

JVCKENWOOD

Translation for Reference Only

JVCKENWOOD

Results and Forecast Briefing

Second Quarter(Q1-2) of Fiscal Year Ending March 2022 (IFRS)

October 29, 2021



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

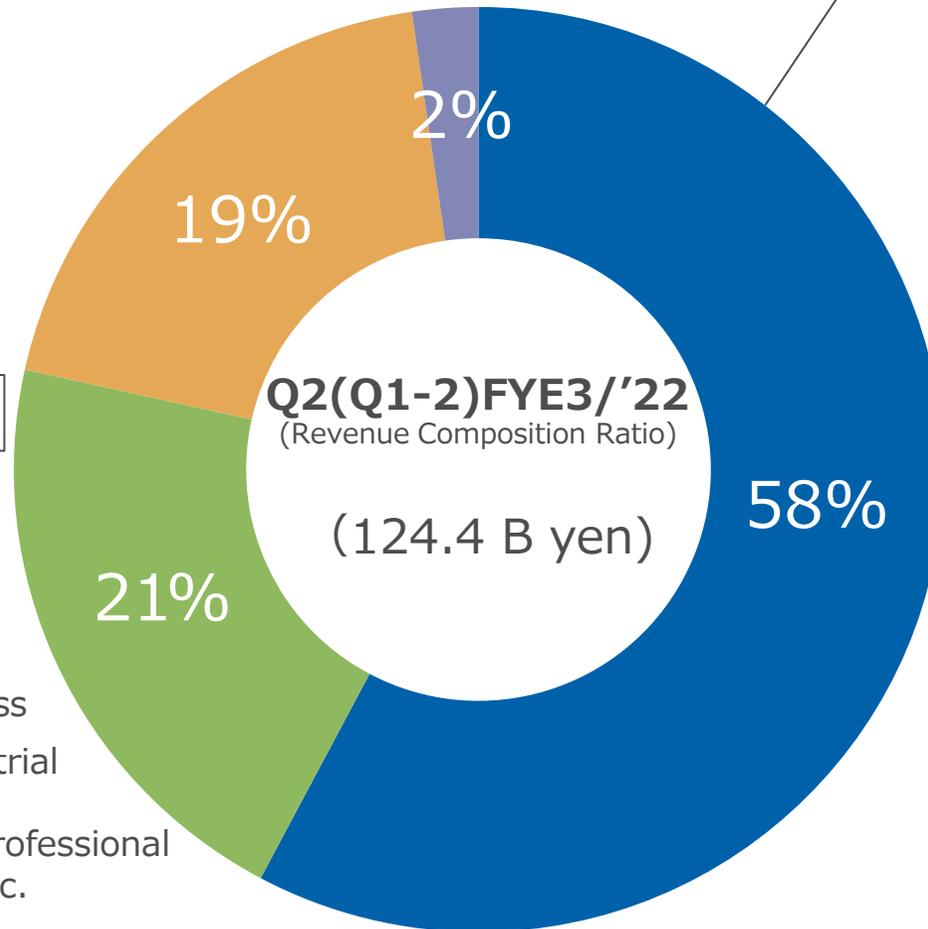
- Entertainment Business
 - Content business, etc.

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.



- 1. Overview of Q2(Q1-2) Financial Results for FYE3/'22**
- 2. Full-Year Earnings Forecast for FYE3/'22**
- 3. Initiatives from the Second Half Onwards**

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2. Full-Year Earnings Forecast for FYE3/'22
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Financial Results for Q2(Q1-2) of FYE3/'22 - Highlights

- Although revenue was greatly affected by supply shortages of components and the curtailment or suspension of operations at factories in Southeast Asia, the market gradually recovered from the impact of COVID-19, resulting in an increase in revenue.
- Operating profit surged and returned to profitability mainly due to an improvement in core operating income brought out by the above effect of revenue increase, and the recording of a gain of sales of subsidiaries and gain on valuation of financial assets.

(Billion yen)

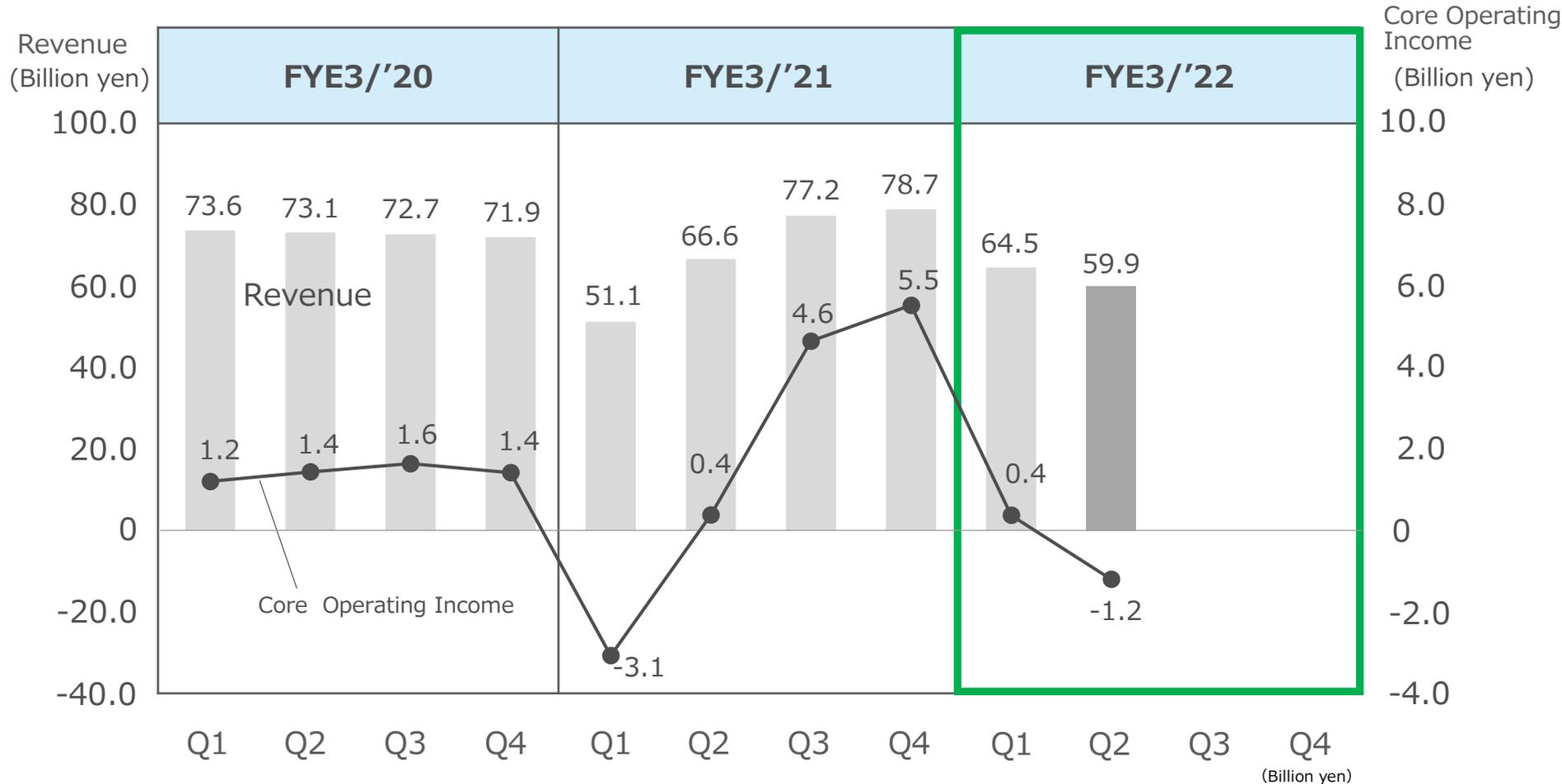
| | Q2(Q1-2) 'FYE3/'21 | | Q2(Q1-2) 'FYE3/'22 | | |
|---|--------------------|----------------------|--------------------|----------------------|----------------|
| | | Composition ratio(%) | | Composition ratio(%) | YoY comparison |
| Revenue | 117.7 | 100.0 | 124.4 | 100.0 | + 6.7 |
| Cost of sales | 88.7 | 75.4 | 92.2 | 74.1 | + 3.5 |
| Gross profit | 29.0 | 24.6 | 32.2 | 25.9 | + 3.2 |
| Core operating income* | -2.7 | △ 2.3 | -0.8 | △ 0.7 | + 1.9 |
| Operating profit | -3.4 | △ 2.8 | 2.1 | 1.7 | + 5.4 |
| Profit before income taxes | -3.6 | △ 3.1 | 1.7 | 1.4 | + 5.3 |
| Profit attributable to owners of the parent company | -4.3 | △ 3.6 | -0.3 | △ 0.2 | + 4.0 |

*: 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 | | | | |
|-----------------|-------------|----------|--------|--------|--------|-----------|----------|--------|----|----|-----------|
| | | Q1 | Q2 | Q3 | Q4 | Full-Year | Q1 | Q2 | Q3 | Q4 | Full-Year |
| Profit-And-Loss | U.S. dollar | 108yen | 106yen | 105yen | 106yen | 106yen | 110yen | 110yen | - | - | - |
| Exchange Rates | Euro | 119yen | 124yen | 125yen | 128yen | 124yen | 132yen | 130yen | - | - | - |

JVCKENWOOD Group - Trends in Quarterly Results

- In Q2 (July–September), both revenue and income fell year-on-year after being severely affected by supply shortages of semiconductors and other components.



| | 1H | 2H | 1H | 2H | 1H | 2H |
|-----------------------|-------|-------|-------|-------|-------|----|
| Revenue | 146.7 | 144.6 | 117.7 | 155.9 | 124.4 | — |
| Core Operating Income | 2.6 | 3.1 | -2.7 | 10.2 | -0.8 | — |

Supply Chain Issue in Q2

Impacted amount: Revenue decreased by 12.1 billion yen and core operating income decreased by 4.2 billion yen

- Mainly in Mobility & Telematics Services (M&T), a serious problem occurred in component supply due to shortages of semiconductors and the impact of lockdowns in Asia as a result of COVID-19. Coinciding with the problem with distribution, an impact, larger than that of Q1, was inflicted on sales. The impact was limited in the Public Service (PS) and Media Service (MS).
- In M&T, supplies of components from specific suppliers fell to almost zero in August and September, and in Q2, only 10% of the required number was produced, causing a significant impact. In addition, suppliers issued requests for a component price hike, which caused a deterioration in profit and loss.
- In distribution, in addition to a rate hike, the lead time from factories to sales bases became longer than assumed mainly in the U.S., leading to losing sales.

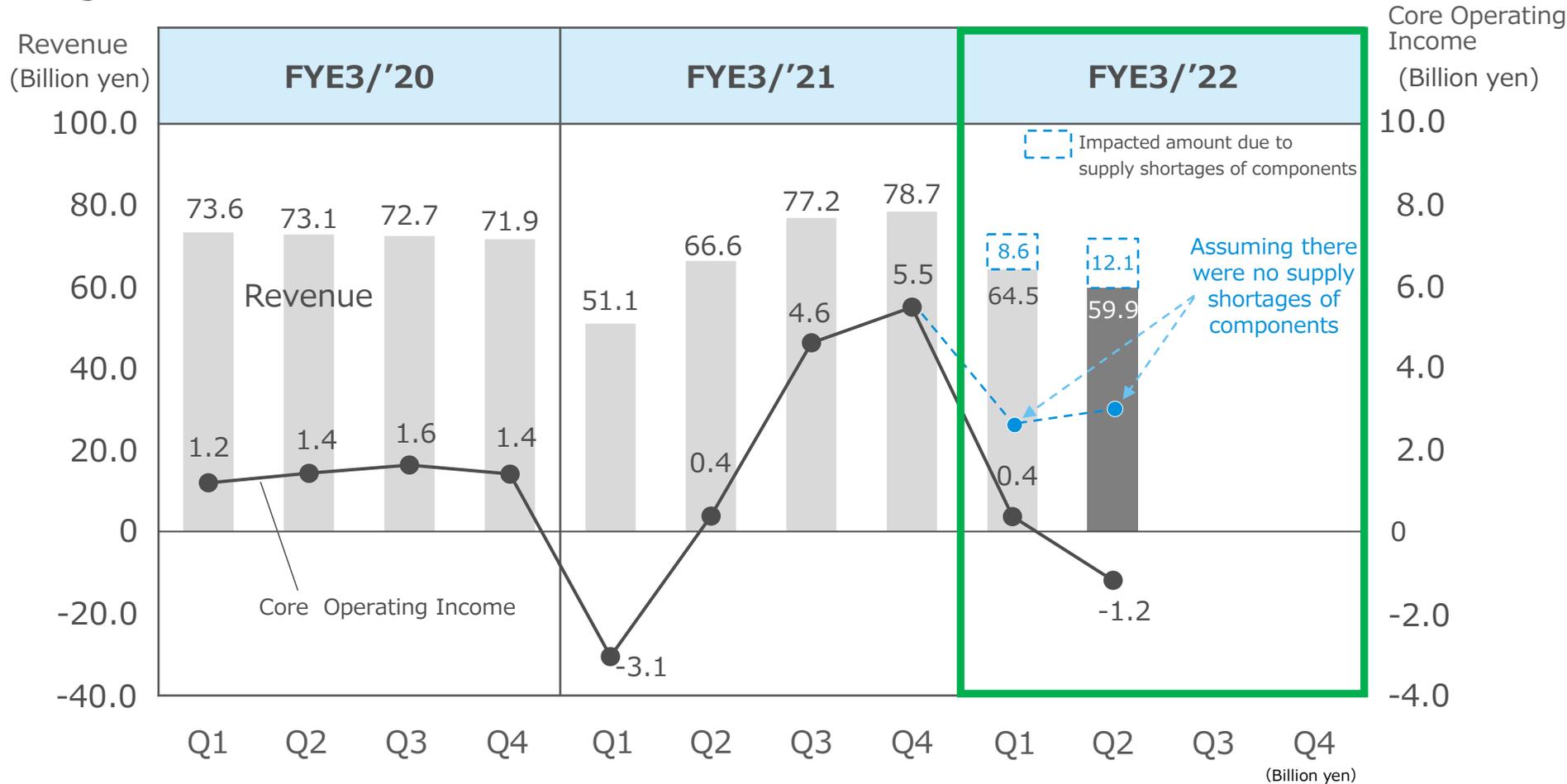


Concentration on specific suppliers **increased the impact**, and the failure to anticipate prolonged parts supply problems are **issues for the future**.

JVCKENWOOD Group: Trends in Quarterly Results

(assuming there were no supply shortages of components)

- The impacted amounts due to supply shortages of components for Q2 year-to-date results are a decrease of 20.8 billion yen in revenue and a decrease of 6.4 billion yen in core operating income.



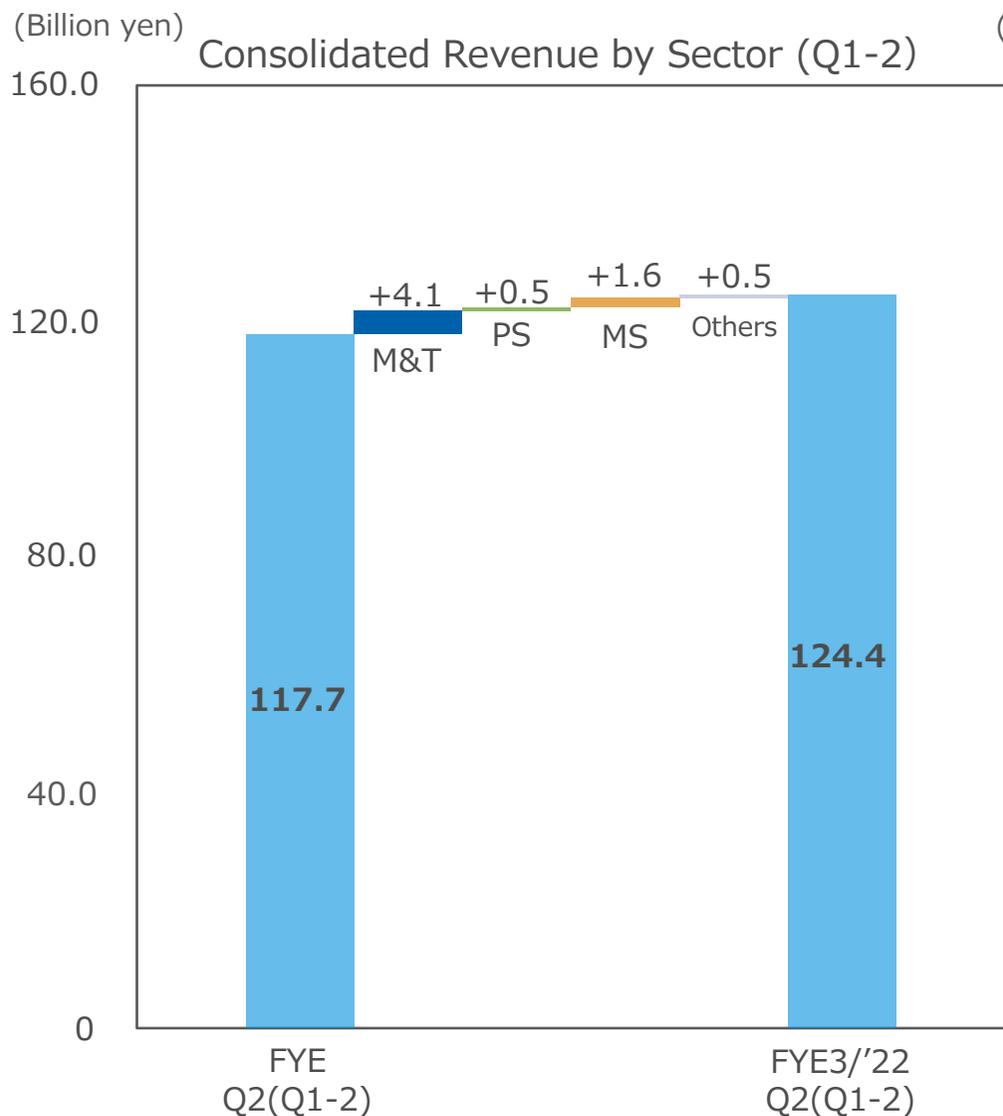
| | 1H | 2H | 1H | 2H | 1H | 2H |
|-----------------------|-------|-------|-------|-------|-------|----|
| Revenue | 146.7 | 144.6 | 117.7 | 155.9 | 124.4 | — |
| Core Operating Income | 2.6 | 3.1 | -2.7 | 10.2 | -0.8 | — |

Financial Results for Q2(Q1-2) of FYE3/'22 - Results by Sector

| | | (Billion yen) | | | | Factors |
|---------------|-----------------------|----------------------|----------------------|---------------------------|----------------------------|--|
| | | Q2(Q1-2) FYE3/'20 | Q2(Q1-2) FYE3/'21 | YoY change (amount) | YoY change (percentage) | |
| M&T Sector | Revenue | 67.8 | 71.9 | + 4.1 | +6.0% | * Revenue of the OEM Business increased as sales of speakers, amplifiers and cables for automobile manufacturers remained firm in the wake of a recovery in the Chinese market despite the significant impact of shortages of components in Q2. Revenue of the Aftermarket Business declined due to the considerable impact of shortages of components although orders received remained robust throughout Q2. Revenue of the Telematics Service Business decreased as the Business was hit hard by shortages of components. |
| | Core Operating Income | -0.4 | -1.4 | △ 1.0 | — | * In the OEM Business, the loss contracted due to the increase in revenue. In the Aftermarket Business and Telematics Service Business, core operating income declined due to the decrease in revenue. |
| PS Sector | Revenue | 25.2 | 25.8 | + 0.5 | +2.1% | * The Communications Systems Business increased revenue, when excluding the results of a subsidiary that had been sold in Q1, mainly due to a recovery in demand in overseas markets including the U.S. although the Business was affected by the curtailment and suspension of operation in plants in Southeast Asia, in particular, in Q2. The Professional Systems Business gradually recovered in regions excluding the Tokyo metropolitan area. Moreover, revenue of the Healthcare Field increased due to robust sales of monitors both in Japan and overseas despite the impact of shortages of components. |
| | Core Operating Income | -1.9 | -0.1 | + 1.8 | — | * The Communications Systems Business increased core operating income and turned profitable as the effort for enhancement of business structure took effect despite the decrease in revenue. The Professional Systems Business reduced its loss due to the effect of the revenue increase. |
| MS Sector | Revenue | 22.3 | 23.9 | + 1.6 | +7.1% | * In the Media Business, revenue increased due to a sales recovery as not only did BtoC sales, such as headphones and portable power sources, perform well accompanying growing demand from teleworking and staying at home, but also the BtoB market too was picking up. Revenue of the Entertainment Business increased due to strong performance in the content business. |
| | Core Operating Income | -0.3 | 0.8 | + 1.1 | — | * As a result of the revenue increase, the Media Business turned profitable, and the Entertainment Business increased core operating income. |
| Others | Revenue | 2.3 | 2.9 | + 0.5 | +22.5% | — |
| | Core Operating Income | -0.2 | -0.2 | △ 0.0 | — | — |
| Total | Revenue | 117.7 | 124.4 | + 6.7 | +5.7% | — |
| | Core Operating Income | -2.7 | -0.8 | + 1.9 | — | — |

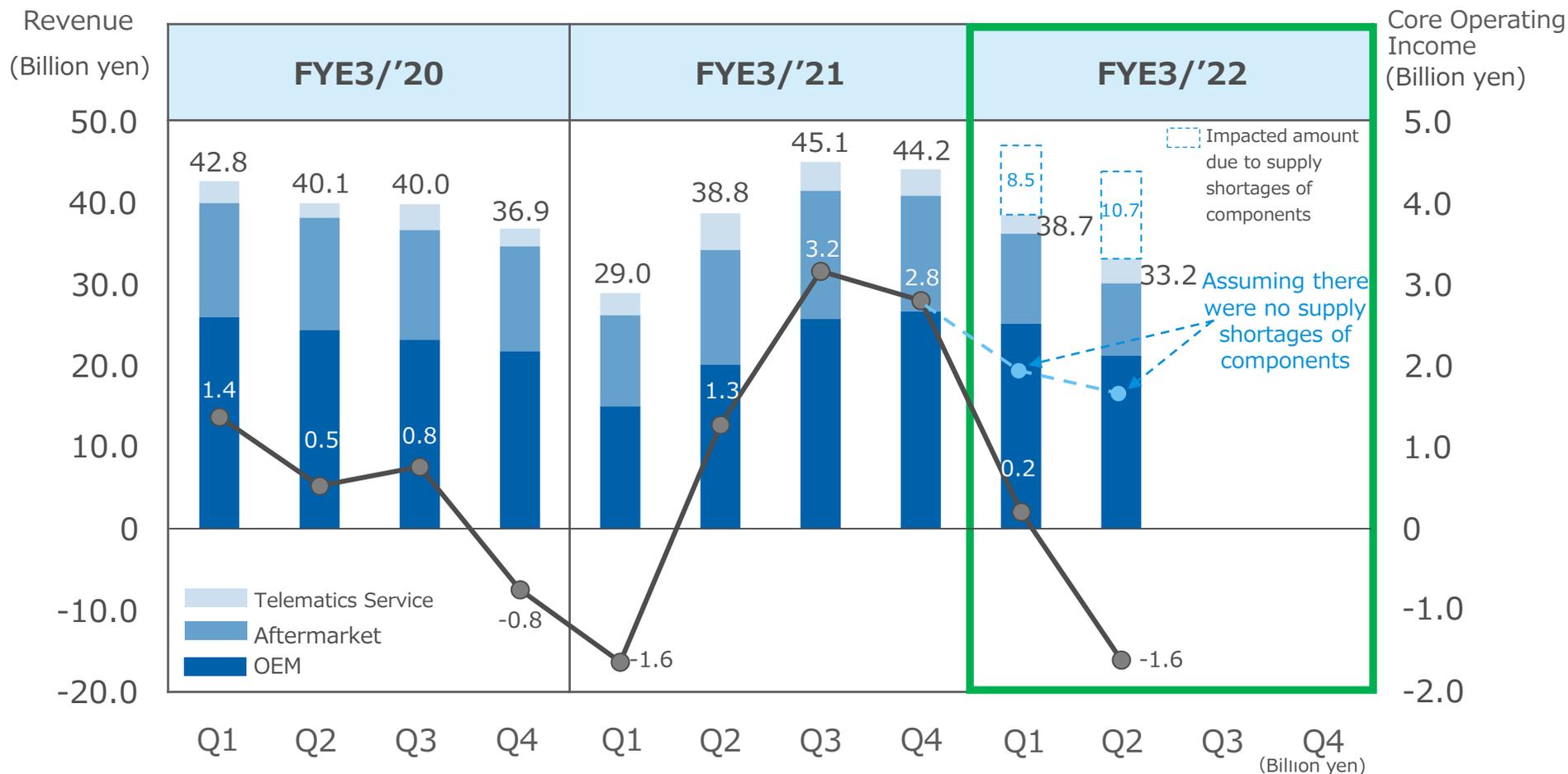
Financial Results for Q2(Q1-2) of FYE3/'22

- Consolidated Revenue & Core Operating Income by Sector



Quarterly Results - M&T Sector

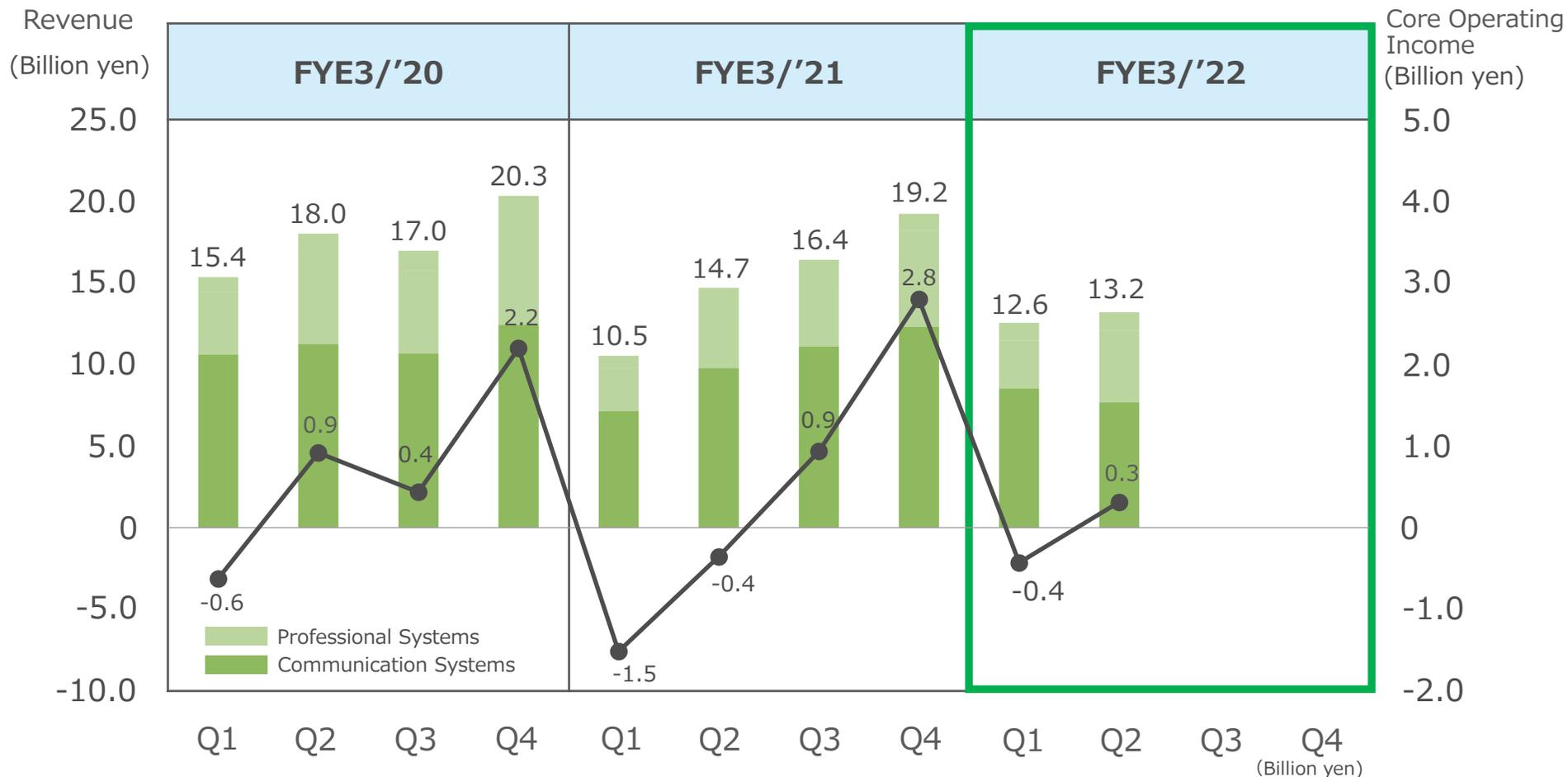
- In Q2 (July–September), both revenue and income fell after being severely affected by supply shortages of semiconductors and other components.



| | 1H | 2H | 1H | 2H | 1H | 2H |
|-----------------------|------|------|------|------|------|----|
| Revenue | 82.8 | 76.9 | 67.8 | 89.3 | 71.9 | — |
| Core Operating Income | 1.9 | 0.0 | -0.4 | 6.0 | -1.4 | — |

Quarterly Results - PS Sector

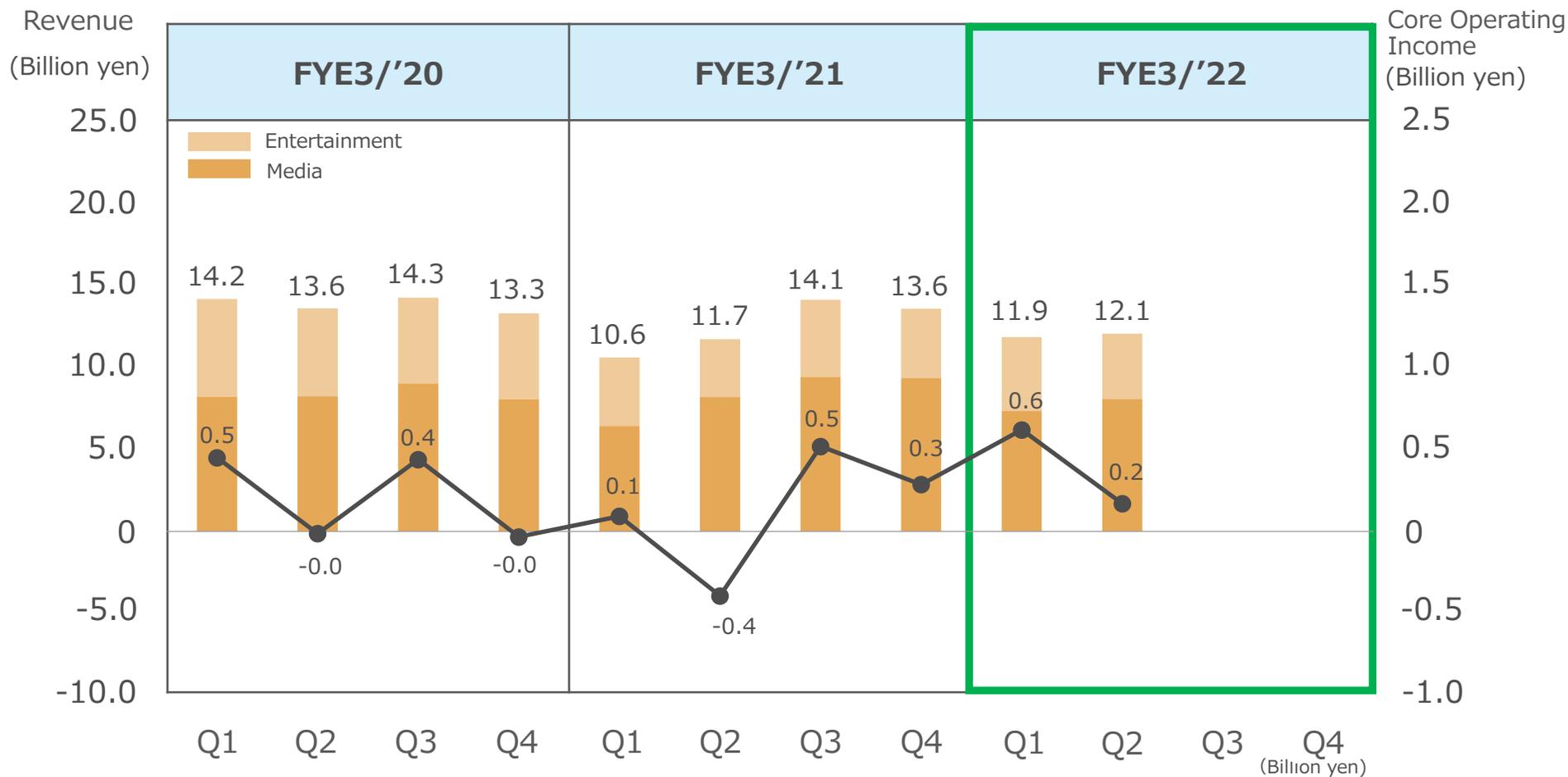
- In Q2 (July–September), Communications Systems Business lost sales partly due to the impact of curtailment and suspension of operations in factories, but the overall PS sector increased income to turn profitable as the effort for enhancement of business structure took effect. Both revenue and income showed growth in Q2 year-to-date results as well.



| | 1H | 2H | 1H | 2H | 1H | 2H |
|-----------------------|------|------|------|------|------|----|
| Revenue | 33.4 | 37.3 | 25.2 | 35.7 | 25.8 | — |
| Core Operating Income | 0.3 | 2.6 | -1.9 | 3.7 | -0.1 | — |

Quarterly Results – MS Sector

- In Q2 (July–September), both Media Business and Entertainment Business performed well, continuing from Q1, and the overall sector saw revenue and income increase. Both revenue and income showed growth in Q2 year-to-date results as well.

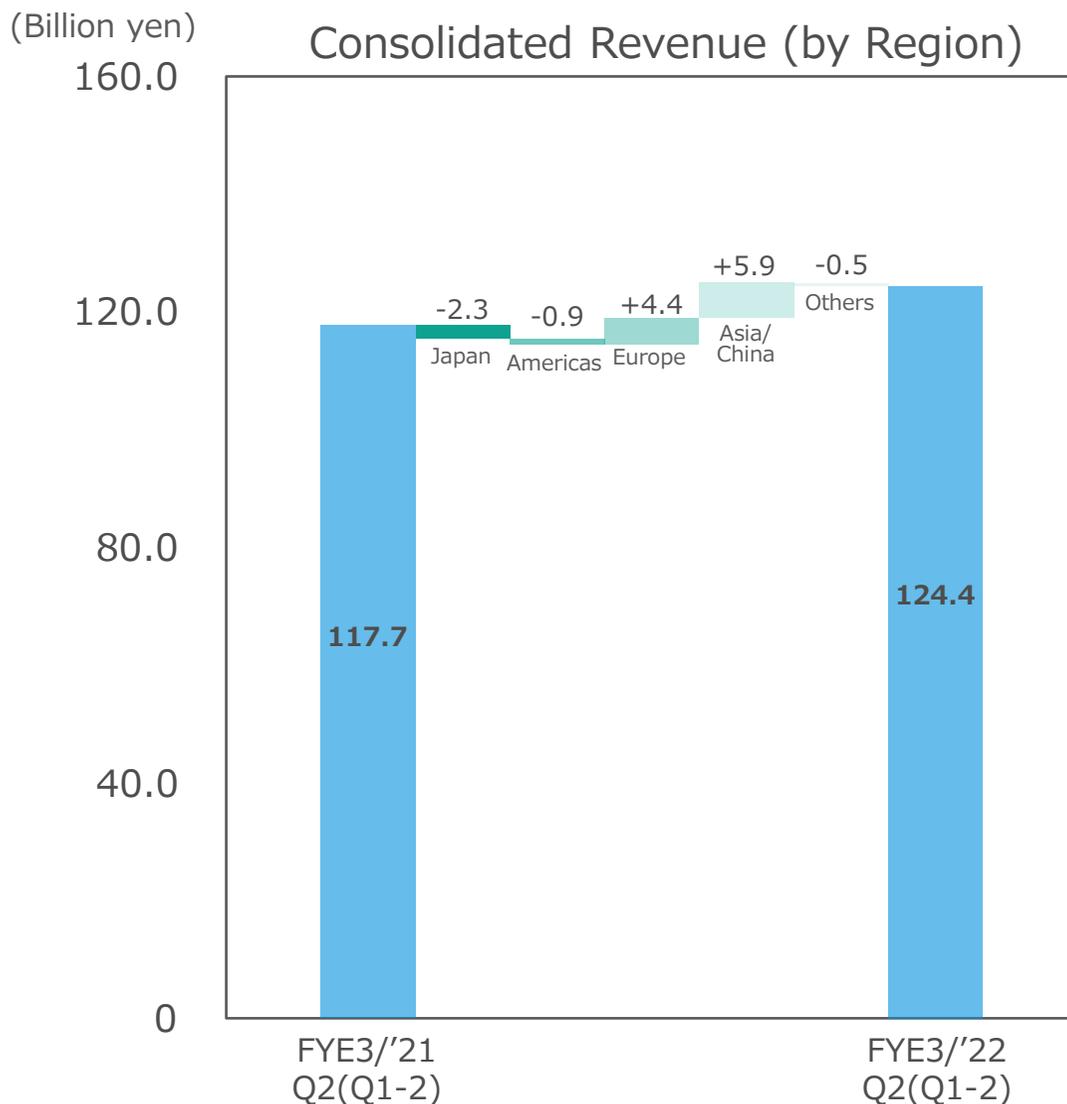


| | 1H | 2H | 1H | 2H | 1H | 2H |
|-----------------------|------|------|------|------|------|----|
| Revenue | 27.8 | 27.6 | 22.3 | 27.7 | 23.9 | — |
| Core Operating Income | 0.4 | 0.4 | -0.3 | 0.8 | 0.8 | — |

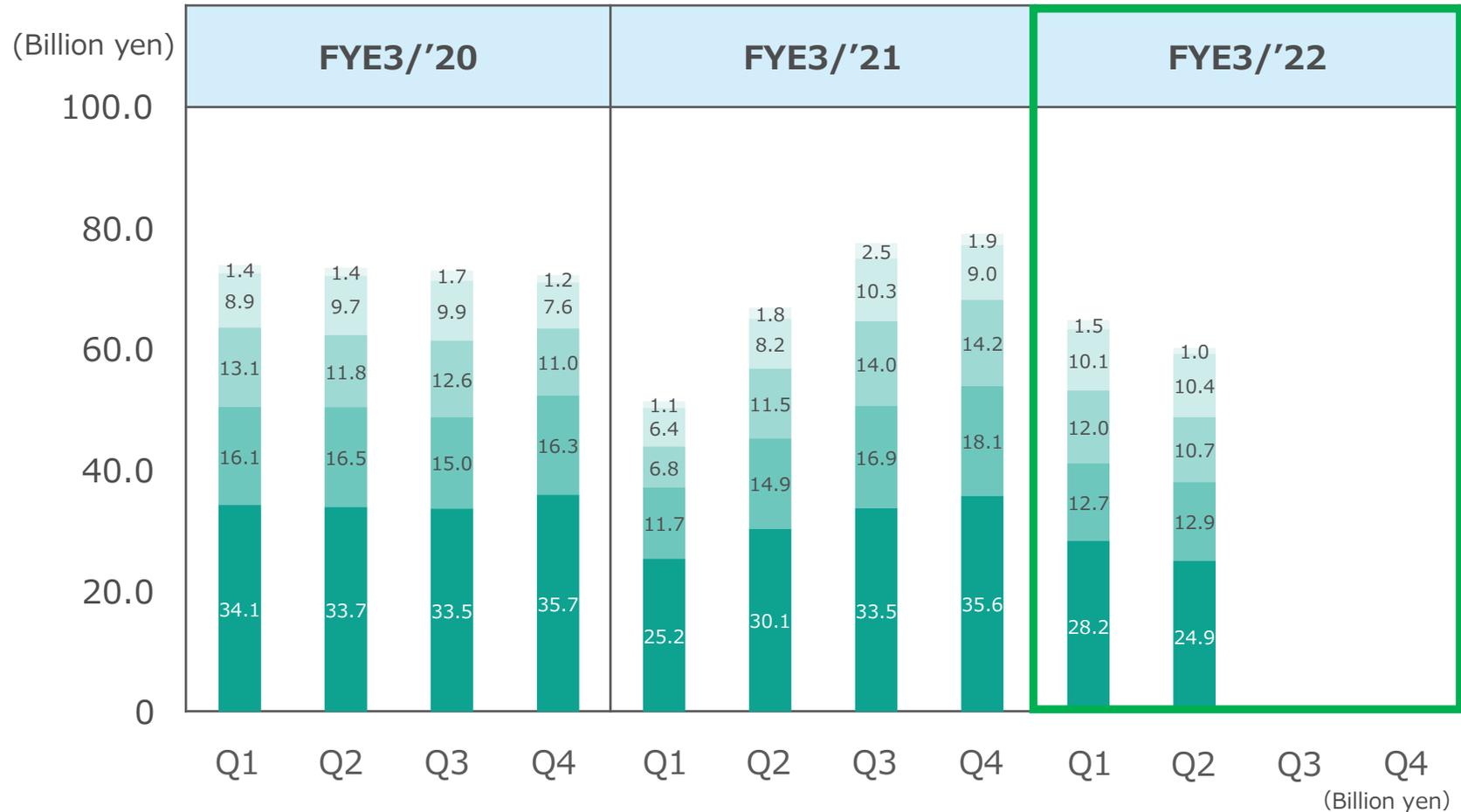
Financial Results for Q2(Q1-2) of FYE3/'22

- Consolidated Revenue by Region

- Whereas revenue in Japan and the Americas declined due to the supply chain issue, Europe, Asia, and China saw M&T perform well.



Consolidated Revenue by Region



| | 1H | 2H | 1H | 2H | 1H | 2H |
|------------|------|------|------|------|------|----|
| Japan | 67.8 | 69.2 | 55.4 | 69.1 | 53.1 | — |
| Americas | 32.6 | 31.4 | 26.6 | 35.0 | 25.7 | — |
| Europe | 24.9 | 23.6 | 18.2 | 28.2 | 22.7 | — |
| Asia/China | 18.7 | 17.5 | 14.6 | 19.3 | 20.5 | — |
| Others | 2.7 | 2.9 | 3.0 | 4.4 | 2.5 | — |

Financial Results for Q2(Q1-2) of FYE3/'22

- Consolidated Profit/Loss (Summary)

- In addition to the effect of the revenue increase, operating profit was up significantly due to the recording of a gain on sales of subsidiaries and a gain on valuation of financial assets, leading to significant increases in all levels of profit/loss as well.

(Billion yen)

| | Q2(Q1-2) FYE3/'21 | Q2(Q1-2) FYE3/'22 | YoY Change |
|---|----------------------|----------------------|------------|
| Core Operating Income* | -2.69 | -0.83 | + 1.86 |
| Other Income, Other Expenses, Foreign Exchange Loss, etc. | -0.66 | 2.90 | + 3.56 |
| Operating Profit | -3.35 | 2.07 | + 5.42 |
| Finance Income, Finance Expenses, etc. | -0.25 | -0.34 | -0.09 |
| Profit Before Income Taxes | -3.61 | 1.73 | + 5.34 |
| Income Tax Expenses | 0.41 | 1.68 | + 1.28 |
| Non-Controlling Interests | 0.28 | 0.30 | + 0.02 |
| Profit Attributable to Owners of the Parent Company | -4.29 | -0.26 | + 4.04 |

* 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 Q2(Q1-2) of FYE3/'22

- Financial Position Summary

- Cash and deposits fell to 51.4 billion yen, a decrease of 8.2 billion yen from the end of the previous fiscal year, and net debt increased by 6.8 billion yen.
- Shareholder's equity ratio climbed up as assets went down.

(Billion yen)

| | FYE3/'21 | 2Q(1-2Q) FYE3/'22 | YoY Change |
|---|----------|----------------------|------------|
| Total Assets | 264.3 | 257.1 | -7.2 |
| Total Liabilities | 195.8 | 188.7 | -7.1 |
| Total Equity | 68.5 | 68.3 | -0.2 |
| Interest-Bearing Debts | 75.6 | 74.2 | -1.4 |
| Net Debt | 15.9 | 22.8 | + 6.8 |
| Net Debt/Equity Ratio (Times) | 0.25 | 0.36 | + 0.11 |
| Equity Attributable to Owners of the Parent Company | 64.6 | 64.0 | -0.6 |
| Stockholder's Equity Ratio (%) | 24.5 | 24.9 | + 0.4 |

Financial Results for Q2(Q1-2) of FYE3/'22

- Cash Flow Summary

- Net cash flow from operating activities decreased due to a deterioration in working capital resulting from an increase in inventories due to production delays that were triggered by the component supply issue.
- Net cash used in investing activities decreased due to the sale of subsidiaries.
- Net cash used in financing activities increased due to advancing repayment of bank borrowings

(Billion yen)

| | Q2(Q1-2) FYE3/'21 | Q2(Q1-2) FYE3/'22 | YoY Change |
|--|----------------------|----------------------|------------|
| Cash Flow from Operating Activities | 13.7 | -2.5 | -16.2 |
| Cash Flow from Investing Activities | -6.5 | -1.3 | + 5.2 |
| Free cash flow <small>* Free cash flow: Cash flow from operating activities + Cash flow from investing activities</small> | 7.2 | -3.7 | -10.9 |
| Cash Flow from Financing Activities | 2.1 | -4.7 | -6.8 |
| Total | 9.3 | -8.4 | -17.7 |

1. Overview of Q2(Q1-2) Financial Results for FYE3/'22
- 2. Full-Year Earnings Forecast for FYE3/'22**
3. Initiatives from the Second Half Onwards

Full-Year Earnings Forecast for FYE3/'22

- Despite the expanded impact of supply shortages of semiconductors and other components and negative effects, such as from the curtailment and suspension of operations at Southeast Asian factories, the year-to-date revenue in Q2 was secured at the level assumed at the beginning of the fiscal year, and other income was higher than expected, resulting in operating profit exceeding the initial assumption.
- No revision of the consolidated earnings forecast is made due to continued uncertainty over the future, including the impact of supply shortages of semiconductors and other components from Q3 onward.

(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 |

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Response to Supply Chain Issue from Second Half Onward

- **Securing of components**
Proceed with securing components including senior-level executive negotiations with suppliers amid lockdowns in Asia being gradually relaxed. Secure more components in the second half than in the first half concerning components that largely impacted the first half as well. Continue negotiations.
- **Implementation of design changes**
Push the engineering design that replaces existing ones also in order to alleviate concentration of components.
Additionally, address a future component issue by adopting components from multiple suppliers for new products in future.
- **Response to supply chain issue**
Keep advancing the SCM reform in management foundation reform activities in order to minimize the impact on earnings in case of emergency.

“Monozukuri (Manufacturing) Reform” for enhancement of Business Structure

- The Group aims to establish a global production system that suits total production volumes and total man-hours primarily through the promotion of automation at production bases, the returning of production to Japan, and the creation of a supplier eco-system in order to realize “Creating value through Monozukuri,” which is stated in the Medium-Term Management Plan VISION 2023.

1. Commencement of liquidation procedures (dissolution) of a production base in Thailand (JKET *1)

Optimization of production bases that meet total production volumes will be promoted by transferring production of professional video cameras, which is a main production item, to JKOT*2 and projectors to the Yokosuka Business Center.



JVCKENWOOD Electronics (Thailand) Co., Ltd. (JKET)

*1: The abbreviation of JVCKENWOOD Electronics (Thailand) Co., Ltd. *2: The abbreviation of JVCKENWOOD Optical Electronics (Thailand) Co., Ltd.

“Monozukuri (Manufacturing) Reform” for enhancement of Business

Structure

2. Commencement of complete transfer of production of car navigation systems for the domestic market to Japan
 - Complete transfer of production of car navigation systems Saisoku-Navi for the domestic aftermarket will be started in January 2022 from the Indonesian factory to JVCKENWOOD Nagano Corporation. Production of car navigation systems for domestic automobile manufacturers will be also transferred in stages from the Shanghai factory to Nagano with the aim of establishing a domestic production structure of 500,000 units in the medium run.
 - Business for domestic automobile manufacturers is intended to expand through not only trying to maximize product supply efficiency by shortening the lead time from production to sales and strengthening cost competitiveness by promoting automation, but also concentrating production in JVCKENWOOD Nagano Corporation, a factory certified by domestic automobile manufacturers.



Car navigation system "Saisoku-Navi" for domestic market



Automated assembly system in JVCKENWOOD Nagano Corporation

M&T Sector (1)

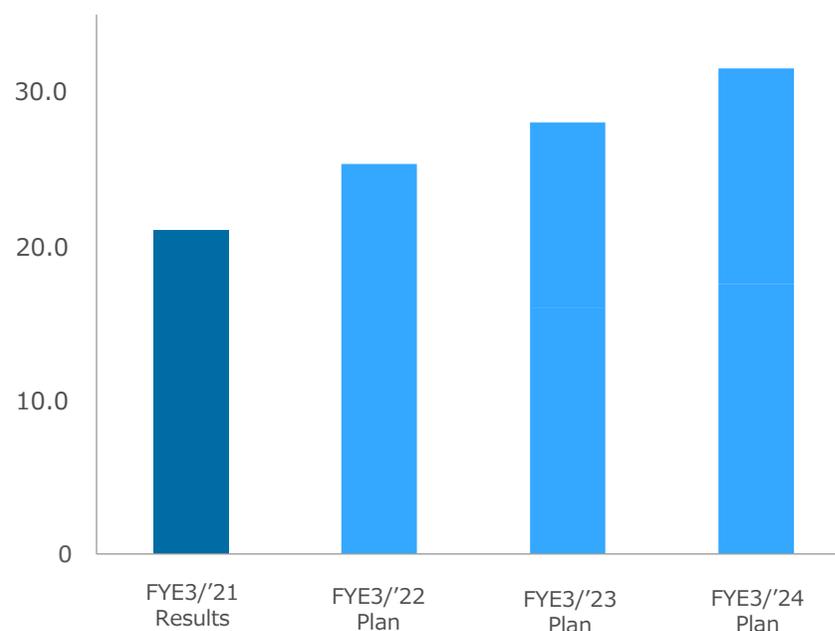


- Although products are affected by shortages of semiconductors, the sector will push forward with activities to capture new orders and accumulate orders received for continued business growth from the next term onward.
- In the Chinese market, which is recovering from the COVID-19 pandemic ahead of other countries, a business for automobile manufacturers, operated by the Group, is growing firmly.



Car-mounted cables, speakers and amplifiers that are performing well in the Chinese market

(Billion yen) **Trends in Revenue in Chinese Market**



- Shipments of a dashcam with a communication capability made by the Company will start in Q3. The product will be supplied for automobile insurance policy “Mimamoru Kuruma no Hoken (Observe and Protect Automobile Insurance) (Premium dashcam type)” to be sold by Mitsui Sumitomo Insurance.
- Shipments of dashcams with a communication capability, mainly to automotive insurance companies, exceeded the one million unit mark on a cumulative basis. Efforts will be made to win more orders from new projects.



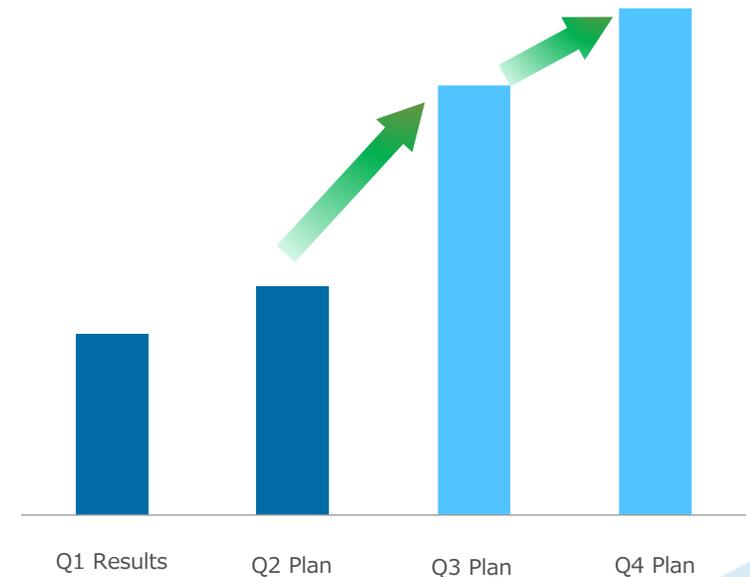
The images are for illustrative purposes.

Main Features of Premium Dashcam Type

1. First in the industry*! 360° omnidirectional shooting
2. Parking monitoring function
3. Continuous warning function
4. Detachable from the car
5. Industry's top level of high-quality recording capabilities

* As dashcams supplied for the automobile insurance industry (as of June 24, 2021; source: JVCKENWOOD)

Trends in Revenue of Telematics Service (FYE3/'22)



■ Strong sales of dashcams with a digital rearview mirror

- As a new lineup item of dashcams with a digital rearview mirror “Mira Reco,” a model with a 10” IPS LCD display, suitable for mini cars, will be launched in late October.
- The new model is intended to create new demand together with the Company’s first dashcam with a digital rearview mirror, which was put on the market in July.



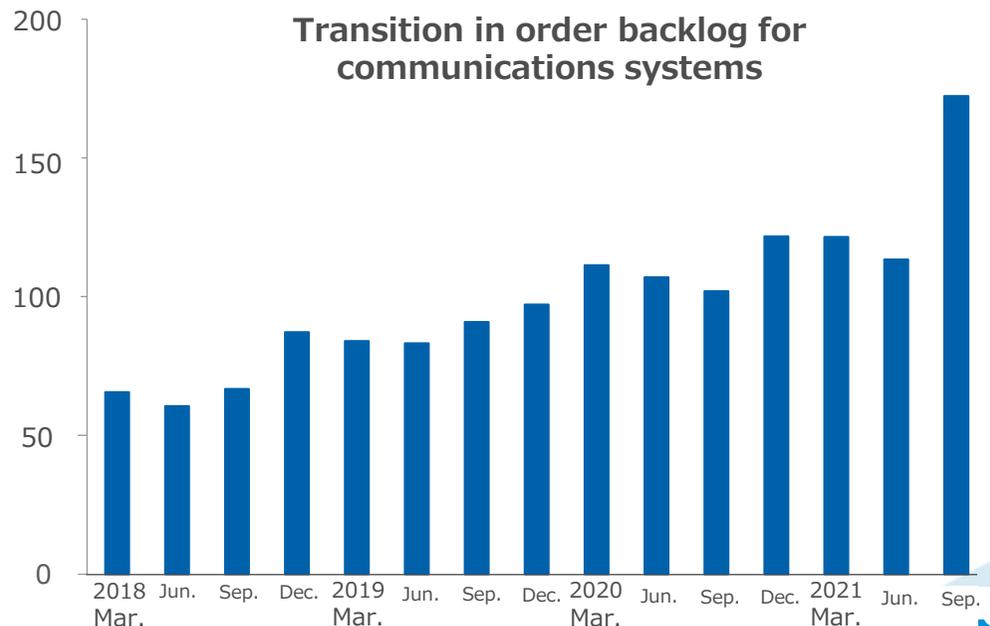
Dashcam with a digital rearview mirror that not only records activities in front of your car but also enables you to see the rear.

- The sector continues chasing orders from projects in the U.S. market, which has grown steadily.
 - Regarding professional digital radio systems in the public safety market, the sector received orders for a large system for US\$ 28 million from the county of Santa Barbara, California, U.S.
 - The U.S. market has trended strongly though affected by shortages of semiconductors. The sector keeps making efforts to add to order backlogs for future business expansion.



Professional digital radio system, ordered from the county of Santa Barbara, California, U.S.

(USD million)



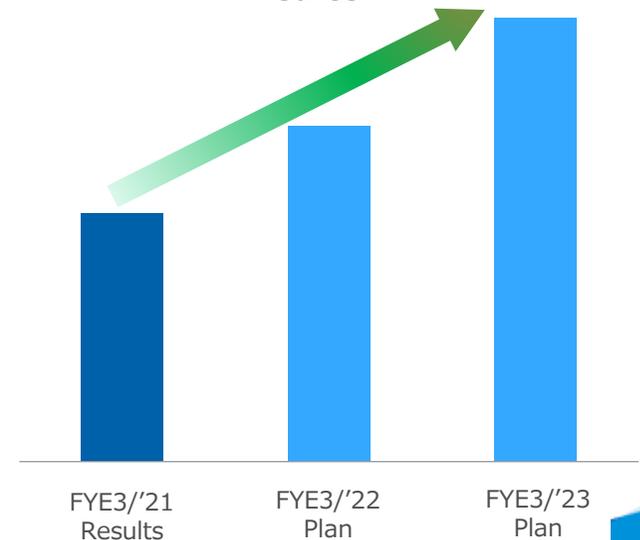
Media Business

- Portable Power Source BN-RB10-C won the top award in the emergency power supply category of "Disaster Prevention Products Awards 2021 ©" (Main organizer: Disaster Prevention Safety Association). Safety design, three-way power sources of AC/USB/cigar socket ports, and high-power design of 1,000 W output power were highly recognized.
- The sector is advancing efforts to capture demand expansion through reinforcing KENWOOD brand models and the lineup that meets each capacity, and expanding options, such as solar panels and storage bags.



Portable Power Source BN-RB10-C, the winner of the top award in the emergency power supply category for "Disaster Prevention Products Awards ©"

Transition in portable power source sales



■ Entertainment business

➤ Albums that contributed to Q2 results

- KUWATA Keisuke: *"Gohan misoshiru nori otsukemono tamagoyaki feat. Umeboshi"* (Rice, miso soup, seaweed, pickles, omelet feat. Pickled plum)" (Released on September 15)
 - This is the first new EP in four years and became a hit album. The first edition comes with a special video.



➤ Long-awaited albums for Q3

- *Warukyure*: *"Walküre Reborn!"* (released on October 13)
 - Released on October 8 *"Movie version Macross Δ Zettai (absolute) LIVE!!!!!!,"* a collection of vocal songs
- SADA Masashi: *"Aoharu 49.69"* (released on October 27)



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.