

JVCKENWOOD

Translation for Reference Only

JVCKENWOOD

Results and Forecast Briefing

**First Quarter of Fiscal Year Ending March 2022
(IFRS)**

July 30, 2021

JVCKENWOOD Corporation

- 1. Overview of 1Q Financial Results for FYE3/'22**
- 2. Full-Year Earnings Forecast for FYE3/'22**
- 3. Topics**

**1. Overview of 1Q Financial Results for
FYE3/'22**

2. Full-Year Earnings Forecast for FYE3/'22

3. Topics

Business Domains

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

Media Service Sector (MS)

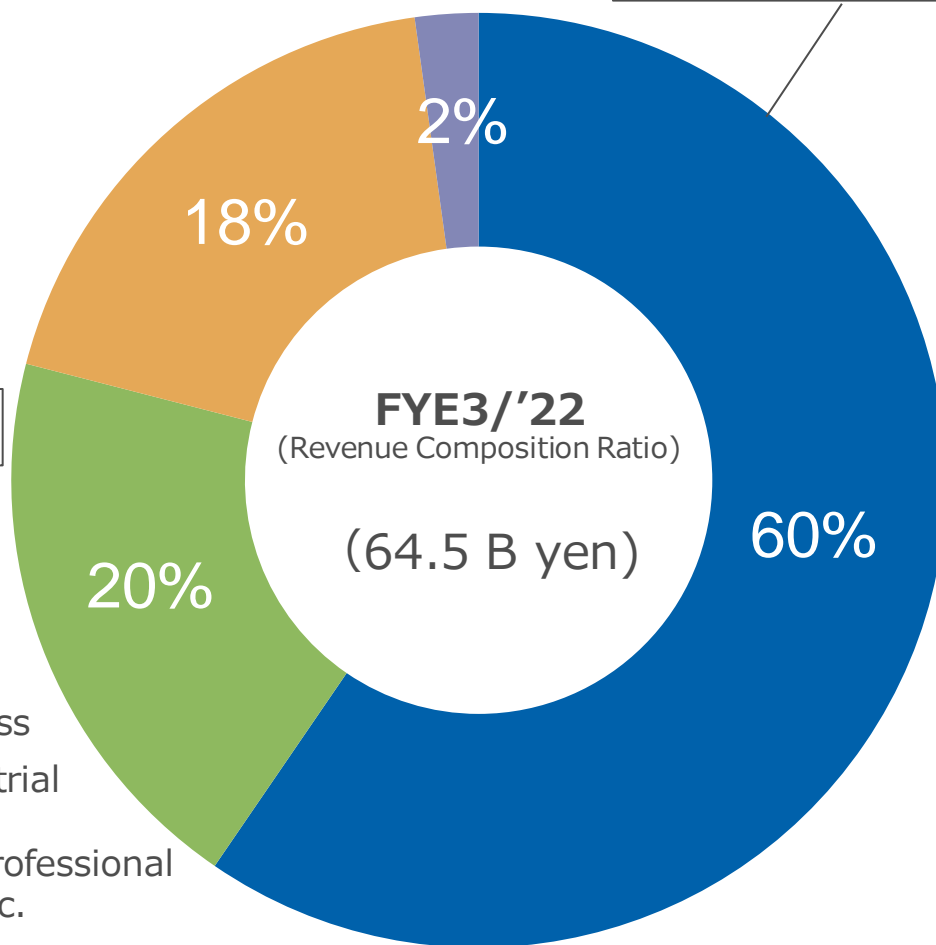
- Media Business
 - Lifestyle/Solutions/Brand headphones, home audio, portable power source, video cameras, projectors, imaging devices, contract production, etc.
- Entertainment Business
 - Content business, etc.

Public Service Sector (PS)

- Communication Systems Business
 - Professional radio systems, amateur radio equipment, 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.

Mobility & Telematics Services Sector (M&T)

- 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.
- Aftermarket Business
 - Car navigation systems
 - Car audio systems
 - Display audio systems
 - Dashcams, etc.
- Telematics Service Business
 - Communication type dashcams
 - IoT Platform Service
 - Taxi dispatch system, etc.



Financial Results for 1Q of FYE3/'22 - Highlights

- While Mobility & Telematics Services (M&T) was affected by a short supply of semiconductors and other components, revenue increased sharply from the recovery in sales due to the reduced impact of COVID-19.
- Core operating income increased sharply and turned profitable due to the established effects of enhancement of business structure in addition to the effects of a revenue increase.
- Operating profit increased sharply due to an increase in core operating income, and recording of a gain on sales of subsidiaries and gain on valuation of financial assets.

(Billion yen)

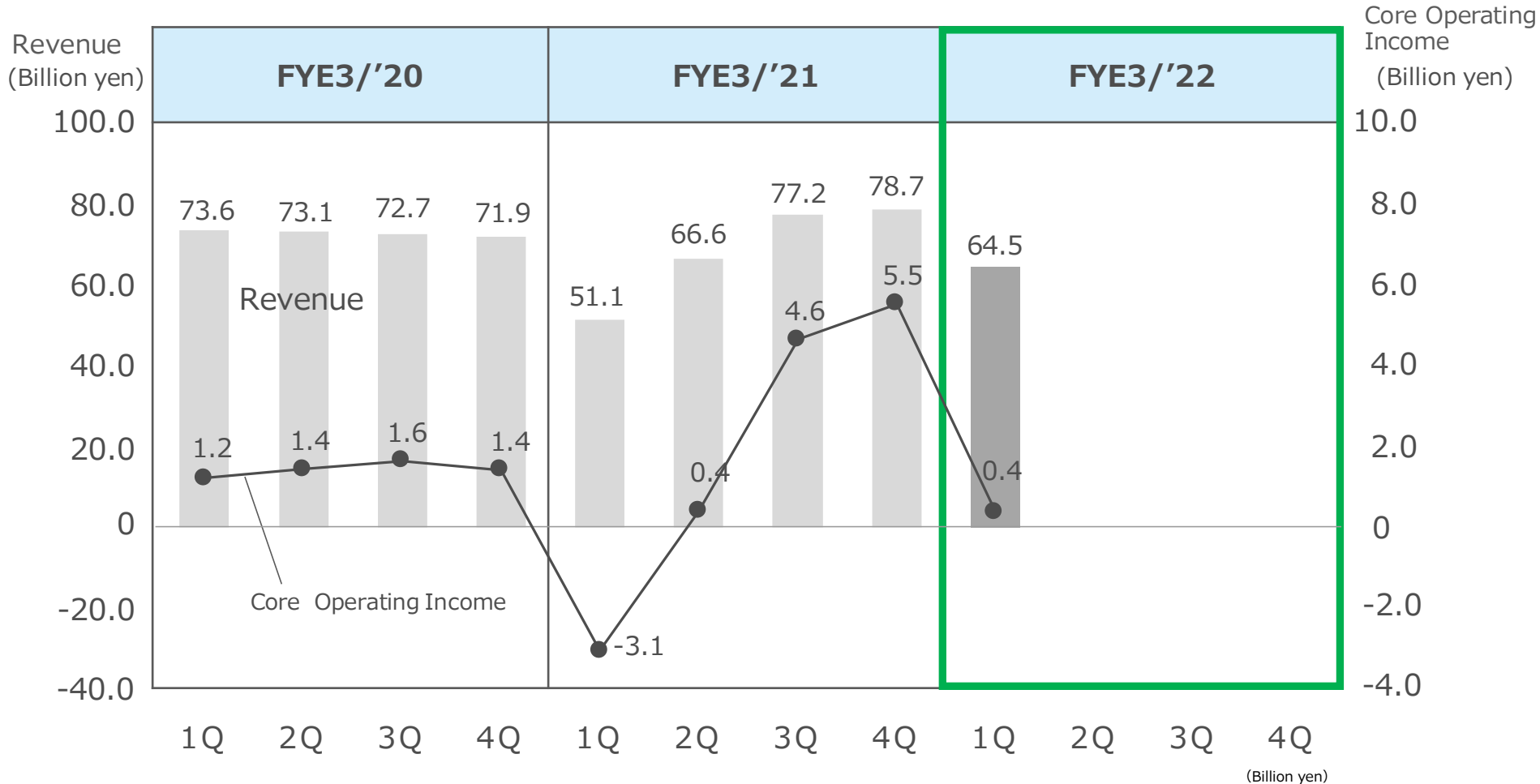
	FYE3/'21 1Q		FYE3/'22 1Q		
		Composition ratio(%)		Composition ratio(%)	YoY comparison
Revenue	51.1	100.0	64.5	100.0	+ 13.4
Cost of sales	38.7	75.6	47.3	73.3	+ 8.6
Gross profit	12.5	24.4	17.2	26.7	+ 4.7
Core operating income*	-3.1	△ 6.1	0.4	0.6	+ 3.5
Operating profit	-3.1	△ 6.0	2.9	4.5	+ 5.9
Profit before income taxes	-3.1	△ 6.1	2.8	4.3	+ 5.9
Profit attributable to owners of the parent company	-3.6	△ 7.0	1.5	2.3	+ 5.1

*: 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).

		FYE3/'21					FYE3/'22				
		1Q	2Q	3Q	4Q	Full-Year	1Q	2Q	3Q	4Q	Full-Year
Profit-And-Loss	U.S. dollar	108yen	106yen	105yen	106yen	106yen	110yen	—	—	—	—
Exchange Rates	Euro	119yen	124yen	125yen	128yen	124yen	132yen	—	—	—	—

JVCKENWOOD Group - Trends in Quarterly Results

- Revenue and core operating income increased year-on-year and core operating income turned profitable due to the reduced impact of COVID-19.



	FYE3/'20		FYE3/'21		FYE3/'22	
	1H	2H	1H	2H	1H	2H
Revenue	146.7	144.6	117.7	155.9	-	-
Core Operating Income	2.6	3.1	-2.7	10.2	-	-

Continuous Promotion of Enhancement of Business Structure

2018–	2020	2021–	2023
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T Project

Management reforms based on manufacturing reforms

- Total cost reform
- Phase gate reform
- Business process and IT Reform

Management Base Reform

- New business development for the post-COVID-19 era
- Fundamental review of business structure including fixed cost structure
- Strengthening of sales and marketing functions
- Review of production and sales bases
- Work style reform and optimization of personnel allocation
- Management Base Management Reform

Establishment

CEM* Promotion of emergency measures assuming lower limit of sales risk

Project

- Curbing of inventory level
- Reduction of capital investment
- Reduction of development investment (expenses)
- Reduction of fixed costs (including personnel costs)

Permanent Enhancement of Business Structure

Toward Achieving the Medium-Term Management Plan

*CEM = COVID-19 Emergency Measures

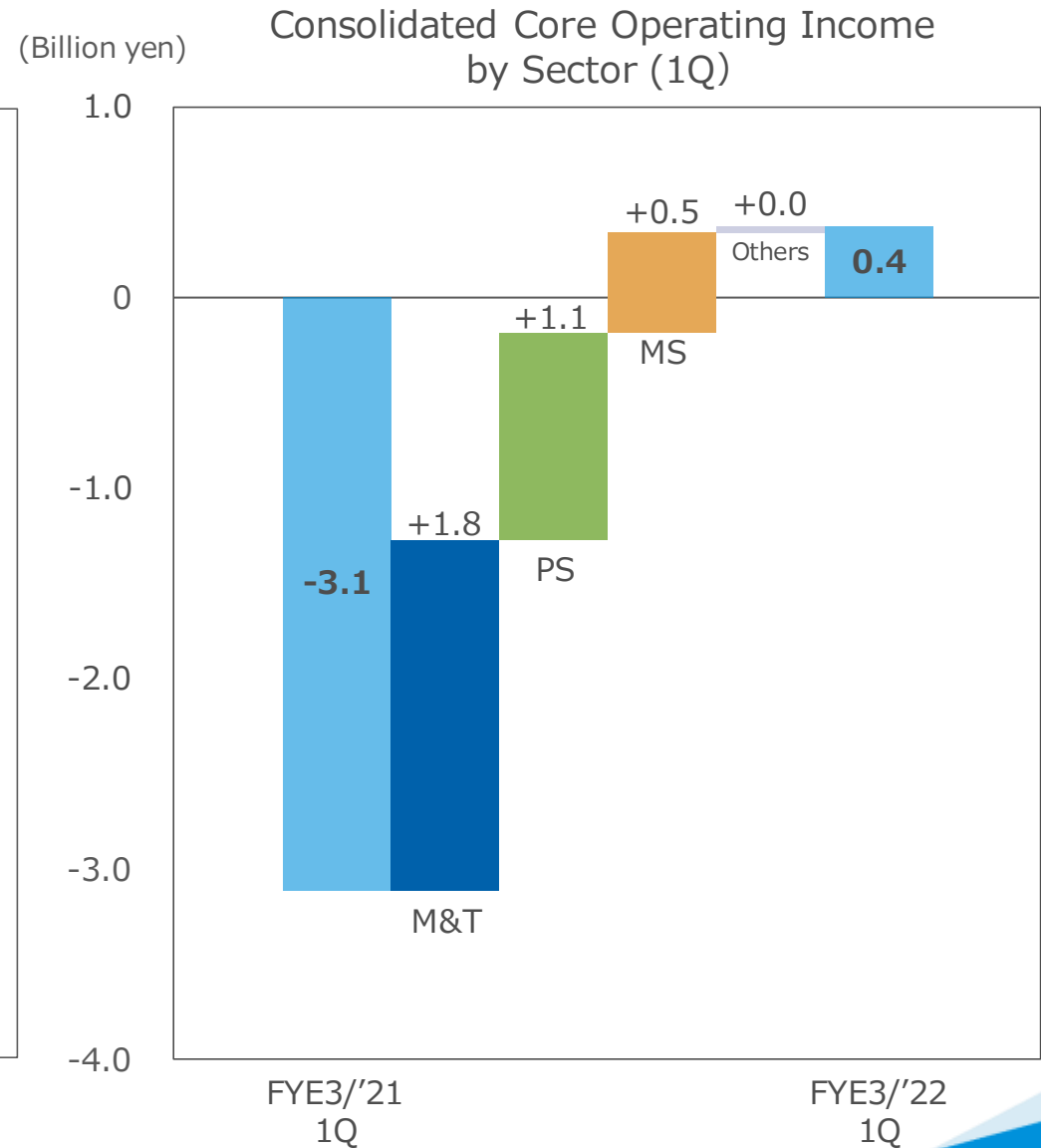
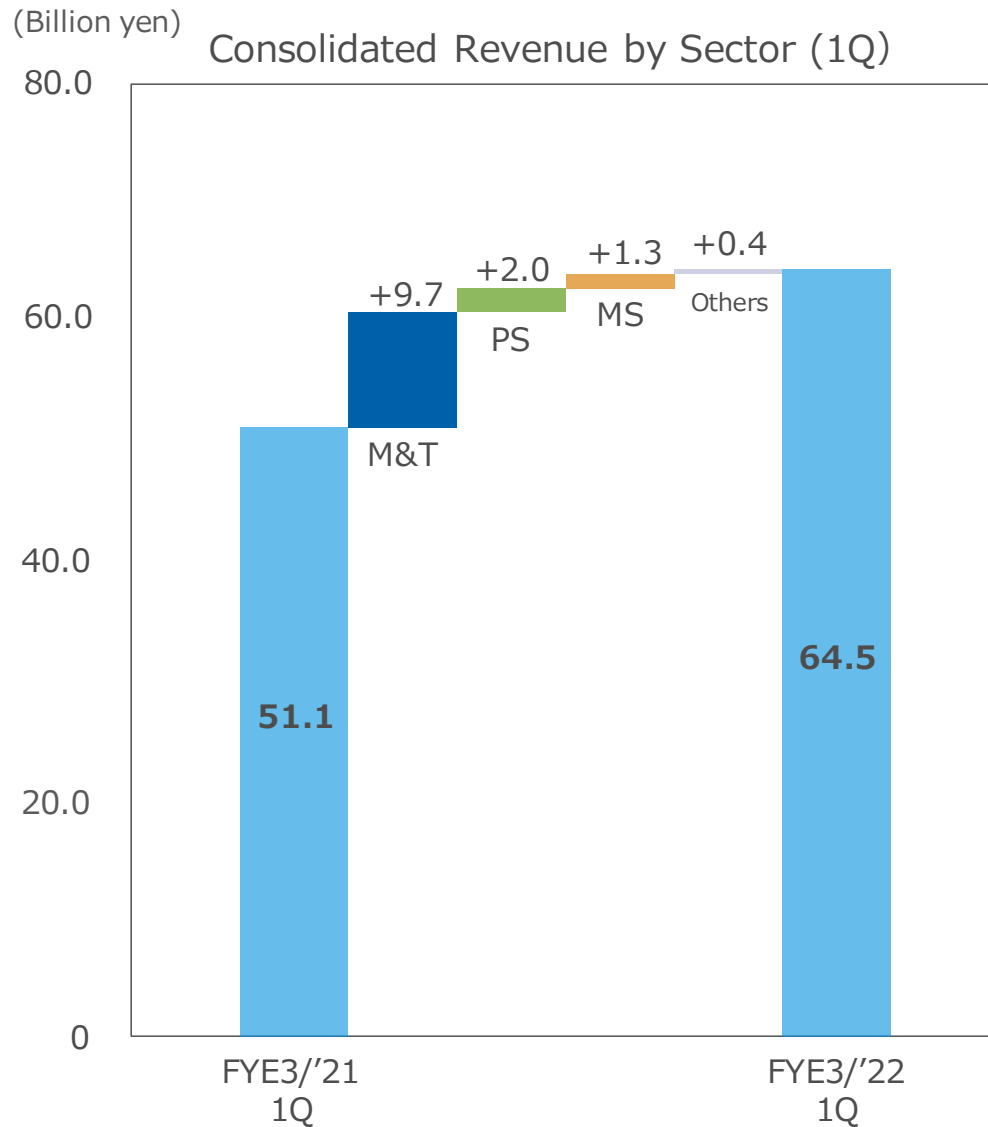
Financial Results for 1Q of FYE3/'22 - Results by Sector

		(Billion yen)				Factors
		3Q(1-3Q) 'FYE3/'20	3Q(1-3Q) 'FYE3/'21	YoY change (amount)	YoY change (percentage)	
M&T [※] Sector	Revenue	29.0	38.7	+ 9.7	+33.3%	* Revenue of the OEM Business increased sharply year-on-year due to the continuously strong sales of dealer-installed products in Japan, and strong sales from the previous fiscal year at a subsidiary in Europe, in line with the recovery in the number of new cars sold by automobile manufacturers. Revenue of the Aftermarket Business remained the same year-on-year due to a short supply of components, although demand remains firm. Revenue of the Telematics Service Business decreased due to the impact of short supply of components, although shipments of dashcams for motorcycles began.
	Core Operating Income	-1.6	0.2	+ 1.8	-	* Core operating income of the OEM Business increased due to a sharp increase in revenue, while the Aftermarket Business remained the same year-on-year. Core operating income of the Telematics Service Business decreased due to the impact of a decrease in revenue.
PS Sector	Revenue	10.5	12.6	+ 2.0	+19.2%	Revenue of the Communications Systems Business increased due to continuously strong sales in the United States and other overseas markets in line with the recovery in market conditions. Revenue of the Professional Systems Business increased due to the firm sales of monitors in the healthcare field both in Japan and overseas, in addition to the gradual recovery in sales in regions other than the Tokyo metropolitan area.
	Core Operating Income	-1.5	-0.4	+ 1.1	-	* As both the Communications Systems Business and Professional Systems Business demonstrated effects of a revenue increase, core operating income of the Communications Systems Business increased and turned profitable, and loss of the Professional Systems Business decreased.
MS Sector	Revenue	10.6	11.9	+ 1.3	+11.8%	* Revenue of the Media Business increased due to the recovery in the difficult BtoB market conditions, in addition to strong sales of BtoC products such as headphones and portable power stations continuing from the previous fiscal year, in line with the increasing demand from teleworking and staying at home. Revenue of the Entertainment Business increased due to the strong performance of the content business.
	Core Operating Income	0.1	0.6	+ 0.5	+572.1%	* Loss of the Media Business decreased and core operating income of the Entertainment Business increased due to effects of a revenue increase.
Others	Revenue	1.0	1.4	+ 0.4	+41.3%	
	Core Operating Income	-0.1	0.0	+ 0	-	
Total	Revenue	51.1	64.5	13.4	+26.1%	
	Core Operating Income	-3.1	0.4	+ 3.5	-	

※ Mobility & Telematics Services

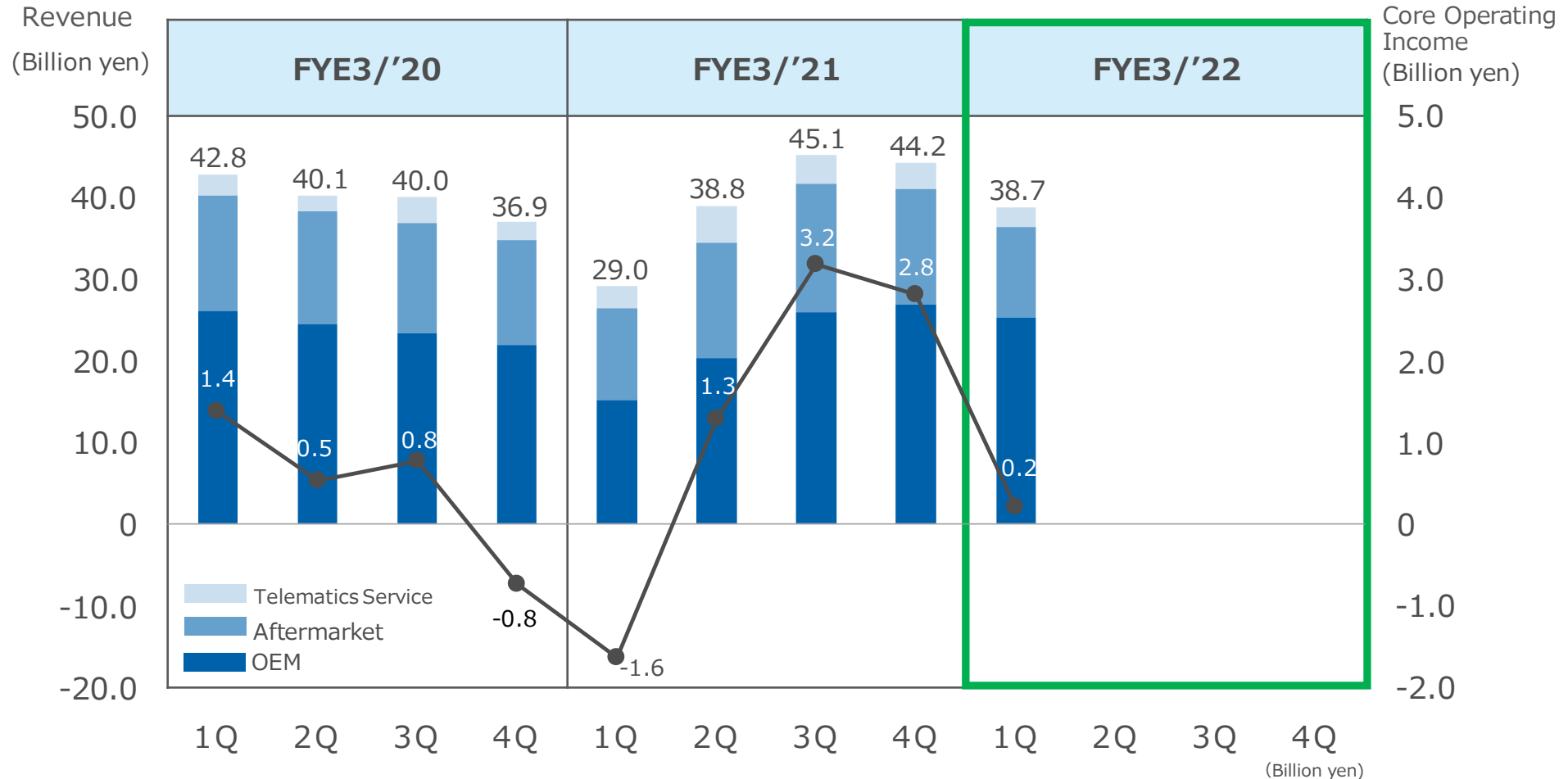
Financial Results for 1Q of FYE3/'22

- Consolidated Revenue & Core Operating Income by Sector



Quarterly Results - Mobility & Telematics Services (M&T) Sector

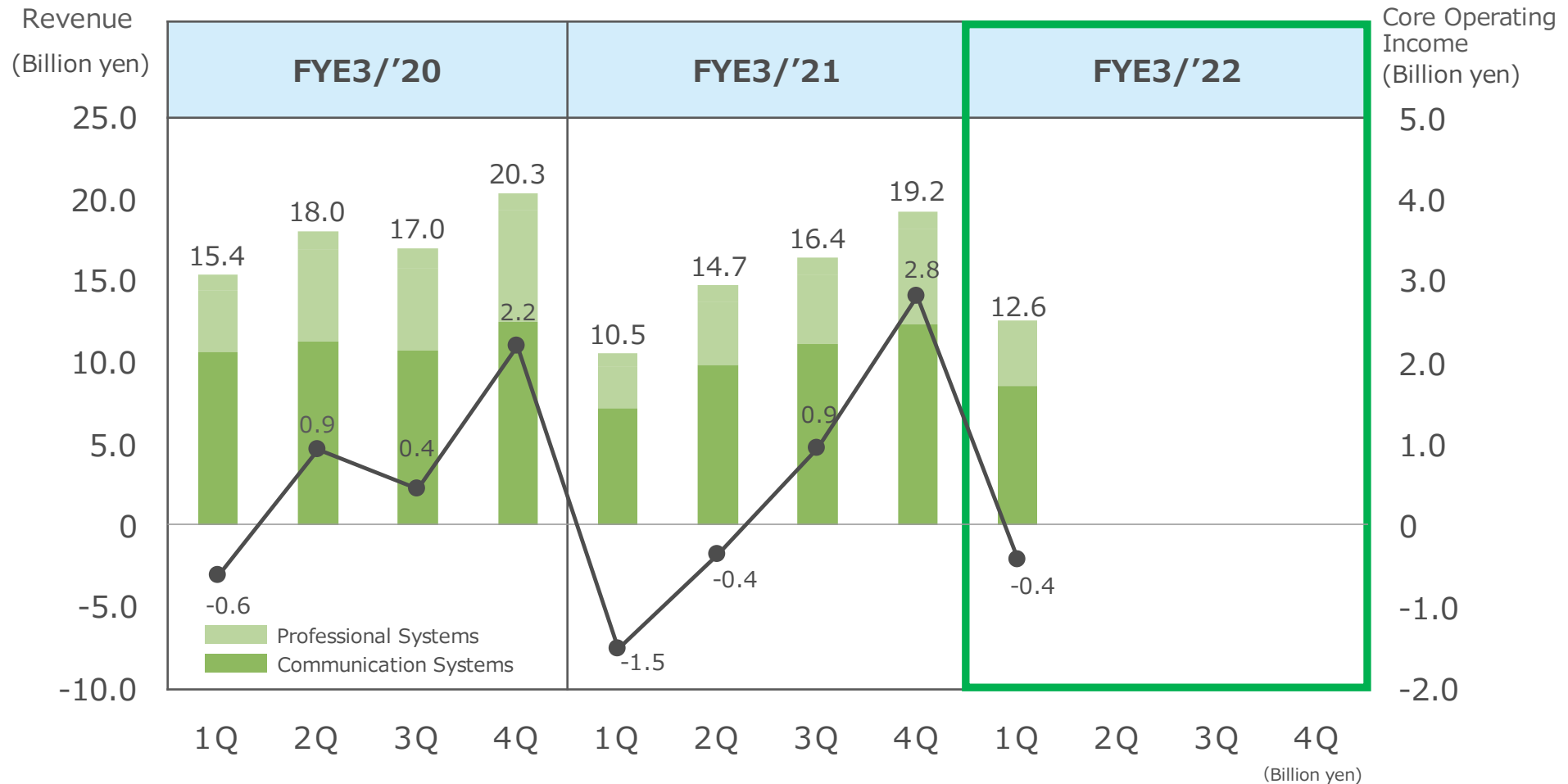
- Sector-wide revenue increased sharply and core operating income turned profitable due to the recovery in OEM sales in line with the recovery in the number of cars sold, although it was affected by the short supply of semiconductors and other components.



	1H	2H	1H	2H	1H	2H
Revenue	82.8	76.9	67.8	89.3	-	-
Core Operating Income	1.9	0.0	-0.4	6.0	-	-

Quarterly Results - PS Sector

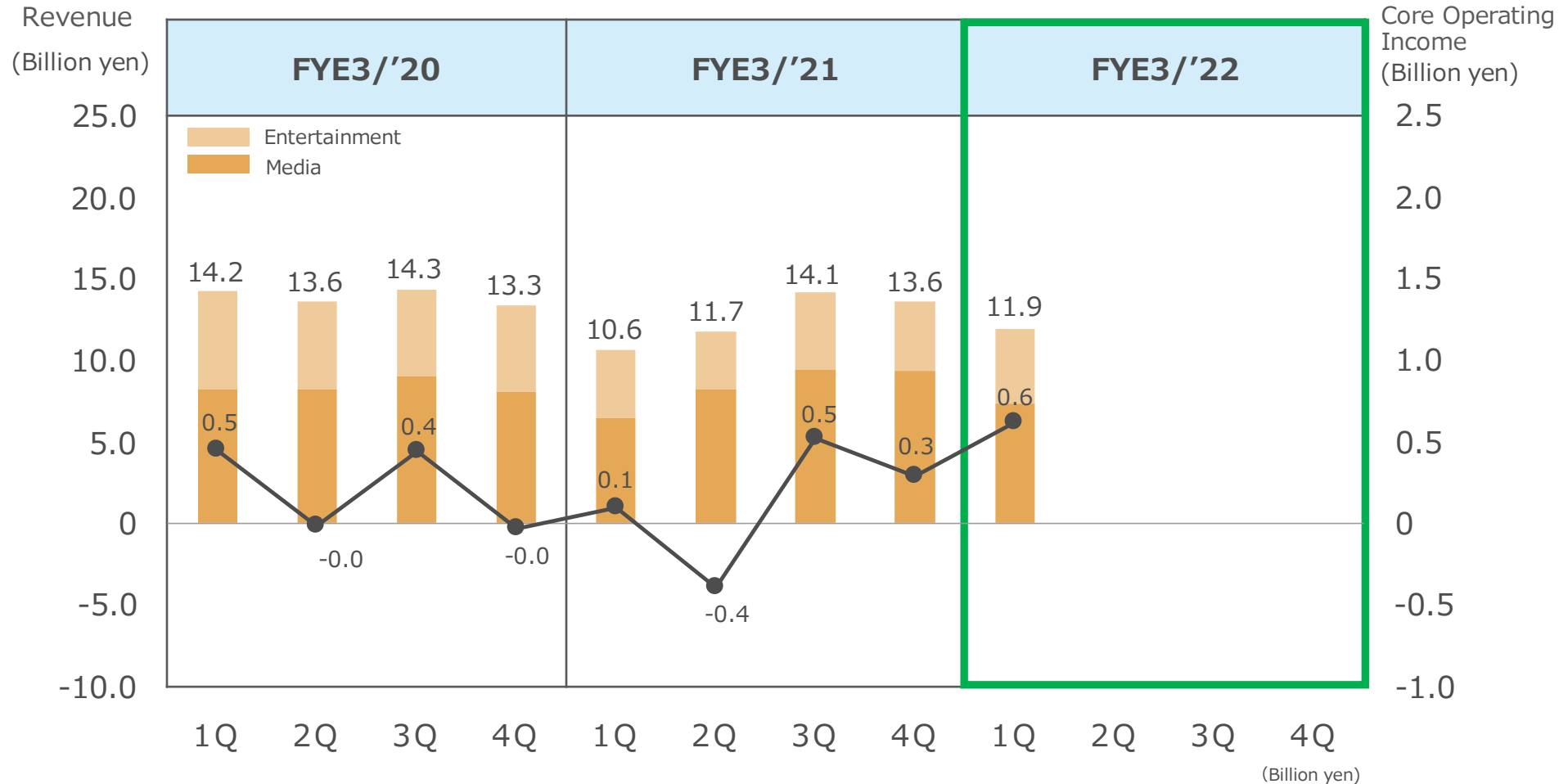
- Revenue of the Communications Systems Business and Professional Systems Business both increased and core operating income/loss improved sector-wide.



	1H	2H	1H	2H	1H	2H
Revenue	33.4	37.3	25.2	35.7	-	-
Core Operating Income	0.3	2.6	-1.9	3.7	-	-

Quarterly Results - MS Sector

- Revenue of the Media Business and Entertainment Business both increased and core operating income increased sector-wide.

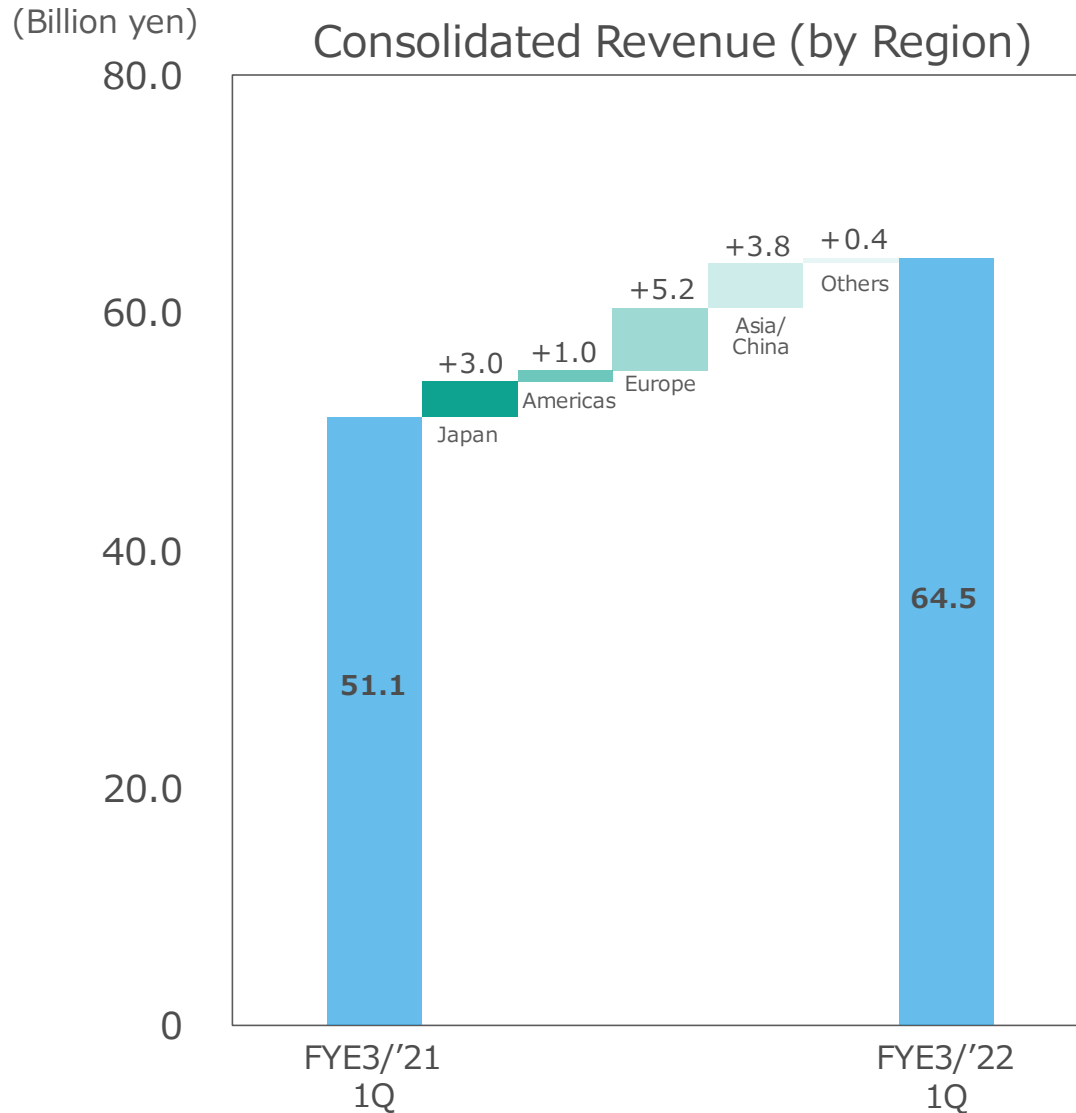


	FYE3/'20		FYE3/'21		FYE3/'22	
	1H	2H	1H	2H	1H	2H
Revenue	27.8	27.6	22.3	27.7	-	-
Core Operating Income	0.4	0.4	-0.3	0.8	-	-

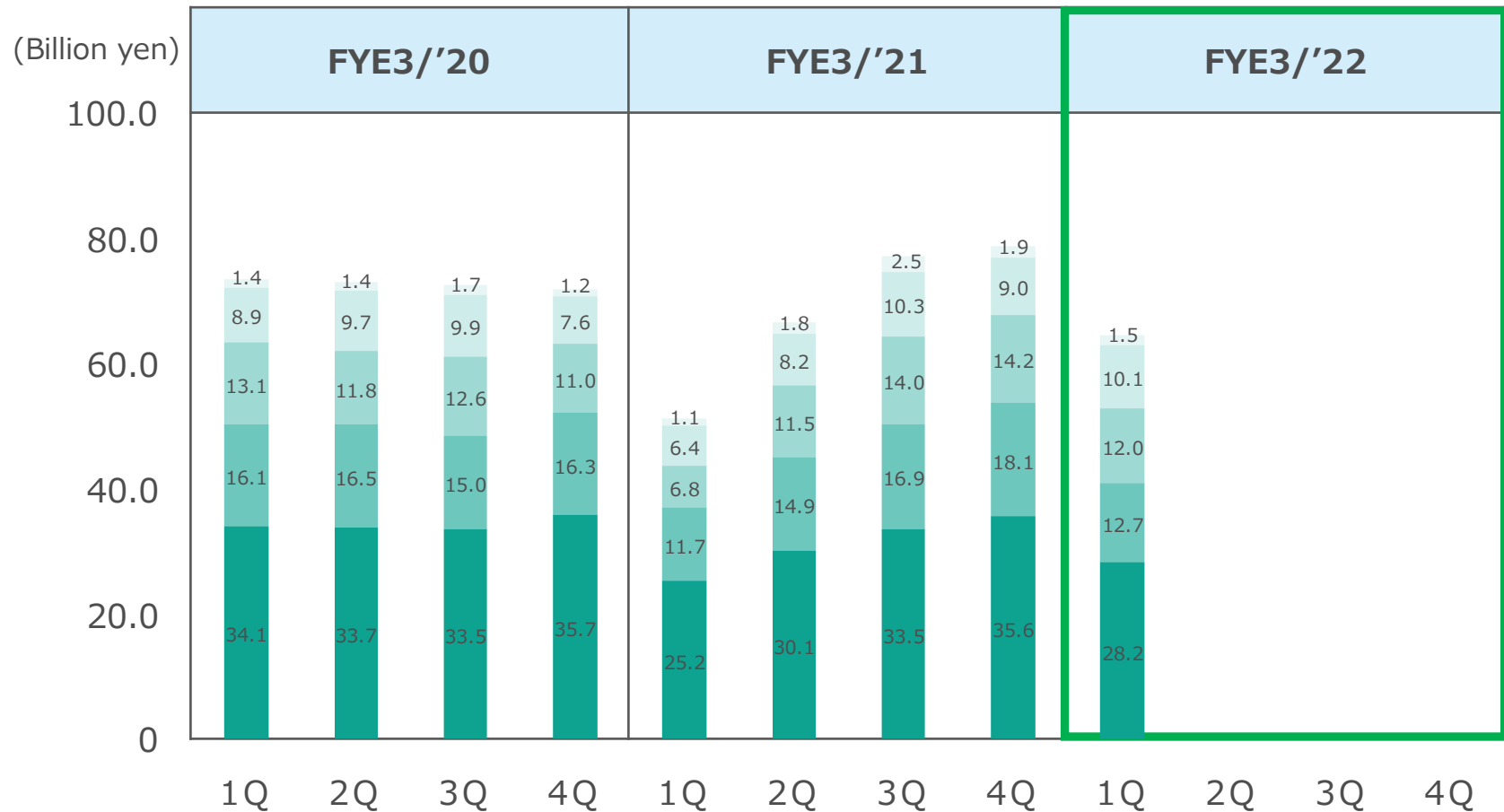
Financial Results for 1Q of FYE3/'22

- Consolidated Revenue by Region

- Revenue increased in all regions due to the reduced impact of COVID-19.



Consolidated Revenue by Region



	FYE3/'20		FYE3/'21		FYE3/'22	
	1H	2H	1H	2H	1H	2H
Japan	67.8	69.2	55.4	69.1	—	—
Americas	32.6	31.4	26.6	35.0	—	—
Europe	24.9	23.6	18.2	28.2	—	—
Asia/China	18.7	17.5	14.6	19.3	—	—
Others	2.7	2.9	3.0	4.4	—	—

(Billion yen)

Financial Results for 1Q of FYE3/'22

- Consolidated Profit/Loss (Summary)

- Operating profit increased sharply due to the recording of a gain on sales of subsidiaries and gain on valuation of financial assets in 1Q of FYE3/'22, in addition to the effects of a revenue increase, with all levels of profit/loss also improving sharply.

(Billion yen)

	'FYE3/'20	'FYE3/'21	YoY Change
Core Operating Income*	-3.12	0.37	+ 3.49
Other Income, Other Expenses, Foreign Exchange Loss, etc.	0.05	2.50	2.45
Operating Profit	-3.07	2.87	+ 5.95
Finance Income, Finance Expenses, etc.	-0.03	-0.07	-0.04
Profit Before Income Taxes	-3.10	2.80	+ 5.91
Income Tax Expenses	0.35	1.18	+ 0.83
Non-Controlling Interests	0.13	0.15	+ 0.02
Profit Attributable to Owners of the Parent Company	-3.58	1.47	+ 5.05

* 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 FYE3/'22

- Financial Position Summary

- Cash and deposits amounted to 59.4 billion yen, maintaining almost the same level year-on-year. Net debt decreased by 1.3 billion yen.
- Total assets decreased mainly due to a decrease in accounts receivable-trade and sales of subsidiaries, while stockholder's equity ratio increased due to an increase in retained earnings.

(Billion yen)

	FYE3/'20	FYE3/'21	YoY Change
Total Assets	264.3	254.9	-9.4
Total Liabilities	195.8	185.5	-10.3
Total Equity	68.5	69.4	+ 0.9
Interest-Bearing Debts	75.6	74.0	-1.6
Net Debt	15.9	14.6	-1.3
Net Debt/Equity Ratio (Times)	0.25	0.22	-0.03
Equity Attributable to Owners of the Parent Company	64.6	65.3	+ 0.7
Stockholder's Equity Ratio (%)	24.5	25.6	+ 1.1

Financial Results for 1Q of FYE3/'22

- Cash Flow Summary

- Net cash from operating activities decreased due to a decrease in inflow from working capital with the recovery in revenue, although profit before income taxes increased.
- Net cash from investing activities increased due to the sale of subsidiaries.
- Net cash used in financing activities increased due to the advancement of a bank loan repayment.

(Billion yen)

	FYE3/'21 1Q	FYE3/'22 1Q	YoY Change
Cash Flow from Operating Activities	3.5	1.1	-2.4
Cash Flow from Investing Activities	-3.2	1.9	+ 5.1
Free cash flow <small>* Free cash flow: Cash flow from operating activities + Cash flow from investing activities</small>	0.3	3.0	+ 2.7
Cash Flow from Financing Activities	-2.0	-3.4	-1.4
Total	-1.8	-0.5	+ 1.3

Issues Related to Supply of Semiconductors and Other Components

■ 1Q Impact

Amount of impact: Revenue (-8.6 billion yen), Core operating income (-2.3 billion yen)

- Decrease in revenue due to production delays that affected mainly the Mobility & Telematics Services. Impact on PS and MS Sectors remains limited although sales of certain products were affected.
- Costs rose due to request for a hike in component prices sector-wide, resulting in a deterioration in profit/loss

■ Outlook from 2Q Onward

- While components are replaced and secured via long-term ordering, impact of shortage of semiconductors and other components is expected to continue mainly in the Mobility & Telematics Service.
- Suspensions of production lines due to the spread of COVID-19 in the Asian region, including ones in other companies, are of present concern. Impact of cost rise is also expected to continue.

1. Overview of 1Q Financial Results for
FYE3/'22

2. Full-Year Earnings Forecast for FYE3/'22

3. Topics

Full-Year Earnings Forecast for FYE3/'22

- A short supply of semiconductors and other components affected mainly the Mobility & Telematics Services in 1Q. But both revenue and operating profit increased sharply and exceeded the initial assumption. This was due to the reduced impact of COVID-19 and the established effects of enhancement of business structure.
- Consolidated earnings forecast will not be revised from 2Q and onward as the impact of the resurgence of COVID-19 and the short supply of semiconductors and other components on our earnings are uncertain.

(Billion yen)

	Result for FYE3/'21	Forecast for FYE3/'22	YoY
Revenue	273.6	285.0	+ 11.4
Operating Profit	4.9	7.5	+ 2.6
Profit Before Income Taxes	4.5	6.4	+ 1.9
Profit Attributable to Owners of the Parent Company	2.2	3.0	+ 0.8

		Result for FYE3/'21/3	Assumption for FYE3/'22
Profit-And-Loss Exchange Rates	U.S. dollar	106 Yen	108 Yen
	Euro	124 Yen	130 Yen

1. Overview of 1Q Financial Results for FYE3/'22

2. Full-Year Earnings Forecast for FYE3/'22

3. Topics



To contribute to achieving the Sustainable Development Goals (SDGs), JVCKENWOOD Group has identified eight of the 17 SDGs connected particularly closely to our material issues as priority goals. The priority goals that we intend to achieve through the respective business activities are listed in each page.

- JVCKENWOOD was accredited for the first time in June 2021 as a constituent of “FTSE Blossom Japan Index,” an index of Japanese companies demonstrating outstanding environment, social, governance (ESG) performance.*



FTSE Blossom Japan

Main Initiatives Taken toward Safety & Security and Resources & Environment Pursued in VISION2023

- Contribute to the prevention of traffic accidents by providing a safe and secure system



Connected dashcams and devices

IoT telematics service connected to cars

- Mission to reduce greenhouse gases and ocean plastics












- Efforts to reduce plastic packaging initiatives

- Approaches to CDP scope 1, 2, 3





* “FTSE Russell (registered trademark of FTSE International Limited and Frank Russell Company) hereby certifies that JVCKENWOOD has been found to fulfill, as a result of a third-party survey, the requirements for inclusion in the FTSE Blossom Japan Index and has become a constituent of the index concerned. FTSE Blossom Japan Index was created and designed by FTSE Russell, a global index provider, to measure the performance of Japanese companies demonstrating outstanding performance in environment, social and governance (ESG). FTSE Blossom Japan Index is widely used to create and assess sustainable investment funds and other financial products.”

New Management Team after General Meeting of Shareholders

Nine (9) Directors of the Board

				
IWATA Shinjiro	EGUCHI Shoichiro	NOMURA Masao	MIYAMOTO Masatoshi	SUZUKI Akira
External Director of the Board Chairman of the Board (Former Representative Executive Officer and Executive Vice President of Hitachi, Ltd.)	Representative Director of the Board President and CEO*1	Representative Director of the Board Senior Managing Executive Officer COO M&T Sector In charge of IT Department In charge of Business Reform	Representative Director of the Board Senior Managing Executive Officer, CFO*2	Director of the Board Senior Managing Executive Officer COO PS Sector General Manager of Management Base Reform Office
Reappointment External	Reappointment	Reappointment	Reappointment	Reappointment
				
KURIHARA Naokazu	SONODA Yoshio	HAMASAKI Yuji	ONITSUKA Hiromi	
Director of the Board Managing Executive Officer Head of Administrative Division COO EMEA*3	Director of the Board Managing Executive Officer CTO*4 In charge of Prospective Creation Research Laboratory In charge of Engineering Innovation Department	External Director of the Board (Representative Director, Chairman of MEIDENSHA CORPORATION)	External Director of the Board (Full-time Audit and Supervisory Board Member of Z Holdings Corporation)	
Reassigned	Reappointment	Reappointment External	First-time Candidate External	

Four (4) Audit & Supervisory Board Members

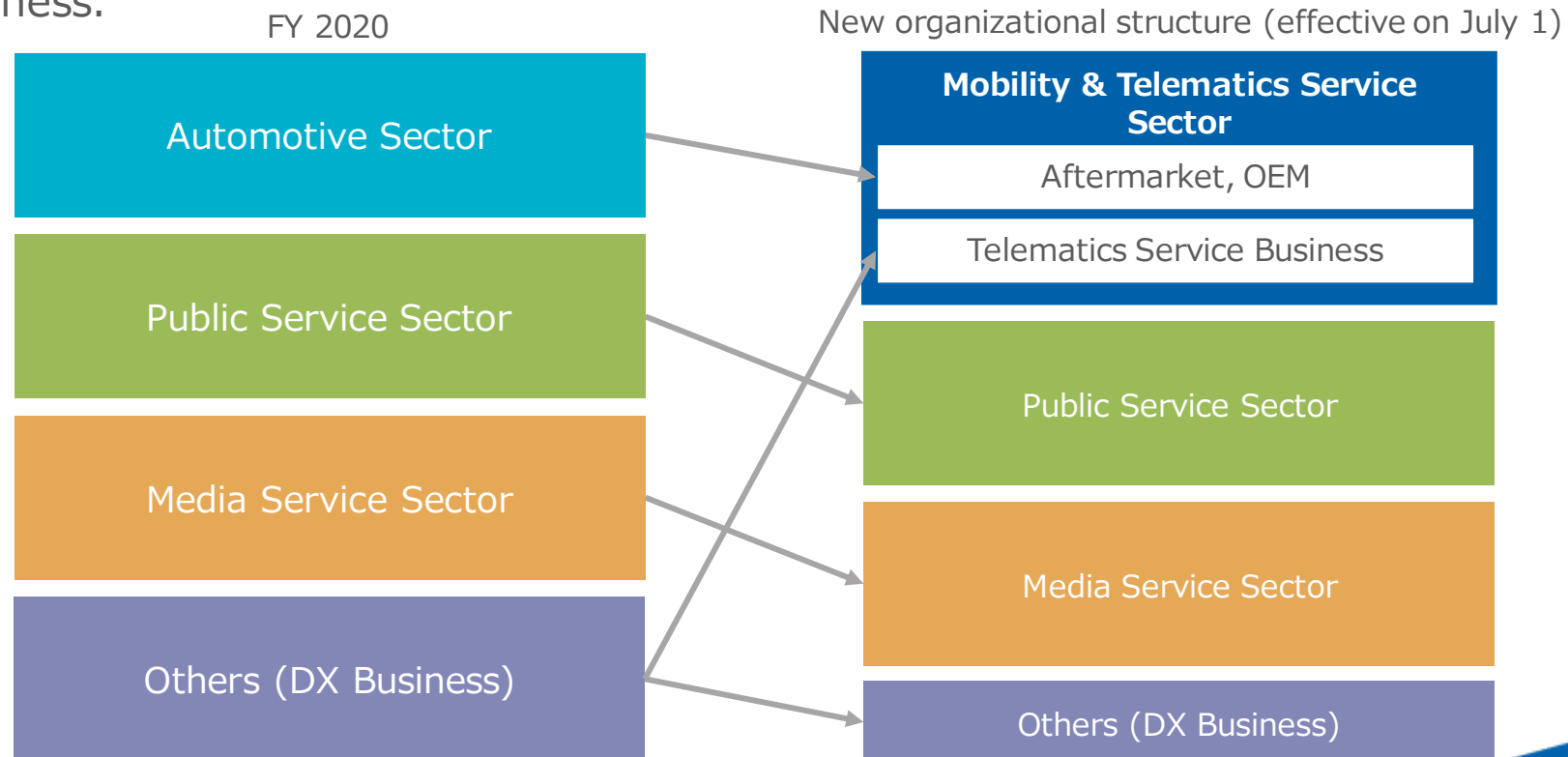
	
IMAI Masaki	SAITO Katsumi
Reappointment	Reappointment External
	
KURIHARA Katsumi	FUJIOKA Tetsuya
Reappointment External	First-time Candidate External

*1: Chief Executive Officer *2: Chief Financial Officer *3: Europe, Middle East and Africa *4: Chief Technology Officer

Mobility & Telematics Services Sector (1)



- Mobility & Telematics Services Sector was launched as of July 1.
 - Based on the redefinition of the business portfolio set forth in the Medium-Term Management Plan VISION2023, the Mobility & Telematics Services Sector was launched as of July 1, 2021.
 - We will expand our business by creating synergies through effective use of resources and operational efficiency in areas of technology and quality assurance, while sharing knowledge and know-how of communication type dashcams cultivated through the DX business.



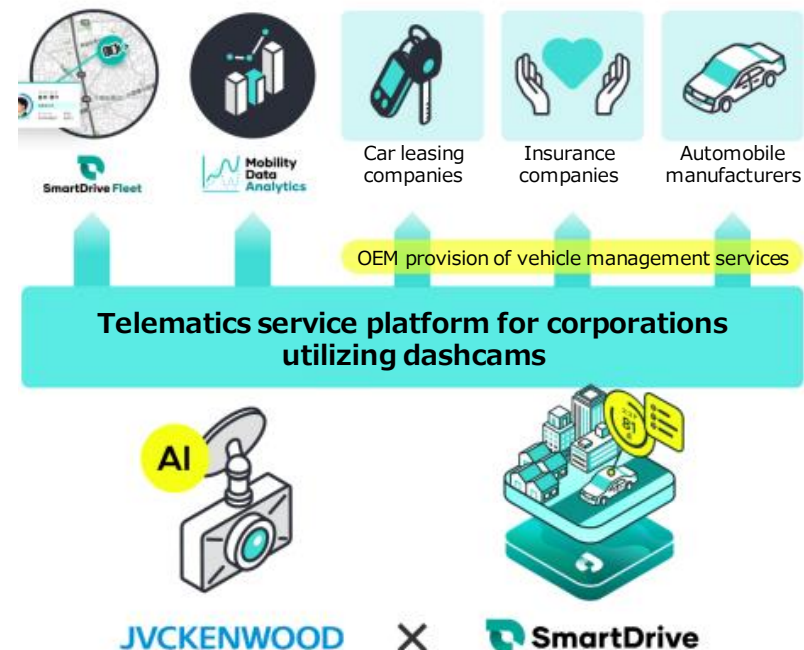
■ Telematics Service

- Our communication type dashcams are supplied to automobile insurance “Observe and Protect Automobile Insurance (Mimamoru Kuruma no Hoken) (Premium dashcam type)” of Mitsui Sumitomo Insurance. We will focus our efforts on further expanding the Telematics Services Business.
- Provision of telematics service platform utilizing our AI-equipped communication type dashcams to corporations was launched from the first half of FYE3/'21 via a business tie-up with SmartDrive.



*Image is for illustrative purposes only.

Additional functions developed
360° view
Parking monitoring function
Any-time reporting function
External use of dashcam main unit



Communication type dashcams supplied to “Observe and Protect Automobile Insurance (Mimamoru Kuruma no Hoken) (Premium dashcam type)” of Mitsui Sumitomo Insurance

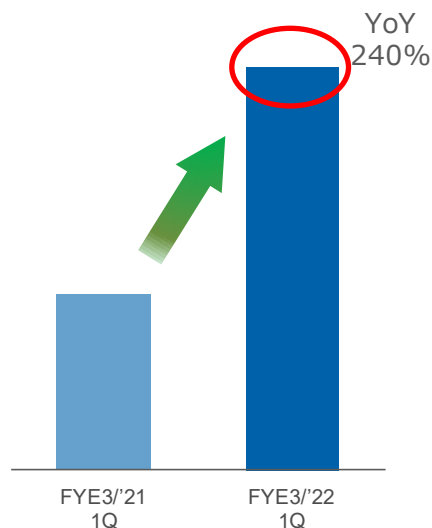
Telematics service for corporations through collaboration with SmartDrive

■ OEM (ASK)

- ASK, a subsidiary in Italy developing in-vehicle speakers and amplifiers, and speakers, has been showing a recovery trend since the second half of FYE3/'21. Its revenue increased sharply by approximately 2.4 fold year-on-year in 1Q. Stable business growth is also expected in FYE3/'22 mainly in Europe, China and Brazil.
- In addition to Ningbo, a new production base was set up in Chongqing with the aim of further expanding business in the robust Chinese market.



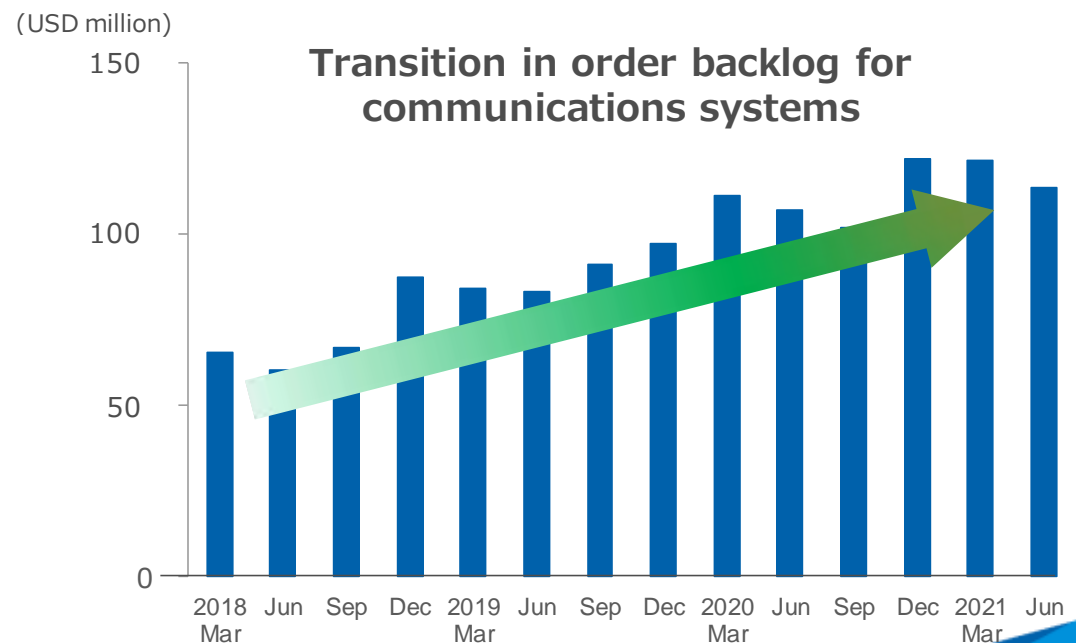
Transition in ASK revenue



In-vehicle cable products manufactured with ASK Chongqing (conceptual image)

■ Communications Systems

- Transfer of all shares of Zetron, a communications systems subsidiary in the United States, was completed in May. The proceeds from this sale of a subsidiary will be appropriated to investment in broadband communications systems leading future growth.
- In the public safety market, orders for large projects were acquired including ones in the county of Santa Barbara, California, and the government of Puerto Rico, in collaboration with EFJT, a communications systems subsidiary in the United States.
- With the strong United States market maintained from the previous fiscal year, order backlogs continued.

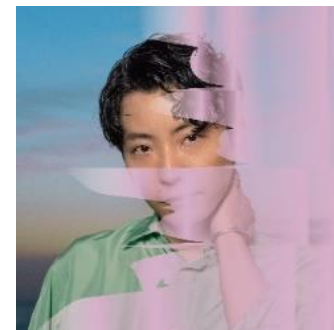


Media Service Sector



■ Entertainment Business

- Works contributed in 1Q
 - HOSHINO Gen: “FUSHIGI/CREATE” (released on June 23)
 - The first single-package work released for the first time in three years and four months is performing well.
- Works for which we have expectations in 2Q
 - KUWATA Keisuke: EP “title to be determined” (planned to be released on September 15)
 - Original animated film (theater version)
“Words Bubble Up Like Soda Pop” (released on July 22)



■ Media Business

- New lineup was added to PTZ remote cameras positioned as an adjacent field (new markets/new products) with expected future growth under VISION2023 (to be released in September).



Strategic Products for With/After COVID-19



■ Launch of low-concentration ozone generators

- Low-concentration ozone generators, which suppress viruses and odors, started being introduced in April on a full-scale basis for the With/After COVID-19 era. A compact in-vehicle type that can be placed on the dashboard of a car and a convenient portable type that can be carried around were rolled out, comprehensively focusing on sales channels of the Mobility & Telematics Services.
- The in-vehicle type was adopted as equipment mounted on the “new normal taxi” in which COVID-19 prevention measures are strengthened, and introduced by kokusai motorcars Co., Ltd. which conducts taxi and limousine businesses. We will continue to strengthen sales by developing sales channels.



Low-concentration ozone generators developed in two types: in-vehicle type and portable type



"New normal taxi" of kokusai motorcars

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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.