

JVCKENWOOD

Translation for Reference Only

JVCKENWOOD

Results and Forecast Briefing

**Third Quarter(Q1-3) of Fiscal Year Ending March
2022 (IFRS)**

February 1, 2022



JVCKENWOOD Corporation

Business Domains

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

Media Service Sector (MS)

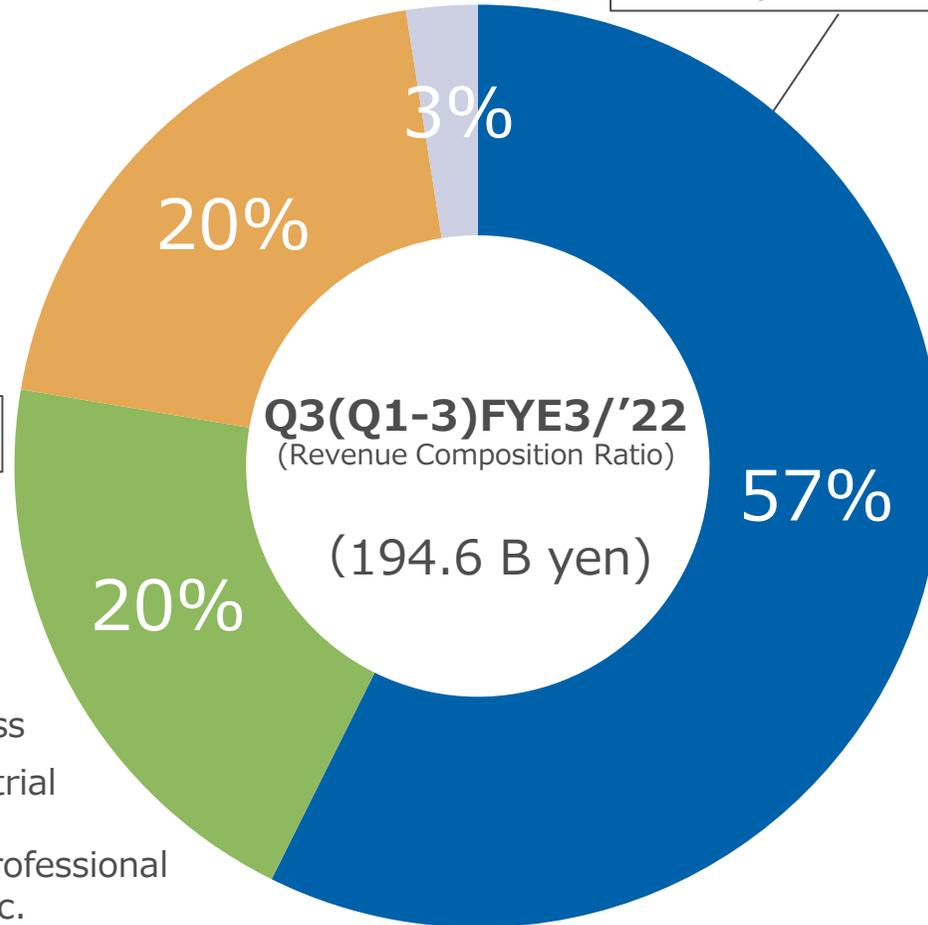
- Media Business
 - Lifestyle/Solutions/Brand headphones, home audio, portable power source, video cameras, projectors, imaging devices, contract production, etc.
- Entertainment Business
 - Content business, etc.

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 Q3(Q1-3) Financial Results for FYE3/'22**
- 2. Full-Year Earnings Forecast for FYE3/'22**
- 3. Topics**

- 1. Overview of Q3(Q1-3) Financial Results for FYE3/'22**
2. Full-Year Earnings Forecast for FYE3/'22
3. Topics

Financial Results for Q3 (Q1-3) of FYE3/'22 - Highlights

- Although revenue for M&T and PS was greatly affected by supply shortages of semiconductors and other components, the market gradually recovered from the impact of COVID-19 to be on par with the previous year.
- Operating profit increased due to factors such as an expansion of other income, resulting from the recording of a gain on sale of subsidiaries and gain on valuation of financial assets.

(Billion yen)

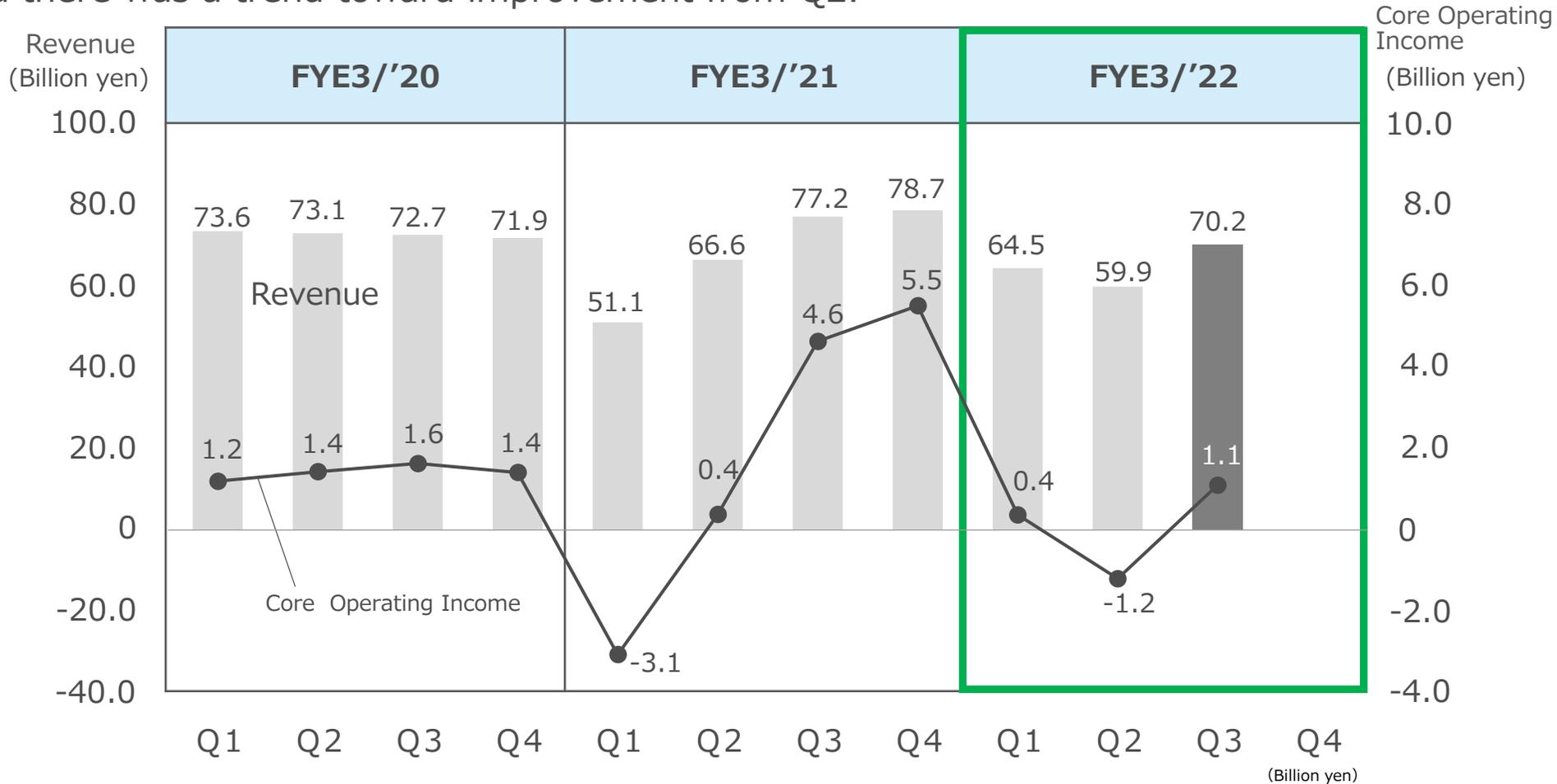
	Q3(Q1-3) 'FYE3/'21		Q3(Q1-3) 'FYE3/'22		
		Composition ratio(%)		Composition ratio(%)	YoY comparison
Revenue	194.9	100.0	194.6	100.0	△ 0.3
Cost of sales	143.5	73.6	143.6	73.8	+ 0.2
Gross profit	51.4	26.4	51.0	26.2	△ 0.4
Core operating income *	2.0	1.0	0.3	0.1	△ 1.7
Operating profit	2.1	1.1	3.6	1.9	+ 1.6
Profit before income taxes	2.0	1.0	3.1	1.6	+ 1.1
Profit attributable to owners of the parent company	0.5	0.3	0.5	0.3	+ 0.0

*: 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	114yen	—	—
Exchange Rates	Euro	119yen	124yen	125yen	128yen	124yen	132yen	130yen	130yen	—	—

JVCKENWOOD Group - Trends in Quarterly Results

- In continuation from Q2, there were large effects in Q3 from supply shortages of semiconductors and other components, but the status of procurement gradually improved and there was a trend toward improvement from Q2.



	FYE3/'20		FYE3/'21		FYE3/'22	
	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	—

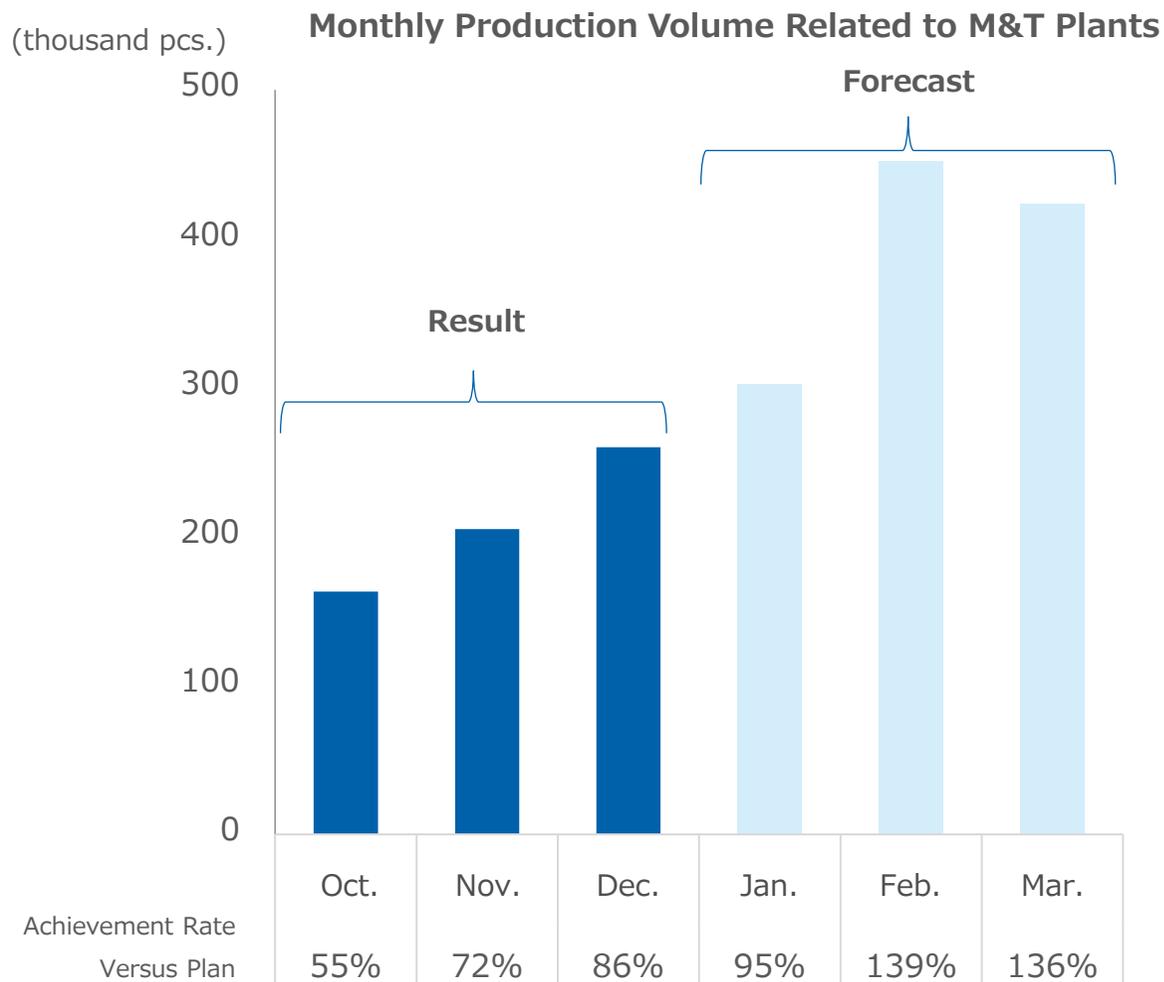
Supply Chain Issues in Q3

Impacted amount: Revenue decreased by 9 billion yen and core operating income decreased by 3.2 billion yen

- In Mobility & Telematics Services (M&T), component supply issues focusing on semiconductors continued from the first half of the year, but there were trends toward improvement over Q2 and the plan fulfillment rate is improving every month.
- In Public Service (PS), there were larger impacts than predicted due to the effects of lockdowns caused by COVID-19 in the Asian region which continued for longer than expected, and the emergence of issues such as supply shortages of semiconductors and other components.
- In Media Service (MS), supply shortages of semiconductors and other components occurred for some audio products, but their impacts were limited.
- In distribution, lead times became longer than in the first half of the year. In particular, many products intended for the U.S. were not delivered to local subsidiaries at the end of the year, causing an increase in product inventories during transportation and sales losses.

Response to Supply Chain Issue from Q4 Onwards

- The status of parts procurement in Q3 improved from Q2, and there was also a gradual recovery of production volume.
- From Q4 onwards, full-scale production is expected as a result of starting production corresponding to the amount of design changes made, in addition to securing parts.



Car navigation



Display audio systems

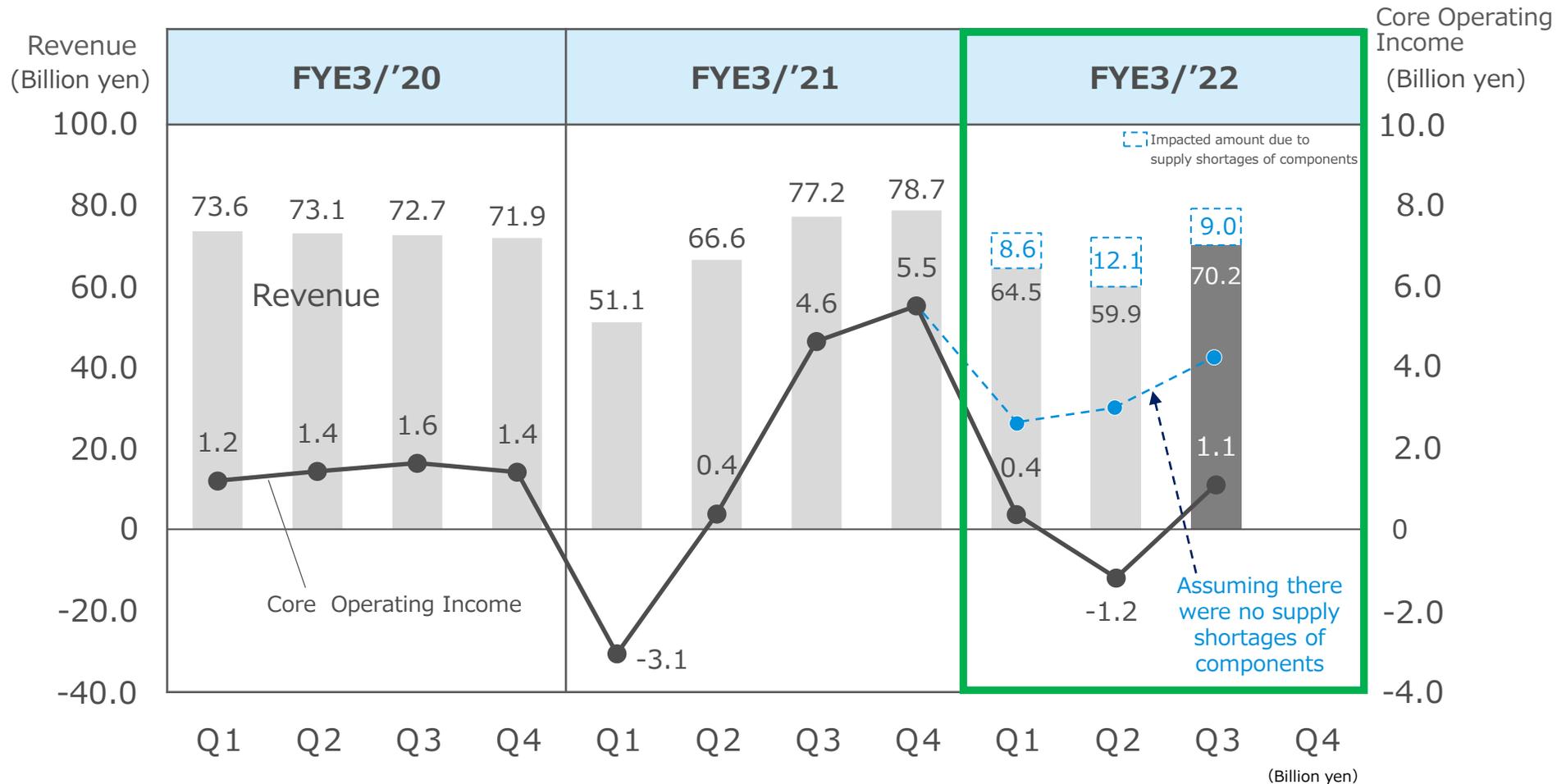


Car audio

JVCKENWOOD Group - Trends in Quarterly Results

(assuming there were no supply shortages of components)

- The impacted amounts due to supply shortages of components for Q3 year-to-date results are a decrease of 29.8 billion yen in revenue and a decrease of 9.6 billion yen in core operating income.



	FYE3/'20		FYE3/'21		FYE3/'22	
	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	-

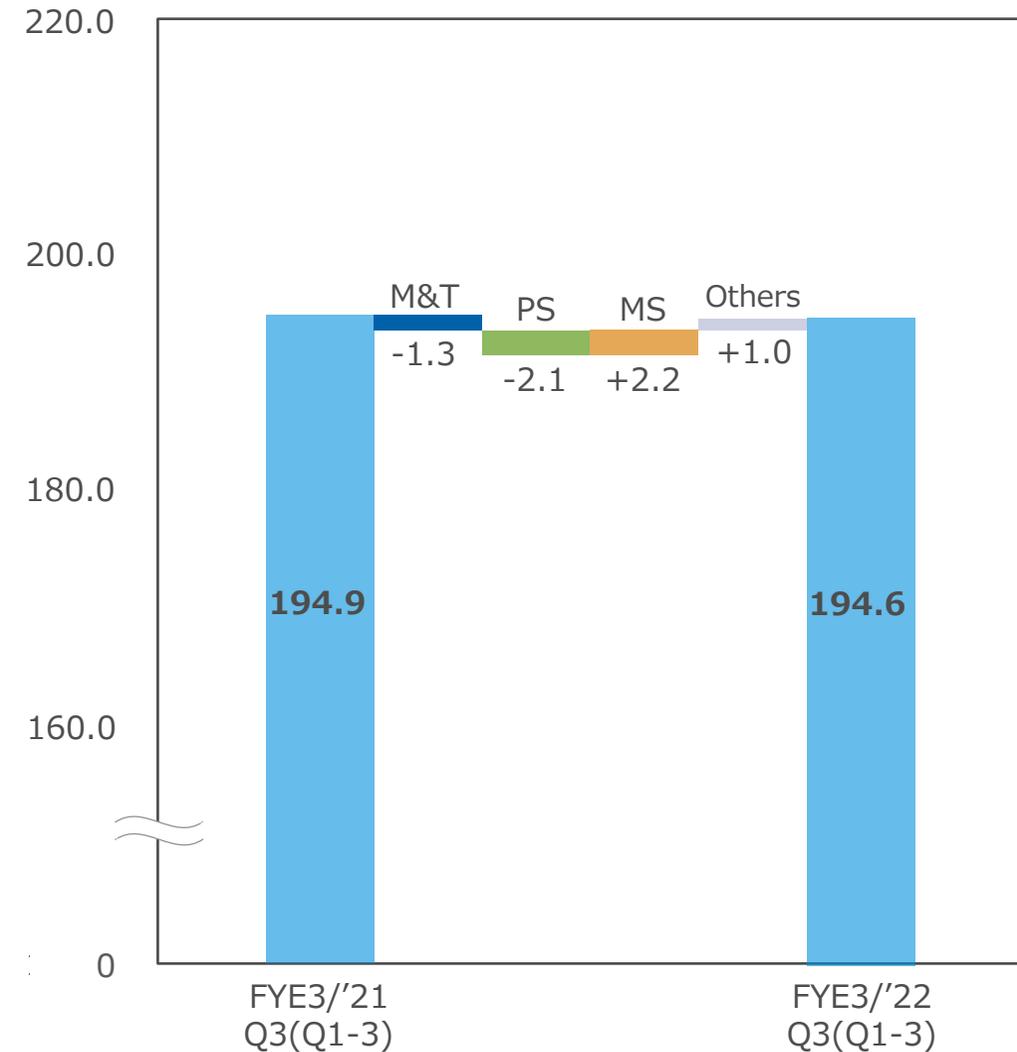
Financial Results for Q3(Q1-3) of FYE3/'22 - Results by Sector

		(Billion yen)				Factors
		Q3(Q1-3) FYE3/'21	Q3(Q1-3) FYE3/'22	YoY change (amount)	YoY change (percentage)	
M&T Sector	Revenue	112.9	111.6	△ 1.3	-1.2%	*OEM Business revenue increased due to steady sales of speakers, amplifiers, cables, and other products for automobile manufacturers in response to recovery in the Chinese market, despite the impact of the parts supply shortage in Q2/Q3. Aftermarket Business sales of car navigation equipment and other products declined, largely affected by a shortage of parts supplies in Q2/Q3. Revenue for Telematics Services Business increased in Q3 due to an increase in sales of products related to telematics solutions for non-life insurance companies.
	Core Operating Income	2.8	-1.3	△ 4.1	-	*OEM Business reported lower losses due to higher revenue. The Aftermarket Business saw a decrease in revenue resulting in a decrease in income, and recorded losses. Sales of Telematics Services Business increased sharply in Q3 compared with Q2, despite a decline in profits due to the impact of soaring parts prices.
PS Sector	Revenue	41.6	39.5	△ 2.1	-5.1%	*Despite strong demand in overseas markets, sales of the Communications Systems Business declined in Q2 mainly due to the impact of factory downsizing and shutdowns caused by lockdowns in Southeast Asia, and in Q3 due to the impact of component supply shortages. The Professional Systems Business are gradually recovering in areas outside the Tokyo metropolitan area. Sales of monitors were strong both in Japan and overseas in the Healthcare Field, and revenue increased despite the impact of the parts supply shortage.
	Core Operating Income	-0.9	-0.2	+ 0.8	-	*For the Communications Systems Business, income declined due to a decrease in revenue. For the Professional Systems Business, losses were reduced due to the effects of an increase in revenue.
MS Sector	Revenue	36.5	38.7	+ 2.2	+5.9%	*In the Media Business, strong BtoC sales thanks to an increase in teleworking and demand for staying at home, including new products for home audio equipment, portable power sources, and projectors, as well as strong BtoB sales of remote cameras for business use, led to increased revenue. Entertainment Business revenue increased due to strong performance in the content business.
	Core Operating Income	0.2	1.9	+ 1.6	+755.9%	*The Media Business returned to profitability and the Entertainment Business saw an increase in income due to an increase in revenue.
Others	Revenue	3.8	4.8	+ 1.0	+26.2%	—
	Core Operating Income	-0.1	-0.1	+ 0.0	-	
Total	Revenue	194.9	194.6	△ 0.3	-0.1%	—
	Core Operating Income	2.0	0.3	△ 1.7	-86.1%	

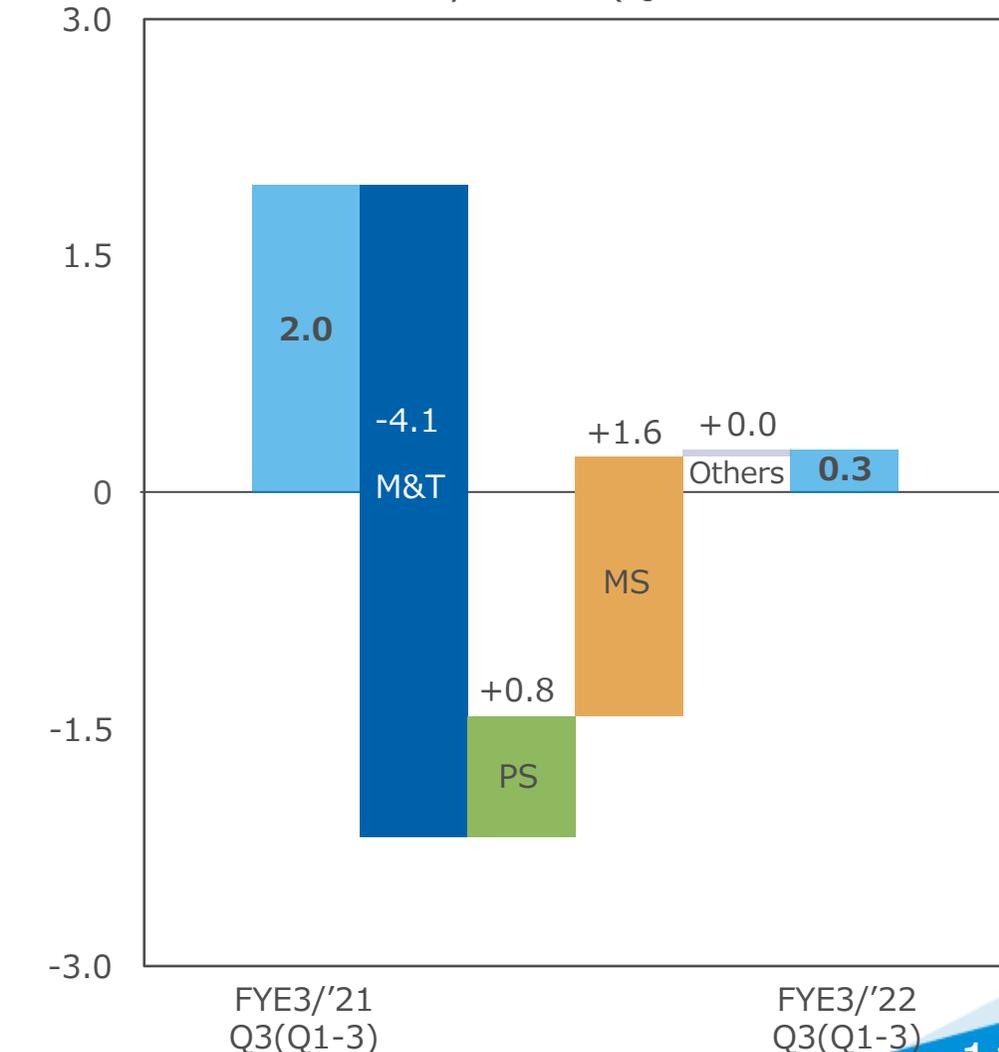
Financial Results for Q3(Q1-3) of FYE3/'22

- Consolidated Revenue & Core Operating Income by Sector

(Billion yen) Consolidated Revenue by Sector (Q1-3)

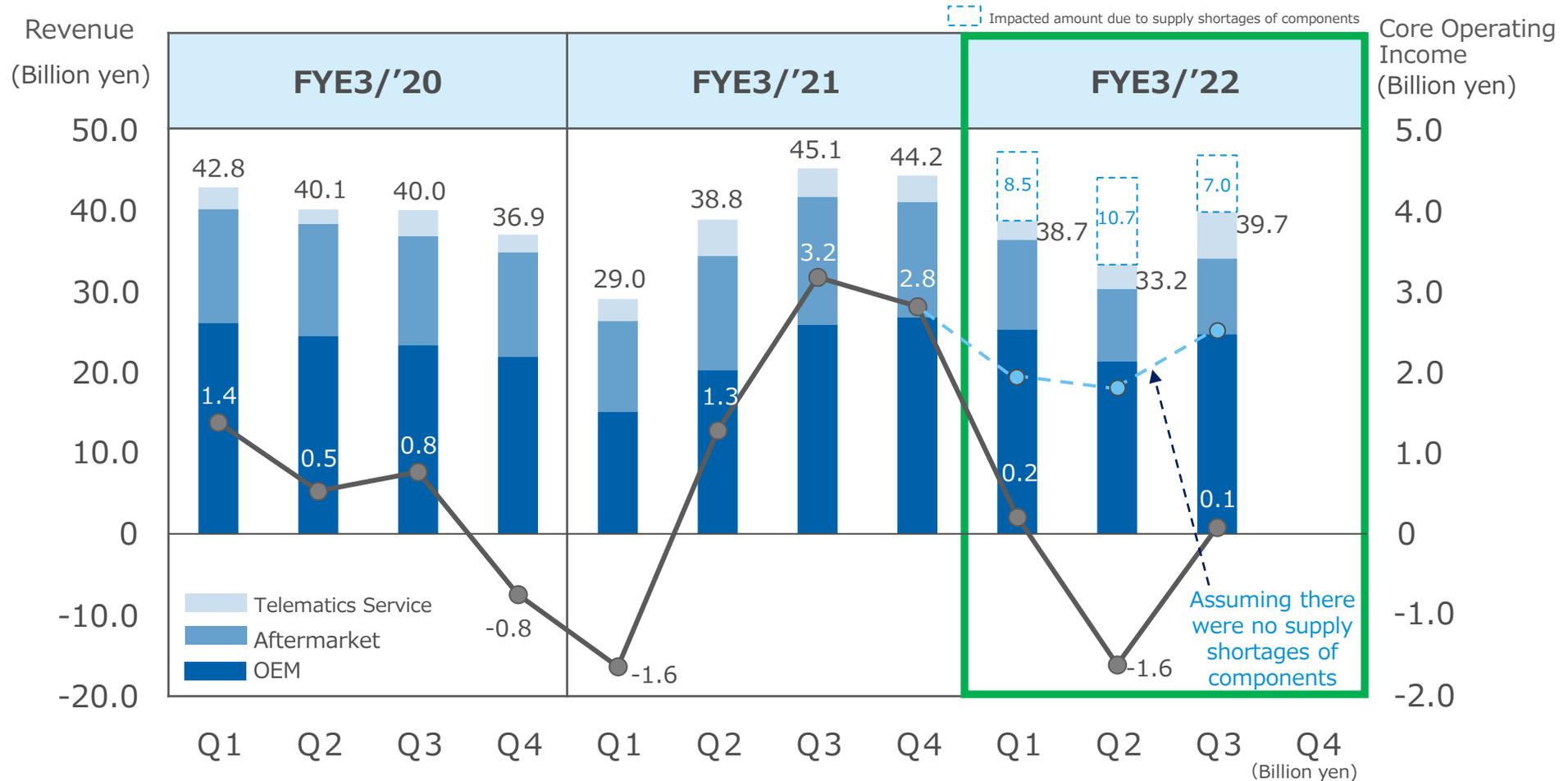


(Billion yen) Consolidated Core Operating Income by Sector (Q1-3)



Quarterly Results - M&T Sector

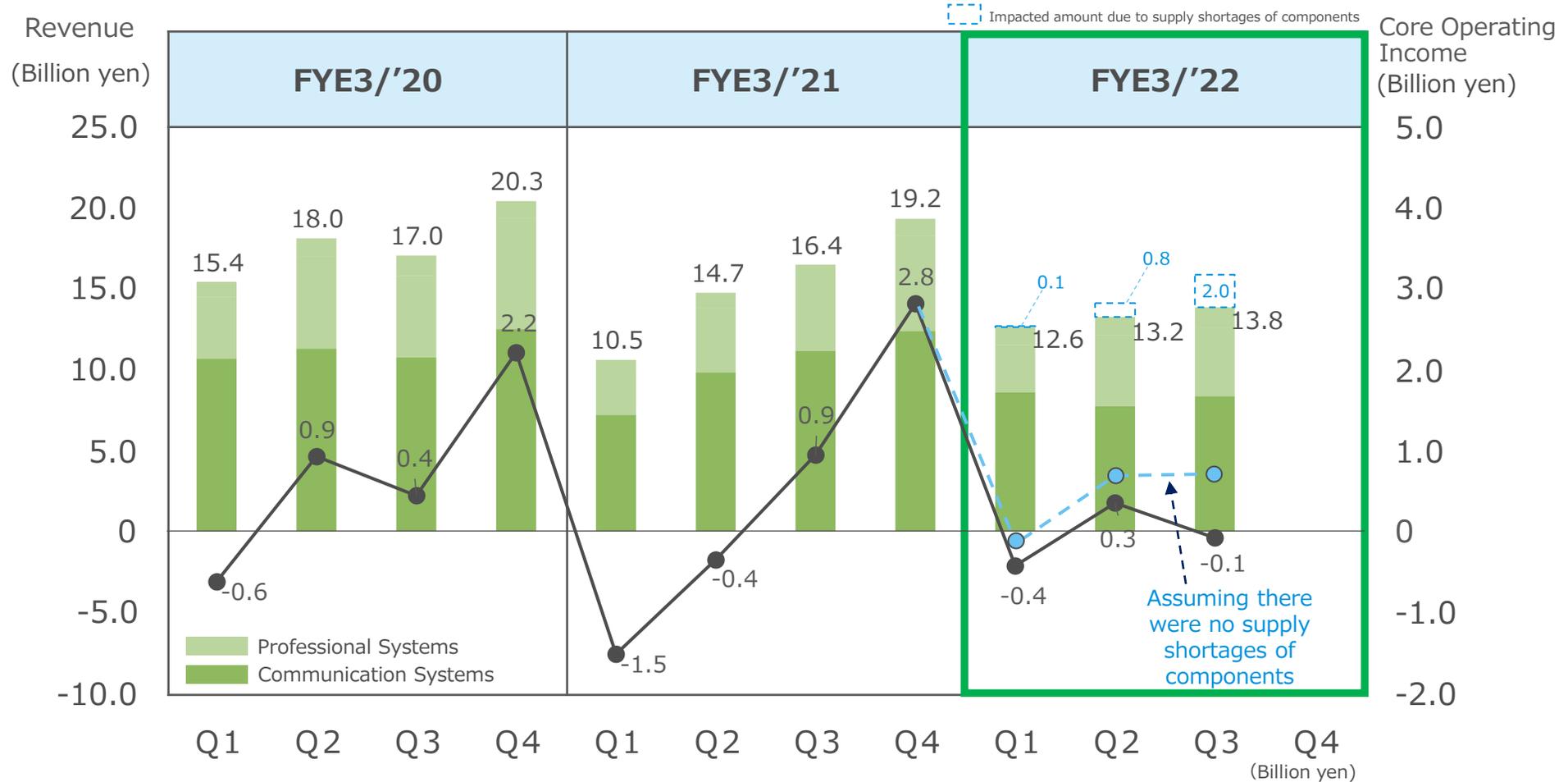
- In continuation from Q2, although there were large effects in Q3 from supply shortages of semiconductors and other components, there was a trend toward improvement from Q2.



	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

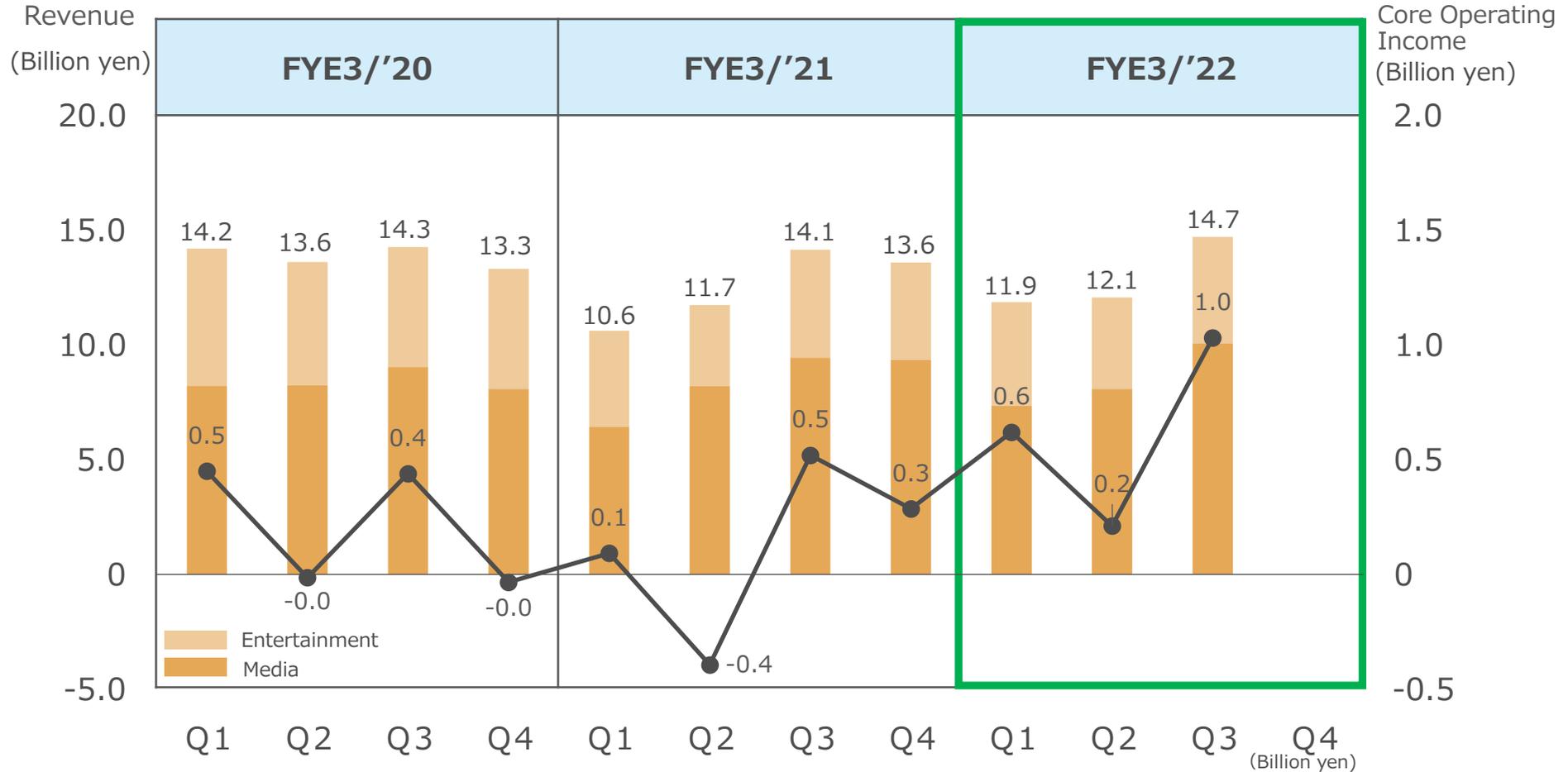
- In addition to impacts felt by wireless systems in Q3 due to supply shortages of semiconductors and other components, shipments of large-scale projects in the previous fiscal year and the effects of sale of subsidiaries led to a decrease in both revenue and income.



	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 Q3, both the Media Business and Entertainment Business performed well, continuing from Q2, and the overall sector saw revenue and income increase. Both revenue and income showed growth in Q3 year-to-date results as well.

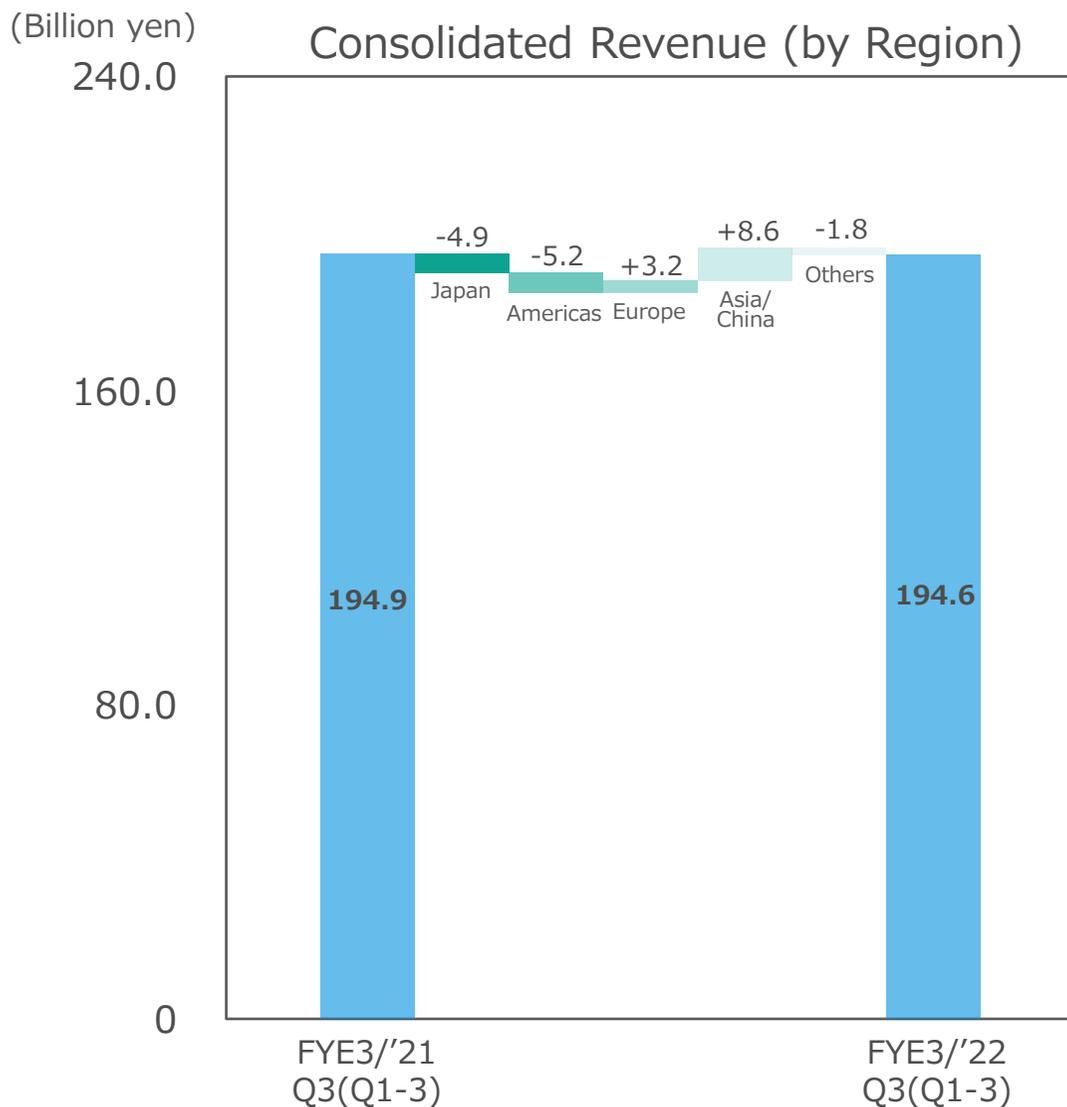


	1H	2H	1H	2H	1H	2H
Revenue	27.8	27.6	22.3	27.7	23.9	-
Core Operating Income	0.4	0.4	-0.3	0.8	0.8	-

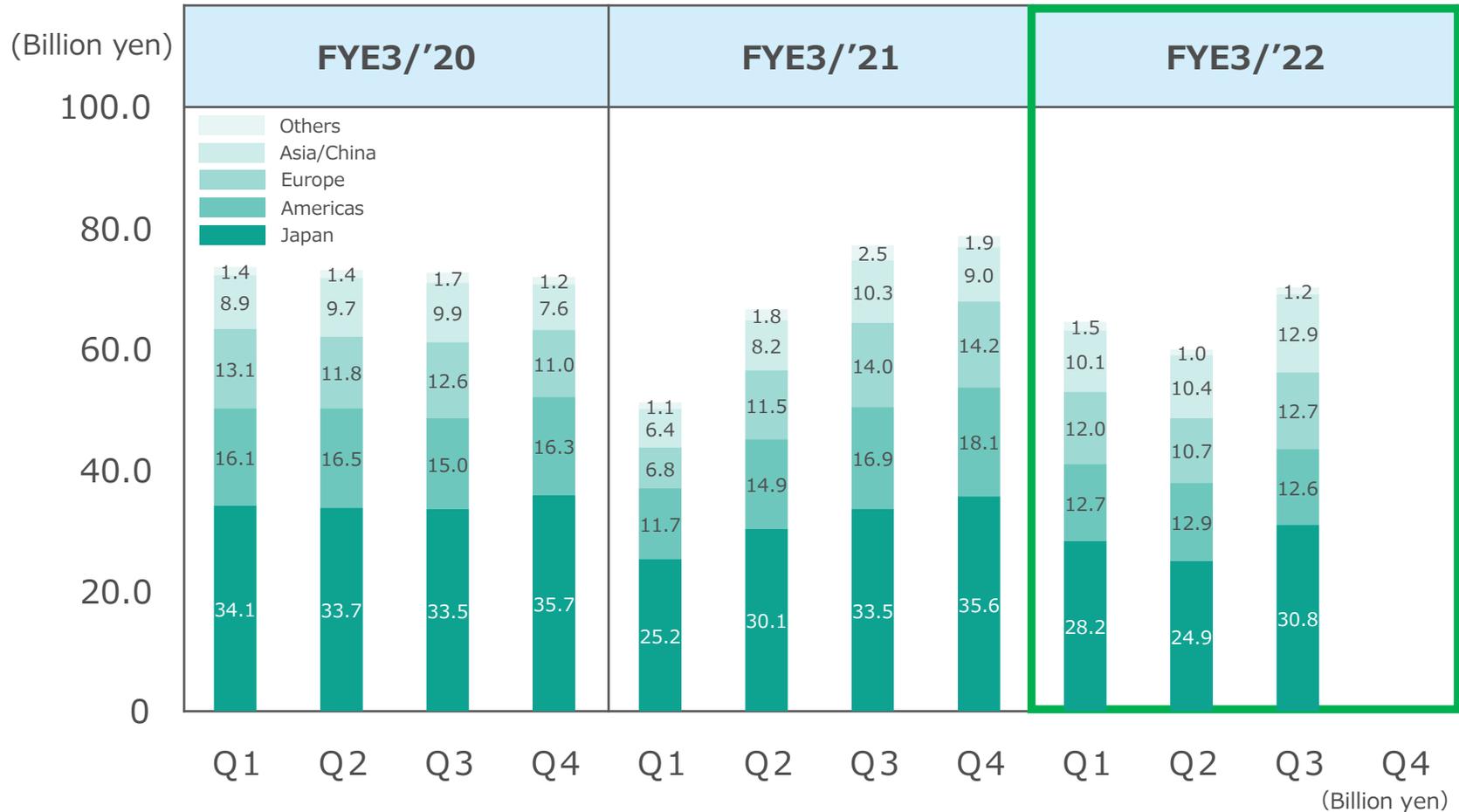
Financial Results for Q3(Q1-3) of FYE3/'22

- 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 Q3 (Q1-3) of FYE3/'22 - Consolidated Profit/Loss (Summary)

- Both operating profit and profit before income taxes increased due to the recording of a gain on sale of subsidiaries and gain on valuation of financial assets.
- Quarterly profits increased even though there was an increase in income tax expenses.

(Billion yen)

	Q3(Q1-3) FYE3/'21	Q3(Q1-3) FYE3/'22	YoY Change
Core Operating Income*	1.95	0.27	△ 1.68
Other Income, Other Expenses, Foreign Exchange Loss, etc.	0.11	3.35	+ 3.25
Operating Profit	2.06	3.63	+ 1.57
Finance Income, Finance Expenses, etc.	-0.09	-0.55	-0.46
Profit Before Income Taxes	1.97	3.08	+ 1.11
Income Tax Expenses	1.00	2.16	+ 1.16
Non-Controlling Interests	0.47	0.41	△ 0.06
Profit Attributable to Owners of the Parent Company	0.50	0.50	+ 0.01

Financial Results for Q3 (Q1-3) of FYE3/'22 - Financial Position Summary

- Cash and deposits fell to 45.1 billion yen, a decrease of 14.5 billion yen from the end of the previous fiscal year, partly due to a decrease in borrowings. Net debt increased by 11.6 billion yen.
- Equity attributable to owners of the parent company increased as a result of the recording of income and an increase in other components of equity.

(Billion yen)

	FYE3/'21	Q3(Q1-3) FYE3/'22	YoY Change
Total Assets	264.3	264.4	+ 0.1
Total Liabilities	195.8	192.6	-3.2
Total Equity	68.5	71.8	+ 3.3
Interest-Bearing Debts	75.6	72.7	-2.9
Net Debt	15.9	27.5	+ 11.6
Net Debt/Equity Ratio (Times)	0.25	0.41	+ 0.16
Equity Attributable to Owners of the Parent Company	64.6	67.2	+ 2.6
Stockholder's Equity Ratio (%)	24.5	25.4	+ 0.9

Financial Results for Q3 (Q1-3) of FYE3/'22 - Cash Flow Summary

- Net cash flow from operating activities decreased due to a deterioration in working capital resulting from supply chain disruptions.
- 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)

	Q3(Q1-3) FYE3/'21	Q3(Q1-3) FYE3/'22	YoY Change
Cash Flow from Operating Activities	22.9	-2.6	-25.5
Cash Flow from Investing Activities	-8.9	-5.6	+ 3.3
Free cash flow <small>* Free cash flow: Cash flow from operating activities + Cash flow from investing activities</small>	14.0	-8.2	-22.2
Cash Flow from Financing Activities	1.3	-7.1	-8.4
Total	15.2	-15.4	-30.6

1. Overview of Q3(Q1-3) Financial Results
for FYE3/'22

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

3. Topics

Full-year Earnings Forecast for FYE3/'22

- The Q3 year-to-date results were affected by supply shortages of semiconductors and other components, but the market showed a gradual recovery trend due to a decrease in the impacts of COVID-19, so the results were generally at the same level as expected.
- Although uncertainty remains in the outlook for Q4, no revision of the consolidated earnings forecast is made. This is because a significant recovery in production is expected due to factors such as progress toward improvement of the parts procurement rate, and measures such as design changes to address part shortages.

(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

(Yen)

	Result for FYE3/'21	Forecast for FYE3/'22
Year-end dividend (per share)	5	6

		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 Q3(Q1-3) Financial Results for FYE3/'22
2. Full-Year Earnings Forecast for FYE3/'22
- 3. Topics**

M&T Sector: “Monozukuri (Manufacturing) Reform”

- JVCKENWOOD Nagano began full-scale manufacturing of car navigation systems for the domestic aftermarket in late February, using its automated lines.
- In 4Q, production is expected to be roughly two-and-a-half times that of the previous year.



Automated production line at JVCKENWOOD Nagano



Exterior of
JVCKENWOOD Nagano

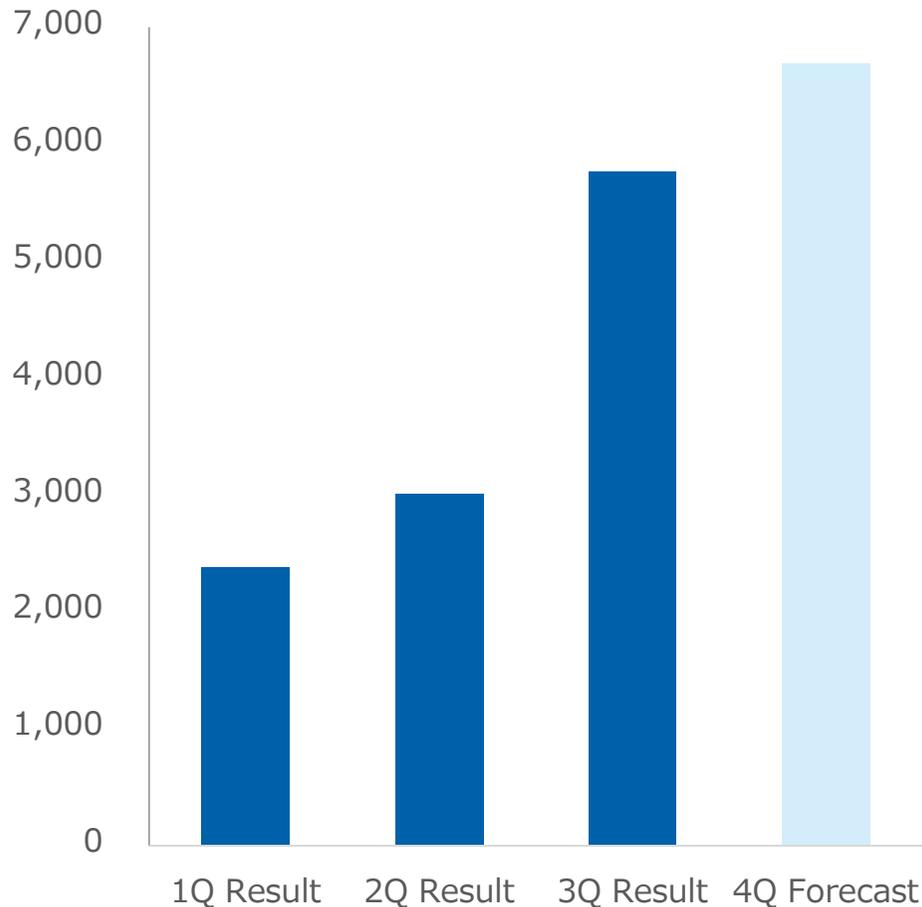


Car navigation
MDV-M908HDF

- Sales of dashcams with communication capability for MS&AD are strong.

Telematics service business Revenue (FYE3/'22)

(million yen)

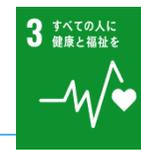


Dashcam with communication capability

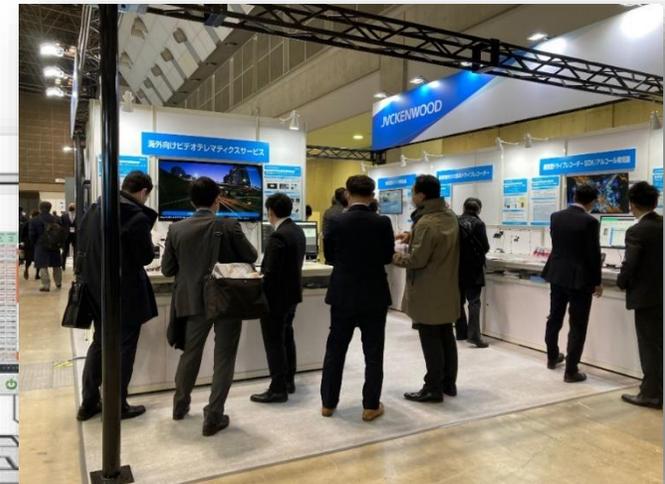
*For illustrative purposes



M&T Sector: New Proposals for Telematics Solutions



- We have exhibit at the “14th Automotive World” event held from January 19 to 21, 2022.
 - Highly versatile telematics solutions were proposed to solve various issues in vehicle management and driving control, with a focus on dashcams with communication capability.
 - Alcohol detectors equipped with communication functions, which have complied with gradual legal revisions and make recording and management easy for business operators, were also displayed as a reference exhibit.



JVCKENWOOD booth



BT 4.2/ BLE



E-mail
(***gmail.com)



- Measurement date/time, and ID number
- Number of measurements
- Lifespan (number of uses)

- Sensor life
- Alcohol concentration
- Setting units

- GPS information
- Measurement photographs

* When alcohol is detected, notifications are provided using “Alert Notification E-mails” sent directly to managers, who can then perform actions such as confirming the situation and giving instructions to stop operations.

[Reference exhibit] Alcohol detector equipped with communication functions

Strong Performance of Anti-bacterial/Anti-virus Radio Systems

- In Japan market, orders for license-free radio systems which have undergone anti-bacterial/anti-virus treatment are strong.
- The TCP-D261 series of new products, which are the first digital simplified radio systems in the industry* to obtain SIAA anti-bacterial certification, have been evaluated highly by the market.

*According to investigations by our company, as of September 2021

UBZ-LS20 series of license-free transceivers, with anti-bacterial and anti-virus treatment

特定小電力トランシーバー
DEMITOSS
免許・資格不要

抗菌・抗ウイルス加工済

SIAA ISO 22196 抗菌加工

Refinement of visibility, usability, and simplicity in being passed on to others. Also with anti-bacterial and anti-virus treatment.

UBZ-LS20/LS27R

Strong, thin, compact
Anti-bacterial and anti-virus treatment

First in the industry

*As receiving "SIAA Anti-bacterial Certification" for digital simplified radio systems (according to investigations by our company, as of September 2021)

抗菌・抗ウイルス加工済

SIAA ISO 22196 抗菌加工

Bluetooth (TCP-D261BTのみ)

TCP-D261BT/D261

TCP-D261 series of digital simplified radio systems, the first in the industry to receive SIAA anti-bacterial certification

MS Sector: Business Portfolio Reform



- As a part of our business portfolio reform, production of commercial video cameras has ended.
- Shift of cultivated resources such as video technology and expertise which can realize high definition and high image quality, to growth businesses.



Video technology
Expertise



MS Sector: Long-awaited Works of Entertainment, etc.



■ Long-awaited albums for Q4

- KIMURA Takuya: "Next Destination"
(released on January 19)
After a period of two years, this full album is his second work and is selling well.
- Sakanaction: "Adapt"
(scheduled for release on March 30)
A long-awaited concept album which includes tie-in songs.



KIMURA Takuya
"Next Destination"



Sakanaction
"Adapt"

■ Victor Rock Festival is scheduled to be held on Saturday, March 19



<Scheduled appearances>

*as announced on January 17

ORANGE RANGE

go!go!vanillas

Sakanaction

Sambomaster

Dragon Ash

The Shiawase

Evaluations and Awards Related to ESG Initiatives

- We will take the opportunity of our listing on the Prime Market to further promote active initiatives to achieve sustainable growth and improve our corporate value over the medium to long term.



Wins the Commendation Award in the Daiwa IR's Internet IR Award for 3 consecutive years

- We will further enhance our corporate information, including IR information, on our company website, and will disclose information as appropriate.



Selected as an enterprise under the Health & Productivity Management Outstanding Organization (Large Corporation Division) for 4 consecutive years



FTSE Blossom Japan

Selected for the first time as a constituent of the ESG Index "FTSE Blossom Japan Index"



3.5 stars in the 3rd Nikkei SDGs Management Survey



Received the highest ranking "Gold" in the PRIDE Index, an evaluation index for initiatives related to LGBT and other sexual minorities for 4 consecutive years



Highest level of "Eruboshi" certification based on the Act on the Promotion of Female Participation and Career Advancement in the Workplace

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.