

JVCKENWOOD

Translation for Reference Only

JVCKENWOOD

Results and Forecast Briefing

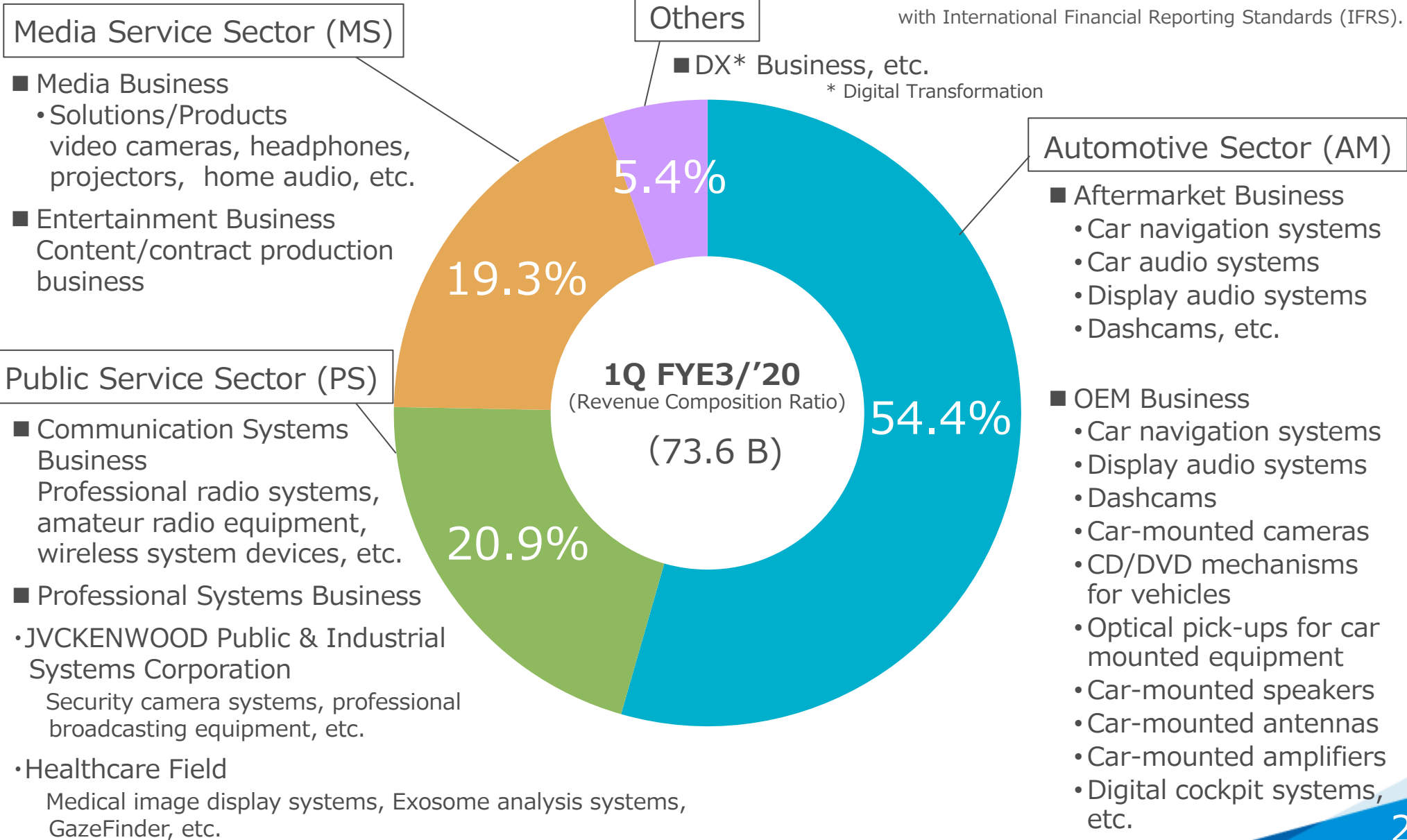
**First Quarter of Fiscal Year Ending March 2020
(IFRS)**

August 7, 2019

JVCKENWOOD Corporation

Business Domains

*All figures in this document are prepared in accordance with International Financial Reporting Standards (IFRS).



Media Service Sector (MS)

- Media Business
 - Solutions/Products video cameras, headphones, projectors, home audio, etc.
- Entertainment Business
 - Content/contract production business

Public Service Sector (PS)

- Communication Systems Business
 - Professional radio systems, amateur radio equipment, wireless system devices, etc.
- Professional Systems Business
 - JVCKENWOOD Public & Industrial Systems Corporation
 - Security camera systems, professional broadcasting equipment, etc.
 - Healthcare Field
 - Medical image display systems, Exosome analysis systems, GazeFinder, etc.

Others

- DX* Business, etc.
 - * Digital Transformation

Automotive Sector (AM)

- Aftermarket Business
 - Car navigation systems
 - Car audio systems
 - Display audio systems
 - Dashcams, etc.
- OEM Business
 - Car navigation systems
 - Display audio systems
 - Dashcams
 - Car-mounted cameras
 - CD/DVD mechanisms for vehicles
 - Optical pick-ups for car mounted equipment
 - Car-mounted speakers
 - Car-mounted antennas
 - Car-mounted amplifiers
 - Digital cockpit systems, etc.

- 1. Overview of Financial Results for 1Q of FYE3/'20**
- 2. Full-Year Earnings Forecast for FYE3/'20**
- 3. Major Initiatives**

**1. Overview of Financial Results for 1Q of
FYE3/'20**

2. Full-Year Earnings Forecast for FYE3/'20

3. Major Initiatives

Financial Results for 1Q of FYE3/'20 - Highlights

- Revenue of the JVCKENWOOD Group as a whole increased, despite the impacts of a sales decline in the AM Sector, due to revenue increases in the PS Sector, MS Sector, and others.
- Core operating income of the JVCKENWOOD Group as a whole increased, despite a profit decline of the AM Sector, due to a profit/loss improvement of the PS Sector and an increase in the profit of the MS Sector and others.
- Profit before income taxes increased, reflecting operating income growth.
- Profit increased, reflecting higher profit before income taxes.

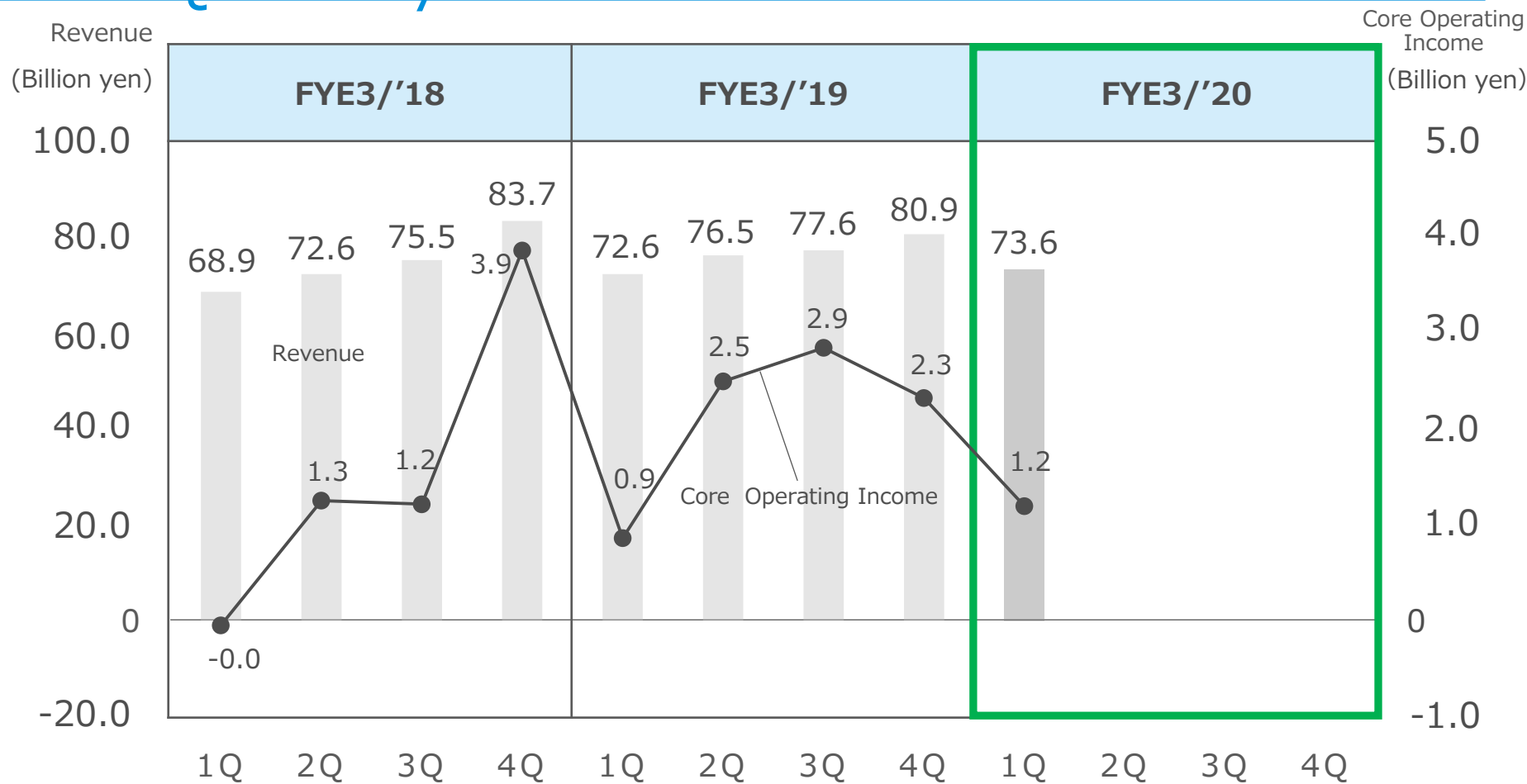
(Billion yen)

	1Q FYE3/'19		1Q FYE3/'20		
		Composition ratio		Composition ratio	YoY comparison
Revenue	72.6	100.0	73.6	100.0	+ 1.0
Cost of sales	53.3	73.5	54.2	73.6	+ 0.9
Gross profit	19.2	26.5	19.4	26.4	+ 0.2
Core Operating Income*	0.9	1.2	1.2	1.6	+ 0.3
Operating Income	1.0	1.4	1.8	2.4	+ 0.8
Income Before Income Taxes	0.9	1.2	1.6	2.2	+ 0.8
Profit Attributable to Owners of Parent	0.3	0.4	0.9	1.2	+ 0.6

* 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 loss.

		FYE3/'19					FYE3/'20				
		1Q	2Q	3Q	4Q	Full-Year	1Q	2Q	3Q	4Q	Full-Year
Profit-And-Loss Exchange Rates	U.S. dollar	111yen	111yen	113yen	108yen	111yen	109yen	—	—	—	—
	Euro	122yen	130yen	133yen	133yen	130yen	130yen	—	—	—	—

Financial Results for 1Q of FYE3/'20 – Trends in Quarterly Results



Profit-And-Loss Exchange Rates	FYE3/'18				FYE3/'19				FYE3/'20			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
U.S. dollar	111yen	111yen	113yen	108yen	111yen	111yen	113yen	110yen	110yen	-	-	-
Euro	122yen	130yen	133yen	133yen	130yen	130yen	129yen	125yen	124yen	-	-	-

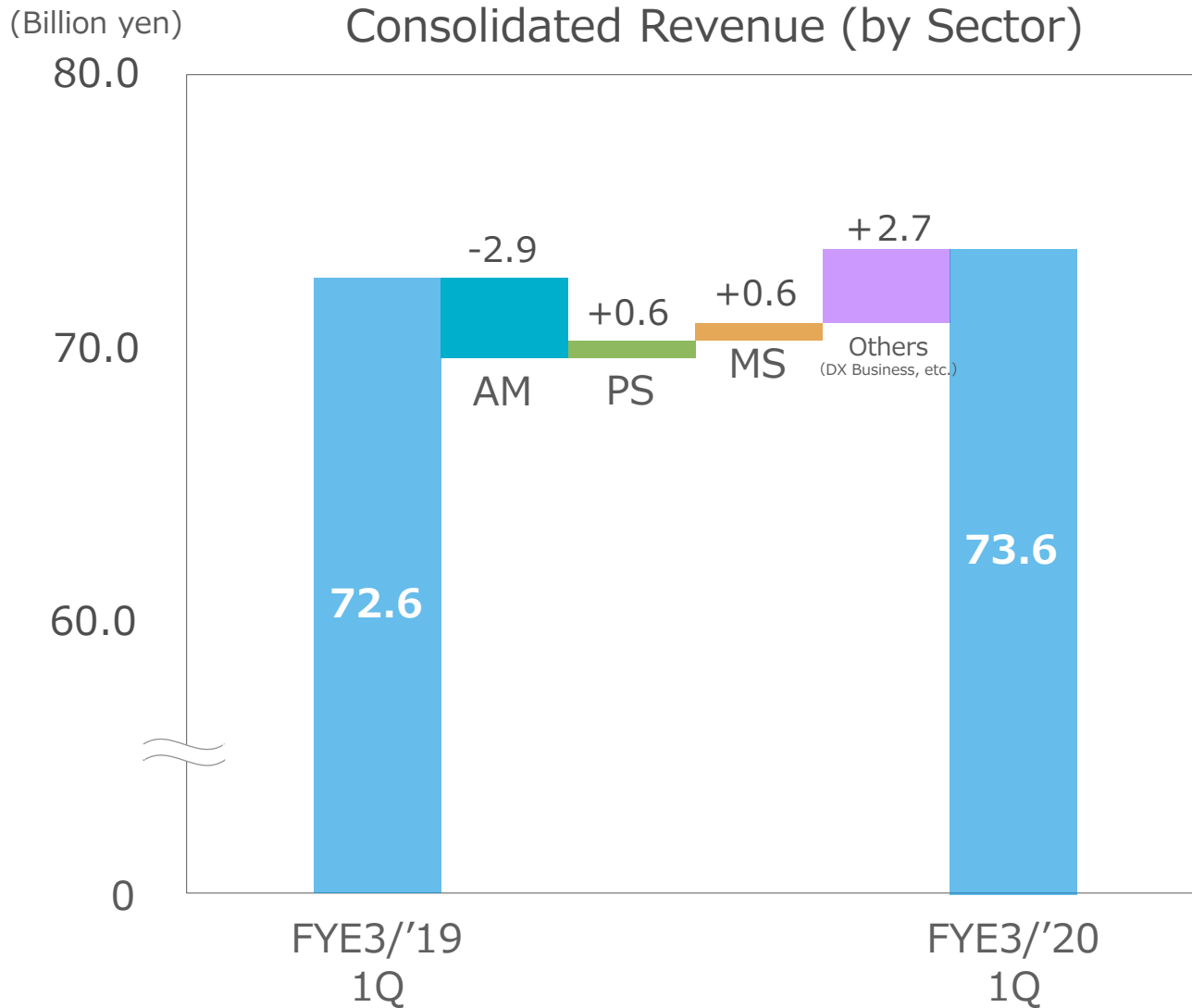
(Billion yen)

	FYE3/'18		FYE3/'19		FYE3/'20	
	1H	2H	1H	2H	1H	2H
Revenue	141.5	159.2	149.1	158.5	-	-
Core Operating Income	1.2	5.1	3.4	5.2	-	-

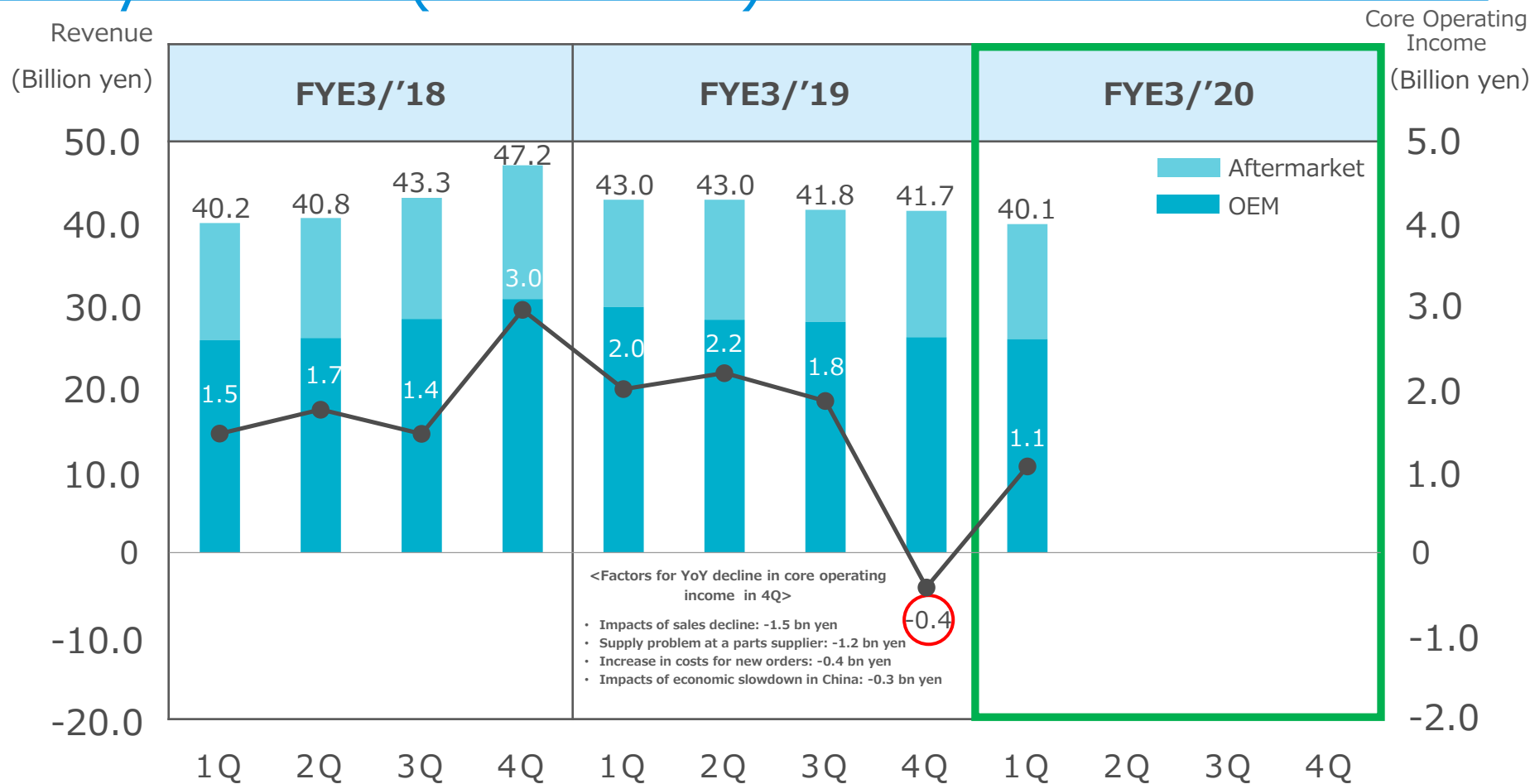
Financial Results for 1Q of FYE3/'20 – Results by Sector

		(Billion yen)				Factors
		1Q FYE3/'19	1Q FYE3/'20	YoY change (amount)	YoY change (percentage)	
AM Sector	Revenue	43.0	40.1	-2.9	-6.9%	* Revenue of the AM Sector as a whole decreased, despite an increase in revenue of the Aftermarket Business on the back of strong sales in the domestic market, due to the impacts of a sales decline of factory-installed products in OEM Business and the slowdown of China's economy. * Core operating income of the AM Sector as a whole decreased, due to the revenue decline, as well as the impacts of a supply problem at a parts supplier in the OEM Business.
	Core Operating Income	2.0	1.1	-0.9	-47.3%	
PS Sector	Revenue	14.7	15.4	+ 0.6	+4.4%	* Revenue of the PS Sector as a whole increased, reflecting higher sales of the Communication Systems Business in Japan and the Professional Systems Business. * Core operating income/loss of the PS Sector as a whole improved, due to the revenue increase. The Communication Systems Business posted a positive profit for the fourth consecutive quarter, showing that the positive profit trend is firmly in place.
	Core Operating Income	-1.2	-0.6	+ 0.6	—	
MS Sector	Revenue	13.6	14.2	+ 0.6	+4.7%	* Revenue of the MS Sector as a whole increased, despite a revenue decline of the Media Business, reflecting lower sales of video cameras, due to strong sales of the Entertainment Business. * Core operating income of the MS Sector as a whole increased, due to the effects of cost improvements in the Media Business.
	Core Operating Income	0.2	0.5	+ 0.2	+115.6%	
Others	Revenue	1.3	4.0	+ 2.7	+209.5%	* Both revenue and core operating income of others increased, due to an expansion of sales of the DX Business, reflecting strong sales of telematics solutions and related products.
	Core Operating Income	-0.1	0.3	+ 0.4	—	
Total	Revenue	72.6	73.6	+ 1.0	+1.4%	—
	Core Operating Income	0.9	1.2	+ 0.3	+39.5%	

Financial Results for 1Q of FYE3/'20 – Consolidated Revenue (by Sector)

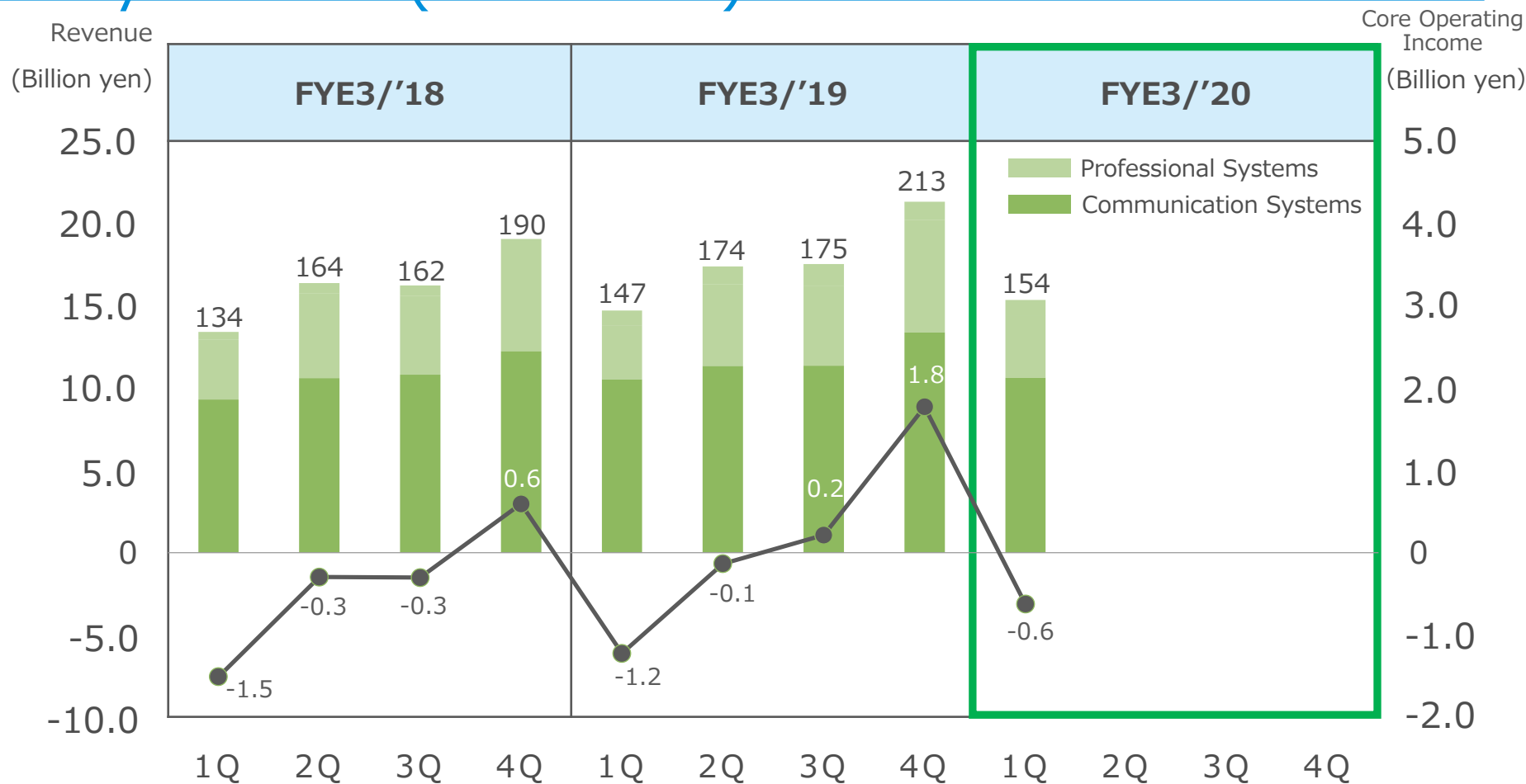


Financial Results for 1Q of FYE3/'20 – Quarterly Results (AM Sector)



	FYE3/'18		FYE3/'19		FYE3/'20	
	1H	2H	1H	2H	1H	2H
Revenue	81.0	90.5	86.1	83.5	—	—
Core Operating Income	3.2	4.4	4.2	1.4	—	—

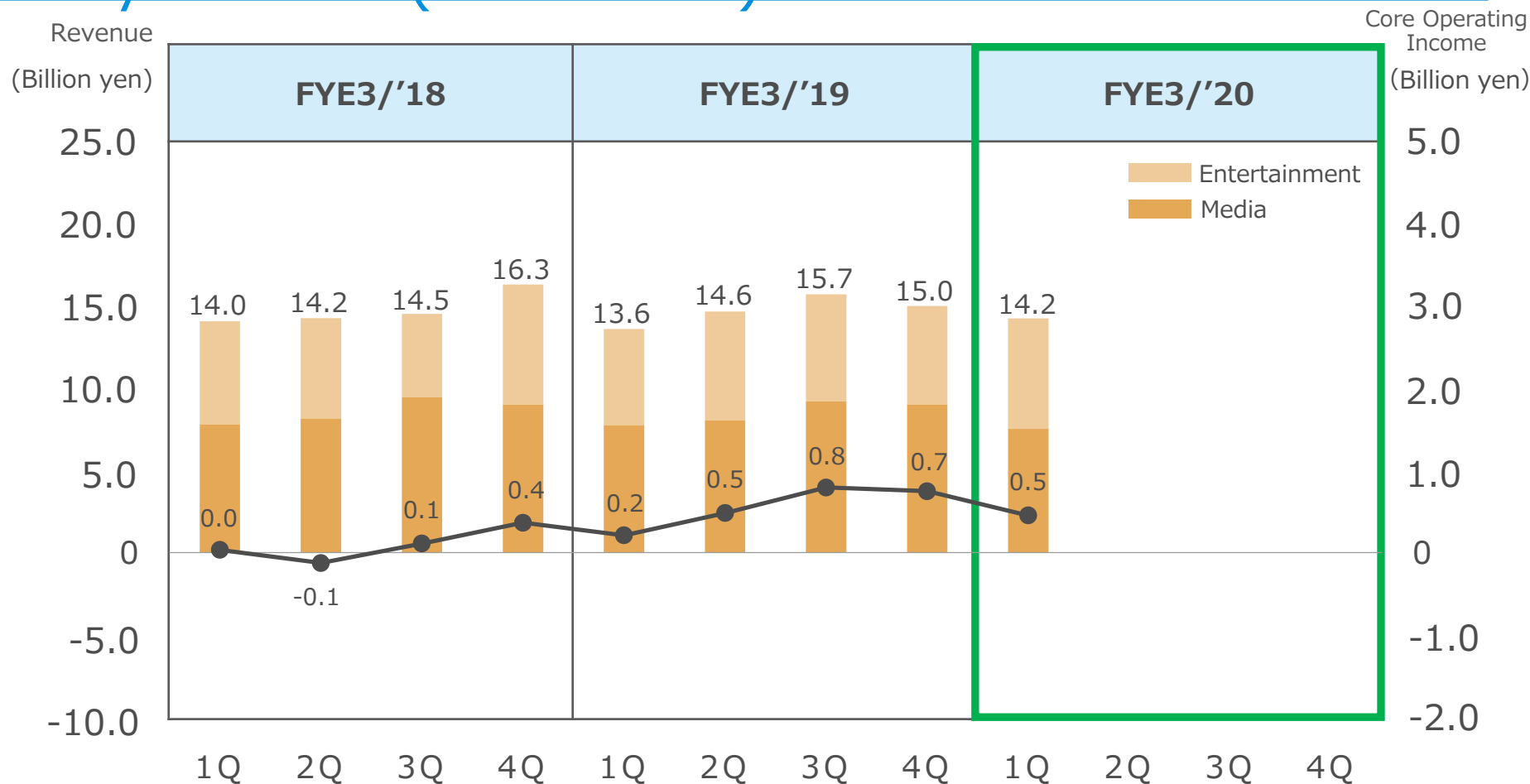
Financial Results for 1Q of FYE3/'20 – Quarterly Results (PS Sector)



(Billion yen)

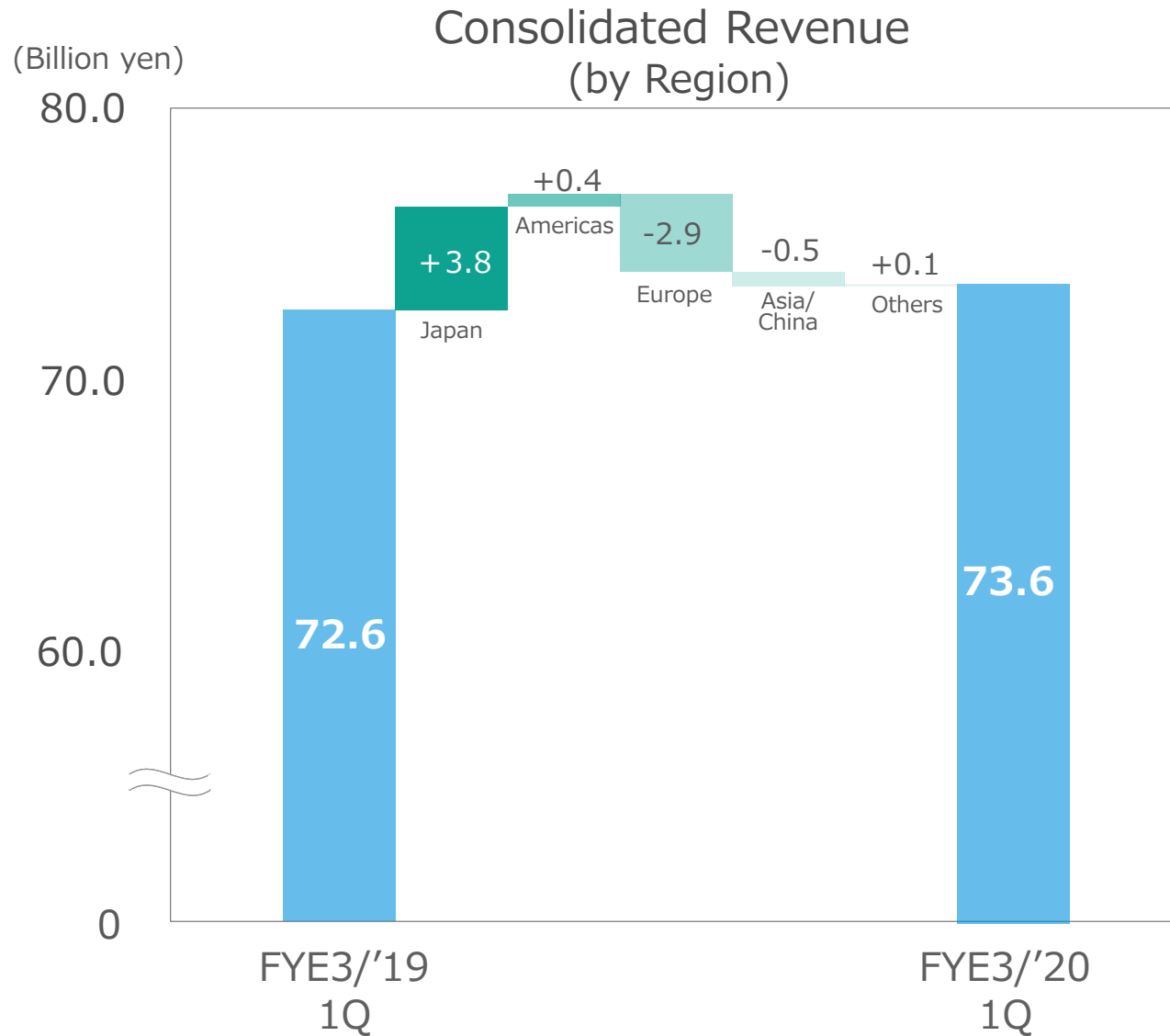
	1H	2H	1H	2H	1H	2H
Revenue	29.8	35.3	32.1	38.9	—	—
Core Operating Income	-1.8	0.3	-1.4	2.0	—	—

Financial Results for 1Q of FYE3/'20 – Quarterly Results (MS Sector)

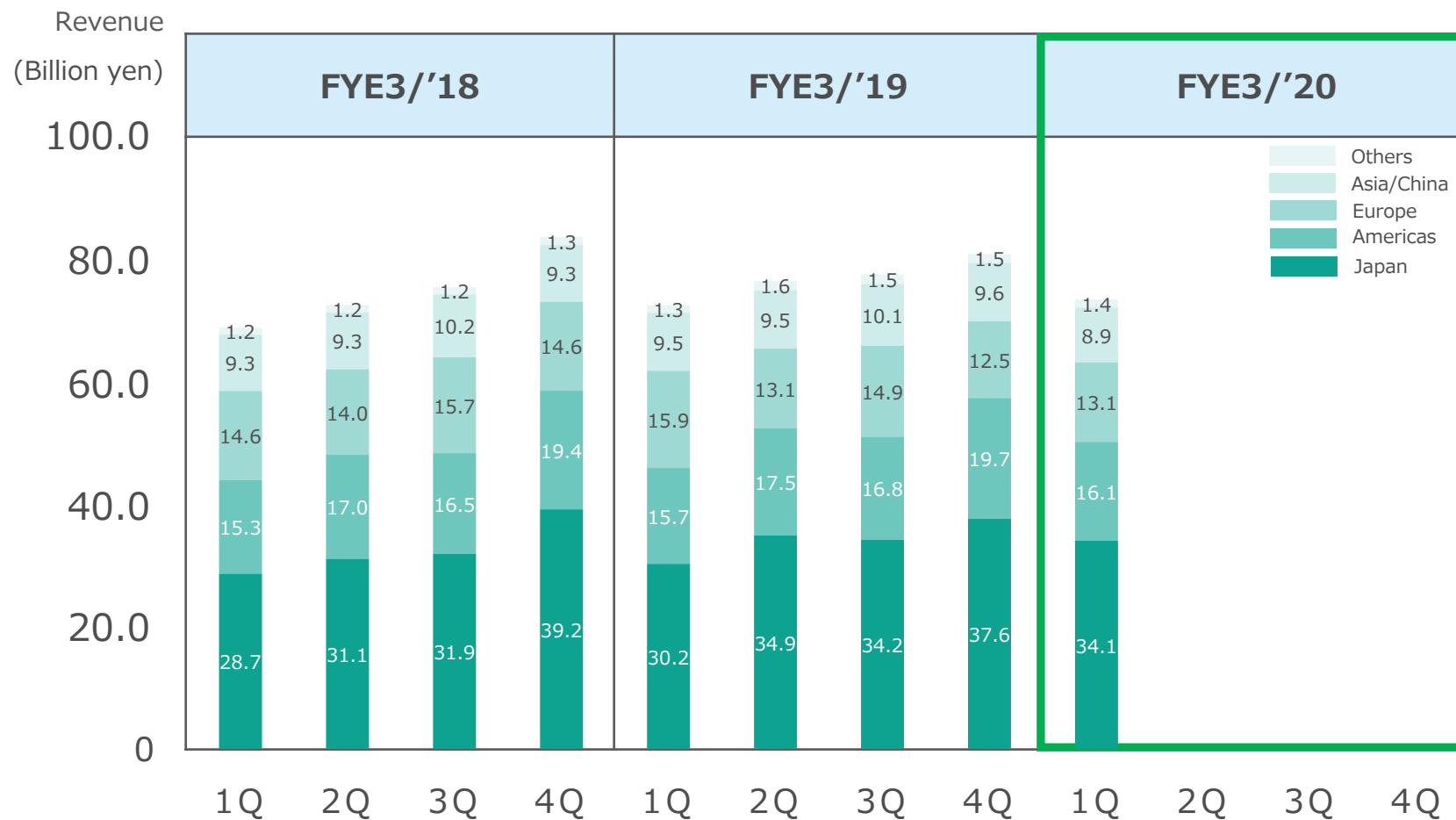


	FYE3/'18		FYE3/'19		FYE3/'20	
	1H	2H	1H	2H	1H	2H
Revenue	28.2	30.7	28.2	30.6	—	—
Core Operating Income	-0.1	0.5	0.7	1.5	—	—

Financial Results for 1Q of FYE3/'20 – Consolidated Revenue (by Region)



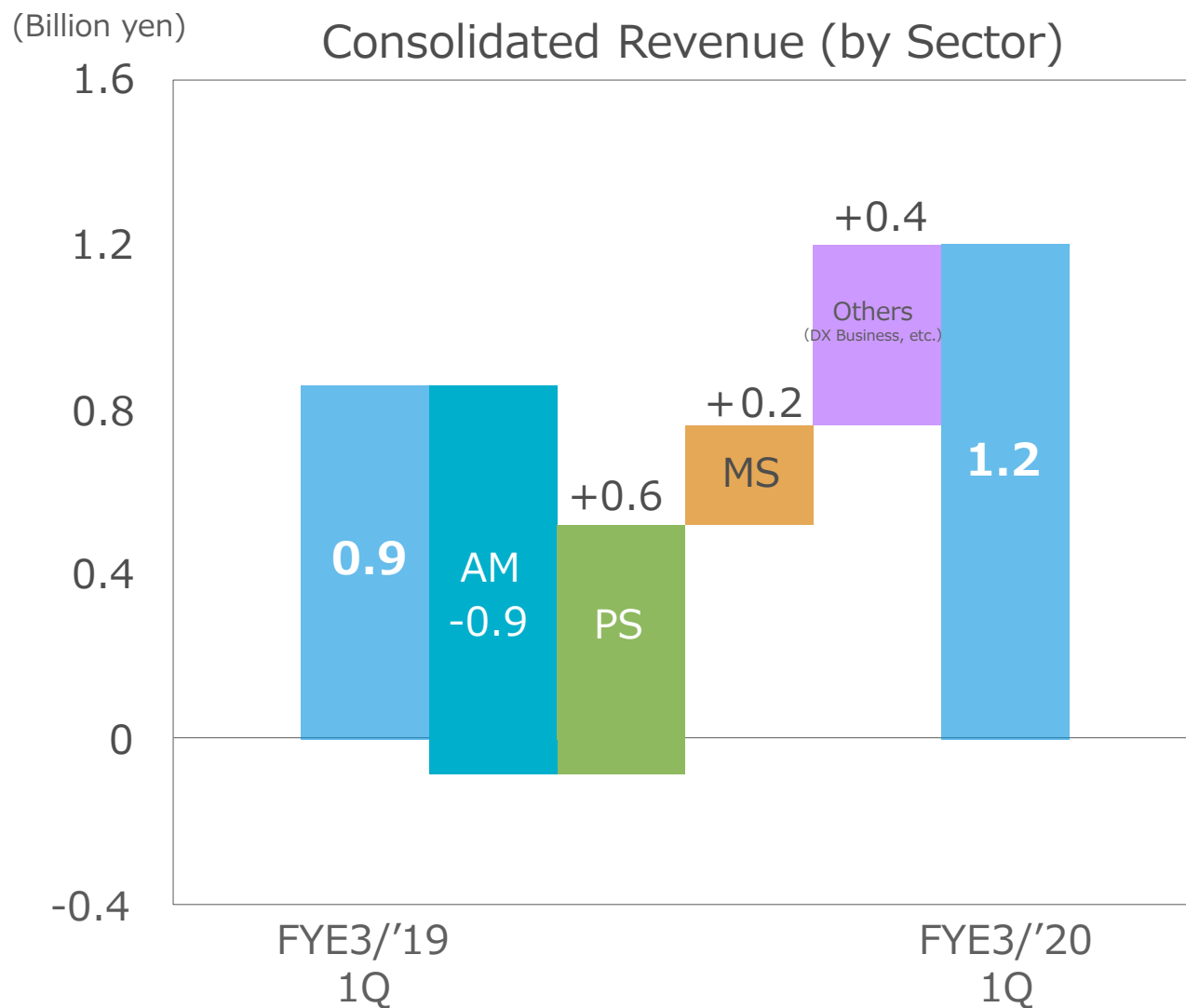
Financial Results for 1Q of FYE 3/'20 - Consolidated Revenue by Region



	FYE3/'18		FYE3/'19		FYE3/'20	
	1H	2H	1H	2H	1H	2H
Japan	59.8	71.1	65.1	71.8	—	—
Americas	32.3	35.9	33.2	36.6	—	—
Europe	28.5	30.3	29.0	27.4	—	—
Asia/China	18.6	19.5	19.0	19.7	—	—
Others	2.4	2.5	2.8	3.0	—	—

(Billion Wey)

Financial Results for 1Q of FYE 3/'20 - Consolidated Core Operating income (by Sector)



Financial Results for 1Q of FYE 3/'20 - Consolidated Profit/Loss (Summary)

- Operating income increased due to an increase in core operating income and an improvement in profit/loss of others.
- Profit before income taxes increased, reflecting the increase in operating income.
- Profit attributable to owners of parent increased due to the increase in profit before income taxes.

(Billion yen)

	1Q FYE3/'19	1Q FYE3/'20	YoY Change
Core Operating Income*	0.86	1.20	+ 0.34
Other Income, Other Expenses, Foreign Exchange Loss, etc.	0.14	0.57	+ 0.44
Operating Profit	1.00	1.77	+ 0.78
Finance Income, Finance Expenses, etc.	-0.11	-0.14	-0.02
Profit Before Income Taxes	0.88	1.64	+ 0.75
Income Tax Expenses	0.47	0.64	+ 0.17
Non-Controlling Interests	0.14	0.11	-0.03
Profit Attributable to Owners of the Parent	0.27	0.88	+ 0.61

* 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 1Q of FYE 3/'20 - Financial Position Summary

- As a result of the application of IFRS 16 Leases, total assets and total liabilities increased 8,400 million yen and 9,800 million yen respectively, and equity decreased 1,400 million yen on the balance sheet at the beginning of the fiscal year ending March 2020.

(Billion yen)

	FYE3/'19	1Q FYE3/'20	YoY Change
Total Assets	250.6 (259.0)	254.7	+ 4.1 (-4.4)
Total Liabilities	185.3 (195.1)	192.3	+ 7.1 (-2.8)
Total Equity	65.3 (63.9)	62.4	-3.0 (-1.4)
Interest-Bearing Debts	71.3	70.1	-1.2
Net Debt	30.5	29.9	-0.6
Net Debt/Equity Ratio (Times)	0.49	0.51	+ 0.02
Equity Attributable to Owners of the Parent Company	62.0 (60.6)	59.1	-2.9 (-1.4)
Stockholder's Equity Ratio (%)	24.7 (23.4)	23.2	-1.5 (△0.2)

※The figures in parentheses reflect the impacts of the application of IFRS 16 Leases.

Financial Results for 1Q of FYE 3/'20 - Cash Flow Summary

- Net cash provided by operating activities increased, reflecting the increase in profit and a decrease in working capital.
- Net cash used in investing activities decreased due to an absence of M&A investments.
- Net cash used in financing activities increased due to repayments of borrowings.

(Billion yen)

	1Q FYE3/'19	1Q FYE3/'20	YoY Change
Cash Flow from Operating Activities	3.5	8.2 (7.4)	+ 4.7 (+3.9)
Cash Flow from Investing Activities	-6.5	-5.1	+ 1.5
Free cash flow <small>* Free cash flow: Cash flow from operating activities + Cash flow from investing activities</small>	-3.0	3.1 (2.3)	+ 6.1 (+5.3)
Cash Flow from Financing Activities	0.5	-3.1 (-2.3)	-3.6 (-2.8)
Total	-2.5	0.1	+ 2.6

※The figures in parentheses reflect the impacts of the application of IFRS 16 Leases.

1. Overview of Financial Results for 1Q of
FYE3/'20

2. Full-Year Earnings Forecast for FYE3/'20

3. Major Initiatives

Full-year Earnings Forecast for FYE3/'20

- Both revenue and operating income in 1Q exceeded the period-start projections and the results for the same period of the previous fiscal year.
- In 2Q and thereafter, strong sales are expected to continue in the domestic market for the Aftermarket Business of the AM Sector and robust sales are expected for the PS Sector and the MS Sector. Meanwhile, there are risk factors, such as the impacts of a slowdown of China's economy. Accordingly, we are not revising the full-year earnings forecast at this time.

(Billion yen)

	Result for FYE3/'19	Forecast for FYE3/'20	YoY Change
Revenue	307.6	310.0	+2.4
Operating Income	7.3	7.4	+0.1
Profit Before Income Taxes	6.4	6.5	+0.1
Profit Attributable to Owners of the Parent Company	3.8	4.0	+0.2

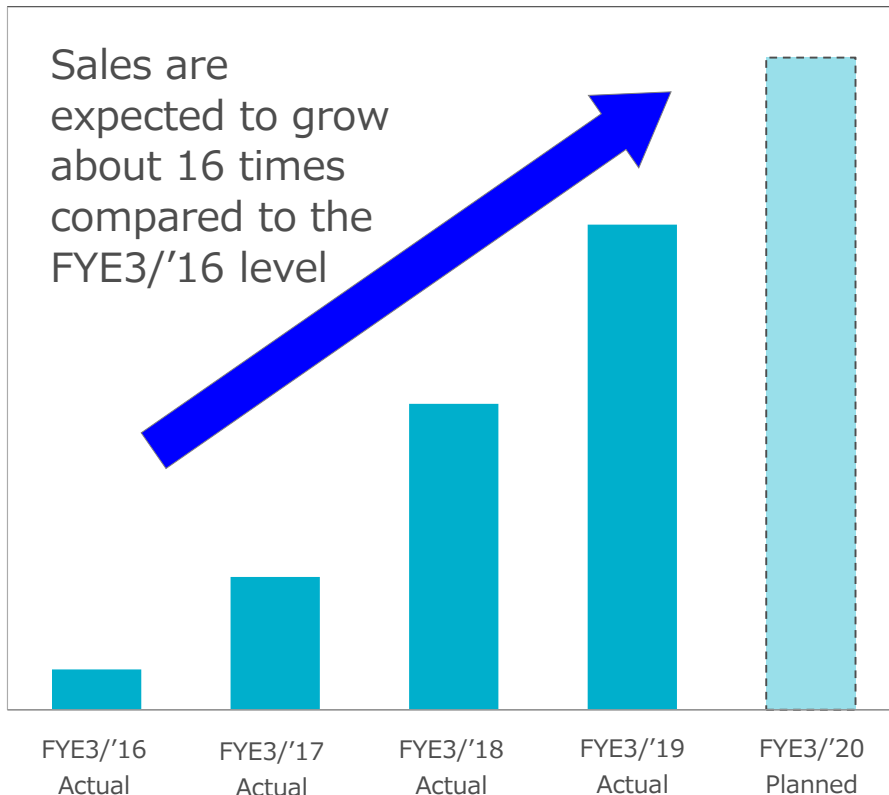
		Result for FYE3/'19	Assumption for FYE3/'20
Profit-And-Loss Exchange Rates	U.S. dollar	111 yen	113 yen
	Euro	128 yen	128 yen

1. Overview of Financial Results for 1Q of FYE3/'20
2. Full-Year Earnings Forecast for FYE3/'20
- 3. Major Initiatives**

Transition of Sales of Dashcams

- Dashcam sales are growing steadily and are expected to increase about 16 times in FYE3/'20 compared to the level achieved in FYE3/'16.

Trend of dashcam sales* (in value terms)



※Including sales in the AM Sector, MS Sector and the DX Business.

- Sales are also expected to grow for dual-camera dashcam models (front and rear view recording). Trademark registration for dashcam with rear view camera has already been obtained under the name of "Rear View Recorder."



Conceptual diagram of linkage between front and rear view dashcams and JVCKENWOOD's navigation system

リアレコ



Logo of Rear View Recorder (trademark pending)

Progress of T Project (Case Study of the Communication Systems Business in the PS Sector)

■ Purposes of T Project

- Launched in FYE3/'19 to ensure the achievement of the targets of Vision 2020 (ROE of 10%).
- Build a lean management base toward 2021 and thereafter.
- Earn short-term profits and implement medium-term measures.
→ Total cost reforms, phase gate reforms, and operating process and IT reforms

■ Case study of the Communication Systems Business

- Maintenance costs of all 1,090 product models = approx. 750 million yen annually (mostly design and development costs)
→ Eliminated 186 product models and reduced maintenance costs by approx. 200 million yen (cumulative total of three years).
- Model maintenance operations are placing burdens/interfering with the main development operations.
→ Reducing the number of product models has allowed a shift of resources to core models and an increase in the efficiency of design operations.



The project for reducing product models will be deployed in other operating sectors

- Promoting cost improvement activities: reducing logistics costs, overtime work costs, and materials costs to improve core operating income margin to more than 10%.

Impacts of Issues Related to China, Export Regulations on Korea, and Consumption Tax Increase

- Impacts of slowdown of China's economy and imposition of additional tariffs imposed by the US announced on August 1
 - JKHL (the former Shinwa International Holdings Limited) and ASK in the AM Sector are expected to be affected by the slowdown of China's economy in 2Q and thereafter. Meanwhile, the impacts on other businesses in the AM Sector and other operating sectors will be small.
 - The imposition of additional tariffs on China will affect our profit/loss by some hundred million yen, but we will work to minimize the impacts by taking measures, such as transferring production sites and increasing prices.
- Impacts of imposition of export regulations on Korea
 - There were concerns over procurements of parts in the AM Sector. However, we have already procured the parts required for production in the immediate future; therefore, the impacts on production in the AM Sector, as well as other operating sectors, are expected to be small.
- Impacts of consumption tax increase
 - We do not anticipate a major impact given the present situation.



Saisoku HD (large 9V type) navigation system debuted TYPE M Saisoku-Navi AV Navigation System

Released in March 2019; open pricing

- First model from JVCKENWOOD that comes with a large 9V-type screen and high-resolution HD panel with a wide viewing angle.
- Featuring HD quality user interface design that creates an accurate and realistic effect.
- Supporting HD rear viewing camera for viewing rear view images with high-definition HD video.



Instant playback of recorded video on large screen of Saisoku-Navi AV navigation system

DRV-MN940 Dual-Camera Dashcam

Released in June 2019; open pricing

- Dedicated model capable of linking with TYPE M HD compatible Saisoku-Navi AV navigation system.
- Capable of recording front and rear views in high-quality full hi-vision video simultaneously.
- Equipped with a virtual interior mirror and sub-rear camera that can display rear view images.



Featuring a large-size high definition HD panel LZ-1000HD 10.1V-Type HD LCD Rear View Monitor

Released in June 2019; open pricing

- Capable of linking with TYPE M Saisoku-Navi HD AV navigation system.
- Comes with 10.1V-type high-definition HD panel.
- Featuring thin and smart design that blends well with vehicle interior space.

New Products Launched from 1Q to 2Q

JVC

N_W

HA-LC50BT 完全ワイヤレス



Bluetooth

Full wireless, minimal design earphone model

HA-LC50BT Bluetooth® Earphone

Released in June 2019; open pricing

- Full wireless Bluetooth® -enabled model.
- Comes with minimal design that blends well with various fashion styles.
- Enabling long battery life of approx. 5.5 hours on one charge.

Comes in three colors to match a variety of vehicle interiors

GC-DR20 Everio Series Dashcam Model

Released in July 2019; open pricing



- Available in three color variations, like selecting interior accessories to create an all-new image dashcam.
- Equipped with Wi-Fi® function for viewing recorded video on a smartphone.
- Supporting full hi-vision video recording (1920x1080).

Featuring high resolution and high contrast imaging

CL-S500 and MS-S500 Medical Image Displays

Released in June 2019; open pricing



CL-S500

MS-S500

- Featuring high resolution imaging required for displaying mammographic images (5 million pixels).
- Capable of reproducing high contrast images that accurately show subtle shades and density.
- Equipped with a glass filter that protects LCD panel and reduces diffuse reflection.

JVCKENWOOD Solution Fair 2019 (July 22-23)

- The JVCKENWOOD Group's first comprehensive exhibition event was held in July. The Group's solutions exploiting its strengths in imaging, audio, and communication technologies were exhibited under 13 themes.
- We proposed solutions to about 2,000 visitors.



The event took place in AKIBA_SQUARE located in a district in central Tokyo



The event, including seminars, attracted many visitors

JVCKENWOOD Solution Fair 2019 (July 22-23)

- Featured a wide range of exhibits, including reference exhibits, that proposed solutions related to the DX Business and the Healthcare Business which have growth potential.

DX Solutions

- Exhibits included dashcam with communication capabilities applied to telematics services for auto fleet insurance contractors, security services for drivers, next-generation IoT-based taxi dispatch system, as well as reference exhibits of solutions under development in the new DX Business, such as the edge AI camera.

Healthcare Solutions

- Exhibits on display included the Gazefinder, sight-line detection system, which applies JVCKENWOOD's proprietary gaze point sensing technologies and Operating Room (OR) cart system that is extensible to add a management function to unify image information inside and outside operating rooms.

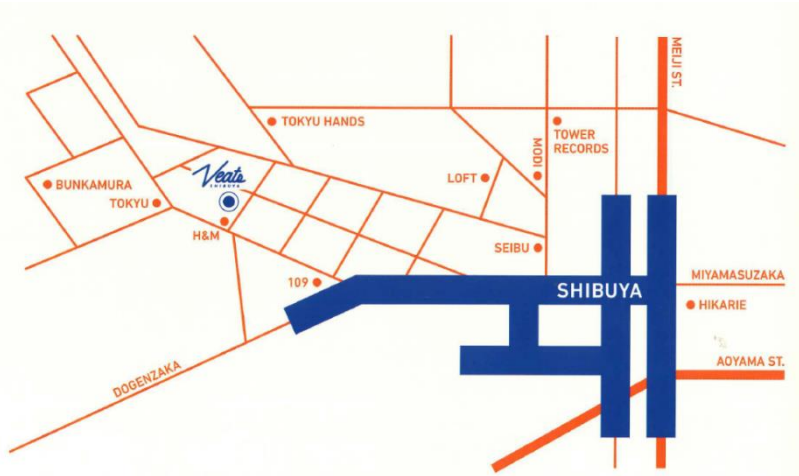


Veats Shibuya Live & Café Space

- Veats Shibuya live & café space will open on September 20.
- Special live performance titled the Veats Shibuya OPENING EVENT will be held from September 20 to 27, featuring many Victor Entertainment artists.



Veats
SHIBUYA



9/20 (Fri.)	Colorful Records presents "Match Up" Day1 Performers: Leo Ieiri, SCANDAL, Rinne Yoshida
9/21 (Sat.)	Colorful Records presents "Match Up" Day2 Performers: iri, Yogee New Waves
9/23 (Mon.)	Tower Record's 40th anniversary in Japan Victor Jazz Festival 2019 <SCENES> Performers: ADAM at, SANOVA, Schroeder-Headz, jizue
9/24 (Tue.)	Harmony at the End of Summer♥Featuring Nakajima-san and Negicco-san Performers: Ai Nakajima, Negicco
9/27 (Fri.)	Veats Shibuya OPENING PREMIUM SEATED Performers: Hanaregumi & Aoi Teshima

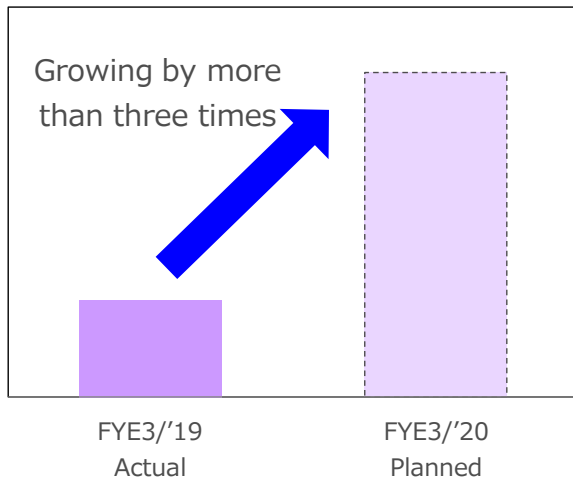
DX Business Division

- Aims to provide new value and services by leveraging the latest digital technologies, such as AI and IoT, through the use of open innovation, in addition to applying the Group's strengths in imaging, audio, and wireless communications technologies.
- Aims to create new businesses, such as telematics solutions centering on dashcams with communication capabilities, toward achieving revenue of 10.0 billion yen in fiscal year ending March 2020.



Dashcam with communication capabilities

Projected revenue change of the DX Business Division



				Range of services offered by JVCKENWOOD		
Market	Partner	Description of service	User	Development /manufacturing of hardware	Service	Data analysis
Insurance 	MS&AD	Mimamoru auto insurance (dashcam-type)	Insurance contractors	○		
Business-use 	DeNA	Drive Chart traffic accident reduction support service	Transport service operators	○		
Ride sharing 	Grab (Indonesia)	Security service for drivers 	Registered drivers	○	○	○

JVCKENWOOD

The expressions contained in this presentation referring to the Company's future plans, intentions and expectations are categorized as future forecast statements. Such statements reflect management expectations of future events, and accordingly, are inherently susceptible to risk, uncertainty and other factors, whether known or unknown, and may be significantly different from future performance. These statements represent management's targets as of the time of issuance of these presentation materials, and the Company is under no obligation, and expressly disclaims any such obligation, to update, alter or publicize its future forecast statements in the event there are changes in the economic climate and market conditions affecting the performance of the Company. Risk factors and other uncertainty which may affect the Company's actual performance include: (1) violent fluctuations in economic circumstances and supply and demand systems in major markets (Japan, the U.S, the EU and Asia); (2) restrictions including trade regulations applicable to major markets including Japan and other foreign countries; (3) sharp fluctuations in the exchange rate of the U.S. dollar, euro, and such like against the yen; (4) market price fluctuations in capital markets; and (5) changes in social infrastructure due to short-term changes in technology and such like. Please note, however, that the above is not a comprehensive list of all the factors that may exert a significant influence on the Company's performance.