

JVCKENWOOD

Translation for Reference Only

JVCKENWOOD

Results and Forecast Briefing

Fiscal Year Ended March 2020

(IFRS)

May 20, 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/contract production business

Others

■ DX* Business, etc.

* Digital Transformation

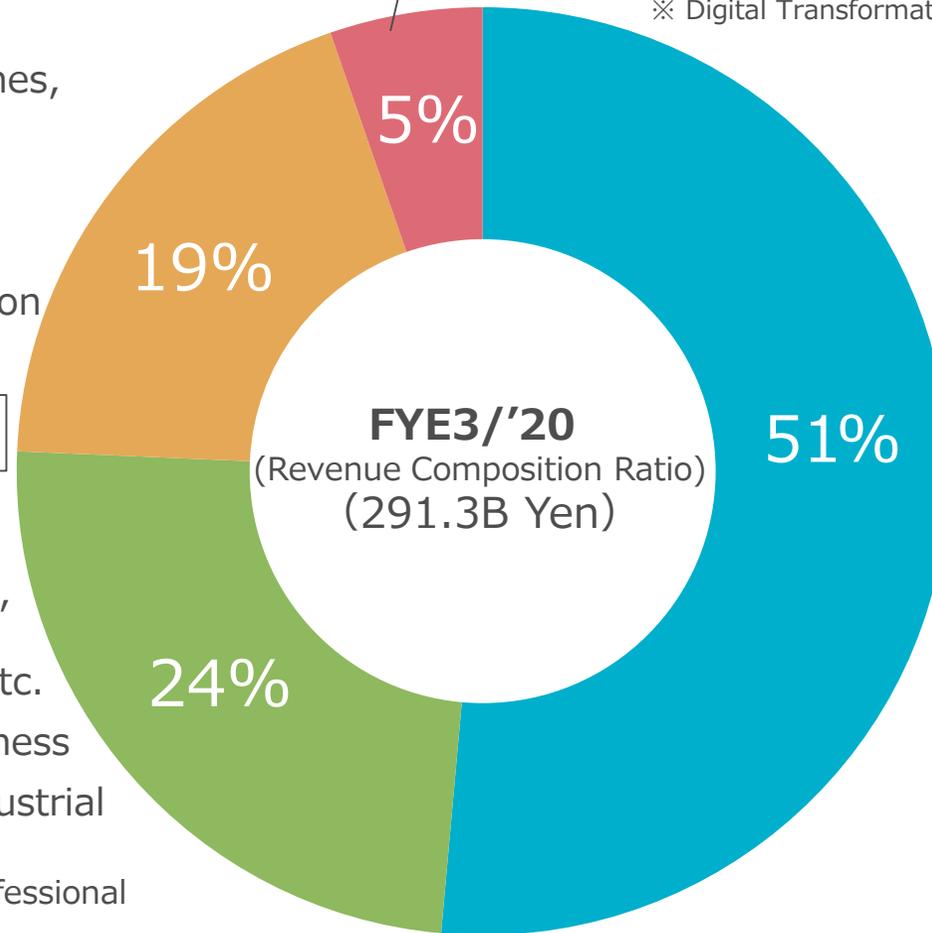
Automotive Sector (AM)

■ 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.



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.

- 1. Overview of Financial Results for FYE3/'20**
- 2. Full-Year Earnings Forecast for FYE3/'21**
- 3. Impact of Pandemic of Novel Coronavirus and Response**

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

2. Full-Year Earnings Forecast for
FYE3/'21

3. Impact of Pandemic of Novel
Coronavirus and Response

Financial Results for FYE3/'20 - Highlights

- Revenue of the JVCKENWOOD Group as a whole declined due to the impacts of pandemic of the novel coronavirus, exchange rate fluctuations, and lower sales of factory-installed products in the OEM business of the AM Sector despite higher revenue in Others.
- Core operating income of the JVCKENWOOD Group as a whole declined due to profit decreases in the AM Sector and the MS Sector despite higher profits in the PS Sector and Others.
- Operating profit, profit before income taxes, and profit declined due to a decrease in core operating income.

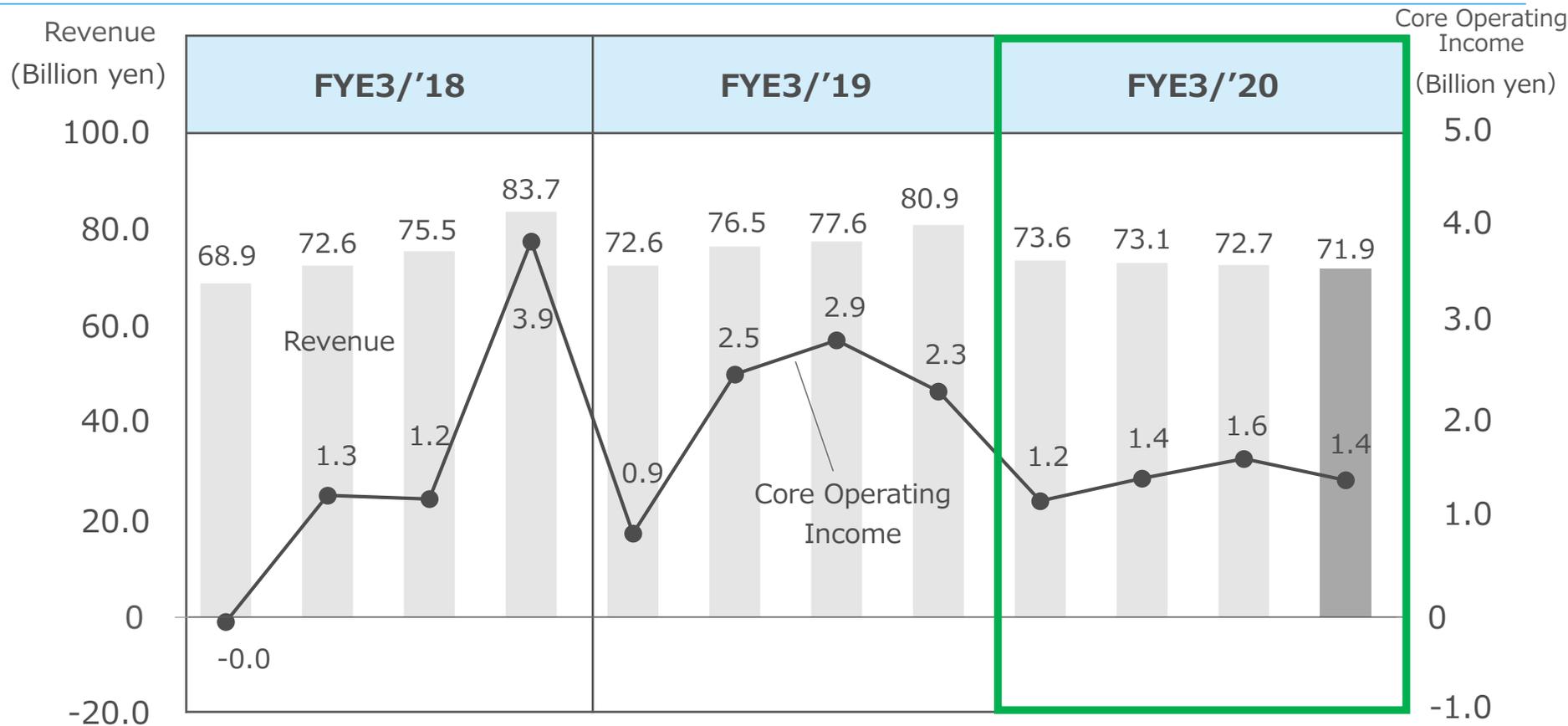
(Billion yen)

	FYE3/'19		FYE3/'20		
		Composition ratio(%)		Composition ratio(%)	YoY comparison
Revenue	307.6	100.0	291.3	100.0	-16.3
Cost of sales	223.3	72.6	212.2	72.9	-11.1
Gross profit	84.3	27.4	79.1	27.1	-5.2
Core operating income*	8.6	2.8	5.7	2.0	-2.9
Operating profit	7.3	2.4	4.1	1.4	-3.2
Profit before income taxes	6.4	2.1	2.9	1.0	-3.5
Profit attributable to owners of the parent company	3.8	1.3	1.0	0.3	-2.9

* 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	109yen	109yen
	Euro	130yen	130yen	129yen	125yen	128yen	124yen	119yen	120yen	120yen	121yen

Financial Results for FYE3/'20 - Trends in Quarterly Results



Profit-And-Loss
Exchange Rates

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

(Billion yen)

	1H	2H	1H	2H	1H	2H
Revenue	141.5	159.2	149.1	158.5	146.7	144.6
Core Operating Income	1.2	5.1	3.4	5.2	2.6	3.1

Impact of Pandemic of Novel Coronavirus on 4Q of FYE3/'20

Overall impact: Revenue -6.0 billion yen, operating profit -3.0 billion yen

- Automotive Sector Revenue -3.8 billion yen, operating profit -1.5 billion yen

The Aftermarket Business struggled except in Japan due to the impact of a shutdown of distributors. The OEM Business saw a decline in sales due to the shutdown of plants and deterioration in automobile sales globally.

- Public Service Sector Revenue -0.9 billion yen, operating profit -0.3 billion yen

While the Communication Systems Business was largely steady, there was the impact of a shutdown of a plant in Malaysia. Sales at JVCKENWOOD Public & Industrial Systems Corporation (JKPI) were largely as planned. In the Healthcare Field, sales to hospitals declined.

- Media Service Sector Revenue -1.3 billion yen, operating profit -1.2 billion yen (including impairment of -0.5 billion yen)

In the Media Business, while the impacts on the BtoB market, including the Imaging Device Business, were minor, sales declined in the BtoC market. The Entertainment Business was relatively robust.

- Others

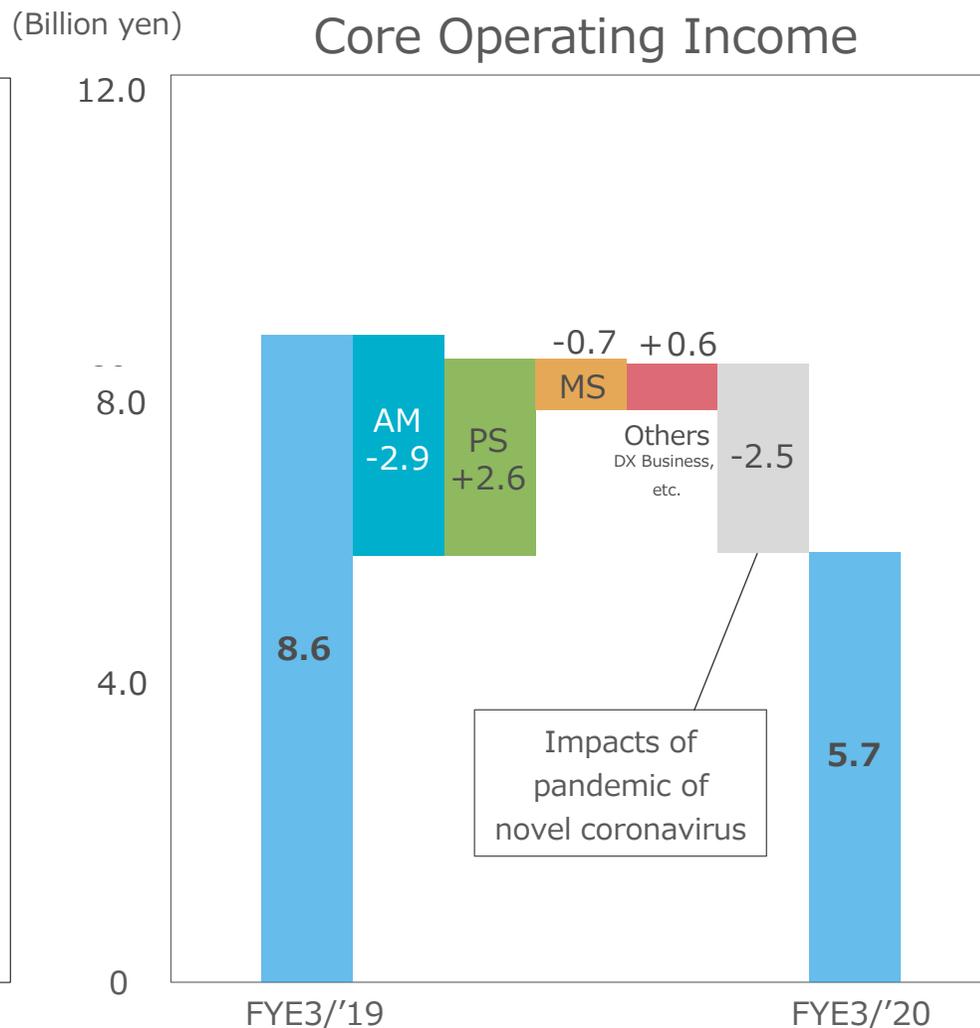
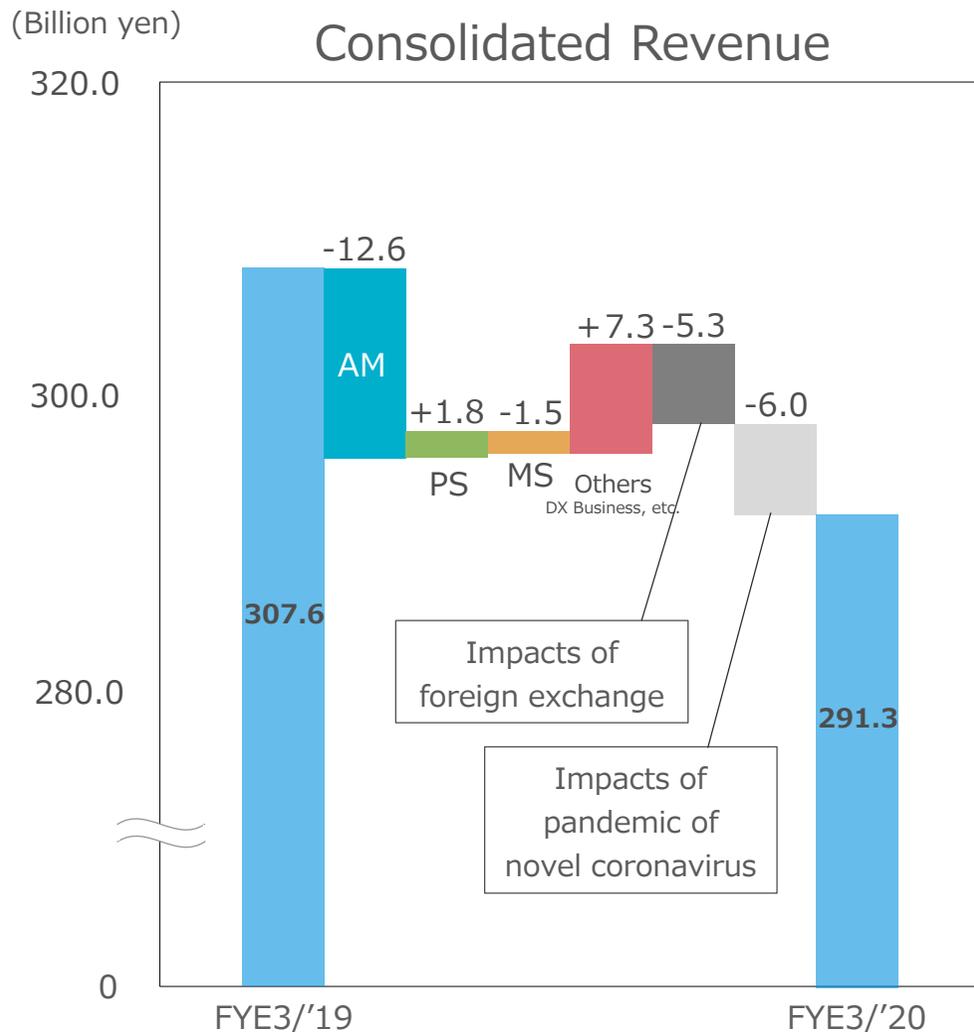
Sales related to telematics solutions in the DX Business remained strong.

Financial Results for FYE3/'20 - Results by Sector

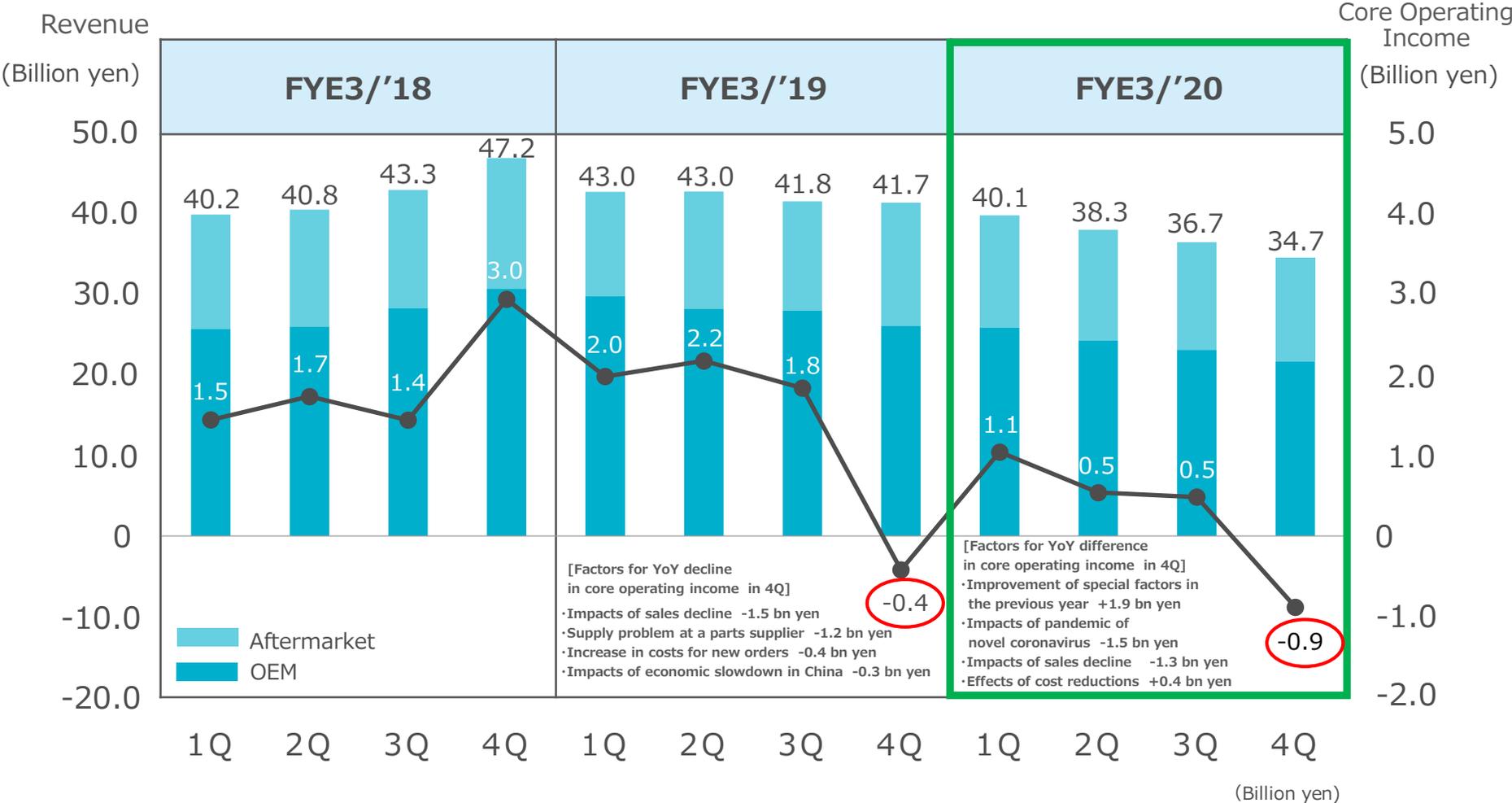
		(Billion yen)				Factors
		FYE3/'19	FYE3/'20	YoY change (amount)	YoY change (percentage)	
AM Sector	Revenue	169.5	149.8	-19.7	-11.6%	* Revenue of the AM Sector as a whole decreased although revenue of the Aftermarket Business was flat year on year, supported by strong sales in the domestic market. This 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	5.6	1.2	-4.4	-78.8%	* 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	70.9	70.7	-0.3	-0.4%	* 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 Communication Systems Business, affected by foreign exchange rates.
	Core Operating Income	0.6	2.9	+ 2.3	+366.1%	* 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	58.8	55.4	-3.4	-5.8%	* 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	2.2	0.8	-1.4	-62.0%	* 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	8.4	15.4	+ 7.1	+84.7%	* 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	0.7	+ 0.6	+563.4%	
Total	Revenue	307.6	291.3	-16.3	-5.3%	—
	Core Operating Income	8.6	5.7	-2.9	-33.6%	

Financial Results for FYE3/'20

- Consolidated Revenue/Core Operating Income (by Sector)

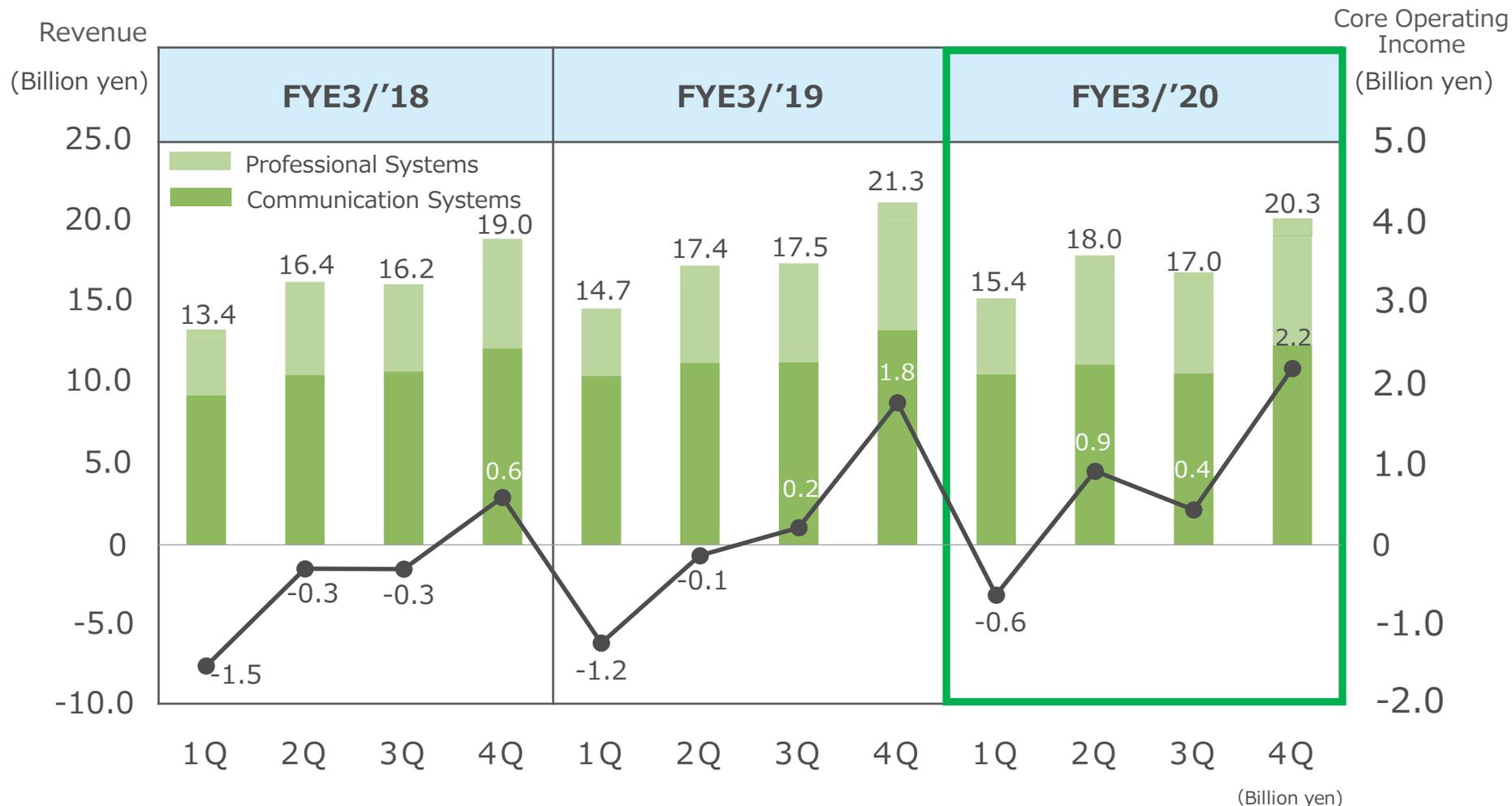


Financial Results for FYE3/'20 - Consolidated Results (AM Sector)



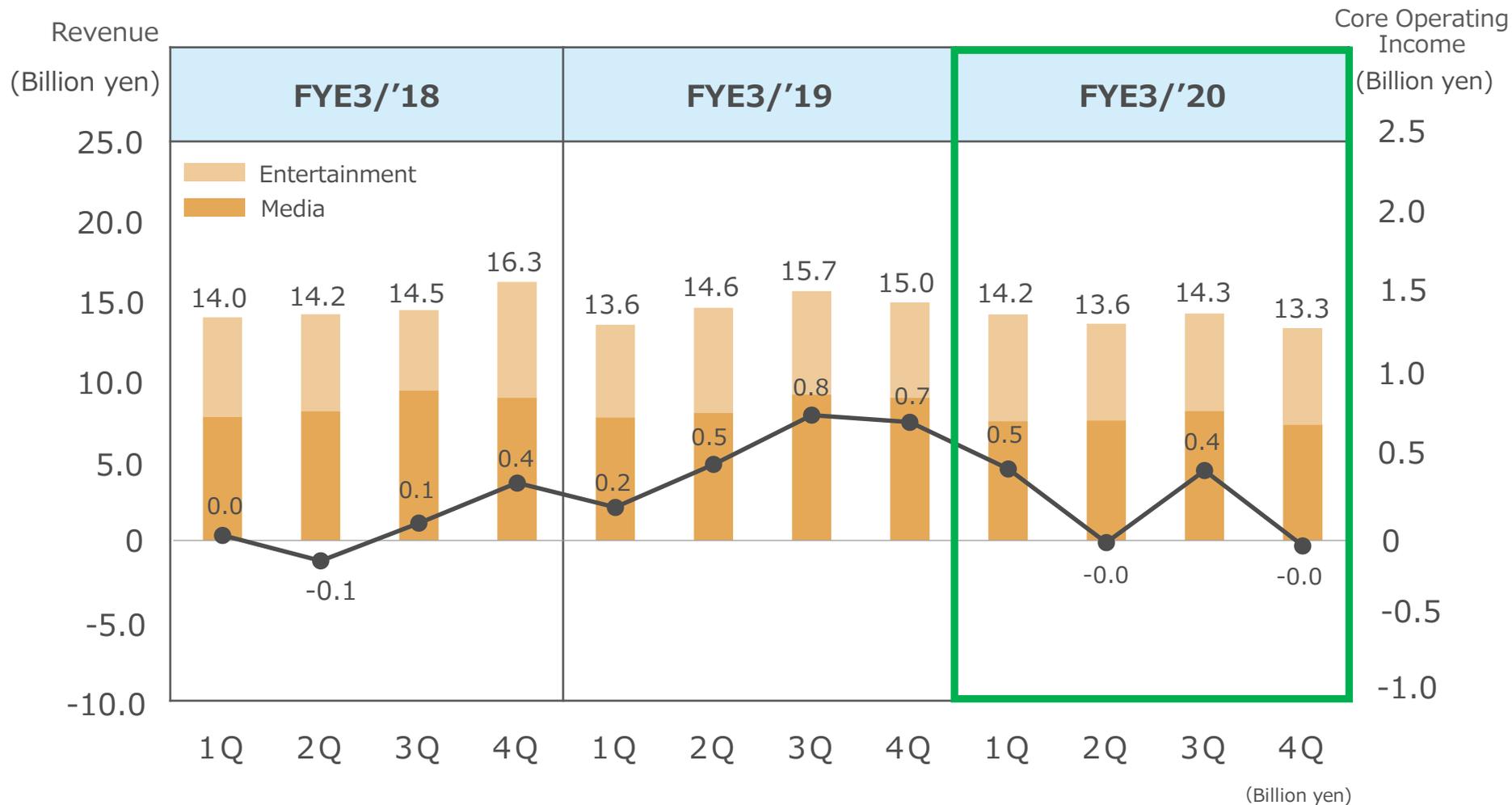
	1H	2H	1H	2H	1H	2H
Revenue	81.0	90.5	86.1	83.5	78.3	71.5
Core Operating Income	3.2	4.4	4.2	1.4	1.6	-0.4

Financial Results for FYE3/'20 - Consolidated Results (PS Sector)



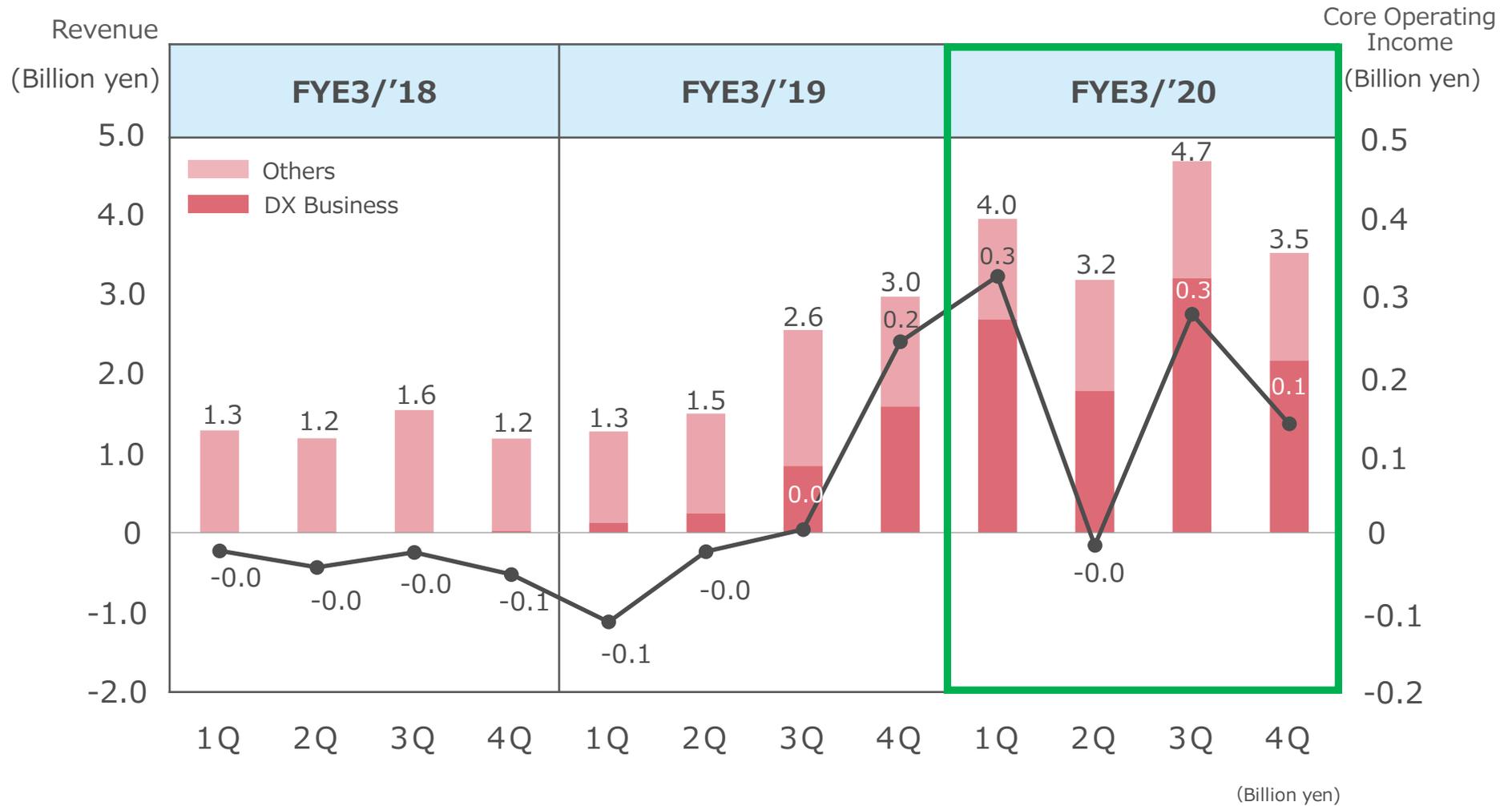
	FYE3/'18		FYE3/'19		FYE3/'20	
	1H	2H	1H	2H	1H	2H
Revenue	29.8	35.3	32.1	38.9	33.4	37.3
Core Operating Income	-1.8	0.3	-1.4	2.0	0.3	2.6

Financial Results for FYE3/'20 - Consolidated Results (MS Sector)



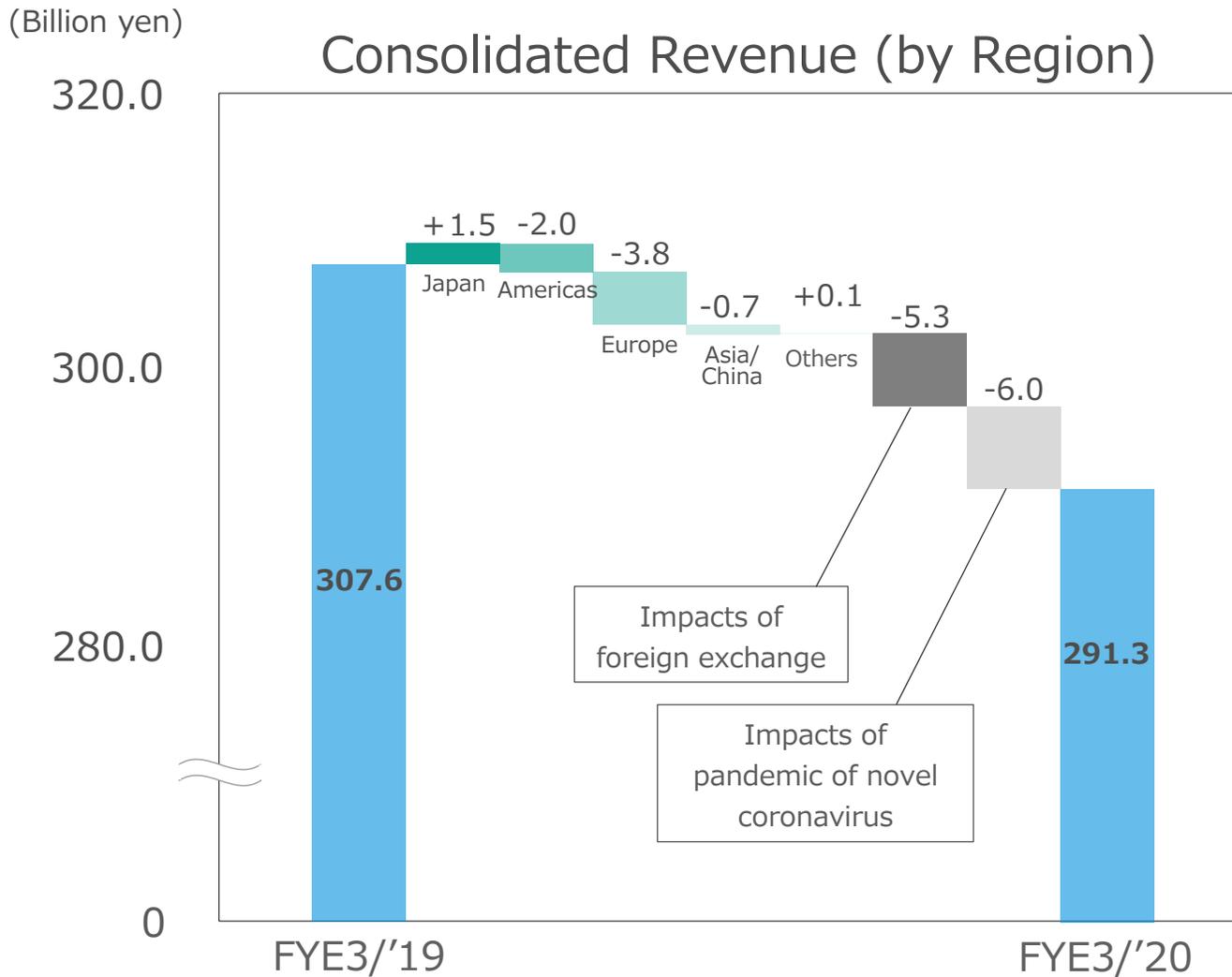
	1H	2H	1H	2H	1H	2H
Revenue	28.2	30.7	28.2	30.6	27.8	27.6
Core Operating Income	-0.1	0.5	0.7	1.5	0.4	0.4

Financial Results for FYE3/'20 - Consolidated Results (Others)

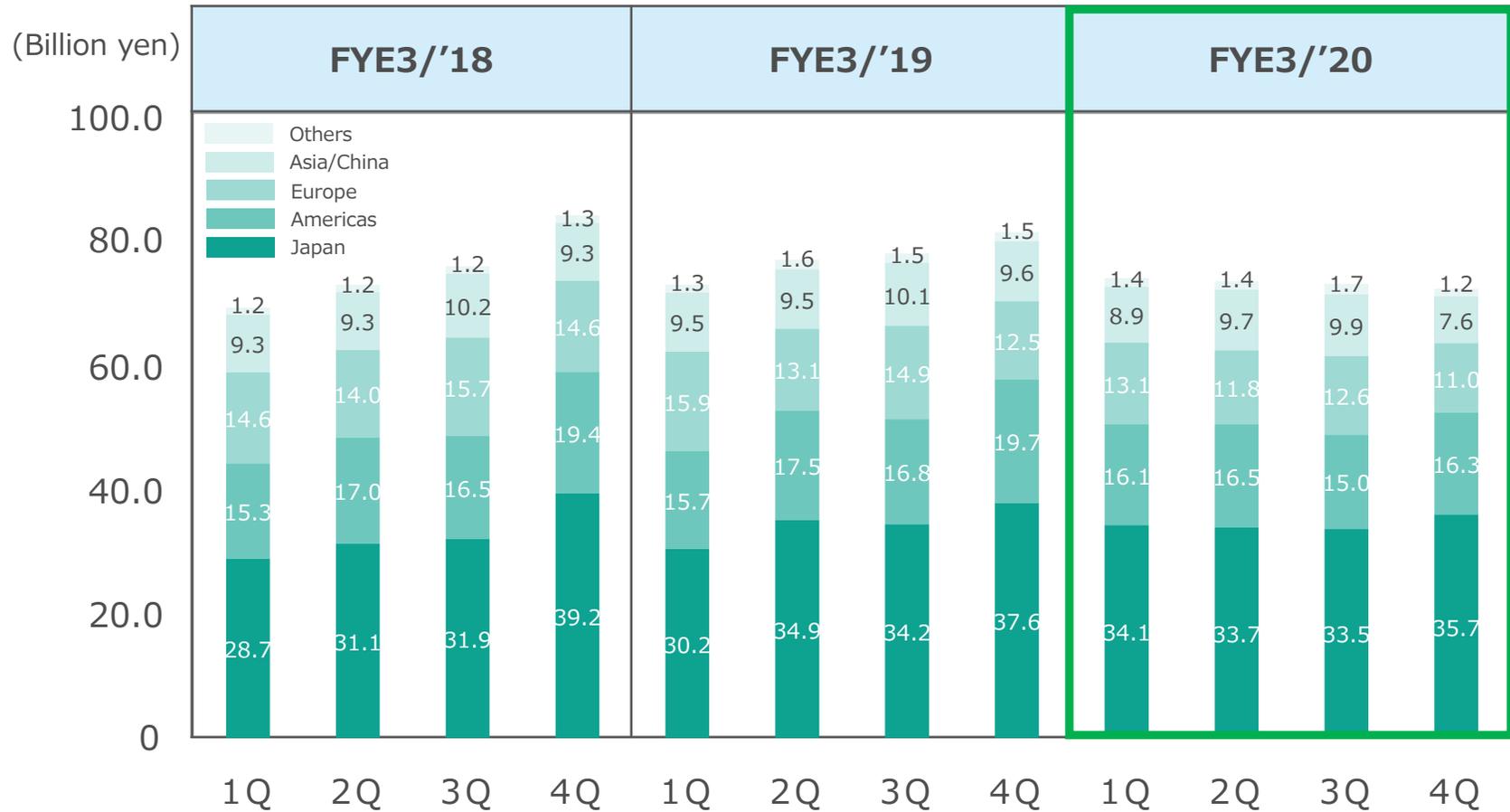


	FYE3/'18		FYE3/'19		FYE3/'20	
	1H	2H	1H	2H	1H	2H
Revenue	2.5	2.7	2.8	5.6	7.2	8.3
Core Operating Income	-0.1	-0.1	-0.1	0.2	0.3	0.4

Financial Results for FYE3/'20 - Consolidated Revenue (by Region)



Financial Results for FYE3/'20 - Consolidated Revenue by Region



(Billion yen)

	1H	2H	1H	2H	1H	2H
Japan	59.8	71.1	65.1	71.8	67.8	69.2
Americas	32.3	35.9	33.2	36.6	32.6	31.4
Europe	28.5	30.3	29.0	27.4	24.9	23.6
Asia/China	18.6	19.5	19.0	19.7	18.7	17.5
Others	2.4	2.5	2.8	3.0	2.7	2.9

Financial Results for FYE3/'20 - Consolidated Profit/Loss (Summary)

- Under Other Expenses, the amount of 650 million yen in structural reform expenses related mainly to the AM Sector for 3Q (1-3Q) of FYE3/'20 and the amount of 1,430 million yen in impairment losses related mainly to the MS Sector for 4Q were recorded.

(Billion yen)

	FYE3/'19	FYE3/'20	YoY Change
Core Operating Income*	8.56	5.68	-2.88
Other Income, Other Expenses, Foreign Exchange Loss, etc.	-1.30	-1.60	-0.30
Operating Profit	7.26	4.08	-3.18
Finance Income, Finance Expenses, etc.	-0.86	-1.20	-0.34
Profit Before Income Taxes	6.40	2.88	-3.52
Income Tax Expenses	2.10	1.54	-0.56
Non-Controlling Interests	0.45	0.38	-0.07
Profit Attributable to Owners of the Parent Company	3.85	0.95	-2.89

* 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 FYE3/'20 - Financial Position (Summary)

- Cash and deposits as of the end of March 2020 amounted to 39.9 billion yen. Together with securities, on-hand liquidity of 42.4 billion yen was secured (on-hand liquidity ratio: 1.7 months).
- In addition, unused commitment lines totaled approx. 20.0 billion yen.

(Billion yen)

	FYE3/'19	FYE3/'20	YoY Change
Total Assets	250.6 *(259.0)	249.7	-1.0 (-9.3)
Total Liabilities	185.3 *(195.1)	189.7	+ 4.4 (-5.4)
Total Equity	65.3 *(63.9)	60.0	-5.3 (-3.9)
Interest-Bearing Debts	71.3	74.6	+ 3.3
Net Debt	30.5	34.7	+ 4.2
Net Debt/Equity Ratio (Times)	0.49	0.61	+ 0.12
Equity Attributable to Owners of the Parent Company	62.0 *(60.6)	56.5	-5.5 (-4.1)
Stockholder's Equity Ratio (%)	24.7 *(23.4)	22.6	-2.1 (-0.8)

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

Financial Results for FYE3/'20 - Cash Flow Summary

- Net cash provided by operating activities decreased in real terms which exclude the impacts of IFRS 16 Leases, reflecting a decline in operating profit.
- 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)

	FYE3/'19	FYE3/'20	YoY Change
Cash Flow from Operating Activities	21.0	21.6 *(18.8)	+ 0.7 (-2.2)
Cash Flow from Investing Activities	-25.8	-19.7	+ 6.1
Free cash flow <small>* Free cash flow: Cash flow from operating activities + Cash flow from investing activities</small>	-4.8	2.0 *(-0.9)	+ 6.8 (+3.8)
Cash Flow from Financing Activities	8.5	-1.7 *(-4.6)	-10.1 (-13.0)
Total	3.7	0.3	-3.4

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

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- 2. Full-Year Earnings Forecast for FYE3/'21**
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Full-Year Earnings Forecast for FYE3/'21

- The global economy is expected to remain uncertain due to stagnant consumer spending and corporate business activities caused by the spread of the pandemic of the novel coronavirus.
- While efforts are made to minimize the impact on business activities, it is difficult to reasonably calculate the impacts of the pandemic of the novel coronavirus at the moment. Therefore, the consolidated earnings forecast for FYE3/'21 is undecided and will be disclosed promptly when it becomes possible to calculate it in the future.
- Annual dividend (year-end dividend) forecast is undecided at the moment.

1. Overview of Financial Results for FYE3/'20
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Impact of Pandemic of Novel Coronavirus and Response

■ Impact on 1Q of FYE3/'21

- Although the Automotive Sector is gradually back to normal as automobile manufacturers started to receive permission for resuming production in May in the overseas market, the impacts of a deterioration are expected to remain in the foreseeable future.
- In the Public Service Sector, the Communication Systems Business has been catching up by resuming production since the end of April although there are impacts of a shutdown of a plant in Malaysia. JKPI is expected to deteriorate year on year due to the impact of the state of emergency declaration.
- In the Media Service Sector, while imaging devices in the Media Business are expected to be solid, sales in the BtoC market will continue to decrease. The Entertainment Business is expected to deteriorate year on year due to the impact of the state of emergency declaration.
- In Others, sales related to telematics solutions in the DX Business are expected to remain strong.

■ JVCKENWOOD Group's Response

- In anticipation of prolonged impacts, established the COVID-19 Emergency Response Project for the pandemic of the novel coronavirus. Strongly promote group-wide efforts to control cash outflows and reduce expenses while transforming revenue structure aimed at expanding sales with an eye to with/after COVID-19.
- While on-hand liquidity and credit lines are secured for the foreseeable future, request credit lines to ensure further stability.

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.