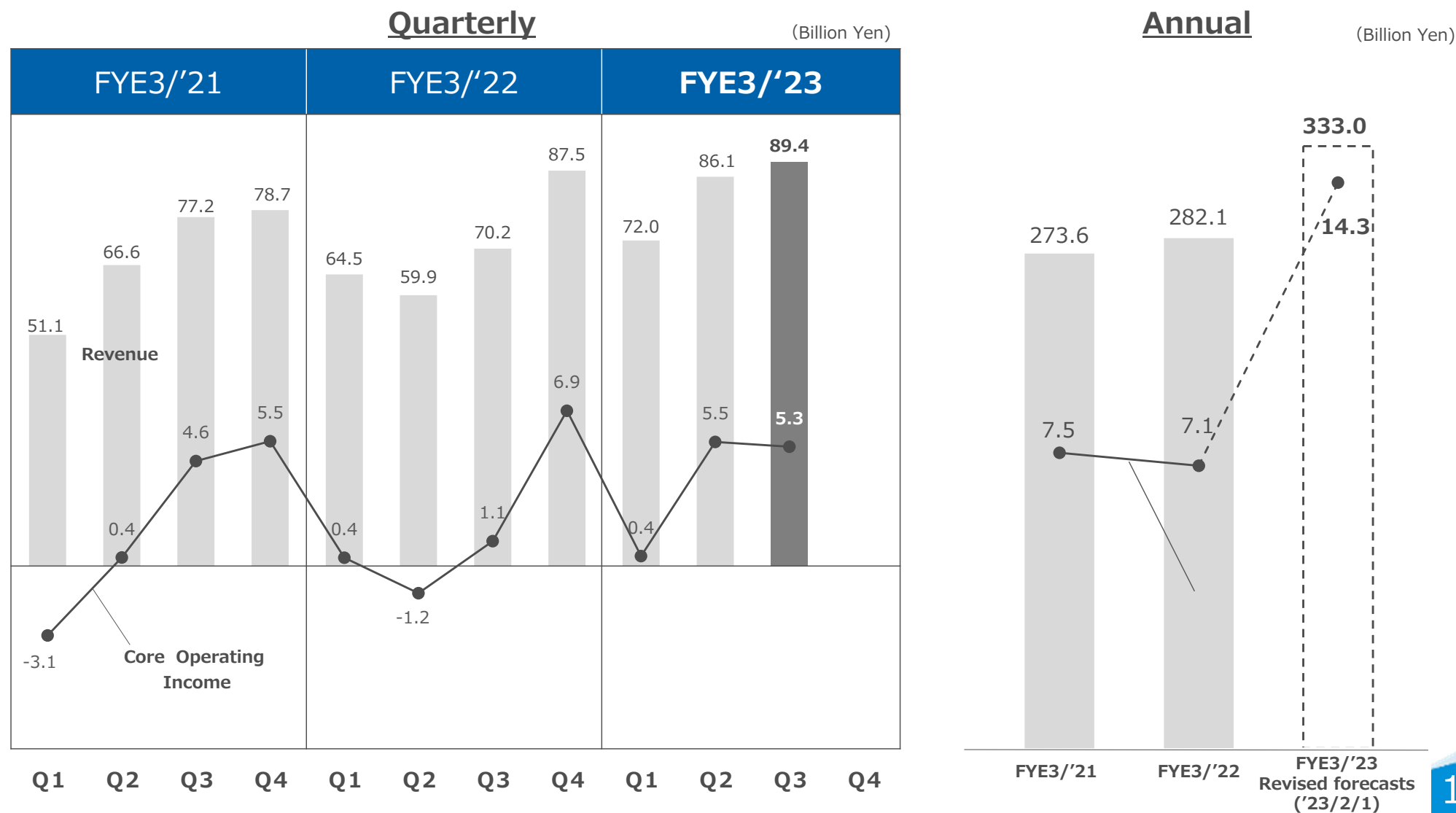
(Billion Yen)

		Results for FYE3/'21*	Results for FYE3/'22	Previously announced Forecasts for FYE3/'23 (Oct. 31, '22)	Revised Forecasts for FYE3/'23 (Feb. 1, '23)	Change from previous forecasts
M&T	Revenue	157.1	164.3	200.0	200.0	±0
	Core Operating Income	5.6	2.2	5.1	5.1	±0
PS	Revenue	60.9	58.1	69.8	73.0	+ 3.2
	Core Operating Income	1.9	2.5	7.2	9.0	+ 1.8
MS	Revenue	50.1	53.4	56.0	55.0	-1.0
	Core Operating Income	0.5	2.7	1.9	1.3	-0.6
Others	Revenue	5.5	6.3	4.2	5.0	+ 0.8
	Core Operating Income	-0.5	-0.3	-1.5	-1.1	+ 0.4
Total	Revenue	273.6	282.1	330.0	333.0	+ 3.0
	Core Operating Income	7.5	7.1	12.7	14.3	+ 1.6

* Financial Results for FYE3/'21 at M&T sector include the telematics services business, which was incorporated thereto in FYE3/'22.

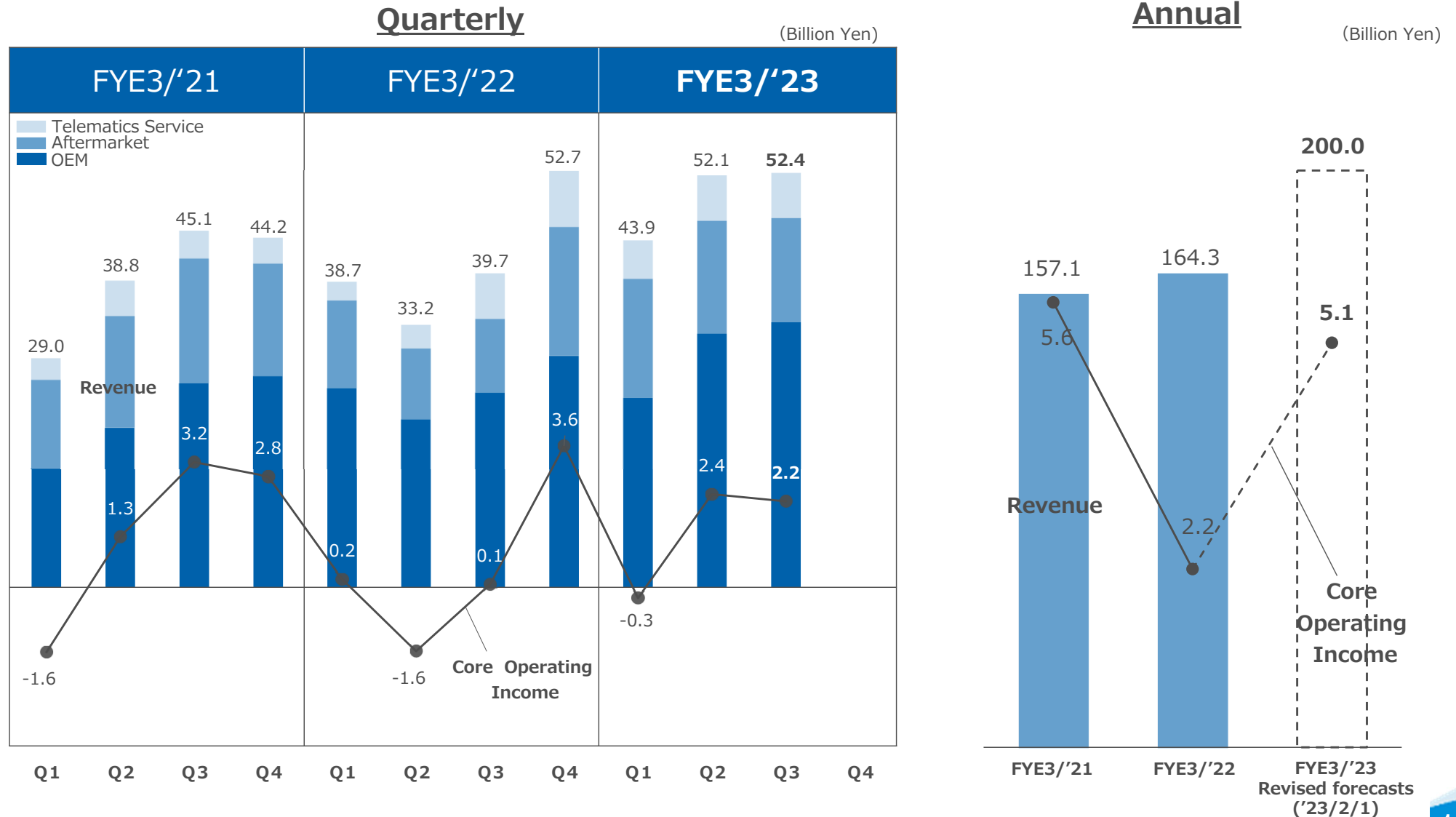
Trends in quarterly results

- In Q3 (October–December), company-wide revenue and income showed significant growth year-on-year due to an increase in revenue from M&T as well as to strong sales of PS Communications Systems in continuation from Q2, among other factors. For the full fiscal year, record-high levels of income below core operating income are expected to be recorded.



M&T Sector: trends in revenue and core operating income

- For Q3 (October–December), revenue and income from OEMs grew significantly year on year as sales of amplifiers, speakers, and cables for automobiles expanded and the Aftermarket Business was strong.

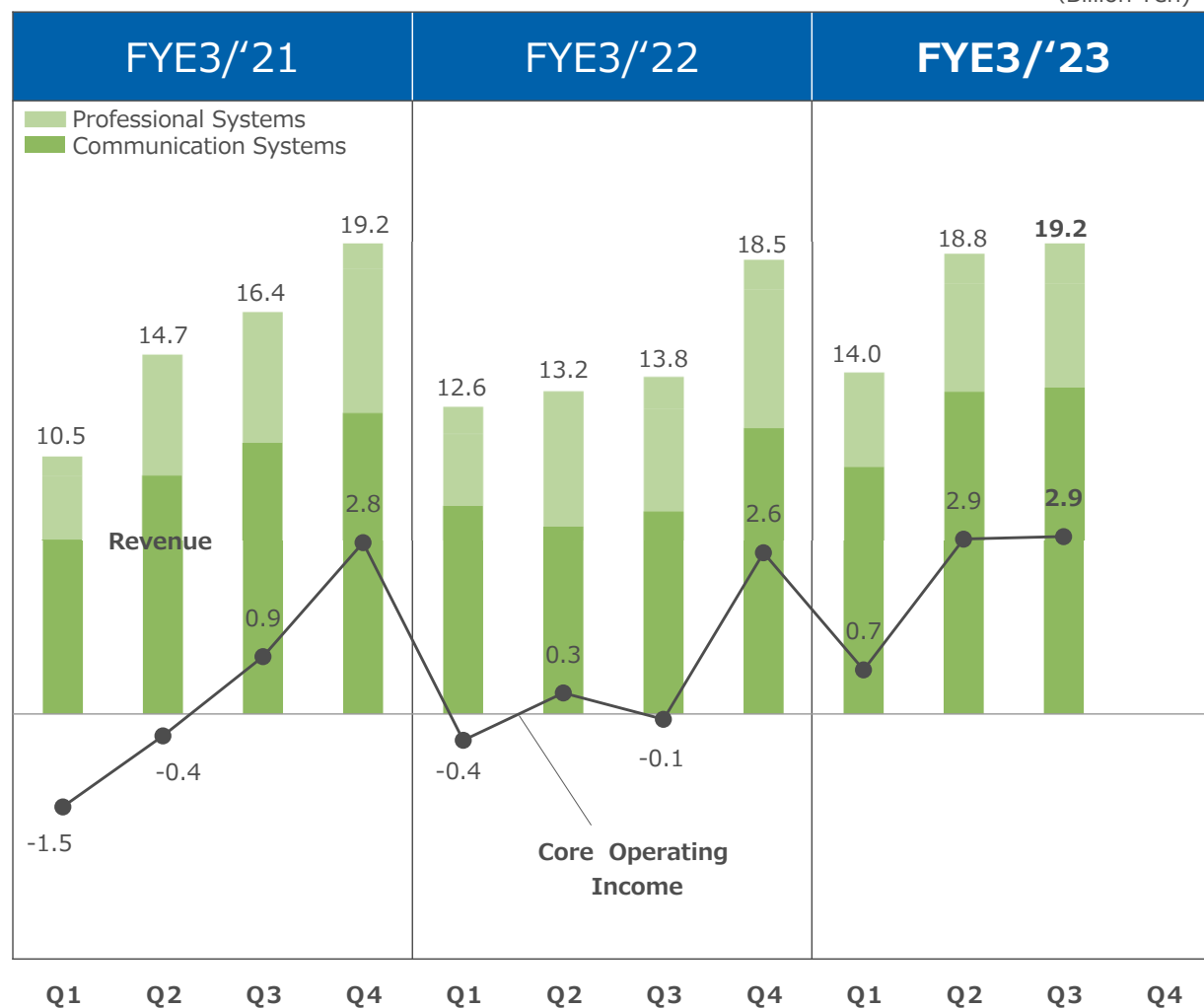


PS Sector: trends in revenue and core operating income

- In Q3 (October–December), revenue and income from Communications Systems increased significantly year on year due to robust demand in the public safety market in the United States, continued strong sales in the private sector market, and increased sales of professional systems.

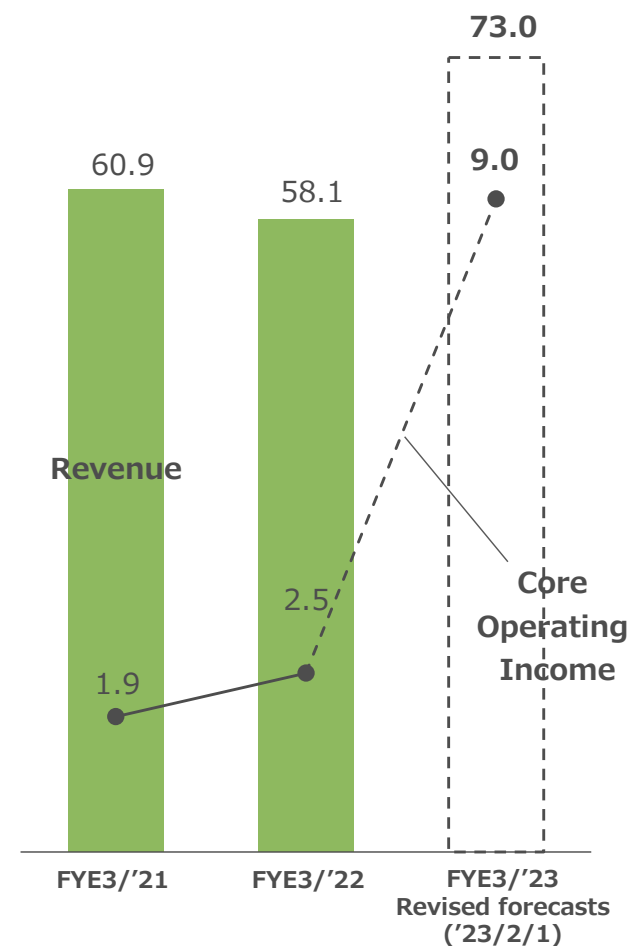
Quarterly

(Billion Yen)



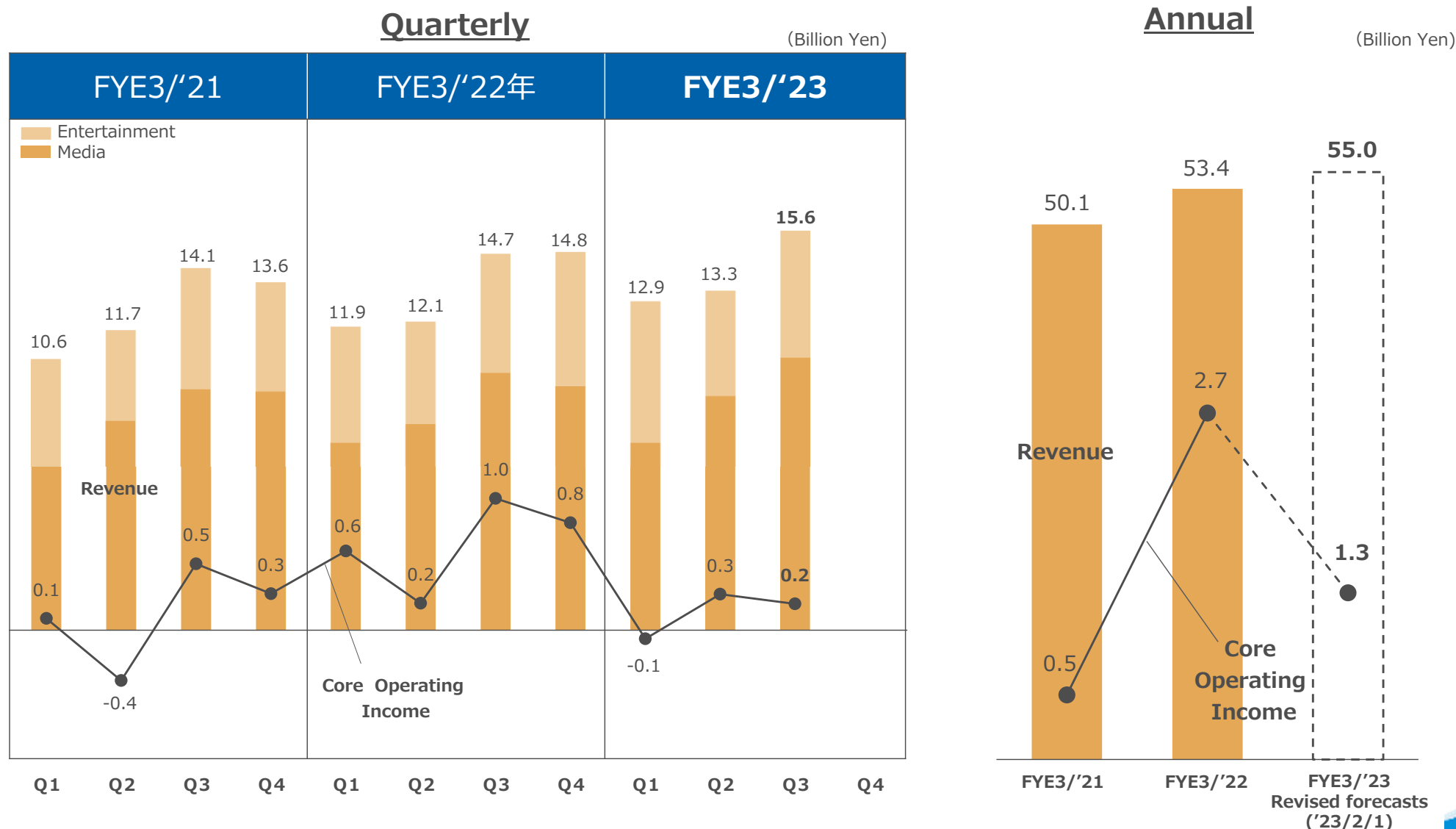
Annual

(Billion Yen)



MS Sector: trends in revenue and core operating income

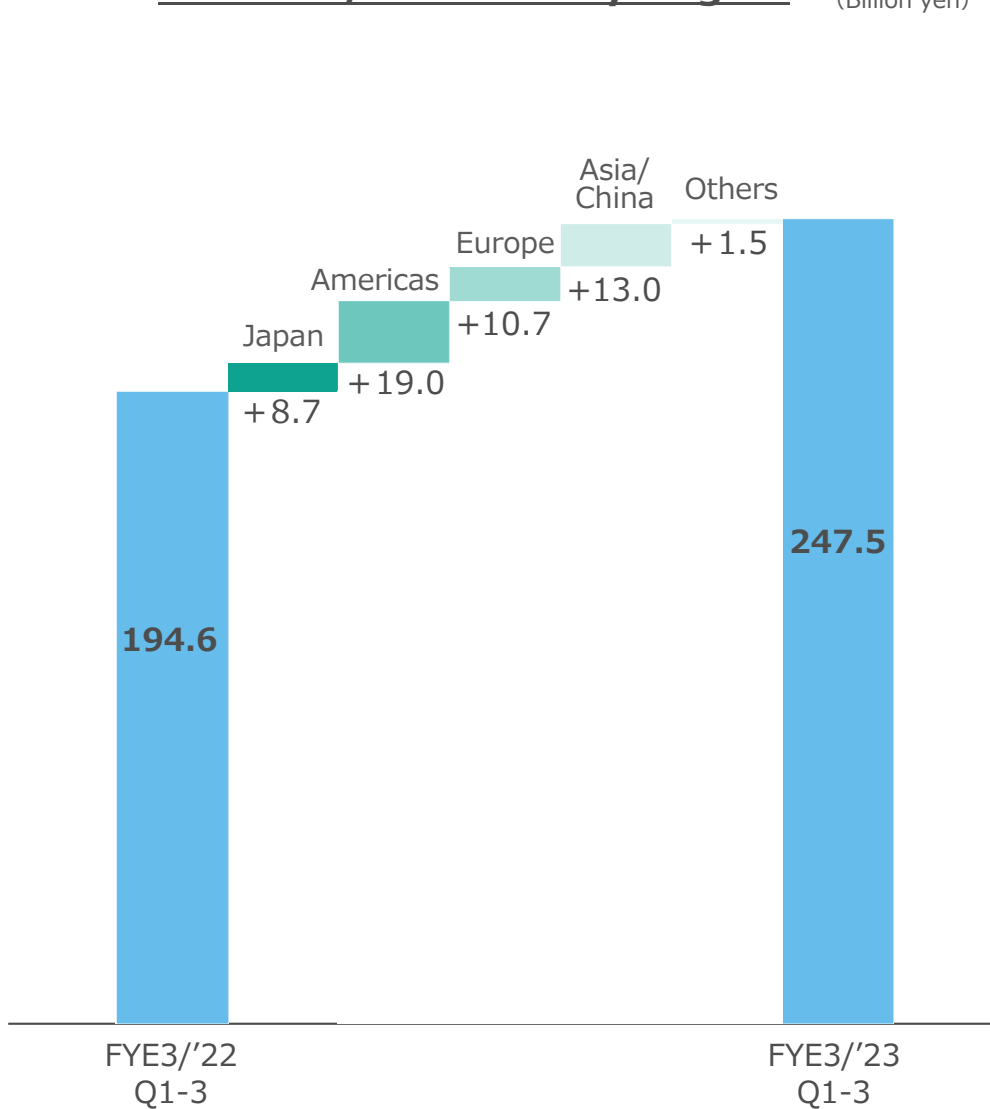
- In Q3 (October–December), revenue grew year-on-year and income declined year-on-year due to effects from the shortages of projector parts and to reduced sales of professional video cameras in spite of continued strong sales in the Entertainment Business.



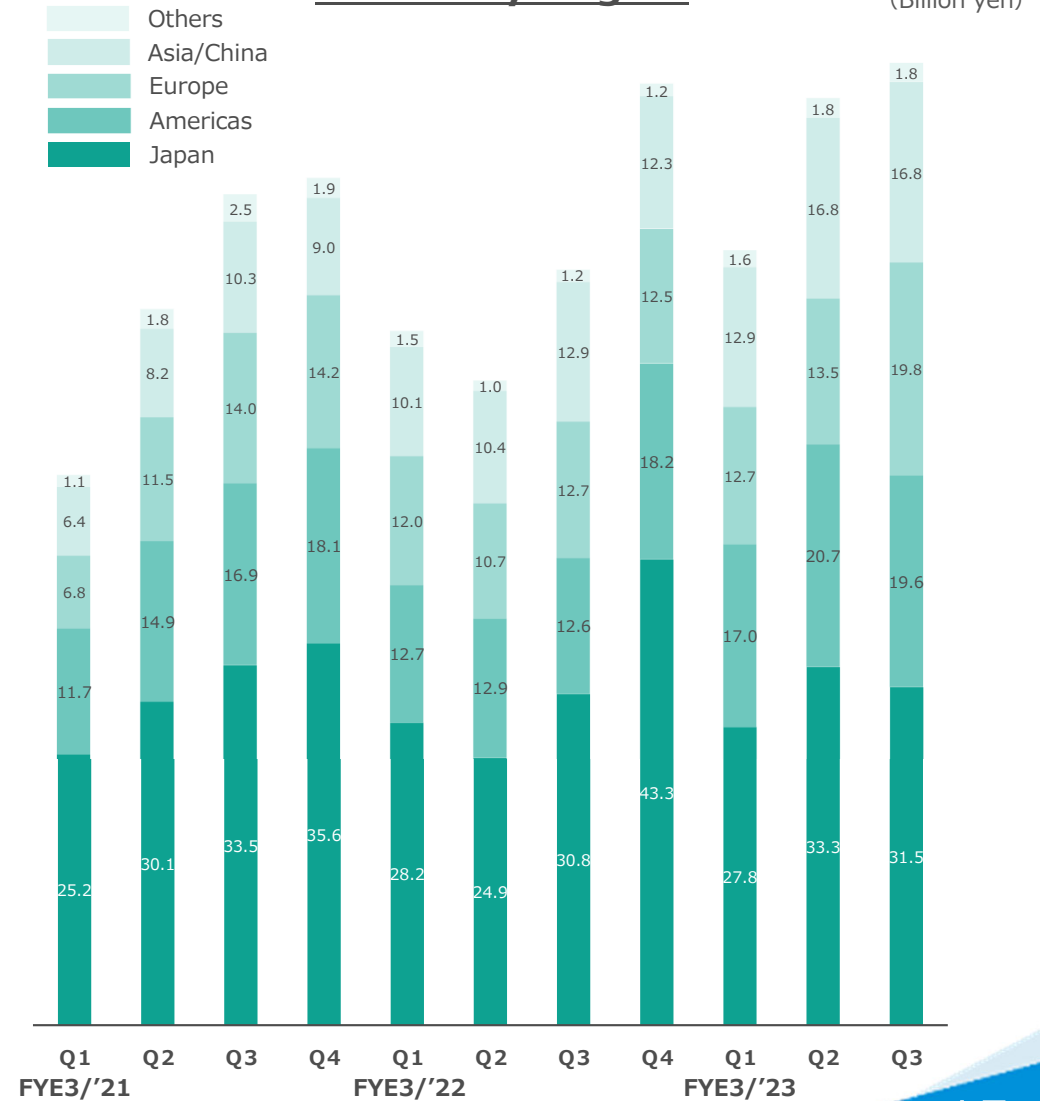
Financial results for Q3 (Q1-3) of FYE3/'23: consolidated revenue by region

- Sales increased in Q3 (Q1-3) in all regions due to higher sales in all regions in continuation from Q2.

Increase/Decrease by Region (Billion yen)



Trends by Region (Billion yen)



Financial results for Q3 (Q1-3) of FYE3/'23: consolidated profit/loss summary

- All levels of income were up significantly as core operating income grew significantly and the Company recorded a gain on the transfer of a fixed asset despite a decline in capital gain on the sale of subsidiaries and gain on the valuation of financial assets, which were recorded in the previous fiscal year.

(Billion yen)

	FYE3/'21 Q1-3	FYE3/'22 Q1-3	FYE3/'23 Q1-3	YoY
Core Operating Income*	1.95	0.27	11.22	+ 10.94
Other Income, Other Expenses, Foreign Exchange Loss, etc.	0.11	3.35	8.29	+ 4.94
Operating Profit	2.06	3.63	19.51	+ 15.88
Finance Income, Finance Expenses, etc.	-0.09	-0.55	-0.16	+ 0.38
Profit Before Income Taxes	1.97	3.08	19.34	+ 16.27
Income Tax Expenses	1.00	2.16	3.31	+ 1.15
Non-Controlling Interests	0.47	0.41	0.52	+ 0.10
Profit Attributable to Owners of the Parent Company	0.50	0.50	15.51	+ 15.01

* Core operating income does not include nonrecurring items that mainly occur temporarily, such as other income included in operating income, other expenses, and foreign exchange losses (gains).

Financial results for Q3 (Q1-3) of FYE3/'23: financial position summary

- Net debt was 9.9 billion yen, a decrease of 11.3 billion yen from the end of the previous fiscal year due to income from a gain on the transfer of a fixed asset, and cash and deposits fell to 49.9 billion yen, an increase of 1.1 billion yen from the end of the previous fiscal year, due to proceeding with the repayment of interest-bearing liabilities.
- Equity attributable to owners of the parent company increased 17.7 billion yen from the end of the previous fiscal year to 97.2 billion yen mainly due to an increase in retained earnings.

(Billion yen)

	FYE3/'21	FYE3/'22	FYE3/'23 Q2	YoY
Total Assets	264.3	280.8	298.0	+ 17.2
Total Liabilities	195.8	196.8	195.5	-1.4
Total Equity	68.5	84.0	102.6	+ 18.6
Interest-Bearing Debts	75.6	69.8	59.7	-10.1
Net Debt	15.9	21.1	9.9	-11.3
Net Debt/Equity Ratio (Times)	0.25	0.27	0.10	-0.17
Equity Attributable to Owners of the Parent Company	64.6	79.5	97.2	+ 17.7
Stockholder's Equity Ratio (%)	24.5	28.3	32.6	+ 4.3

Financial results for Q3 (Q1-3) of FYE3/'23: cash flow summary

- Net cash flow from operating activities grew mainly due to an increase in net income before tax.
- Net cash used in investing activities fell due to income from the transfer of a fixed asset.
- As a result, free cash flow improved significantly.
- Net cash used in financing activities increased due to proceeding with the repayment of interest-bearing liabilities.

(Billion yen)

	FYE3/'21 Q1-3	FYE3/'22 Q1-3	FYE3/'23 Q1-3	YoY
Cash Flow from Operating Activities	22.9	-2.6	15.7	+ 18.3
Cash Flow from Investing Activities	-8.9	-5.6	-1.0	+ 4.6
Free cash flow <small>* Free cash flow: Cash flow from operating activities + Cash flow from investing activities</small>	14.0	-8.2	14.7	+ 22.9
Cash Flow from Financing Activities	1.3	-7.1	-15.2	-8.0
Total	15.2	-15.4	-0.4	+ 14.9

1. Overview of Q3 (Q1–3) Financial Results for FYE3/'23 and full-year earnings forecast

2. Revision of the dividend forecast

3. Topics

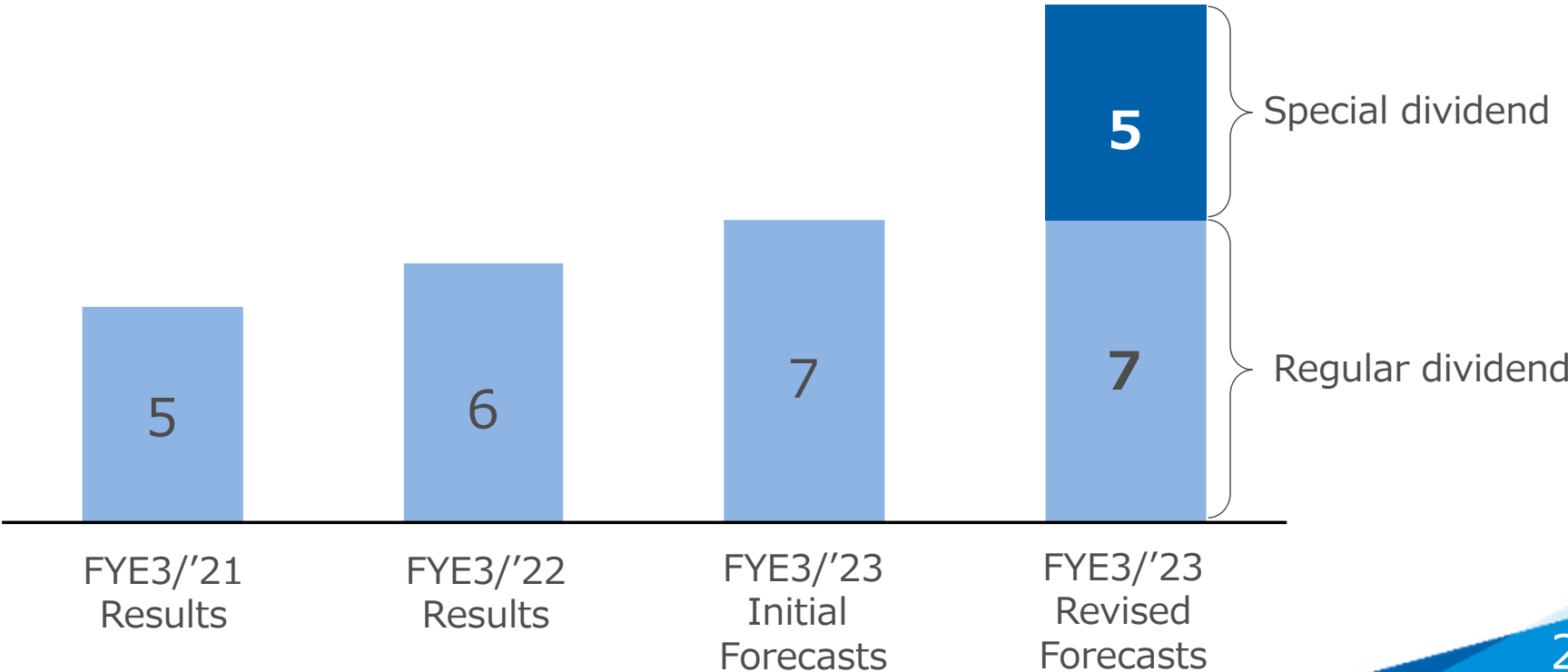
<Reference material>

Revision to the year-end dividend forecast for FYE3/'23

Reason for revision

We now forecast paying a year-end dividend of **12 yen per share, composed of a regular dividend of 7 yen per share and a special dividend of 5 yen per share** as our performance for the current fiscal year is expected to reach the highest level since the management integration in 2008 and we recorded a capital gain on the transfer of a fixed asset for Q3.

Year-end dividends (yen)



Revision to shareholder return policies for FYE3/'23

■ Reason for revision

In formulating “VISION 2025”, we revised our shareholder return policies as we continued to emphasize stable dividends, taking into account the expectations of shareholders and investors, the business environment of our company, and the capital situation and in an effort to more flexibly use capital including acquisition of treasury shares.

Before change JVCKENWOOD considers the stable return of profits and the securing of management resources for future growth as one of the most important management challenges, and determines the dividend payout ratio of 30% as a target for dividends from surplus in comprehensive consideration of its profitability and financial condition.



After change JVCKENWOOD considers the stable return of profits and the securing of management resources for future growth as one of the most important management challenges. For this reason, taking into consideration the overall profitability and financial condition, and using the total return ratio as an indicator, the Company will flexibly acquire treasury shares by resolution of the Board of Directors while balancing the use of capital for mid- to long-term profit growth and the effects of capital efficiency improvement in addition to dividends in line with the shareholder return policy based on business performance.

* JVCKENWOOD will announce the target of total return ratio in the new medium-term management plan "VISION2025" which is scheduled to be announced after the end of the current fiscal year.

1. Overview of Q3 (Q1–3) Financial Results for FYE3/'23 and full-year earnings forecast

2. Revision of the dividend forecast

3. Topics

<Reference material>

Progress in the Monozukuri (Manufacturing) Reform (1): Optimized our production and development bases

As part of the “Monozukuri (Manufacturing) Reform” in VISION 2023, the sizes of our production bases will be modified for integration in a manner commensurate with the total production volume and total labor-hours, focusing on the promotion of automation, return to domestic production, and the construction of supplier ecosystems.

- Promoted transferring production to Japan in order to address geopolitical risk and foreign exchange fluctuations
- Set up the SCM^{*1} Innovation Department in order to monitor and to strengthen the overall SCM strategy and management system
- Established the Value Creation Square (tentative) in order to strengthen technological development and promote further work style reforms, sold the land of Hachioji Business Center
- Close JKTS^{*2}, a development base in Singapore, and transferred M&T field development functions to Japan

Timing	Description	Address geopolitical risk	Foreign exchange measures	SCM optimization	Strengthen security	Return to Japan	Efficiency enhancement and automation	SDGs/ESG
February 2022	Transferred production of aftermarket car navigation systems for the domestic market (from Indonesia to Nagano)	●	●	●	●	●	●	●
March 2022	Transferred production of projectors (from JKET ^{*3} in Thailand to Yokosuka)	●	●	●	●	●	●	●
March 2022	Transferred production of professional cameras (from JKET in Thailand to JKOT ^{*4} in Thailand) and sold JKET	●		●			●	●
April 2022	Set up the SCM Innovation Department	●	●	●			●	
October 2022	Announced a plan to establish the Value Creation Square (tentative) and sell the land of Hachioji Business Center						●	●
November 2022	Transferred production of dealer-installed car navigation systems for the domestic market (from Shanghai to Nagano)	●	●	●	●	●	●	●
March 2023	Transferred M&T field development functions and close JKTS in Singapore					●	●	

*1: Supply Chain Management

*2: JVCKENWOOD Technologies Singapore Pte. Ltd.

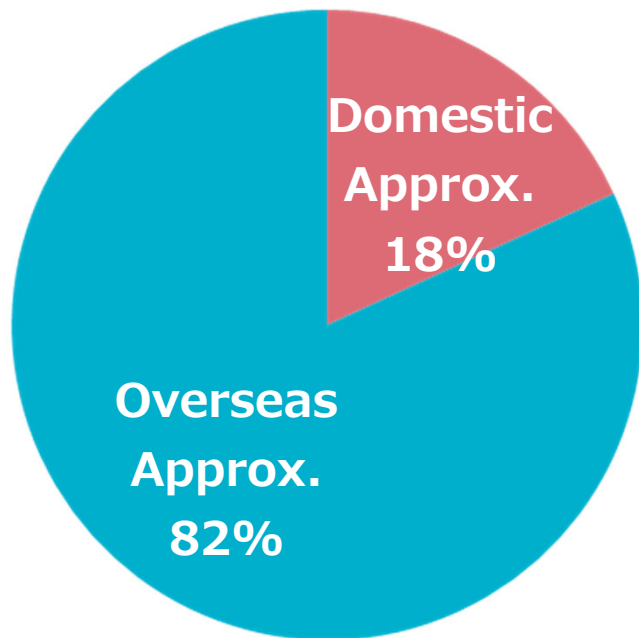
*3: JVCKENWOOD Electronics Thailand Co., Ltd.

*4: JVCKENWOOD Optical Electronics (Thailand) Co., Ltd.

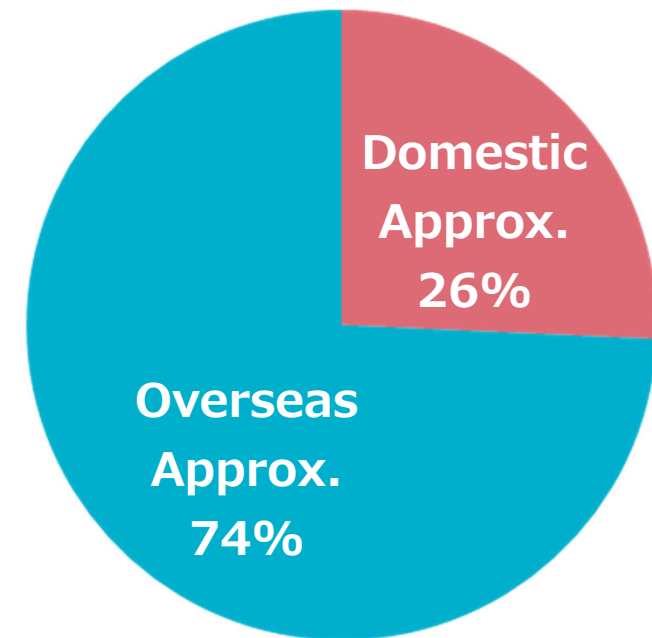
Progress in the Monozukuri (Manufacturing) Reform (2): Return of production to Japan

- **Our domestic production ratio is expected to rise from approx. 18% (FYE3/'21) to approx. 26% (FYE3/'23) due to return of production to Japan**
 - From Indonesia and China to Japan: Aftermarket and dealer-installed car navigation systems for the domestic market
 - From Thailand to Japan: Projectors

Production value percentage composition for FYE3/'21 (actual)



Production value percentage composition for FYE3/'23 (forecast)



Domestic: JVCKENWOOD Nagano, JVCKENWOOD Yamagata, JVCKENWOOD Nagaoka, and Yokosuka Business Center

Overseas: PT JVCKENWOOD Electronics Indonesia, Shanghai Kenwood Electronics Co., Ltd., JVCKENWOOD Optical Electronics (Thailand) Co., Ltd. JVCKENWOOD Electronics Malaysia Sdn. Bhd., JVCKENWOOD Electronics Thailand Co., Ltd. (Production activities terminated in March 2022)

* The production values of overseas production bases were translated at the profit-and-loss exchange rate at the end of FYE3/'22

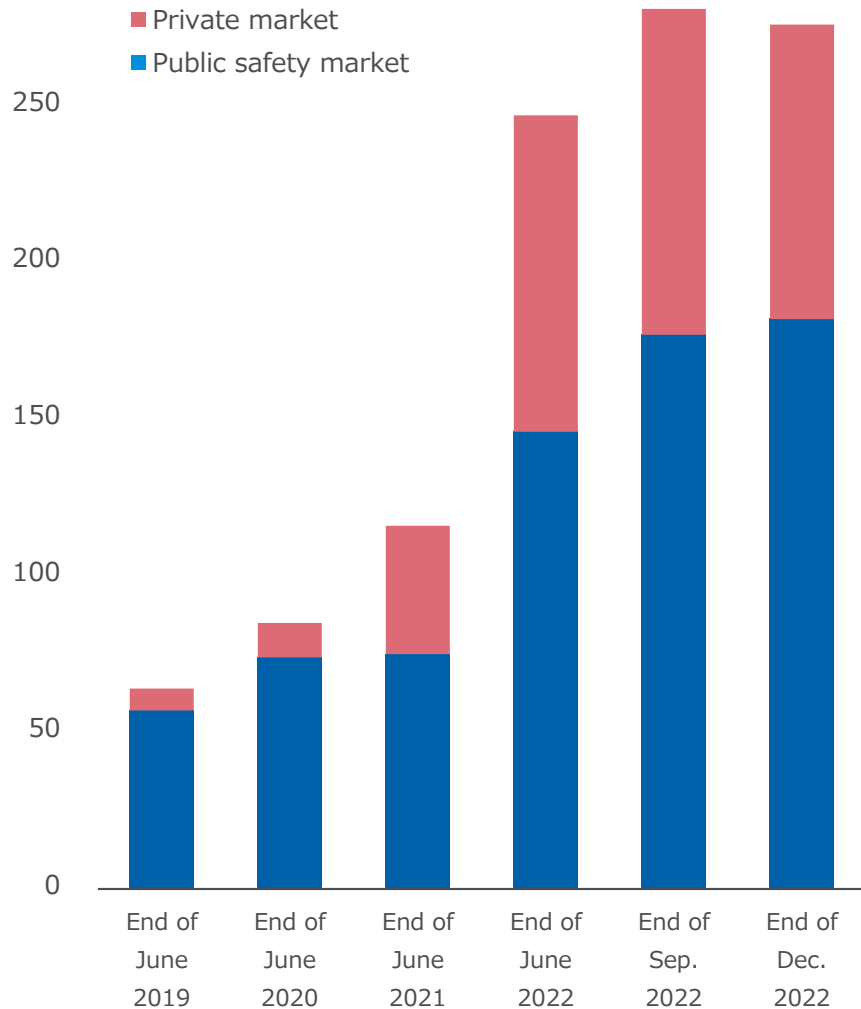
PS Sector:

The Communications Systems Business continued to be strong

- The Communications Systems Business continued to be strong

- Began to ship the new VP8000 tri-band-compatible radio equipment

(Millions of USD)
Trends in backlogs of orders for communications systems (North American market)

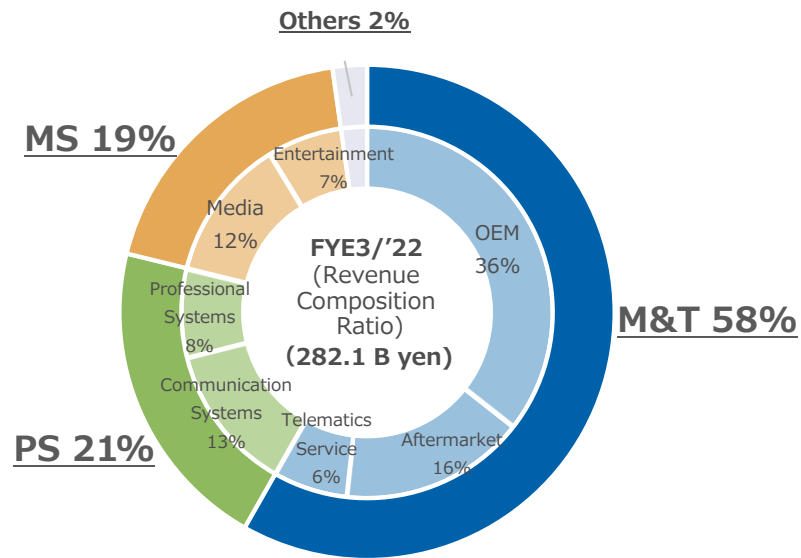


JVCKENWOOD

<Reference material>

JVCKENWOOD

Business areas



Public Service Sector (PS)

Communications

Professional radio system

Low power transceiver

Professional

Security system

Professional broadcasting system

Medical image display monitor

Mobility & Telematics Services Sector (M&T)

OEM

In-vehicle amplifier/Antenna/ Speaker

Portable power station using recycled batteries from electric vehicles. Conceptual image

After Market

Car navigation system

Alcohol detector

Car audio system

Sterilization and deodorization device

Telematics service

Dashcam

Media Service Sector (MS)

Media

Headphones/Earphones

Audio system

Projector

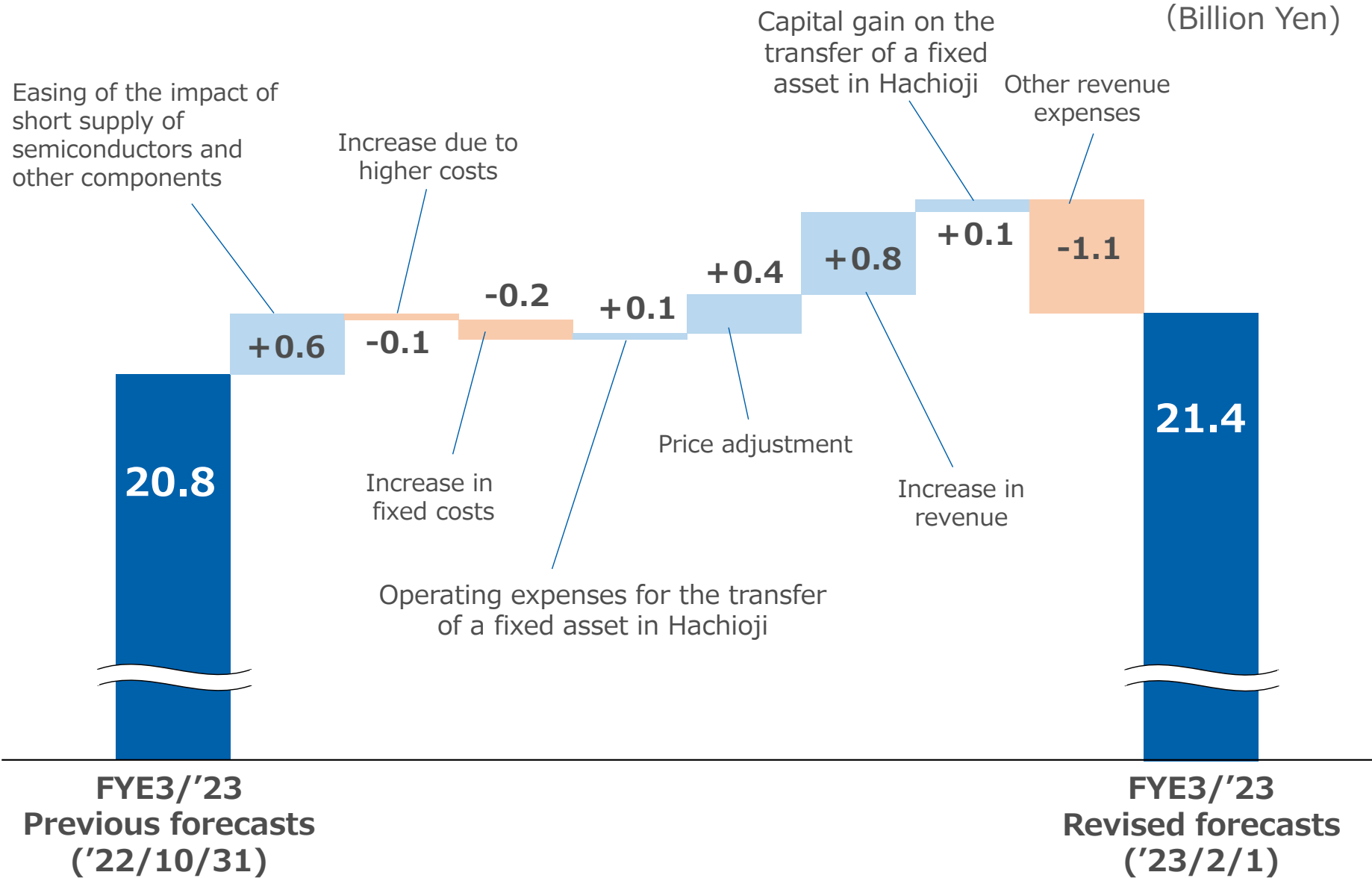
Portable power station

Entertainment

Music and video content

Financial results for FYE3/'23: Factors causing increase or decrease in operating profit

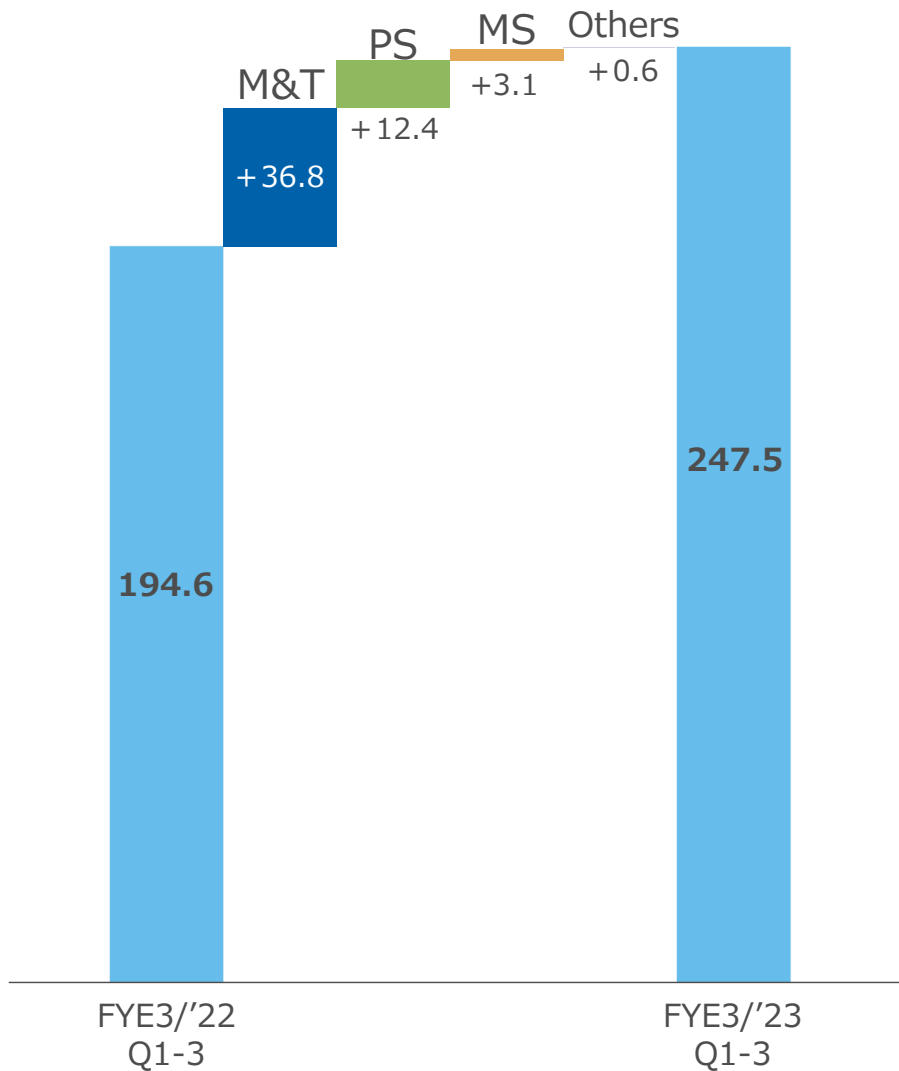
*Change from previous forecasts



Financial results for 3Q(Q1-3) of FYE3/'23: consolidated revenue & core operating income by sector

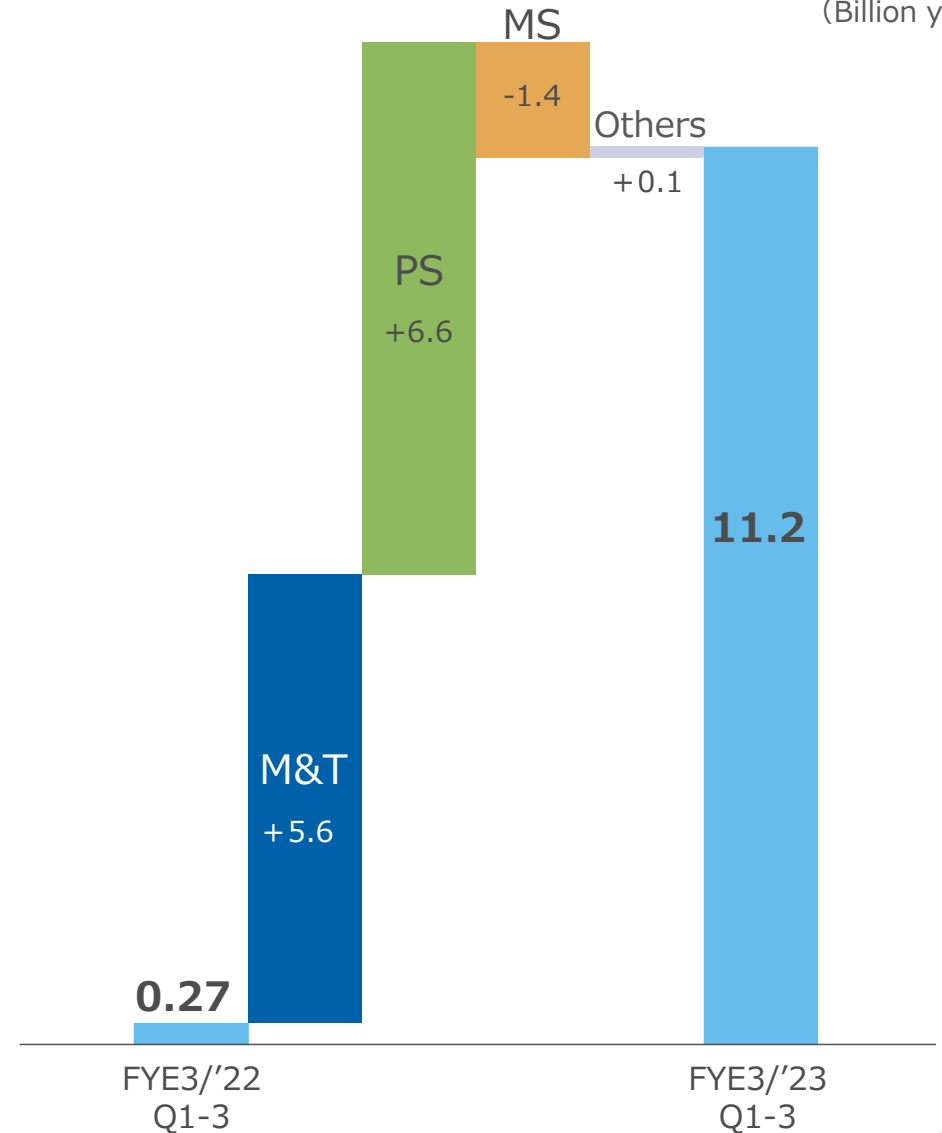
Revenue

(Billion yen)



Core Operating Income

(Billion yen)



Changes in management indices

Trends in Capital investment, Depreciation, and R&D expenses

(Billion yen)

	FYE3/'21					FYE3/'22					FYE3/'23				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
Capital investment* (Property, plant and equipment & Intangible fixed assets)	3.9	3.3	8.1	4.3	19.5	4.4	7.6	5.5	4.8	22.3	5.4	5.3	4.5		
Property, plant and equipment	1.7	0.9	5.7	1.9	10.3	2.2	5.2	3.0	2.0	12.4	3.3	3.0	2.8		
Intangible fixed assets	2.1	2.4	2.3	2.4	9.3	2.2	2.4	2.6	2.8	10.0	2.1	2.3	1.7		
Depreciation	4.7	4.9	4.9	4.9	19.3	4.6	4.3	4.1	4.1	17.1	4.2	4.4	4.4		
R&D expenses	4.0	4.0	3.8	4.0	15.7	4.0	3.9	3.8	4.1	15.9	4.0	4.1	4.3		

* Calculated based on (Profit before income taxes) + (Interest expense) + (Depreciation expense) + (Impairment loss)

Trends of Consolidated Revenue by Region

(Billion yen)

	FYE3/'21					FYE3/'22					FYE3/'23				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
Japan	25.2	30.1	33.5	35.6	124.4	28.2	24.9	30.8	43.3	127.2	27.8	33.3	31.5		
Americas	11.7	14.9	16.9	18.1	61.5	12.7	12.9	12.6	18.2	56.4	17.0	20.7	19.6		
Europe	6.8	11.5	14.0	14.2	46.4	12.0	10.7	12.7	12.5	47.8	12.7	13.5	19.8		
Asia&China	6.4	8.2	10.3	9.0	33.9	10.1	10.4	12.9	12.3	45.7	12.9	16.8	16.8		
Others	1.1	1.8	2.5	1.9	7.4	1.5	1.0	1.2	1.2	4.8	1.6	1.8	1.8		
Total	51.1	66.6	77.2	78.7	273.6	64.5	59.9	70.2	87.5	282.1	72.0	86.1	89.4		

JVCKENWOOD

The expressions contained in this presentation referring to the Company's future plans, intentions and expectations are categorized as future forecast statements. Such statements reflect management expectations of future events, and accordingly, are inherently susceptible to risk, uncertainty and other factors, whether known or unknown, and may be significantly different from future performance. These statements represent management's targets as of the time of issuance of these presentation materials, and the Company is under no obligation, and expressly disclaims any such obligation, to update, alter or publicize its future forecast statements in the event there are changes in the economic climate and market conditions affecting the performance of the Company. Risk factors and other uncertainty which may affect the Company's actual performance include: (1) violent fluctuations in economic circumstances and supply and demand systems in major markets (Japan, the U.S, the EU and Asia); (2) restrictions including trade regulations applicable to major markets including Japan and other foreign countries; (3) sharp fluctuations in the exchange rate of the U.S. dollar, euro, and such like against the yen; (4) market price fluctuations in capital markets; and (5) changes in social infrastructure due to short-term changes in technology and such like. Please note, however, that the above is not a comprehensive list of all the factors that may exert a significant influence on the Company's performance.