TRANSLATION - FOR REFERENCE ONLY -

JVCKENWOOD

April 26, 2019

Company	JVCKENWOOD Corporation
Representative	Shoichiro Eguchi, President and CEO (Code: 6632; First Section of the Tokyo Stock Exchange)
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Accounting Report for the Fiscal Year Ended March 2019 (IFRS)
(April 1, 2018 – March 31, 2019)

Operating Results (JPY in Million, except Basic net income per share)

	FYE 3/2018 April 1, 2017 to March 31, 2018	FYE 3/2019 April 1, 2018 to March 31, 2019
Revenue	300,687	307,627
Operating income	6,937	7,263
Profit before income taxes	5,940	6,401
Profit attributable to owners of the parent company	2,389	3,847
Comprehensive income	11,672	5,488
Basic net income per share	17.20 yen	25.00 yen

FYE: Fiscal year ended / ending

Revenue and Core Operating Income by Customer industry sectors (JPY in Million)

		FYE 3/2018	FYE 3/2019	Year-on-year comparison
Automotive Sector	Revenue	171,435	169,532	-1,903
	Core Operating income	7,601	5,632	-1,994
Public Service Sector	Revenue	65,035	70,944	+5,909
	Core Operating income	-1,519	628	+2,147
Media Service Sector	Revenue	58,972	58,795	-177
	Core Operating income	374	2,217	+1,843
Others	Revenue	5,243	8,354	+3,111
	Core Operating income	-145	109	+254
Total	Revenue	300,687	307,627	+6,940
	Core Operating income	6,310	8,562	+2,252
	Operating profit	6,937	7,263	+326
	Profit before income taxes	5,940	6,401	+461
	Profit attributable to owners of the parent company	2,389	3,847	+1,458

1. Overview of Operating Results

(1) Overview of Operating Results for the Fiscal Year Under Review

Overview of Operating Results

The following is an overview of the financial position, operating results, and cash flows ("Operating Results") for the JVCKENWOOD Group (JVCKENWOOD and its consolidated subsidiaries and equity-method companies) for the fiscal year under review. Forward-looking statements in this document are based on the Company's judgment as of the publication date of this document.

① Financial Position and Operating Results

Revenue of the JVCKENWOOD Group for the fiscal year under review increased from a year earlier, because revenue of the Public Service Sector and Others increased and revenue of the Media Service Sector was at the same level as the previous year, although revenue of the Automotive Sector decreased due to the impacts of a sales decline in the fourth quarter. Operating profit of the JVCKENWOOD Group increased from a year earlier, despite recognition of an impairment loss as notified in the "Notice Regarding Recognition of Impairment Loss" published separately on April.26, 2019 due to a significant profit growth in the Public Service Sector and the Media Service Sector.

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

		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Full Year
Profit-and-loss exchange rate	US dollar	Approx. 109 yen	Approx. 111 yen	Approx. 113 yen	Approx. 110 yen	Approx. 111 yen
	Euro	Approx. 130 yen	Approx. 130 yen	Approx. 129 yen	Approx. 125 yen	Approx. 128 yen
FY2017 (for reference)	US dollar	Approx. 111 yen	Approx. 111 yen	Approx. 113 yen	Approx. 108 yen	Approx. 111 yen
	Euro	Approx. 122 yen	Approx. 130 yen	Approx. 133 yen	Approx. 133 yen	Approx. 130 yen

*Revenue

Revenue for the fiscal year under review increased approximately 6,900 million yen, or 2.3%, from a year earlier to 307,627 million yen.

Revenue of the Automotive Sector decreased from a year earlier, due to lower sales at JVCKENWOOD Hong Kong Holdings Ltd. (the former Shinwa International Holdings Limited), which were impacted by a slowdown in China's economy in the fourth quarter, and lower sales of the Aftermarket Business resulting from a supply problem at a parts supplier. Revenue of the Public Service Sector increased, due to increased revenue of the Communication Systems Business, reflecting higher sales of the Group's US communication system subsidiaries. Revenue of the Media Service Sector as a whole recorded approximately the same level, despite a revenue decrease of the Media Business as a result of a change in the scheme of the brand licensing business, due to increased revenue of the Entertainment Business.

*Operating Profit

Operating profit for the fiscal year under review increased approximately 300 million yen, or 4.7%, from a year earlier, to 7,263 million yen, despite a decrease in gains on sales of assets and recognition of an impairment loss.

Operating performance by business segment for the fiscal year under review is explained using core operating income*, which is calculated by subtracting cost of sales and selling, general and administrative expenses from revenue.

Core operating income for the fiscal year under review increased sharply by 35.7% from a year earlier to 8,562 million yen, despite a profit decrease of the Automotive Sector reflecting the revenue decrease, due to a significant improvement in profit/loss of the Public Service Sector and a sharp profit growth of the Media Service Sector.

In the Automotive Sector, core operating income declined from a year earlier, due to the impacts of the aforementioned factors of the revenue decrease, as well as the impacts of an increase in upfront investments in dealer-installed option products in the OEM Business and increased costs resulting from a supply problem at a parts supplier. In the Public Service Sector, core operating income returned to positive territory, due to a significant improvement in profit/loss, with the Communication Systems Business achieving increases in both revenue and profit. In the Media Service Sector, core operating income increased significantly, with the Media Business returning to positive profit and the Entertainment Business achieving an increase in profit.

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

*Profit before Income Taxes

Profit before income taxes for the fiscal year under review increased approximately 500 million yen, or 7.7%, from a year earlier to 6,401 million yen, reflecting growth in operating profit.

***Profit Attributable to the Owners of theParent Company**
Profit attributable to owners of the parent company for the fiscal year under review surged approximately 1,500 million yen, or 61.0%, from a year earlier to 3,847 million yen, reflecting the growth in profit before income taxes and an improvement in tax expenses.

② Revenue and Core Operating Income (Loss) by Business Segment
Revenue and core operating income (loss) by business segment are as follows.
Revenue by business segment includes inter-segment revenue or transfers.
The Company adopted the provisional accounting treatment for the business combination with Radio Activity S.r.l. conducted in the previous fiscal year. Following finalization of the allocation of acquisition cost during the fiscal year under review, the results for the previous fiscal year have been adjusted retrospectively.

Fiscal Year Ended March 2019 (from April 1, 2018 to March 31, 2019) (Million yen)

Segment		FYE3'/18	FYE3/'19	Year-on-Year Comparison
Automotive Sector	Revenue	171,435	169,532	-1,903
	Core Operating Income	7,601	5,607	-1,994
Public Service Sector	Revenue	65,035	70,944	+5,909
	Core Operating Income	-1,519	628	+2,147
Media Service Sector	Revenue	58,972	58,795	-177
	Core Operating Income	374	2,217	+1,843
Others	Revenue	5,243	8,354	+3,111
	Core Operating Income	-145	109	+254
Total	Revenue	300,687	307,627	+6,940
	Core Operating Income	6,310	8,562	+2,252
	Operating Profit	6,937	7,263	+326
	Profit before income taxes	5,940	6,401	+461
	Profit attributable to owners of the parent company	2,389	3,847	+1,458

***Automotive Sector**
Revenue of the Automotive Sector for the fiscal year under review decreased approximately 1,900 million yen, or 1.1%, from a year earlier to 169,532 million yen. Core operating income declined approximately 2,000 million yen, or 26.2%, from a year earlier to 5,607 million yen.
(Revenue)
In the Aftermarket Business, sales of Saisoku-Navi series car navigation systems and dashcams remained strong in the domestic market, but sales in overseas markets were affected by decreases mainly in the Europe, Middle East, and Africa (EMEA) region. Sales were also affected by a decrease resulting from a supply problem at a parts supplier. As a result, revenue in the Aftermarket Business as a whole decreased from a year earlier.
In the OEM business, revenue increased from a year earlier, despite a sales decrease in dealer-installed option products, reflecting a sales increase in factory-installed option products.
(Core Operating Income)
In the Aftermarket Business, core operating income decreased from a year earlier, due to the aforementioned decrease in revenue.
In the OEM Business, core operating income decreased from a year earlier, due to the impacts of the slowdown of China's economy, increase in upfront investments in dealer-installed option products, and increase in costs resulting from a supply problem at a parts supplier.

***Public Service Sector**
Revenue of the Public Service Sector for the fiscal year under review increased approximately 5,900 million yen, or 9.1%, from a year earlier to 70,944 million yen. Core operating income improved significantly by approximately 2,100 million yen from a year earlier and returned to positive profit at 628 million yen.
(Revenue)
Revenue in the Communication Systems Business increased approximately 3,700 million yen from a year earlier, reflecting the growth in sales of the Group's US communication system subsidiaries.
Revenue of the Professional Systems Business as a whole increased approximately 2,200 million yen from a

year earlier, due to a recovery in sales of JVCKENWOOD Public & Industrial Systems Corporation ("JKPI") from the second half of the fiscal year, as well as the effects of the consolidation of Rein Medical GmbH ("Rein Medical"), which became a Group subsidiary in the healthcare field last May.
(Core Operating Income)
In the Communication Systems Business, core operating income increased significantly, due to the aforementioned revenue growth and strong sales of professional radio systems.
In the Professional Systems Business, core operating income/loss of the business as a whole improved, due to decreased losses reflecting a reduction in fixed costs of JKPI despite increase in upfront investment in healthcare business.

*Media Service Sector

Revenue of the Media Service Sector for the fiscal year under review decreased approximately 200 million yen, or 0.3%, from a year earlier to 58,795 million yen. Core operating income jumped approximately 1,800 million yen, or 492.0%, from a year earlier to 2,217 million yen.
(Revenue)
In the Media Business, revenue decreased approximately 400 million yen from a year earlier, despite solid sales of AV accessories and projectors, due to a decrease in revenue of the brand licensing business resulting from changes in the business scheme from the fiscal year under review.
In the Entertainment Business, revenue increased approximately 200 million yen from a year earlier, despite a decrease in sales of the OEM Business, due to strong sales of the Content Business.
(Core Operating Income)
In the Media Business, income/loss improved significantly with a return to positive core operating income, which substantially improved profits, despite the revenue decrease, due mainly to a change in sales mix and the effects of cost improvements.
In the Entertainment Business, core operating income increased, due to the aforementioned revenue growth.

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

*Assets

Total assets increased approximately 10,700 million yen from the end of the previous fiscal year to 250,617 million yen. This was due to an increase in current assets, including cash and cash equivalents, as well as an increase in non-current assets as a result of an investment in Tait International Ltd. ("Tait International"), a New Zealand-based manufacturer of professional wireless products and systems.

*Liabilities

Total liabilities decreased approximately 800 million yen from the end of the previous fiscal year to 185,296 million yen, despite an increase in bank borrowings, due to a decrease in trade and other payables.

*Equity

Total equity attributable to owners of the parent company increased approximately 11,400 million yen from the end of the previous fiscal year to 62,009 million yen, due to an increase in capital stock and capital surplus from the exercise of subscription rights to shares, as well as an increase in retained earnings.
Total equity increased approximately 11,500 million yen to 65,321 million yen.
As a result, the ratio of equity attributable to owners of the parent company rose 3.6 percentage points from the end of the previous fiscal year to 24.7%.

(3) Overview of Cash Flows for the Fiscal Year under Review

(Cash Flow Analysis)

*Cash Flow from Operating Activities

Net cash provided by operating activities for the fiscal year under review was 20,983 million yen, which is an increase of approximately 2,600 million yen from the previous fiscal year. This was mainly attributable to an increase in profit before income taxes and a decrease in income taxes, as well as a decrease in trade and other receivables.

*Cash Flow from Investing Activities

Net cash used in investing activities for the fiscal year under review was 25,768 million yen, which is an increase of approximately 10,900 million yen from the end of the previous fiscal year. This was mainly attributable to a decrease in cash inflows from sales of non-current assets, an increase in development investments, the conversion of Rein Medical into a subsidiary, and the investment in Tait International.

***Cash Flow from Financing Activities**

Net cash provided by financing activities for the fiscal year under review was 8,479 million yen, which is an increase of approximately 15,500 million yen from the end of the previous fiscal year. This was mainly attributable to proceeds from the exercise of subscription rights to shares.

Cash and cash equivalents at the end of the fiscal year under review increased approximately 3,700 million yen from the end of the previous fiscal year to 40,844 million yen.

(4) Outlook for the Future

(Outlook for the Next Fiscal Year)

Regarding the outlook for the next fiscal year (fiscal year ending March 2020), the Company expects both revenue and profit to increase on a company-wide basis, despite a decrease in sales projected mainly for the OEM Business of the Automotive Sector, due to an increase in revenue in the Public Service Sector and the Media Business of the Media Service Sector.
In the Automotive Sector, we expect Saisoku-Navi series car navigation systems and dashcams in the Aftermarket Business to continue enjoying solid sales in the domestic market, while sales of the OEM Business are projected to decline because dealer-installed options will be in the transition period before sales of newly ordered products start and due to early termination of sales of some products. As a result, the Automotive Sector as a whole is expected to experience decreases in both revenue and profit.
In the Public Service Sector, we expect both revenue and profit to increase because sales of the Communication Systems Business are expected to remain strong, and the Professional Systems Business is expected to enjoy the effects of structural business improvements. In the Media Service Sector, we expect a revenue increase in the Media Business due to the effects of introducing new products. Meanwhile, we plan to release fewer major works than in the fiscal year under review and make investments in new business fields in the Entertainment Business. As a result, the Entertainment Business as a whole will see an increase in revenue, but a decrease in profit.
Consequently, the JVCKENWOOD Group's consolidated earnings forecast for the fiscal year ending March 2020 is as follows.

(IFRS)	Consolidated earnings forecast for the fiscal year ending March 2020
Revenue	310,000 million yen
Operating profit	7,400 million yen
Profit before income taxes	6,500 million yen
Profit attributable to owners of the parent company	4,000 million yen

Exchange rates assumed in preparing the above earnings forecast are 113 yen to the dollar and 128 yen to the euro.
The above earnings forecast was prepared by the Company based on information available to the Company on the publication date of this document. Actual earnings results may differ from the forecasted figures due to various factors.

(Policy for Profit Distribution and Dividends for the Current and the Next Fiscal Year)

JVCKENWOOD's most important management priorities include a stable distribution of profits and ensuring the necessary management resources for future growth. The amount of the dividend of surplus and other amounts appropriated are determined by giving comprehensive consideration to the Group's profitability and financial position.
For the fiscal year under review (fiscal year ended March 2019), JVCKENWOOD is scheduled to distribute a year-end dividend of 6 yen per share based on its profit performance and above-mentioned dividend policy, as announced in "Accounting Report for the Fiscal Year Ended March 2018" on April 26, 2018.
Regarding the dividend for the next fiscal year (fiscal year ending March 2020), JVCKENWOOD has set the annual dividend (year-end) forecast at 6 yen per share based on the above-mentioned dividend policy and will focus on improving its performance and financial position.

2. Basic Approach to the Selection of Accounting Standards

The JVCKENWOOD Group has adopted IFRS, starting with the consolidated financial statements in the Securities Report for the fiscal year ended March 2018 (the 10th term).

3. Consolidated Financial Statements

(1) Consolidated statement of financial position

(JPY in Million)

	Previous Fiscal Year (as of Mar. 31, 2018)	Current Fiscal Year (as of Mar. 31, 2019)
Assets		
Current assets		
Cash and cash equivalents	37,162	40,844
Trade and other receivables	59,160	59,138
Contract assets	1,930	2,022
Other financial assets	861	1,517
Inventories	44,120	44,583
Right to recover products	536	349
Income taxes receivable	847	838
Other current assets	5,762	4,396
Sub total	150,381	153,690
Assets classified as held for sale	—	203
Total current assets	150,381	153,894
Non-current assets		
Property, plant and equipment	44,118	45,110
Goodwill	1,999	3,376
Intangible assets	18,818	19,809
Net defined benefit assets	4,120	4,237
Investment property	2,055	2,221
Investments accounted for using the equity method	1,157	4,293
Other financial assets	10,649	11,183
Deferred tax assets	5,417	5,267
Other non-current assets	1,215	1,222
Total non-current assets	89,551	96,723
Total assets	239,933	250,617

(JPY in Million)

	Previous Fiscal Year (as of Mar. 31, 2018)	Current Fiscal Year (as of Mar. 31, 2019)
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	47,035	44,868
Contract liabilities	3,643	2,261
Refund liabilities	4,673	4,237
Short-term borrowings	29,642	24,447
Other financial liabilities	1,993	1,539
Income taxes payable	1,667	1,536
Provisions	2,143	1,784
Other current liabilities	23,622	23,410
Total current liabilities	114,422	104,085
Non-current liabilities		
Long-term borrowings	38,204	46,865
Other financial liabilities	995	1,595
Net defined benefit liabilities	28,239	28,236
Provisions	1,695	1,471
Deferred tax liabilities	1,623	1,843
Other non-current liabilities	964	1,196
Total non-current liabilities	71,722	81,210
Total liabilities	186,145	185,296
Equity		
Capital stock	10,000	13,645
Capital surplus	38,466	42,086
Retained earnings	2,913	6,634
Treasury stock	−38	−38
Other components of equity	−707	−318
Equity attributable to owners of the parent company	50,634	62,009
Non-controlling interests	3,153	3,311
Total equity	53,788	65,321
Total liabilities and equity	239,933	250,617

(2) Consolidated statement of financial position
(Consolidated Statement of Income)

(JPY in Million)

	Previous Fiscal Year (Apr.1, 2017 - Mar.31, 2018)	Current Fiscal Year (Apr.1, 2018 – Mar.31, 2019)
Revenue	300,687	307,627
Cost of sales	218,845	223,332
Gross profit	81,842	84,294
Selling, general and administrative expenses	75,531	75,732
Other income	3,325	1,775
Other expenses	2,388	2,688
Foreign exchange losses	−310	−386
Operating profit	6,937	7,263
Finance income	249	304
Finance expenses	1,346	1,076
Share of profit (loss) of investments accounted for using the equity method	100	−90
Profit before income taxes	5,940	6,401
Income tax expenses	2,752	2,099
Profit	3,188	4,301
Profit attributable to:		
Owners of the parent company	2,389	3,847
Non-controlling interests	798	454
Profit	3,188	4,301
Earnings per share (attributable to owners of the parent company)		
Basic earnings per share	17.20 yen	25.00 yen
Diluted earnings per share	−yen	24.96 yen

(Consolidated Statement of Comprehensive Income)

(JPY in Million)

	Previous Fiscal Year (Apr.1, 2017 - Mar.31, 2018)	Current Fiscal Year (Apr.1, 2018 – Mar.31, 2019)
Profit	3,188	4,301
Other comprehensive income (“OCI”)		
Items that will not be reclassified subsequently to profit or loss		
Net changes in financial assets measured at fair value through OCI	—	−861
Remeasurement of defined benefit plans	9,853	146
Fair value gain on investment property	—	16
Share of OCI of investments accounted for using the equity method	—	4
Total of items that will not be reclassified subsequently to profit or loss	9,853	−694
Items that may be reclassified subsequently to profit or loss		
Fair value gain on financial assets available for sale	384	—
Exchange differences arising on translation of foreign operations	−725	575
Cash flow hedges	−1,028	1,272
Share of OCI of investments accounted for using the equity method	−0	33
Total of items that may be reclassified subsequently to profit or loss	−1,369	1,881
OCI, net of income tax	8,484	1,187
Comprehensive income	11,672	5,488
Total comprehensive income attributable to:		
Owners of the parent company	10,963	4,943
Non-controlling interests	708	545
Comprehensive income	11,672	5,488

(3) Consolidated Statement of Cash Flows

(JPY in Million)

	Previous Fiscal Year (Apr.1, 2017 - Mar.31, 2018)	Current Fiscal Year (Apr.1, 2018 – Mar.31, 2019)
Cash flows from operating activities		
Profit before income taxes	5,940	6,401
Depreciation and amortization	16,862	17,794
Impairment losses	1,553	1,012
Reversal of impairment losses	−404	−15
(Decrease) increase in net defined benefit liabilities	236	−212
Decrease in net defined benefit assets	355	497
Finance income	−249	−304
Finance expenses	1,346	1,076
Gain on sales of financial assets available for sale	−708	−
Gain on investments in partnership	−197	−
Gain on revaluation of financial assets measured at fair value through profit and loss	−	−491
Gain on sales of property, plant and equipment	−735	−69
Loss on disposal of property, plant and equipment	136	401
Gain on revision of retirement benefit plan	−429	−
Decrease (increase) in trade and other receivables	−2,251	1,000
Increase in inventories	−4,544	−17
(Decrease) increase in trade and other payables	4,587	−2,197
(Decrease) increase in other current liabilities	183	−1,756
Other, net	−204	507
Sub-total	21,477	23,626
Interest received	173	229
Dividend received	75	74
Interest paid	−915	−863
Income taxes paid	−2,431	−2,083
Net cash provided by operating activities	18,379	20,983
Cash flows from investing activities		
Placement of time deposit with original maturity of more than three months	−106	−324
Withdrawal of time deposit with original maturity of more than three months	943	23
Purchases of property, plant and equipment	−7,846	−7,860
Proceeds from sales of property, plant and equipment	2,715	171
Purchases of intangible assets	−10,183	−12,757

(JPY in Million)

	Previous Fiscal Year (Apr.1, 2017 - Mar.31, 2018)	Current Fiscal Year (Apr.1, 2018 – Mar.31, 2019)
Purchases of financial assets available for sale	−338	−
Proceeds from sales of financial assets available for sale	818	−
Purchases of debt instruments	−	−401
Purchases of equity instruments	−	−693
Purchases of investments accounted for using the equity method	−	−2,389
Payment for acquisition of control over subsidiaries	−1,147	−1,240
Other, net	311	−295
Net cash used in investing activities	−14,835	−25,768
Cash flows from financing activities		
Proceeds from short-term borrowings	11,200	18,296
Repayment of short-term borrowings	−13,800	−17,335
Proceeds from long-term borrowings	10,371	16,210
Repayment of long-term borrowings	−11,489	−13,905
Cash dividends paid	−694	−833
Proceeds from issuance of shares resulting from exercise of subscription rights to shares	−	7,258
Payments from changes in ownership interests in subsidiaries without loss of control	−1,770	−
Other, net	−859	−1,211
Net cash used in financing activities	−7,043	8,479
Net increase in cash and cash equivalents	−3,636	3,682
Cash and cash equivalents at beginning of year	40,798	37,162
Effect of exchange rate changes on cash and cash equivalents	−137	−12
Cash and cash equivalents at end of year	37,162	40,844