

JVCKENWOOD

Results and Forecast Briefing

First Quarter of Fiscal Year Ending March 2024 (IFRS)

August 1, 2023

JVCKENWOOD Corporation



- * All figures in this document are prepared in accordance with International Financial Reporting Standards (IFRS).
- * Percentages and value differences shown in this document were computed in yen and any single-digit value was rounded off to the nearest two-digit value.

Financial Results for Q1 of FYE3/'24: Highlights

M&T : Mobility & Telematics Services Sector
S&S : Safety & Security Sector
ES : Entertainment Solutions Sector

■ Significant year-on-year growth in revenue and profit in Q1

- ✓ In M&T, OEM sales recovered from the impact of the Shanghai lockdown that occurred in Q1 of the previous fiscal year.
- ✓ S&S continued to show very strong sales in the Communications Systems Business from the previous fiscal year.
- ✓ ES recovered from the impact of a decline in sales in the Media Business due to the transfer of production in Q1 of the previous fiscal year.

■ Full-Year Outlook for FYE3/'24

- ✓ Although Q1 results exceeded expectations, there is no revision to the full-year consolidated earnings forecast at this time.

**1. Overview of Financial Results for Q1
of FYE3/'24**

**2. Full-year Earnings Forecast for
FYE3/'24**

3. Topics

<Reference material>

1. Overview of Financial Results for Q1 of FYE3/'24

2. Full-year Earnings Forecast for FYE3/'24

3. Topics

<Reference material>

Financial Results for Q1 of FYE3/'24

(Billion yen)

| | FYE3/'21 Q1 | FYE3/'22 Q1 | FYE3/'23 Q1 | FYE3/'24 Q1 | YoY | |
|--|----------------|----------------|----------------|----------------|---------------|------------------|
| Revenue | 51.1 | 64.5 | 72.0 | 85.6 | + 13.6 | +18.9% |
| Cost of sales | 38.7 | 47.3 | 53.2 | 59.4 | + 6.2 | +11.7% |
| Gross profit | 12.5 | 17.2 | 18.8 | 26.2 | + 7.4 | +39.1% |
| Profit margin | 24.4% | 26.7% | 26.2% | 30.6% | | |
| Core operating income^{*1} | -3.1 | 0.37 | 0.4 | 5.0 | + 4.6 | +1,037.9% |
| Profit margin | -6.1% | 0.6% | 0.6% | 5.9% | | |
| Other Income, Other Expenses, Foreign Exchange Loss, etc. | 0.0 | 2.5 | 0.1 | -0.0 | -0.1 | - |
| Operating profit | -3.1 | 2.9 | 0.5 | 5.0 | + 4.5 | +871.3% |
| Profit margin | -6.0% | 4.5% | 0.7% | 5.9% | | |
| Profit before income taxes | -3.1 | 2.8 | 0.5 | 4.9 | + 4.3 | +802.7% |
| Profit attributable to owners of the parent company | -3.6 | 1.5 | -0.2 | 3.5 | + 3.7 | - |
| EBITDA^{*2} | 1.8 | 7.7 | 5.0 | 9.5 | + 4.5 | +89.4% |
| EBITDA margin | 3.6% | 11.9% | 7.0% | 11.1% | | |

*1: Calculated by deducting cost of sales and selling, general and administrative expenses from revenue and not including other income, other expenses, foreign exchange gains and losses, etc., which are primarily temporary factors.

*2: Calculated as income before taxes + interest expenses + depreciation + impairment losses

| | | FYE3/'21 | | | | | FYE3/'22 | | | | | FYE3/'23 | | | | | FYE3/'24 | | | | | |
|-----------------|-------------|----------|-----|-----|-----|-----------|----------|-----|-----|-----|-----------|----------|-----|-----|-----|-----------|----------|----|----|----|-----------|--|
| | | Q1 | Q2 | Q3 | Q4 | Full-Year | 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 | 141 | 132 | 135 | 137 | | | | | |
| Exchange Rates | Euro | 119 | 124 | 125 | 128 | 124 | 132 | 130 | 130 | 130 | 131 | 138 | 139 | 144 | 142 | 141 | 150 | | | | | |

(Yen)

Financial Results for Q1 of FYE3/'24: Results by Sector

(Billion yen)

| | | FYE3/'21 Q1* | FYE3/'22 Q1 | FYE3/'23 Q1 | FYE3/'24 Q1 | YoY | |
|----------------|-----------------------|-----------------|----------------|----------------|----------------|--------|-----------|
| M&T | Revenue | 29.0 | 38.7 | 43.9 | 47.3 | + 3.5 | +7.9% |
| | Core Operating Income | -1.6 | 0.2 | -0.3 | 0.4 | + 0.7 | – |
| S&S | Revenue | 10.5 | 12.6 | 14.0 | 22.0 | + 8.1 | +57.7% |
| | Core Operating Income | -1.5 | -0.4 | 0.7 | 4.1 | + 3.4 | 472.6% |
| ES | Revenue | 10.6 | 11.9 | 12.9 | 14.0 | + 1.2 | +9.0% |
| | Core Operating Income | 0.1 | 0.6 | -0.1 | 0.5 | + 0.6 | – |
| Others | Revenue | 1.0 | 1.4 | 1.3 | 2.2 | + 0.9 | +69.7% |
| | Core Operating Income | -0.1 | 0.0 | 0.1 | -0.03 | -0.1 | – |
| Total | Revenue | 51.1 | 64.5 | 72.0 | 85.6 | + 13.6 | +18.9% |
| | Core Operating Income | -3.1 | 0.37 | 0.4 | 5.0 | + 4.6 | +1,037.9% |

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

M&T

Revenue and profit of the OEM Business increased due to a recovery of sales of dealer-installed products in Japan from the impact of the Shanghai lockdown that occurred in Q1 of the previous fiscal year in addition to strong sales of speakers, amplifiers, cables, and other products. Revenue and profit in the Aftermarket Business and the Telematics Service Business declined due to inventory adjustments and lower sales, respectively.

S&S

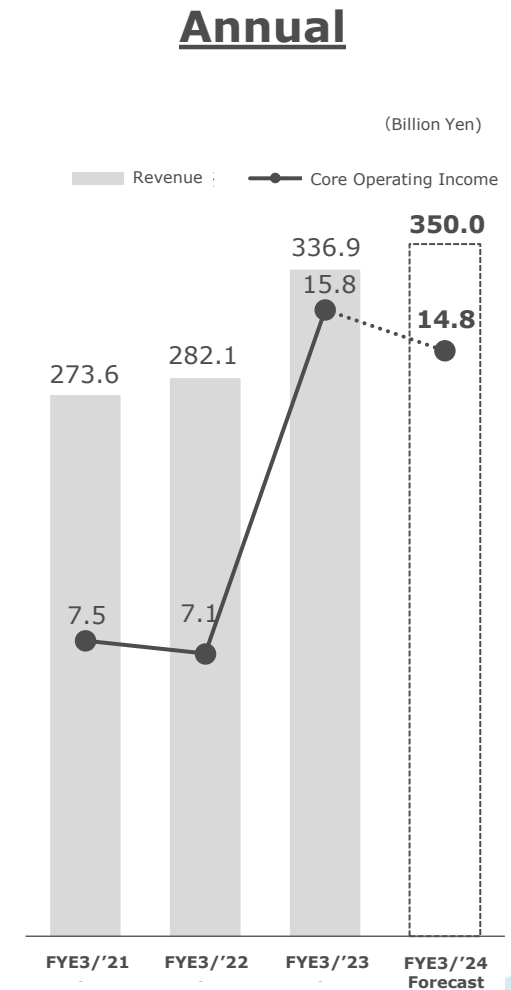
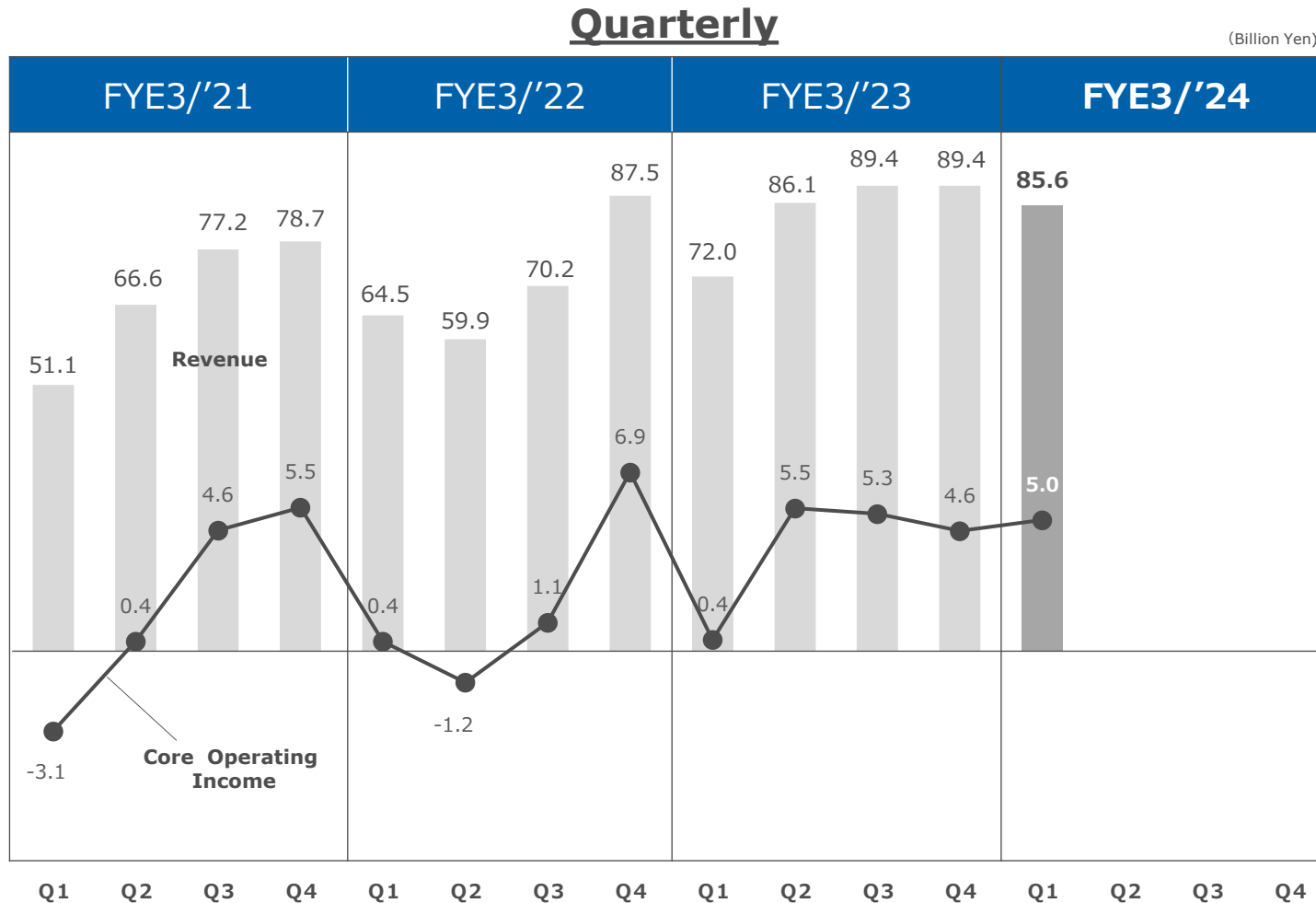
Revenue and profit of the Communications Systems Business increased significantly, mainly due to the U.S. and other overseas markets continuing to show very strong sales from the previous fiscal year. In the Professional Systems Business, revenue increased, and losses improved due to a recovery trend in the social infrastructure market.

ES

Both revenue and profit increased in the Media Business as sales of projectors recovered from the impact of the production cutback associated with the transfer of production implemented in Q1 of the previous fiscal year. For the Entertainment Business, revenue and profit increased due to solid performance of the content business.

Trends in Quarterly Results

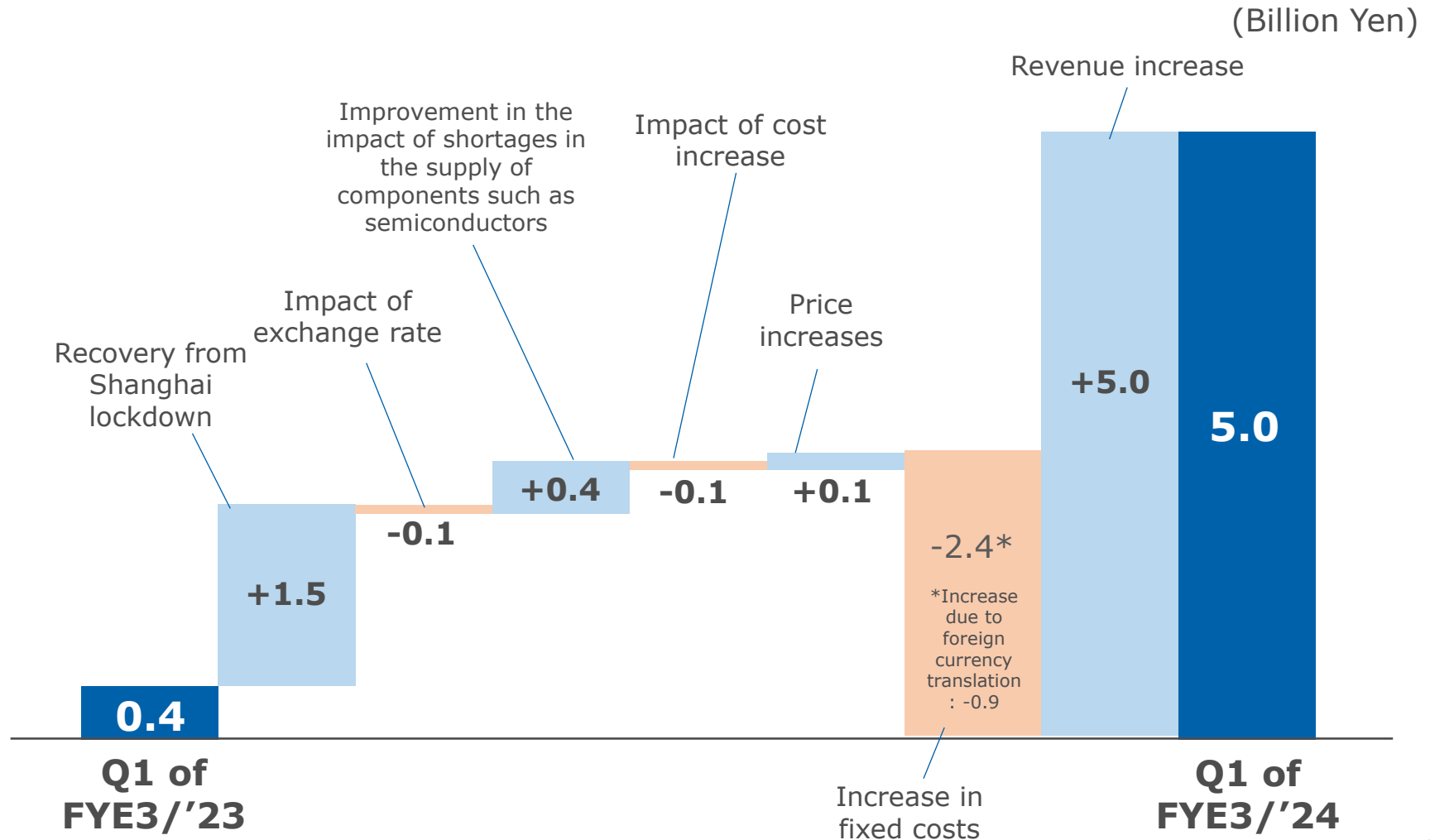
- In Q1 (April–June), company-wide revenue and profit increased significantly due to extremely strong sales of the Communications Systems Business in S&S, continuing from the previous year, and solid sales in the OEM Business in M&T and the Media and Entertainment Businesses in ES



Financial Results for Q1 of FYE3/'24:

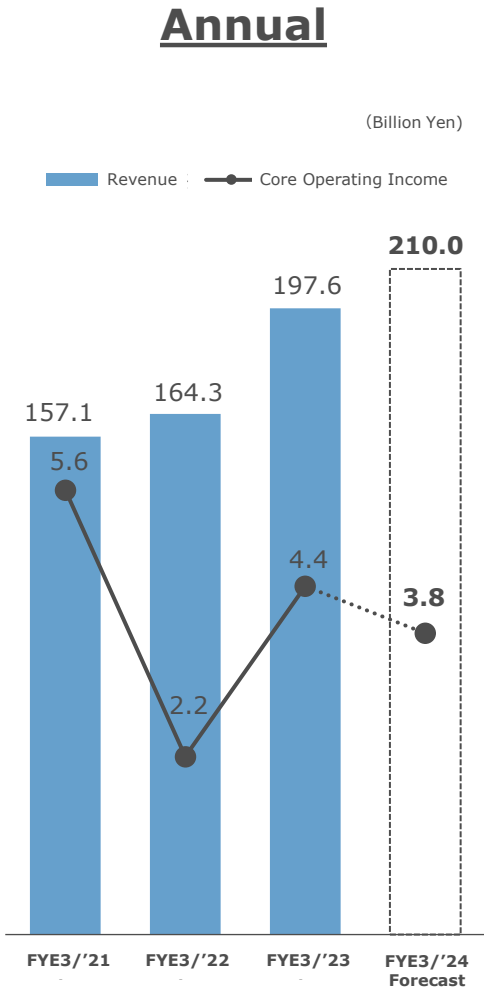
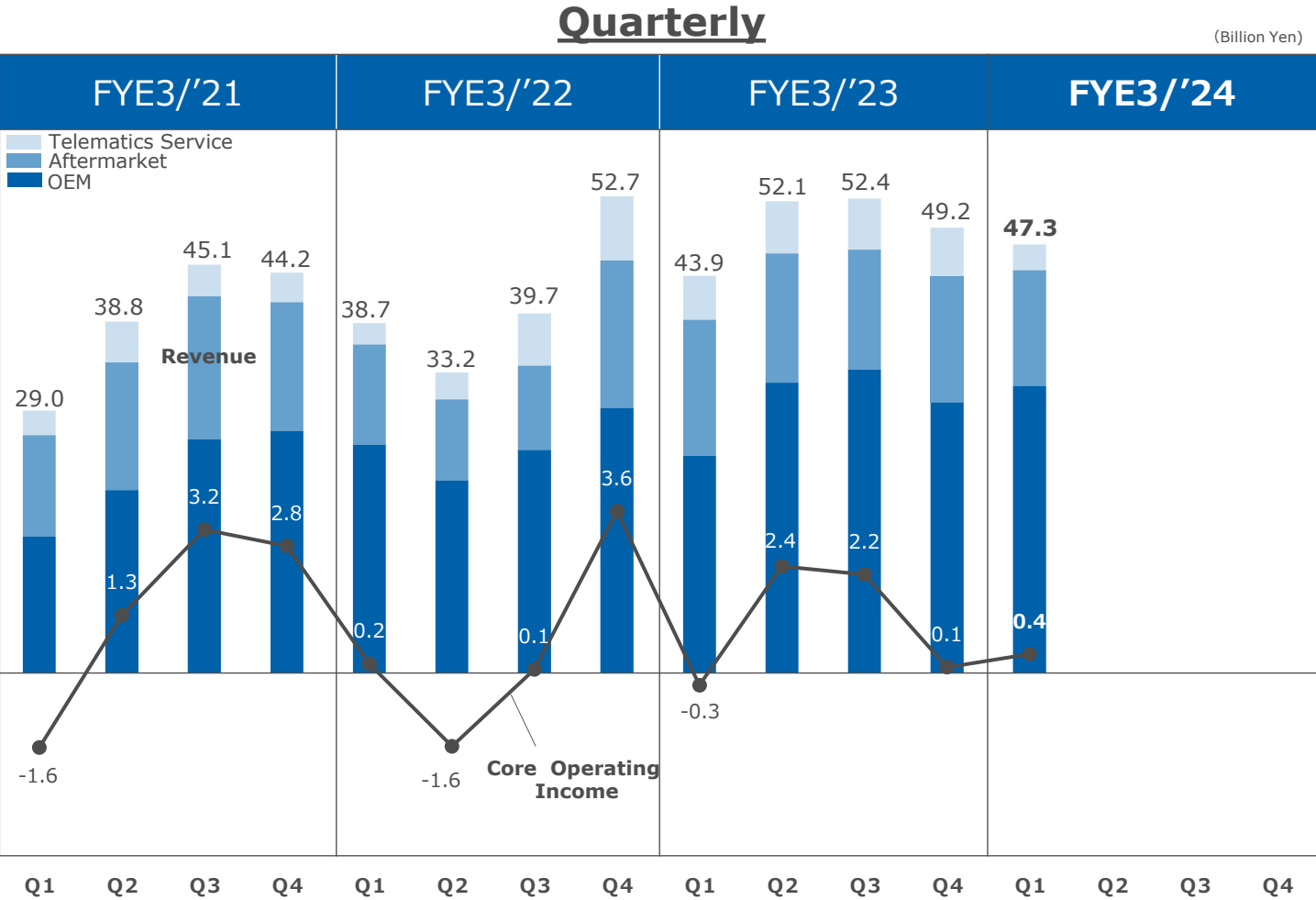
Factors for Changes in Core Operating Income

- Significant increase in profit from the previous year due to substantial increase in revenue, recovery from the Shanghai lockdown, and improvement in the impact of component shortages such as semiconductors.



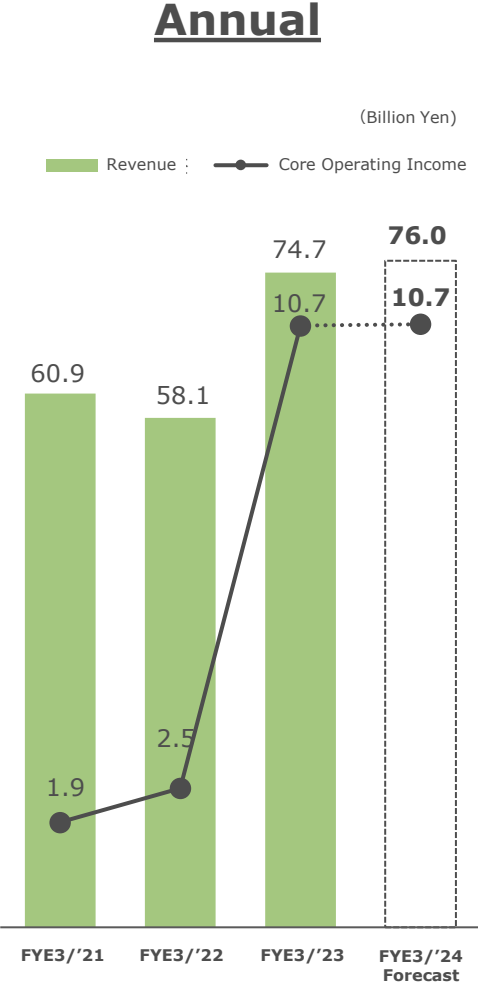
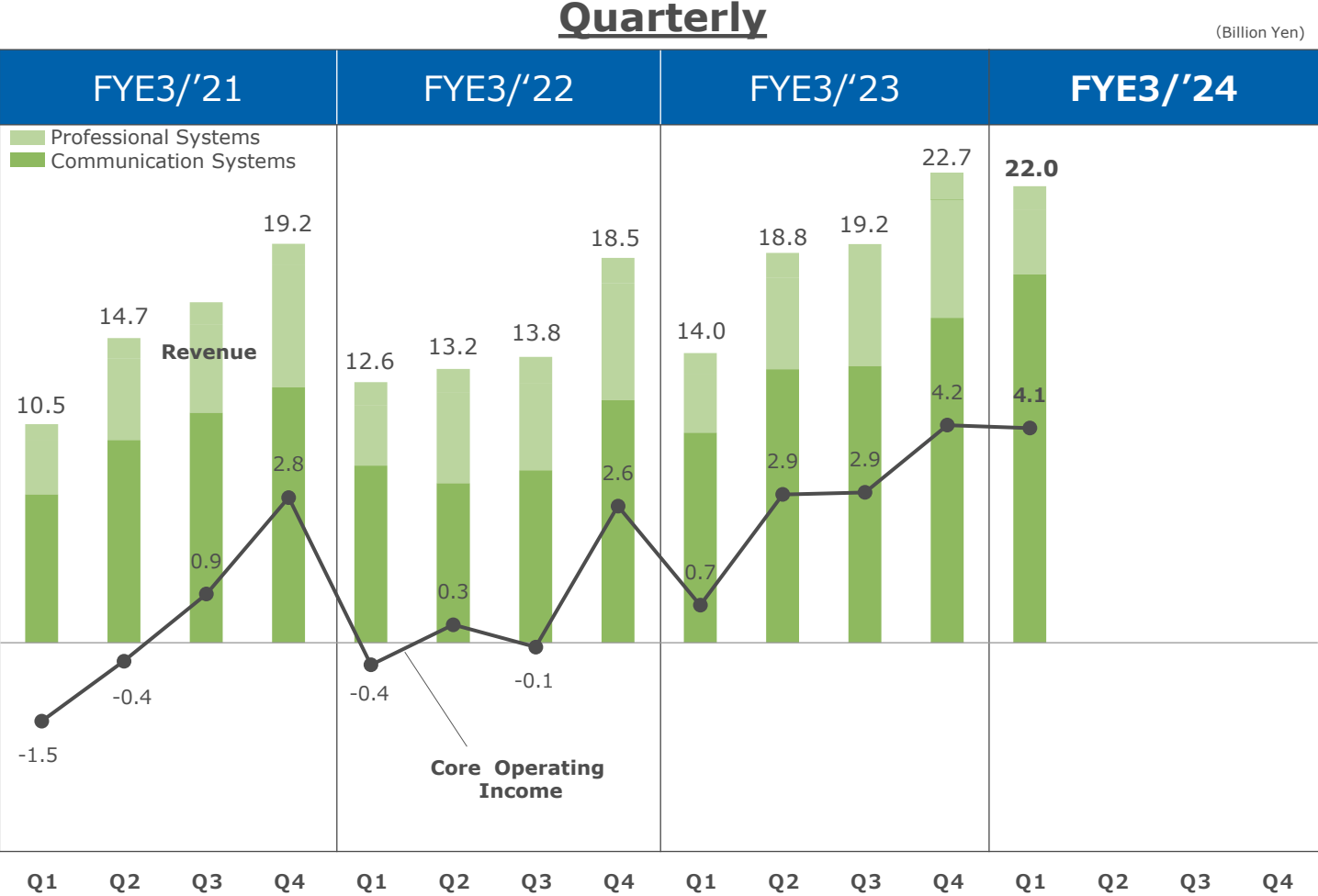
M&T Sector: Trends in Revenue and Core Operating Income

- Overall revenue and profit for the sector increased in Q1 (April–June) due to a recovery in the OEM Business from the impact of the Shanghai lockdown which occurred in Q1 of the previous year in addition to strong sales of speakers, amplifiers, cables, etc.



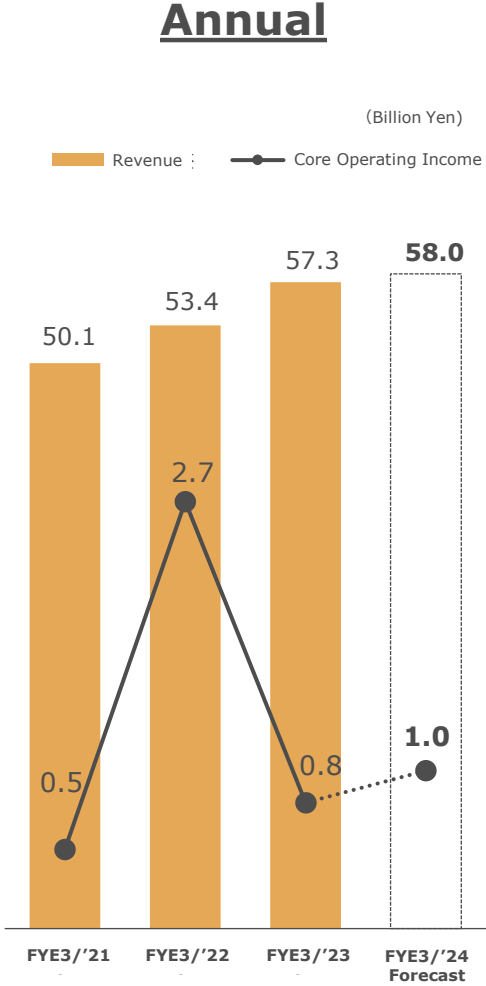
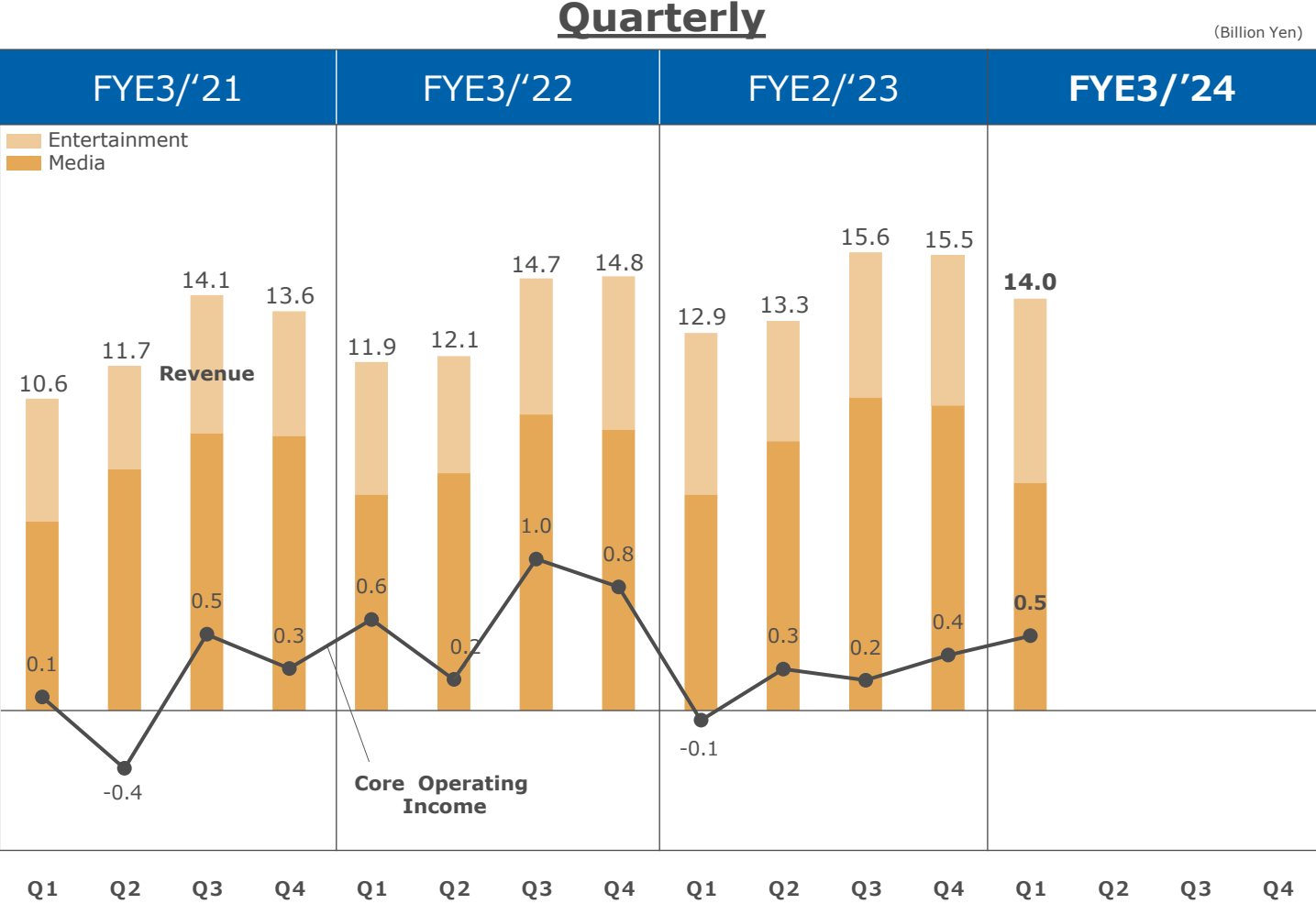
S&S Sector: Trends in Revenue and Core Operating Income

- Overall revenue and profit for the sector increased significantly in Q1 (April–June), with the U.S. and other overseas markets continuing to show strong sales in the Communications Systems Business, as well as the recovery trend in the social infrastructure market for the Professional Systems Business.



ES Sector: Trends in Revenue and Core Operating Income

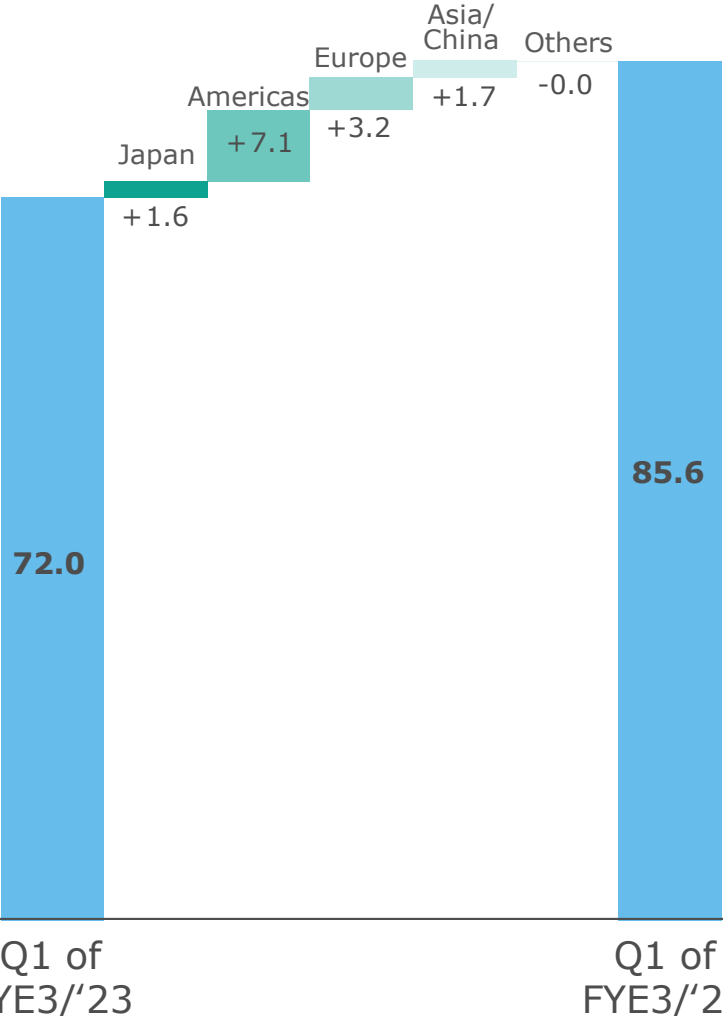
- Overall revenue and profit for the sector increased in Q1 (April–June), with the Media Business recovering from the impact of production cutbacks due to the transfer of production in Q1 of the previous year, and the Entertainment Business posted higher revenue and profits due to strong performance in the content business.



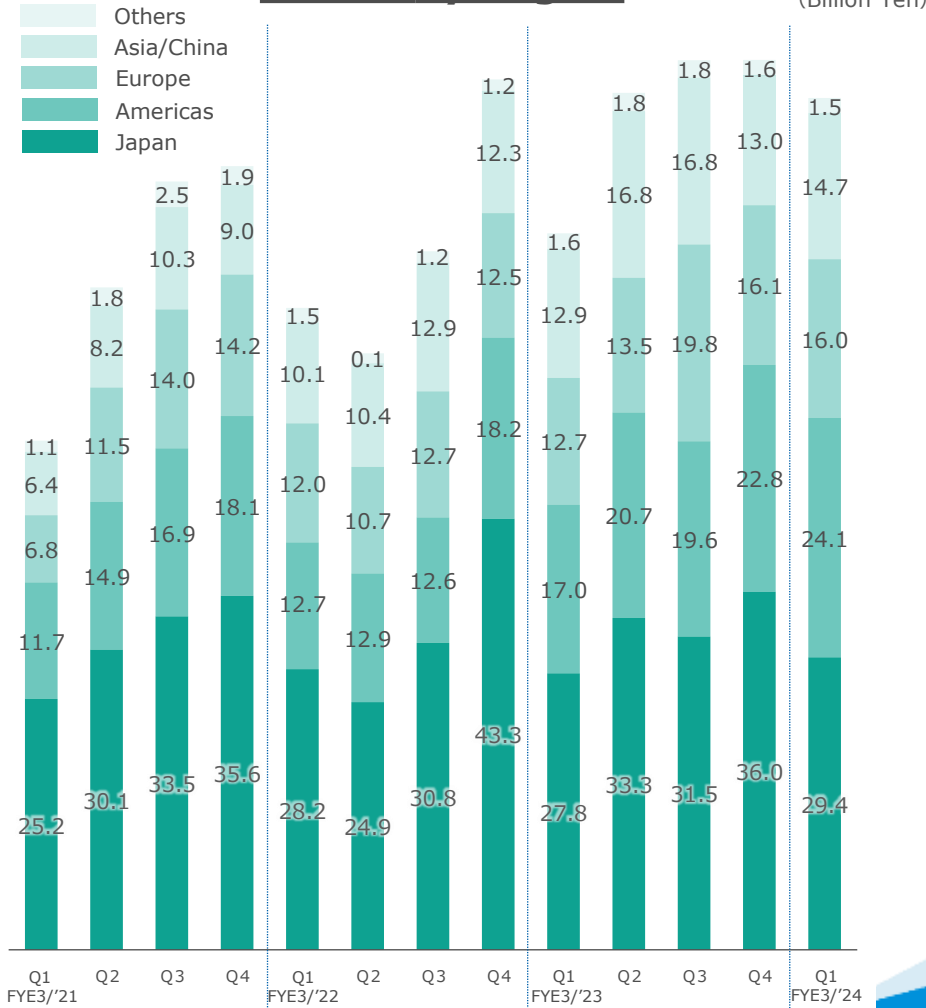
Financial Results for Q1 of FYE3/'24: Consolidated Revenue by Region

- Significant revenue growth in the Americas in Q1 due to continued strong sales in the Communications Systems Business

Increase/Decrease by Region (Billion yen)



Trends by Region (Billion Yen)



Financial Results for Q1 of FYE3/'24: Consolidated Profit/Loss Summary

- Significant increases in all levels of profit/loss due to increase in core operating income

(Billion yen)

| | FYE3/'21 Q1 | FYE3/'22 Q1 | FYE3/'23 Q1 | FYE3/'24 Q1 | YoY |
|--|----------------|----------------|----------------|----------------|--------|
| Core Operating Income | -3.12 | 0.37 | 0.44 | 5.04 | + 4.60 |
| Other Income, Other Expenses, Foreign Exchange Loss, etc. | 0.05 | 2.50 | 0.07 | -0.03 | -0.10 |
| Operating Profit | -3.07 | 2.87 | 0.52 | 5.01 | + 4.50 |
| Finance Income, Finance Expenses, etc. | -0.03 | -0.07 | 0.02 | -0.14 | -0.16 |
| Profit Before Income Taxes | -3.10 | 2.80 | 0.54 | 4.87 | + 4.33 |
| Income Tax Expenses | 0.35 | 1.18 | 0.62 | 1.26 | + 0.64 |
| Non-Controlling Interests | 0.13 | 0.15 | 0.17 | 0.14 | -0.03 |
| Profit Attributable to Owners of the Parent Company | -3.58 | 1.47 | -0.25 | 3.48 | + 3.72 |

Financial Results for Q1 of FYE3/'24: Financial Position Summary

- Equity attributable to owners of the parent company increased 5.5 billion yen from the end of the previous year to 104.3 billion yen due to an increase in retained earnings and other components of equity, despite a decrease due to dividends and acquisition of treasury shares.
- Net debt was 16.2 billion yen, an increase of 9.9 billion yen from the end of the previous period, due to expenditures for the acquisition of non-current assets in addition to shareholder returns. Cash and deposits amounted to 46.2 billion yen, a decrease of 9.9 billion yen from the end of the previous year.

(Billion yen)

| | FYE3/'21 | FYE3/'22 | FYE3/'23 | FYE3/'24 Q1 | YoY |
|--|----------|----------|----------|--------------|--------|
| Total Assets | 264.3 | 280.8 | 299.4 | 307.1 | + 7.7 |
| Total Liabilities | 195.8 | 196.8 | 195.6 | 197.1 | + 1.4 |
| Total Equity | 68.5 | 84.0 | 103.7 | 110.0 | + 6.3 |
| Interest-Bearing Debts | 75.6 | 69.8 | 62.5 | 62.4 | -0.1 |
| Net Debt | 15.9 | 21.1 | 6.3 | 16.2 | + 9.9 |
| Net Debt/Equity Ratio (Times) | 0.25 | 0.27 | 0.06 | 0.16 | + 0.10 |
| Equity Attributable to Owners of the Parent Company | 64.6 | 79.5 | 98.8 | 104.3 | + 5.5 |
| Stockholder's Equity Ratio (%) | 24.5 | 28.3 | 33.0 | 34.0 | + 1.0 |

Financial Results for Q1 of FYE3/'24: Cash Flow Summary

- Net cash from operating activities fell due to an increase in working capital from higher sales and greater income tax expense, despite an increase in profit before income taxes.
- Net cash used in investing activities remained unchanged year-on-year, mainly due to investments in development.
- Net cash used in financing activities was up due to increased dividends and acquisition of treasury shares.

(Billion yen)

| | FYE3/'21 Q1 | FYE3/'22 Q1 | FYE3/'23 Q1 | FYE3/'24 Q1 | YoY |
|---|----------------|----------------|----------------|----------------|------|
| Cash Flow from Operating Activities | 3.5 | 1.1 | 3.0 | 0.1 | -2.8 |
| Cash Flow from Investing Activities | -3.2 | 1.9 | -4.4 | -4.5 | -0.1 |
| Free cash flow <small>* Free cash flow: Cash flow from operating activities + Cash flow from investing activities</small> | 0.3 | 3.0 | -1.4 | -4.3 | -2.9 |
| Cash Flow from Financing Activities | -2.0 | -3.4 | -3.4 | -8.2 | -4.8 |
| Total | -1.8 | -0.5 | -4.8 | -12.5 | -7.7 |

**1. Overview of Financial Results for Q1
of FYE3/'24**

**2. Full-year Earnings Forecast for
FYE3/'24**

3. Topics

<Reference material>

Full-year Earnings Forecast for FYE3/'24

- In Q1, sales of the Communications Systems Business in S&S remained extremely strong in the U.S. and other overseas markets, as in the previous fiscal year, resulting in stronger company-wide performance than expected at the beginning of the period.
- There is no revision to the consolidated earnings forecast at this time, while strong sales are expected to continue from Q2 onwards.

(Billion Yen)

| | Results for FYE3/'21 | Results for FYE3/'22 | Results for FYE3/'23 | Forecasts for FYE3/'24 | YoY | |
|--|-------------------------|-------------------------|-------------------------|---------------------------|--------|--------|
| Revenue | 273.6 | 282.1 | 336.9 | 350.0 | + 13.1 | +3.9% |
| Core Operating Income | 7.5 | 7.1 | 15.8 | 14.8 | -1.0 | -6.5% |
| Operating Profit | 4.9 | 9.1 | 21.6 | 13.4 | -8.2 | -38.1% |
| Profit Before Income Taxes | 4.5 | 8.5 | 21.2 | 12.4 | -8.8 | -41.4% |
| Profit Attributable to Owners of the Parent Company | 2.2 | 5.9 | 16.2 | 8.0 | -8.2 | -50.7% |
| ROE (%) | 3.6 | 8.1 | 18.2 | 8.0 | -10.2 | - |

(Yen)

| | Result for FYE3/'21 | Result for FYE3/'22 | Result for FYE3/'23 | Assumption for FYE3/'24 |
|---------------------------------------|------------------------|------------------------|------------------------|----------------------------|
| Profit-And-Loss Exchange Rates | U.S. dollar | 106 | 112 | 135 |
| | Euro | 124 | 131 | 141 |

Full-year Earnings Forecast for FYE3/'24 (by Sector)

- No change from the initial forecast.

(Billion Yen)

| | | Results for FYE3/'21 [*] | Results for FYE3/'22 | Results for FYE3/'23 | Forecasts for FYE3/'24 | YoY |
|----------------|----------------------------------|--------------------------------------|-------------------------|-------------------------|---------------------------|--------|
| M&T | Revenue | 157.1 | 164.3 | 197.6 | 210.0 | + 12.4 |
| | Core Operating Income | 5.6 | 2.2 | 4.4 | 3.8 | -0.6 |
| S&S | Revenue | 60.9 | 58.1 | 74.7 | 76.0 | + 1.3 |
| | Core Operating Income | 1.9 | 2.5 | 10.7 | 10.7 | + 0.0 |
| ES | Revenue | 50.1 | 53.4 | 57.3 | 58.0 | + 0.7 |
| | Core Operating Income | 0.5 | 2.7 | 0.8 | 1.0 | + 0.2 |
| Others | Revenue | 5.5 | 6.3 | 7.4 | 6.0 | -1.4 |
| | Core Operating Income | -0.5 | -0.3 | 0.0 | -0.7 | -0.7 |
| Total | Revenue | 273.6 | 282.1 | 336.9 | 350.0 | + 13.1 |
| | Core Operating Income | 7.5 | 7.1 | 15.8 | 14.8 | -1.0 |

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

**1. Overview of Financial Results for Q1
of FYE3/'24**

**2. Full-year Earnings Forecast for
FYE3/'24**

3. Topics

<Reference material>

M&T Sector: Status of Orders Received for OEM Business and Others

- **Received a large order in the OEM Business for shipment in 2025 onwards**
- **Started shipment of the first connected-type dash-cam in the industry as a factory-installed model* for Japanese vehicle manufacturers.**
*As of April 2023, according to research by JVCKENWOOD Corporation
- **Strengthened activities to expand sales of alcohol detectors in preparation for the enforcement of the law in December 2023.**
 - Exhibited at the "Government & Public Sector Week 2023 Regional Disaster Prevention Expo" (June) to promote the company's products and services.



Alcohol detector
CAX-AD300/AD100



Image of the Company's booth

(Billion yen)
160.0

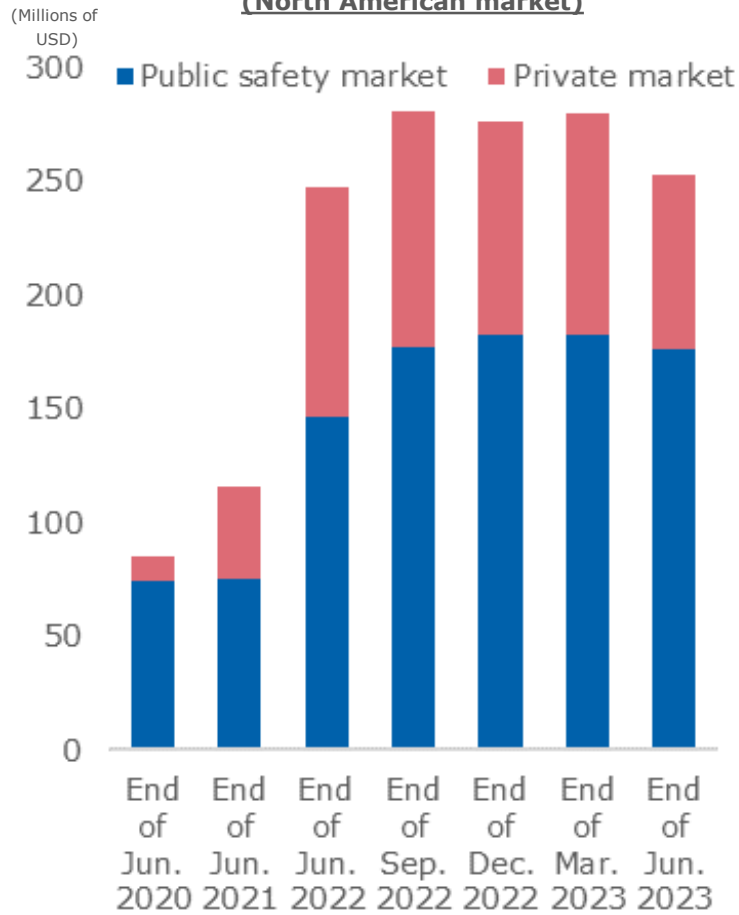
OEM Business Revenue Results + Forecast



S&S Sector: Communications Systems Business Remains Strong

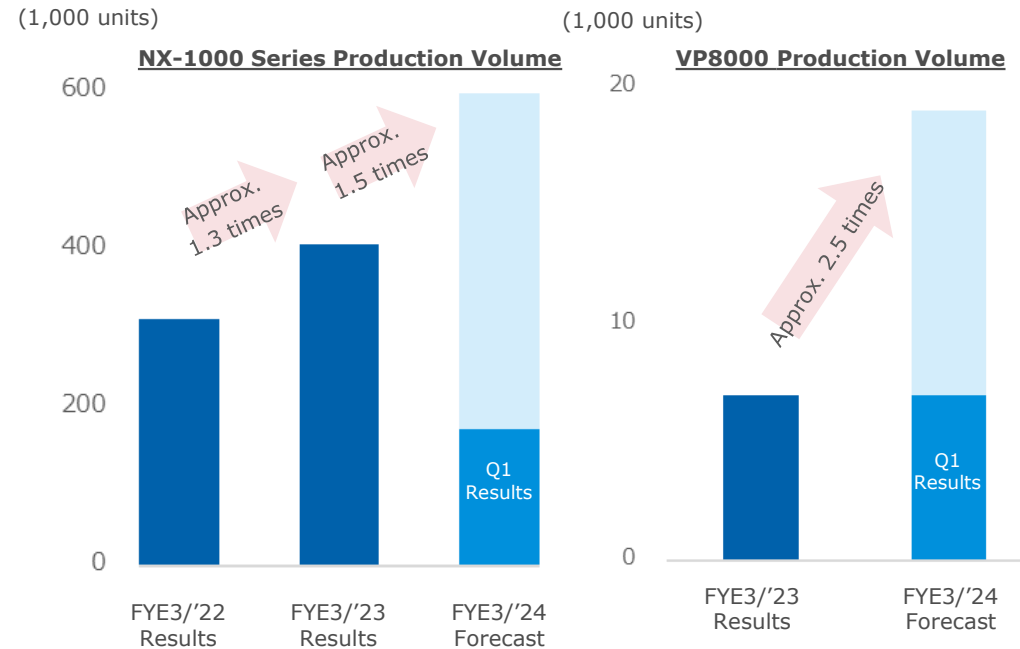
- **Backlog of orders for the private market declined steadily due to increased production.**
- **Continued high-level order backlog for public safety market**

Trends in backlogs of orders for communications systems (North American market)



- **Establishing a system to increase production to meet growing demand**

- Private market (Malaysia plant)
Production volume of NX-1000 is expected to increase by approximately 1.5 times from the previous year.
- Public safety market (Yamagata Plant)
Tri-band model VP8000 in stable production



- **Increase headcount at U.S. communications systems subsidiary, EFJT***

- New Chief Technical Officer has been hired.
- Approximately 20 employees to be hired this fiscal year (eight employees already hired in Q1).

*EF Johnson Technologies, Inc.

- **Continued selection as a constituent of the “FTSE Blossom Japan Index” and “FTSE Blossom Japan Sector Relative Index”** (announced on July 28)



FTSE Blossom
Japan Index



FTSE Blossom
Japan Sector
Relative Index

- **Completion of transfer of new medical business** (announced on August 1)
 - Transfer of all shares of Creative Nanosystems Corporation^{*1} to Sysmex Corporation

*1: Co-founded by our company and Sysmex Corporation for the purpose of developing and manufacturing bio-devices (October 2018)



- **New Entertainment Business Launched** (announced on June 19)

➤ The first 3D action RPG^{*2} game “Tokyo Revengers” to be released in winter 2023

*2: Role-playing game



© Ken Wakui, Kodansha / Animation “Tokyo Revengers” Production Committee

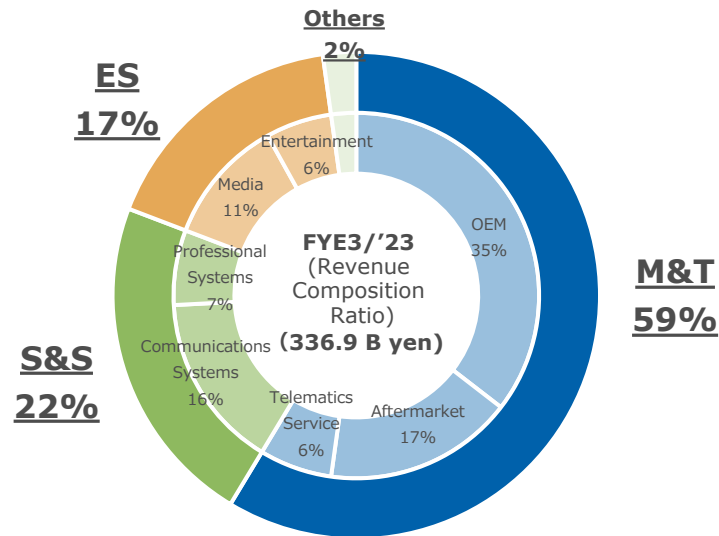
- **Completion of acquisition of treasury stock of approximately 4 billion yen** (announced on June 9)

- Total number of shares acquired: 7,914,000
- Total value of shares acquired: 3,999,988,800 yen

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<Reference material>

Business Areas



Safety & Security Sector (S&S)

Communications

Professional radio system

Low power transceiver

Professional

Security system

Professional broadcasting system

Medical image display monitor

Entertainment Solutions Sector (ES)

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

Car navigation system

Car audio system

Dashcam

Portable power station using recycled batteries from electric vehicles

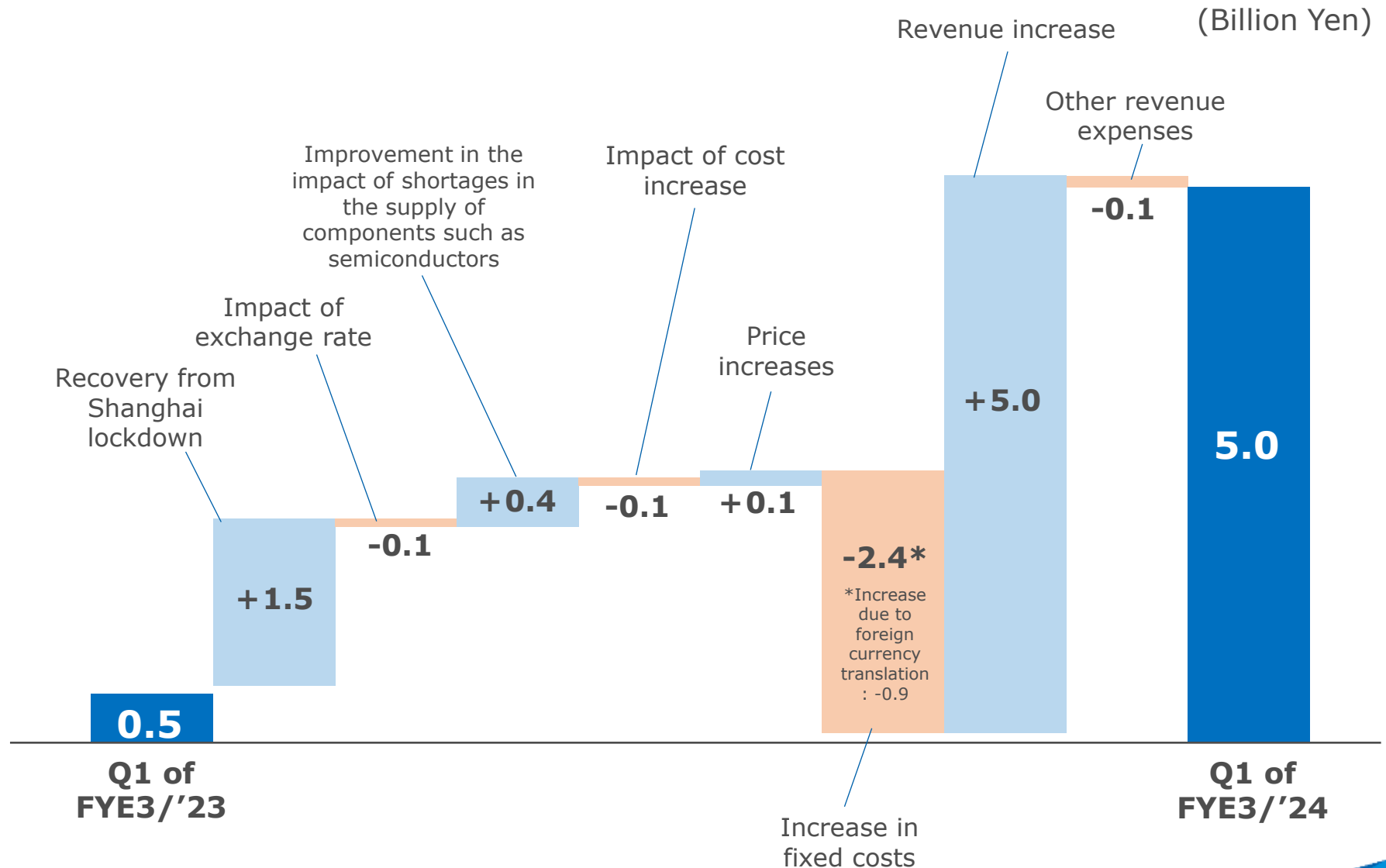
After Market

Alcohol detector

Sterilization and deodorization device

Telematics service

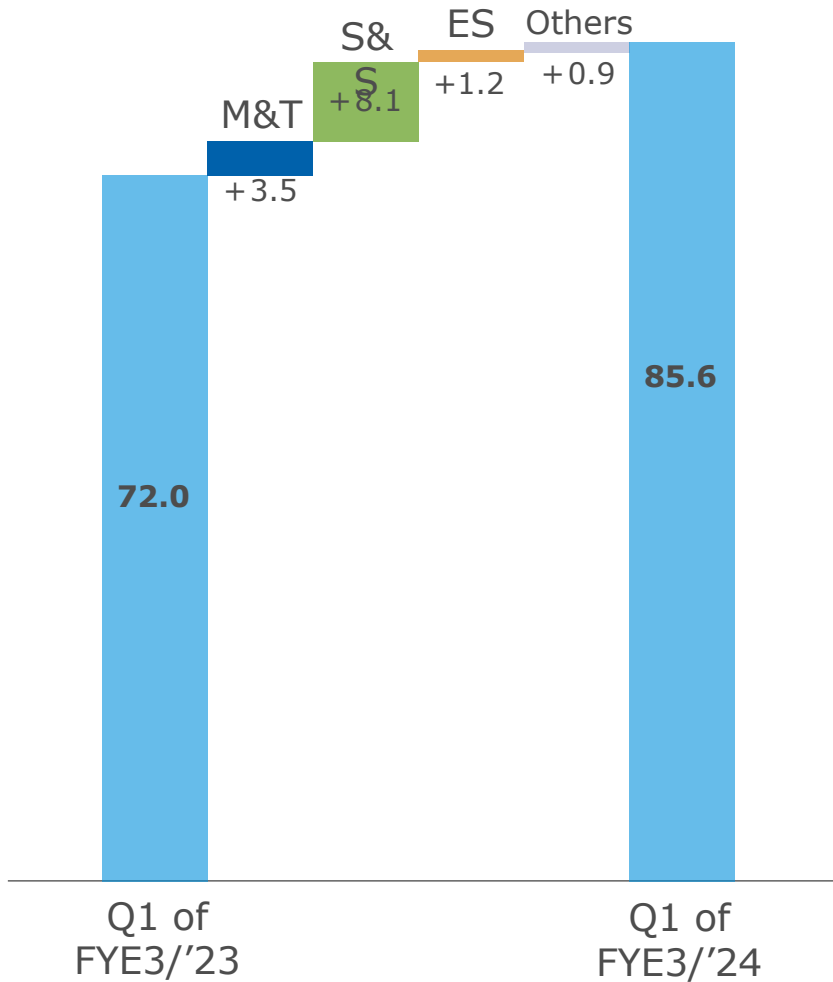
Financial Results for Q1 of FYE3/'24: Factors for Changes in Operating Profit



Financial Results for Q1 of FYE3/'24: Consolidated Revenue & Core Operating Income by Sector

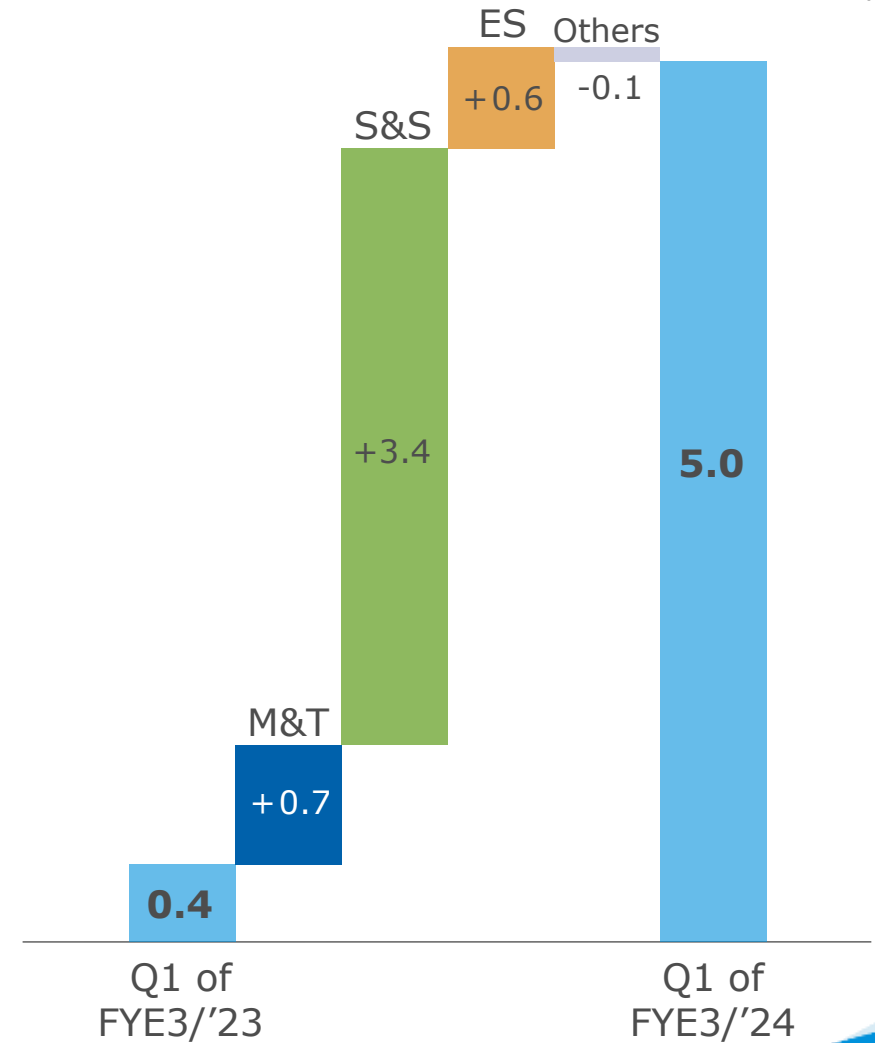
Revenue

(Billion yen)



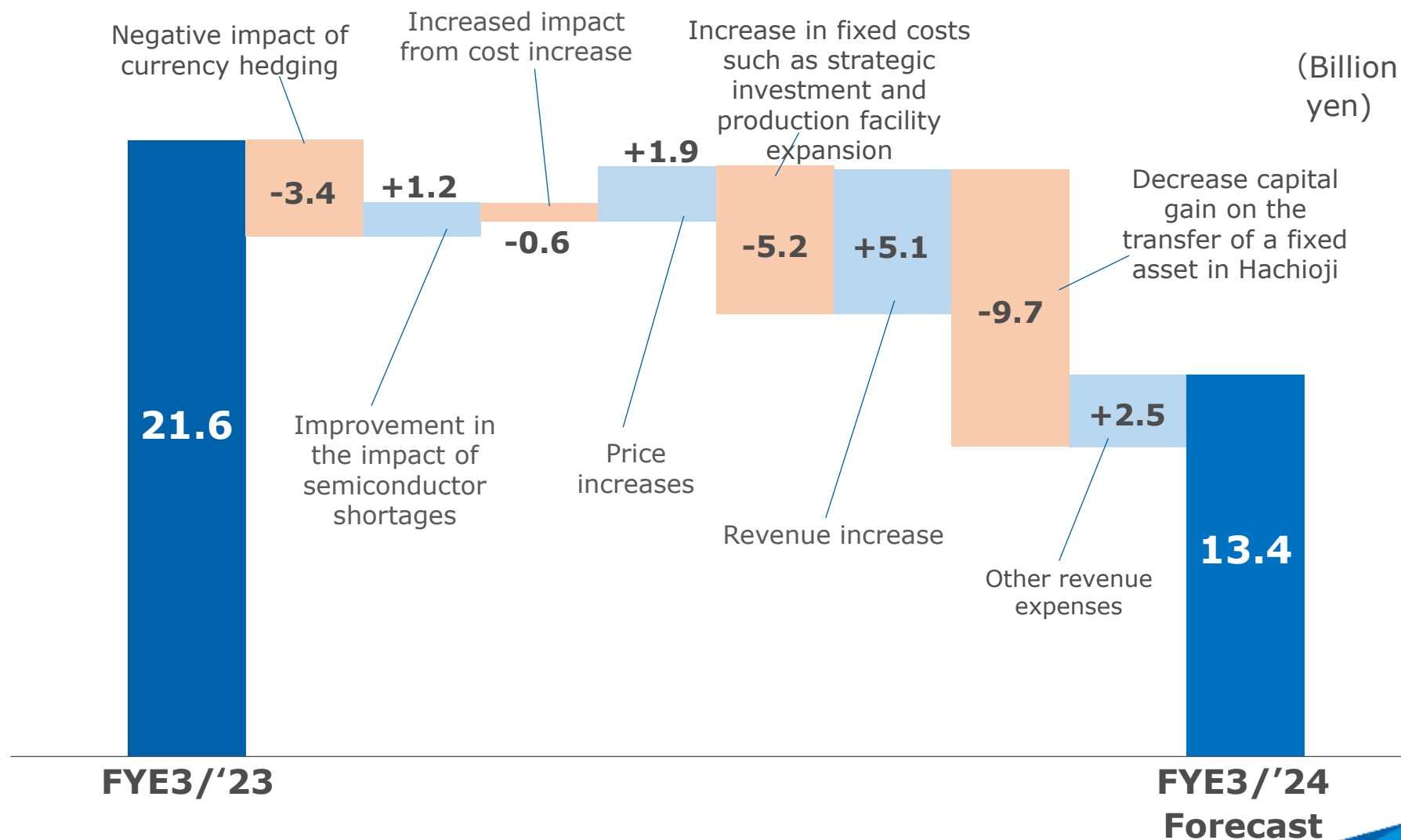
Core Operating Income

(Billion yen)



Full-year Earnings Forecast for FYE3/'24: Factors Behind Changes in Operating Income

- No change from the initial forecast.



Changes in Management Indices

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

(Billion yen)

(Billion yen)

| | FYE3/'21 | | | | | FYE3/'22 | | | | | FYE3/'23 | | | | | FYE3/'24 | | | | | |
|---|----------|-----|-----|-----|-------|----------|-----|-----|-----|-------|----------|-----|-----|-----|-------|------------|----|----|----|-------|-----|
| | Q1 | Q2 | Q3 | Q4 | Total | 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 | 4.5 | 4.5 | 19.7 | 4.6 | | | | | 4.6 |
| 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 | 2.8 | 2.3 | 11.4 | 2.6 | | | | | 2.6 |
| 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 | 1.7 | 2.1 | 8.3 | 2.0 | | | | | 2.0 |
| 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 | 4.4 | 4.6 | 17.6 | 4.4 | | | | | 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 | 4.3 | 5.1 | 17.4 | 4.5 | | | | | 4.5 |

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

Trends of Consolidated Revenue by Region

(Billion yen)

(Billion yen)

| | FYE3/'21 | | | | | FYE3/'22 | | | | | FYE3/'23 | | | | | FYE3/'24 | | | | |
|-----------------------|----------|------|------|------|-------|----------|------|------|------|-------|----------|------|------|------|-------|-------------|----|----|----|-------|
| | Q1 | Q2 | Q3 | Q4 | Total | 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 | 31.5 | 36.0 | 128.6 | 29.4 | | | | 29.4 |
| 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 | 19.6 | 22.8 | 80.0 | 24.1 | | | | 24.1 |
| 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 | 19.8 | 16.1 | 62.1 | 16.0 | | | | 16.0 |
| 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 | 16.8 | 13.0 | 59.5 | 14.7 | | | | 14.7 |
| 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 | 1.8 | 1.6 | 6.7 | 1.5 | | | | 1.5 |
| 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 | 89.4 | 89.4 | 336.9 | 85.6 | | | | 85.6 |

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