

JVCKENWOOD

October 31, 2024

Accounting Report for the First Half of FYE 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>
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 Scheduled date to file semi-annual securities report: November 7, 2024
 Scheduled date to commence dividend payments: December 9, 2024
 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 first half of FYE March 31, 2025 (from April 1, 2024 to September 30, 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	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
H1 of FYE March 31, 2025	176,574	1.1	13,015	23.9	13,556	38.2	14,473	48.6	11,093	64.4
FYE March 31, 2024	174,704	10.5	10,503	76.9	9,807	70.3	9,740	68.4	6,750	83.6

*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
H1 of	Yen	Yen
FYE March 31, 2025	73.55	73.01
FYE March 31, 2024	43.04	42.86

(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	%
September 30, 2024	308,598	125,075	118,454	38.4
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
FYE March 31, 2024	Yen —	Yen 0.00	Yen —	Yen 12.00	Yen 12.00
FYE March 31, 2025	—	5.00			
FYE 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: Yes

Note

(1) Significant changes in the scope of 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 September 30, 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 September 30, 2024	13,136,184 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)

H1 of FYE March 31, 2025	150,827,111 shares
H1 of FYE March 31, 2024	156,825,652 shares

* Semi-annual accounting reports are exempt from review conducted by certified public accountants or an audit firm.

1. Overview of Business Performance

(1) Business Results for the First Half of the Fiscal Year Under Review

Overview of the First Half of the Fiscal Year Under Review

Revenue of JVCKENWOOD Corporation and its consolidated subsidiaries for the first half of the fiscal year under review increased from the same period a year earlier. This was because sales of the Communications Systems Business in the Safety & Security Sector remained brisk, hitting a record high in the first half following the first quarter, and the overseas OEM business in the Mobility & Telematics Services Sector performed strongly.

In addition, core operating income of JVCKENWOOD Corporation and its consolidated subsidiaries increased significantly year on year since the Safety & Security Sector, among others, achieved record-high results, and all the three business sectors, namely, Mobility & Telematics Services, Entertainment Solutions, and Safety & Security, recorded a year-on-year increase in profits. Accordingly, operating profit and all the other line-item profits below also soared year on year in line with the growth of core operating income.

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

(Million yen)

	H1 of FYE3/'24	H1 of FYE3/'25	Year-on-year change	
			Amount	Percentage
Revenue	174,704	176,574	+1,870	+1.1%
Core operating income*	10,503	13,015	+2,512	+23.9%
Operating profit	9,807	13,556	+3,749	+38.2%
Profit before income taxes	9,740	14,473	+4,732	+48.6%
Profit attributable to owners of the parent	6,750	11,093	+4,343	+64.4%

*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 segment performance is explained using core operating income.

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

		Q1	Q2	H1 (reference)
Profit-and-loss exchange rate	U.S. dollar	Approx. 156 yen	Approx. 150 yen	Approx. 153 yen
	Euro	Approx. 168 yen	Approx. 164 yen	Approx. 166 yen
FY2023 (for reference)	U.S. dollar	Approx. 137 yen	Approx. 145 yen	Approx. 141 yen
	Euro	Approx. 150 yen	Approx. 157 yen	Approx. 153 yen

Revenue

Revenue of the JVCKENWOOD Group for the first half of the fiscal year under review increased approximately 1,900 million yen, or 1.1%, from the same period a year earlier to 176,574 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 strongly.

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 first half of the fiscal year under review grew approximately 2,500 million yen, or 23.9%, from a year earlier to 13,015 million yen, mainly reflecting improved product mix as well as increased revenue.

Operating profit

Operating profit for the first half of the fiscal year under review was up approximately 3,700 million yen, or 38.2%, from a year earlier to 13,556 million yen, mainly due to the recognition of gain on sale of non-current assets as well as an increase in core operating income.

Profit before income taxes

Profit before income taxes for the first half of the fiscal year under review soared approximately 4,700 million yen, or 48.6%, from a year earlier to 14,473 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 first half of the fiscal year under review soared approximately

4,300 million yen, or 64.4%, from a year earlier to 11,093 million yen, mainly due to a rise in profit before income taxes.

Revenue and Profit (Loss) by Business Segment

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

First half of the fiscal year ending March 2025 (April 1, 2024, to September 30, 2024) (Million yen)

Segment		H1 of FYE3/24	H1 of FYE3/25	Year-on-year change
Mobility & Telematics Services Sector	Revenue	97,880	96,709	(1,170)
	Core operating income	1,761	1,992	+230
Safety & Security Sector	Revenue	45,599	48,586	+2,987
	Core operating income	8,660	9,916	+1,255
Entertainment Solutions Sector	Revenue	27,009	26,631	(378)
	Core operating income	140	965	+824
Others	Revenue	4,215	4,646	+431
	Core operating income	(59)	142	+201
Total	Revenue	174,704	176,574	+1,870
	Core operating income	10,503	13,015	+2,512

Mobility & Telematics Services Sector

Revenue of the Mobility & Telematics Services Sector for the first half of the fiscal year under review decreased approximately 1,200 million yen, or 1.2%, from a year earlier to 96,709 million yen. Core operating income grew approximately 200 million yen from a year earlier to 1,992 million yen. Core operating income includes approximately 500 million yen of a negative impact from foreign exchange hedge.

Revenue

Revenue of the OEM Business increased from a year earlier mainly due to strong sales of automotive speakers, amplifiers, antennas, cables and lenses from overseas OEMs.

Revenue of the Aftermarket Business decreased from a year earlier due in part to a decline in automobile sales in Japan during the first quarter of the fiscal year under review, although the business trended to recover during the first half.

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 OEM Business was up from a year earlier thanks to the revenue-increase effect, although the profits of the Aftermarket Business and the Telematics Service Business dropped from a year earlier due to the impact of revenue decrease.

Safety & Security Sector

For the first half of the fiscal year under review, revenue of the Safety & Security Sector rose approximately 3,000 million yen, or 6.6%, from a year earlier to 48,586 million yen, while core operating income increased approximately 1,300 million yen from a year earlier to 9,916 million yen, a record high for the first half of a fiscal year.

Revenue

Revenue of the Communications Systems Business grew approximately 3,500 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 500 million yen from a year earlier mainly because revenue of JVCKENWOOD Public & Industrial Systems Corporation decreased due to a decline in sales resulting from decreased backlog of orders.

Core operating income

The Safety & Security Sector reported an increase in profit from a year earlier because the Communications Systems Business registered a rise in profit thanks to revenue growth, despite an increase in fixed costs due to

personnel increase.

Entertainment Solutions Sector

Revenue of the Entertainment Solutions Sector for the first half of the fiscal year under review fell approximately 400 million yen, or 1.4%, from a year earlier to 26,631 million yen. Core operating income increased approximately 800 million yen from a year earlier to 965 million yen.

Revenue

Revenue of the Media Business increased approximately 700 million yen from a year earlier mainly because sales of projectors and portable power station were solid.

Revenue of the Entertainment Business decreased approximately 1,100 million yen from a year earlier mainly because sales in the content business declined.

Core operating income

The Entertainment Solutions Sector as a whole reported higher profit than a year earlier mainly because of an increase in revenue of the Media Business, as well as other factors, such as the positive effect of the structural reform and the reduction of fixed costs in the previous fiscal year.

(2) Financial Position for the First Half of the Fiscal Year under Review

Analysis of Assets, Liabilities, Equity, Etc.

Assets

Total assets decreased approximately 8,200 million yen from the end of the previous fiscal year to 308,598 million yen. This was mainly due to a decrease in current assets, such as cash and cash equivalents and trade and other receivables, despite an increase in inventories.

Liabilities

Total liabilities were down approximately 12,100 million yen from the end of the previous fiscal year to 183,522 million yen. This was mainly due to the repayment of long-term borrowings, as well as a decrease in current liabilities.

Equity

Total equity rose approximately 3,900 million yen from the end of the previous fiscal year to 125,075 million yen. This was mainly due to an increase of approximately 9,300 million yen in retained earnings, although other components of equity decreased with the appreciation of the yen against major currencies, such as the U.S. dollar and Euro.

The ratio of equity attributable to owners of the parent to total assets increased 2.2 percentage points from the end of the previous fiscal year to 38.4%. This was mainly due to an increase in equity attributable to owners of the parent.

Cash Flow Analysis

Cash flows from operating activities

Net cash provided by operating activities for the first half of the fiscal year under review was 15,958 million yen, an increase of approximately 5,400 million yen from the same period of the previous fiscal year. This was mainly due to an increase in profit before income taxes.

Cash flows from investing activities

Net cash used in investing activities for the first half of the fiscal year under review was 7,870 million yen, a decrease of approximately 200 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 sale of property, plant and equipment.

Cash flows from financing activities

Net cash used in financing activities for the first half of the fiscal year under review was 10,246 million yen, a decrease of approximately 800 million yen from the same period of the previous fiscal year. This was mainly due to the absence of share repurchases similar to the one conducted in the same period of the previous fiscal year, along with the repayment of bank borrowings.

Cash and cash equivalents at the end of the first half of the fiscal year under review increased approximately 3,600 million yen from the same period of the previous fiscal year to 54,276 million yen.

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

Earnings Forecast for FYE3/25

For the first half of the fiscal year under review, the earnings results far exceeded the initial forecast for the JVCKENWOOD Group. This is because the Safety & Security Sector, among others, achieved record-high results, and all the three business sectors, namely, Mobility & Telematics Services, Entertainment Solutions, and Safety & Security, recorded a year-on-year increase in profits.

For the third quarter and beyond in the fiscal year under review, all the three business sectors are expected to perform strongly. Accordingly, the consolidated earnings forecast for the fiscal year ending March 2025 initially announced on April 26, 2024, has been revised as detailed separately today in the “Revision of Consolidated Earnings Forecast for the Fiscal Year Ending March 2025.”

(Million yen)

	Consolidated earnings for the FYE March 2024	Previous consolidated earnings forecast for the FYE March 2025 (announced on April 26, 2024)	Revised consolidated earnings forecast for FYE March 2025 (announced on October 31, 2024)	Comparison with the previous forecast	Year-on-year change	
Revenue	359,459	362,000	364,000	+2,000	+4,541	
Core operating income	19,710	19,000	23,000	+4,000	+3,290	
Operating profit	18,226	18,200	22,000	+3,800	+3,774	
Profit before income taxes	18,245	18,000	23,000	+5,000	+4,755	
Profit attributable to owners of the parent	13,016	12,500	17,000	+4,500	+3,984	
Exchange rate	(to the U.S. dollar)	145 yen	147 yen	147 yen	±0 yen	+2 yen
	(to Euro)	157 yen	159 yen	159 yen	±0 yen	+2 yen

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 September 30, 2024
Assets		
Current assets		
Cash and cash equivalents	57,874	54,276
Trade and other receivables	67,863	61,413
Contract assets	4,748	6,168
Other financial assets	4,914	2,275
Inventories	62,906	65,342
Right to recover products	254	317
Income taxes receivable	924	596
Other current assets	6,547	7,306
Subtotal	206,032	197,697
Assets classified as held for sale	16	—
Total current assets	206,049	197,697
Non-current assets		
Property, plant and equipment	61,955	61,436
Goodwill	2,665	2,602
Intangible assets	17,969	19,652
Net defined benefit assets	1,052	943
Investment property	4,077	3,978
Investments accounted for using the equity method	5,880	6,952
Other financial assets	10,432	8,901
Deferred tax assets	6,160	5,848
Other non-current assets	576	583
Total non-current assets	110,770	110,900
Total assets	316,819	308,598

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	53,430	52,675
Contract liabilities	4,968	6,206
Refund liabilities	4,915	4,239
Short-term borrowings	19,194	20,409
Other financial liabilities	6,110	5,378
Income taxes payable	1,700	2,132
Provisions	2,303	2,200
Other current liabilities	29,093	25,959
Total current liabilities	121,717	119,201
Non-current liabilities		
Long-term borrowings	38,103	31,148
Other financial liabilities	13,380	12,633
Net defined benefit liabilities	17,436	16,673
Provisions	1,402	1,351
Deferred tax liabilities	2,663	1,483
Other non-current liabilities	895	1,030
Total non-current liabilities	73,881	64,320
Total liabilities	195,598	183,522
Equity		
Capital stock	13,645	13,645
Capital surplus	42,209	42,263
Retained earnings	40,004	49,288
Treasury stock	(7,125)	(7,104)
Other components of equity	26,067	20,361
Equity attributable to owners of the parent company	114,801	118,454
Non-controlling interests	6,418	6,620
Total equity	121,220	125,075
Total liabilities and equity	316,819	308,598

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

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Revenue	174,704	176,574
Cost of sales	121,655	118,490
Gross profit	53,048	58,084
Selling, general and administrative expenses	42,545	45,068
Other income	1,430	1,481
Other expenses	1,997	1,192
Foreign exchange gains (losses)	(129)	251
Operating profit	9,807	13,556
Finance income	460	584
Finance expenses	708	697
Share of profit (loss) of investments accounted for using the equity method	181	1,030
Profit before income taxes	9,740	14,473
Income tax expenses	2,673	2,863
Profit	7,067	11,610
Profit attributable to:		
Owners of the parent company	6,750	11,093
Non-controlling interests	317	516
Profit	7,067	11,610
Earnings per share		
Basic earnings per share	43.04 yen	73.55 yen
Diluted earnings per share	42.86 yen	73.01 yen

(Consolidated Statement of Comprehensive Income)

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Profit	7,067	11,610
Other comprehensive income (“OCI”)		
Items that will not be reclassified subsequently to profit or loss		
Financial assets measured at fair value through OCI	128	(426)
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	118	(426)
Items that may be reclassified subsequently to profit or loss		
Exchange differences arising on translation of foreign operations	9,848	(4,354)
Cash flow hedges	1,570	(1,342)
Share of OCI of investments accounted for using the equity method	207	55
Total of items that may be reclassified subsequently to profit or loss	11,626	(5,641)
OCI, net of income tax	11,744	(6,067)
Comprehensive income	18,811	5,542
Total comprehensive income attributable to:		
Owners of the parent company	17,962	5,387
Non-controlling interests	849	155
Comprehensive income	18,811	5,542

(3) Consolidated Statement of Cash Flows

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	9,740	14,473
Depreciation and amortization	8,997	8,737
Increase (decrease) in net defined benefit liabilities	(307)	(640)
Decrease (increase) in net defined benefit assets	141	108
Finance income	(460)	(584)
Finance expenses	708	697
Loss (gain) on valuation of financial assets measured at fair value through profit or loss	(94)	204
Loss (gain) on sales of property, plant and equipment	(495)	(1,227)
Loss on disposal of property, plant and equipment	29	371
Decrease (increase) in trade and other receivables	(3,274)	4,705
Decrease (increase) in inventories	710	(4,106)
Increase (decrease) in trade and other payables	(2,625)	(242)
Increase (decrease) in accrued expenses	(186)	(2,132)
Increase (decrease) in other current liabilities	187	1,029
Other, net	364	(3,367)
Subtotal	13,436	18,027
Interest received	410	528
Dividend received	253	55
Interest paid	(638)	(627)
Income taxes paid	(2,886)	(2,025)
Net cash provided by operating activities	10,575	15,958
Cash flows from investing activities		
Purchases of property, plant and equipment	(4,504)	(6,571)
Proceeds from sales of property, plant and equipment	1,650	4,115
Purchases of intangible assets	(4,177)	(5,746)
Payment for acquisition of investments accounted for using the equity method	(888)	—
Other, net	(125)	331
Net cash used in investing activities	(8,045)	(7,870)
Cash flows from financing activities		
Proceeds from short-term borrowings	2,541	3,285
Repayment of short-term borrowings	(1,753)	(5,897)
Proceeds from long-term borrowings	1,573	3,437
Repayment of long-term borrowings	(4,878)	(6,518)
Repayment of lease liabilities	(1,859)	(2,168)
Acquisition of treasury stock	(4,500)	(1)
Cash dividends paid	(1,961)	(1,809)
Other, net	(187)	(575)
Net cash used in financing activities	(11,026)	(10,246)
Effect of exchange rate changes on cash and cash equivalents	3,135	(1,439)
Net increase (decrease) in cash and cash equivalents	(5,361)	(3,597)
Cash and cash equivalents at beginning of the period	56,186	57,874
Cash and cash equivalents included in assets classified as held for sale	(102)	—
Cash and cash equivalents at end of the period	50,722	54,276