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Notice Regarding Recording of Operating Loss and Extraordinary Loss

JVCKENWOOD Corporation (JVCKENWOOD) announces that it has recorded operating loss and extraordinary loss for the first nine months of the fiscal year ending March 2017 for the following reasons.

1. Details of operating loss

JVCKENWOOD has recorded an operating loss of 1,491 million yen due to an increase in the development cost of a new i-ADAS* product for which orders were received from a specific customer in the Automotive Sector.

In i-ADAS, one of the key businesses in the Automotive Sector that is driving JVCKENWOOD's growth, we will continue working to promptly commercialize the business by taking measures such as restructuring management and organization toward future expansion and development of the business.

*i-ADAS: A JVCKENWOOD trademark that stands for "Innovative Advanced Driver Assistance System."

2. Details of extraordinary loss

(1) Extraordinary loss in the U.S. communication systems subsidiary

Regarding goodwill and fixed assets that were obtained at the time of acquiring shares of its consolidated subsidiary for communication systems in the U.S., JVCKENWOOD carefully examined the future business plan and recoverability in view of the fact that the earnings of the subsidiary had fallen below the initial plan. As a result, the Company recorded an extraordinary loss of 4,807 million yen.

(2) Extraordinary loss in the U.S. CMOS Image Sensor Subsidiary

JVCKENWOOD carefully examined the recoverability of fixed assets of its U.S. consolidated subsidiary for CMOS image sensors in revising the subsidiary's business strategy. As a result, we decided to record an extraordinary loss of 503 million yen.

3. Future Outlook

As announced in the "Notice Regarding Revisions of Forecasts for Earnings and Dividend of Surplus" released today, we have revised the consolidated earnings forecast for the fiscal year ending March 2017.

Note: The statements about the future, including the earnings forecast, in this document are made based on information available and certain assumptions deemed reasonable at the time the material was released, and actual earnings may differ significantly from the forecast due to various factors.