



October 31, 2016

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Notice on Recording of Extraordinary Loss

JVCKENWOOD Corporation (JVCKENWOOD) announces that, out of extraordinary loss recorded in its Accounting Report for the First Half of Fiscal Year Ending March 2017 released today, it has recorded an extraordinary loss of 2.04 billion yen for the following reasons.

1. Outline of extraordinary loss and details of occurrence

1) Extraordinary loss in Automotive Sector

In the Automotive Sector, JVCKENWOOD had previously won orders for a new i-ADAS* product for specific customers and has been developing it. However, the development and mass production costs involved grew more than initially estimated. Therefore, in the three months ended September 2016, we judged that the likelihood of realizing relevant profit we assumed had diminished. Accordingly, with regard to the software production expenses previously recorded under fixed assets, we decided to record, under extraordinary loss, 787 million yen in loss on disposal of property, plant and equipment, and also record 712 million yen in provision for loss on orders received.

In i-ADAS, the key business line in the Automotive Sector driving JVCKENWOOD's growth, we will continue to devote our efforts and expand the business.

*i-ADAS: A JVCKENWOOD trademark that means "Innovative Advanced Driver Assistance System"

2) Extraordinary loss in Media Service Sector

In the Media Service Sector, JVCKENWOOD previously recorded under fixed assets the production expenses of the master mold related to the development of a component to be installed on a new professional product. However, we abandoned the commercialization of the product in the three months ended September 2016. Accordingly, we recorded 541 million yen in loss on disposal of property, plant and equipment under extraordinary loss.

2. Future outlook

No change has been made to the earnings forecast for the fiscal year ending March 2017 as a result of the recording of the above-mentioned extraordinary loss.