

JVCKENWOOD

Translation for Reference Only

JVCKENWOOD

Results and Forecast Briefing
Third Quarter of Fiscal Year Ending March 2020
(IFRS)

February 3, 2020

JVCKENWOOD Corporation

Business Domains

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

Media Service Sector (MS)

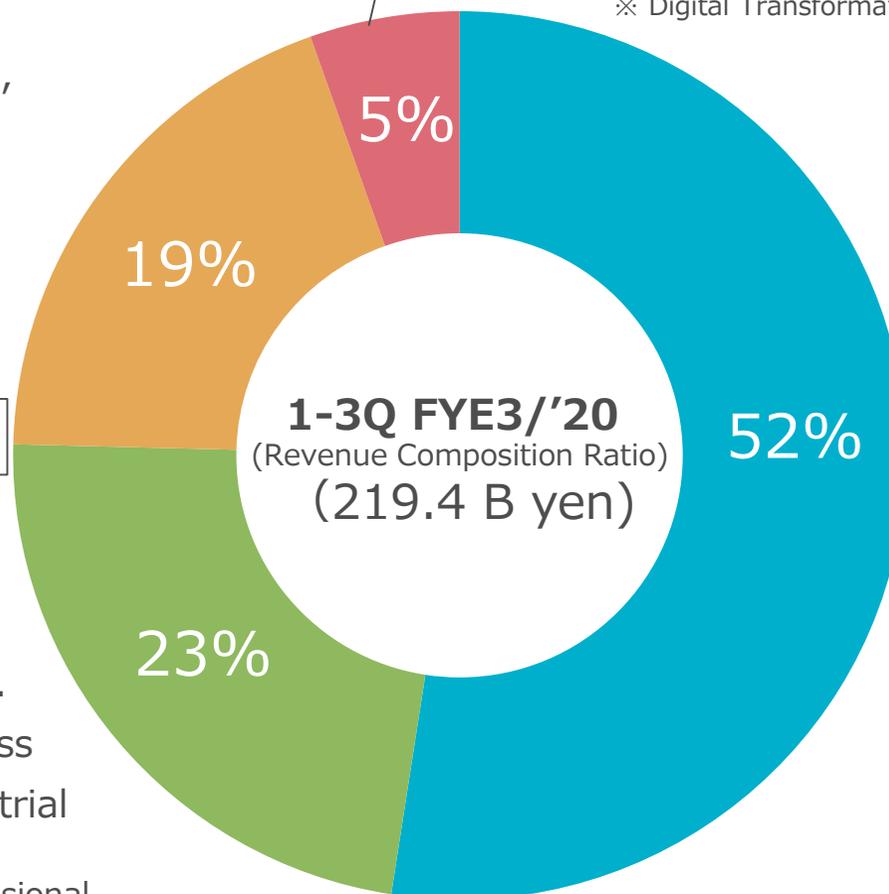
- Media Business
 - Solutions/Lifestyle/Brand video cameras, headphones, projectors, home audio, imaging devices, etc.
- Entertainment Business Content/OEM business

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 (JKPI)
 - 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, etc.

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

**1. Overview of 3Q Financial Results
for FYE3/'20**

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

3. Major Initiatives

Financial Results for 3Q (1-3Q) of FYE3/'20 - Highlights

- Revenue of the JVCKENWOOD Group as a whole declined due to lower revenue of the AM Sector and the MS Sector although the PS Sector and Others posted higher revenue.
- Core operating income of the JVCKENWOOD Group as a whole declined due to profit decreases in the AM Sector and the MS Sector.
- Operating profit, profit before income taxes, and profit declined due to a decrease in core operating income.

(Billion yen)

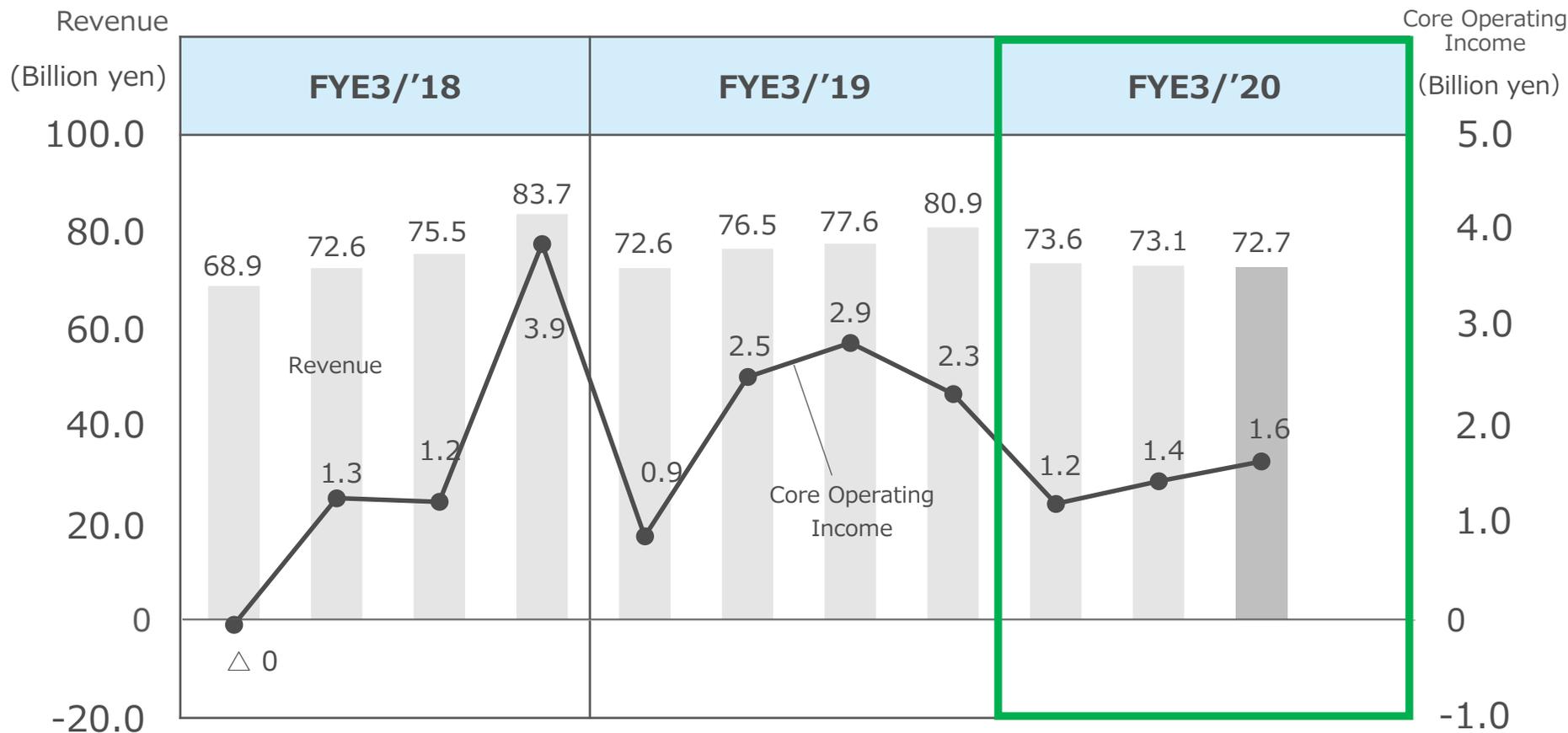
	3Q (1-3Q) FYE3/'19		3Q (1-3Q) FYE3/'20		
		Composition ratio(%)		Composition ratio(%)	YoY comparison
Revenue	226.7	100.0	219.4	100.0	-7.3
Cost of sales	164.2	72.4	160.3	73.1	-3.8
Gross profit	62.5	27.6	59.0	26.9	-3.5
Core operating income*	6.2	2.7	4.3	1.9	-2.0
Operating profit	6.4	2.8	4.2	1.9	-2.2
Profit before income taxes	5.8	2.6	3.5	1.6	-2.3
Profit attributable to owners of the parent company	3.5	1.6	1.7	0.8	-1.8

* 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

		FYE3/'19					FYE3/'20				
		1Q	2Q	3Q	4Q	Full-Year	1Q	2Q	3Q	4Q	Full-Year
Profit-And-Loss Exchange	U.S. dollar	109yen	111yen	113yen	110yen	111yen	110yen	107yen	109yen	—	—
	Euro	130yen	130yen	129yen	125yen	128yen	124yen	119yen	120yen	—	—

Financial Results for 3Q (1-3Q) of FYE3/'20

- Trends in Quarterly Results



Profit-And-Loss
Exchange Rates

U.S. dollar
Euro

	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
U.S. dollar	111yen	111yen	113yen	108yen	109yen	111yen	113yen	110yen	110yen	107yen	109yen	-
Euro	122yen	130yen	133yen	133yen	130yen	130yen	129yen	125yen	124yen	119yen	120yen	-

(Billion yen)

	1H	2H	1H	2H	1H	2H
Revenue	141.5	159.2	149.1	158.5	146.7	-
Core Operating Income	1.2	5.1	3.4	5.2	2.6	-

Financial Results for 3Q (1-3Q) of FYE3/'20

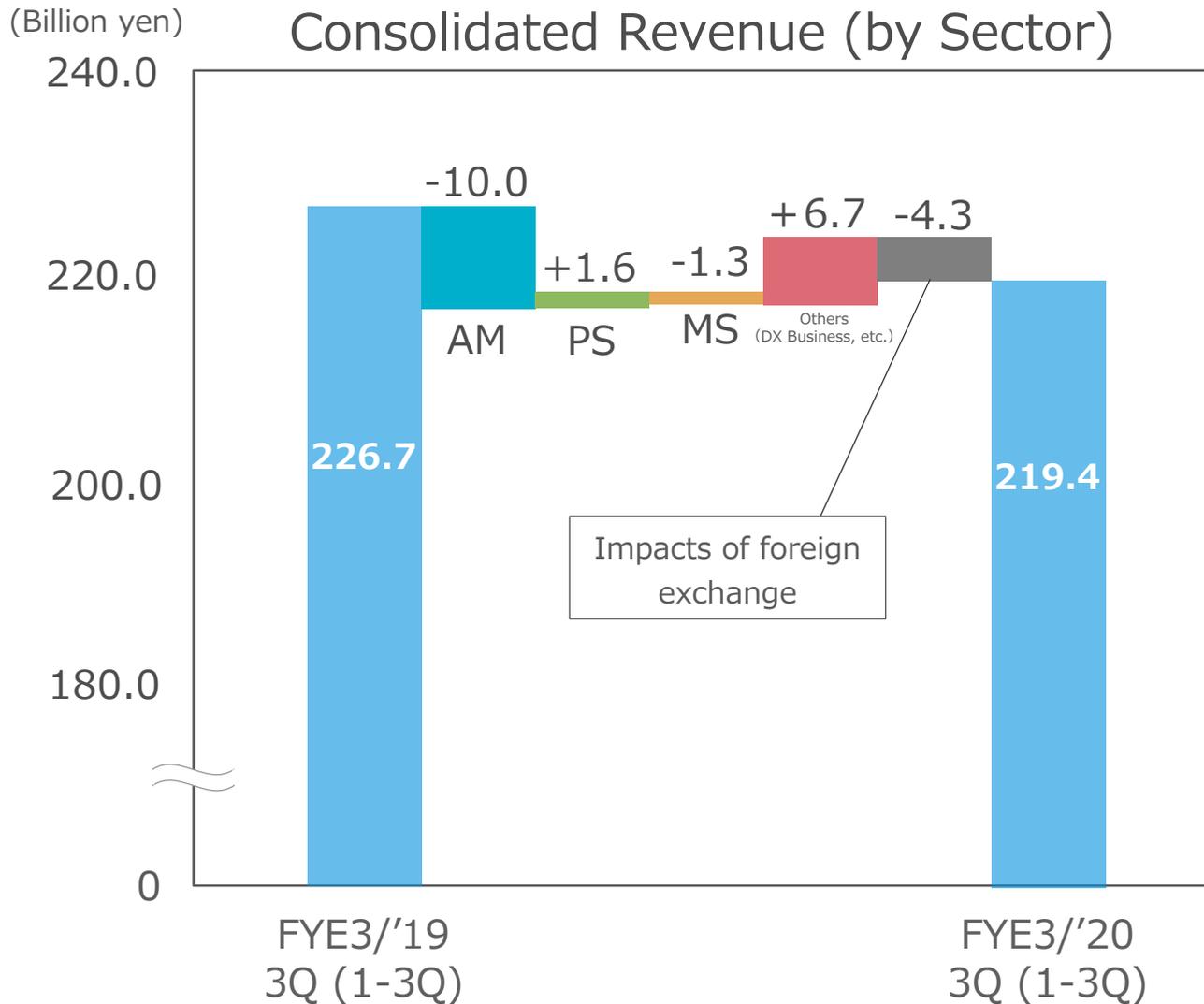
- Results by Sector

(Billion yen)

		3Q (1-3 Q) FYE3/'19	3Q (1-3Q) FYE3/'20	YoY change (amount)	YoY change (percentage)	Factors
AM Sector	Revenue	127.9	115.0	-12.8	-10.0%	* Revenue of the AM Sector as a whole decreased although revenue of the Aftermarket Business was flat year on year, supported by strong sales in the domestic market. This was due to the impacts of lower sales of factory-installed products and dealer-installed products in the OEM Business and the slowdown of China's economy.
	Core Operating Income	6.0	2.1	-4.0	-65.5%	* Core operating income of the AM Sector as a whole decreased as the impacts of lower revenue of the OEM Business were unable to be offset, although core operating income of the Aftermarket Business grew year on year, supported by a strong domestic market.
PS Sector	Revenue	49.6	50.3	+ 0.7	+1.5%	* Revenue of the PS Sector as a whole increased thanks to higher sales of JVCKENWOOD Public & Industrial Systems Corporation (JKPI) in the Professional Systems Business, although lower revenue was posted by the Communications Systems Business, affected by foreign exchange rates.
	Core Operating Income	-1.1	0.7	+ 1.9	—	* Core operating income of the PS Sector as a whole increased due to the increased revenue and cost reduction effects. The Communication Systems Business posted a positive profit for the sixth consecutive quarter, showing that the positive profit trend is firmly in place.
MS Sector	Revenue	43.8	42.1	-1.8	-4.0%	* Revenue of the MS Sector as a whole decreased although revenue of the Entertainment Business was flat year on year, which was due to a revenue decrease at the Media Business reflecting lower sales of video cameras.
	Core Operating Income	1.5	0.9	-0.6	-40.7%	* Core operating income of the MS Sector as a whole decreased, due to the effects of the revenue decrease at the Media Business and an increase in investment in new fields in the Entertainment Business.
Others (DX Business, etc.)	Revenue	5.4	11.9	+ 6.5	+121.6%	* Both revenue and core operating income of Others increased, due to the expansion of sales of the DX Business, reflecting strong sales related to telematics solutions.
	Core Operating Income	-0.1	0.6	+ 0.7	—	
Total	Revenue	226.7	219.4	-7.3	-3.2%	—
	Core Operating Income	6.2	4.3	-2.0	-31.5%	

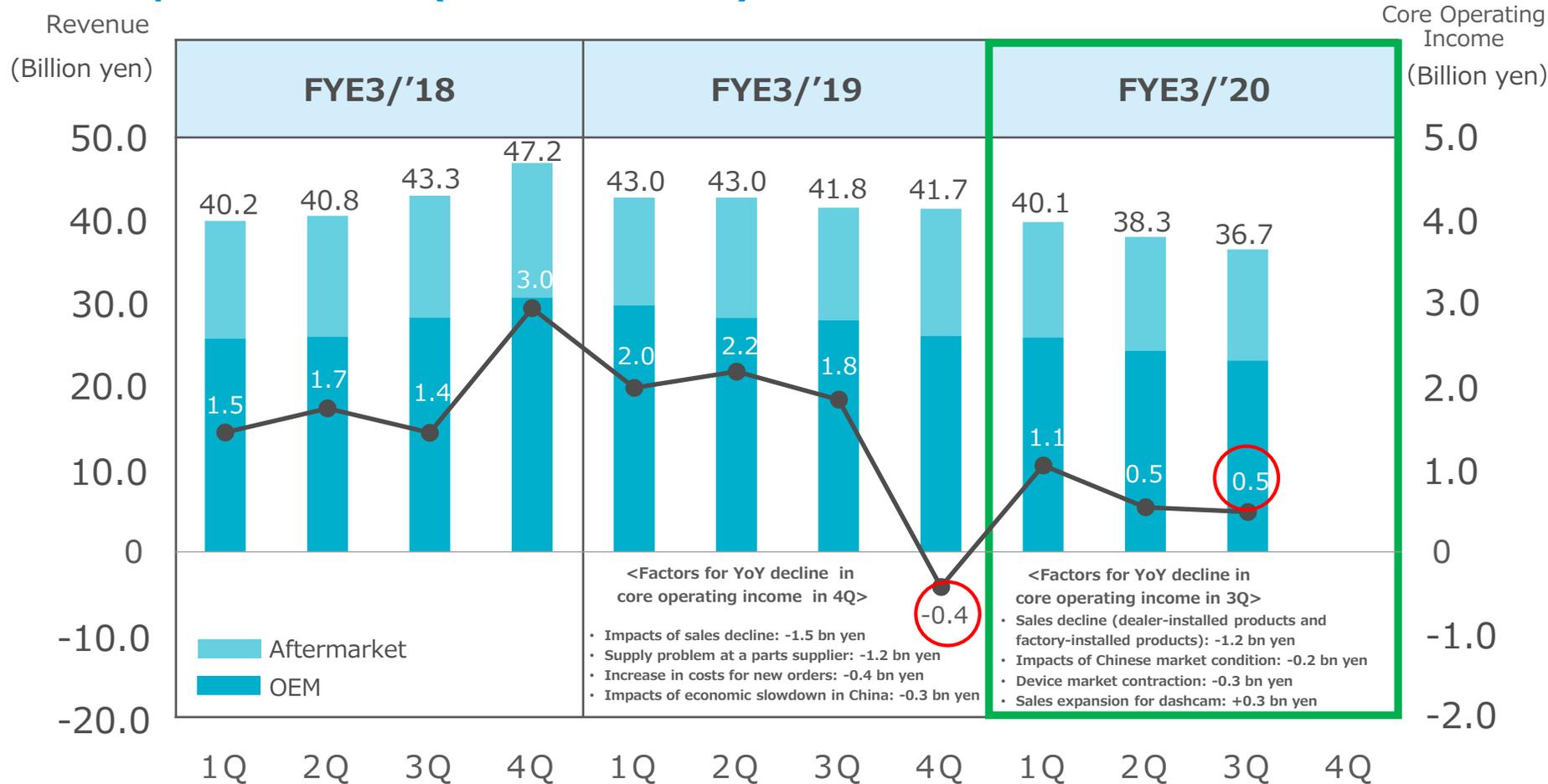
Financial Results for 3Q (1-3Q) of FYE3/'20

- Consolidated Revenue (by Sector)



Financial Results for 3Q (1-3Q) of FYE3/'20

- Quarterly Results (AM Sector)

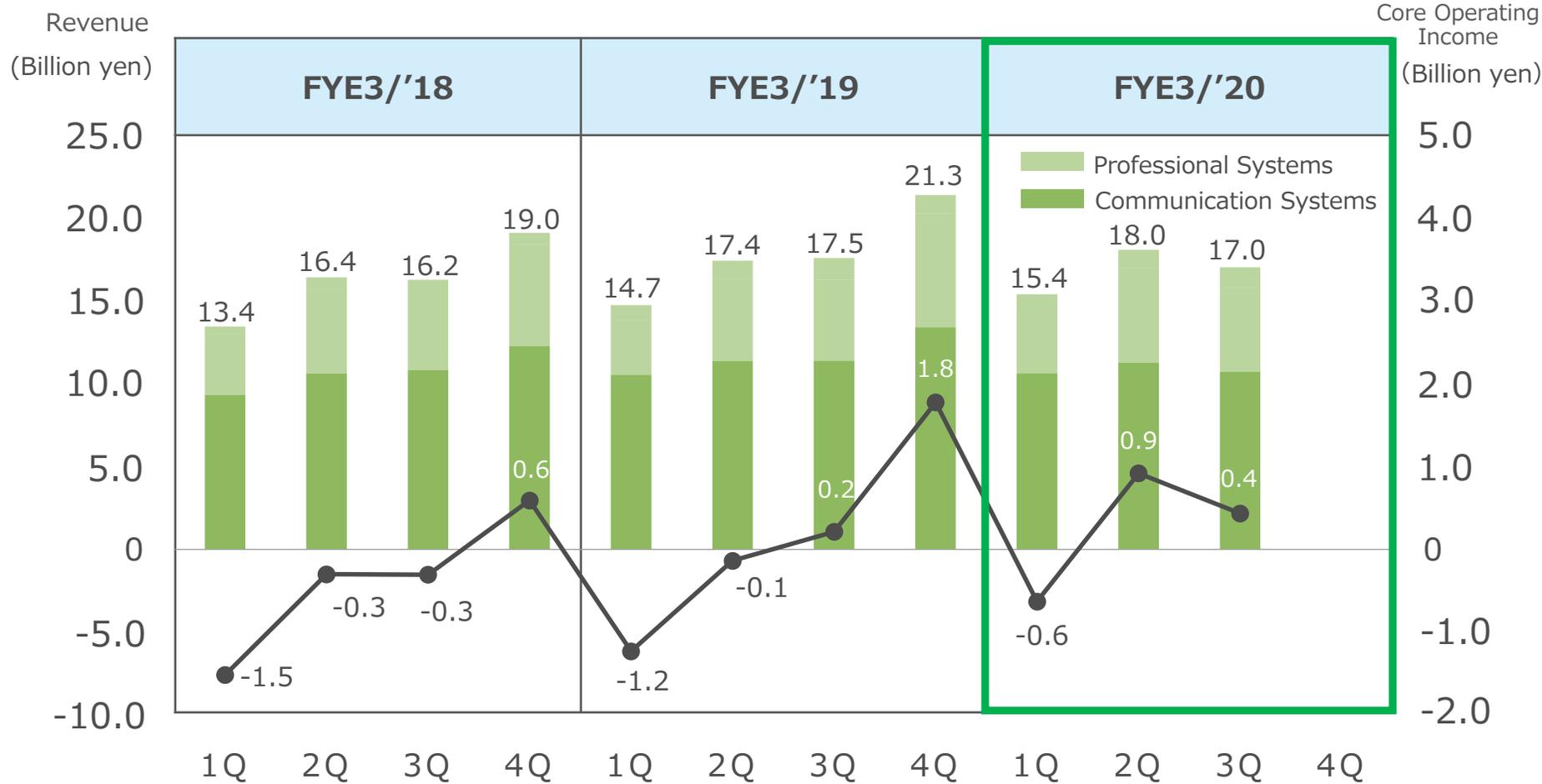


	FYE3/'18		FYE3/'19		FYE3/'20	
	1H	2H	1H	2H	1H	2H
Revenue	81.0	90.5	86.1	83.5	78.3	—
Core Operating Income	3.2	4.4	4.2	1.4	1.6	—

(Billion yen)

Financial Results for 3Q (1-3Q) of FYE3/'20

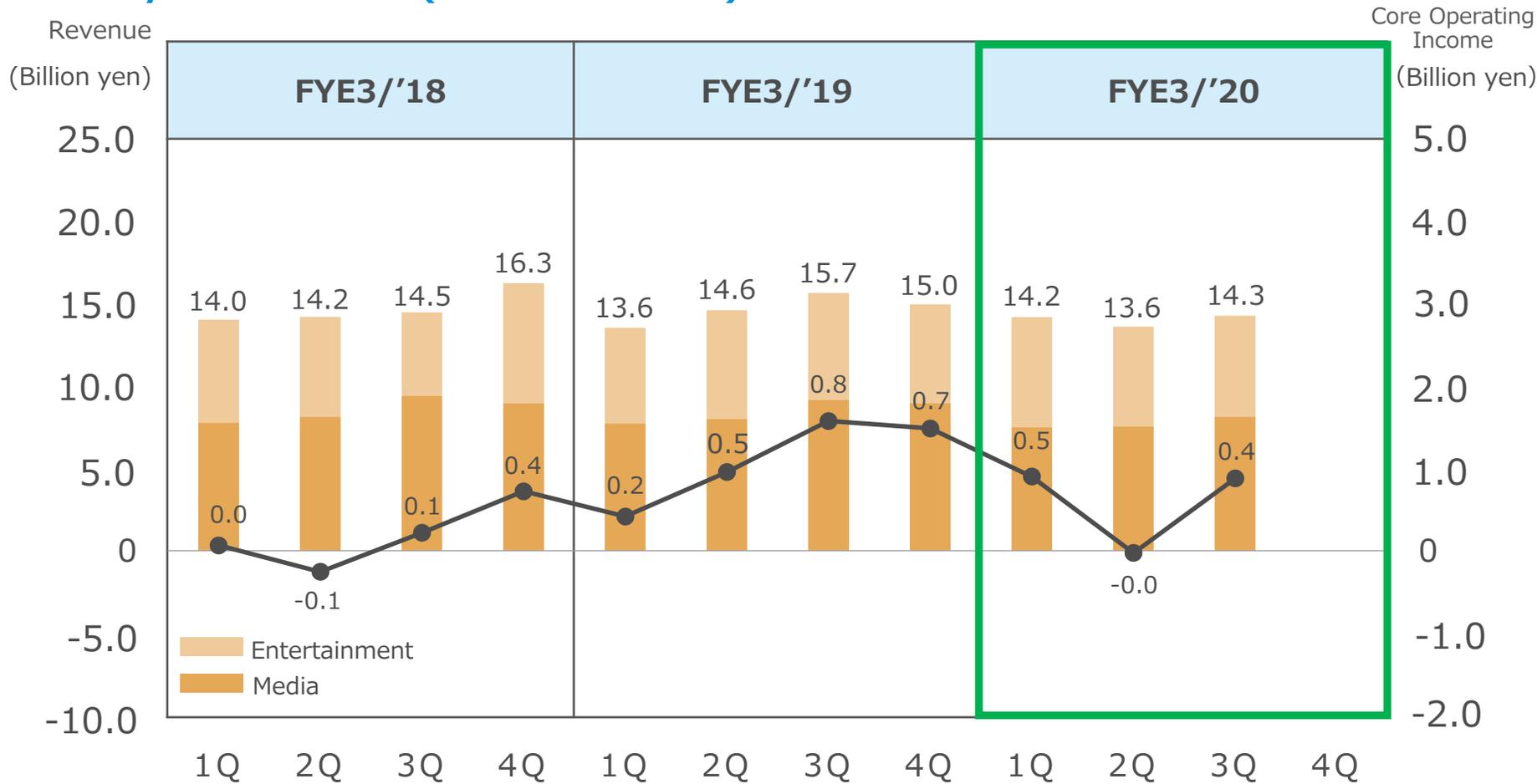
- Quarterly Results (PS Sector)



	FYE3/'18		FYE3/'19		FYE3/'20	
	1H	2H	1H	2H	1H	2H
Revenue	29.8	35.3	32.1	38.9	33.4	—
Core Operating Income	-1.8	0.3	-1.4	2.0	0.3	—

Financial Results for 3Q (1-3Q) of FYE3/'20

- Quarterly Results (MS Sector)

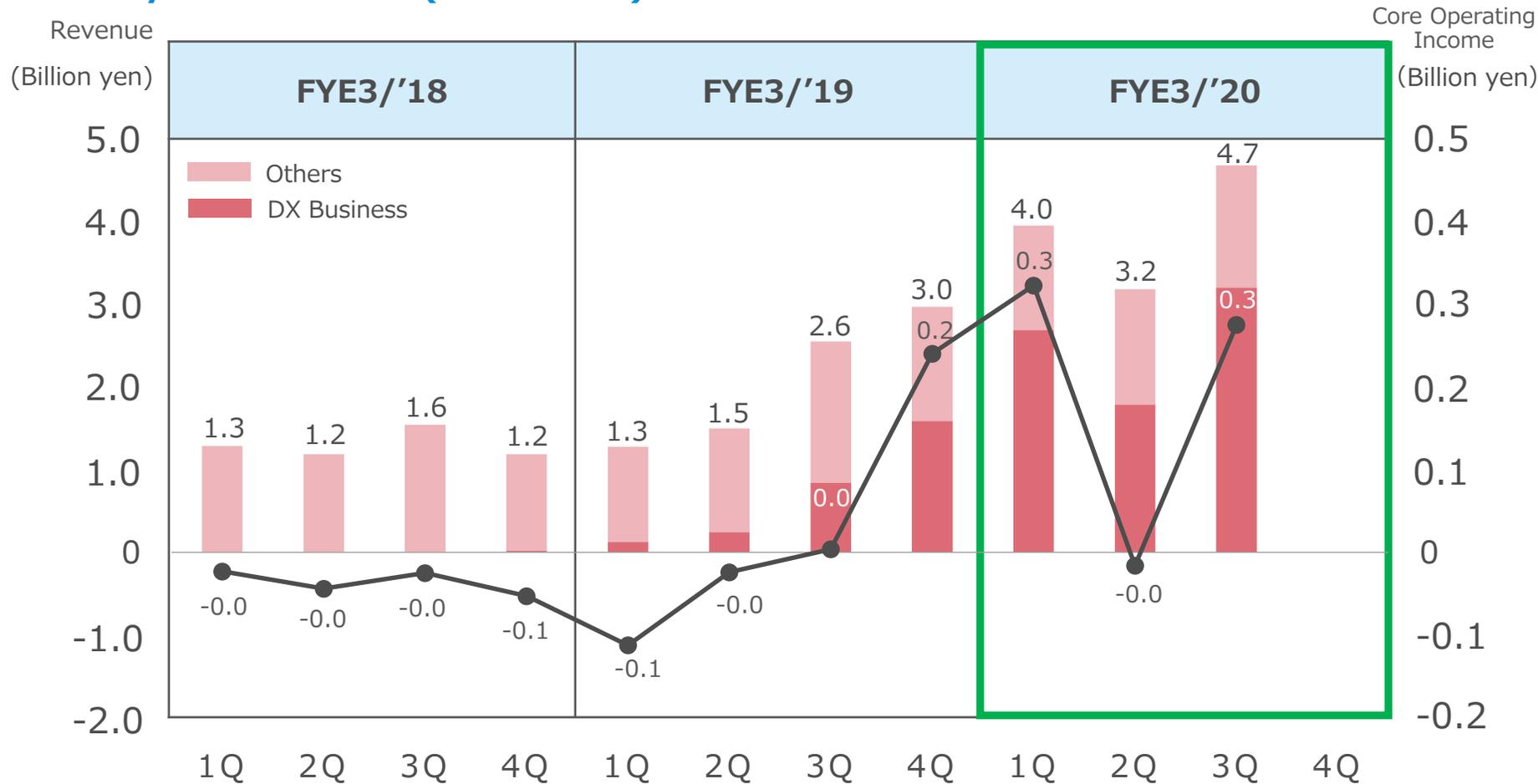


	FYE3/'18		FYE3/'19		FYE3/'20	
	1H	2H	1H	2H	1H	2H
Revenue	28.2	30.7	28.2	30.6	27.8	—
Core Operating Income	-0.1	0.5	0.7	1.5	0.4	—

(Billion yen)

Financial Results for 3Q (1-3Q) of FYE3/'20

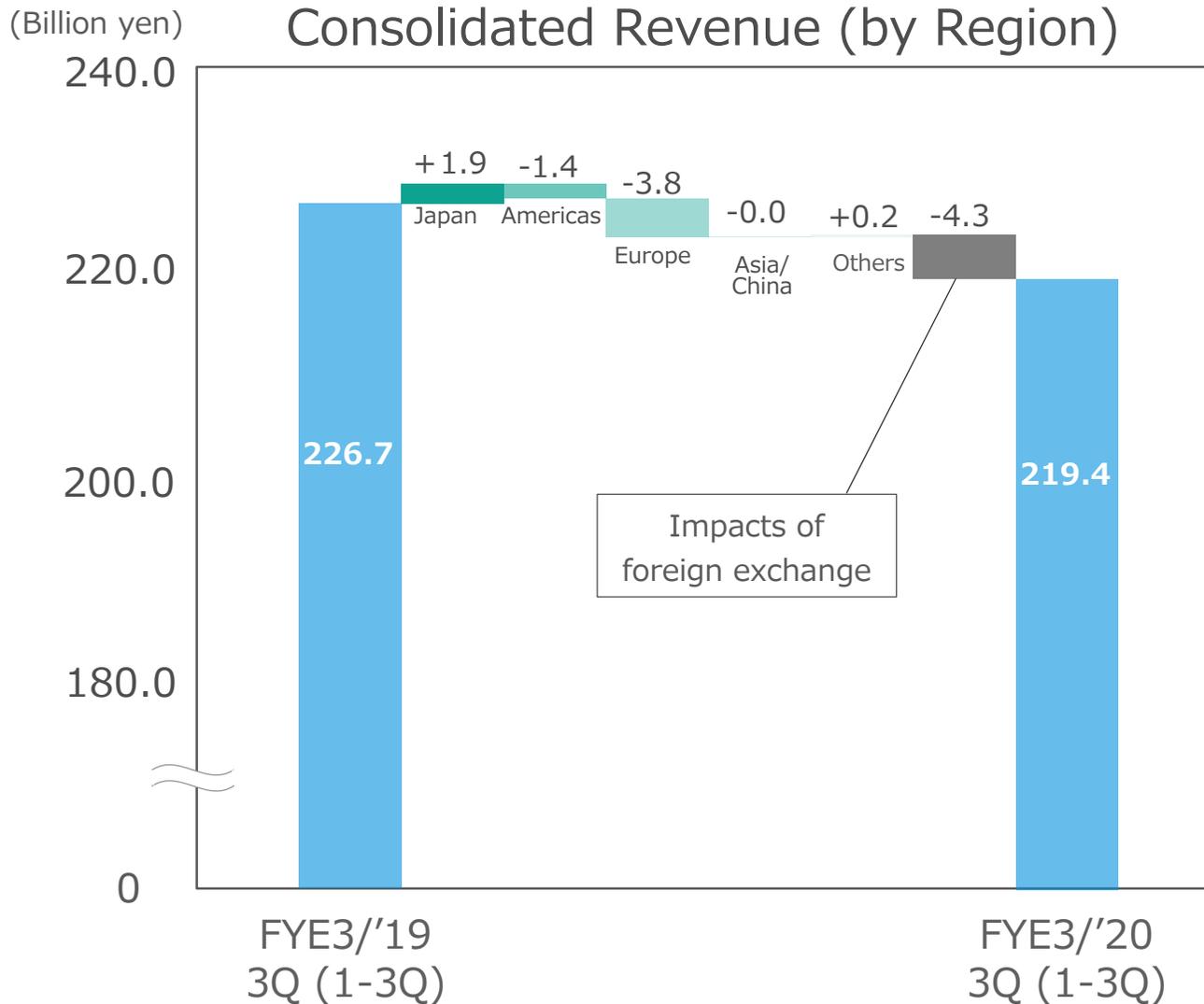
- Quarterly Results (Others)



	FYE3/'18		FYE3/'19		FYE3/'20	
	1H	2H	1H	2H	1H	2H
Revenue	2.5	2.7	2.8	5.6	7.2	—
Core Operating Income	-0.1	-0.1	-0.1	0.2	0.3	—

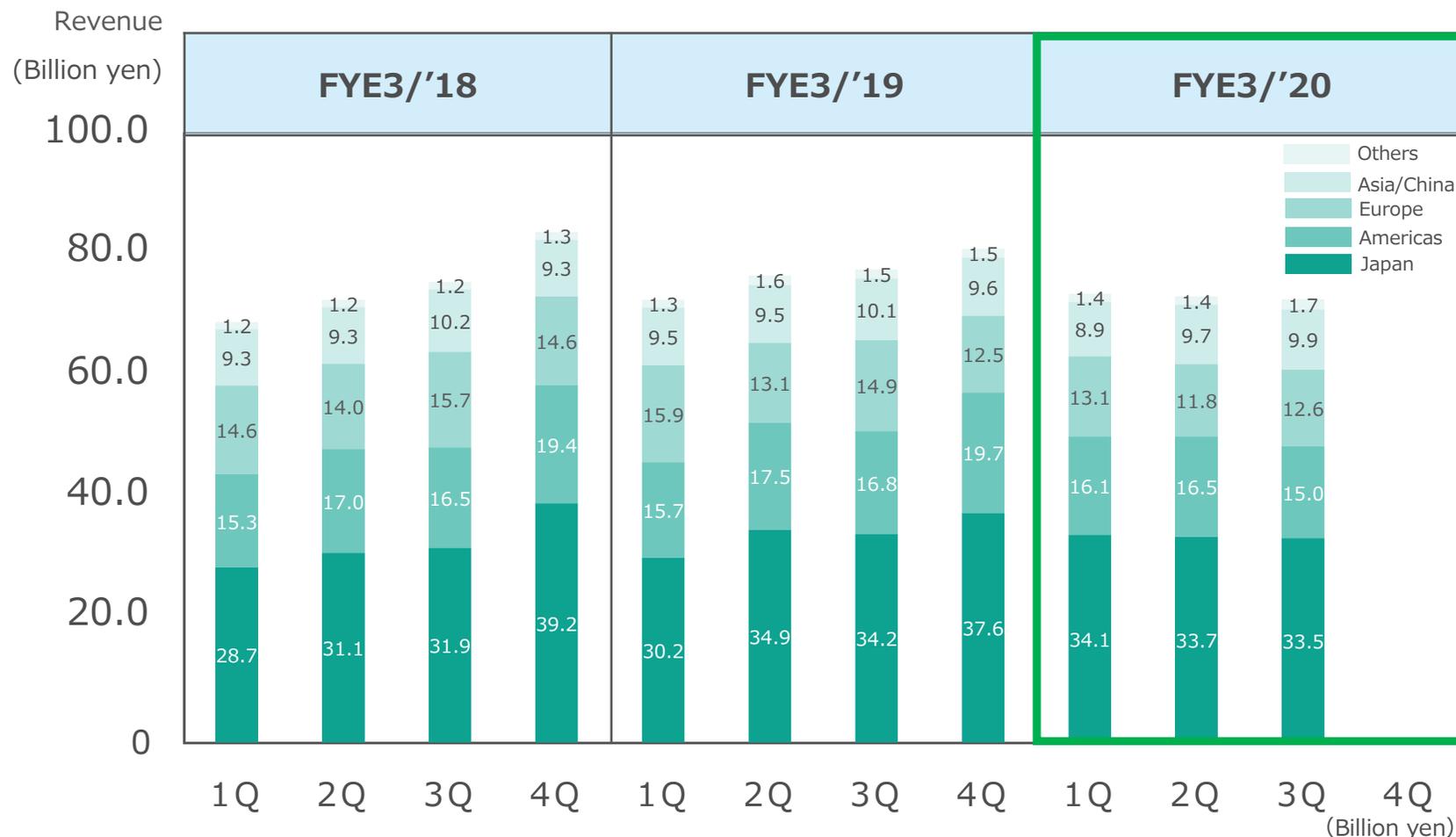
Financial Results for 3Q (1-3Q) of FYE3/'20

- Consolidated Revenue (by Region)



Financial Results for 3Q (1-3Q) of FYE 3/'20

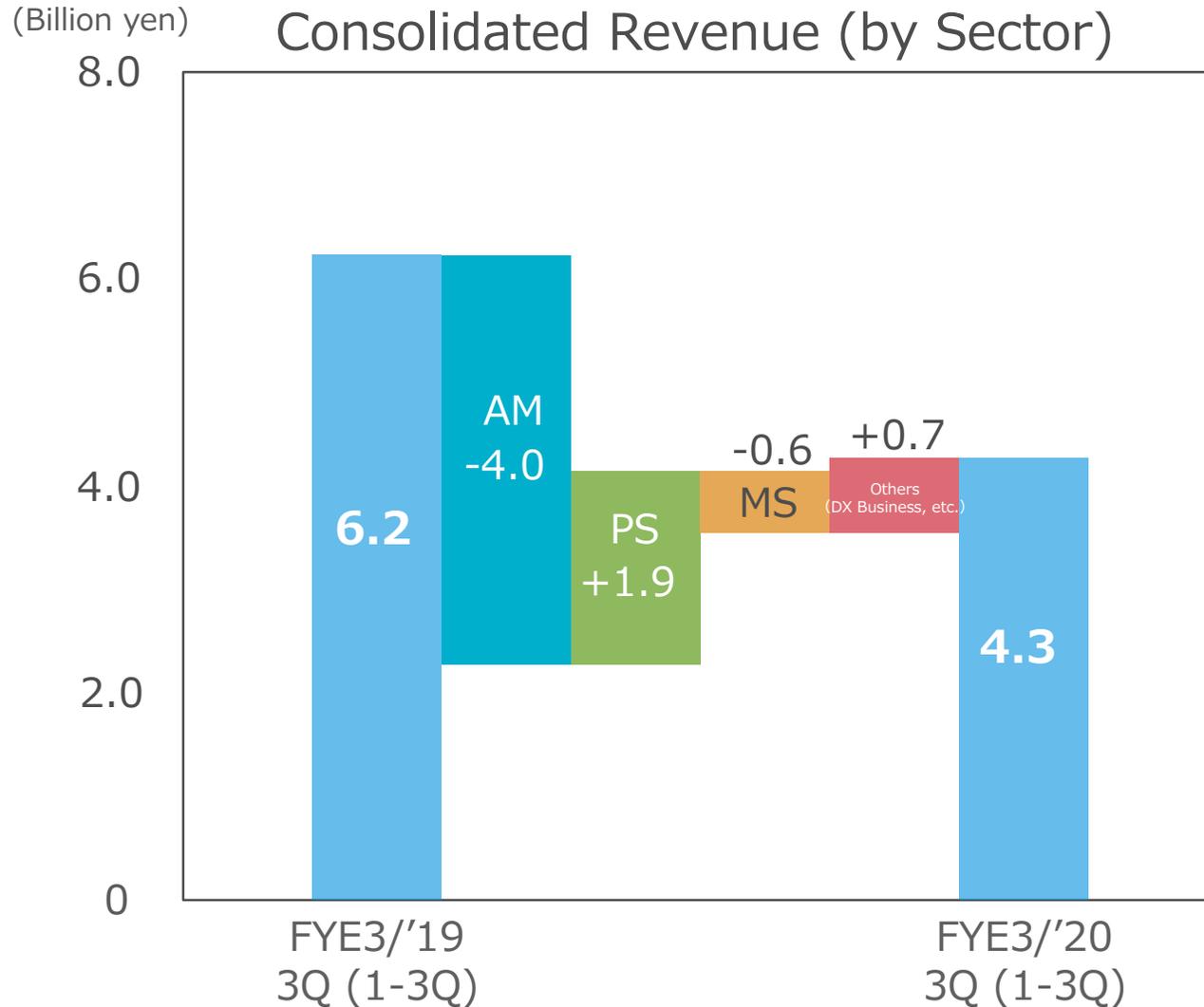
- Trends in Consolidated Revenue by Region



	FYE3/'18		FYE3/'19		FYE3/'20	
	1H	2H	1H	2H	1H	2H
Japan	59.8	71.1	65.1	71.8	67.8	—
Americas	32.3	35.9	33.2	36.6	32.6	—
Europe	28.5	30.3	29.0	27.4	24.9	—
Asia/China	18.6	19.5	19.0	19.7	18.7	—
Others	2.4	2.5	2.8	3.0	2.7	—

Financial Results for 3Q (1-3Q) of FYE 3/'20

- Consolidated Core Operating income (by Sector)



Financial Results for 3Q (1-3Q) of FYE 3/'20

- Consolidated Profit/Loss (Summary)

- For 3Q (1-3Q) of FYE3/'20, the amount of 650 million yen was recorded in structural reform expenses related mainly to the AM Sector under Other Expenses.

(Billion yen)

	3Q (1-3Q) FYE3/'19	3Q (1-3Q) FYE3/'20	YoY Change
Core Operating Income*	6.23	4.27	-1.96
Other Income, Other Expenses, Foreign Exchange Loss, etc.	0.13	-0.07	-0.19
Operating Profit	6.36	4.20	-2.16
Finance Income, Finance Expenses, etc.	-0.57	-0.67	-0.10
Profit Before Income Taxes	5.79	3.54	-2.26
Income Tax Expenses	1.88	1.47	-0.41
Non-Controlling Interests	0.37	0.34	-0.03
Profit Attributable to Owners of the Parent Company	3.54	1.72	-1.82

* 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 3Q (1-3Q) 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	3Q FYE3/'20	YoY Change
Total Assets	250.6 *(259.0)	259.5	+ 8.9 (+0.5)
Total Liabilities	185.3 *(195.1)	195.4	+ 10.1 (+0.3)
Total Equity	65.3 *(63.9)	64.2	-1.2 (+0.2)
Interest-Bearing Debts	71.3	70.8	-0.5
Net Debt	30.5	32.6	+ 2.2
Net Debt/Equity Ratio (Times)	0.49	0.54	+ 0.05
Equity Attributable to Owners of the Parent Company	62.0 *(60.6)	60.5	-1.5 (-0.1)
Stockholder's Equity Ratio (%)	24.7 *(23.4)	23.3	-1.4 (-0.1)

*Note: The figures reflect the impacts of the application of IFRS 16 Leases.

Financial Results for 3Q (1-3Q) of FYE 3/'20

- Cash Flow (Summary)

- Net cash provided by operating activities increased, reflecting an increase in depreciation and amortization expenses and improvement in working capital.
- Net cash used in investing activities decreased due to the absence of M&A investments.
- Net cash used in financing activities increased due to the absence of proceeds from new share issuances and repayment of lease liabilities.

(Billion yen)

	3Q (1-3Q) FYE3/'19	3Q (1-3Q) FYE3/'20	YoY Change
Cash Flow from Operating Activities	14.1	17.1 *(15.0)	+ 3.1 (+0.9)
Cash Flow from Investing Activities	-20.6	-14.7	+ 5.9
Free cash flow <small>* Free cash flow: Cash flow from operating activities + Cash flow from investing activities</small>	-6.5	2.5 *(0.3)	+ 9.0 (+6.8)
Cash Flow from Financing Activities	7.9	-4.7 *(-2.6)	-12.6 (-10.4)
Total	1.4	-2.3	-3.7

*Note: The figures reflect the impacts of the application of IFRS 16 Leases.

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

Full-year Earnings Forecast for FYE3/'20

- Operating profit for the first nine months of FYE3/'20 was in line with period-start projections although revenue slightly fell short of projections, affected by foreign exchange rates.
- For 4Q, the full-year earning forecast will be left unchanged due to the rollout of new products in the domestic and international market in the Aftermarket Business, strong sales maintained in the PS Sector, and higher sales in the Media Business in the MS Sector, despite the impacts and risks of the slowdown of China's economy and shrinking device market in the AM Sector.
- The earning forecast does not reflect the effects from the novel coronavirus pneumonia as they are now in the process of being checked.

(Billion yen)

	Result for FYE3/'19	Forecast for FYE3/'20	YoY
Revenue	307.6	310.0	+ 2.4
Operating Profit	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/'19/3	Assumption for FYE3/'20
Profit-And-Loss Exchange Rates	U.S. dollar	111 Yen	113 Yen
	Euro	128 Yen	128 Yen

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

Major Initiatives in the AM Sector Toward the Next Fiscal Year

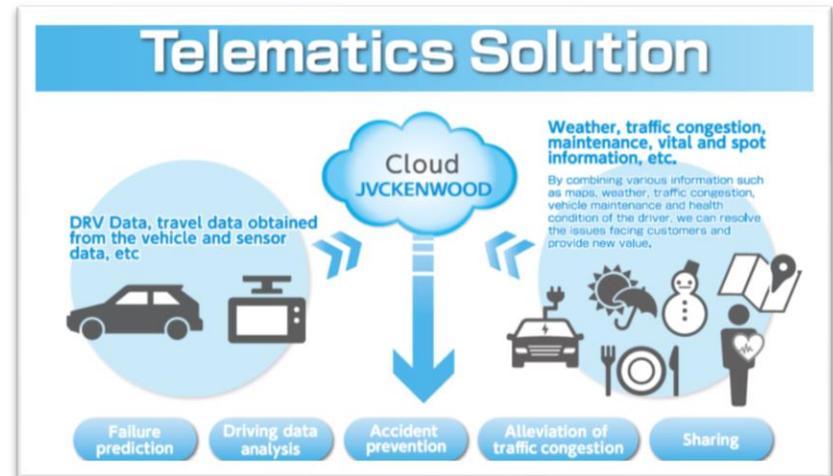
- Carry out structural reforms in keeping with the changing market
 - Structural reforms for the R&D base in Singapore in response to declining demand for car audio and analog communication systems (headcount reduction)
 - » Approx. 260 employees → 100 employees or fewer
 - Structural reforms for JKHL in response to the slowdown of the Chinese economy (shutdown of our EMS plant in Chongqing)
 - Structural reforms in response to declining demand for mechanisms (shift personnel to growth areas such as the DX business)
 - » Approx. 100 employees → A scale of 50 employees

- Trend of order receipt for the next fiscal year

Acquired new orders for car navigation system and dashcam in domestic market in dealer-installed option business. Expecting significant sales growth in display audio systems for overseas for which order intake activities are now underway.

Demonstration at CES 2020*

- Demonstrated our engineering strategy and solutions for the future of the JVCケンウッド Group as a whole rather than on an existing-product-brand basis
 - Highlighted new dashcam products, telematic solutions and an engineering roadmap for the future as a Technology-Based Company
 - Unveiled the EXOFIELD THEATER, a new product offering equipped with out-of-head localization sound field processing technology, planned to be rolled out in the coming spring in the Americas



Conceptual image of the telematics solution



Conceptual image of EXOFIELD THEATER

*Consumer Electronics Show held from Tuesday, January 7 to Friday, January 10, 2020 in Las Vegas, U.S.A.

AM Sector: OEM (Dealer-Installed Products)

- AV memory car navigation and dashcam systems made by the Company were adopted for “Gathers,” a Honda Motor factory-installed accessory option and started shipping from October to expand dealer-installed option business.
 - Enable high video quality, quick response and intuitive use such as of a smartphone. Is compatible with Music Rack[®], a device able to record CD music content, being equipped with high-level functions despite being a standard model line
 - Able to be used also as a dual camera system which supports front-and rear-view video recording in response to rapid increase in needs, by being connected to a rear camera option sold separately, along with car-navigation-smartphone-link systems and smartphone-link systems



AV memory car navigation VXM-204VFi
(standard inter-navigation system)



Dashcam DRH-204VD/WD and a rear camera option
sold separately

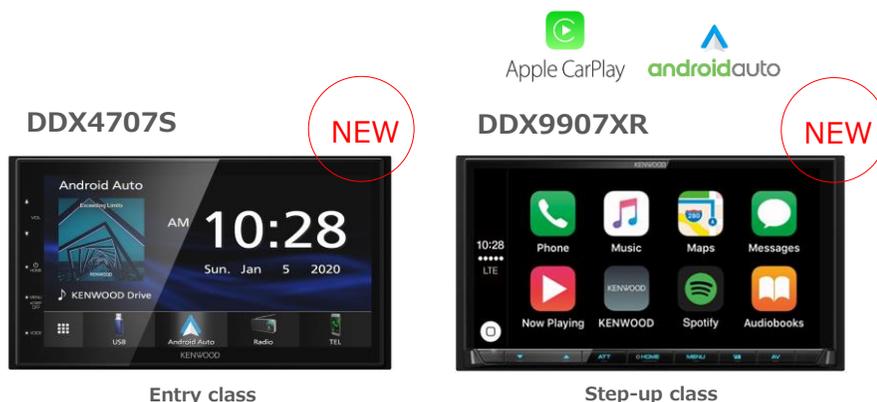
AM Sector: Aftermarket Business

- Launched in January a dual-camera dashcam product that enables operation and display via 2020 Saisoku-Navi models and a car navigation system monitor.
Step up the linkage between our car navigation systems and dashcams
 - Able to be used comfortably via a car navigation screen and display on a big screen a video being shot and played, through linkage between any of the 2020 Saisoku-Navi models and a dedicated dashcam



Function for the linkage between a car navigation system and dashcam, which allows a shot video to be checked instantly on a big Saisoku-Navi screen

- In March, we will roll out display audio systems that support “Apple CarPlay” “Android Auto” in the U.S., deploying a lineup catering to a wide range of needs such as for high-end to low-end models.
 - Apple CarPlay/Android Auto will automatically start by connecting to an iPhone/Android phone.
 - High-end models support wireless connection



New 2020 lineup for the U.S. that supports “Apple CarPlay” and “Android Auto”

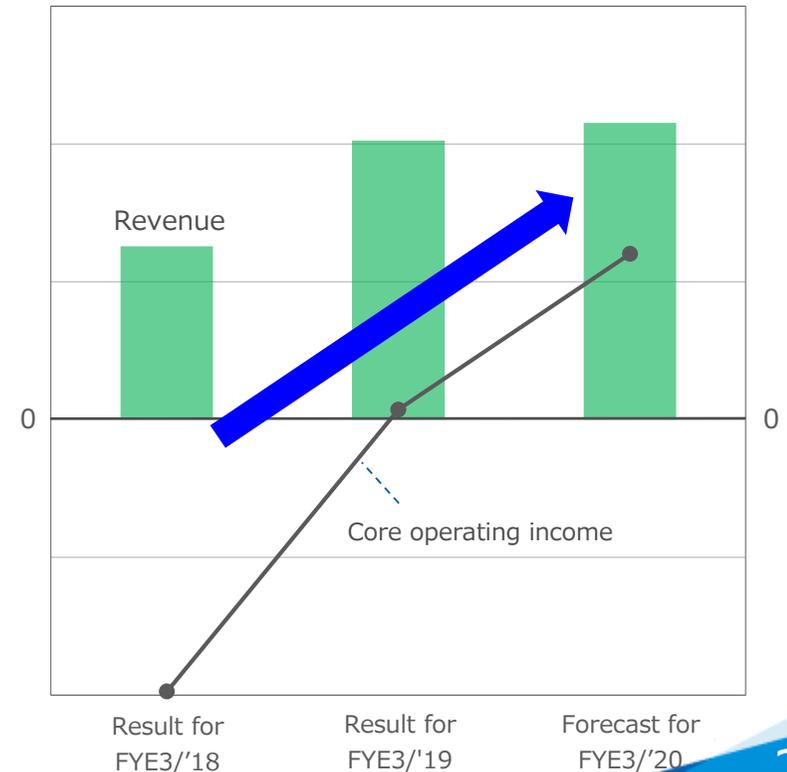
PS Sector: Communications Systems Business

- Acquired orders for professional digital radio systems for California Highway Patrol in the U.S.
Won business worth approx. 3.0 billion yen in total over the next three years
 - Will be equipped on 3,300 vehicles, as mixed protocol operation (P25 Phase 1& 2, Viking16, FM Analog) service deployed by U.S. communication system subsidiary EFJT was praised.



Professional radio system to be supplied to California Highway Patrol

Earnings recovery by EFJT



PS Sector: Professional Systems Business (JKPI and Healthcare)

- Expand sales of Video and Audio Solutions products such as surveillance systems, signage and wireless intercoms that are aimed to enhance safety measures and convenience at airports and ports
- To date, we have acquired orders from seven airports and one port operators.
- Begin clinical trials in Japan and Australia with the aim of obtaining medical device approval for gaze tracking system Gazefinder as a diagnosis aid for Autism Spectrum Disorder (ASD)

- To be done in Japan jointly with Hamamatsu University School of Medicine, Osaka University, Tottori University, Hirosaki University and Fukui University. Aim to obtain medical device approval within fiscal year 2021



Diagnosis image using Gazefinder

MS Sector: Media Business

- The rollout of new models HA-A10T and HA-XC50T resulted in our market share for completely wireless earphones soaring in November and December last year.



HA-A10T



Best cost performance award



Gold Prize Bluetooth Wireless earphone (below 75,000 JPY)



HA-XC50T



New-model completely wireless earphones HA-A10T and HA-XC50T

- Portable Power Supply, a new product model rolled out in October last year, is doing well. Deploy actively in various sales channels such as mass retailers and online shopping

- Run advertisements on TV and in newspapers under the concept of Always Near Power Outlet Stimulate demand from outdoor and emergency uses



Portable power supply product comprising a lineup of three models with different capacities

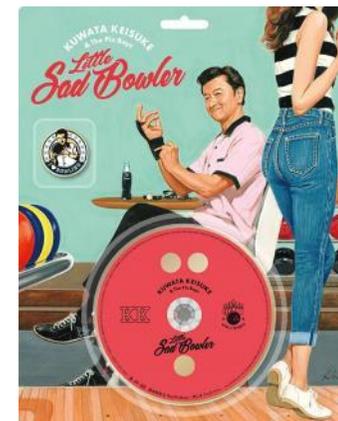
MS Sector: Entertainment Business

■ Promising works for the fourth quarter

- Go with the Flow, Takuya Kimura [album] (January)
- Keisuke Kuwata & The Pin Boys
Little Sad Bowler [single] (February)
- Sakanaction
SAKANAQUARIUM 2019 “834.194”
6.1ch Sound Around Arena Session
-LIVE at PORTMESSE NAGOYA 2019.06.14-
[BD/DVD] (January)



Go with the Flow



Little Sad Bowler

■ Victor Rock Festival 2020 will be held on March 20

- A music festival marking its seventh year this year
To be held in Makuhari Messe

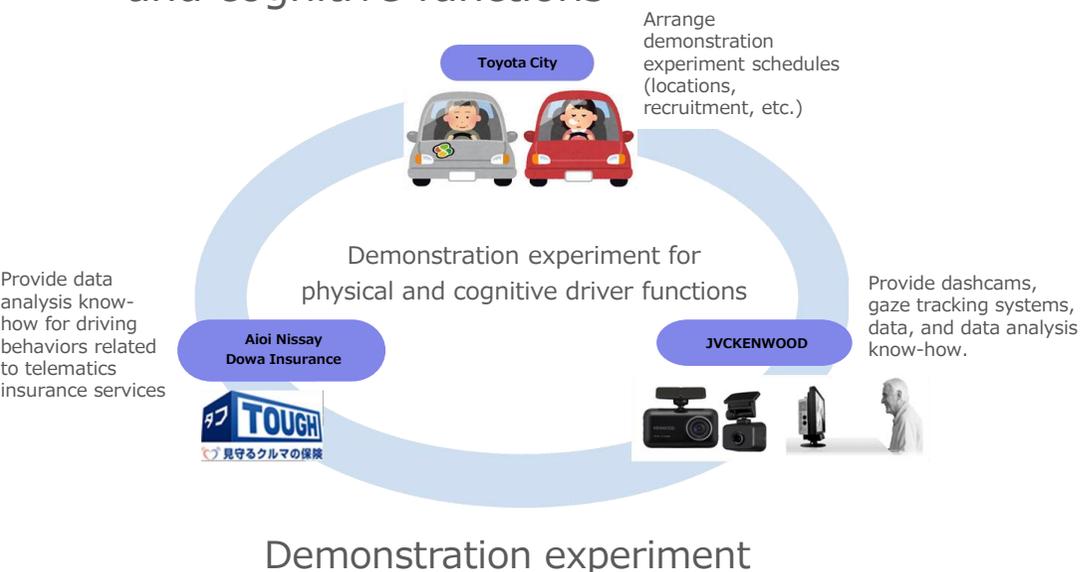


■ Campaign for app game THE KING OF FIGHTERS for GIRLS

- Conduct a user campaign from late January, seeking to stimulate demand further

DX Business

- Start demonstration experiments from February for physical and cognitive driver functions using dashcam and gaze tracking system Gazefinder, jointly with Aioi Nissay Dowa Insurance and the Toyota City Government
- Aim to bring about a safe and secure mobility society by offering an opportunity for a person to promptly become aware of signs of a deterioration in his/her physical and cognitive functions
- Demonstrate telematics solutions adopted by the MS&AD Group and Grab at CES 2020 Drawing much attention from industry professionals. Build a foothold for new deployment in the Americas and other regions



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.