

JVCKENWOOD

Translation for Reference Only

**JVCKENWOOD**

# **Results and Forecast Briefing**

**First Quarter of Fiscal Year Ending March (IFRS)**

July 29, 2022



JVCKENWOOD Corporation

- 1. Overview of Q1 Financial Results for FYE3/'23**
  - 2. Full-year Earnings Forecast for FYE3/'23**
  - 3. Topics**
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**1. Overview of Q1 Financial Results for  
FYE3/'23**

2. Full-year Earnings Forecast for FYE3/'23

3. Topics

<Reference Material>

# Financial Results for Q1 of FYE3/'23: Highlights

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

## ■ Results for Q1 of FYE3/'23

Results exceeded the initial forecast for the whole company, despite some unevenness depending on the sector.

- PS exceeded expectations due to strong performance of the Communications Systems Business.
- M&T struggled due to the impact of the Shanghai lockdown on the OEM Business and the continued components supply problems.
- MS showed the expected results mainly owing to the strong performance of the Entertainment Business, although deteriorating year-on-year due to the transfer of production in the Media Business.

## ■ Full-Year Outlook for FYE3/'23

No change to the full-year earnings forecast at this time.

- PS Communications Systems Business is expected to continue strong performance, as the backlog of orders has increased significantly year-on-year.
- M&T is expected to recover from the decline in Q1 with the production recovery from July after the lifting of the Shanghai lockdown.

# Financial Results for Q1 of FYE3/'23: Highlights

(Billion yen)

	'FYE3/'21 Q1	'FYE3/'22 Q1	'FYE3/'23 Q1	YoY	
<b>Revenue</b>	<b>51.1</b>	<b>64.5</b>	<b>72.0</b>	<b>+ 7.5</b>	<b>+11.6%</b>
Cost of sales	38.7	47.3	53.2	+ 5.9	+12.4%
Gross profit	12.5	17.2	18.8	+ 1.6	+9.5%
Profit margin	24.4%	26.7%	26.2%		
<b>Core operating income<sup>*1</sup></b>	<b>-3.1</b>	<b>0.37</b>	<b>0.44</b>	<b>+ 0.1</b>	<b>+19.4%</b>
Profit margin	-	0.6%	0.6%		
<b>Operating profit</b>	<b>-3.1</b>	<b>2.9</b>	<b>0.5</b>	<b>-2.4</b>	<b>-82.0%</b>
Profit margin	-	4.5%	0.7%		
<b>Profit before income taxes</b>	<b>-3.1</b>	<b>2.8</b>	<b>0.5</b>	<b>-2.3</b>	<b>-80.7%</b>
<b>Profit attributable to owners of the parent company</b>	<b>-3.6</b>	<b>1.5</b>	<b>-0.2</b>	<b>-1.7</b>	<b>-</b>
<b>EBITDA<sup>*2</sup></b>	<b>1.8</b>	<b>7.7</b>	<b>5.0</b>	<b>-2.6</b>	<b>-34.5%</b>
EBITDA margin	3.6%	11.9%	7.0%		

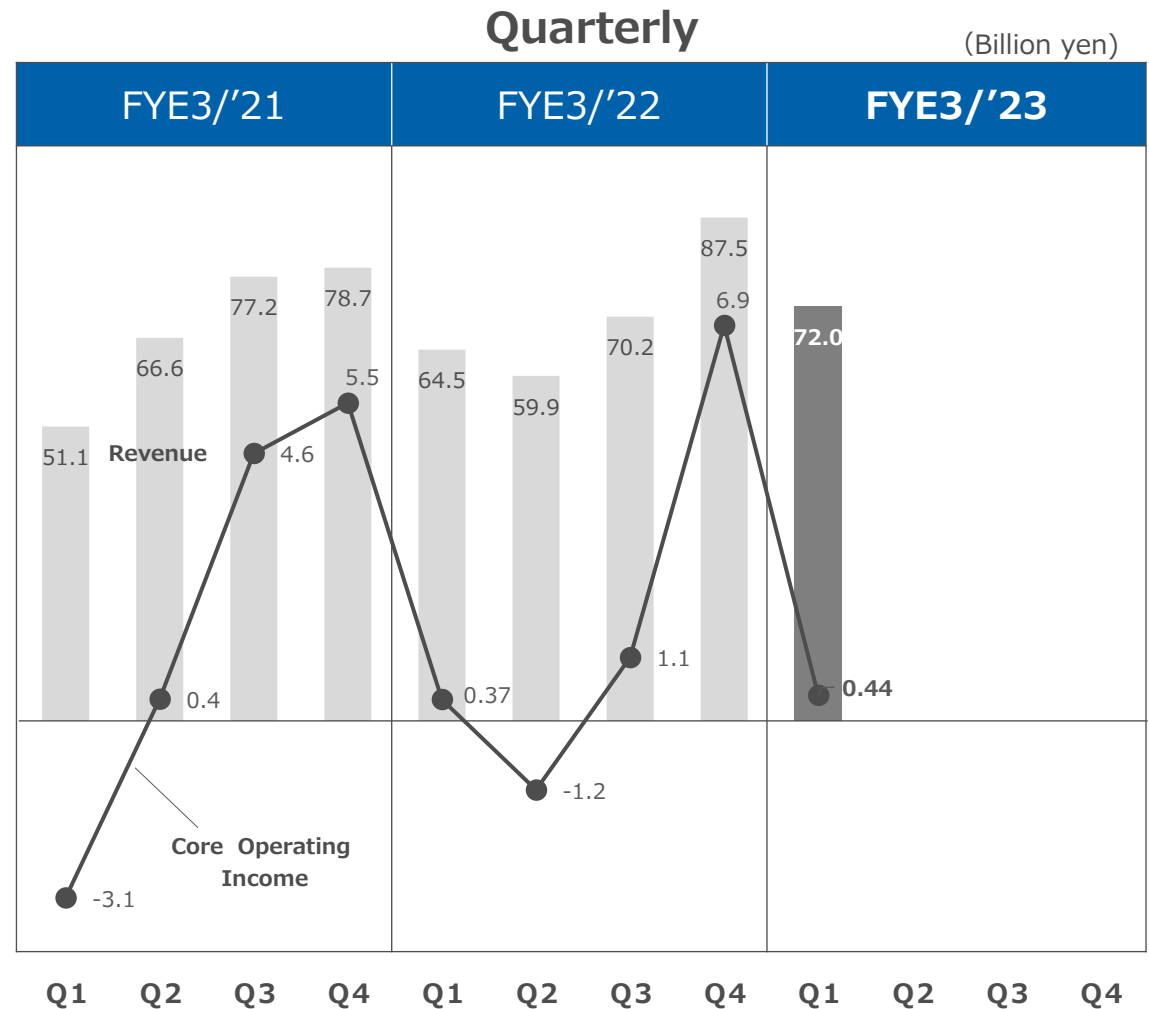
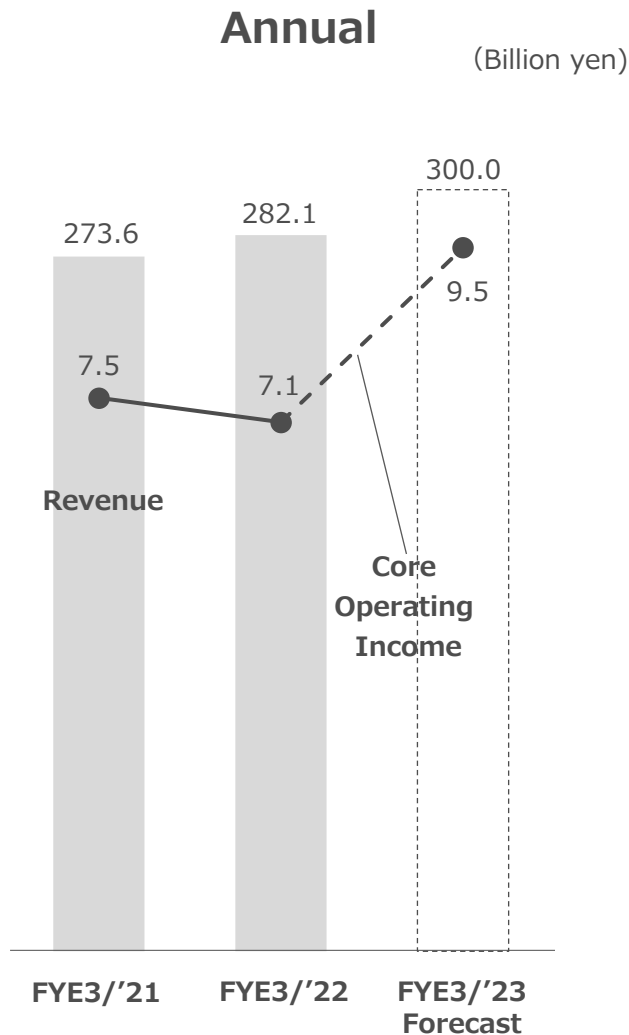
\*1 Core operating income does not include nonrecurring items that mainly occur temporarily, such as other income included in operating income, other expenses, and foreign exchange losses (gains).

(Yen)

		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				
Exchange Rates	Euro	119	124	125	128	124	132	130	130	130	131	138				

# Financial Results for Q1 of FYE3/'23: Trends in Quarterly Results

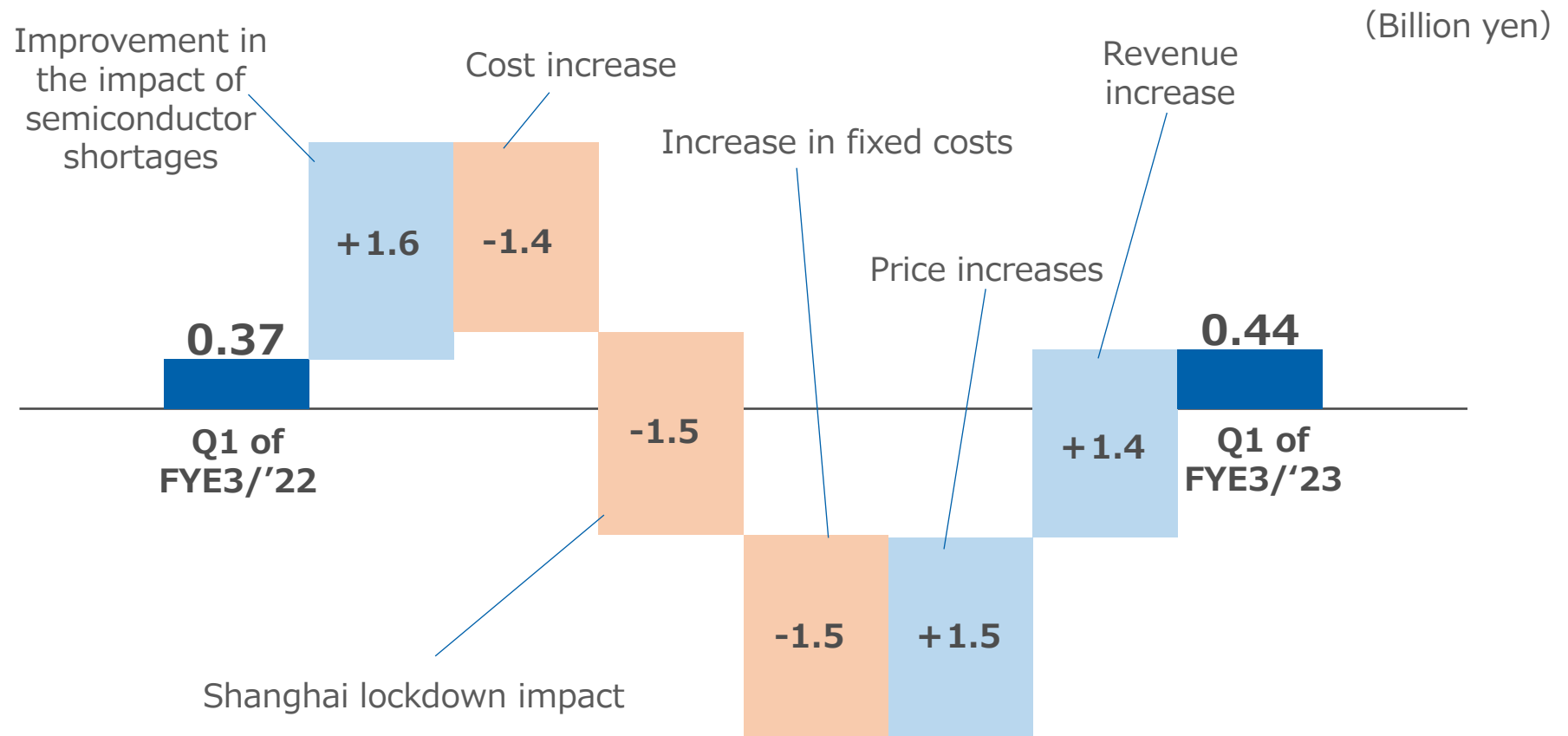
- In Q1, overall revenue and profit increased year-on-year, with strong sales of the PS Communications Systems Business.



# Financial Results for Q1 of FYE3/'23:

## Factors for Changes in Core Operating Income

- In Q1, profit increased year-on-year, as the impacts of increased costs and the Shanghai lockdown were covered by price increases and a revenue increase.



# Financial Results for Q1 of FYE3/'23: Results by Sector

		(Billion yen)				
		FYE3/'21 Q1	FYE3/'22 Q1	FYE3/'23 Q1	YoY	
<b>M&amp;T</b>	Revenue	29.0	38.7	<b>43.9</b>	+ 5.2	13.5%
	Core Operating Income	-1.6	0.2	<b>-0.3</b>	-0.5	-
<b>PS</b>	Revenue	10.5	12.6	<b>14.0</b>	+ 1.4	11.1%
	Core Operating Income	-1.5	-0.4	<b>0.7</b>	+ 1.2	-
<b>MS</b>	Revenue	10.6	11.9	<b>12.9</b>	+ 1.0	8.3%
	Core Operating Income	0.1	0.6	<b>-0.1</b>	-0.7	-
<b>Others</b>	Revenue	1.0	1.4	<b>1.3</b>	-0.1	-6.9%
	Core Operating Income	-0.1	0.0	<b>0.1</b>	+ 0.1	-
<b>Total</b>	Revenue	51.1	64.5	<b>72.0</b>	+ 7.5	11.6%
	Core Operating Income	-3.1	0.37	<b>0.44</b>	+ 0.1	19.4%

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

## M&T

Revenue and profit of the OEM Business declined due to the significant impact of the Shanghai lockdown on production. Revenue and profit increased for the Aftermarket Business and the Telematics Service Business, due to strong sales in the United States and the continued strong business for insurance, respectively.

## PS

Revenue and profit of Communications Systems Business increased due to the continued strong sales in the United States and other overseas markets.  
Revenue and profit of the Professional Systems Business declined mainly due to a delay in the recovery of sales in the large sales electric facility market.

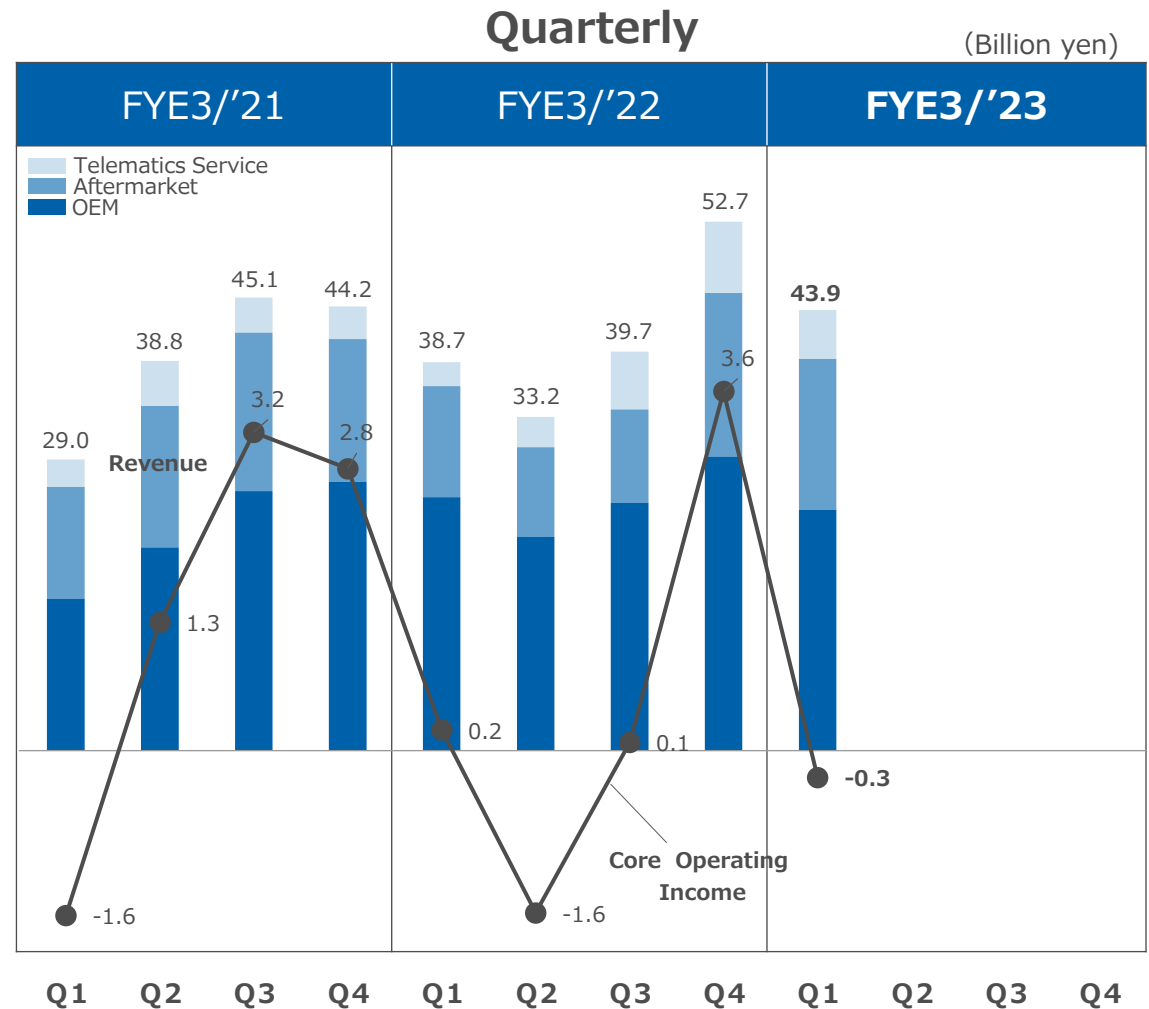
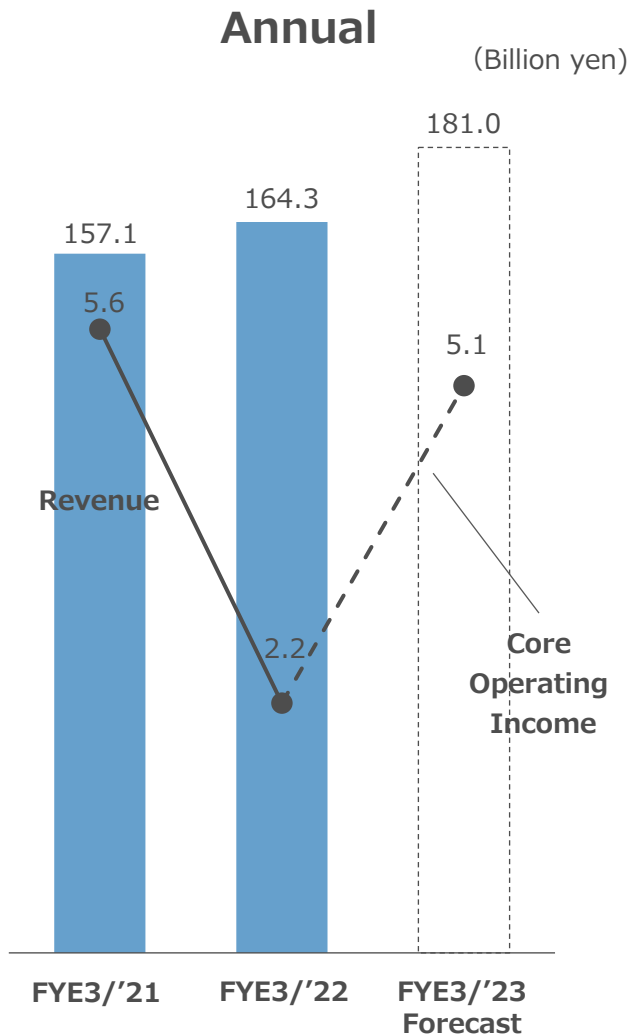
## MS

As for the Media Business, revenue remained at the same level year-on-year, but profit declined due to the transfer of production of professional video cameras and projectors. For the Entertainment Business, revenue and profit increased due to strong performance of the content business.



# M&T Sector: Trends in Revenue and Core Operating Income

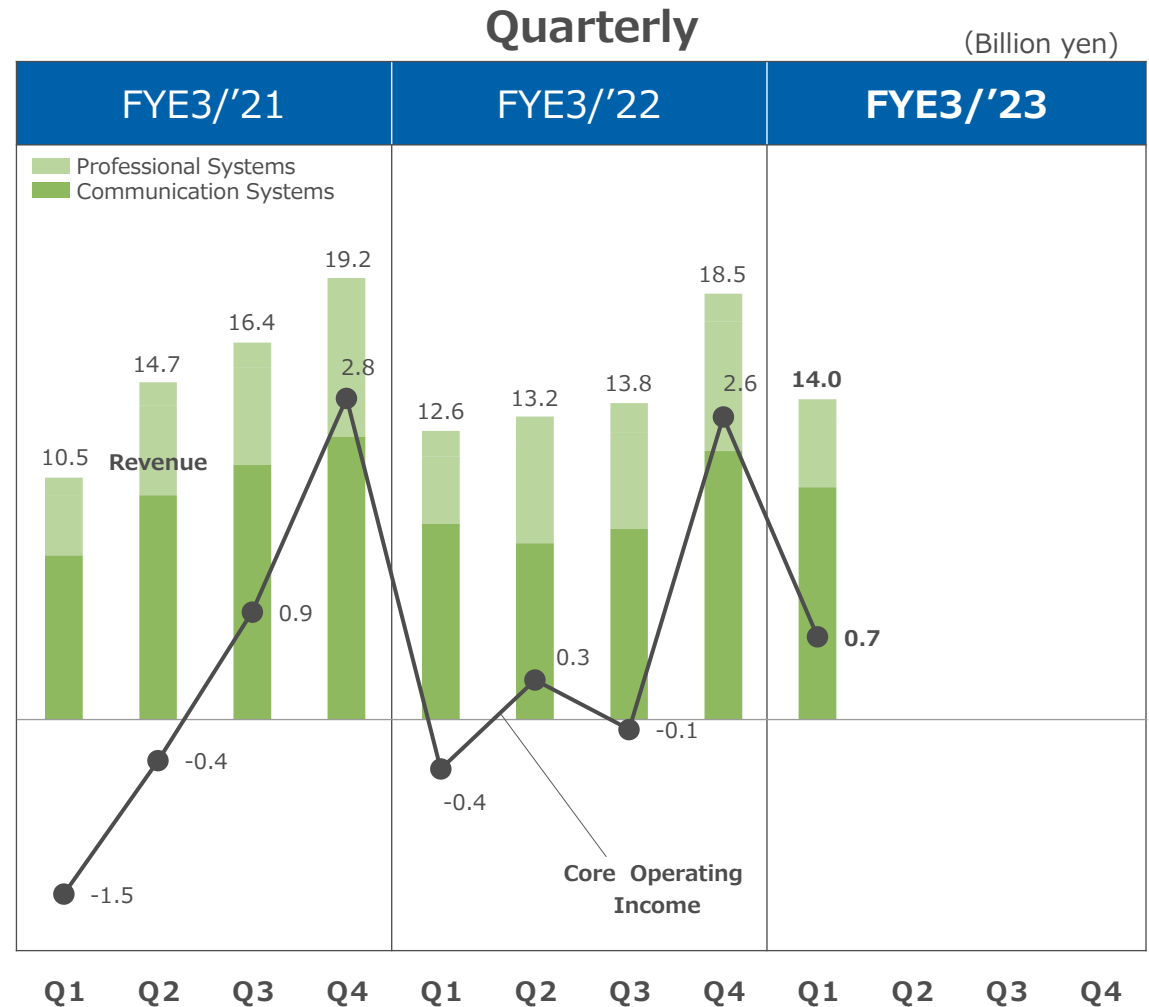
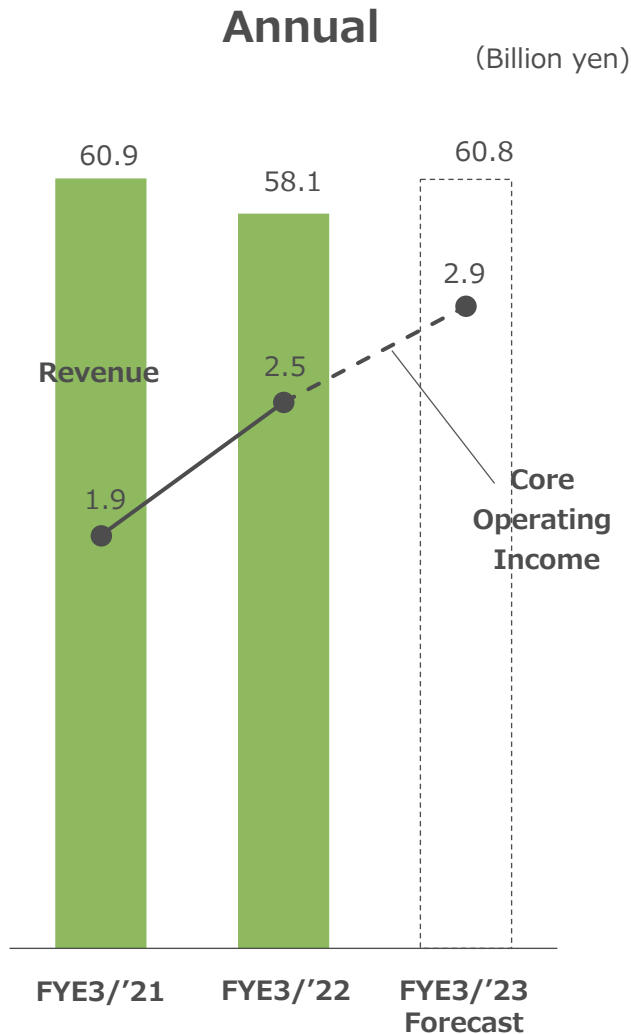
- Despite strong sales of the Aftermarket and Telematics Services Business in Q1, revenue and profit of the whole business sectors decreased year-on-year, due to the significant impact of the Shanghai lockdown on the OEM Business.



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

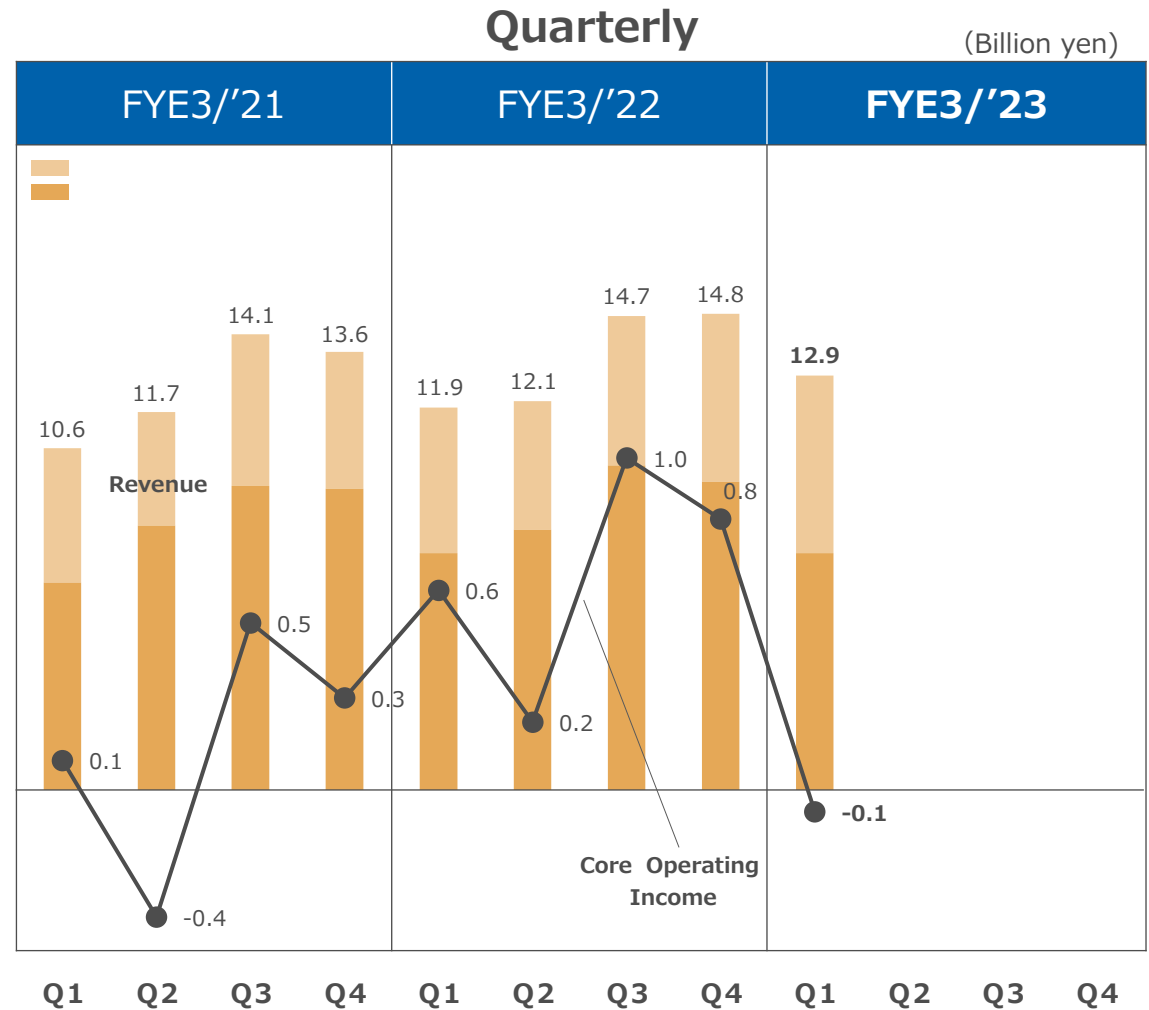
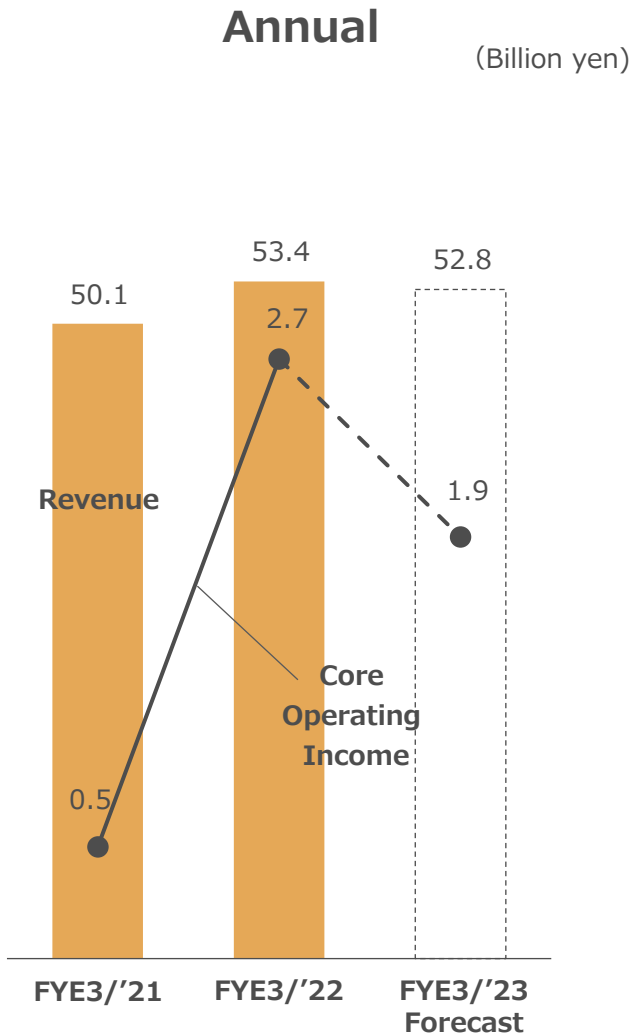
# PS Sector: Trends in Revenue and Core Operating Income

- The sector started with profit due to the increased revenue and profit year-on-year, as the Communications Systems Business continued to perform well in Q1.



# MS Sector: Trends in Revenue and Core Operating Income

- For Q1, the sector saw revenue increasing and profit decreasing year-on-year due to the impact of production transfer on the Media Business, although the contents of the Entertainment Business sold well.

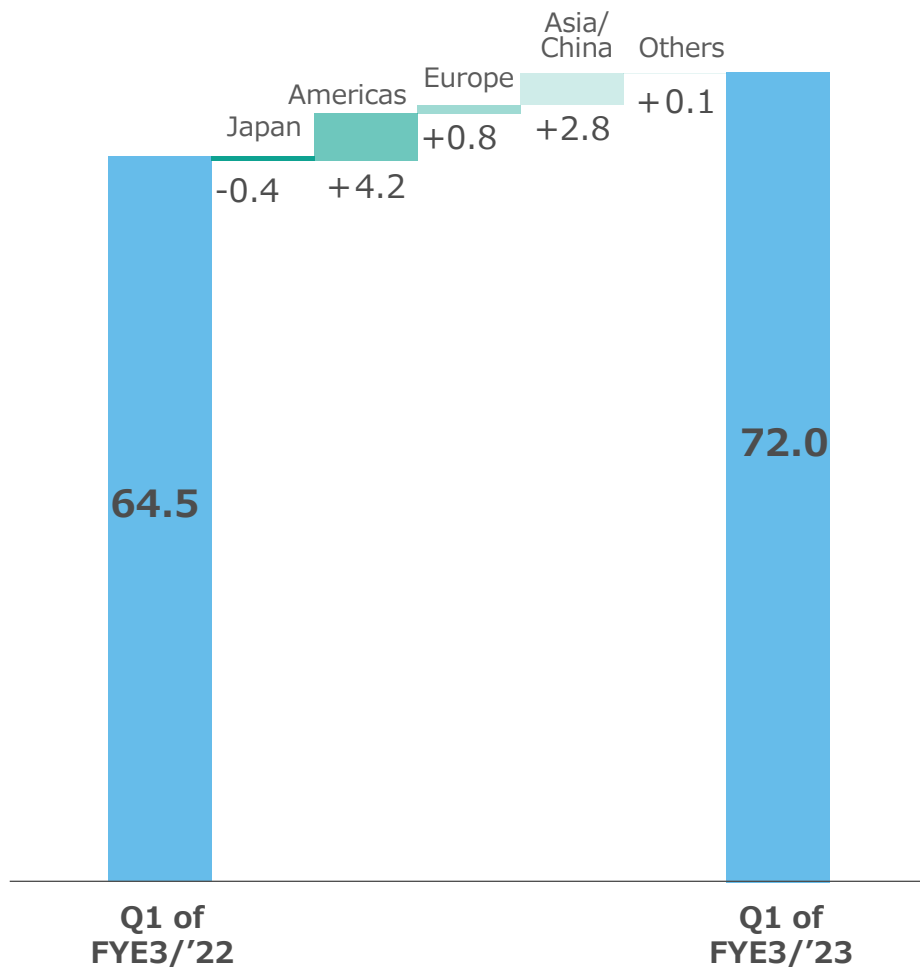


# Financial Results for Q1 of FYE3/'23: Consolidated Revenue by Region

- Revenue increased year-on-year, except in Japan where M&T dealer installed products were significantly affected by the Shanghai lockdown.

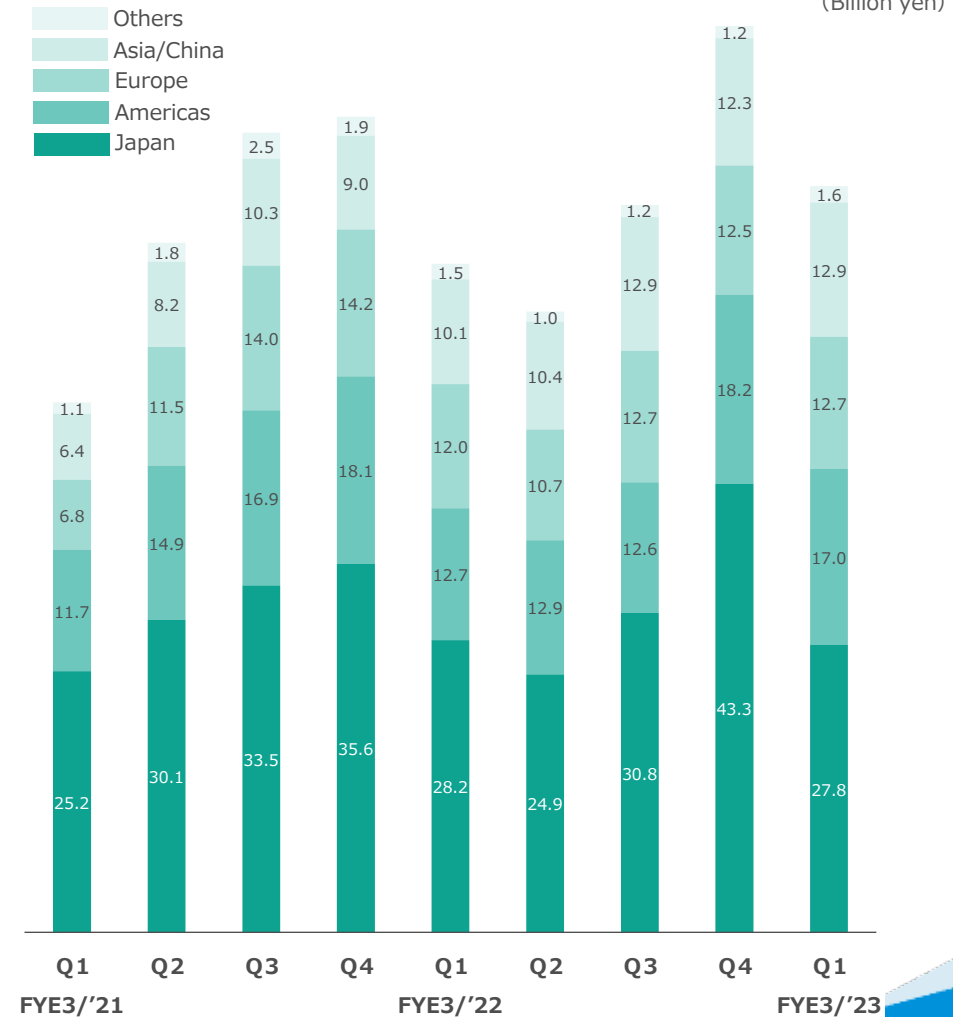
## Increase/Decrease by Region

(Billion yen)



## Trends by Region

(Billion yen)



# Financial Results for Q1 of FYE3/'23:

## Consolidated Profit/Loss Summary

- Core operating profit increased due to a revenue increase, but all levels of profit/loss at and below operating profit decreased year-on-year due to a decrease in a gain on sales of subsidiaries and gain on valuation of financial assets recorded in Q1 of FYE3/'22.

(Billion yen)

	FYE3/'20 Q1	FYE3/'21 Q1	FYE3/'22 Q1	YoY
<b>Core Operating Income*</b>	-3.12	0.37	<b>0.44</b>	+ 0.07
Other Income, Other Expenses, Foreign Exchange Loss, etc.	0.05	2.50	<b>0.07</b>	-2.43
<b>Operating Profit</b>	-3.07	2.87	<b>0.52</b>	-2.36
Finance Income, Finance Expenses, etc.	-0.03	-0.07	<b>0.02</b>	+ 0.09
<b>Profit Before Income Taxes</b>	-3.10	2.80	<b>0.54</b>	-2.26
Income Tax Expenses	0.35	1.18	<b>0.62</b>	-0.56
Non-Controlling Interests	0.13	0.15	<b>0.17</b>	+ 0.01
<b>Profit Attributable to Owners of the Parent Company</b>	-3.58	1.47	<b>-0.25</b>	-1.72

\* 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 Q1 of FYE3/'23: Financial Position Summary

- Cash and deposits amounted to 46.8 billion yen, a decrease of 1.9 billion yen year-on-year. Net debt was 22.1 billion yen, an increase of 0.9 billion yen year-on-year.
- Equity attributable to owners of the parent company increased by approximately 8.5 billion yen year-on-year due to an increase in other components of equity caused by the depreciation of the yen.

	(Billion yen)			
	FYE3/'21 Q1	FYE3/'21 Q1	FYE3/'22 Q1	YoY
<b>Total Assets</b>	264.3	280.8	<b>292.4</b>	+ 11.6
<b>Total Liabilities</b>	195.8	196.8	<b>199.3</b>	+ 2.5
<b>Total Equity</b>	68.5	84.0	<b>93.0</b>	+ 9.1
<b>Interest-Bearing Debts</b>	75.6	69.8	<b>68.9</b>	-0.9
<b>Net Debt</b>	15.9	21.1	<b>22.1</b>	+ 0.9
<b>Net Debt/Equity Ratio (Times)</b>	0.25	0.27	<b>0.25</b>	-0.02
<b>Equity Attributable to Owners of the Parent Company</b>	64.6	79.5	<b>88.0</b>	+ 8.5
<b>Stockholder's Equity Ratio (%)</b>	24.5	28.3	<b>30.1</b>	+ 1.8

# Financial Results for Q1 of FYE3/'23: Cash Flow Summary

- Net cash from operating activities improved significantly year-on-year, although inventories continued to increase due to the problems in components supply.
- Net cash used in investing activities increased, excluding proceeds from the sale of subsidiaries in Q1 of FYE3/'22.
- Net cash used in financing activities was mostly unchanged year-on-year due to the continuous repayment of interest-bearing liabilities.

(Billion yen)

	FYE3/'21 Q1	FYE3/'21 Q1	FYE3/'22 Q1	YoY
<b>Cash Flow from Operating Activities</b>	3.5	1.1	<b>3.0</b>	+ 1.8
<b>Cash Flow from Investing Activities</b>	-3.2	1.9	<b>-4.4</b>	-6.3
<b>Free cash flow</b> <small>* Free cash flow: Cash flow from operating activities + Cash flow from investing activities</small>	0.3	3.0	<b>-1.4</b>	-4.4
<b>Cash Flow from Financing Activities</b>	-2.0	-3.4	<b>-3.4</b>	+ 0.1
<b>Total</b>	-1.8	-0.5	<b>-4.8</b>	-4.3

1. Overview of Q1 Financial Results for  
FYE3/'23

**2. Full-year Earnings Forecast for FYE3/'23**

3. Topics

<Reference Material>



# Full-year Earnings Forecast for FYE3/'23

- In Q1, sales of the PS Communications Systems Business were stronger than expected, resulting in higher performance than expected at the beginning of the period.
- There is no revision to the consolidated earnings forecast at this time, while from Q2 onwards, the PS Communications Systems Business is expected to continue to perform well, and the M&T OEM Business to make a significant recovery following the lifting of the Shanghai lockdown.

(Billion yen)

	Result for FYE3/'21	Result for FYE3/'22	Forecast for FYE3/'23	YoY		VISION2023 Target (FYE3/'24)
Revenue	273.6	282.1	300.0	+ 17.9	+6.3%	more than 320.0
Core Operating Income	7.5	7.1	9.5	+ 2.4	+33.0%	more than 12.0
Operating Profit	4.9	9.1	8.0	-1.1	-11.6%	
Profit Before Income Taxes	4.5	8.5	7.0	-1.5	-17.8%	
Profit Attributable to Owners of the Parent Company	2.2	5.9	4.0	-1.9	-31.9%	

(Yen)

	Result for FYE3/'21	Plan for FYE3/'22	Forecast for FYE3/'23
Year-end dividend (Per share)	5	6	7

(Yen)

		Result for FYE3/'21	Result for FYE3/'22	Assumption for FYE3/'23
Profit-And-Loss Exchange Rates	U.S. dollar	106	112	122
	Euro	124	131	130

1. Overview of Q1 Financial Results for  
FYE3/'23

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**3. Topics**

<Reference Material>

# M&T Sector: Status of OEM Business

## ■ Status of the Shanghai Plant

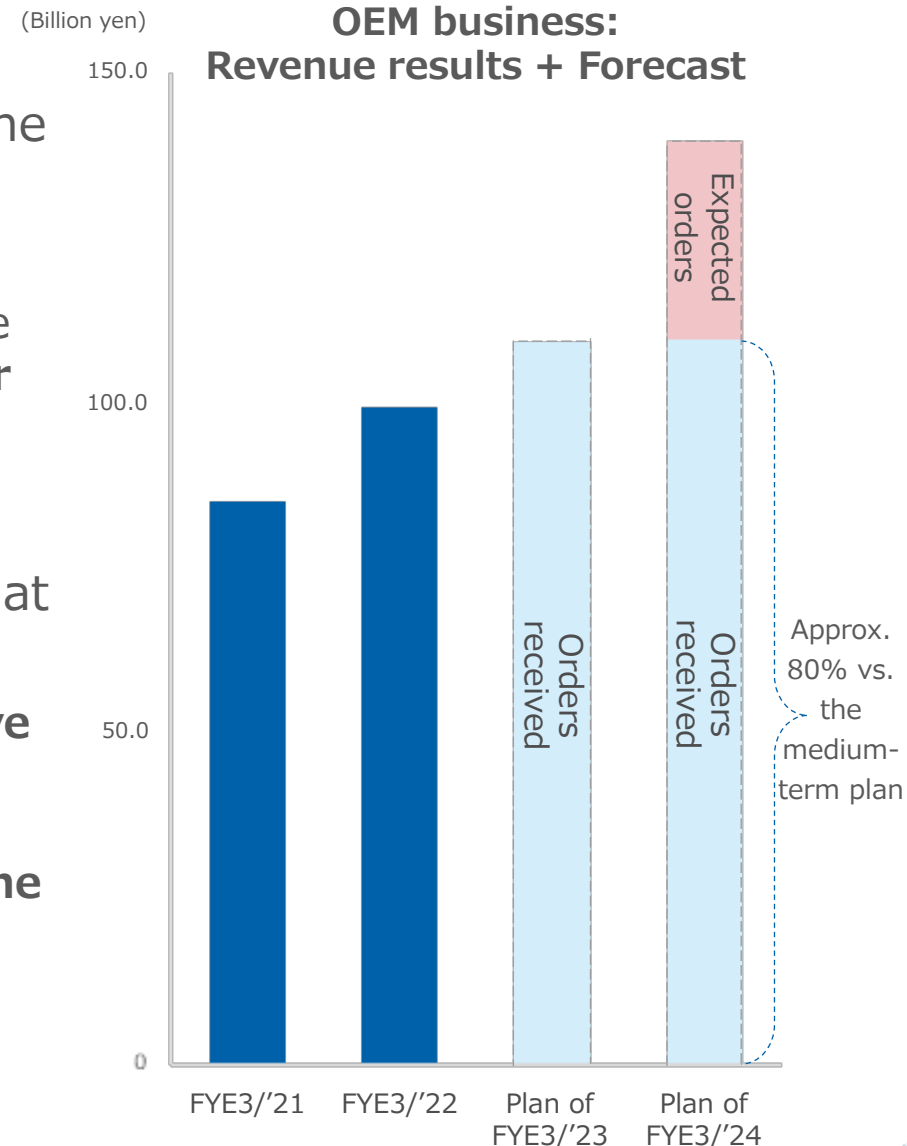
- Operation was suspended in Q1 due to the lockdown. Core operating loss was 1.5 billion yen.

=> The Plant resumed operations in late June and **is expected to make up the loss for the full-year.**

## ■ Status of orders received

Orders received have been steadily built-up at the moment.

- **Current fiscal year (FYE3/'23): Orders have been received for the full-year forecast**
- **Next fiscal year (FYE3/'24): Orders have been received for approximately 80% of the medium-term plan**
- Orders have been also steadily received for FYE3/'25 and after
  - Overseas OEM Business has grown
  - Device Business for China (speakers, antennas, cables, etc.) is rapidly expanding



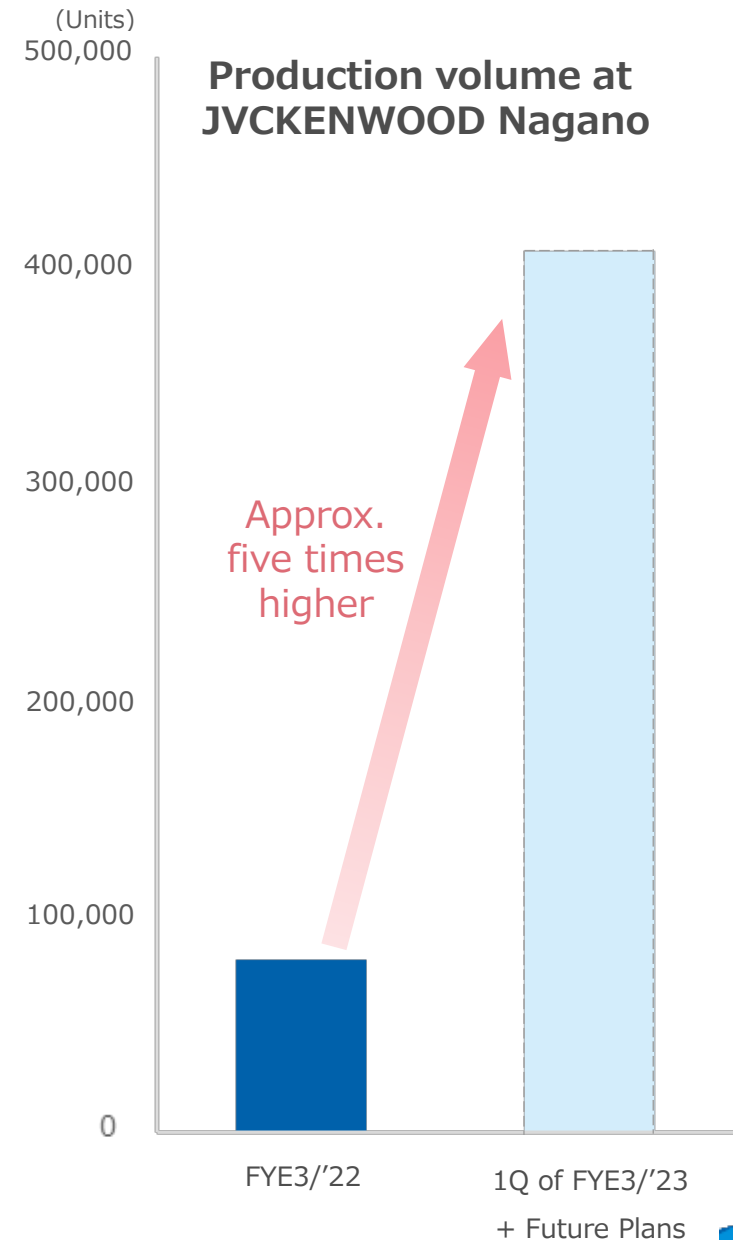
# Progress in the M&T Sector's Return to Japan

## ■ Increased production volume at JVCKENWOOD Nagano

Production volume for the full year is expected to be approximately five times higher year-on-year, partly due to the start of production of new dealer-installed products (dealer options).

## ■ Strengthening JVCKENWOOD Nagano's components procurement in Japan

- Promoting strategic partnership with business partners in Japan (structural components)
- Changing from dollar-denominated transactions to yen-denominated ones (semiconductor components)
- Lowering total costs by reducing inventories and supply lead time



# “Vieureka Co., Ltd.” Starts Business on July 1

- Invested in a new company “Vieureka Co., Ltd.” that provides edge AI social infrastructure “Vieureka Platform”
  - As Phase 2 of the Telematics Service Business, aiming to create a “service business by increasing the added value of communication type dashcam terminals.”
  - Expanding the Edge AI Platform Service Business through business collaboration with the new company



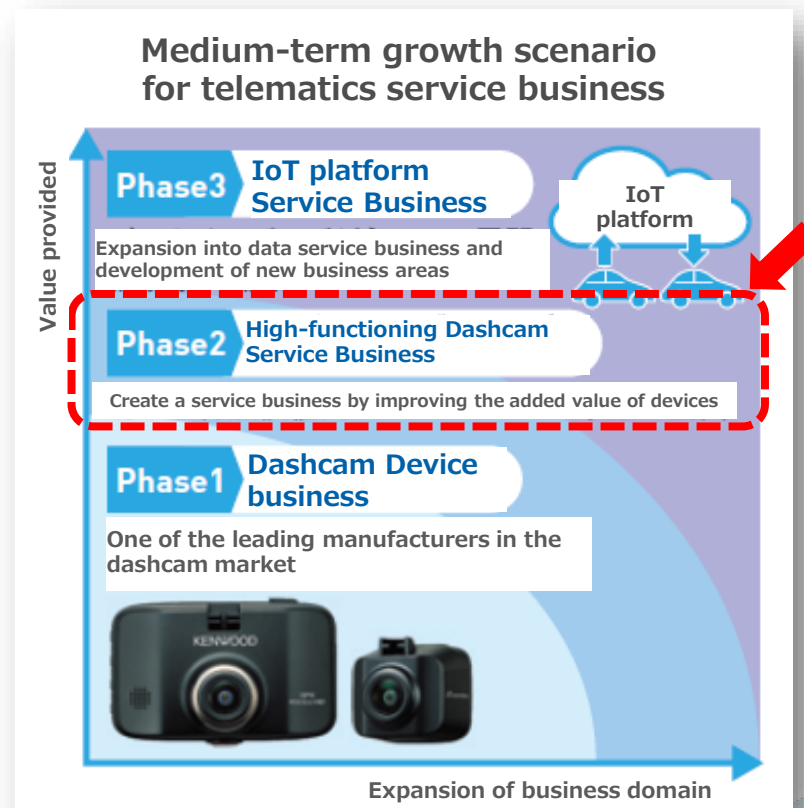
Press release on June 7, 2022

Left: Mr. Tatsuo Ogawa, Executive Officer, Group CTO, in charge of Corporate Innovation & Venture Strategy, Panasonic Holdings Corporation

Second from left: Mr. Akihiro Miyazaki, Representative Director of Vieureka Co., Ltd.

Third from left: Masao Nomura, Representative Director of the Board and Senior Managing Executive Officer, COO Mobility & Telematics Services Sector, JVCKENWOOD Corporation

Right: Mr. Masataka Matsumoto, General Partner & Co-founder, WIL, LLC



# PS Sector - Growth of Communications Systems Business

- The Communications Systems Business recovered significantly due to an improvement in components supply problems. It has gained market shares from competitors with supply problems and shifted to a growth path
  - In particular, **the backlog of orders has increased significantly due to strong orders for systems for the public safety market** developed by EFJT, a U.S. communications systems subsidiary. Our market share will further increase this fiscal year by acquiring new customers through the introduction of new portable equipment compatible with triband.
  - **For private companies, orders for the NX series\* of digital radios have also increased.** With better-than-expected production, shipment, and sales, they contribute significantly to earnings through increased sales.

\*Our company's digital radio series name



Accelerating growth in the North American public safety market with the P25 radio system, centered on the new VP8000 (center photo)



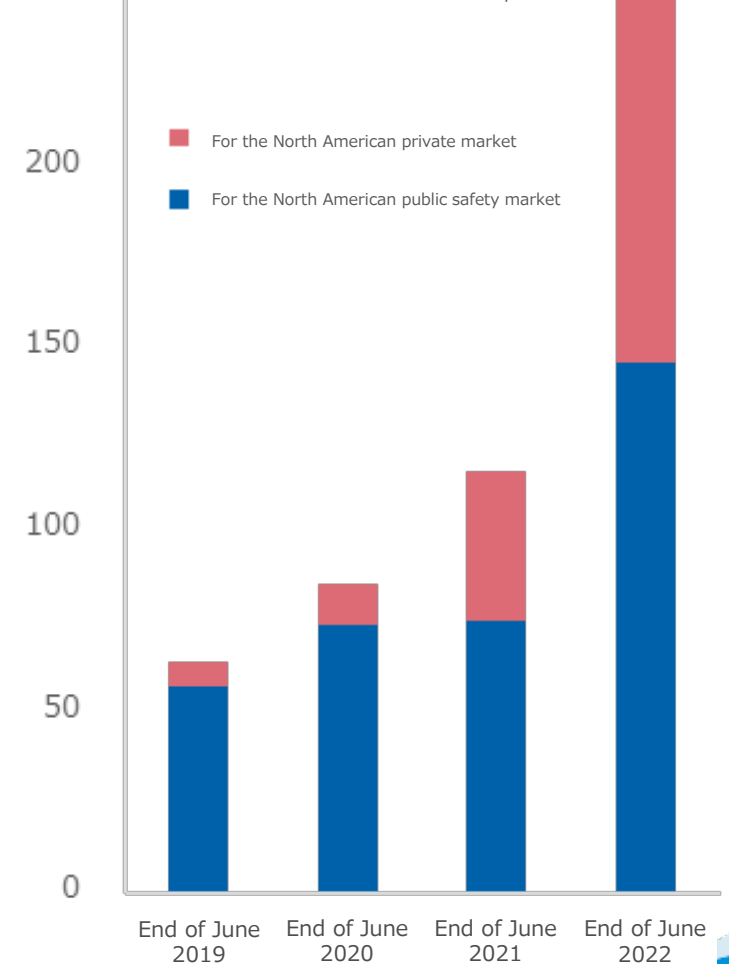
Won the iF DESIGN AWARD 2022 in the product category, a world-renowned prize, for the VP8000 (center of the photo), a new product in the Viking series of multi-band P25 digital professional radios for the public safety market.

(Million dollars)

## Communications Systems order backlog (EFJT + JKUSA)

EFJT : EF Johnson Technologies, Inc.

JKUSA : JVCKENWOOD USA Corporation



# Donation of Radios to Ukraine

- We have donated radios for business use to the Ukrainian Embassy in Japan with the cooperation of the Ministry of Internal Affairs and Communications of Japan for the purpose of supporting the reconstruction of the country.
  - We have donated radio equipment that can be used to communicate without relying on public infrastructure to Ukraine, where transportation, communications, and other infrastructure have been devastated.
  - For the expected wide variety of local utilization, we have selected the “NX-3220E,” a high-end radio for business use that can also be used in analog systems, in addition to NXDN<sup>\*1</sup> and DMR<sup>\*2</sup>, which are international digital standards.
  - Number of donated units: 100 sets

<sup>\*1</sup> The communication standard for commercial digital radio systems for private companies developed jointly by our company and ICOM INCORPORATED. <sup>\*2</sup> Abbreviation for Digital Mobile Radio

Donated professional radio system NX-3220E





A Certificate of Appreciation was presented by Minister for Internal Affairs and Communications Yasushi Kaneko (Left: Mr. Kaneko, Right: CEO Eguchi)



# External Evaluation on ESG:

## Selected as a Constituent of the FTSE ESG Index

- Selected as a constituent of the FTSE ESG Index Series in recognition of our efforts to enhance sustainability and ESG-related information disclosure

	FY2021	Remarks
<p><b>FTSE Blossom Japan Index</b></p>  <p>FTSE Blossom Japan</p>	<p>Selected for the second consecutive year</p>	<ul style="list-style-type: none"> <li>ESG-focused index created by FTSE Russell (U.K.)</li> <li>Japanese companies that excel in ESG (including SDGs) are selected based on certain evaluation criteria.</li> <li>The index is used by the GPIF* and other investors around the world as a basis for ESG investment decisions.</li> </ul> <p>Overall ESG Score FY2020: 3.3 → <b>FY2021: 3.9</b></p>
<p><b>FTSE Blossom Japan Sector Relative Index</b></p>  <p>FTSE Blossom Japan Sector Relative Index</p>	<p>First time selected</p>	<ul style="list-style-type: none"> <li>New corporate sector indexes published by FTSE Russell (U.K.) from FY2021</li> <li>Selected Japanese companies with relatively high ESG responsiveness in each sector</li> <li>Focus on greenhouse gas (GHG) emissions to facilitate transition to a low-carbon economy</li> <li>The index is used by the GPIF* and other investors around the world as a basis for ESG investment decisions.</li> </ul>



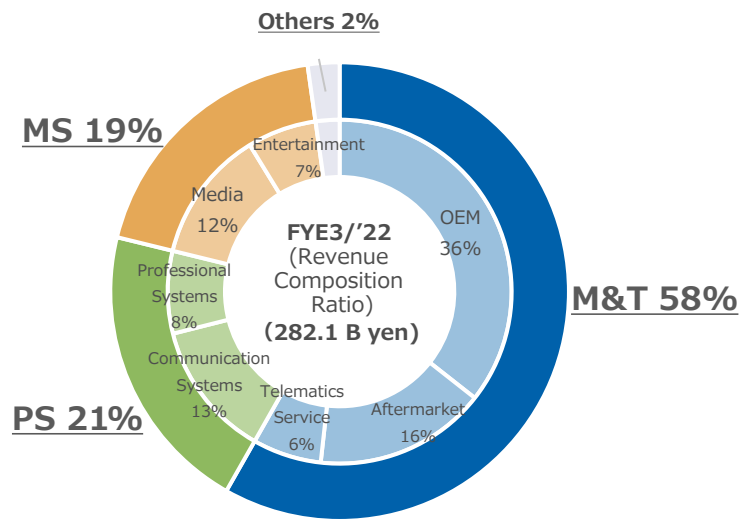


**JVCKENWOOD**

**<Reference Material>**

**JVCKENWOOD**

# Business Areas



## Mobility & Telematics Services Sector (M&T)



## Public Service Sector (PS)



## Media Service Sector (MS)



# Full-year Earnings Forecast for FYE3/'23 by Segment

※ No change from initial forecast

(Billion Yen)

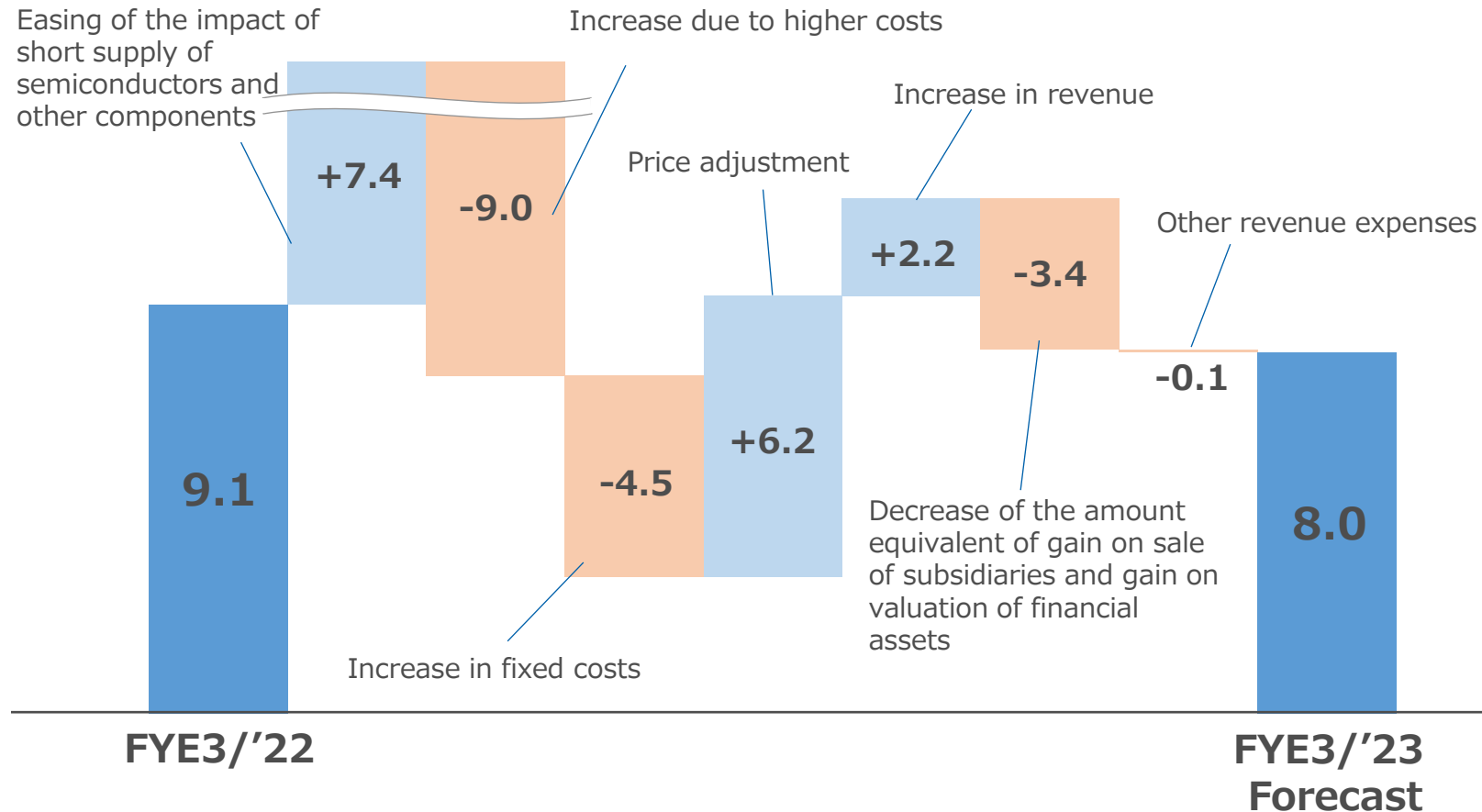
		Result for FYE3/'21	Result for FYE3/'22	Forecast for FYE3/'23	YoY
<b>M&amp;T</b>	<b>Revenue</b>	157.1	164.3	<b>181.0</b>	+ 16.7
	Core Operating Income	5.6	2.2	<b>5.1</b>	+ 2.9
<b>PS</b>	<b>Revenue</b>	60.9	58.1	<b>60.8</b>	+ 2.7
	Core Operating Income	1.9	2.5	<b>2.9</b>	+ 0.4
<b>MS</b>	<b>Revenue</b>	50.1	53.4	<b>52.8</b>	-0.6
	Core Operating Income	0.5	2.7	<b>1.9</b>	-0.8
<b>Others</b>	<b>Revenue</b>	5.5	6.3	<b>5.4</b>	-0.9
	Core Operating Income	-0.5	-0.3	<b>-0.4</b>	-0.1
<b>Total</b>	<b>Revenue</b>	273.6	282.1	<b>300.0</b>	+ 17.9
	Core Operating Income	7.5	7.1	<b>9.5</b>	2.4

# Financial Results for FYE3/'23:

## Factors Causing Increase or Decrease in Operating Profit

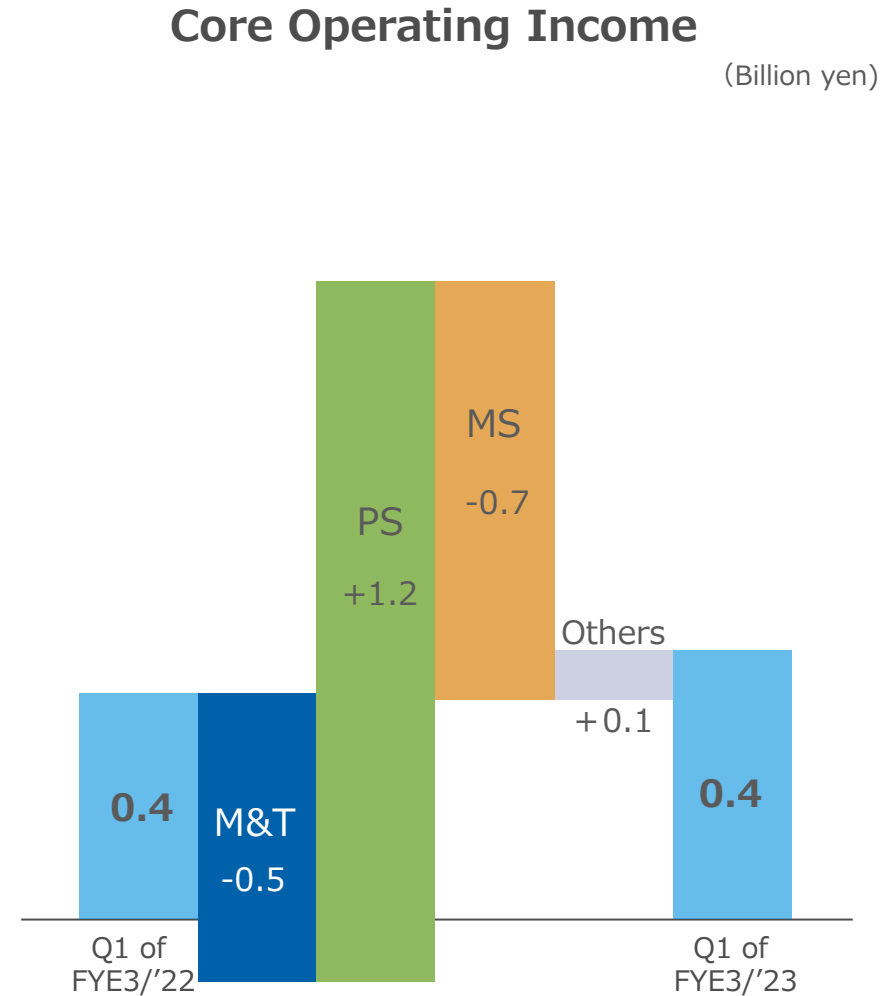
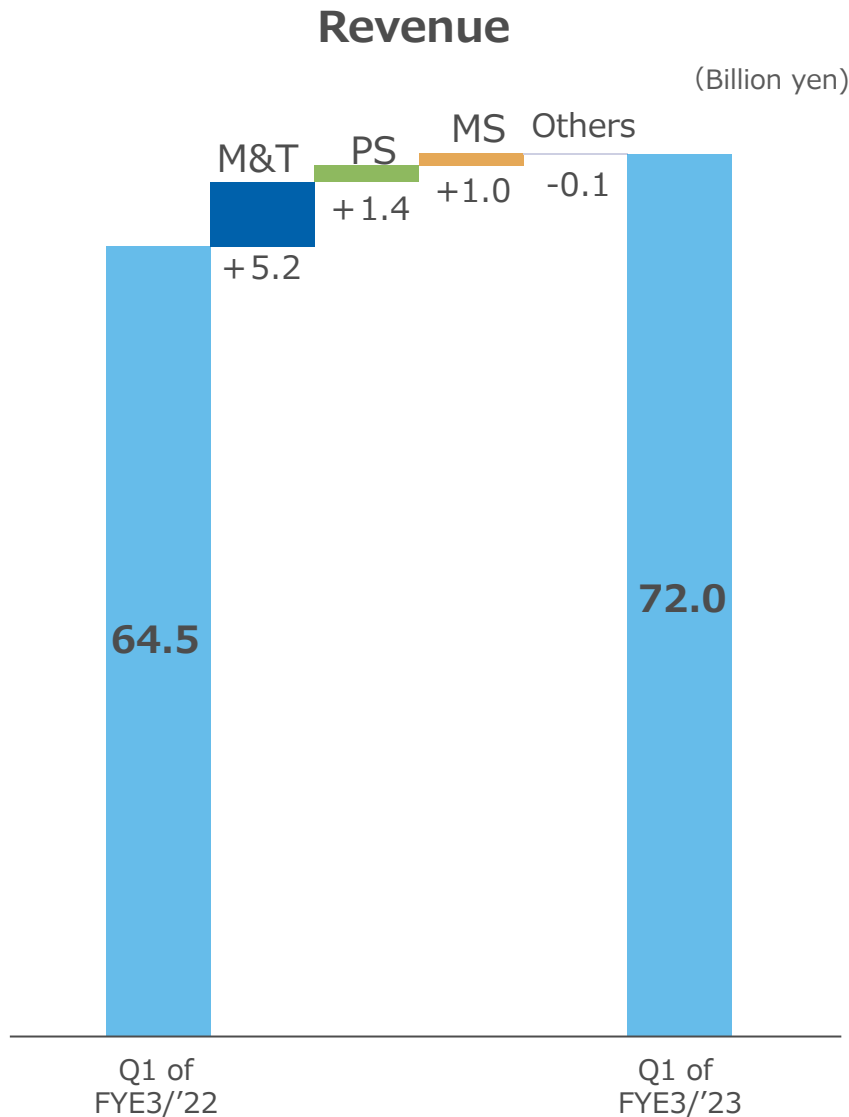
※ No change from initial forecast

(Billion yen)



# Financial Results for 1Q of FYE3/'23:

## Consolidated Revenue & Core Operating Income by Sector



# 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
<b>Capital investment*</b>															
(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				
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				
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				
<b>Depreciation</b>	4.7	4.9	4.9	4.9	19.3	4.6	4.3	4.1	4.1	17.1	4.2				
<b>R&amp;D expenses</b>	4.0	4.0	3.8	4.0	15.7	4.0	3.9	3.8	4.1	15.9	4.0				

\* 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
<b>Japan</b>	25.2	30.1	33.5	35.6	124.4	28.2	24.9	30.8	43.3	127.2	27.8				
<b>Americas</b>	11.7	14.9	16.9	18.1	61.5	12.7	12.9	12.6	18.2	56.4	17.0				
<b>Europe</b>	6.8	11.5	14.0	14.2	46.4	12.0	10.7	12.7	12.5	47.8	12.7				
<b>Asia&amp;China</b>	6.4	8.2	10.3	9.0	33.9	10.1	10.4	12.9	12.3	45.7	12.9				
<b>Others</b>	1.1	1.8	2.5	1.9	7.4	1.5	1.0	1.2	1.2	4.8	1.6				
<b>Total</b>	51.1	66.6	77.2	78.7	273.6	64.5	59.9	70.2	87.5	282.1	72.0				

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