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JVCKENWOOD

February 3, 2025

Accounting Report for the Nine Months of Fiscal Year Ending March 31, 2025 (Under IFRS)

Company name: JVCKENWOOD Corporation
Listing: Prime Market of the Tokyo Stock Exchange
Securities code: 6632
URL: https://www.jvckenwood.com/en.html
Representative: EGUCHI Shoichiro, Representative Director of the Board, President and CEO
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Scheduled date to commence dividend payments: -
Preparation of supplementary material on quarterly financial results: Yes
Holding of 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 of fiscal year ending March 31, 2025 (from April 1, 2024 to December 31, 2024)

(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	
Nine months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
December 31, 2024	270,474	1.2	18,568	15.9	16,783	12.0	18,276	22.4	14,070	28.8
December 31, 2023	267,258	8.0	16,015	42.8	14,982	-23.2	14,932	-22.8	10,922	-29.6

*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.

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2024	93.43	92.70
December 31, 2023	70.24	69.88

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
As of	Million yen	Million yen	Million yen	%
December 31, 2024	322,653	132,520	125,819	39.0
March 31, 2024	316,819	121,220	114,801	36.2

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year- end	Total
Fiscal year	Yen	Yen	Yen	Yen	Yen
Ended March 31, 2024	—	0.00	—	12.00	12.00
Ending March 31, 2025	—	5.00	—		
Ending March 31, 2025 (Forecast)				8.00	13.00

*Revision of dividend forecast from the most recently announced forecast: None

3. FYE3/'25 full-year earnings forecast (April 1, 2024 – March 31, 2025)

(% indicate year-on-year changes)

	Revenue		Core operating income		Operating profit		Profit before tax		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	364,000	1.3	23,000	16.7	22,000	20.7	23,000	26.1	17,000	30.6	113.46

*Revision of earnings forecast from the most recently announced forecast: None

Note

(1) Significant changes in the scope pf consolidation during the period: None

(2) Changes in accounting policies and changes in accounting estimates
- (i) Changes in accounting policies required by IFRS: None
- (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)

As of December 31, 2024	164,000,201 shares
As of March 31, 2024	164,000,201 shares

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

As of December 31, 2024	15,150,929 shares
As of March 31, 2024	13,213,108 shares

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

Q1-3 of FYE March 31, 2025	150,589,984 shares
Q1-3 of FYE March 31, 2024	155,499,848 shares

Note: The treasury shares include the shares of the company held by the trust related to the share-based compensation plan.

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

1. Overview of Business Performance

(1) Business Results for the Nine Months Ended December 31, 2024

Overview of the Nine Months Ended December 31, 2024

Revenue of JVCKENWOOD Corporation and its consolidated subsidiaries for the nine months ended December 31, 2024, increased from the same period a year earlier. This is because the Communications Systems Business in the Safety & Security Sector continued to achieve brisk sales of professional radio systems for the North American public safety market, and the overseas OEM Business in the Mobility & Telematics Services Sector performed solidly.

Core operating income of JVCKENWOOD Corporation and its consolidated subsidiaries for the nine months ended December 31, 2024, also increased year on year mainly because the Mobility & Telematics Services Sector and the Entertainment Solutions Sector recorded increased profits. In addition, operating profit increased from the same period a year earlier in line with a year-on-year increase in core operating income. As a result, the line-item profits of profit before income taxes and below soared backed mainly by an increase in share of profit of investments accounted for using the equity method as well as an increase in operating profit.

A summary of consolidated operating results for the nine months ended December 31, 2024, is as follows.

(Million yen)

	Q1-Q3 of FYE3/'24	Q1-Q3 of FYE3/'25	Year-on-year change	
			Amount	Percentage
Revenue	267,258	270,474	+3,216	+1.2%
Core operating income*	16,015	18,568	+2,553	+15.9%
Operating profit	14,982	16,783	+1,801	+12.0%
Profit before income taxes	14,932	18,276	+3,344	+22.4%
Profit attributable to owners of the parent	10,922	14,070	+3,147	+28.8%

*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 losses (gains), which are primarily due to one-time factors. The evaluation of business sector performance is explained using core operating income.

The exchange rates used for financial reporting purposes for the nine months of the fiscal year under review are as follows.

		Q1	Q2	Q3	Q1-Q3 (reference)
FYE3/'25	U.S. dollar	Approx. 156 yen	Approx. 150 yen	Approx. 152 yen	Approx. 153 yen
	Euro	Approx. 168 yen	Approx. 164 yen	Approx. 163 yen	Approx. 165 yen
FYE3/'24 (for reference)	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

Revenue

Revenue of the JVCKENWOOD Group for the nine months ended December 31, 2024, increased approximately 3,200 million yen, or 1.2%, from the same period a year earlier to 270,474 million yen. This was because sales of the Communications Systems Business in the Safety & Security Sector remained brisk as in the previous fiscal year, and the overseas OEM Business in the Mobility & Telematics Services Sector performed solidly.

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 ended December 31, 2024, grew approximately 2,600 million yen, or 15.9%, from a year earlier to 18,568 million yen mainly because of the structural reform implemented in the previous fiscal year producing positive effects as well as increased revenue.

Operating profit

Operating profit for the nine months ended December 31, 2024, was up approximately 1,800 million yen, or 12.0%, from a year earlier to 16,783 million yen, mainly due to an increase in core operating income.

Profit before income taxes

Profit before income taxes for the nine months ended December 31, 2024, soared approximately 3,300 million yen, or 22.4%, from a year earlier to 18,276 million yen. This was mainly due to a rise in operating profit and an increase in share of profit of investments accounted for using the equity method.

Profit attributable to owners of the parent

Profit attributable to owners of the parent for the nine months ended December 31, 2024, soared approximately 3,100 million yen, or 28.8%, from a year earlier to 14,070 million yen, mainly due to a rise in profit before income taxes.

Revenue and Profit (Loss) by Business Sector

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

Nine months ended December 31, 2024 (April 1, 2024, to December 31, 2024) (Million yen)

Business Sector		Q1-Q3 of FYE3/'24	Q1-Q3 of FYE3/'25	Year-on-year change
Mobility & Telematics Services Sector	Revenue	148,800	148,799	(1)
	Core operating income	3,073	3,577	+503
Safety & Security Sector	Revenue	69,900	73,073	+3,173
	Core operating income	13,293	13,190	(103)
Entertainment Solutions Sector	Revenue	41,995	41,453	(542)
	Core operating income	(186)	1,713	+1,899
Others	Revenue	6,561	7,148	+586
	Core operating income	(165)	87	+253
Total	Revenue	267,258	270,474	+3,216
	Core operating income	16,015	18,568	+2,553

Mobility & Telematics Services Sector

Revenue of the Mobility & Telematics Services Sector for the nine months ended December 31, 2024, came in almost unchanged from a year earlier at 148,799 million yen. Core operating income grew approximately 500 million yen from a year earlier to 3,577 million yen. Core operating income includes approximately 600 million yen of a negative impact from foreign exchange hedge.

Revenue

Revenue of the OEM Business increased from a year earlier mainly due to solid performance of the dealer-installed option business in Japan as well as strong sales of in-vehicle speakers, amplifiers, antennas, cables and lenses from overseas OEMs.

Revenue of the Aftermarket Business came in almost unchanged from a year earlier mainly because sales trended to recover from the first half of the fiscal year under review, although the business was affected by a decline in automobile sales in Japan during the first quarter of the fiscal year under review.

Revenue of the Telematics Service Business decreased significantly from a year earlier due to a plunge in sales of telematics solution-related products including connected-type dashcams for auto insurance companies.

Core operating income

Core operating income of the entire Mobility & Telematics Services Sector increased from a year earlier. This was because the profit of the Aftermarket Business increased from a year earlier backed by recovery in sales, and the profit of the OEM Business was up from a year earlier thanks to the revenue-increase effect, although the profit of the Telematics Service Business dropped from a year earlier due to the impact of revenue decrease.

Safety & Security Sector

For the nine months ended December 31, 2024, revenue of the Safety & Security Sector rose approximately 3,200 million yen, or 4.5%, from a year earlier to 73,073 million yen, while core operating income decreased approximately 100 million yen from a year earlier to 13,190 million yen.

Revenue

Revenue of the Communications Systems Business grew approximately 4,000 million yen from a year earlier mainly because sales of professional radio systems were brisk in the North American public safety market.

Revenue of the Professional Systems Business decreased approximately 900 million yen from a year earlier mainly due to a decline in sales of medical image display monitors.

Core operating income

Core operating income of the Safety & Security Sector as a whole came in almost unchanged from a year earlier mainly because fixed costs increased due to personnel increase although the Communications Systems Business recorded increased revenue.

Entertainment Solutions Sector

Revenue of the Entertainment Solutions Sector for the nine months ended December 31, 2024, fell approximately 500 million yen, or 1.3%, from a year earlier to 41,453 million yen. Core operating income increased approximately 1,900 million yen from a year earlier to 1,713 million yen.

Revenue

Revenue of the Media Business increased approximately 700 million yen from a year earlier mainly because sales of portable power stations and headphones/earphones remained solid.

Revenue of the Entertainment Business decreased approximately 1,200 million yen from a year earlier mainly because sales of the content business declined.

Core operating income

The Entertainment Solutions Sector as a whole registered a significant increase in core operating income from a year earlier mainly due to the positive effects of the structural reform in the previous fiscal year and the reduction of fixed costs, and as a result, turned into the black.

(2) Financial Position for the nine months ended December 31, 2024

Analysis of Assets, Liabilities, Equity, Etc.

Assets

Total assets increased approximately 5,800 million yen from the end of the previous fiscal year to 322,653 million yen. This was mainly due to an increase in non-current assets, such as property, plant and equipment, despite a decrease in trade and other receivables.

Liabilities

Total liabilities were down approximately 5,500 million yen from the end of the previous fiscal year to 190,132 million yen. This was mainly due to the repayment of bank borrowings, despite an increase in trade and other payables.

Equity

Total equity rose approximately 11,300 million yen from the end of the previous fiscal year to 132,520 million yen. This was mainly because of an increase of approximately 11,500 million yen in retained earnings, despite a decrease due to share repurchase.

The ratio of equity attributable to owners of the parent to total assets increased 2.8 percentage points from the end of the previous fiscal year to 39.0%. This was due to an increase in total equity attributable to owners of the parent.

Cash Flow Analysis

Cash flows from operating activities

Net cash provided by operating activities for the nine months ended December 31, 2024, was 28,898 million yen, an increase of approximately 6,000 million yen from the same period of the previous fiscal year. This was mainly due to an increase in profit before income taxes and a drop in working capital including, among others, trade and other receivables.

Cash flows from investing activities

Net cash used in investing activities for the nine months ended December 31, 2024, was 16,770 million yen, an increase of approximately 3,800 million from the same period of the previous fiscal year. This was mainly due to an increase in capital expenditure, despite an increase in proceeds from the sale of property, plant and equipment.

Cash flows from financing activities

Net cash used in financing activities for the nine months ended December 31, 2024, was 16,560 million yen, a decrease of approximately 200 million yen from the same period of the previous fiscal year. This was mainly due to a decrease in acquisition of treasury stock despite the continued repayment of bank borrowings.

Cash and cash equivalents at the end of for the nine months ended December 31, 2024, increased approximately 3,500 million yen from the same period of the previous fiscal year to 54,798 million yen.

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

Earnings Forecast for the Fiscal Year Ending March 31, 2025

For the nine months ended December 31, 2024, both revenue and core operating income of JVCKENWOOD Corporation and its consolidated subsidiaries came in almost as forecasted. This is primarily because the Communications Systems Business in the Safety & Security Sector continued to achieve brisk sales of professional radio systems for the North American public safety market, and the overseas OEM Business in the Mobility & Telematics Services Sector performed solidly.

For the fourth quarter of the fiscal year under review, all the three business sectors, namely the Safety & Security Sector, the Mobility & Telematics Services Sector, and the Entertainment Solutions Sector, are expected to record sales as forecasted. Accordingly, the consolidated earnings forecast for the fiscal year ending March 31, 2025, which was announced on October 31, 2024, remains unchanged.

(Million yen)

		Consolidated earnings for the FYE March 2024	Consolidated earnings forecast for FYE March 2025 (announced on October 31, 2024)	Year-on-year change
Revenue		359,459	364,000	+4,541
Core operating income*		19,710	23,000	+3,290
Operating profit		18,226	22,000	+3,774
Profit before income taxes		18,245	23,000	+4,755
Profit attributable to owners of the parent		13,016	17,000	+3,984
Exchange rate	(to the U.S. dollar)	145 yen	147 yen	+2 yen
	(to Euro)	157 yen	159 yen	+2 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 losses (gains), which are primarily due to one-time factors.

The earning forecast was prepared by the JVCKENWOOD Corporation based on information available at the time of releasing this document. Actual business results may differ from the forecast values due to various factors.

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

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and cash equivalents	57,874	54,798
Trade and other receivables	67,863	64,178
Contract assets	4,748	7,297
Other financial assets	4,914	3,552
Inventories	62,906	67,852
Right to recover products	254	315
Income taxes receivable	924	708
Other current assets	6,547	6,422
Subtotal	206,032	205,125
Assets classified as held for sale	16	—
Total current assets	206,049	205,125
Non-current assets		
Property, plant and equipment	61,955	64,660
Goodwill	2,665	2,692
Intangible assets	17,969	21,457
Net defined benefit assets	1,052	885
Investment property	4,077	4,090
Investments accounted for using the equity method	5,880	8,322
Other financial assets	10,432	8,595
Deferred tax assets	6,160	6,210
Other non-current assets	576	614
Total non-current assets	110,770	117,527
Total assets	316,819	322,653

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	53,430	60,467
Contract liabilities	4,968	5,059
Refund liabilities	4,915	4,539
Short-term borrowings	19,194	22,437
Other financial liabilities	6,110	5,312
Income taxes payable	1,700	1,891
Provisions	2,303	2,352
Other current liabilities	29,093	26,892
Total current liabilities	121,717	128,953
Non-current liabilities		
Long-term borrowings	38,103	28,034
Other financial liabilities	13,380	12,589
Net defined benefit liabilities	17,436	16,499
Provisions	1,402	1,350
Deferred tax liabilities	2,663	1,633
Other non-current liabilities	895	1,072
Total non-current liabilities	73,881	61,179
Total liabilities	195,598	190,132
Equity		
Capital stock	13,645	13,645
Capital surplus	42,209	42,310
Retained earnings	40,004	51,510
Treasury stock	(7,125)	(10,173)
Other components of equity	26,067	28,526
Equity attributable to owners of the parent company	114,801	125,819
Non-controlling interests	6,418	6,700
Total equity	121,220	132,520
Total liabilities and equity	316,819	322,653

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

(Consolidated Statement of Income)

(Millions of yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Revenue	267,258	270,474
Cost of sales	186,181	182,310
Gross profit	81,076	88,164
Selling, general and administrative expenses	65,061	69,596
Other income	1,905	1,860
Other expenses	2,878	3,592
Foreign exchange gains (losses)	(59)	(52)
Operating profit	14,982	16,783
Finance income	676	849
Finance expenses	1,116	1,045
Share of profit (loss) of investments accounted for using the equity method	390	1,689
Profit before income taxes	14,932	18,276
Income tax expenses	3,362	3,562
Profit	11,569	14,714
Profit attributable to:		
Owners of the parent company	10,922	14,070
Non-controlling interests	646	644
Profit	11,569	14,714
Earnings per share		
Basic earnings per share	70.24 yen	93.43 yen
Diluted earnings per share	69.88 yen	92.70 yen

(Consolidated Statement of Comprehensive Income)

(Millions of yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Profit	11,569	14,714
Other comprehensive income ("OCI")		
Items that will not be reclassified subsequently to profit or loss		
Financial assets measured at fair value through OCI	217	(354)
Share of OCI of investments accounted for using the equity method	(10)	—
Total of items that will not be reclassified subsequently to profit or loss	207	(354)
Items that may be reclassified subsequently to profit or loss		
Exchange differences arising on translation of foreign operations	5,868	3,938
Cash flow hedges	(34)	(728)
Share of OCI of investments accounted for using the equity method	318	(145)
Total of items that may be reclassified subsequently to profit or loss	6,152	3,065
OCI, net of income tax	6,359	2,711
Comprehensive income	17,928	17,425
Total comprehensive income attributable to:		
Owners of the parent company	17,043	16,528
Non-controlling interests	885	897
Comprehensive income	17,928	17,425

(3) Consolidated Statement of Cash Flows

(Millions of yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Cash flows from operating activities		
Profit before income taxes	14,932	18,276
Depreciation and amortization	13,554	13,040
Impairment losses	421	47
Increase (decrease) in net defined benefit liabilities	(472)	(1,054)
Decrease (increase) in net defined benefit assets	220	167
Finance income	(676)	(849)
Finance expenses	1,116	1,045
Loss (gain) on valuation of financial assets measured at fair value through profit or loss	(194)	1,017
Loss (gain) on sales of property, plant and equipment	(402)	(1,231)
Loss on disposal of property, plant and equipment	53	384
Share of loss (profit) of investments accounted for using the equity method	(390)	(1,689)
Decrease (increase) in trade and other receivables	(2,568)	4,889
Decrease (increase) in inventories	4,107	(3,290)
Increase (decrease) in trade and other payables	1,118	6,168
Increase (decrease) in accrued expenses	(2,860)	(2,954)
Increase (decrease) in other current liabilities	326	412
Other, net	(1,223)	(2,194)
Subtotal	27,061	32,185
Interest received	585	756
Dividend received	276	92
Interest paid	(1,002)	(944)
Income taxes paid	(4,037)	(3,191)
Net cash provided by operating activities	22,884	28,898
Cash flows from investing activities		
Purchases of property, plant and equipment	(7,671)	(11,111)
Proceeds from sales of property, plant and equipment	1,645	4,149
Purchases of intangible assets	(6,560)	(8,776)

(Millions of yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Purchases of equity instruments	(174)	(392)
Payment for acquisition of investments accounted for using the equity method	(888)	(907)
Proceeds from distribution of debt instruments	712	576
Other, net	(1)	(309)
Net cash used in investing activities	(12,938)	(16,770)
Cash flows from financing activities		
Proceeds from short-term borrowings	4,370	8,210
Repayment of short-term borrowings	(5,274)	(9,193)
Proceeds from long-term borrowings	6,573	3,437
Repayment of long-term borrowings	(10,527)	(9,704)
Repayment of lease liabilities	(2,862)	(3,091)
Acquisition of treasury stock	(7,001)	(3,081)
Cash dividends paid	(1,961)	(2,563)
Other, net	(101)	(574)
Net cash used in financing activities	(16,785)	(16,560)
Effect of exchange rate changes on cash and cash equivalents	2,052	1,357
Net increase (decrease) in cash and cash equivalents	(4,787)	(3,076)
Cash and cash equivalents at beginning of year	56,186	57,874
Cash and cash equivalents included in assets classified as held for sale	(99)	—
Cash and cash equivalents at end of quarter	51,298	54,798