

JVCKENWOOD

Translation for Reference Only

JVCKENWOOD

Results and Forecast Briefing

Second Quarter(Q1-2) of Fiscal Year Ending March 2023 (IFRS)

October 31, 2022



JVCKENWOOD Corporation

1. Full-Year Earnings Forecast for FYE3/'23

**2. Overview of Q2(Q1-2) Financial Results
for FYE3/'23**

3. Topics

<Reference Material>

Financial Results for Q2(Q1-2) of FYE3/'23: Highlights

※ M&T : Mobility & Telematics Services Sector
PS : Public Service Sector
MS : Media Service Sector

■ Cumulative results for Q2 of FYE3/'23

Both revenue and income showed significant growth year-on-year due to the recovery of M&T production and strong sales of PS.

■ Made an upward revision to the earnings forecast

The business is expected to remain strong in the second half of the fiscal year, and a capital gain on the transfer of fixed asset has been recorded. As a result, we have made a significant upward revision to the earnings forecast from the initial forecast.

■ Commenced the formulation of a new medium-term management plan

Given that the major targets for the final year of the current Medium-Term Management Plan VISION 2023 have been achieved ahead of schedule and in light of the drastic change in the environment surrounding the company, we plan to announce a new medium-term management plan after the end of this fiscal year.

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Upward Revision to the Full-Year Earnings Forecast for FYE3/'23

- We expect to achieve the major targets for the final year of VISION 2023 one year ahead of schedule, thanks to an earlier-than-expected recovery from parts supply problems and strong sales of PS communications systems. In addition, due to the recording of a capital gain on the transfer of fixed asset, we also made a significant upward revision to step income below operating income
- We will not change the year-end dividend forecast for now, but we are considering various shareholder return policies from the viewpoint of the total payout ratio. We will disclose the policies as soon as the decision is made.

	Result for FYE3/'21	Result for FYE3/'22	Initial Forecast for FYE3/'23 (Apr. 27, '22)	Revision Forecast for FYE3/'23 (Oct. 31, '22)	Change from previous forecast	YoY	VISION2023 Target (FYE3/'24)
Revenue	273.6	282.1	300.0	330.0	+ 30.0	+ 47.9 +17.0%	more than 320.0
Core Operating Income*	7.5	7.1	9.5	12.7	+ 3.2	+ 5.6 +77.7%	more than 12.0
Operating Profit	4.9	9.1	8.0	20.8	+ 12.8	+ 11.7 +129.7%	
Profit Before Income Taxes	4.5	8.5	7.0	19.8	+ 12.8	+ 11.3 +132.5%	
Profit Attributable to Owners of the Parent Company	2.2	5.9	4.0	15.2	+ 11.2	+ 9.3 +158.8%	
ROE (%)	3.6	8.1	4.9	16.4	+ 11.5	+ 8.3 +102.5%	more than 10%

* 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).

(Yen)

	Result for FYE3/'21	Plan for FYE3/'22	Initial Forecast for FYE3/'23
Year-end dividend (Per share)	5	6	7

(Yen)

	Result for FYE3/'21	Result for FYE3/'22	Assumption for FYE3/'23 (Apr. 27, '22)	Assumption for FYE3/'23 (Oct. 31, '22)
Profit-And-Loss Exchange Rates	U.S. dollar	106	112	140
	Euro	124	131	140

Details of Upward Revision for FYE3/'23

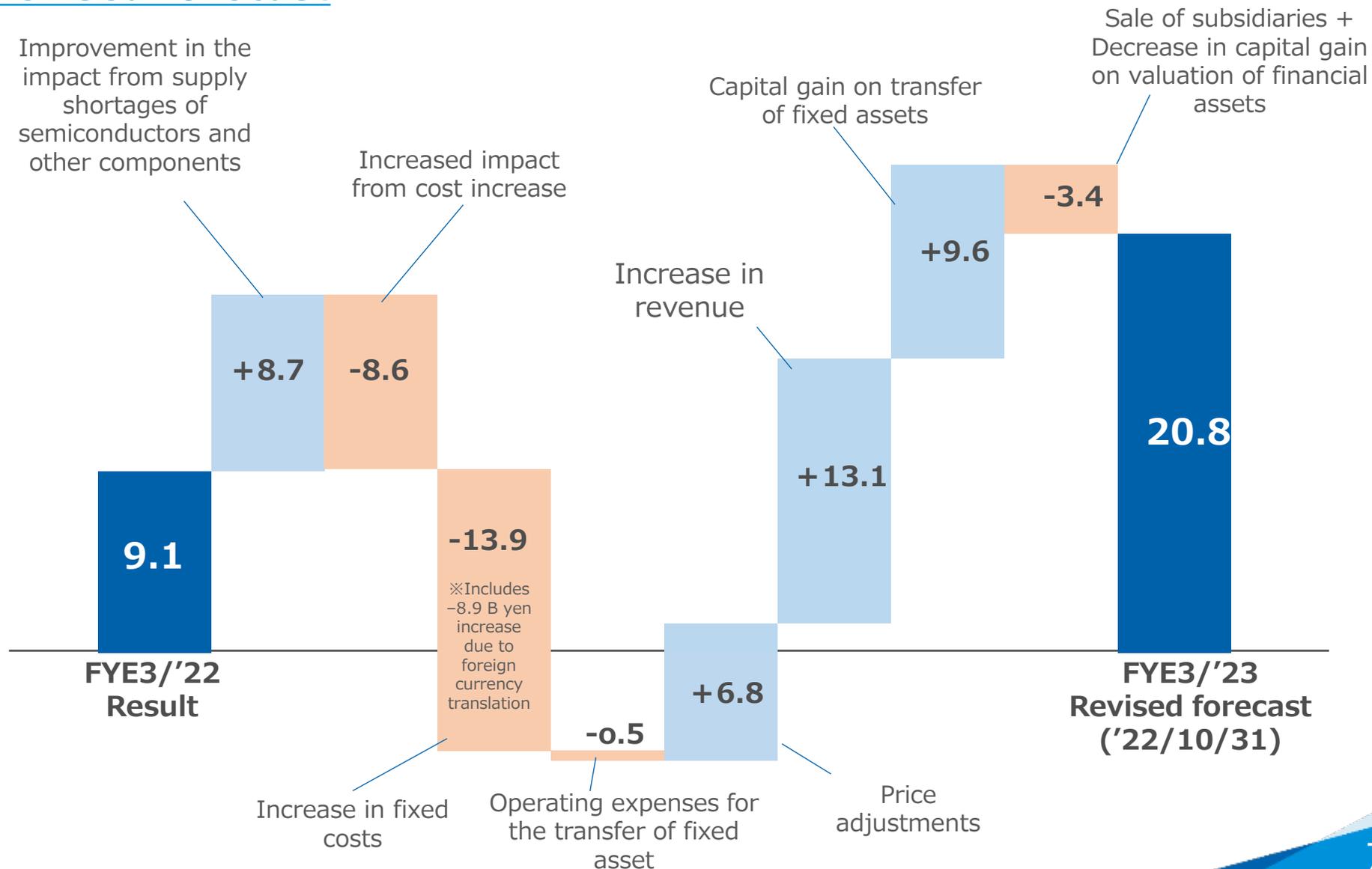
- As we expect a 30 billion yen increase in revenue and a 3.7 billion yen increase in core operating income, each profit below core operating income of 13.2 billion yen reached a new record high since the management integration in 2008.
- As a result of the transfer of fixed assets, 0.5 billion yen in operating expenses and 1 billion yen in income taxes are expected to be incurred, in addition to a 9.6 billion yen capital gain on the transfer.

	Initial Forecast for FYE3/'23 (Apr. 27, '22)	Business improvement	Prospects after improvement	Impact from transfer of fixed assets	Revised forecast for FYE3/'23	Change from previous forecast
Revenue	300.0	30.0	330.0	0.0	330.0	+ 30.0
Core Operating Income	9.5	3.7	13.2	-0.5	12.7	+ 3.2
Other Income, Other Expenses, Foreign Exchange Loss, etc.	-1.5	0.0	-1.5	9.6	8.1	+ 9.6
Operating Profit	8.0	3.7	11.7	9.1	20.8	+ 12.8
Finance income and cost, etc.	-1.0	0.0	-1.0	0.0	-1.0	± 0
Profit Before Income Taxes	7.0	3.7	10.7	9.1	19.8	+ 12.8
Income tax expense, etc.	-3.0	-0.6	-3.6	-1.0	-4.6	-1.6
Profit Attributable to Owners of the Parent Company	4.0	3.1	7.1	8.1	15.2	+ 11.2

Full-Year Earnings Forecast for FYE3/'23 - Factors Behind Changes in Operating Income

(Billion yen)

*Revised forecast



Full-Year Earnings Forecast for FYE3/'23 by Sector

- **M&T:** Remained unchanged from the initial forecast, expecting to recover from the effects of the Shanghai lockdown.
- **PS:** Revised significantly from the initial forecast due to strong sales of Communications Systems Business.
- **MS:** Remained unchanged from the initial forecast as the production transition of Media Business is progressing smoothly and contents are also strong.

(Billion Yen)

		Result for FYE3/'21*	Result for FYE3/'22	Initial Forecast for FYE3/'23 (Apr. 27, '22)	Revision Forecast for FYE3/'23 (Oct. 31, '22)	Change from previous forecast
M&T	Revenue	157.1	164.3	181.0	200.0	+ 19.0
	Core Operating Income	5.6	2.2	5.1	5.1	±0
PS	Revenue	60.9	58.1	60.8	69.8	+ 9.0
	Core Operating Income	1.9	2.5	2.9	7.2	+ 4.3
MS	Revenue	50.1	53.4	52.8	56.0	+ 3.2
	Core Operating Income	0.5	2.7	1.9	1.9	±0
Others	Revenue	5.5	6.3	5.4	4.2	-1.2
	Core Operating Income	-0.5	-0.3	-0.4	-1.5	-1.1
Total	Revenue	273.6	282.1	300.0	330.0	+ 30.0
	Core Operating Income	7.5	7.1	9.5	12.7	+ 3.2

*Financial Results for FYE3/'21 at M&T sector include the telematics services business, which was incorporated thereto in FYE3/'22.

1. Full-Year Earnings Forecast for FYE3/'23

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for FYE3/'23**

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Financial Results for Q2(1-2Q) of FYE3/'23: Results by Sector

	FYE3/'21 Q1-2	FYE3/'22 Q1-2	FYE3/'23 Q1-2	YoY	
Revenue	117.7	124.4	158.1	+ 33.7	+27.1%
Cost of sales	88.7	92.2	114.5	+ 22.3	+24.1%
Gross profit	29.0	32.2	43.6	+ 11.4	+35.4%
Profit margin	24.6%	25.9%	27.6%		
Core operating income^{*1}	-2.7	-0.8	5.9	+ 6.8	-
Profit margin	-	-	3.8%		
Other Income, Other Expenses, Foreign Exchange Loss, etc.	-0.7	2.9	-0.2	-3.1	-
Operating profit	-3.4	2.1	5.8	+ 3.7	+178.1%
Profit margin	-	1.7%	3.6%		
Profit before income taxes	-3.6	1.7	5.8	+ 4.1	+234.2%
Profit attributable to owners of the parent company	-4.3	-0.3	3.7	+ 3.9	-
EBITDA^{*2}	6.4	11.1	15.0	+ 3.9	+34.8%
EBITDA margin	5.5%	8.9%	9.5%		

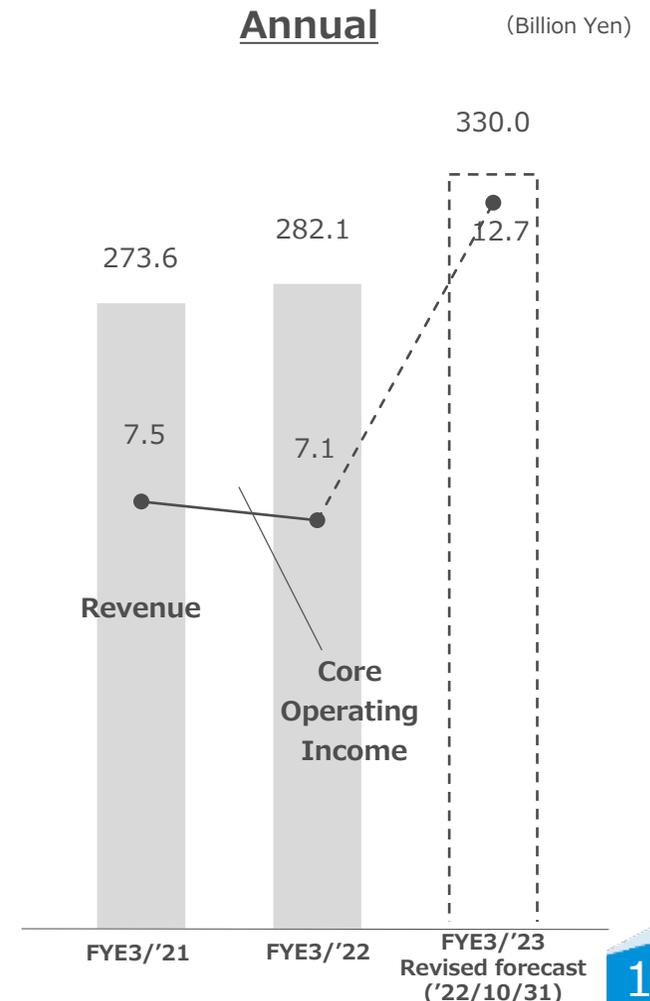
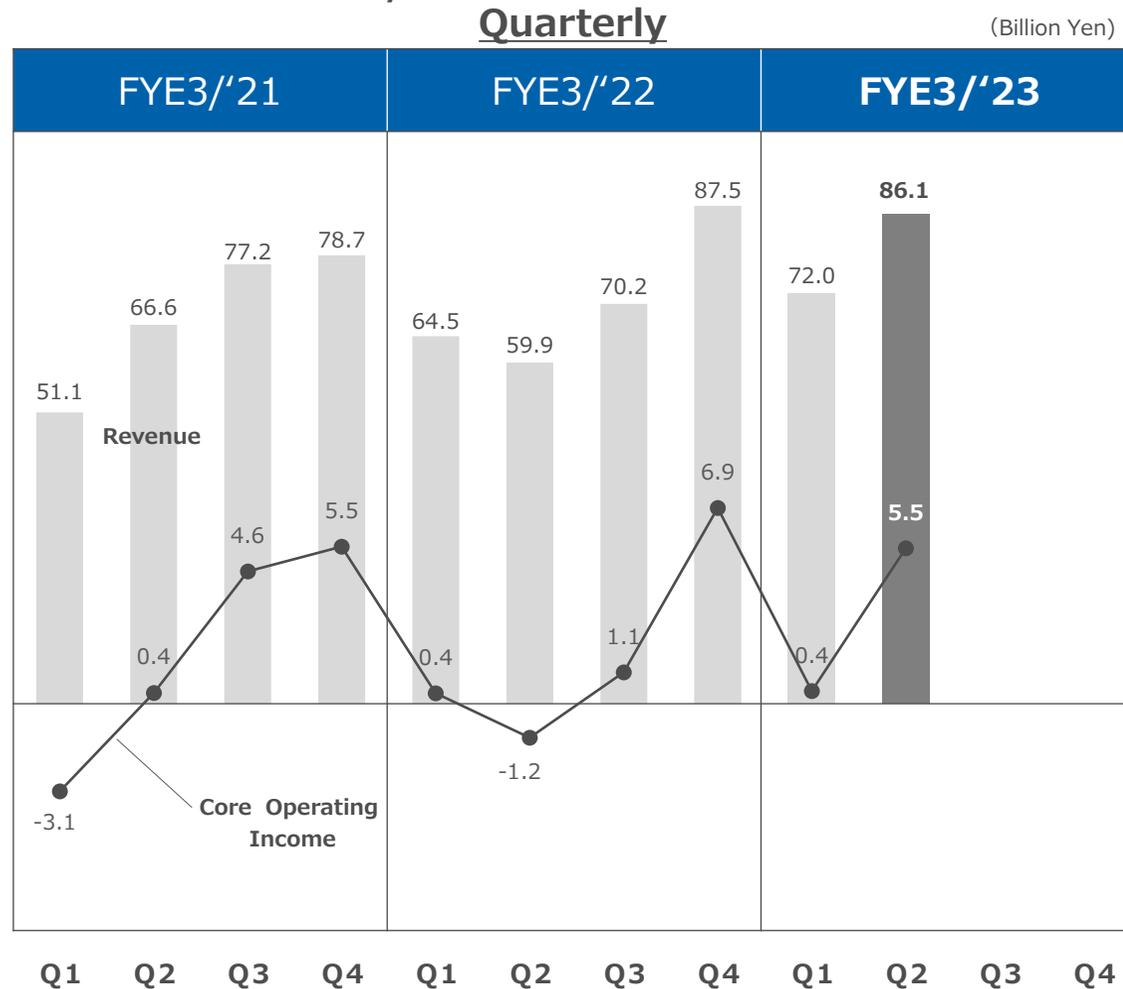
^{*1} Core operating income does not include nonrecurring items that mainly occur temporarily, such as other income included in operating income, other expenses, and foreign exchange losses (gains).

^{*2} 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					FYE3/'23				
		Q1	Q2	Q3	Q4	Full-Year	Q1	Q2	Q3	Q4	Full-Year	Q1	Q2	Q3	Q4	Full-Year
Profit-And-Loss	U.S. dollar	108	106	105	106	106	110	110	114	116	112	130	138			
Exchange Rates	Euro	119	124	125	128	124	132	130	130	130	131	138	139			

Trends in Quarterly Results

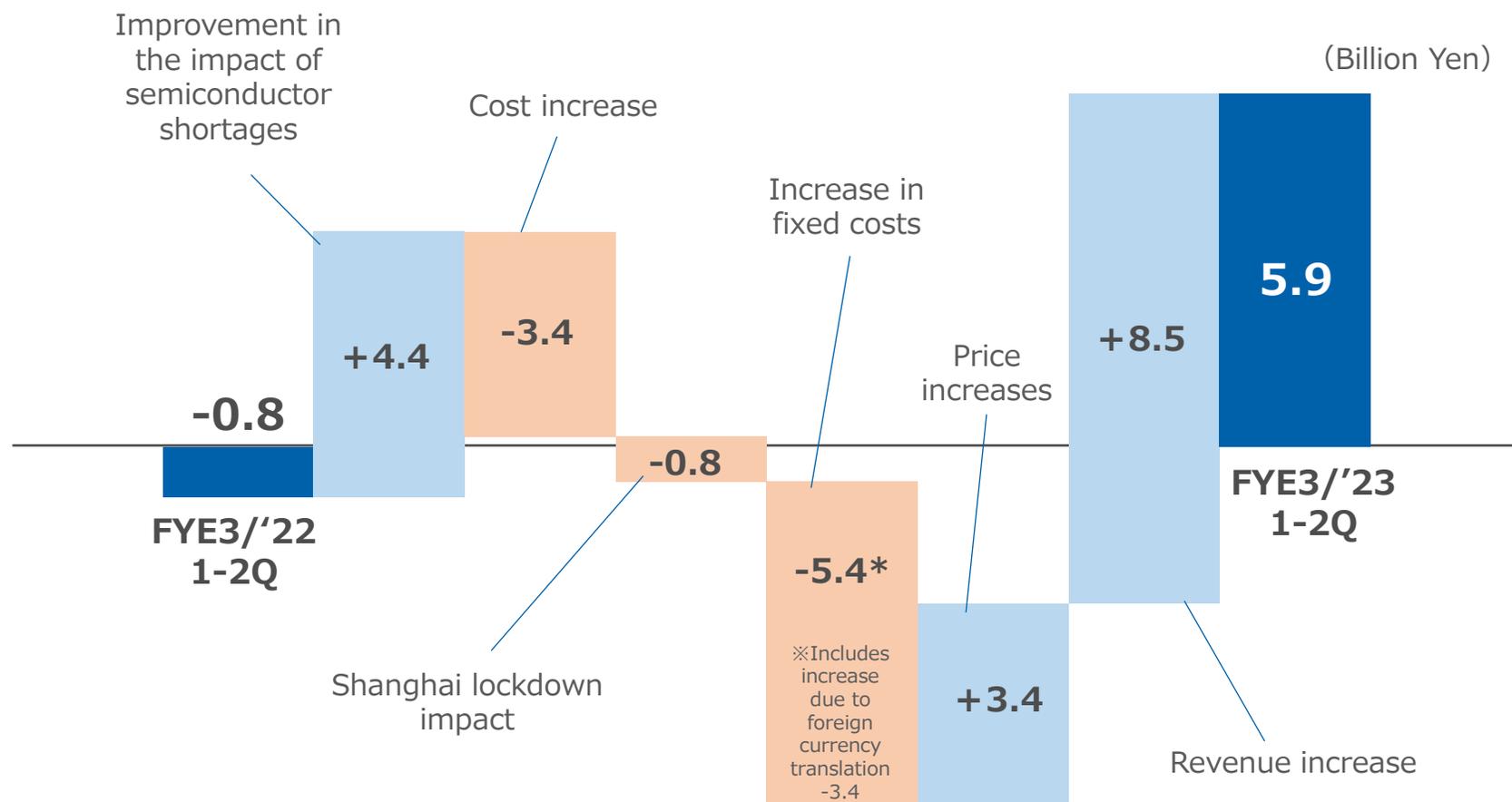
- In Q2 (July-September), company-wide revenue and income showed significant growth year-on-year due to a significant increase in revenue as a result of the normalization of M&T production and sales, as well as strong sales of PS communications systems



Financial Results for Q2(Q1-2) of FYE3/'23:

Factors for Changes in Core Operating Income

- Core operating income showed significant growth year-on-year as revenue increased significantly due to a drastic improvement in the shortage of components such as semiconductors through measures such as design changes, and an increase in fixed costs was covered by price adjustments



Financial Results for Q2(Q1-2) of FYE3/'23: Results by Sector

		FYE3/'21 Q1-2	FYE3/'22 Q1-2	FYE3/'23 Q1-2	YoY	
M&T	Revenue	67.8	71.9	96.0	+ 24.1	+33.5%
	Core Operating Income	-0.4	-1.4	2.1	+ 3.5	-
PS	Revenue	25.2	25.8	32.8	+ 7.0	+27.2%
	Core Operating Income	-1.9	-0.8	3.6	+ 4.4	-
MS	Revenue	22.3	23.9	26.1	+ 2.2	+9.1%
	Core Operating Income	-0.3	0.8	0.2	-0.6	-74.2%
Others	Revenue	2.3	2.9	3.2	+ 0.4	+13.6%
	Core Operating Income	-0.2	-0.2	0.1	+ 0.2	-
Total	Revenue	117.7	124.4	158.1	+ 33.7	+27.1%
	Core Operating Income	-2.7	-1.6	5.9	+ 7.5	-

M&T

Both revenue and income from OEMs showed growth due to an increase in sales of dealer-installed products following the lifting of the Shanghai lockdown and sales growth of European subsidiaries. Revenue and income both grew as sales in the Aftermarket were strong in Japan and overseas and businesses related to insurance remained robust in the Telematics Service Business.

PS

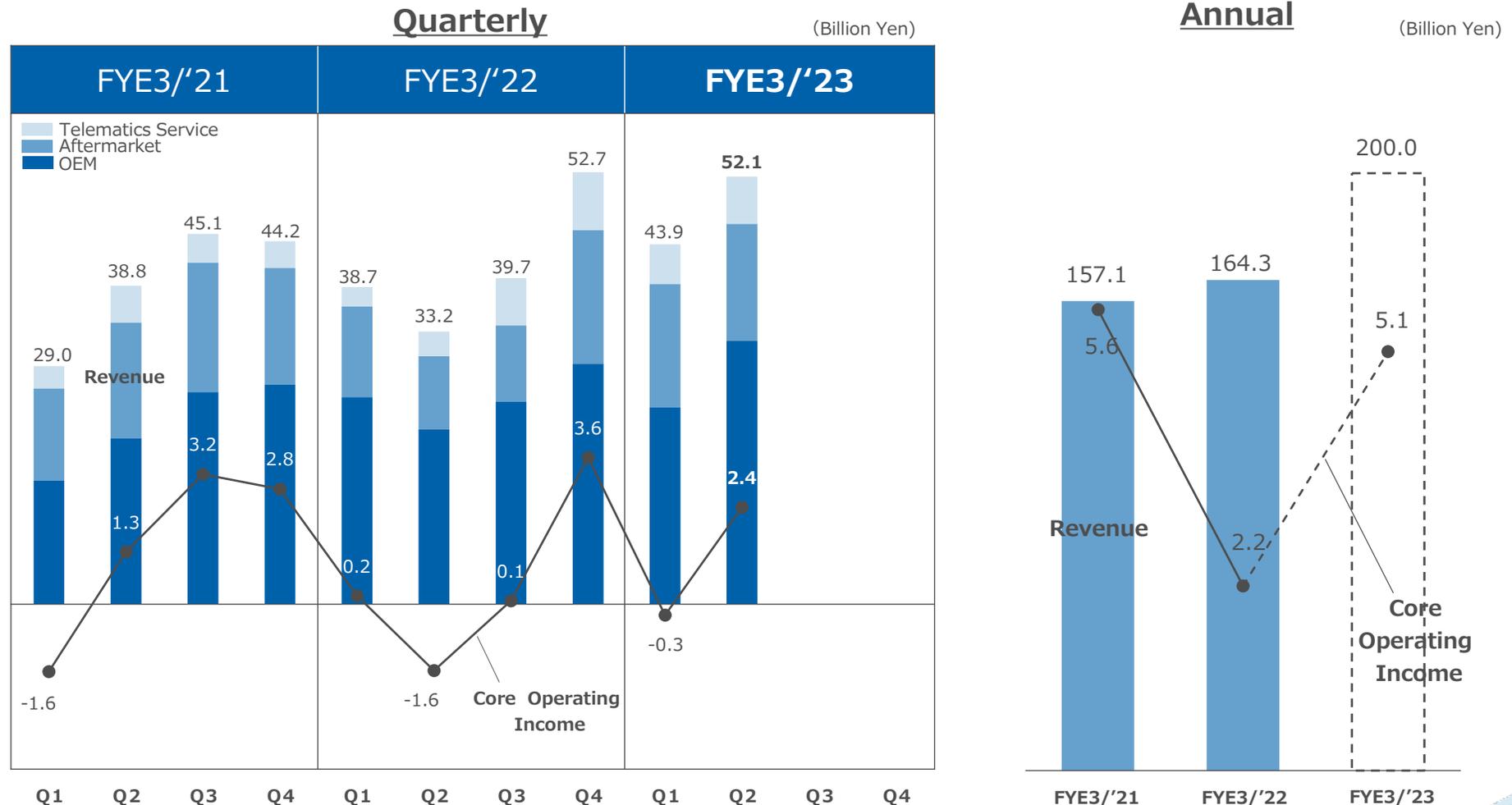
Revenue and income from Communications Systems increased significantly due to robust demand in the public safety market in the United States, the effect of the introduction of new tri-band products, and the growing momentum for crisis management worldwide. Income from Professional Systems declined due to a delay in sales recovery in the electrical facilities market.

MS

Despite a recovery trend in Q2, income in Media Business declined due to the impact of the production transfer in Q1. Both revenue and income increased in Entertainment Business as the Content Business has remained strong since Q1.

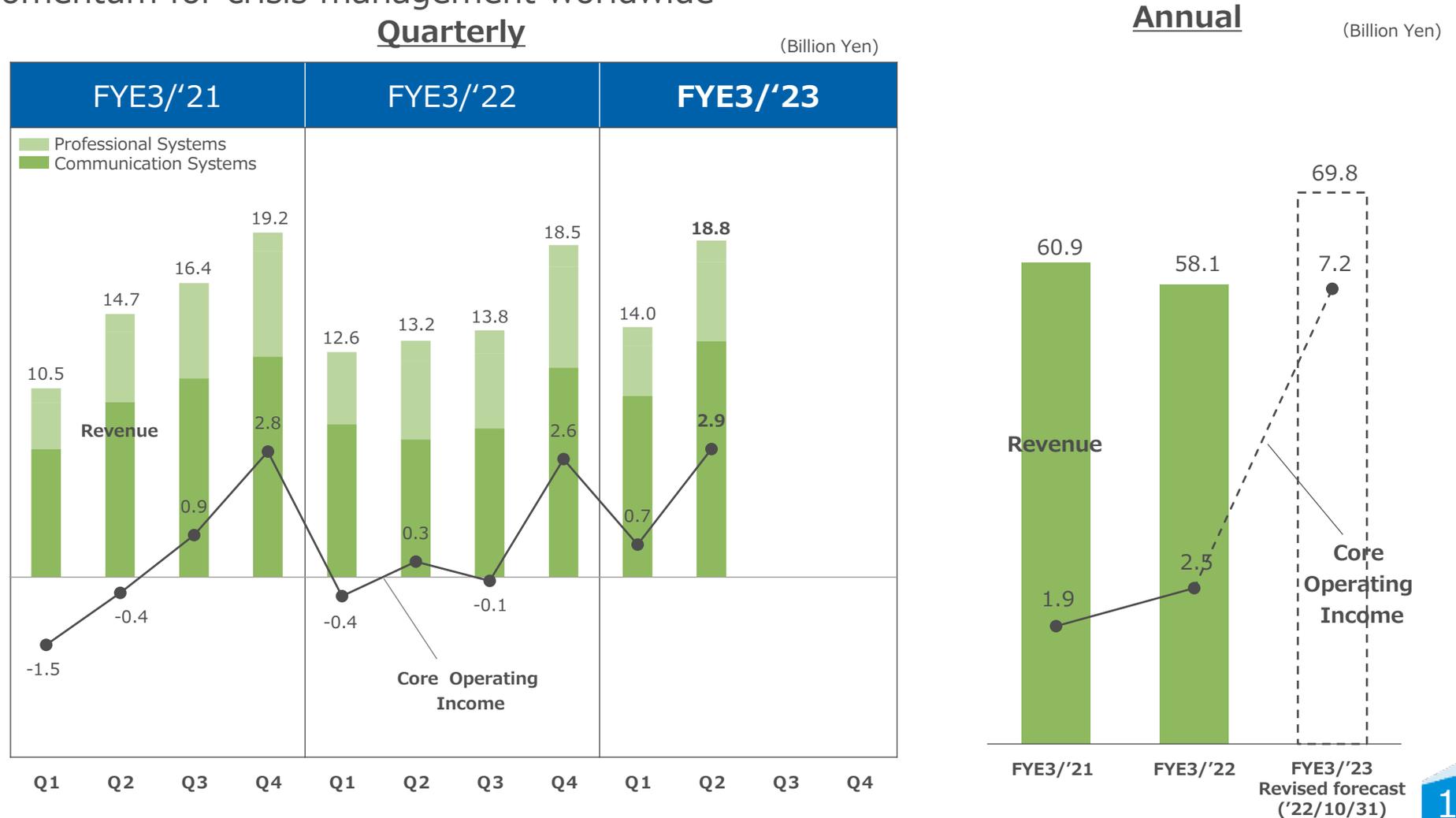
M&T Sector: Trends in Revenue and Core Operating Income

- In Q2 (July-September), revenue and income saw significant growth year-on-year due to a significant recovery of OEMs in production and sales as a result of the lifting of the Shanghai lockdown, as well as the continued strong performance of the Aftermarket and Telematics Service Business.



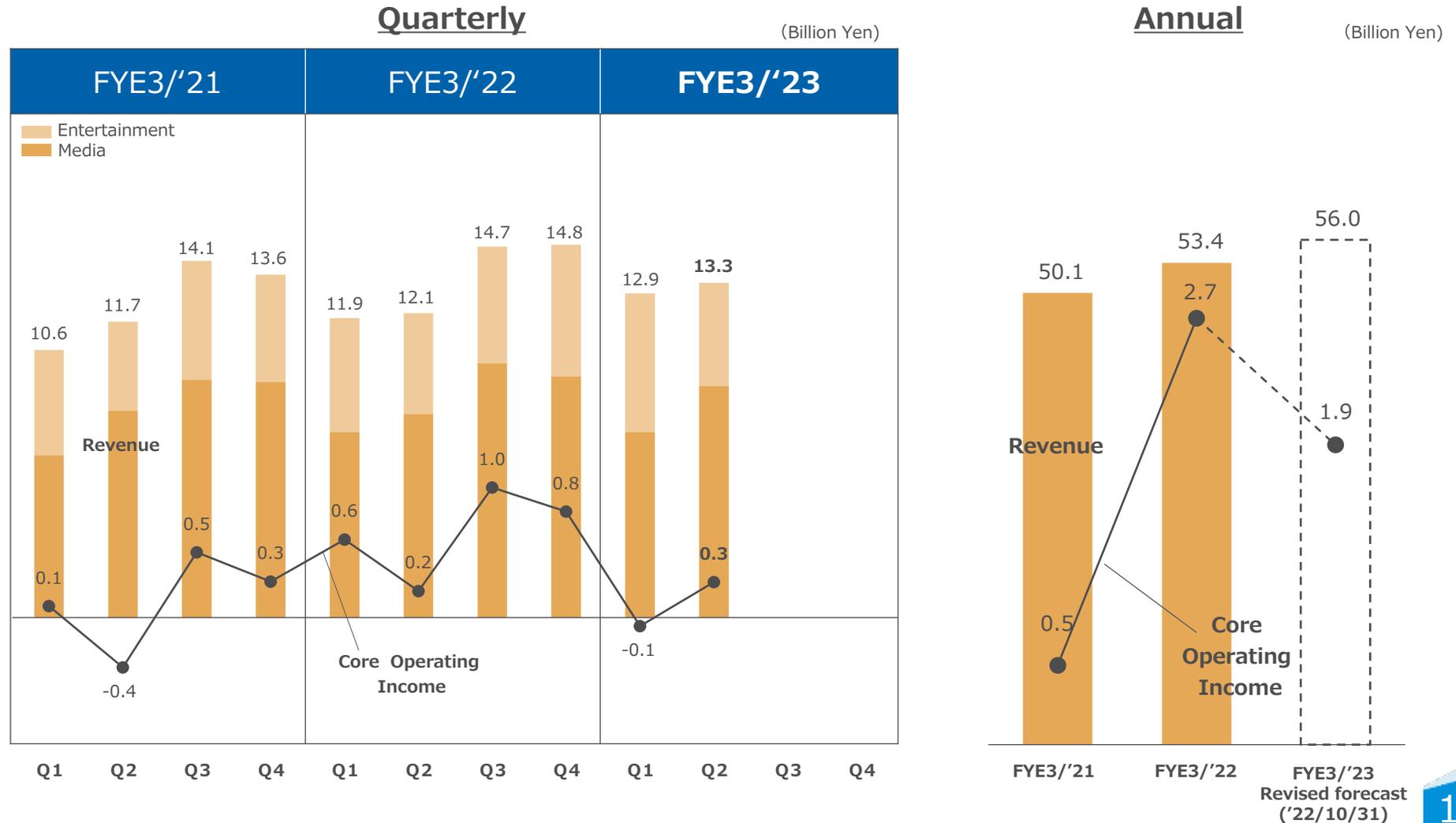
PS Sector: Trends in Revenue and Core Operating Income

- In Q2 (July-September), revenue and income increased significantly year on year as sales of Communications Systems remained strong due to robust demand in the public safety market in the United States, the effect of the introduction of new tri-band products, and the growing momentum for crisis management worldwide



MS Sector: Trends in Revenue and Core Operating Income

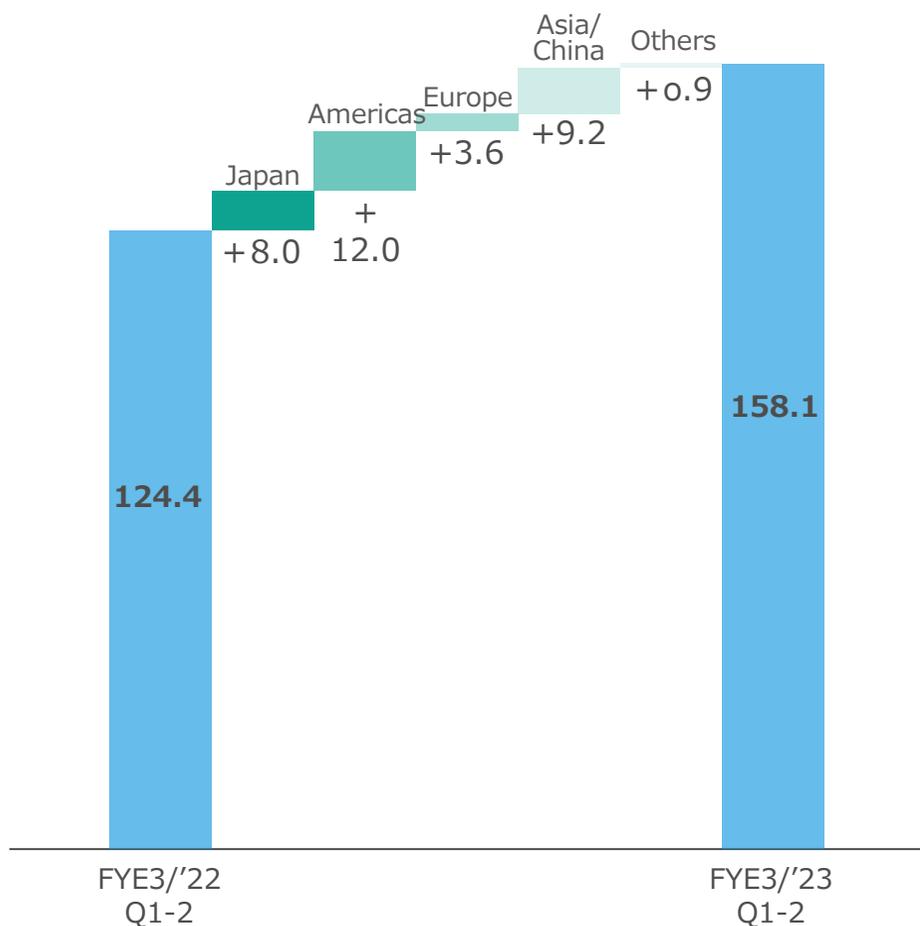
- In Q2 (July-September), revenue and income showed growth year-on-year as sales of Content in Entertainment Business have remained strong since Q1 and sales in Media Business showed a recovery trend



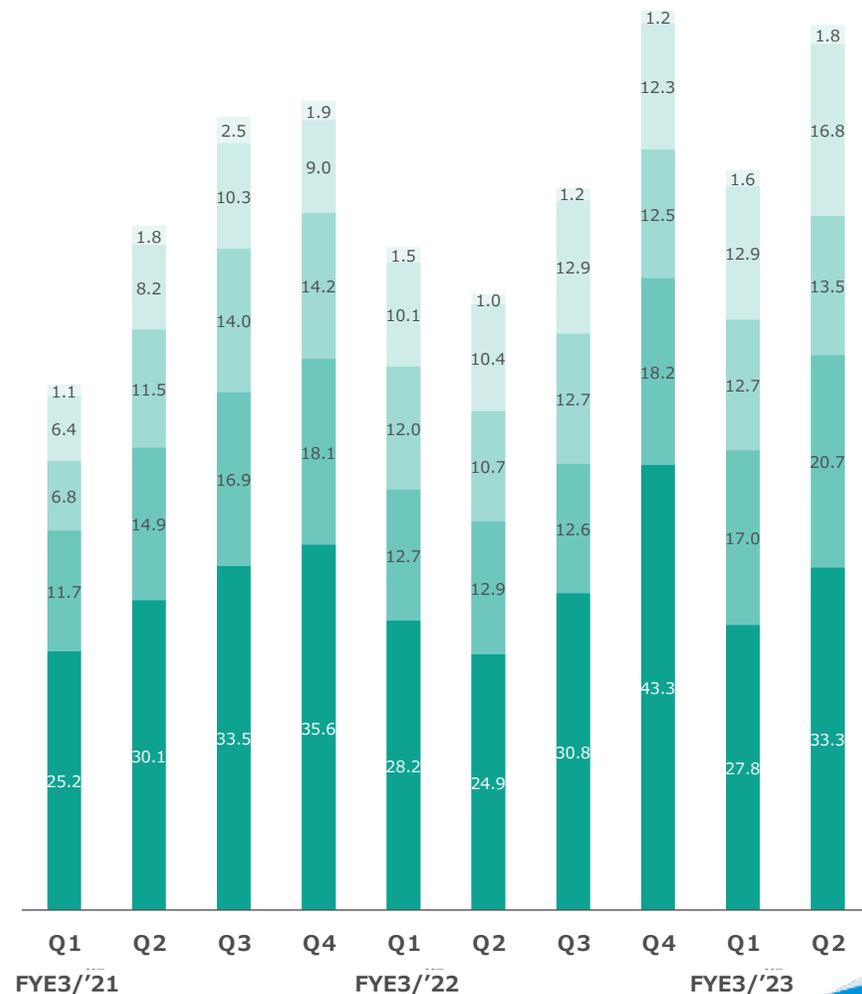
Financial Results for Q2(Q1-2) of FYE3/'23: Consolidated Revenue by Region

- Sales increased in Q2 (Q1-2) in all regions as a result of the normalization of M&T production and sales in Q2 (July-September)

Increase/Decrease by Region (Billion yen)



Trends by Region (Billion yen)



Financial Results for Q2(Q1-2) of FYE3/'23: Consolidated Profit/Loss Summary

- All step income was up significantly due to a sharp increase in core operating income despite a decline in capital gain on the sale of subsidiaries and gain on the valuation of financial assets, which were recorded in the previous fiscal year.

	FYE3/'21 Q1-2	FYE3/'22 Q1-2	FYE3/'23 Q1-2	YoY
Core Operating Income*	-2.69	-0.83	5.94	+ 6.77
Other Income, Other Expenses, Foreign Exchange Loss, etc.	-0.66	2.90	-0.18	-3.08
Operating Profit	-3.35	2.07	5.76	+ 3.69
Finance Income, Finance Expenses, etc.	-0.25	-0.34	0.02	+ 0.36
Profit Before Income Taxes	-3.61	1.73	5.78	+ 4.05
Income Tax Expenses	0.41	1.68	1.82	+ 0.13
Non-Controlling Interests	0.28	0.30	0.29	-0.01
Profit Attributable to Owners of the Parent Company	-4.29	-0.26	3.68	+ 3.93

* 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/'23:

Financial Position Summary

- Net debt fell to 21 billion yen, a decrease of 0.2 billion yen from the end of the previous fiscal year. Cash and deposits fell to 44.9 billion yen, a decrease of 3.8 billion yen from the end of the previous fiscal year, due to the repayment of interest-bearing liabilities.
- Equity attributable to owners of the parent company increased 15.1 billion yen from the end of the previous fiscal year to 94.6 billion yen due to an increase in retained earnings and an increase in other components of equity due to the depreciation of the yen and other factors.

(Billion yen)

	FYE3/'21	FYE3/'22	FYE3/'23 Q2	YoY
Total Assets	264.3	280.8	305.3	+ 24.5
Total Liabilities	195.8	196.8	205.3	+ 8.5
Total Equity	68.5	84.0	100.0	+ 16.0
Interest-Bearing Debts	75.6	69.8	65.9	-4.0
Net Debt	15.9	21.1	21.0	-0.2
Net Debt/Equity Ratio (Times)	0.25	0.27	0.22	-0.05
Equity Attributable to Owners of the Parent Company	64.6	79.5	94.6	+ 15.1
Stockholder's Equity Ratio (%)	24.5	28.3	31.0	+ 2.7

Financial Results for Q2(Q1-2) of FYE3/'23: Cash Flow Summary

- Net cash flow from operating activities increased mainly due to an increase in net income before tax.
- Net cash used in investing activities increased due to the absence of proceeds from the sale of subsidiaries in the previous fiscal year and an increase in payments for the acquisition of property, plant and equipment.
- As a result, free cash flow turned positive.
- Net cash used in financing activities increased due to proceeding with the repayment of interest-bearing liabilities.

(Billion yen)

	FYE3/'21 Q1-2	FYE3/'22 Q1-2	FYE3/'23 Q1-2	YoY
Cash Flow from Operating Activities	13.7	-2.5	8.0	+ 10.5
Cash Flow from Investing Activities	-6.5	-1.3	-7.9	-6.6
Free cash flow <small>* Free cash flow: Cash flow from operating activities + Cash flow from investing activities</small>	7.2	-3.7	0.2	+ 3.9
Cash Flow from Financing Activities	2.1	-4.7	-7.8	-3.1
Total	9.3	-8.4	-7.6	+ 0.8

1. Full-Year Earnings Forecast for FYE3/'23

2. Overview of Q2(Q1-2) Financial Results
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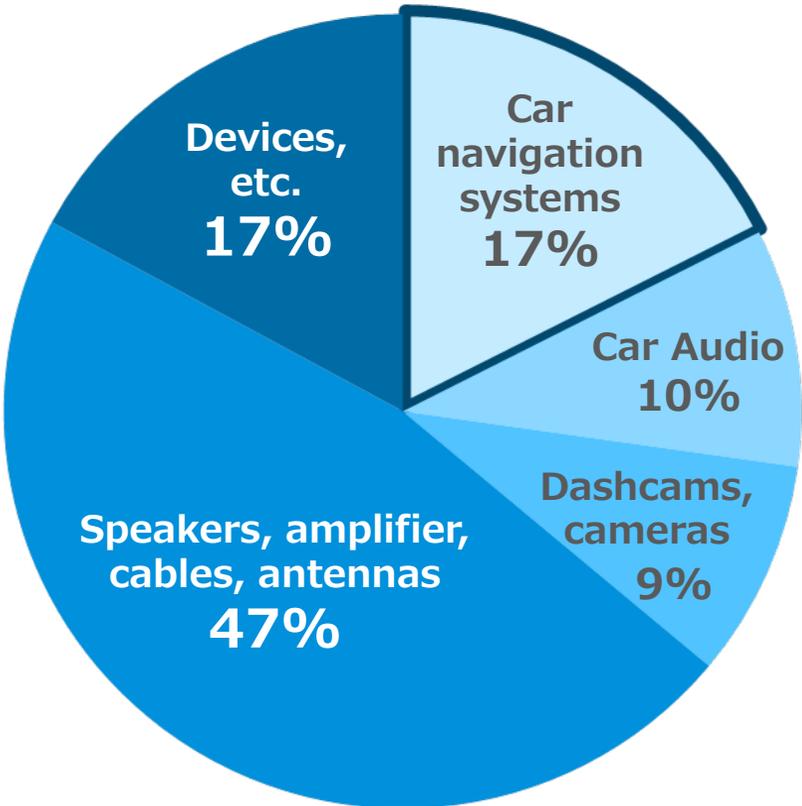
3. Topics

<Reference Material>

M&T Sector: Expansion of the OEM Business

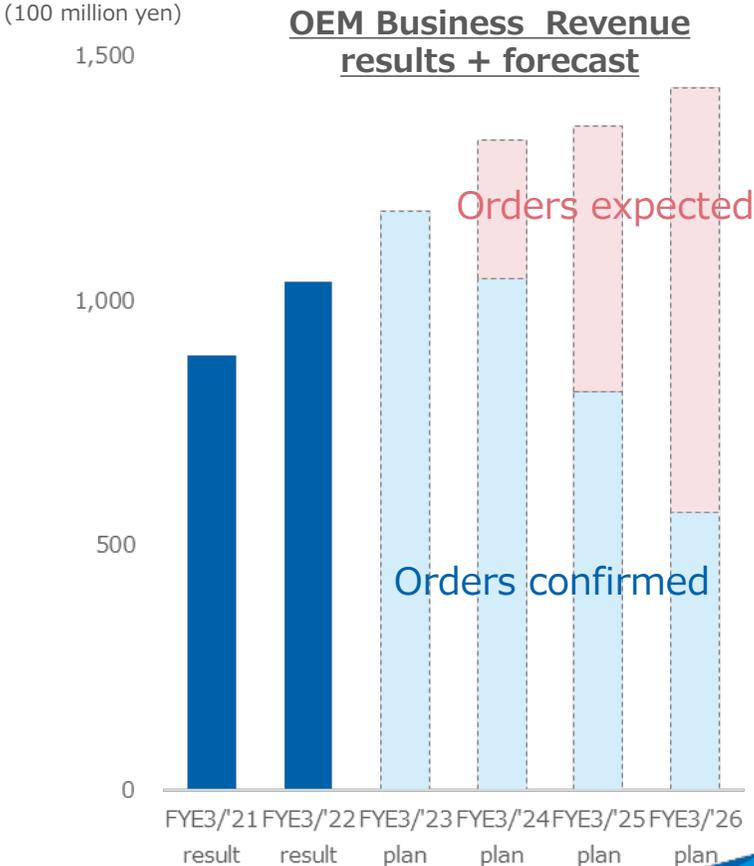
- Categories other than car navigation systems has been expanded widely

OEM Business
Sales composition by category
(FY2022 forecast)



- Acquisition of large-scale overseas projects

Acquisition of a new large-scale project valued at approx. \$170 million
 -> Delivery scheduled to begin in early 2024



PS Sector: Growth of the Communications Systems Business

Rapid growth of the Communications Systems Business -> To be a stable source of revenue

<Background>

1. Rapidly growing demand for shifting to digital radios in the United States

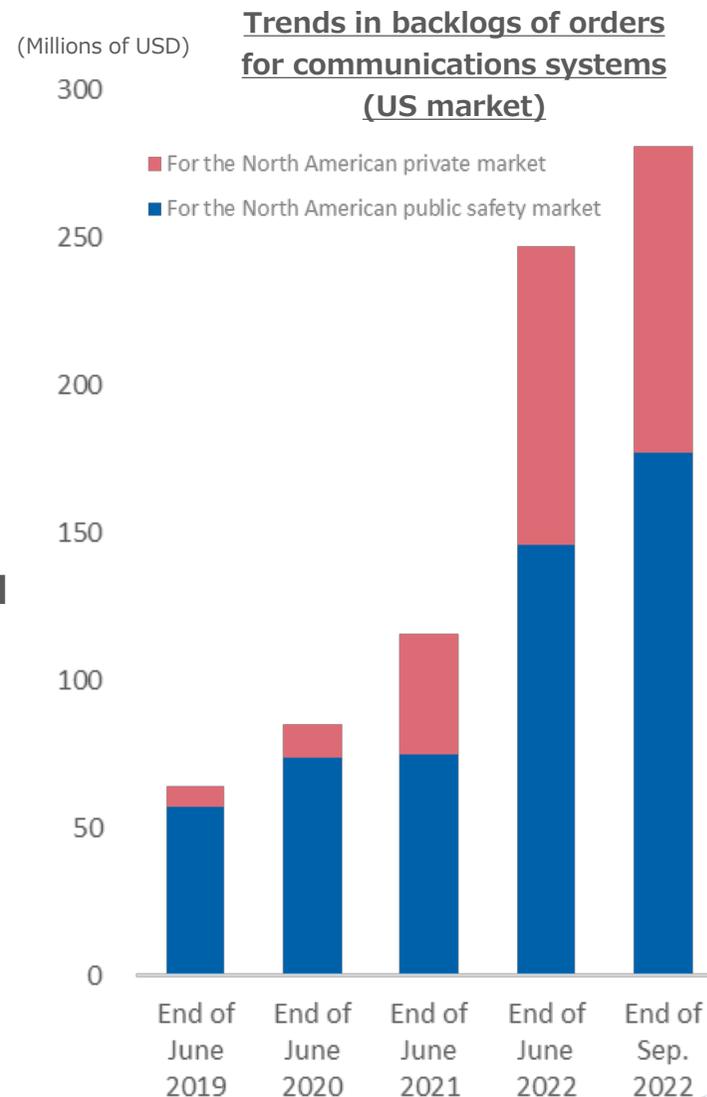
- Demand spans as long as about 10 years and will continue to be strong for the next few years
- Large government budgets for private security and public safety markets drive strong demand

2. Demand for communications systems is expanding around the world as a crisis management measure

- Increasing momentum toward disaster prevention and BCP
- Strong sales of professional radio equipment as a means of emergency communication

3. Stable supply of products through early response in the supply chain

- Increasing profits by limiting suppliers and adjusting prices
- Selected as a manufacturer of secure radio equipment



PS Sector Communications Systems Business:

Launch of New High-Performance Products

- **Launch of the new VP8000 tri-band-compatible radio equipment, which covers 3 frequency bands*¹ and 2 digital protocols*² in one unit, leading to an expanded presence in the United States (January, 2023)**

- A single radio unit enables intercommunication between police and fire departments, etc. and school security in the same municipality in the event of an emergency

Example in the US market



=> This enables the acquisition of new sales channels and new projects to accelerate growth in the North American public safety markets

*1: Support for VHF/UHF and 700/800 MHz frequency bands

*2: Compatible with different digital radio standards, P25 and DMR

*3: A digital radio standard developed for the US public safety market

*4: Short for Digital Mobile Radio, an international digital radio standard

PS Sector Communications Systems Business: Our Strengths and Advantages regarding Professional Radios

■ Our strengths

Entered the market in the 1980s
(overseas)

Higher quality, higher functionality,
and optimum customization for
customers



**40+ years of
experience and trust**

**Strong support from customers
over the long term**

■ Advantages regarding Professional Radios - Factors behind demand growth - Advantages different from cell phones and smartphones

One-to-many instant calls	<ul style="list-style-type: none">• Commands and guides sent to many people at once• Simple operation with one push of the PTT* button
Emergency- and disaster-resistant	<ul style="list-style-type: none">• A wide communication coverage area is secured with relay equipment• Terminal-to-terminal communications are possible even if relay equipment is down due to a disaster, etc.
Self-operable	<ul style="list-style-type: none">• Communication ensured through your own infrastructure• Initial investment only, no monthly communication fees
High quality and robustness	<ul style="list-style-type: none">• Quality ensured through high-level testing• Support for severe operational environments, such as police and fire departments

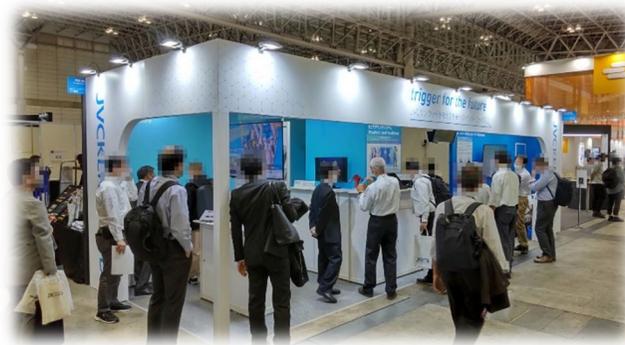
*: Push-to-Talk

MS Sector: Major initiatives

- We exhibited our future interfaces such as the “R2※ modeling system” for reference at CEATEC 2022 (from October 18 to 21, 2022, at Makuhari Messe)



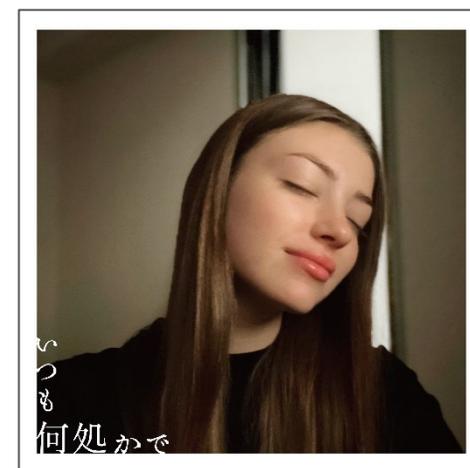
R2 modeling system for generating and sharing 3D data in real time



Scene at our booth

- Keisuke Kuwata's best album, "Itsumo Dokokade"
(to be released on Wednesday, November 23, 2022)

Composed of 35 songs in a 2-disc set epitomizing the 35 years of his solo activities, which should be listened to in this age and will be sung "always and somewhere (itsumo dokokade)" from now on with hope for the future



"Itsumo Dokokade"

*: Realistic and Real-time

Establishment of Environment and Work Style Reforms for Creation of Innovation

- We established the Value Creation Square (tentative) as a base for creating new value in order to strengthen technological development for medium- to long-term enhancement of corporate value and to promote further work style reforms
 - A new building in the Yokohama Head Office area (to be completed in the summer of 2024)
 - Hachioji Business Center was sold to integrate functions through hybrid work

Diversification of workplaces and environments to realize hybrid work

Co-creation space

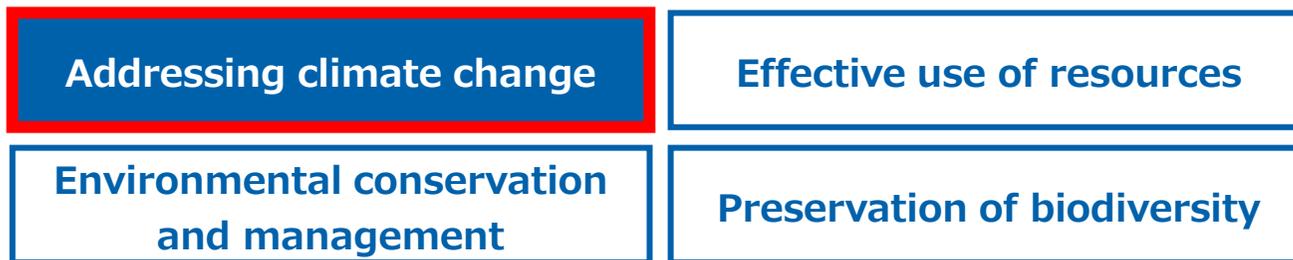


Image of Value Creation Square (tentative)

ESG Initiatives

- Basic environmental policies "JK Green 2025" established (2021) -> Continuing initiatives to reduce environmental impact

<Four environmental items>



- As a measure against climate change linked to our materiality and KPIs*¹, we have set the rate of reducing CO₂ emissions from the Group's business activities as a target indicator (SPT*²)
(On a total volume basis, Scopes 1 + 2*³: 25.2% reduction from the FY2019 level by FY2025)
- For funding through sustainability-linked loans (September 2022), a third-party organization, Japan Credit Rating Agency, Ltd., recognized both (our) KPIs and SPTs as meaningful and ambitious and confirmed that they complied with the Sustainability Linked-Loan Principles, etc.

- Selected as a constituent of the FTSE ESG Index

- Selected for 2 consecutive years: FY2020 and FY2021
- Overall ESG Score FY2020: 3.3 -> **FY2021: 3.9**



FTSE Blossom
Japan

*1: Key Performance Indicators

*2: Sustainability Performance Target

*3: (Scope 1) Direct CO₂ emissions from an organization; (Scope 2) Indirect emissions from the use of electricity, heat, and steam supplied by other companies

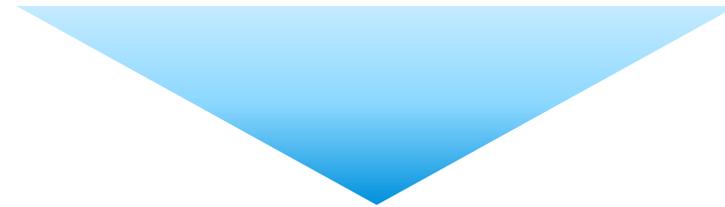
Establishment of the New Medium-Term Management Plan (VISION 2025)

Key management targets for the final year of
Medium-Term Management Plan VISION 2023

**-> Expected to be achieved this
fiscal year, ahead of schedule**

**Dramatic changes in the business
environment surrounding the Company**

- Sharp depreciation of the yen
- Increased geopolitical risk
- Changes in the supply chain



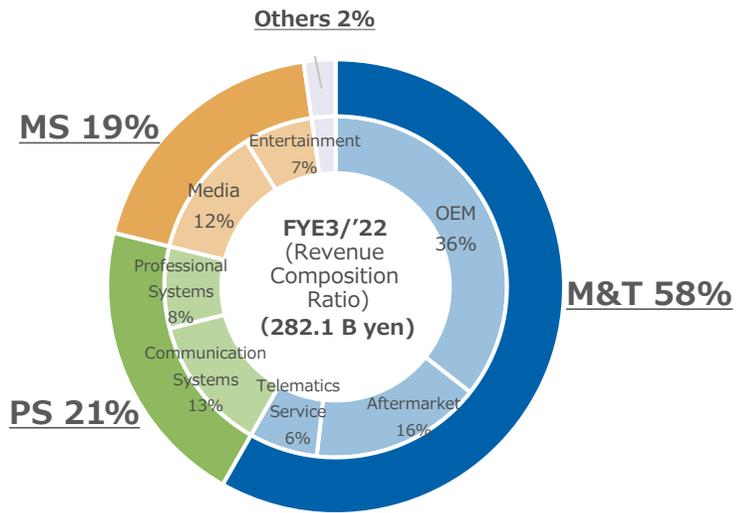
We plan to establish the Medium-Term Management Plan VISION 2025 with FY2025 as the final year by revising business portfolios, cash flow allocation, shareholder return measures, etc. and to announce it after the end of this fiscal year.

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<Reference Material>

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Business Areas



Public Service Sector (PS)

Communications

Professional radio system

Low power transceiver

Professional

Security system

Professional broadcasting system

Medical image display monitor

Media Service Sector (MS)

Media

Headphones/Earphones

Audio system

Projector

Portable power station

Entertainment

Music and video content

Mobility & Telematics Services Sector (M&T)

OEM

In-vehicle amplifier/Antenna/Speaker

Portable power station using recycled batteries from electric vehicles. Conceptual image

After Market

Car navigation system

Alcohol detector

Car audio system

Sterilization and deodorization device

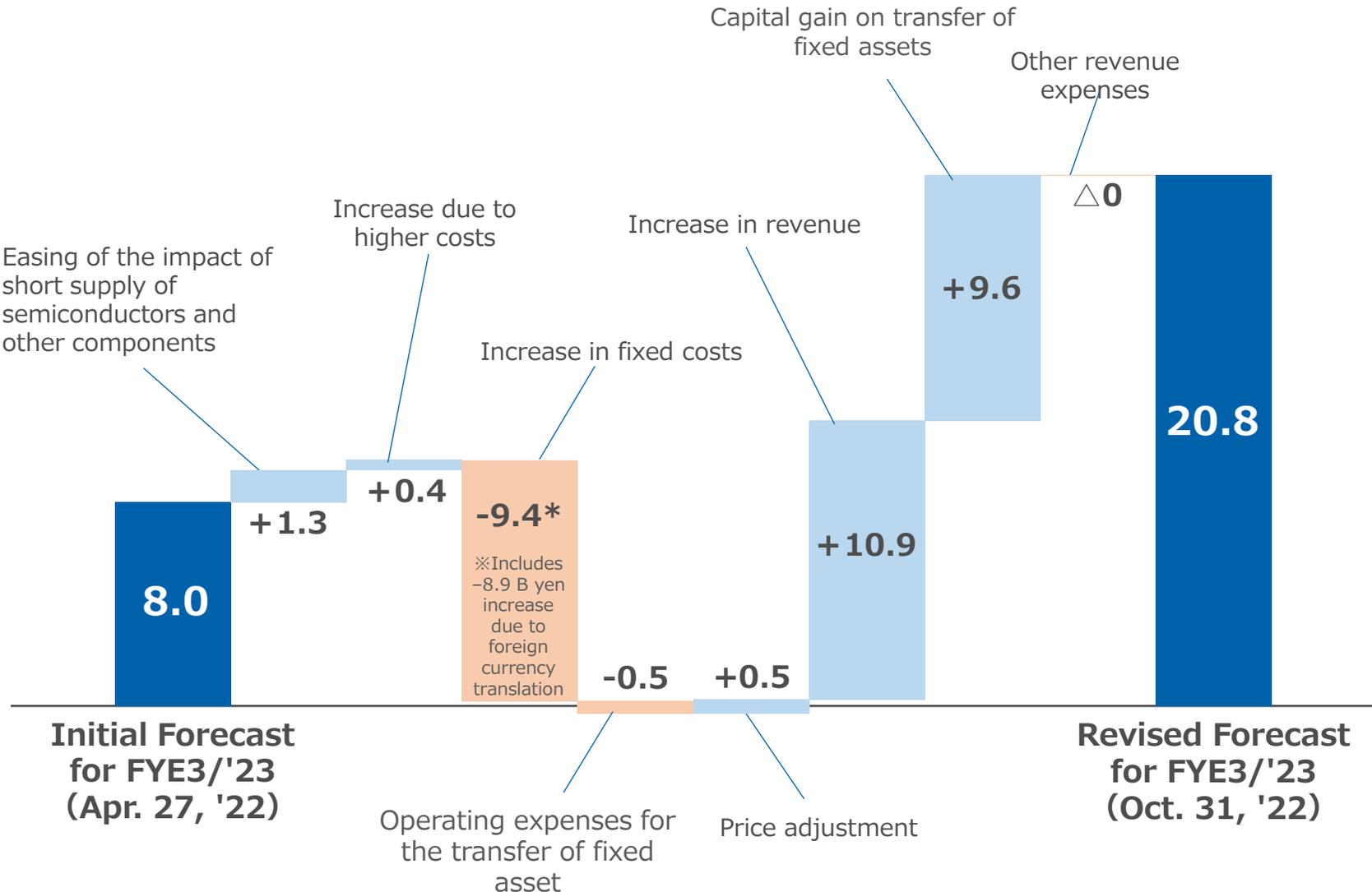
Dashcam

Telematics service

Financial Results for FYE3/'23: Factors Causing Increase or Decrease in Operating Profit

*Revised forecast

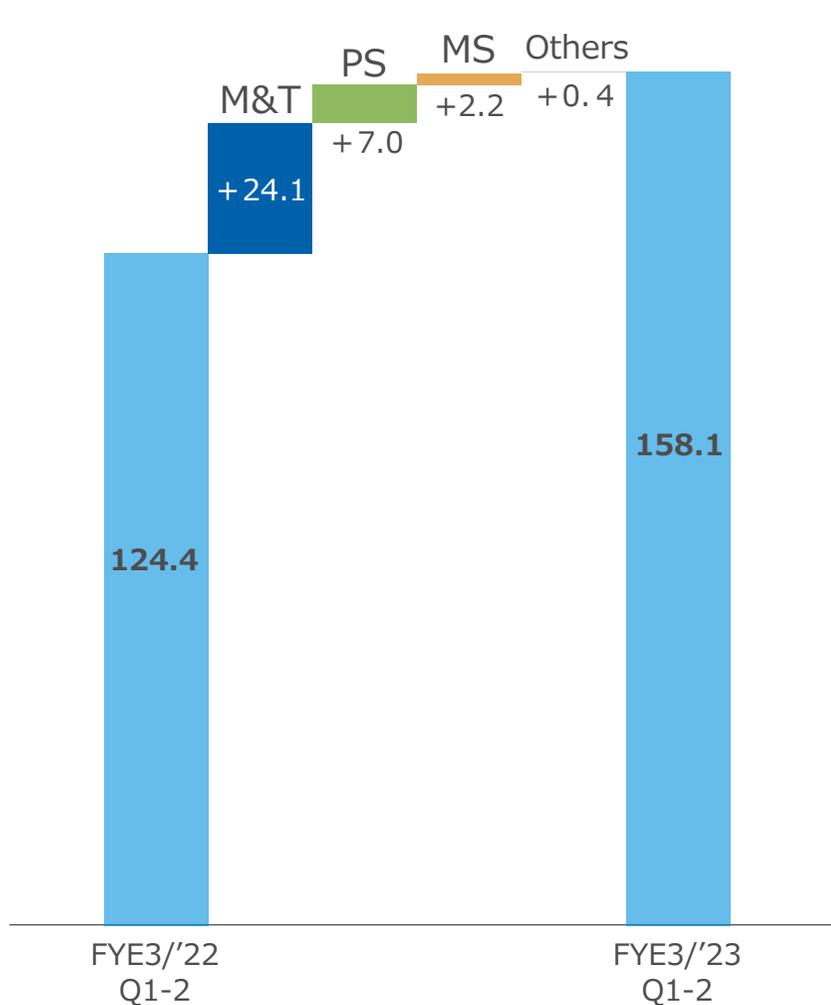
(Billion Yen)



Financial Results for 2Q(Q1-2) of FYE3/'23: Consolidated Revenue & Core Operating Income by Sector

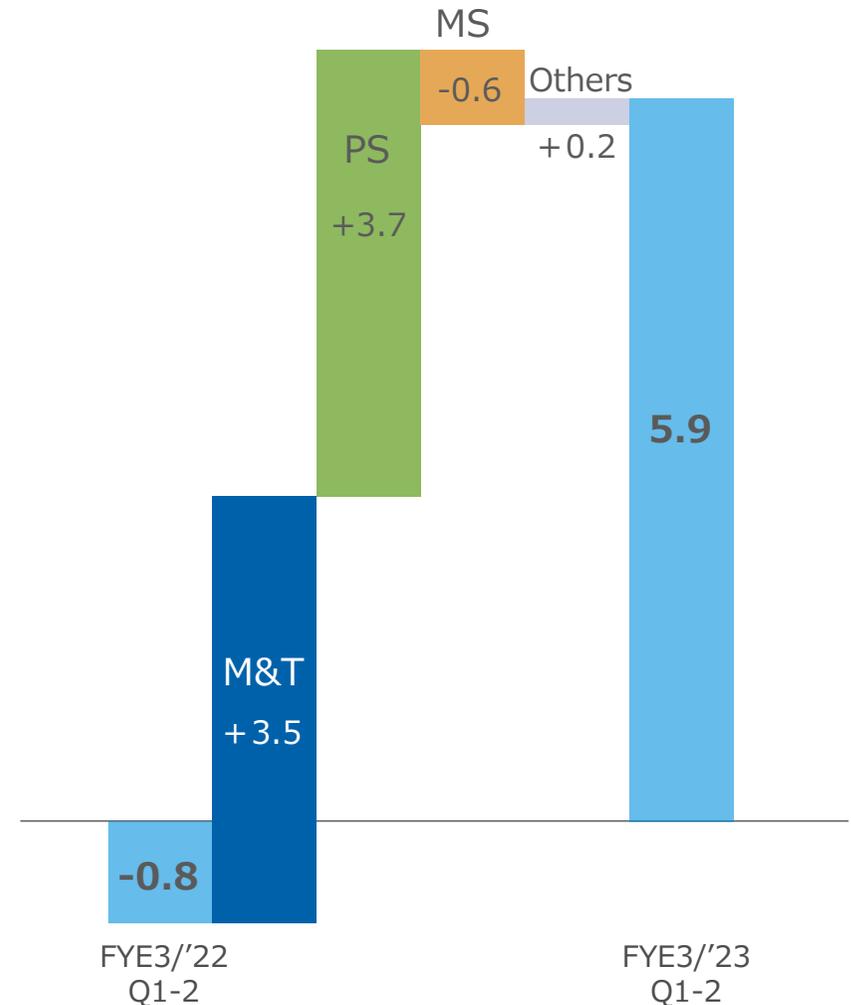
Revenue

(Billion yen)



Core Operating Income

(Billion yen)



Changes in Management Indices

Trends in Capital investment, Depreciation, and R&D expenses

(Billion yen)

	FYE3/'21					FYE3/'22					FYE3/'23				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
Capital investment* (Property, plant and equipment & Intangible fixed assets)	3.9	3.3	8.1	4.3	19.5	4.4	7.6	5.5	4.8	22.3	5.4	5.3			
Property, plant and equipment	1.7	0.9	5.7	1.9	10.3	2.2	5.2	3.0	2.0	12.4	3.3	3.0			
Intangible fixed assets	2.1	2.4	2.3	2.4	9.3	2.2	2.4	2.6	2.8	10.0	2.1	2.3			
Depreciation	4.7	4.9	4.9	4.9	19.3	4.6	4.3	4.1	4.1	17.1	4.2	4.4			
R&D expenses	4.0	4.0	3.8	4.0	15.7	4.0	3.9	3.8	4.1	15.9	4.0	4.1			

* Calculated based on (Profit before income taxes) + (Interest expense) + (Depreciation expense) + (Impairment loss)

Trends of Consolidated Revenue by Region

(Billion yen)

	FYE3/'21					FYE3/'22					FYE3/'23				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
Japan	25.2	30.1	33.5	35.6	124.4	28.2	24.9	30.8	43.3	127.2	27.8	33.3			
Americas	11.7	14.9	16.9	18.1	61.5	12.7	12.9	12.6	18.2	56.4	17.0	20.7			
Europe	6.8	11.5	14.0	14.2	46.4	12.0	10.7	12.7	12.5	47.8	12.7	13.5			
Asia&China	6.4	8.2	10.3	9.0	33.9	10.1	10.4	12.9	12.3	45.7	12.9	16.8			
Others	1.1	1.8	2.5	1.9	7.4	1.5	1.0	1.2	1.2	4.8	1.6	1.8			
Total	51.1	66.6	77.2	78.7	273.6	64.5	59.9	70.2	87.5	282.1	72.0	86.1			

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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.