

JVCKENWOOD

JVCKENWOOD Integrated Report 2019



Corporate Vision

Creating excitement and peace of mind for the people of the world

Contents

CEO's Commitment	3	Part 3: Strengthening Our Foundations to Achieve Growth	39
Progress Toward Creation and Innovation	5	Message from the CTO: Evolving as a Technology-Based Company	41
Financial Highlights	7	Achieving Excellence in the Production of Products and Services	45
Business Overview	9	Developing Next-Generation Human Resources	47
Brand Strategy	11	Part 4: Sustainability Management	49
Global Business Development	13	Sustainability Promotion Strategy	51
Part 1: Growth Strategy	15	Material Issues and Results	55
Value Creation Process (Business Model)	17	Environment	57
Interview with the CEO: Mid-to Long-Term Strategy	19	Society	59
• Achieving ROE of 10%	24	Governance	
Message from the CFO: Financial Strategy	25	• Corporate Governance	61
Part 2: Business Activities Report	27	• Message from the External Directors	64
Automotive Sector	29	• Directors of the Board, Audit & Supervisory Board Members, and Executive Officers	67
Public Service Sector	31	• Promotion of Compliance/ Risks and Opportunities	69
Media Service Sector	35	Part 5	
DX Business	37	Financial and Non-Financial Data	71
		Corporate Profile/Stock Information	73

Management Principles

Transform into a customer value creator
Evolve as a technology based company
Contribute to a sustainable society through our business





We will continue to provide value to realize “excitement and peace of mind” for stakeholders around the world utilizing the driving force of the three management principles.

The JVCKENWOOD Group has adopted “Creating excitement and peace of mind for the people of the world” as its corporate vision. To realize this vision, the Group must manage its business in a balanced manner, responding flexibly and promptly to changes in market trends for each product and service it deals with, while at the same time, maintaining unchanging values, and making decisions from a medium- to long-term perspective.

To put this philosophy into practice, the Group established the Mid- to Long-Term Management Plan Vision 2020 in 2015, and launched reforms under the banner of “Transformation into a customer value creator.” In addition, in 2018, we conducted an interim report, adding “Evolve as a technology based company” and “Contribute to a sustainable society through our business.” We have set these three policies as our new management policies to realize our corporate vision and further enhance our corporate value.

“Customer value creator” means that the Company goes beyond manufacturing as a manufacturer to develop business concepts based on the needs of customers to whom the Company provides its products and services, and then to become a problem-solving company by providing solutions, bringing together the wisdom of both internal and external entities. “Technology based company” shows the Group’s strong commitment to introducing leading-edge elemental technologies spanning various businesses including AI, IoT and 5G, into the Group, utilizing both intellectual property and technology strategies centered on its core technologies of visual, audio and communications systems to create customer value. Furthermore, “Contribute to a sustainable society through our business” is a concept that focuses on social issues as well as customer needs, and seeks to identify opportunities for long-term growth through the technologies, products and services that emerge in the process of solving those issues. Professional radio systems, dashcams and healthcare equipment that utilize the Group’s core technologies are directly related to the “peace of mind” stated in our corporate vision. We are confident that these products will be a powerful solution for realizing the sustainability demanded by the international community and for achieving the United Nations’ SDGs.

The corporate manager’s mission is to create value that is unique to JVCKENWOOD utilizing these three management principles as the driving force, and to develop human resources with the eagerness and ability to continuously enhance that value, as well as knowledge about compliance, and other matters. We also believe that it is important to create a workplace that is, even if only slightly, more rewarding to employees and officers who perform well in the workplace sharing our corporate vision, and an organizational structure that enables transparent and effective governance and decision-making.

Through a variety of initiatives, the JVCKENWOOD Group consistently aims to build deep relationships of trust with all of our stakeholders, and to manage the corporate group so that we can share the joy of growth into the future.

Shoichiro Eguchi

Representative Director of the Board, President and CEO

We have constantly taken on the challenge of creating new value that transcends our history and domain.

JK 1.0 1920–2007

The era of Victor Company of Japan (JVC) and Kenwood Corporation operating as separate companies
Achieved growth as a global company through creation of technologies and cultures

Victor Company of Japan, Limited

1927	Established Victor Talking Machine Company of Japan, Limited
1939	Produced the first TV receiver in Japan
1958	Launched the STL-1S, the first stereo LP and stereo set in Japan
1972	Established Victor Musical Industries, Inc. (current JVCKENWOOD Victor Entertainment Corp.)
1976	Launched the HR-3300, the world's first VHS recorder
1986	Launched the GR-C7, the world's smallest and lightest VHS-C video camera
1995	Launched the GR-DV1, the world's first pocket-sized digital camcorder
2003	Launched the EX-A1, compact home stereo component system
2007	Launched the Everio GZ-HD7, the world's first full HD hard disk camcorder for consumers




Kenwood Corporation


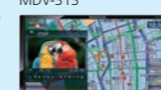


1946	Established Kasuga Radio Co., Ltd.
1957	Began exporting the FM-100 FM tuner for the first time as a Japanese manufacturer
1960	Renamed Trio Electronics, Inc.
1978	Entered the professional radio equipment field in Japan
1980	Entered the car audio field in the U.S. and launched the KENWOOD brand's car audio system in Japan
1986	Renamed Kenwood Corporation
1991	Official supplier contract with McLaren F1 Team. Developed and began to supply communications systems for the McLaren F1 Team's exclusive use
1992	Entered the car navigation system field, launching the KNV-100, the industry's first 1DIN-size GPS car navigation system
2007	Converted Zetron, Inc., a U.S. systems-based communication company into a subsidiary




JK 2.0 2007–2016

Management integration and structural reforms
Developed corporate infrastructure and built a foundation for the future growth of the next generation

2007	Jul.	Victor Company of Japan, Limited (JVC) and Kenwood Corporation (Kenwood) entered into an agreement on a capital and business alliance
2008	Oct.	JVC and Kenwood established the joint holding company JVC KENWOOD Holdings, Inc. through a stock transfer (JVC KENWOOD's shares were listed on the First Section of the Tokyo Stock Exchange)
2009	Dec.	Launched the MDV-313, the first car navigation system for which the same JVC and Kenwood platform was adopted
2011	Feb.	Launched the MDV-727DT and MDV-626 DT, first-generation Saisoku-Navi devices that achieved high resolution and high-speed response
	Aug.	JVC KENWOOD Holdings, Inc. changed its name to JVCKENWOOD Corporation
	Oct.	Completed an absorption-type merger of its three subsidiaries : Victor Company of Japan, Limited, Kenwood Corporation, and J&K Car Electronics Corporation
2013	Mar.	Launched the DLA-VS4800, the world's first mass-production model of the professional-use D-ILA projector, which features an 8K high-definition display
	Jun.	Converted Shinwa International Holdings Limited (now JVCKENWOOD Hong Kong Holdings Ltd.), an in-car device manufacturing company in Hong Kong, into a consolidated subsidiary
	Jul.	Took over all of the shares of TOTOKU Nagaoka Corporation through an absorption-type corporate split from TOTOKU Electric Co., Ltd., and changed the corporate name from TOTOKU Nagaoka to JVCKENWOOD Nagaoka Corporation
2014	Mar.	Obtained 100% ownership of EF Johnson Technologies, Inc., a company focused on delivering mission-critical, digital P25 communications solutions to the North American market
	Sep.	Launched the NX-5000 series, the NEXEDGE series of multi-mode digital radio systems compliant with the P25 standard
	Dec.	Launched the KNA-DR300, a full HD dashcam that enables high resolution entered into the dashcam market
2015	Apr.	Converted ASK Industries S.p.A., a European in-vehicle component company, into a consolidated subsidiary
	May.	Formulated Vision 2020, the new Mid- to Long-Term Management Plan that looks ahead to fiscal 2020
2016	Mar.	Commenced a joint development of diagnostic instrument for the measurement of exosomes with Sysmex Corporation
	Apr.	Established JVCKENWOOD Public & Industrial Systems Corporation, aiming to expand the Professional Systems Business





Action policy for Vision 2020

- From product sales to solutions
- From a sales company to an operating company
- From closed innovation to open innovation
- Evolution into a technology based company founded on intellectual property
- Initiatives designed to increase the brand value
- Initiatives designed to solve social issues through business activities

JK 3.0 2016–2018

Evolved into a customer value creator by changing traditional methods including corporate cultures

2016	Jul.	Commenced a development assistant project for Multi Live Monitor wireless stereo headset by using crowdfunding
	Oct.	Developed the world's smallest 0.69-inch 4K D-ILA device
	Oct.	Launched the WOOD series of inner-ear headphone, which feature wooden dome diaphragms
2017	Mar.	Announced the development of EXOFIELD, an out-of-head localization sound field processing technology which enables reproduction and localization of the sound field of speakers in a listening room with headphones
	Mar.	Redefined the Victor brand to commemorate the 90th anniversary of the founding of the former Victor Company of Japan, Limited (JVC)
	Mar.	Acquired Certification as an Organization Contributing to National Resilience (Resilience Certification)
	Aug.	Signed a memorandum of operational collaboration with Sanwa Koutsu toward the development and introduction of a taxi dispatch system
	Nov.	Launched the DRV-830, a dashcam with a 3.7 megapixel resolution, approximately 1.8 times that of full Hi-Vision
2018	Jan.	Acquired all the shares issued by Italy-based Radio Activity S.r.l., a developer and seller of digital radio relay systems that are compliant with Digital Mobile Radio (DMR), an international digital radio standard
	Jan.	Announced Progress and Revision of the Mid- to Long-Term Management Plan Vision 2020 launched in 2015
	Mar.	Recognized as a White 500 company under the 2018 Certified Health and Productivity Management Organization Recognition Program

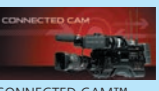




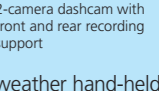






*Market size data estimates based on sales results of domestic car accessory mass retailers, consumer electronics mass retailers, online retailers, etc. (Study by GfK Japan)

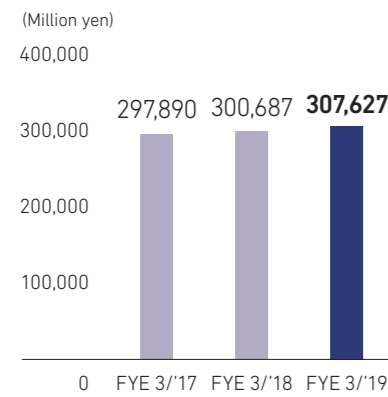
JK 3.1 2018–2019

Aim to achieve further development based on the new Management Principles under the new management structure

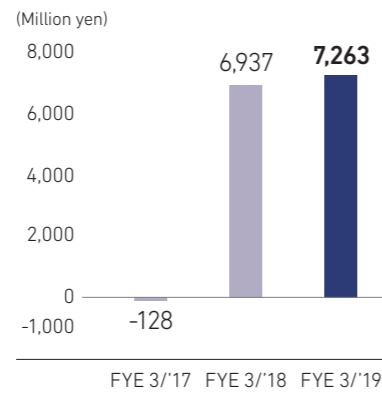
2018	Mar.	Awarded the highest level Eruboshi certification under the Act on Promotion of Women's Participation and Advancement in the Workplace
	Apr.	Developed the new Management Principles and Action Guidelines under the new management structure
	Apr.	Announced the GY-HC900, the first high-end professional camcorder under the new CONNECTED CAM™ concept
	May.	Acquired all the shares issued by Germany-based Rein Medical GmbH, a developer and seller of Operating Room (OR) imaging solutions
	May.	Developed a communication dashcam for the truck transportation industry in preparation for entering the commercial telematics field
	Jun.	Reproduced a limited-edition high-grade RJ-3000 music box to commemorate the 90th anniversary of the founding of Victor Company of Japan, Limited (JVC)
	Aug.	JVCKENWOOD dashcam with communication capabilities adopted by non-life insurance company for use with car insurance policies with dashcams
	Sep.	Announced the DLA-V9R, the world's first D-ILA projector for home theaters with 8K display support (as of September 13, 2018)
	Oct.	Established Creative Nanosystems Corporation, a company that develops and manufactures IVD biodevices using micro and nano-fabrication technology, jointly with Sysmex Corporation
	Oct.	Announced the DRV-MR740, a front and rear 2-camera dashcam that supports simultaneous front and rear recording
	Oct.	Received a Gold rating, the highest in the PRIDE Index, an evaluation index for initiatives regarding LGBT employees
	Oct.	Provided SoftBank Corp. with tough, all-weather hand-held professional IP radios with LTE support
	Dec.	Concluded agreement for a share acquisition and a capital and business alliance with Tait International Ltd., a professional radio communication systems company in New Zealand
2019	Jan.	Launched JVCKENWOOD Accelerator 2019, an open innovation program aimed at creating new businesses with startups
	Apr.	Commercialized a security service for drivers that uses dashcams with communication capabilities for Grab, Southeast Asia's top car-hailing service

Revenue



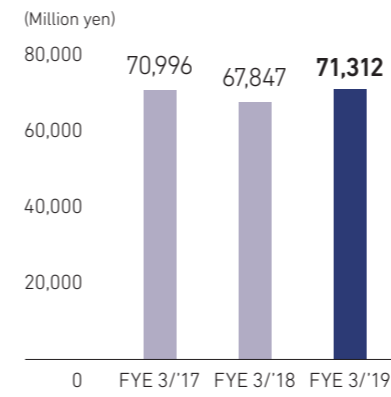
Operating profit (loss)



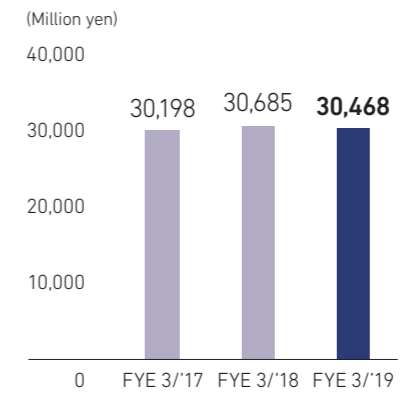
Revenue **¥307.6 billion**
(+2.3%)
Operating profit **¥7.3 billion**
(+4.7%)

Both revenues and profits increased for the second consecutive year.

Interest-bearing debts

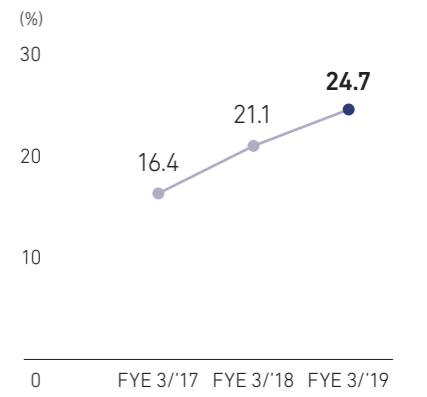


Net debt



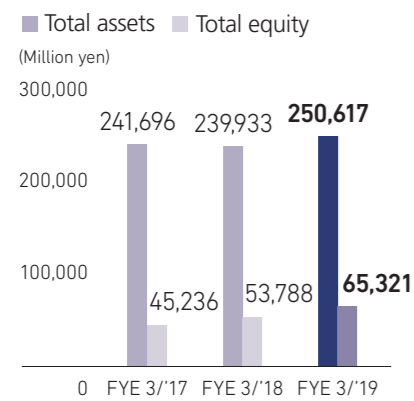
Although interest-bearing debts increased from the previous fiscal year due to an increase in long-term loans payable, net debts declined slightly.

Ratio of equity attributable to owners of the parent company

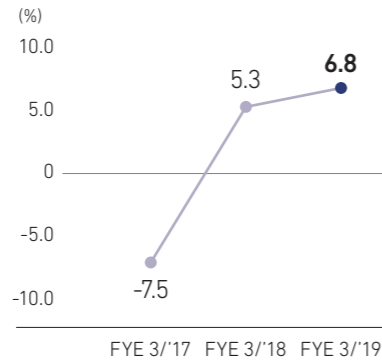


Ratio of equity attributable to owners of the parent company **24.7%**
(+3.6point)

Total assets / Total equity



Ratio of profit (loss) attributable to owners of the parent company (ROE)



ROE **6.8%**
(+1.5 point)

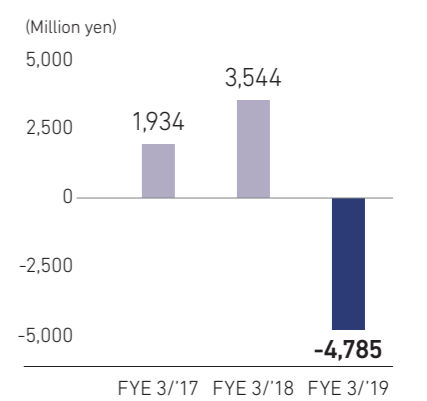
Both assets and equity increased, and ROE also rose for the second consecutive year.

Cash flows

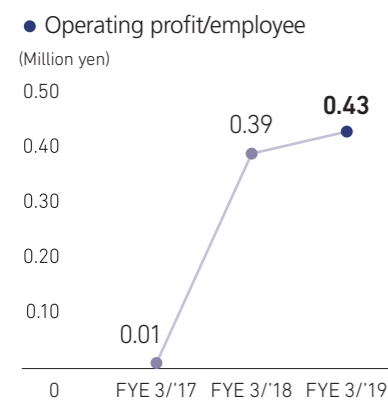
	(Million yen)		
	FYE 3/17	FYE 3/18	FYE 3/19
Cash flow from operating activities	19,624	18,379	20,983
Cash flows from investing activities	-17,690	-14,835	-25,768
Cash flows from financing activities	-2,052	-7,043	8,479

Cash flows from operating activities resulted in an increase in income, while cash flows from investing activities resulted in a negative free cash flow due to an increase in expenditures.

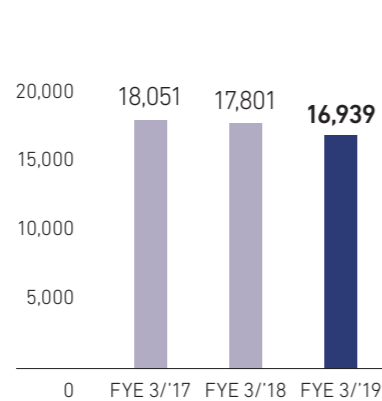
Free cash flows



Operating profit per employee



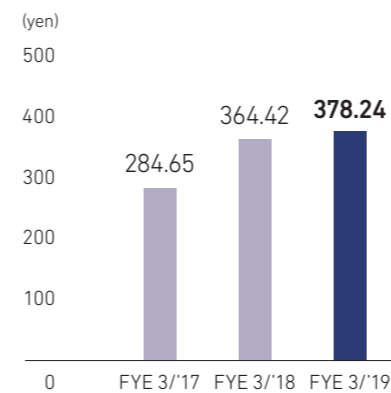
Number of employees



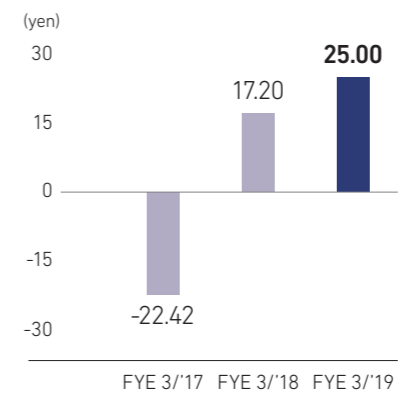
Operating profit per employee **¥0.43 million**
(+10%)

Operating income per employee increased for the second consecutive year.

Equity attributable to owners of the parent company per share



Basic earnings (loss) per share (EPS)



Basic earnings per share (EPS) **¥25.00**
(+45%)

JVCKENWOOD Corporation will continue to evolve into a Customer Value Creator, which provides solutions to customers in the Automotive, Public Service, and Media Service sectors, as well as through the DX Business Division, which provides solutions that cut across the boundaries between business fields.

Automotive Sector

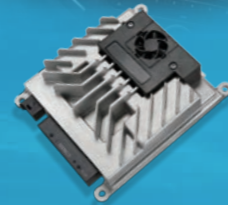
(Aftermarket Business and OEM Business)



Car navigation systems



Dashcams

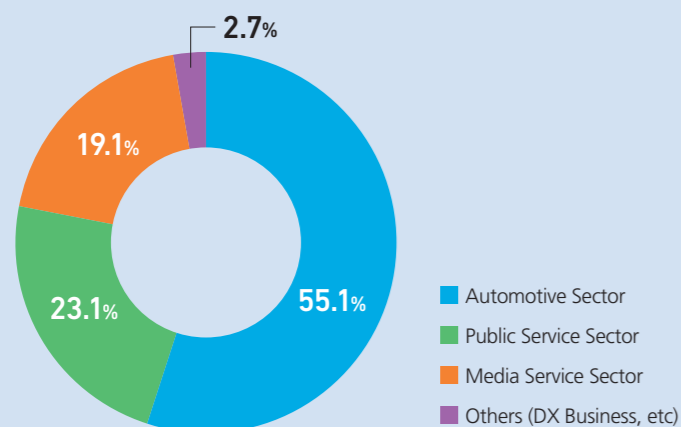


In-vehicle devices



Car speakers

Sales Composition for FYE 3/'19



Public Service Sector

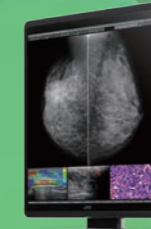
(Communications Systems Business, Professional Systems Business and Healthcare Business)



Professional radio systems



Security systems



Medical image display monitors



Gazefinder, a gaze tracking system

DX Business

(Digital Transformation)



Dashcam with communication capabilities



CABmee, a taxi dispatch system

Media Service Sector

(Media Business and Entertainment Business)



Professional video cameras



Headphones & Earphones



Projectors



Audio & video contents

Promoting a multi-brand strategy to enhance the Group's corporate value by clarifying the role, ideals, and vision of each brand.

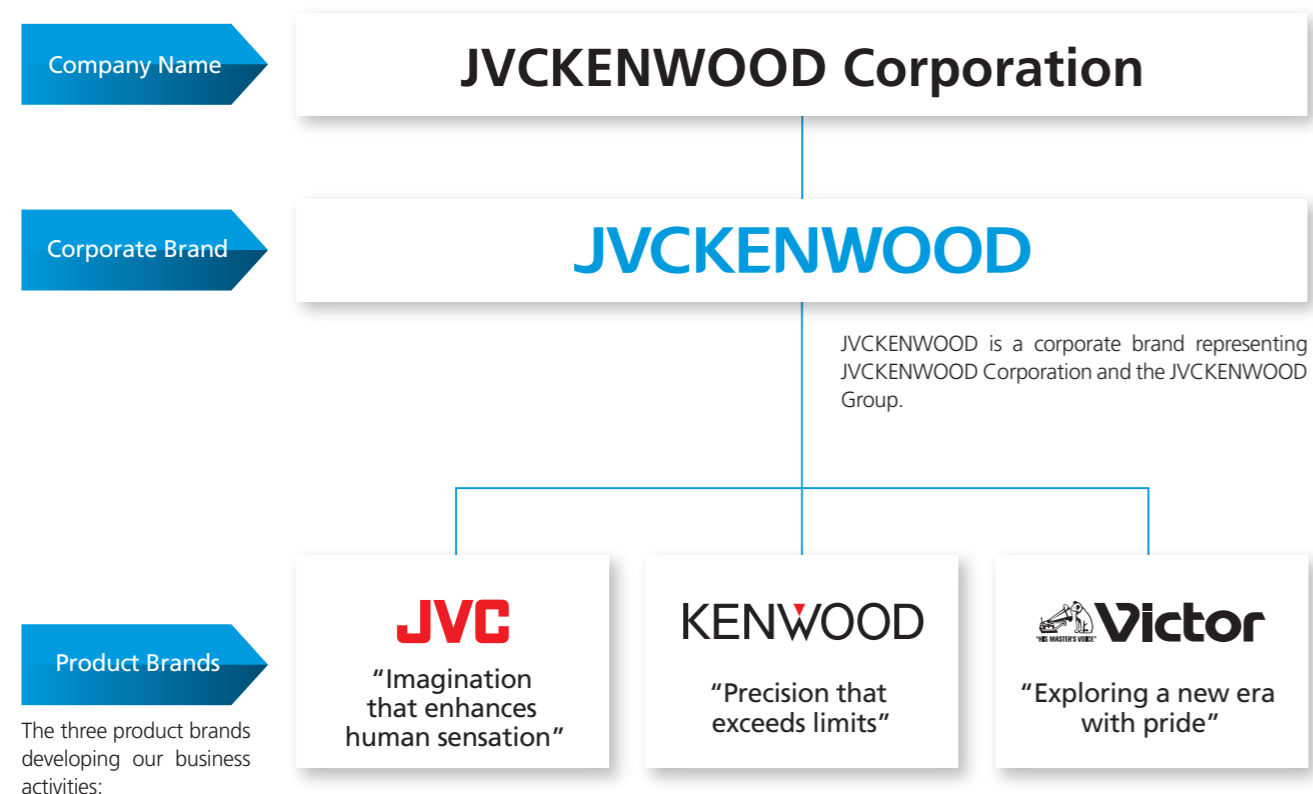
Basic Concept

The JVCKENWOOD Group is shifting its stance as a conventional manufacturer/distributor to a Customer Value Creator that is more focused on solving customer issues. To achieve this level of customer value creation, each brand will be an important management resource in boosting the expectations, satisfaction and trust of various stakeholders including customers, shareholders/investors, business partners and job seekers.

With this concept, the JVCKENWOOD Group has several product brands under the corporate brand umbrella of JVCKENWOOD and is fostering a multi-brand strategy to clarify the role and value of each brand. Our aim is to enhance the corporate value of each brand, which will in turn raise that of the entire Group, through consistent demonstration of customer experiences that exhibit the values promised to our stakeholders.

Brand System

The three brands under the corporate brand communicate the value of customer experience through each vision, "imagination that magnifies human senses," "precision that exceeds limits," and "exploring the new era with pride."



The three product brands developing our business activities:

The JVC brand is highly regarded for its distinctive products and technical proficiency in the areas of both audio and visual. JVC constantly strives to generate fresh ideas to heighten the senses and provide a richness of life.

The KENWOOD brand is highly regarded by the market for its sharpness, innovativeness, and high quality. It exceeds limits with a sharp pioneering sight and thinking.

The Victor brand develops products and services that transcend conventional frameworks. With great pride in our history of cultivated innovations and with our progressive curiosity in audio and visual, we can create a whole new era.

Branding Activities

We appoint ambassadors and conduct sponsorship activities to promote the philosophies of each brand, in addition to our core products and services. Capitalizing on the strengths of our product brands allows us to maximize the corporate value of the entire Group.



Appointment of Ambassadors

Based on the brand vision "imagination that magnifies human senses," we will improve brand value by selecting active athletes to be our ambassadors.



Mario Mola

Kozue Ando

KENWOOD

Sponsorship Activities for Motor Sports

We are currently promoting sponsorship activities around the world for top-class motor sports. With the refinement of our business and brand in the extreme environment of the racetrack, we are well on our way to achieving the brand vision, "precision that exceeds limits."

Official supplier for MotoGPTM

Our DMR digital radio system is used to facilitate management communication for the world's greatest motorcycle race, MotoGPTM. It has become an indispensable communication tool for 200 to 300 management staff at every Grand Prix and has overcome many obstacles to be recognized as a highly reliable brand.



Onboard camera developed for SUPER GT

We have supplied official onboard cameras to a total of 23 race cars for TV broadcasting since 2014, including all GT500 class cars of the SUPER GT series, the highest level GT car race in Japan. In 2019, we launched an even more compact and lightweight new camera that reduces distortions, offers higher definition video and ensures durability and sturdiness under severe environments.



Products and Services Created Based on Commitment

The Victor brand is evolving with the aspiration of "exploring a new era with pride." In the field of audio, we amaze customers with our products, services, and solutions that are created with a commitment to the development of sound based on the concept of searching for original sounds.



WOOD CONE premium model EX-HR10000 component system

Delivering products and services rooted in local communities through our development, production, and sales networks in the five global regions.

● : Automotive Sector / ■ : Public Service Sector / ★ : Media Service Sector / ◆ : DX Business

China

Operation Companies

- JVCKENWOOD (China) Investment Co., Ltd.
- JVCKENWOOD Hong Kong Ltd.

Manufacturing Companies

- Shanghai Kenwood Electronics Co., Ltd.
- : Automotive equipment

Principal Affiliated Companies

- JVCKENWOOD Hong Kong Holdings Limited
- : Manufacture and sales of automotive equipment, and contract manufacturing service of electronics devices

EMEA

EMEA (Europe, Middle East and Africa)

Operation Companies

- JVCKENWOOD Europe B.V.(Located in Holland)
- JVCKENWOOD U.K. Limited
- JVCKENWOOD Italia S.p.A.
- JVCKENWOOD Deutschland GmbH
- JVCKENWOOD RUS Limited Liability Company
- JVCKENWOOD Gulf Fze

Principal Affiliated Companies

- ASK Industries S.p.A.
- : Development, manufacture and sales of automotive equipment
- Radio Activity S.r.l.
- : Development and sales of professional radio systems
- Rein Medical GmbH
- : Development, sales and implementation of operating room imaging solutions

China

Asia-Pacific

Japan

Asia-Pacific

Operation Companies

- JVCKENWOOD Singapore Pte. Ltd.
- JVCKENWOOD Malaysia Sdn. Bhd.
- JVCKENWOOD (Thailand) Co., Ltd.
- PT. JVCKENWOOD Indonesia
- JVCKENWOOD Australia Pty. Ltd.

Manufacturing Companies

- JVCKENWOOD Electronics Malaysia Sdn. Bhd.
- : Communications equipment
- JVCKENWOOD Electronics (Thailand) Co., Ltd.
- ★ : Media equipment and professional products
- JVCKENWOOD Optical Electronics (Thailand) Co., Ltd.
- ★ ◆ : Automotive equipment
- PT. JVC Electronics Indonesia
- : Automotive equipment

Principal Affiliated Companies

- JVCKENWOOD Technologies Singapore Pte. Ltd.
- ■ : Design and evaluation of automotive equipment and communications equipment

Japan

Business Centers and R&D Bases

- Head Office & Yokohama Business Center
- ★ ◆ : Projector, video cameras, AV accessories, home audio, etc.
- Hachioji Business Center
- : Automotive equipment
- Hakusan Business Center
- : Land mobile radio, video surveillance equipment, etc.
- Kurihama Business Center
- ★ : D-ILA devices, laser diodes, etc.

Manufacturing Sites and Manufacturing Companies

- Head Office & Yokohama Business Center
- : Optical components
- Kurihama Business Center
- ★ : Optical components and projectors
- Yokosuka Business Center
- ★ : CD and DVD discs (prerecorded)
- JVCKENWOOD Yamagata Corporation
- : Communications equipment and professional products
- JVCKENWOOD Nagano Corporation
- : Automotive equipment
- JVCKENWOOD Nagaoka Corporation
- ■ : Medical equipment, medical image display monitors and in-vehicle substrates

Principal Affiliated Companies

- JVCKENWOOD Victor Entertainment Corporation
- ★ : Planning, production and sales of audio and video software, live concert business, game business, studio business, etc.
- JVCKENWOOD Creative Media Corporation
- ★ : Development, manufacture and sales of recorded optical disks, and manufacture and sales of medical machinery and appliances
- JVCKENWOOD Public & Industrial Systems Corporation
- : Development, manufacture, sales, installation, construction and maintenance of professional imaging, audio and communications equipment and system solution
- JVCKENWOOD Video Tech Corporation
- ★ : Production, editing, localizing and sales of audio and video, studio operation, and event planning and operation
- JVCKENWOOD Service (Japan) Corporation
- ■ ★ : After-sales services of audio and imaging equipment
- JVCKENWOOD Engineering Corporation
- ■ ★ : Development and design of software and hardware
- JVCKENWOOD Design Corporation
- ■ ★ : Planning and production of designs
- JVCKENWOOD Partners Corporation
- Undertaking of welfare program, general, personnel, accounting and other affairs, sales of goods, tour business, and building construction and contract

Americas

Americas

Operation Companies

- JVCKENWOOD USA Corporation
- JVCKENWOOD Canada Inc.
- JVCKENWOOD Latin America, S.A.

Principal Affiliated Companies

- Zetron, Inc.
- : Development, production and sales of communications systems and equipment
- EF Johnson Technologies, Inc.
- : Development, manufacture and sales of professional radio systems

Growth Strategy

Based on our Vision 2020, we are promoting a growth strategy in three sectors as well as the commercialization of new businesses.



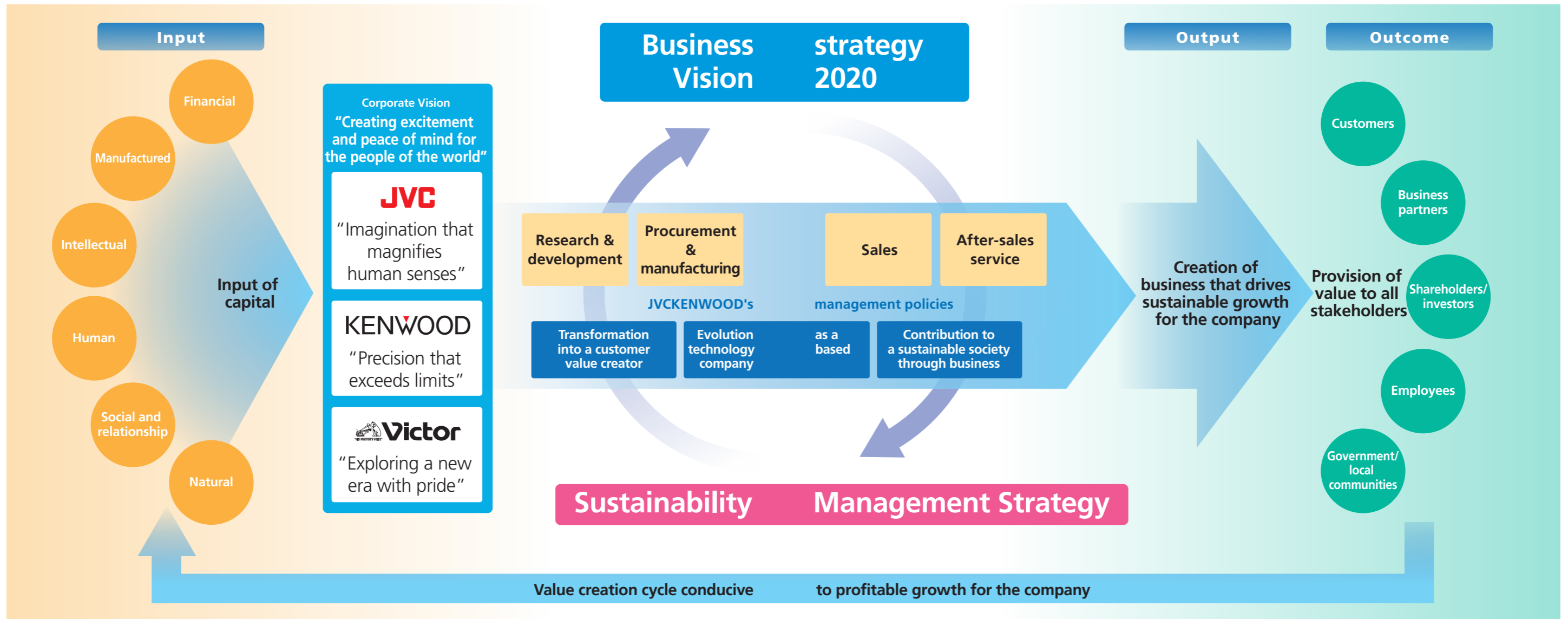
* SDGs: Sustainable Development Goals

The JVCKENWOOD Group developed the Mid- to Long-Term Management Plan Vision 2020 in 2015 and reviewed the same in consideration of its subsequent progress in 2018 in order to achieve sustainable growth while dealing with the contraction of the consumer electronics market and the convergence between industries caused by rapid technological innovation.

In our Vision 2020, we have set a goal of "transforming into a customer value creator." To achieve this goal, we are striving to "evolve as a technology-based company" by further strengthening investments in our core visual, audio and communications systems. In addition, with an eye to "contributing to a sustainable society through our business," we are pursuing balanced growth among three sectors: Automotive, Public Service and Media Service.

Moreover, in light of the trends in recent technological innovation, such as AI, 5G/IoT, VR/AR, and the future of our existing areas and businesses, we are focusing on commercializing the DX (Digital Transformation) Business as the fourth pillar of the Group and also newly established the DX Business Division in April 2019.

By maximizing the use of various management resources, we aim to increase our corporate value through both business and sustainability promotion strategies.



Strengthening Management Resources for the Future

The JVCKENWOOD Group aims to realize its corporate vision through sustainable growth that makes maximum use of tangible and intangible management resources such as finance, technology, intellectual property, brands and human resources. At present, we are steadily generating revenue in the three existing sectors and approaching the ideal balance of our portfolio. Accordingly, we are actively strengthening our intellectual capital, human capital and social capital through research and development for the creation of future value including the DX business, the acquisition and development of human resources, and the development of collaborative partners.

Implementing Three Management Principles to Become a Customer Value Creator

The JVCKENWOOD Group has a value chain in which our bases all over the world collaborate with each other, ranging from bases for research and development to those for production, sales and after-sales service. In order to grow based on this value chain, the Group has set "Transform into a customer value creator" and "Evolve as a technology based company" as management principles in our "Vision 2020" and we aggressively invest in core technologies, alliances with other companies, and M&A. We aim to evolve from a manufacturer/distributor into a company that solves customer problems. Furthermore, to put into practice "Contribute to a sustainable society

through our business," which is one of our management principles, we are promoting a sustainability strategy that centers on the establishment of material issues and KPIs (Key Performance Indicators), and contributions to SDGs. We intend to increase our corporate value through both business and sustainability promotion strategies.

Creating Diverse Value That Is Unique to JVCKENWOOD

Through our global value chain, the JVCKENWOOD Group is creating value such as maintaining and expanding continuous relationships with business partners and providing opportunities for employment and skill development of employees. In addition, in the three sectors and the DX

business, we provide communications, audio, and imaging solutions using BtoB channels such as local governments, public facilities, and companies. We also propose products and services that extend to the sensitivity field through BtoC channels targeting individual customers. We aim to improve the satisfaction of each and every customer. Through these activities, the Group strives to increase corporate value and, by continuing stable dividends to shareholders and investors and long-term business investments, we are committed to further growth and passing on the economic, social and environmental value we create to the next generation.



Achieving sustainable growth through the provision of a variety of solutions that realize customer value.

Shoichiro Eguchi

Representative Director of the Board, President and CEO

Q1 What strategies are being put in place for ROE 10%, one of the key indicators of the Mid- to Long-Term Management Plan Vision 2020?

By working on enhancing our ability to provide solutions as a company and supporting them with investment in ESG-focused core technologies, we aim to attain balanced growth across all three sectors.

Under our corporate vision of “Creating excitement and peace of mind for the people of the world,” we have been developing businesses within the following three sectors: Automotive (AM), Public Service (PS) and Media Service (MS). Hitherto, the Group’s structure meant our revenues were largely dependent on the Automotive Sector. While it is great to have a standout earner, it is essential that it be reviewed from the perspective of business portfolio management.

Under the Vision 2020 Mid- to Long-Term Manage-

ment Plan, the Company set the objective of implementing a revenue structure that achieves balanced input from all three sectors, and has established a business strategy and invested in growth so as to increase overall earnings. As part of the business strategy, we established the management principles to foster new value for customers, facilitating our shift from a conventional manufacturer/distributor to a customer value creator that can solve customer issues. We are endeavoring to create added value by providing solutions that optimize our internal and external resources, starting with hardware. Additionally, for our investment strategy, we are actively distributing resources toward products and services that utilize our core technologies of audio, visual and communications systems while also striving to increase revenues throughout the Group in an efficient and stable manner. As a result of these initiatives, our revenues and profits for the fiscal year

ended March 2019 increased and the business portfolio improved considerably compared to that of the last few years. Moreover, as an important indicator of the Vision 2020 Mid- to Long-Term Management Plan, ROE has increased from 5.3% of last year to 6.8%.

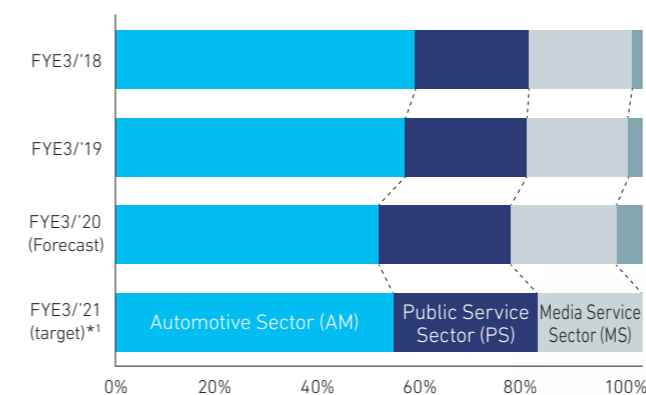
In the Automotive Sector, our level of safety and security has been highly praised by many users throughout Japan regarding car navigation systems and dashcams that employ our company’s strengths, including our core technologies in audio and visual fields, as well as in-vehicle technology and Human Machine Interface (HMI) technology founded on ergonomics. At present, they are industry-leading products in both the After-market Business and OEM Business. Looking to the future, we are working on enhancing the development of in-vehicle optical related field such as car-mounted cameras, which are expected to show growth as the field shifts towards electric vehicles (EVs), connected vehicles and vehicular automation. Furthermore, as vehicular automation continues to progress, the Group’s technology will be utilized for the creation of next-generation vehicle interiors. This allows us to focus on the development of products and services that boost our medium- to long-term growth while also reinforcing our current revenue base.

In terms of the Public Service Sector, the Communications Systems Business was struggling due to the steady conversion from analog to digital, but since 2015, M&A has been used to strengthen the construction system for professional wireless infrastructure for digital wireless and broadband in North America. This has resulted in an increasing trend from terminal sales to a total system solutions business, which is greatly contributing to the overall profitability of this sector. Profits/losses of the Professional Systems Business including security camera systems and commercial sound sys-

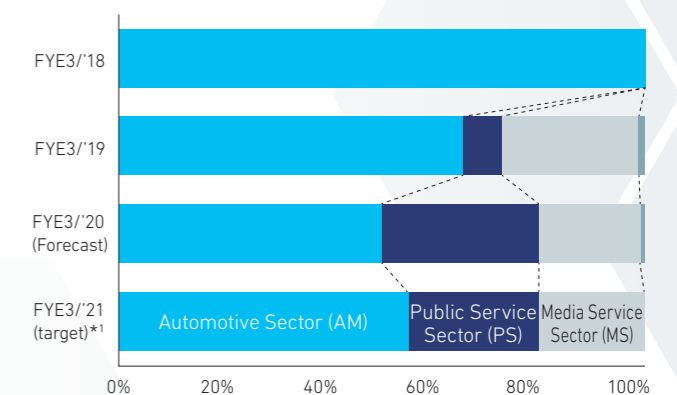
tems, managed by JVCKENWOOD Public & Industrial Systems Corporation, have also improved through focused efforts on proposing solutions that utilize both internal and external resources. At the same time, our accomplishments in the Healthcare Business have grown primarily through medical image display monitors that maximize our unique technologies. Affiliations with other companies have also aided in our expansion into the area of blood test solutions that enable the early detection of diseases such as cancer, and into the development of early diagnosis systems for dementia and autism spectrum disorder, which we expect will contribute significantly to business over the medium to long term.

With regards to the Media Service Sector, our products and services in the area of BtoB are promising, making them one of our key profit pillars. Such products include commercial projectors equipped with uniquely developed liquid crystal elements and network-compatible cameras for broadcast stations. However, the market of the BtoC area is experiencing drastic changes due to the spread of smartphones. While increasing our market presence through exceptional solutions, such as completely wireless headphones and earphones as well as video cameras intended for outdoor use, and custom services specific to the sound field that are equipped with unique out-of-head localization sound field processing technology, we intend to work proactively on environmentally friendly products by considering plant and paper alternatives for various product plastics.

■ Revenue (composition by sector)



■ Core operating income*2 (composition by sector)



*1 Target figures for FYE3/21 are figures published in “Notice Regarding Progress and Revision of the Mid- to Long-Term Management Plan ‘Vision 2020’,” released on January 31, 2018.

*2 Core operating income is a profit indicator calculated by subtracting cost of sales and selling, general and administrative expenses from revenue. Core operating income has been used for the purposes of constantly monitoring performance and future outlook of each segment and continuously assessing our business portfolio, and as a profit indicator replacing operating profit under Japanese GAAP. Core operating income does not include nonrecurring items that mainly occur temporarily, such as other income, other expenses, and foreign exchange losses (gains) included in operating profit under IFRS.

Q2 | While enhancing the provision of solutions in three sectors, how does the Group ensure efficient progress across a wide range of businesses?

We are promoting a number of measures to facilitate efficient creation of solutions centered on technology, covering both “offensive” and “defensive” aspects.

I am aware that the scale of our company does not match the many business units we hold, but these businesses are all branches of our audio, visual and communications systems core technologies. As briefly mentioned under the previous investment strategy, we always make sure the synergies of the entire Group, based on core technologies and owned IP, can be demonstrated when investing in individual businesses.

In terms of actual business, however, the business environment, distribution channels, customers, and product cycles vary for each product and service. Despite drastic shifts in the business environment due to recent market changes and technological innovations, we believe the Group has retained independence owing to our engagement in a variety of businesses which has allowed us to adapt to these environmental changes well.

On the other hand, it has been difficult to formulate a long-term growth strategy with our multitude of diverse businesses. The Group is therefore promoting a number of measures to facilitate efficient creation of solutions centered on technology that cover both offense and defense aspects.

Firstly, the offensive aspect is part of our investment strategy, where we are concentrating on making the DX (Digital Transformation) Business the Group’s fourth pillar. Our aim is to create solutions that combine advanced technologies such as AI, IoT, and 5G to support future society, with our products, services and core technologies that have been cultivated within the three existing sectors, as the foundation. To accomplish this, under a policy to actively utilize open innovation and joint development with customers, we have begun collaborating with insurance companies and track companies in the field of commercial telematics

that already employ dashcams with communication capabilities, which is now growing into a big business. We are also in the process of developing a next-generation vehicle dispatch platform in cooperation with taxi companies and IT companies, which we hope to turn into a business that reaches tens of billions of yen in sales in the near future. Thus, we are reassessing our existing products and services, various distribution channels, trust relationships with customers, and brand power from a DX point of view to explore new possibilities. Then, by turning them into future core businesses, we believe our efforts in terms of the selection and focus on medium- to long-term businesses will progress, though it is currently still in its infancy stage.

Likewise, with regards to the technological strategy supporting these growth strategies, we have newly established a technology development roadmap premised on the transition of products and services to DX. Concurrently, we have been promoting cross-licensing and the selling of patents using owned IP while also integrating new technologies into the Group that befit the era of DX.

Then there is the defense aspect, which involves the promotion of the management reform, T-Project, as part of our manufacturing reform. The Group’s establishment of effective manufacturing methods including cost reductions and the elimination of losses, which are essential to the manufacturing industry, has enabled us to foster open innovation to support a shift in our focus from the selling of individual devices to the provision of solutions. Incidentally, our previous methods varied for each sector and business unit, and we now realize that our approach to the application of company-wide knowledge and know-how based on the expertise cultivated at each site was poor. Facing this issue head on, it is my hope that we can bring about manufacturing management reforms through the ongoing promotion of our consistent improvement activities, which include utilizing the latest shared tools and evaluation methods to improve the efficiency of each Group product and service, from the concept and development stage to application at production sites.

Q3 | How does the Group promote resource allocation and investment policies for regions and brands while also developing a global business?

We routinely discuss risk management and opportunity creation for each region with the growth strategy and brand strategy of each business at the core.

As mentioned above, our Group’s businesses are diverse and the BtoB, BtoC, and product cycles vary accordingly. For this reason, the formulation of a policy for the entire region would not be effective. For instance, the Aftermarket Business of the Automotive Sector has recently taken off in Japan, but in the OEM Business, which relies on automobile manufacturers and dealers to provide products, the primary products differ depending on the market trends and sales strategies of each region. At the head of the Public Service Sector in North America and Japan is the Communications Systems Business, while the Professional Systems Business is centered largely on Japan. The Media Service Sector primarily targets the global market. With this business structure, we ought to adopt a global strategy that prioritizes flexible decision-making, which we can ensure by gaining a thorough understanding of the world’s economic condition, market trends, exchange rates, and geopolitical risks while, at the same time, aligning the strengths of our products and services with the market.

Undoubtedly this method will cause a certain degree of inefficiency, but I believe that if the Group acknowledges these business characteristics and the Board of Directors verifies an investment balance in accordance with regional investment and accounts receivable at

quarterly meetings, then we will share the common goal of achieving solid risk management regarding exposure. Recently, the entire Japanese industry has been experiencing a shift away from China due to the effects of the trade war between China and the United States, but, as the level of impact on each business differs, we have decided to formulate separate strategies for each business unit while still closely monitoring overall movements.

Along with risk management, we are also discussing opportunities to share examples of successful cases, regarding specific products for each region, within Japan and on a global scale. One such example is brand management. Currently, we are promoting a multi-brand strategy with multiple product brands under the umbrella of our corporate brand so as to maximize the brand value amassed by the former JVC and KENWOOD, and to meet the value expectations of our customers, which vary for each product and service. A case in point is the KENWOOD brand of the Automotive Sector, which has been enhancing its brand image for over 20 years by sponsoring motor sports. JVC is also highly regarded by video professionals for products, such as cameras specifically designed for broadcasting stations. Additionally, Victor, which recently redefined its brand vision in 2017 to “Exploring a new era with pride,” is becoming a brand well-recognized for its high-quality products primarily centered in Japan. Though these product brands are not reflected in the balance sheet, the Group considers them to be management assets that are just as important as technology and IP.

Q4 What is the current status of and your views on the Group's assertion to make efforts to solve social issues through business activities?

Our aim is to contribute to the realization of a sustainable society and consistently improve our activities through initiatives that foster the growth of our company and employees.

Over the last few years, in terms of realizing a sustainable society, we have seen the potential in solving not only risk areas including environmental protection and governance, but also other societal issues, and are searching for ways to turn these into growth opportunities. In such a society, we decided to review Vision 2020 of our Mid- to Long-Term Management Plan in 2018, adding the assertion "efforts to solve social problems through business activities" to one of our basic policies. We then clarified whether our products and services were contributing to the achievement of the SDGs set by the UN. We also set specific KPIs to ensure the continuous improvement of these activities.

I believe the promotion of management founded on sustainability is particularly significant in two ways. The first is that it allows us to maintain a balance between contributing to a sustainable society and to our growth. The dashcam, as our primary product, is a perfect example of this as it provides safety and security for drivers while also preventing others from driving dangerously. Moreover, in the Healthcare Business, Gazefinder, a gaze tracking system, has been gaining traction as a system aiding the early detection of autism spectrum disease and dementia. The second is that it increases employee motivation through active engagement in the planning, development, production and sales stages of our products and services. The usefulness of our products around the world has also triggered a much deeper interest and sense of responsibility in work. I believe it has been very effective in increasing employee motivation and enhancing quality and compliance.

Q5 What is the vision for business after 2020, for instance 2030, and what measures will be taken to achieve this?

We aim to become a leading solution provider that expands the scope of safety, security, and comfort with a focus on the next generation.

We are striving to become a leading solution provider dedicated to boosting our shift from a manufacturer/distributor to a customer value creator and expanding the scope of safety, security, and comfort through our core technologies of audio, visual, and communications systems.

To that end, it is essential that we reinforce the manufacturing foundations mentioned above, conduct initiatives that employ innovative technology integrated with our technological and IP strategies, and maximize management techniques such as open innovation and M&A. Furthermore, we hope to gain a competitive advantage by adding those features that are expected of JVCKENWOOD to every solution; qual-

ity, design, and artisan skills responsible for the sensitive areas of audio and visual fields.

In anticipation of such a future, the most important point for us now is the development of next-generation personnel. Therefore, in addition to the creation of a succession plan for our management team, it is crucial that we reform a variety of comprehensive personnel strategies, including the methods for educating and promoting next-generation executives and young leaders.

To achieve Vision 2020 of the Mid- to Long-Term Management Plan, we will examine our current business results closely and implement the appropriate measures as needed, while at the same time, using a management strategy that incorporates sustainability as a basis from which to actively engage in the development of personnel for our future.

Achieving ROE of 10%

Internal dissemination of profit awareness and M&A strategy

Junko Koshino
Executive Officer and
General Manager of
Corporate Strategy
Department



Held ROE Caravan at All Business Sites to Disseminate Management Indices

The Corporate Strategy Department plays a central role in holding briefing sessions called ROE Caravan to familiarize employees with our Group's management index, ROE, and discuss specific improvement measures at individual workplaces in order to achieve the goal of ROE 10% in 2020. As of the end of June 2019, more than 600 employees had participated in the program. The caravan started with group managers who are the key persons in promoting each business and is gradually expanding the number of participants to all managerial and general level positions. In addition, last year, we conducted an e-learning program for all employees on our intranet to promote a basic understanding.

In order to improve net income to net sales, total asset turnover and financial leverage, which affect ROE, and based on the opinions of participants on awareness and actual conditions unique to each workplace, we are working to disseminate management indices at various times, such as by holding studying sessions during training for executives and training for promotion.

I am confident that by having each of us deeply understand the figure of ROE 10% that we have promised to our shareholders and applying it to our work by thinking about what the Company is aiming for on a daily basis, we will surely be able to change our awareness, and create it as a corporate culture.

Active Use of M&A to Create New Solutions and Expand Businesses

Achieving ROE of 10% requires a change of awareness and the development of new solutions based on high value-added products and services. Especially in business fields where technological change is intense, M&A is a powerful option for strengthening management in order to obtain innovative technologies and knowledge promptly. In the Automotive Sector, we expanded the OEM

Business by consolidating ASK Industries S.p.A. in Italy. In addition, in 2018, we invested in WayRay AG, a manufacturer of next-generation automotive Head Up Displays utilizing AR (augmented reality) technology. It conducts major R&D in Russia, and its technology is recognized and invested in by many major automakers. By combining its technology with various solutions in the Automotive Sector, we aim to expand our business for a next-generation automobile society.

In the Public Service Sector, in 2014, in order to strengthen the communications systems business we consolidated EF Johnson Technologies, Inc., a U.S. company with expertise in standards for digital radio "P25" for public safety that continues to expand the market in North America. In addition, we acquisition in Italy's Radio Activity S.r.l. in order to expedite development for standards for digital radio (digital mobile radio, or "DMR") for which the market has been remarkably expanding recently. Moreover, in December 2018, we invested in Tait International Ltd., a New Zealand company, and we were provided with the opportunity to quickly launch the broadband solution business for professional radio, where the market is expected to expand in the future.

Furthermore, in the healthcare market, in order to expand the business field by utilizing our video processing technology, we consolidated Rein Medical GmbH, a German company that runs the operating room visualization business in May 2018.

In the Media Service Sector, in December 2018, we invested in Slovakia's Streamstar, a.s. in order to increase the IP video-creation solutions business.

There is a limit to profit growth with the Group's existing businesses alone. We will strive to become a stronger company by firmly maintaining the backbone of our business and reinforcing areas that are lacking through M&As. I place the highest priority on clarifying the business strategic position of the Group in business alliances, including M&As, and on finding ways to further increase mutual value through integration with partner companies. Going forward, we will continue to actively use M&A to create new solutions and expand businesses.



Contributing to sustainable growth while realizing a balanced and sound revenue structure, as well as paying attention to investment efficiency.

Masatoshi Miyamoto
Director of the Board,
Senior Managing Executive Officer,
Chief Financial Officer (CFO)

Overview of Results for the Relevant Fiscal Year

The Group is promoting various revenue improvement measures by setting a target of ROE of 10% in Vision 2020 and ensuring the soundness of finance, including indicators such as the equity ratio. Reflecting on the excessive emphasis placed on the Automotive Sector in terms of profit up to the fiscal year ended March 2018, we are striving to invest in order to achieve balanced growth in each business sector.

As a result of our efforts under these policies, in the fiscal year ended March 2019, revenue increased by approximately 6.9 billion yen (2.3%) year on year to 307.627 billion yen and core operating income* increased by approximately 2.3 billion yen (35.7%) year on year to 8.562 billion yen. We achieved profitability in all three sectors: Automotive, Public Service and Media Service.

Although revenue decreased due to the impact of the economic downturn in China in the Automotive Sector and lower sales in the Aftermarket Business affected by supplier parts supply problems, a significant increase in revenue was recorded in the Communications Systems Business of the Public Service Sector, primarily due to increased sales at a U.S. wireless subsidiary, absorbing the impact of the decline in revenue in the Automotive Sector.

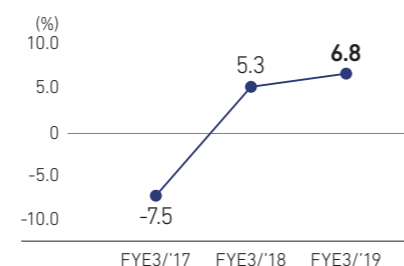
Core operating income increased significantly, absorbing the impact of the decline in income in the Automotive Sector, supported by a significant improvement in income/loss and moving into the black in the Public Service Sector, and a substantial increase in income in the Media Service Sector. As a result, profit before income taxes increased by approximately 0.5 billion yen (7.7%) year on year to 6.401 billion yen, and prof-

it attributable to owners of the parent company increased significantly by approximately 1.5 billion yen (61.0%) year on year to 3.847 billion yen. As a result, the return on equity attributable to owners of the parent company (hereinafter referred to as "ROE") rose from 5.3% in the previous fiscal year to 6.8%.

For the fiscal year ending March 2020, income in the Automotive Sector is expected to decrease due to the early termination of sales of existing products in the OEM Business and the sales of newly ordered products starting in the fiscal year ending March 2021 or thereafter. However, the income/loss for the Group is expected to remain at the same level as the same period of the previous fiscal year primarily due to further growth of the Public Service Sector and sales growth in the telematics business of the DX (Digital Transformation) Business Division, which became a division this fiscal year. We will realize a balanced and sound revenue structure and promote various measures to achieve an ROE of 10% in the next fiscal year, the final fiscal year of Vision 2020.

* Core operating income: Operating profit minus temporary factors such as "Other income," "Other expenses" and "Foreign exchange losses (gains)"

Ratio of profit (loss) attributable to owners of the parent company



Progress of basic strategy by customers' industry sector

Customer Industry Sector	Vision 2020 (2015)				New Business Category	Revised Vision 2020 (2017)					
	Basic Strategy	Level of Opportunity	Investment	Size of Profit		Basic Strategy	Level of Opportunity	Investment	Size of Profit		
Growth-Leading business	Automotive Sector	Aftermarket	Focus on No.1 sales channel and maintaining brand power.	○	➡	➡	Aftermarket	Continue to expect profitability due to a smaller-than-expected market shrinking.	○	➡	➡
		Dealer-Installed	Increase orders by diverting the platform of aftermarket products.	○	➡	➡	OEM	Expand business domains mainly in ASK and Shinwa despite a downward-revised forecast of iADAS*. Increase orders in OEM by utilizing assets acquired in factory-installed option business.	◎	➡	➡
		Factory-Installed	Make full-scale entry with next-generation products by leveraging optical technology.	◎	➡	➡					
Profit-Base Business	Public Service Sector	Safety	Commercialize total solutions in the public safety sector.	○	➡	➡	Safety	Enhancing IP solution-based business through M&A.	○	➡	➡
		Healthcare	Focus on niche sectors where optical technology can be used.	△	➡	➡	Healthcare	Make an investment in various fields instead of limiting to the field of optics to enhance growing domains.	○	➡	➡
	Media Service Sector	Media	Divert consumer product technology to professional, semi-professional and industrial use.	△	➡	➡	Media	Continue to pursue an aggressive growth path.	○	➡	➡
		Entertainment	Supplement shrinking of existing market with expansion of revenue source and products for professional use.	△	➡	➡	Entertainment	Continue to enhance entertainment content and expand into new business domains.	△	➡	➡

Note: Direction of arrows indicates change from FY2014 to FY2020

* i-ADAS: A JVCケンウッド trademark that stands for "Innovative Advanced Driver Assistance System."

Revised to "growth" (green box) Revised to "gradual growth" (orange box)

Direction of Growth Investment

I believe that the role of the CFO is to provide effective advice to the CEO in making major investment decisions on where to allocate management resources. In particular, in the case of the Group, which has three sectors and a wide range of businesses, it is necessary to pay attention to the fact that investment efficiency will deteriorate if we intend to stabilize management by investing evenly in each sector and business. In order to make optimal decisions under such circumstances, we always try to understand the growth strategy and progress of each business from a broad perspective and make decisions based on risks over the short, medium and long term. In recent years, we have been required to grow while contributing to the sustainability of society, and we are working to make investment decisions from a long-term perspective. For example, the widespread use of dashcams not only enhances the accuracy of investigations into the cause of an accident, but also helps control the unsafe driving of other vehicles and, at the same time, contributes to the Group's sustainable


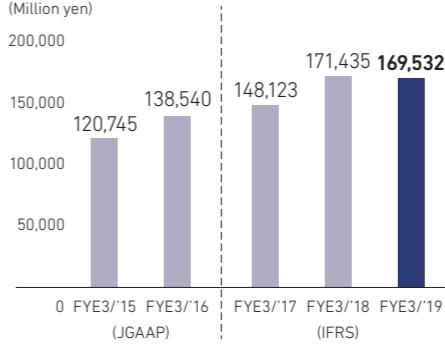
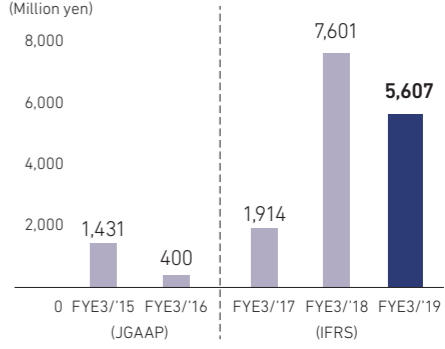

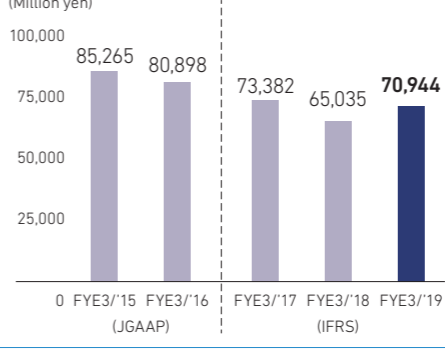
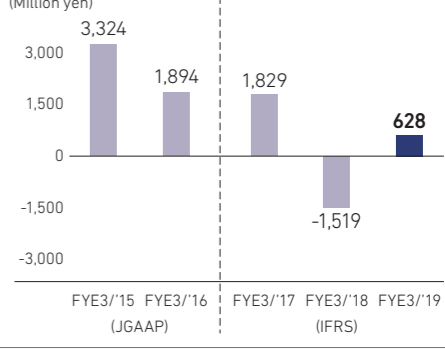

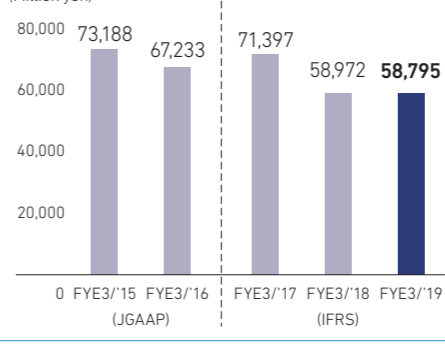
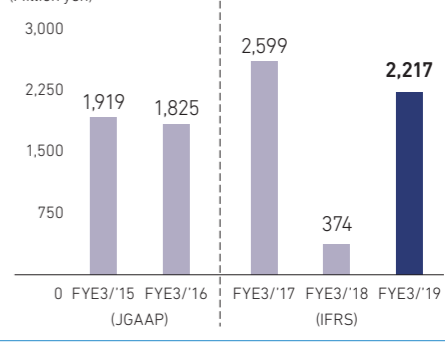

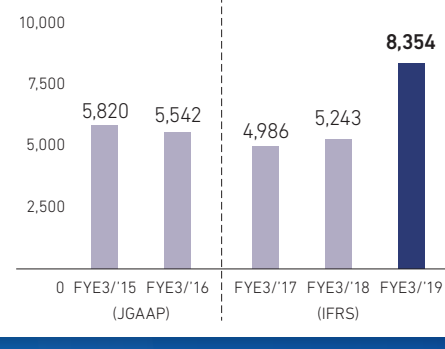
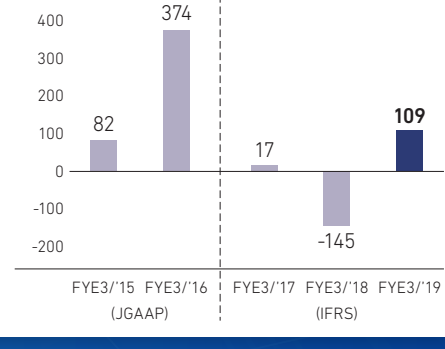
growth. The Healthcare Business, which is positioned as an up-front investment, also contributes to people's healthy life expectancy and has the effect of reducing medical expenses. The Group is moving forward with these business activities with an eye toward profitability by around 2023.

Return to Shareholders and Reduction of Interest-Bearing Debts

As for distributions, we believe that a stable return of profits to shareholders and the securing of management resources for future growth are among the most important management issues, and we will make decisions based on comprehensive consideration of revenue power and financial conditions. As in the previous fiscal year, we plan to pay a dividend of 6 yen per share in this fiscal year. In the meantime, since our consolidated long-term borrowings exceed 70 billion yen, we will strive to reduce the balance of long-term borrowings in order to reduce the future interest burden.

Business Activities Report

Aim to create a business portfolio optimized with consideration to capital profitability and consistency with our Vision 2020.

Business Sector	Business Overview	Business, Business Unit (BU), and Main Sales Channels	Revenue*1	Core Operating Income*1, 2
<p>Automotive Sector</p>  <p>Revenue Composition 55.1%</p>	<p>The Automotive Sector develops car navigation systems, car audio systems, dashcams, and in-vehicle devices. It is divided into the Aftermarket Business, which provides products to consumers through mass retailers and distributors, and the OEM Business, which is operated by the Dealer-Installed Option Business Unit and Factory-Installed Option Business Unit, which provide products through automobile manufacturers and dealers.</p>	<p>Aftermarket Business Mass retailers, distributors, etc. in Japan and overseas</p> <p>OEM Business</p> <ul style="list-style-type: none"> Dealer-Installed Option Business Unit Automobile manufacturers and dealers in Japan, Southeast Asia, etc. Factory-Installed Option Business Unit Automobile manufacturers and component manufacturers around the world 	<p>(Million yen)</p> 	<p>(Million yen)</p> 
<p>Public Service Sector</p>  <p>Revenue Composition 23.1%</p>	<p>The Public Service Sector consists of the Communications Systems Business covering professional radio systems and amateur radio systems, the Professional Systems Business, which is operated by JVCKENWOOD Public & Industrial Systems Corporation, covering security camera systems, professional audio systems and other products, and the Healthcare Business covering medical image display monitor solutions and Gazefinder, a gaze tracking system.</p>	<p>Communications Systems Business Public safety market (police, fire departments, ambulance services, etc.) Public service market (providers of electricity, water, gas, etc.) Private sector market (hotels, retailers, event companies, etc.)</p> <p>Professional Systems Business Companies, education, public services, distribution, social infrastructure, amusement facilities, etc.</p> <p>Healthcare Business Medical and research institutes</p>	<p>(Million yen)</p> 	<p>(Million yen)</p> 
<p>Media Service Sector</p>  <p>Revenue Composition 19.1%</p>	<p>The Media Service Sector consists of the Media Business, which is operated by the four business units—Solutions covering professional-use video cameras, projectors, and other products; Lifestyle covering headphones, earphones, home videos, consumer video cameras, and other products; Imaging Devices covering image display elements and other products; and Brand Business, which handles the brand licensing business. The Entertainment Business handles the Content Business centered on JVCKENWOOD Victor Entertainment, Corp. and the OEM Business.</p>	<p>Media Business</p> <ul style="list-style-type: none"> Solution Business Unit Companies, local governments, broadcasters, distributors, etc. in Japan and overseas Lifestyle Business Unit Mass retailers, distributors, etc. in Japan and overseas Imaging Device Business Unit Imaging device manufacturers, etc. in Japan and overseas Branding Business Unit TV and audio manufacturers overseas <p>Entertainment Business</p> <ul style="list-style-type: none"> Content Business CD shops, EC sites, music distribution sites, etc. in Japan OEM Business Record companies, movie companies, publishing companies, etc. in Japan and overseas 	<p>(Million yen)</p> 	<p>(Million yen)</p> 
<p>Others (DX Business, etc.)</p> 	<p>JVCKENWOOD offers new value and services by fully utilizing the latest digital technologies and big data including AI and IoT through open innovation, as well as technology assets such as audio, visual, and communications systems developed by the JVCKENWOOD Group over the years. Starting with the provision of telematics solutions centered on dashcams with communication capabilities for applications related to auto insurance, ride sharing, and the road transport industry, JVCKENWOOD aims to develop a new business into its fourth pillar of growth, which is independent of the other three business sectors, by creating it without constraints of the boundaries of existing business fields.</p>	<p>DX Business Automobile insurance companies, ride-sharing companies, taxi and shipping companies, etc.</p> <p>Others Service parts, etc.</p>	<p>(Million yen)</p> 	<p>(Million yen)</p> 

*1 "Revenue" and "Core operating income" has been used under Japanese GAAP for FYE3/15 and FYE3/16
 *2 Core operating income is a profit indicator calculated by subtracting cost of sales and selling, general and administrative expenses from revenue. Core operating income has been used for the purposes of constantly monitoring performance and future outlook of each segment and continuously assessing our business portfolio, and as a profit indicator replacing operating profit under Japanese GAAP. Core operating income does not include nonrecurring items that mainly occur temporarily, such as other income, other expenses, and foreign exchange losses (gains) included in operating profit under IFRS.



In addition to the in-vehicle, video and optics, and audio technologies that we have cultivated over many years, we will combine our human machine interface technology and communication technology to propose next-generation vehicle spaces that realize safety, security, and comfort.

Masao Nomura
Director of the Board, Senior Managing Executive Officer, COO Automotive Sector

Business Environment and Basic Strategy
Leverage advantages in the Aftermarket Business also for the OEM Business

In the Aftermarket Business, which provides products through mass retailers and distributors, while the conventional car audio market such as CD receivers is shrinking both in Japan and overseas, we are maintaining a top-class position by establishing a reputation for high image quality, fast response, and high sound quality with car navigation systems taking advantage of our strength in audio and visual technology.

In recent years, we have been enhancing our presence in the market with display audio systems that are more closely linked to smartphones by supporting Apple Car Play/Android Auto™, which connects in-vehicle devices, while using HMI (human machine interface) technology to facilitate vehicle-driver communication.

In Japan, where dashcams are becoming increasingly popular due to the growing awareness of automobile users about safety and security, we propose products that achieved high performance, high reliability, and high video recording quality by combining our in-vehicle technology and video and optical technology we have cultivated. We have also secured a top market share by providing a driving

support function that assists safe driving and a function that links to car navigation systems. In the future, we plan to expand our business into overseas markets and enhance the functionality of our products by installing communications functions that support connectedness of automobiles. The OEM Business, which provides products through automobile manufacturers and dealers, develops car navigation systems, display audio systems, dashcams, and other products that reflect the market feed back, based on the popularity with customers gained through the Aftermarket Business. The OEM Business sells these products through two channels: Dealer-Installed (dealer options) and Factory-Installed (manufacturer options). We are establishing stable revenue by allocating management resources appropriately without depending on specific manufacturers, taking advantage of our business relationships with major Japanese, European, and U.S. automakers. As for Dealer-Installed products, we have gained orders for large-scale projects mainly from major Japanese automakers. In addition to car navigation systems and display audio systems, we are also increasing our presence in the area of in-vehicle optical systems, such as dashcams and in-vehicle cameras, where demand is growing.

As for Factory-Installed products, as we move into the age



Car Navigation Systems
The KENWOOD brand car navigation system Saisoku-Navi with technology that produces high image quality and fast response and friendly features that match the driver's feelings.

of autonomous driving, expectations are growing for the role played by car navigation systems and other products. However, as development investment becomes enormous, risks of competition with different industries, such as large overseas IT companies, are also anticipated. In order to strike a balance between growth and risks, we are focusing on the development of car-mounted speakers, amplifiers, antennas, and cable products with Tier 1 and 2 manufacturers and suppliers, such as JVCKENWOOD Hong Kong Holdings Limited, which became our subsidiary in 2013, and ASK Industries S.p.A., which became our subsidiary in 2015. We are providing those products to automakers in Japan, the U.S., and Europe.



Dashcams
While realizing high performance, high reliability, and high-quality video recording through integration of in-vehicle technology and video and optical technology, we contribute to safe, secure, and comfortable driving for customers by providing dashcams equipped with driving support functions to assist in safe driving.



Display Audio Systems
Display audio systems that create an in-vehicle entertainment space by supporting a wide range of media such as CDs, DVDs, USB, Bluetooth®, linkage with smartphones, and music streaming services.

Business Results and Outlook
Promote measures for growth in the fiscal years ending March 2021 and beyond

In the fiscal year ended March 2019, the revenue from the Automotive Sector declined by approximately 1.9 billion yen (1.1%) year on year to 169.532 billion yen, and the core operating income declined by approximately 2 billion yen (26.2%) year on year to 5.607 billion yen.

The Aftermarket Business suffered a decrease in revenue due to impacts from lower sales in overseas markets, particularly in EMEA (Europe, Middle East, and Africa), and from lower sales due to the problem of component supply from suppliers in the fourth quarter, although sales of the car

navigation Saisoku-Navi and dashcams were strong in the domestic market. The OEM Business enjoyed an increase in revenue due to higher sales of Factory-Installed products regardless of lower sales of Dealer-Installed products.

Core operating income declined in the Aftermarket Business due to a decline in revenue. In the OEM Business, profit declined due to impacts of the economic downturn in China, increase in upfront development investment for Dealer-Installed products, and the problem of component supply from suppliers in the fourth quarter.

For the fiscal year ending March 2020, this sector is expected to be in a transitional period for the following four reasons. First, in the OEM Business, some existing products will be discontinued earlier than usual. Second, development costs for new orders will increase, and shipment will not begin until after the summer of the fiscal year ending March 2021. Third, the market conditions in China will affect the sector negatively. Fourth, the impact of the component supply problem is expected to continue during the first half of the fiscal year. As a result of these factors, we expect a decline in revenue and profit in the sector as a whole in the fiscal year ending March 2020. However, we have been able to secure new orders and recognize that this is a period of preparation for expansion in the fiscal year ending March 2021 and beyond.

Toward Medium- to Long-Term Growth
Focus on development of next-generation vehicle spaces that provide safety, security, and comfort

The automobile industry is now required to take measures for environmental issues and the autonomous driving society. For environmental issues, advanced electronics technologies are required to cope with the electrification of automobiles, and various types of meters are being digitized. In addition, in order to realize safe, secure, and comfortable automatic driving, it is important to have in-vehicle infotainment systems that can utilize connected vehicle and traffic information as well as camera and sensor technologies.

In these circumstances this backdrop, we are striving to become a company essential to a sustainable mobility society. We will do this by leveraging our core technologies in the audio, visual, and communications systems fields, as well as in-vehicle and HMI technologies to develop products and solutions that provide safe, secure, and comfortable next-generation vehicle spaces, including car navigation systems and display audio systems, as well as dashcams and in-vehicle cameras that utilize new technology.



From providing individual pieces of equipment to providing system services. Through three businesses, we will strengthen our ability to propose total solutions that protect lives and everyday living of people and the safety of society.

Akira Suzuki
Managing Executive Officer, COO Public Service Sector

Business Environment and Basic Strategy
Solutions for protecting the lives and everyday living of people and the safety of society

Although the three businesses of the Public Service Sector serve different customers and provide different products, they share the same mission: provide products and services that protect the lives and everyday living of people and the safety of society. All of our businesses intend to become a solution business that creates value for customers, including systems and services as well as individual equipment. We believe that this sector has a high potential for growth as various measures have enhanced its profitability.

► Communications Systems Business

Focusing on the area of digital radio systems, where demand is increasing worldwide to replace analog radio systems, we are supplying highly reliable professional digital radio systems to the public safety market such as police, fire departments, and emergency medical services; the public service market such as electricity, water, gas, and transportation services; and the private sector market such as hotels and retailers.

For the public safety market in North America, where the market scale is expected to expand continuously, we are strengthening the partnership with our subsidiaries Zetron, Inc. (Zetron) and EF Johnson Technologies, Inc. (EFJT) to provide the total solution for professional radio systems that complies with the digital radio standard P25 for North America. Zetron's dispatch console systems have been widely adopted by airlines, railroads, police, and other organizations as a communication command console. EFJT's professional wireless systems are also expected to be adopted by the New York State Police and counties in various states, as well as by highway patrols in California. As these achievements indicate, the partnership has started demonstrating its effect.

For the public service market and the private sector market, we aim at shifting to a total system solution business in anticipation of broadband professional wireless infrastructures. As part of it, in 2017, we entered into a capital and business alliance with Sonim Technologies Inc., a U.S. company that is leading the industry in the professional LTE smartphone business, and collaboratively developed a tough smartphone-type wireless device. Beginning with the United States and Japan, we are moving forward with market introduction. In addition, in December 2018, we acquired a 40% stake in Tait International Ltd., a company in New Zealand with strength in this field, and entered into a capital and business alliance with it. Because these broadband wireless systems can transmit not only sound as previously but also videos and images, they are highly regarded by customers for providing solutions that are linked to security systems based on face authentication and systems for detecting suspicious objects at event venues, as well as solutions that meet needs on sites such as electricity, gas, and water facilities.

We have also launched worldwide the professional digital radio system NEXEDGE®. This system is compatible with NXDN™, which is our proprietary digital radio standard we developed jointly with Icom Inc. and included in the International Telecommunication Union (ITU) standards.

We are providing this system to a wide variety of users including the public service market. In this area, on the other hand, the market related to the Digital Mobile Radio (DMR) standard is the largest and expected to expand in the future. We had only carried wireless terminals as our own products previously in this area. In order to respond to this market change, however, we acquired Radio Activity S.r.l. in Italy and made it our subsidiary in January 2018. With this deal, we established an organization to provide wireless terminals, relay stations, and other infrastructures in a package. We started to provide digital wireless



Professional Radio Systems (KENWOOD)
The globally launched professional digital radio system, NEXEDGE®, compatible with the digital radio standard NXDN™ has been provided to a wide variety of users including the public service market.



Professional Radio Systems (EFJT)
EFJT's professional digital radio system that complies with P25, the digital radio standard for North America. This is widely used in the public safety market including police, fire departments, and emergency medical services.



Desktop Wireless Console System (Zetron)
A radio control operation device (desktop terminal) that allows remote control and communication of wireless devices located at a distance from an office or workplace, just like a telephone.

infrastructures that cover a wide range of areas, including corporate offices and a town as a whole. One example is our DMR systems, which are used as a means of communication during the operation of the world's premier motorcycle race, MotoGP™.

► Professional Systems Business

JVCKENWOOD Public & Industrial Systems Corporation, which engages in the Professional Systems Business, has a strength in its total engineering organization that not only sells equipment such as security camera systems and professional audio systems, but also enables one-stop provision of functions from design to installment, maintenance, and management to solve customer issues. Utilizing this organization, we are providing video security solutions such as face authentication systems and audio solutions such as municipal disaster prevention broadcasting systems and conference hall systems to a wide range of markets, including education, public services, distribution, social infrastructures, and amusement.

To provide solutions, we not only rely on our own products but also actively collaborate with partners inside and outside the Group. We also use Intelligent Video Analytics (IVA) adopting the high-performance image analysis engine developed by IBM Japan Ltd. that enables real-time AI analysis of multiple videos recorded by a security camera system, as well as KooNe, which is a spatial audio design solution planned and developed by JVCKENWOOD Victor Entertainment Corporation, a member of our Group. We offer a wide range of solutions beyond existing systems. In addition, by utilizing our strong sales channels in Japan, we will expand customer value by proposing, selling, and installing operating room solutions promoted by the Healthcare Business.



IVA
Realizes accident prevention, crime prevention, and marketing utilizing security camera systems in a smart fashion through intelligent detection and search functions that are enabled by adopting IBM's high-performance image analysis engine, which is a new monitoring system that saves labor and effort in analysis of videos recorded by a security camera system.



Multilingual Emergency/Professional Broadcasting System EM-E1500 Series and EM-K150 Series
Equipped with digital power amplifiers with high efficiency and high sound quality. They are advanced professional emergency broadcasting systems that support Earthquake Early Warnings.



Conference Room Systems
Enable clear voice transmission with low latency and optimum audibility through our proprietary full digital voice transmission scheme.



Spatial Audio Design Solution KooNe
A spatial audio design solution that creates a cozy space focusing on hearing by building high resolution sound sources that reproduce rich natural sound and an indirect audio environment in which sound reaches ears more naturally.

► Healthcare Business

The Healthcare Business is positioned to drive future growth while contributing to the resolution of issues in the super-aged society by making use of our proprietary image and video processing technology and optical disk technology. We are aggressively investing in this business and promoting collaboration with medical equipment companies.

Our current core products include high-precision medical image display monitors that display mammography images and various types of radiation images, and the business is expanding year by year. In addition, in May 2018, we acquired Rein Medical GmbH in Germany and made it our subsidiary in order to increase added value from individual equipment to solutions. We entered the OR*1 imaging system solution business, which manages operating room videos. We are also developing the gaze tracking system Gazefinder, which assists in diagnosis of autism spectrum disorders and early screening for dementia by utilizing our proprietary gaze point detection technology, and early diagnosis systems for cancer and other diseases using exosomes*2 in blood by working with Sysmex Corporation, one of the leading companies in hemodiagnosis. Together with Sysmex, we established Creative Nanosystems Corporation, and are working to commercialize disposable biodevices and other products. We are also working to establish diagnostic healthcare solutions through joint research with Sysmex and the University of Oxford in the UK with the aim of commercializing systems for diagnosis of exosomes in blood.

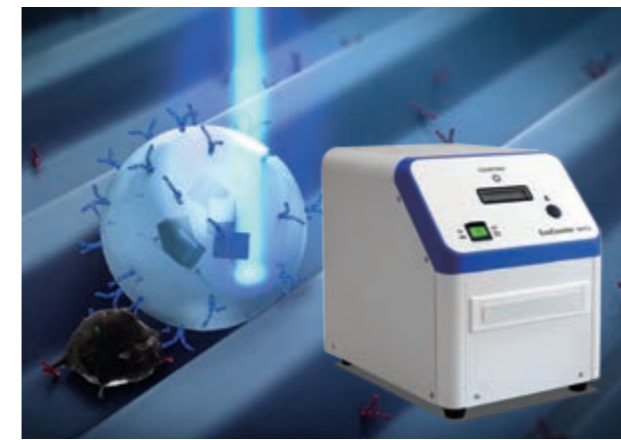
*1: Abbreviation for operating room.
*2: Vesicular granules about 50 to 100 nm in size secreted by many types of cells in body fluids such as blood, saliva, and urine.



Medical Image Display Monitor i3 Series
The medical image display monitor i3 Series with highly precise control of luminance, gradation, and chromaticity faithfully reproduces captured medical images based on the characteristics of diagnostic images. In addition to performance, this series takes usability and design into account to build a comfortable image reading environment.



Gazefinder
Gazefinder is a gaze tracking system that uses our proprietary gaze measurement technology. We aim to contribute to early detection of developmental disorders through joint research with research institutions and universities.



Exosomes Measurement System ExoCounter
Exosomes, which are mainly present in blood, are fine particles secreted by various cells and expected to be used for diagnosis of cancer and other diseases. We apply our Blu-ray technology to develop the exosomes measurement system ExoCounter for application to medical diagnostic solutions.

Business Results and Outlook
Increased profit of the Communications Systems Business helps return to surplus

In the fiscal year ended March 2019, the revenue from the Public Service Sector increased by approximately 5.9 billion yen (9.1%) year on year to 70.944 billion yen, and the core operating income significantly improved by approximately 2.1 billion yen year on year to 628 million yen, returning to surplus. The increase in revenue and profit in the Communications Systems Business mainly contributed to overall improvement in this sector. The Communications Systems Business increased sales mainly at our U.S. wireless subsidiaries, and the Professional Systems Business recovered sales of JVCKENWOOD Public & Industrial Systems Corporation in the second half. The Healthcare Business realized the effect of the consolidation of Rein Medical, which became our subsidiary in May 2018. For the fiscal year ending March 2020, we expect to maintain strong sales in the Communications Systems Business through our alliance strategy based on the global trend toward digitization. The Professional Systems Business is also expected to realize the effect of improved business efficiency, including the creation of a database of design information. The Healthcare Business aims to improve

performance by expanding global sales through strengthening the lineup of 5M models and other diagnostic imaging displays, although investment in next-generation businesses will be ahead of the above.

Toward Medium- to Long-Term Growth
Drive the Healthcare Business toward a 10 billion yen size with digital radio systems and professional systems as revenue sources

For the Communications Systems Business, we will expand the solution business centered on digital radio systems, which are expected to grow over the medium to long term, while investing in technology, including M&A, in order to diversify wireless communications methods and services. For the Professional Systems Business, we will strengthen various solutions to meet safety and security needs of the international community through careful marketing activities. In addition, we will also take on the challenge of launching these solutions in the overseas markets of our Communications Systems Business. For the Healthcare Business, we will continue active investment in order to quickly establish revenue sources next to medical and pathological image displays. We also have policy of active investment in recruitment and development of human resources in these new areas. Currently, while we have sales of approximately 5 billion yen on the basis of medical image displays, we expect a substantial increase in profit due to cost reductions and other factors. We aim to reach 10 billion yen within five years through investment for the future.



Utilizing the audio and visual technology we have cultivated, we will propose unique technologies, products, and solutions in terms of both equipment or systems (hardware) and contents (software).

Kazuyoshi Hayashi
Executive Officer, COO Media Service Sector

Business Environment and Basic Strategy
Amid a tough market environment, focus on development of distinctive B-to-C and B-to-B products and services only our Group can provide

The Media Service Sector consists of two businesses: Media and Entertainment. In the Media Business, all the business units (BU) successfully returned to a surplus in the fiscal year ended March 2019 by focusing on the utilization of brand assets, including the Victor brand, and the development of distinctive technologies and products as well as proposal-based marketing.

The Solution BU provides projectors and professional video cameras that meet the needs of professionals. High-definition, high-contrast projectors equipped with our proprietary video display element D-ILA devices are used for home theaters as well as for flight simulators and planetariums through system linkage with various equipment. In addition, video cameras compatible with the IP video-creation solution CONNECTED CAM™ have been widely adopted mainly by broadcasting stations in the United States in recognition of their ability to deliver high-quality video from a filming location to a studio by enhancing the immediacy and reliability of network

connections. In cooperation with Streamstar, a.s., which has expertise in the relay and distribution fields, we also began to sell video cameras for the expanding sport broadcasting and live streaming markets.

The Lifestyle BU offers headphones and earphones designed for specific purposes and applications, such as Bluetooth® models that provide high-quality sound reproduction in wireless environments, models for sports, and models that support high-resolution sound, home audio systems such as the Wood Cone Series that use wooden vibrating plates, and video cameras that provide high-quality video recording. For earphones, we are reinforcing our lineup of completely wireless models, which are a global trend, and providing cutting-edge products and services featuring our proprietary out-of-head localization sound field processing technology EXOFIELD. As for video cameras, although the market is shrinking due to the impact of smartphones, we are working to maintain revenue by strengthening proposal-based products such as models with shockproof, waterproof, and other unique features that are designed for outdoor and sport use, as well as dashcams that work with smartphones.

For the Video Devices BU, our focus on external sales of D-ILA devices has begun to produce new results, not only for projectors but also for communications applications.

The Brand BU is generating stable revenue in overseas markets from royalties from the licensing of the JVC brand primarily for television and audio products.

In the Entertainment Business, while the package media market such as CDs and DVDs is shrinking, we are strengthening our sound source business through the discovery and development of artists and expanding our content business, including films and games, with JVCKENWOOD Victor Entertainment Corporation, at the core. In cooperation with JVCKENWOOD Public & Industrial Systems Corporation, we are also providing the spatial audio design solution KooNe to corporate offices, libraries, commercial facilities, and medical facilities.



Projectors
Equipped with our proprietary 8K/e-shift technology, our projectors display 8K high-definition video* (8192 × 4320 pixels) for the first time in the world (as of September 13, 2018) among home projectors. Even on a large screen, they reproduce a more detailed and realistic video. *8K signal input is not supported.



CONNECTED CAM™
CONNECTED CAM™, which improves immediacy and reliability of network connection and provides the same high quality as existing equipment at a more affordable price, provides an end-to-end workflow from a shooting site to a studio for live streaming and sport broadcasting.



Out-of-Head Localization Sound Field Processing Technology EXOFIELD
The out-of-head localization sound field processing technology EXOFIELD uses our proprietary sound field processing utilizing sound field reproduction technology to create a realistic sound field effect as if the user were listening through a speaker even when listening with headphones. We offer an unprecedentedly new listening experience to our customers.

Business Results and Outlook
Increase in revenue and decrease in profit expected due to investment in new areas in the Entertainment Business

In the fiscal year ended March 2019, the revenue in the Media Service Sector decreased by approximately 200 million yen (0.3%) year on year to 58.795 billion yen, and the core operating income substantially increased by approximately 1.8 billion yen (492.0%) year on year to 2.217 billion yen.

In the Media Business, revenue declined due to a change in the business scheme of the Brand BU in this fiscal year, while sales of headphones and projectors were solid. In the

Entertainment Business, revenue was up due to strong sales of the content business backed by a contribution of large titles, while sales of the OEM business declined. Overall revenue in this business was almost at the level of the previous year.

The core operating income increased significantly. In the Media Business, while revenue declined, a profit surplus was achieved as a result of a change in the sales mix and the effects of cost reduction. The Entertainment Business recorded a higher profit due to a revenue increase.

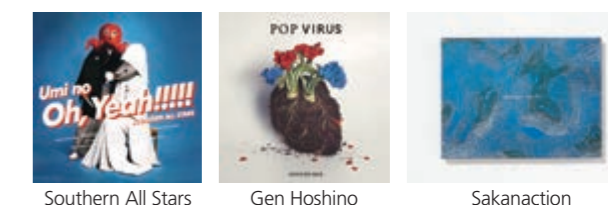
In the fiscal year ending March 2020, revenue in the Media Business is expected to increase due to the introduction of new products, while in the Entertainment Business, profit will decrease due to the decrease of large titles and planned investment in new areas, although revenue is expected to increase in the business as a whole.

Toward Medium- to Long-Term Growth
Pursue growth with keywords “cutting-edge products,” “key devices utilizing technological capabilities,” and “comprehensive entertainment”

Although the B-to-C business including audio equipment and video cameras continues to face a challenging business environment due to the spread of smartphones, we will work to enhance our brand value through cutting-edge products utilizing audio and visual technology we have cultivated over many years. We will also develop and spread new proposal-style products that help enrich our lifestyles with a focus on the audibility. As part of our sales strategy, we will carry out investment including one in recruitment and development of web marketing personnel in order not only to promote sales at retailers but also to strengthen our measures for online sales.

For projectors in the B-to-B area, we will enhance the satisfaction of existing customers by strengthening a linkage with customer systems through our overwhelming strength in video quality based on such technological trends as 8K/4K, HDR (high dynamic range), and VR. For video cameras centered on CONNECTED CAM™, we will further strengthen our approach to the expanding sport-related markets. For video devices, we will also create key devices for the IoT and 5G era by placing the highest priority on external sales and the development of new applications.

In the Entertainment Business, in addition to strengthening our sound source business, we will further transform ourselves into a comprehensive entertainment business by enhancing our content business including films and games, and expanding our peripheral businesses including management, live events, and merchandising.





Starting with the telematics solution centered on dashcams with communication capabilities, we are taking on the challenge of creating solutions to solve customer and social issues. We will aim for independence and growth as the fourth pillar.

Hiroaki Kamata
General Executive of DX Business Division



Business Environment and Basic Strategy
Creating new businesses by utilizing our technological and marketing capabilities

The DX* Business Division is taking on the challenge of creating new businesses based on the policy of “Transform into a customer value creator,” which is set forth in the Mid- to Long-Term Management Plan, Vision 2020. Because we place emphasis on creating value from customer and social issues rather than sticking to manufacturing, our activities are actively promoting open innovation that makes use of external resources. Of course, the foundation for these collaborations lies in our expertise in a variety of technologies cultivated in the three sectors and our insight into customer issues cultivated through global marketing.

Currently, a variety of business plans are underway in parallel, and one that has already been commercialized is the telematics solution centered on dashcams with communication capabilities. Specifically, we have added driver assistance functions such as a forward collision warning and lane departure warning to dashcams with communication capabilities. They have been adopted by major non-life insurance companies. It can support drivers’ safe driving, and in the event of an accident, it automatically sends location information and videos at the time of

shock detection to the call center, enabling non-life insurers to provide prompt and accurate initial responses. We have learnt that accidents are actually decreasing.

In the trucking industry, where safety management and labor management are important while the shortage of drivers is a main concern, some vehicles are required to have operation recorders. Accordingly, we developed a system that links our dashcams with communication capabilities to the digital tachograph (digital operation recording system) for commercial vehicles, which enables easier management of operation records, and commenced their sales to transport companies.

In the taxi industry, we are providing our land mobile radio equipment and car navigation systems, which had previously been installed but are now integrated into a single tablet device. At present, we are promoting the development of integrated systems including payment machines and taxi meters. We also started working with taxi companies and IT companies to develop new call center systems using the cloud, next-generation taxi-hailing systems linked to smartphone taxi-hailing apps for customers, and automated taxi-hailing platforms beyond them. As for ride-sharing and car-hailing apps, on the other hand, the U.S. and Southeast Asia are ahead of Japan in terms of social implementation. In April this year, we launched a security service for drivers in Indonesia using dashcams with communication capabilities in partnership with Grab Holdings Inc., the leading car-hailing service company in Southeast Asia.

*Digital transformation



Dashcams with Communication Capabilities

Dashcams with communication capabilities are at the core of the telematics solutions we provide, such as those for automobile insurance, ride-sharing services, taxi and trucking companies. We provide high quality image recording as well as new value and services to our customers by offering communication functions that enable the sending of images and location information that only we can provide.

Business Results and Outlook
Aiming at contributing to revenues in FY2019

This entity was established in FY2016 as the Solution Development Office with only four employees, and fully launched as the DX Business Division in April 2019. While it is currently included in “Others” among the accounting segments, its sales of the telematics solution primarily centered on dashcams with communication capabilities are expected to expand sharply in FY2019.

Toward Medium- to Long-Term Growth
Focusing on acquiring and developing human resources necessary for new businesses

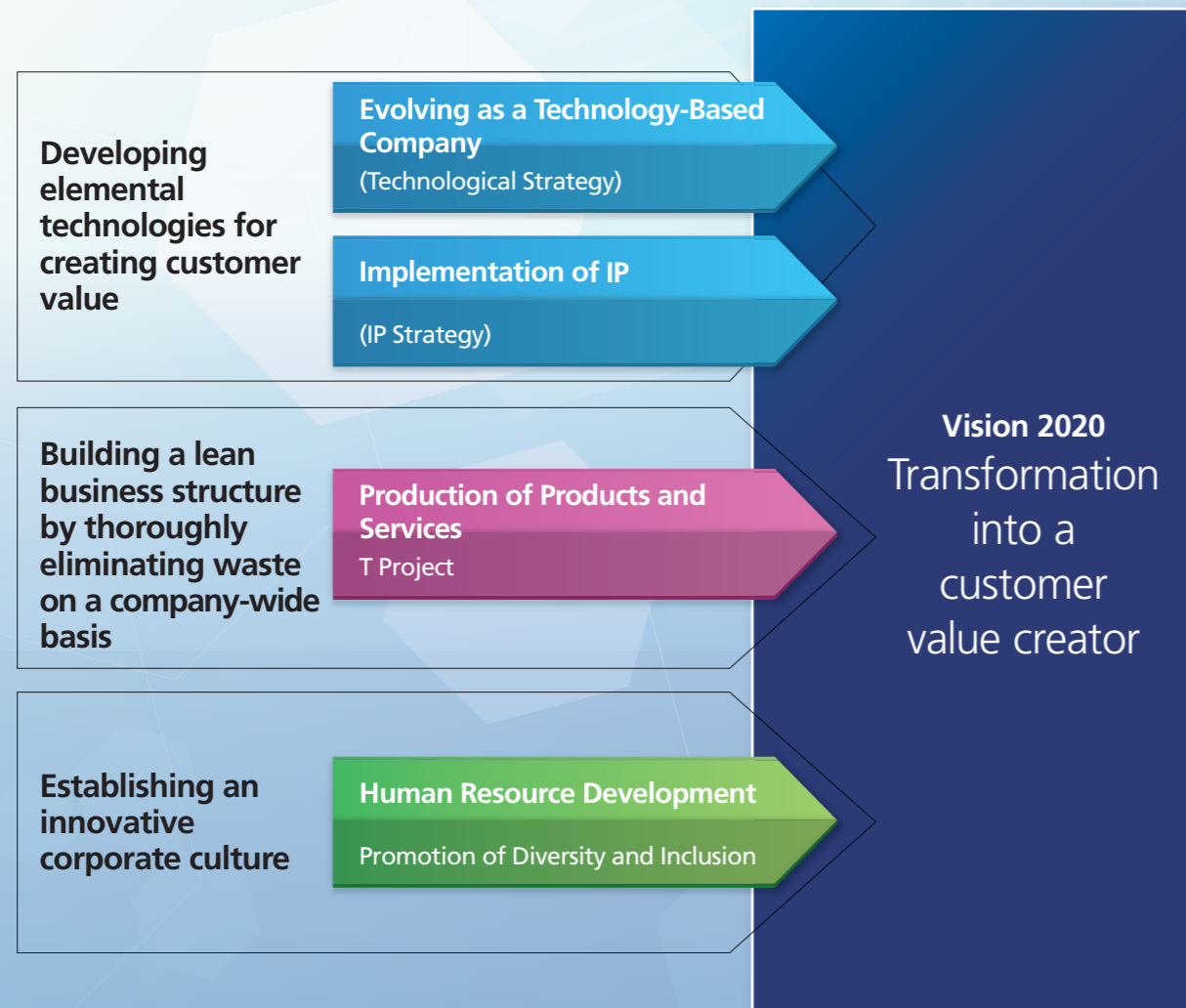
By promoting the telematics solutions in society, we can contribute to solving a variety of mobility-related issues for stakeholders, such as ensuring passenger safety, improving the quality of insurers’ response in the event of an accident, and improving management efficiency of trucking companies.

Our Division has launched the telematics solution business, keeping in mind “Transform into a customer value creator,” which is one of the company’s management policies. In parallel with its expansion, we are advancing our efforts toward creation and development of new DX businesses in other areas and fields. In addition, we hope to achieve sustainable growth while demonstrating our presence overseas by building new business schemes and offering solutions that address issues specific to each region, like the collaboration with Grab. Along with the one that has achieved successful commercialization in the automotive area, we will aim at independence and growth as the fourth pillar by expanding our businesses in new fields.

It is also important to enhance human resources for growth. The DX Business Division is currently working to rapidly strengthen its structure and will continue to secure and develop human resources in areas such as AI, big data analysis, and healthcare.

Strengthening Our Foundations to Achieve Growth

Promoting efforts toward strengthening our foundations to support and accelerate growth in each sector.



The JVCKENWOOD Group is promoting various efforts toward strengthening the foundations to support and accelerate the growth strategy set forth in our Vision 2020 for each sector.

With the aim of “transforming into a customer value creator,” the R&D Department is redeveloping a technological development roadmap that adds elemental technologies essential for future society, such as AI, 5G/IoT, VR/AR, robotics and security, to our core audio, visual, and communications systems technologies. We are also strengthening our IP (Intellectual Property) strategies to make these advanced technologies competitive.

Each sector is promoting cooperation and collaboration with other sectors or industries to enhance customer value by providing not only products but also solutions, and the basis lies in solid manufacturing activities that achieve high quality while thoroughly eliminating waste. Therefore, we are promoting the T Project to improve our manufacturing and its processes on a company-wide basis.

In addition, we consider it important to enhance creativity for creating customer value as well as such technological development and manufacturing, and we have developed a variety of measures to promote diversity and inclusion. We will strive to create an innovative corporate culture to pave the way to the future by utilizing the personnel diversity unique to the Group, which promotes a wide variety of businesses, including BtoB and BtoC, by integrating a wide range of technologies and sensitivity.



Creating innovation that paves the way for a new era with our technological strategy and IP strategy.

Yoshio Sonoda

Director of the Board, Executive Officer,
Chief Technology Officer (CTO)

For us, to be “technology-based” means to ensure all management decisions result in the implementation of initiatives that offer certainty. Within this scope, my mission is to create a plan for the Group based on our technological strategy and IP strategy that will shape the future of our Group, and to implement each initiative under those plans.

Our technological strategy revolves around our core competence technologies of audio, visual, and communications systems cultivated by the two operating companies, JVC and KENWOOD. The strategy encompasses the combined efforts of the head office R&D Department with all Group company technology departments to improve technology and product development. We are currently in the process of creating a roadmap for the future of this strategy with a focus on methods of collecting, accumulating, and utilizing future elemental technologies on the premise of today’s rapid technological advancements.

Where the future elemental technologies highlighted in the new roadmap are concerned, we are devising an IP strategy with the head office IP Department at the center and promoting a variety of initiatives to help secure a competitive edge and stable profits. Additionally, we are planning to promote the effective application of future elemental technologies and intellectual property to new non-competitive areas that transcend the framework of existing business sectors.

Technological Strategy

Forming an Elemental Technology Platform Indispensable to Future Society

As we approach the final year of Vision 2020, we are thinking hard about what the ideal R&D system would be to drive our next mid-term business plan in the course of formulating our technological strategy.

In the past, the head office R&D Department has conducted advanced developments in each business sector with a focus on the next few years to come, and the technology departments of each business sector have been in charge of product development one to two years later. Moreover, in terms of advanced developments, we have greatly enhanced our overall technology and skill level as we strived to deepen our knowledge and expertise so as to further enhance our core competencies of audio, visual, and communications systems. This method of technology and product development is quite reasonable and we will continue to employ it to a certain extent in future. However, given the rapid rate of current technological innovation, the head office R&D Department needs to be more deliberate with efforts to boost the elemental technology platform shared across all business sectors to support solutions, such as AI, 5G/IoT, VR/AR, robotics, and security, which will help solve future social issues. Keeping this in mind, and with consideration for the formulation of our next mid-term business plan, we are revising the technology development roadmap that was devised through backcasting based on scenarios of over 10 years into the future including indispensable future elemental technologies and prior art in existing business sectors.

Creating an Environment that Encourages Continued Innovation

To fuel the expansion of existing and new business areas, supplementary to the revision of this roadmap, it is essential that we implement internal systems that encourage employees to speak up if they have an innovative idea. To achieve this, the Group is promoting a number of activities to increase motivation and knowledge, and foster new business opportunities. Now, we are preparing to take on the challenge for the next generation with three major elements as our base: the reinforcement of technological proficiency, expansion of creativity, and discovery of non-competitive areas.

▶ Innovation Acts

Since FY2016, we have been piloting Innovation Acts, activities to encourage employees to express their ideas, so that we can create a culture that inspires and facilitates innovation creation. Our Innovation Acts are primarily focused on the following two programs.

• Technology Idea Contest

The contest for technological ideas is held to broadly raise new ideas for technologies and products from engineers and other employees who possess technical skills. For outstanding ideas, we give support to develop prototypes.

• Activities for New Business Creation

In FY2017, we held an internal business idea audition through which particularly excellent business proposals underwent examination for business application and received support toward commercialization. In FY2018, we implemented our Co-Creation Challenge Program, a business creation program that collaborates with the startups, and are currently conducting demonstration experiments aimed at commercialization.

▶ Technology Symposium

An annual conference for engineers to exchange information and share technology-related information with other employees. We also use this as an opportunity to motivate and encourage our engineers by presenting awards and the like.

Formulation of a Skill Map to Boost Prompt Product Development

Furthermore, we have been implementing a personnel portfolio strategy where, every year, individual skills are evaluated according to a company-wide uniform standard and incorporated into a skill map. In this way, we are reinforcing the connection between the engineer’s skillset, which has improved greatly through the above efforts, and timely product development. We are currently looking at extending these efforts out to other group employees in future through the concept of talent management.

▶ Key advanced development themes of FY2018

- Enhancement of in-vehicle optical solutions and products such as dashcams and in-vehicle cameras tailored to vehicle electrification, autonomous cars and connected society.
- Enhancement related to total solutions, including IP wireless, to allow for broadband application to professional wireless infrastructure
- Enhancement of technology for medical imaging and the information solutions business

IP Strategy

Applying an Offensive and Defensive Approach to the Promotion of IP Activities Through Three Pillars

The fundamental concept of our IP strategy employs two courses of action. The first is an offensive approach, covering activities of intellectual property as a business, which facilitate the development of products and services that maximize the company's intellectual property, in addition to selling intellectual property for income. The other is a more defensive approach, covering activities of intellectual property that protect business, which safeguard patents and other exclusive rights, giving us an advantage over competing companies. We are promoting these IP activities, which contribute to businesses and management, in line with the following three pillars.

(1) As open and closed IP strategies, we generate income by standardization, patent pooling and selling patent rights, and promote the development of barriers to prevent entry into our new business and priority business fields.

(2) We develop IP strategies linked to our business and technological strategies, and create portfolios of areas that need to be strengthened.

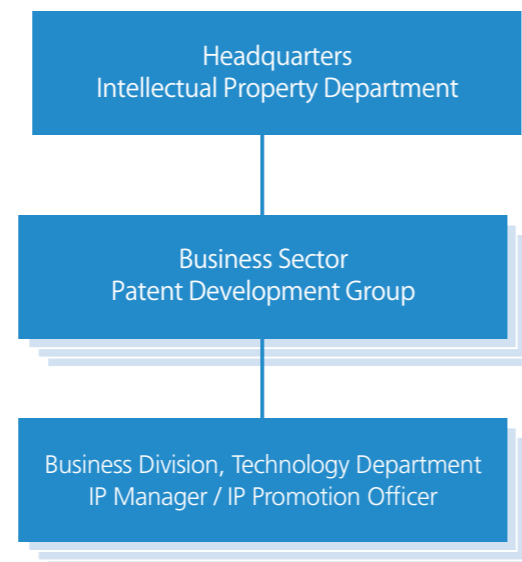
(3) As mixed IP strategies, we promote the creation of new corporate value by the comprehensive protection and utilization of patents, designs, and trademarks.

Through activities based on these three strategies, the Group is encouraging the establishment of wall-like patents that protect business, progressive patents for future creation, and standard patents that contribute to profits. Moreover, going forward, we intend to link the marketability of intellectual property with numerous indicators from the perspective of the IP landscape while promoting the application of new intellectual property. We have dedicated ourselves to the development of technologies and products that are distinctive in the fields of audio, visual, and communications systems, and thus the majority of all owned patents are protected. We are also consciously making an effort to minimize the incidence of disused patents as intellectual property is a major driving force in ensuring the efficiency of business activities. However, as the recent increase in the buying of

licensed patents related to AI, IoT and 5G is expected to continue, we are concentrating on initiatives to sell patents that encourage the utilization of cross-licensing and the application of our IP in business domains different from the past such as medical, food and clothing.

IP Structure

Our IP structure includes not only the Intellectual Property Department at head office, which creates cutting-edge IP to support the future of our company, but also patent development groups assigned to each business sector. We are also strengthening our efforts by placing persons responsible for IP (IP Manager), as well as persons responsible for promoting IP (IP Promotion Officer), in the technological groups of each business department, thereby enhancing the entire company's awareness toward IP.



Promotion of Various Initiatives from Raising Awareness to Implementation

To execute our IP strategy, it is imperative that every employee have a deep understanding and awareness of intellectual property so that they can take the necessary actions. To support this, the Group has continued to conduct the following activities.

▶ IP Symposium

Every year, an IP Symposium is held to bring together all company engineers as well as the management and technology department executives during which there are lectures by external speakers, and presentations of case examples and IP awards.

▶ IP skill improvement training

We provide new employees, newly appointed senior officers, engineers and designers the opportunity to undertake training to enhance our intellectual property.

▶ Patent idea conference

In parallel with activities aimed at inventive discoveries for the protection of existing businesses, patent idea conferences are held for the protection of new businesses roughly 300 times a year in total across the patent development groups of each base. These aid in the creation of future patent portfolios.

▶ Establishment and publication of management regulations

We have established basic IP rules, compensational IP rules, and risk management IP rules, which have been published on the intranet, to ensure all employees are aware of our IP activities.

▶ IP monthly report / IP newspaper / IP annual report

In addition to an IP monthly report recapping the status of IP activities, we also publish an IP newspaper on the intranet to disseminate know-how, and an annual IP report for management.

Further to these initiatives, we have established a patent proposal and application standard as well as a patent clearance standard within our corporate technology standard rules. Moreover, by integrating our invention discovery activities and other patent searches into the product development process, we have been able to patent our technology, thus protecting them and allowing us to create products that do not infringe upon the patents of others.



Promotion of T Project

Management reform based on manufacturing reform toward the realization of Vision 2020

In order to achieve ROE of 10% as stated in Vision 2020, and to build a lean management base toward 2021 and thereafter, we have launched the T Project, a company-wide project under the direct control of the CEO, and are promoting management reform from the aspect of manufacturing.
(T: Total/Together/Transformation)

Project Slogan

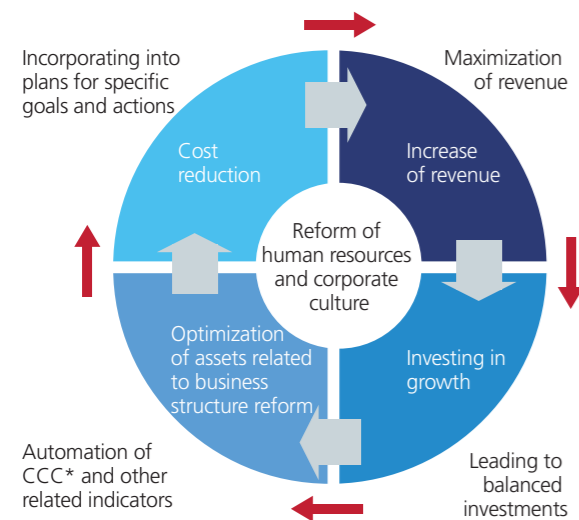
Work for Transformation with Total JVCKENWOOD Team Together!

Philosophy, Main Activities and Systems

Promoting reform working activities from three perspectives

We promote activities through four implementing organizations (vehicles) and three reform working activities supporting their activities. We aim to create synergies and build efficient business processes through the following cycle.

T Project



*Cash conversion cycle

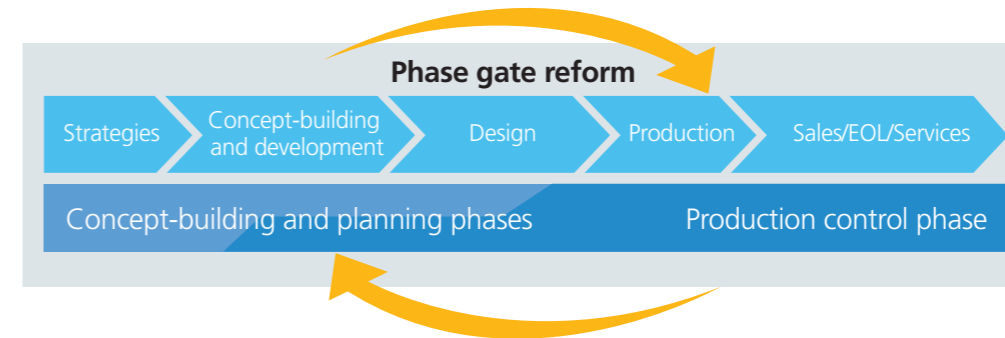
Working activities 1

Phase gate reform

We have established gates (hurdles) for each of the business processes in our business to advance to the next process with higher accuracy in order to minimize losses and opportunity losses in the subsequent processes.

Major initiatives

- Maximize revenue by setting selling prices, total cost and profits appropriately
- Turn reforms into technological innovation and create a positive spiral to improve revenue
- Reduce the number of tasks associated with designers by reforming operations and making effective IT investments
- Establish rules and documents for phase gate reforms to ensure continuity



Working activities 2

Total cost reform

We carry out total cost reform for continued business growth and intend to improve and speed up management accuracy.

- Increase business income, curb spending, fix operating income targets, and set total cost
- Maximize revenue by appropriately setting selling prices, total cost and profits through the promotion of business reforms

Revenue	Material costs	Total cost (re-recognition of all costs)
	Processing costs	
	Logistics costs	
	Operating expenses	
	Selling, general and administrative expenses	
	Development costs	
	Depreciation and amortization costs	
	Personnel expenses	
	Head office expenses	
	Core operating income	

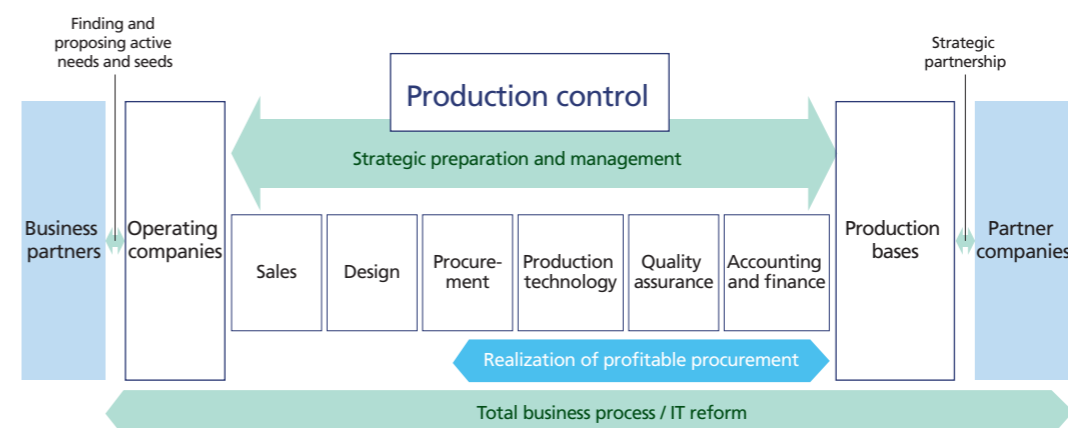
Major initiatives

- Promote reform working activities to establish a common language for the entire company through quantitative visualization of business operations
- Pursue the ideal total cost in anticipation of selling price fluctuations, and set and push down total cost targets
- Construct a total cost management system aimed at visualization of management in order to achieve goals
- Initiatives to achieve cost targets throughout the life cycle

Working activities 3

Business processes and IT reform

While aiming at speedy product supply and sales through direct operations between sales companies and production bases realized by the elimination of intermediate processes, we faced the problem of environmental changes causing various losses and unexpected waste. Therefore, we focused on production control processes, which are the core of business processes. We will streamline key issues such as "Establishment of production control functions" and "Cooperation with development processes" by introducing strategic IT tools.



Implementing organizations

Vehicle 1
Automotive Sector

Vehicle 2
Public Service Sector/
Communications
System Division

Vehicle 3
Media Service Sector/
Media Business
Division

Vehicle 4
Administrative
Divisions

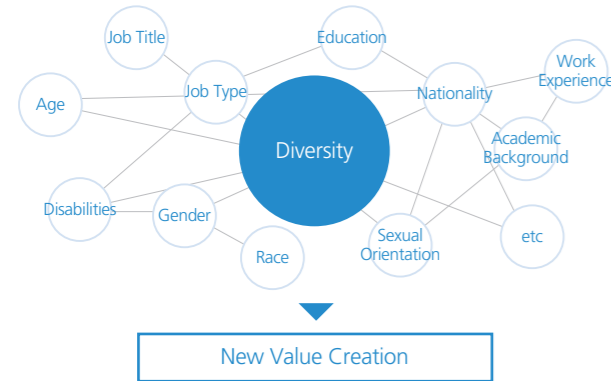
Promotion of Diversity and Inclusion

Basic Approach

Toward a creative corporate culture

The JVCKENWOOD Group is committed to promoting diversity and inclusion, which means respecting diversity and accepting different ideas and opinions. We believe that people with diverse ideas and values can create innovative ideas and meet diverse needs of our customers around the world by respecting and stimulating each other. We are, therefore, conducting in-house awareness-raising activities and the recruitment, development, and promotion of diverse human resources.

Conceptual diagram of diversity



Diversity Logo Mark

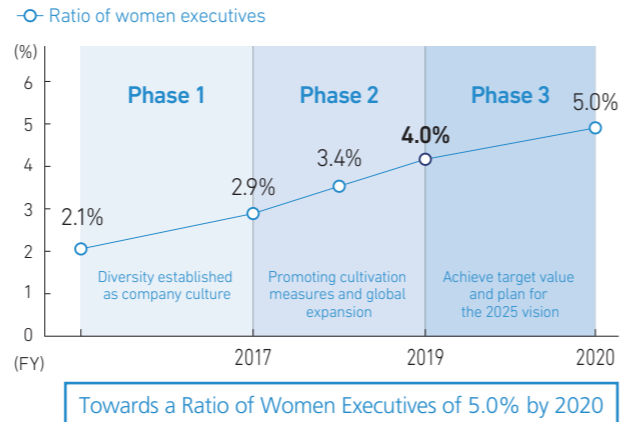
The logo depicts people with a diversity of values joining hands and making way for the future as one. With the image of a fusion of differing races, genders, and values in mind, and we designed the logo using a broad range of colors, including JVCKENWOOD's corporate color of blue.



Diversity Promotion Action Plan

As shown in the figure on the right, we established an action plan to promote diversity and inclusion. As an important indicator, we set the target of increasing the ratio of female senior officers to 5.0% by FY2020. As a result of developmental training for female employees at each grade and training for senior officers, the ratio of female senior officers rose from 2.1% in FY2015 to 4.0% in April 2019.

Progress toward action plan targets



Initiatives to Foster Diversity Awareness

Provision of diversity training

We are providing e-learning for all employees to foster diversity awareness. In FY2018, 3,990 employees participated in a course on harassment. Group training for senior officers was also provided seven times in total for each senior officer to acquire their own image of leadership and more deeply understand the acceptance of diversity. A total of 146 people attended this training.

Diversity Week

In support of the International Women's Day on March 8, we hold the company-wide event Diversity Week to raise awareness of diversity among employees on a variety of topics, including promotion of active roles for women, collaboration with people with disabilities, and LGBT. Approximately 360 people participated during the entire period.



Panel session on promotion of active roles for women



Networking after the panel session



Live concert by the JVCKENWOOD Group artists



LGBT seminar

Promotion of Active Roles for Women

The highest rating of the Eruboshi certification

We were certified by the Minister of Health, Labour and Welfare as an Eruboshi (L Star) based on the Act on Promotion of Women's Participation and Advancement in the Workplace and awarded the highest rating in March 2018.



Working group for promotion of active roles for women "Prejo-Bu"

We are promoting activities of "Prejo-Bu (Pleasure in the job)," the working group to identify issues from the perspective of each workplace and propose solutions with the aim of creating a company where employees can work energetically. In FY2018, we held a seminar with 71 participants on the topic of "Health management for women to keep working with vitality." In addition, members of the Prejo-Bu conducted interviews at each workplace. Employees from different backgrounds in terms of affiliation or generation participated in the interviews and discussed their view on jobs, issues of their workplace, and improvement measures.

Support for Work-Life Balance (Balancing Work and Childcare /Nursing Care)

We are promoting various initiatives to improve the work-life balance of diverse employees.

Release of the nursing care handbook

A handbook on basic knowledge and systems related to nursing care was prepared and posted on the Company intranet.



Training to support balancing work and childcare/nursing care

We provided *ikubosu** training for senior officers, training for addressing hypothetical subordinates who need to provide nursing care, and training for time management that is also useful for childcare with a total of 97 participants.

*Leaders who strive to create an environment that facilitates balancing work and childcare

Encouraging male employees to take childcare leave

In order to promote diverse working styles, experiences of male employees who have taken childcare leave are posted on the Company website and the Company intranet Live!

Activities for LGBT and Disabilities

We are engaged in various activities to promote understanding of and collaboration with LGBT people and people with disabilities.

1) LGBT measures

The highest rating Gold of the PRIDE Index

In October 2018, we were awarded Gold, the highest rating, of the PRIDE Index, which is an indicator defined by a private organization called "work with Pride" for evaluating companies' or organizations' efforts regarding LGBT and other sexual minorities.



Tokyo Rainbow Pride 2019

We exhibited panels and participated in the parade wearing T-shirts with the logo of JVCKENWOOD LGBT ALLY at the Tokyo Rainbow Pride 2019, one of the largest LGBT events in Japan.



LGBT training

We provide training for our employees to deepen their understanding of LGBT people (96 participants).

2) Initiatives for people with disabilities

Collaboration with people with disabilities

We provide training to deepen understanding of knowledge required to work with employees with disabilities. In FY2018, this training was held at the head office & Yokohama Business Center and two other business centers with a total of 244 participants.



Change to multi-functional toilets

In order to make it easier for various employees to use toilets, we replaced some of the toilets in the head office and business centers with multi-functional toilets.



Sustainability Management

Promoting sustainability strategy based on four strategic topics



The JVCKENWOOD Group believes it important to meet the expectations of all of its stakeholders through its business activities in keeping with its Corporate Vision of "Creating excitement and peace of mind for the people of the world." Continuing to be a company that is trusted by, and that contributes to, society will ensure our sustained growth.

To promote corporate and social sustainability through its business, the JVCKENWOOD Group remains committed to producing products and services that resolve a variety of social issues. We will seek to improve our corporate value in a sustained manner and contribute to society by working to resolve social issues through our business while establishing a high degree of trust not only with customers but also with all other stakeholders connected with our company.

In an aim to implement corporate sustainability management to realize profitable growth and social solutions in an integrated manner, the Group's corporate activities are categorized by four strategic topics (i.e. "Technological Innovations," "Enhancing Resilience," "Smart Service," and "Wellness") with a focus on material issues identified based on specific business characteristics and SDGs. Moreover, with particular attention to Resilience Enhancement, which is the heart of these activities, efforts have been focused on ESG (Environment, Social, Governance) investment, which is becoming popular in stock markets as criteria for corporate evaluation aside from financial condition.



Instilling sustainability as an activity driving the Group's growth

Masaki Imai

Director of the Board, Executive Vice President

Sustainability initiatives in consideration of the economy, environment and society, represented by the Paris Agreement (COP21), SDGs and others, have been attracting intense attention globally. In the Japanese economy, Ministry of Economy, Trade and Industry (METI) has published "The Guidance for Collaborative Value Creation" and "The Guide for SDGs Business Management" for further enlightenment, while attention toward corporate sustainability as criteria for evaluating a company in terms of ESG Investment is increasing.

Amid these circumstances, I constantly focus on the implementation of sustainability management based on a policy to "provide social solutions through our business." This is based on my belief that the Group will increase its presence in the world with our profound technological assets associated with audio, visual, and communications systems. For example, we have a dashcam that increases the confidence for people driving automobiles, and professional digital radio system distributed to the North American market that supports people's safe and comfortable lives through the activities of public organizations such as autonomous community, police and fire departments and corporate activities, both of which are what I believe to be our contribution to society.

However, I have to admit that we have yet to exert enough of our ability and catch up with what a global company contributes to international society.

Since before the establishment in 2011 until around 2014, the Group has been repeatedly engaged in structural reform that involved staff reduction due to, in particular, a shrinking consumer product market and intensified competition. Our CSR activities lost momentum amid the

fight for survival, resulting in low employee motivation, which was highlighted by the Employee Satisfaction (ES) surveys of the last few years.

To step out of this negative spiral, in 2015, the Group made a conscious policy of strengthening our capabilities as a solution provider under the slogan of "a Customer Values Creator." Meanwhile, efforts in the initiatives focused on diversity and inclusion were enhanced, as they should allow employees to jump the barriers and exert their ability in many ways.

Due to persistence in various measures continued since then, earnings and ES survey results started looking up gradually. In 2018, our sustainable action plan started with a newly established Sustainability Management Office. It took more than a year to formulate SDGs, a mid- and long-term vision, sustainability strategy topics, and material issues that are correlated with growth strategies, and I feel proud that we were finally able to express what our sustainability initiatives are.

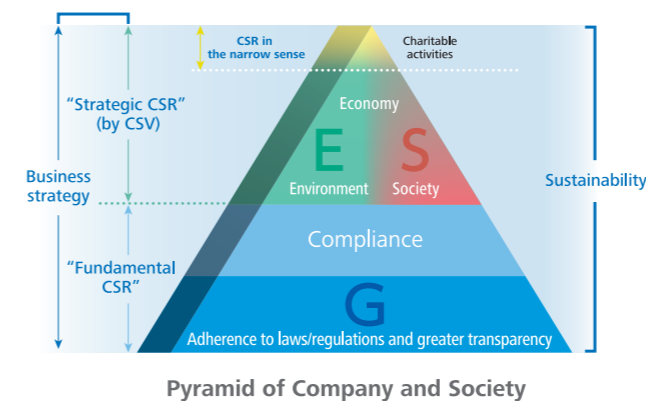
From now on, I will be committed to spreading sustainability initiatives as a driving force of the Group's growth, not just as activities for the sake of activities, while sharing past bitter experiences with the entire Group. In the healthcare area, products that help early detection of developmental disabilities, dementia, cancer, etc., have been developed for commercialization. While they have yet to contribute to earnings, we will seek chances to create products and services that provide social solutions, thereby consistently delivering inspiration and security to people all over the world.

Promoting Sustainability Management

The JVCKENWOOD Group's management principle stands on three pillars: Transform into a Customer Value Creator; Evolve as a Technology based Company; and Contribute to a Sustainable Society through Business. It is our responsibility as a global company to put this principle in practice, as well as achieve the SDGs*1 proposed by the United Nations and realize Society 5.0*2 that reflects the Japanese government policy goal, while enhancing the happiness and pride for each employee as part of the Group. With this in mind, the Group promotes Sustainability Management that combines a business perspective (profitable growth as a company) and a sustainability perspective (provision of social solutions). Our business strategies are defined as Fundamental CSR and Strategic CSR (including a CSV*3 point of view) to develop a narrowly defined CSR into sustainability to promote management strategies with the business and sustainability perspectives as two wheels.

* 1 Sustainable Development Goals (SDGs): goals for sustainable development adopted by the UN Sustainable Development Summit, comprising 17 goals and 169 targets with a target year of 2030; all organizations are asked to take concrete actions in accordance with these development goals to address the global issues of poverty, hunger, energy, and climate change and to build peaceful societies.
 * 2 Society 5.0: A term used in the 5th Science and Technology Basic Plan, approved by the Cabinet in January 2016, that refers to a super-smart society utilizing the Internet of Things (IoT) and AI.
 * 3 Creating Shared Value

Connections between business strategy and sustainability



Established Sustainability Strategy Topics

To promote sustainability management that pursues both "Business: Profitable growth as a company" and "Sustainability: Provision of social solutions" at the same time, the Group works to advance the four sustainability strategy topics that are built on its business characteristics and SDGs, and the aim to create new value.

1) Technological innovations

The trunk for achieving growth in strategic domains through intellectual property and technology

2) Enhancing resilience

A strategic base that underpins efforts in fundamental domains (that support business) through robust, transparent, fair and inclusive mechanisms

3) Smart service

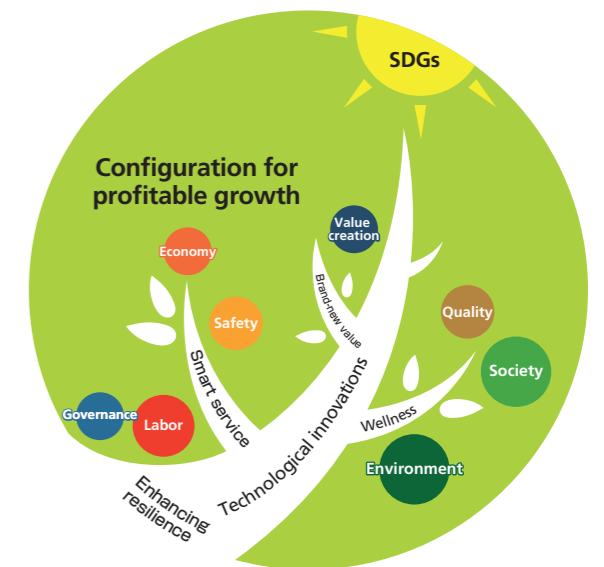
Products and services embodying the value created via 1) and 2) that enhance peace of mind, safety, comfort and trust

4) Wellness

Products and services embodying the value created via 1) and 2) that contribute to environmental and social issues (QoL*4, well-being*5, etc.)

* 4 QoL: Quality of life
 * 5 Well-being: a concept that refers to being in a good state physically, mentally, and socially

Approach to profitable growth via sustainability strategy topics



Identified Material Issues

With the establishment of its new management structure in June 2016, the JVCKENWOOD Group is working to achieve new evolution as JK3.0 (the third era of JVCKENWOOD). In the context of JK3.0, we (1) extracted eight topics closely linked with the Group's business and connected to SDGs; and (2) identified material issues in consideration of the relationship with the 2020 Vision, that aims to transform into a Customer Value Creator. From FY2018, KPIs (Key Performance Indicators) were developed to manage the progress of these initiatives. We will review and disclose material issues and KPIs as needed in accordance with the society's demand and long-term management plans.

▶ (1) Focused an eight topics and SDGs

The JVCKENWOOD Group extracted eight topics (the 8 Topics) related to social solutions (1. Society; 2. Labor; 3. Environment; 4. Quality; 5. Economy; 6. Safety; 7. Governance; 8. Value Creation), and identified eight priority goals that fit the eight topics, out of the 17 Sustainable Development Goals. The Group then sorted the eight topics from the perspectives of Conformity, Visibility, Diversity and Continuity, on which we particularly focus.

▶ (2) Identified Materiality based on analysis in relation to business

The JVCKENWOOD Group assessed the relationship between the eight topics extracted in (1) above, and chose 17 sustainability topics. After assessing these topics based on two pillars, Importance for Stakeholders and Importance for JVCKENWOOD Group, the Group categorized them into 11 priority topics and six other topics. As a

result, the eight topics, sustainability topics, and SDGs have been organically linked to each other.

The Group then segmented sustainability topics, with consideration to how they are connected to the Vision 2020 that aims to transform into a Customer Value Creator, to identify Materiality.*

Going forward, the Group will promote initiatives to achieve the Vision 2020, while reviewing materiality and KPIs as needed.

* More information about Materiality is available at our website: <https://www.jvckenwood.com/en/sustainability/group/materiality.html>

Role of Sustainability Management Office

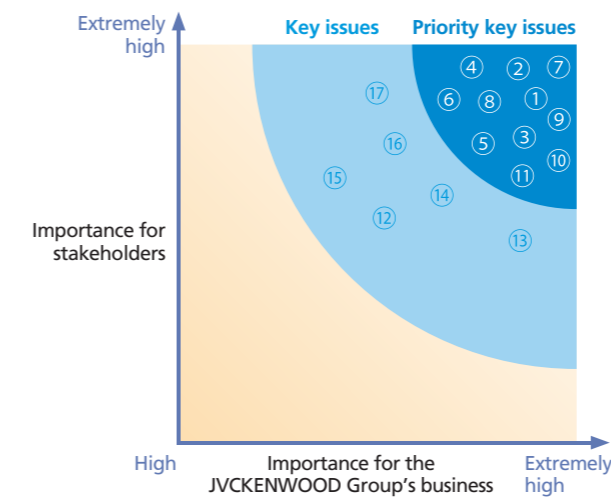
In April 2018, JVCKENWOOD established the position as an executive in charge under the supervision of the Board of Directors, as well as a Sustainability Management Office and a system for rapidly implementing our Sustainability Management Strategy under the CSO's purview. The Sustainability Management Office is responsible for promoting the company-wide Sustainability Management Strategy and for managing progress in implementing the strategy, as well as for periodically reviewing material issues and KPIs (Key Performance Indicators) and enhancing the disclosure of sustainability-related information.

To those ends, the Sustainability Management Office actively communicates with the relevant departments and sections and takes the lead in efforts linking business to sustainability.

■ Connections between eight topics and SDGs



■ The JVCKENWOOD Group's sustainability topics Matrix








Priority key issues	Key issues
① Expanding access to medical care	⑫ Access to suitable education
② Preventing traffic accidents	⑬ Promoting active roles for employees
③ Diversity & inclusion	⑭ Supply chain management
④ Addressing climate change	⑮ Conserving water resources
⑤ Initiatives for disaster prevention/mitigation	⑯ Conserving the natural environment
⑥ Sustainable manufacturing	⑰ Reducing environmental impact
⑦ Accelerating innovation	
⑧ Secure and safe community development	
⑨ Ensuring secure and safe transport systems	
⑩ Initiatives for risk management	
⑪ Stakeholder partnership	

Progress of Activities Related to Material Issues

JVCKENWOOD's major activities related to material issues in 2018 are as follows:



Important issues for the realization of profitable growth and the solution of social issues (Smart Service & Wellness)

JVCKENWOOD believes that making a contribution to a sustainable society provides good opportunities for business and leads to profitable growth. Based on this belief, we have established indicators related to material issues and we are implementing initiatives for them in order to actively solve various social issues with our products.

Fiscal 2018 results	SDGs
For the material issue of "Value creation with automotive products & services," we are aiming to increase the rate of installation of dashcams, one of our major products, and are steadily achieving results in this.	
For the material issue of "Value creation with disaster-prevention and disaster-mitigation products & services," we have established a plan to launch new disaster-prevention and disaster-mitigation products and services (the number of installations of multilingual broadcasting equipment to meet demand for foreign visitors to Japan) and achieved 33 installation results.	
For the material issue of the "Deployment of environmentally friendly products," we are planning to launch environmentally friendly products in fiscal 2019 that have had their packaging changed from plastic to paper boxes as an initiative for the problem of marine plastic.	
For the material issue of "Value creation with IoT solution products & services," we have achieved the launch of five new IoT solution products and services.	
For the material issue of "Value creation with healthcare products & services," we are developing two main product approaches for social problems such as the increase in the burden of healthcare expenses in a society with a low birth rate and longevity and the increasing number of deaths due to cancer.	







Important issues for the promotion of new business creation (Technological Innovation)

JVCKENWOOD is working to create an environment in the Company that will promote internal opportunities for innovation.

Fiscal 2018 results	SDGs
By actively promoting the "Innovation Act" material issue, we again implemented the verification of the commercialization of new ideas in fiscal 2018, which we have set as an indicator for initiatives.	
As an initiative associated with the material issue of "Collaborating with stakeholders (governments/business partners)," we started promoting social implementation projects through collaboration with industries, governments, and academia and, in fiscal 2018, we formulated the implementation plan for a new project.	

Important issues for the strengthening of our business foundations (Resilience Enhancement)

JVCKENWOOD is working to enhance its resilience with initiatives in fundamental domains (that support business) as a strategic base supported by robust, transparent, fair and inclusive mechanisms.

Fiscal 2018 results	SDGs
As an indicator associated with the material issue of "Augmenting management indicators," we are aiming to achieve an ROE of 10% in fiscal 2020, which is also stated in our Vision 2020.	
For the material issue of "Reducing greenhouse gas emissions," we are working to reduce our greenhouse gas emissions*1 based on our results in fiscal 2012. In fiscal 2018, we achieved a figure that greatly exceeded our target.	
For the material issue of "Corporate culture/work style reform," we have set the number of people using teleworking as an indicator for our response to a wide variety of lifestyles and work-styles of each individual employee. Accordingly, 1,283 people*2 used this in fiscal 2018.	
In association with the material issue of "Information security and protecting personal information," we have set the rate of IT security training session attendance (in Japan) in fiscal 2018 as an indicator and the results were 92.5%.	
In association with the material issue of "Product quality & safety," we have set the number of recall occurrences and the cost for responding to them as indicators and both the occurrences and cost continued to be zero in fiscal 2018.	
In association with the material issue of "Donations & social contribution activities," we have set the number of social contribution programs implemented throughout the JVCKENWOOD Group overall as an indicator and we greatly exceeded our target for fiscal 2018 with an actual result of 156 items.	

* 1 For Scopes 1, 2
* 2 The number includes users in a trial

The JVCKENWOOD Group's initiatives related to SDGs are introduced as "Good Practices" on JAPAN SDGs Action Platform, the website of the Ministry of Foreign Affairs of Japan.



Environmental Vision

We will contribute to society as an eco-promoting company that actively focuses on reducing our environmental impacts.

Basic Environmental Policy

To preserve global environments and resources and prevent pollution, we will manage our business activities, our product development, and our services through ongoing improvements with a full awareness of our environmental impact.

1. Prevent global warming through promotion of the reduction of CO₂ emissions throughout a product's lifecycle, including business activities, by developing technologies and products that reduce environmental impacts.
2. Use limited global resources effectively to create a sustainable society by reducing the resources we use within the framework of 3R activities and progressively using eco-friendly materials.
3. Manage chemical substances that affect the world's environment and biosphere, continue to reduce consumption, and switch to eco-safe materials.
4. Recognize the effects on biodiversity of all business activities, product development, and services to comprehensively reduce our environmental impacts in harmony with the natural environment.
5. Comply with environmental legislation and other requirements with which we agree.
6. Educate employees on the environment to cultivate greater environmental awareness.

Promoting Energy Conservation

▶ Resource-saving and energy-saving efforts in production processes

Reducing energy use

The JVCKENWOOD Group recognizes the importance of reducing as far as possible the use of limited resources and energy and realizing sustainable production as a manufacturer. To that end, we are working to ascertain and reduce energy use at production bases in particular, and endeavoring globally to reduce man-hours and introduce energy-saving equipment. To achieve our mid- to long-term targets, we will make active efforts including a conversion to renewable energies.

3R Activities (3R: Reduce, Reuse, Recycle)

▶ Deployment of Environment-conscious Products

The JVCKENWOOD Group believes that it is critical for a manufacturer to contribute to environmental impact reduction by managing manufacturing processes and distribution processes, as well as the use of products. The Group's primary focus is the labelling of the J-Moss green mark and package waste reduction at the moment, and, going forward, we will extend our focus to the expansion of target products and more effective methods. Furthermore, we will proactively disclose information on Environment-conscious products for the sake of customers' product confidence.

Primary environmentally-friendly products
Gumy Wireless HA-FX9BT headphones for the Americas / Europe

We switched from conventional blister (plastic) packing to paper boxes to package the Gumy Wireless HA-FX9BT headphones released on American/European markets in May 2019, reducing our yearly plastic use and our environmental impact.

▶ Initiatives pertaining to waste reduction and wastewater

Initiatives pertaining to waste

The JVCKENWOOD Group is actively engaged in carefully sorting / breaking down waste generated through business activities, and then reusing it within the Company or adding value to it. As a result, a recycling rate of 99.7% has been achieved within Japan, and total waste has been falling both inside and outside Japan. We will continue working toward zero emissions globally and striving to further reduce total waste and promote recycling.

Initiatives pertaining to wastewater

To address the rising water risk in recent years and to use water resources in a sustainable manner, the JVCKENWOOD Group is endeavoring to ensure as far as possible that the water used and the wastewater generated in its business activities are reusable water resources. We intend to identify those regions and business locations with high wastewater volume and implement measures as necessary.

Proper Management of Chemical Substances

▶ Management of toxic chemicals

The JVCKENWOOD Group recognizes that minimizing the impact of chemical substances on people and ecosystems

through proper management is its corporate responsibility. Accordingly, we have been ascertaining and properly managing toxic chemicals used in our manufacturing processes, considering the use of alternative chemicals, and reviewing / improving working environments, as well as undertaking efforts with suppliers. Toxic chemical emissions in FY2018 came to 10.6 tons*, and we will be working to suitably manage and reduce emissions in future.

*Specially-controlled industrial waste in Japan only

▶ Initiatives to Reduce Emission of Greenhouse Gas

In an aim to reduce emissions of greenhouse gas, the JVCKENWOOD Group has established global mid- and long-term goals including an annual CO₂ emission reduction rate of 1% over the actual emissions in FY2012. To achieve these targets, we have been monitoring power use at business centers, upgrading to high-efficiency production / air-conditioning equipment, and installing / introducing LED lighting, as well as focusing effort on environmental education for employees. We also plan to actively develop eco-friendly products with the aim of reducing total CO₂ emissions across the broader value chain.

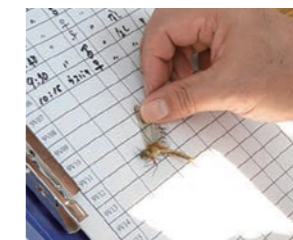
Conservation of Natural Environment

▶ Preservation of Biodiversity

With the deterioration of the habitat environment of living creatures and the destruction of ecosystems becoming increasingly serious concerns, more effective and rapid efforts to realize a world that people can live in co-existence with nature are needed. The JVCKENWOOD Group recognizes the importance of minimizing the impact of business activities on biodiversity and tackling its preservation, and pursues preservation activities in the neighborhoods of its business locations both in Japan and overseas in collaboration with governments, experts, and local residents.

Biodiversity preservation activities

As part of its CSR activities, JVCKENWOOD established biotopes (green land and wetland) at its business location in 2006 as "Forests of Coexistence" that serve as places of relaxation for customers and employees. In agreement with the spirit of the How Far Does a Dragonfly Fly Forum, an activity project under Keihin Forest Development Business being implemented by the Yokohama City Environmental Planning Bureau, we have arranged our biotope into Dragonfly Pond and, as a company operating in the Keihin Seaside Zone, we are undertaking sustained environmental preservation activities together with local communities.



How Far Does a Dragonfly Fly Forum held with local cooperation wins award for excellence at 5th Biodiversity Japan Awards (Head Office & Yokohama Business Center)

Mt. Kinbo forest development activities

JVCKENWOOD Yamagata participates in the Mt. Kinbo (Tsuruoka) Forest Development Activities hosted by the Yamagata Prefecture Environmental Conservation Council since FY2011. These continued efforts have been highly regarded, and even won encouragement and letters of thanks from the Yamagata Prefecture Environmental Conservation Council.



Continuous activities such as cutting branches and vines to maintain the lush vegetation and ecosystems of village forests

Supply Chain Management

▶ Complying with the UK Modern Slavery Act

In compliance with the UK Modern Slavery Act, which went into effect in 2015, the JVCKENWOOD Group has released statements on its efforts to prevent slave labor and human trafficking in its business activities and supply chains.

▶ Promoting Sustainable Procurement

The JVCKENWOOD Group promotes global procurement activities in accordance with the “JVCKENWOOD Group Procurement Policy” and “JVCKENWOOD CSR Procurement Guidelines,” based on the belief that constructing a sustainable supply chain forms the basis for corporate growth and the development of a sound society.

JVCKENWOOD Group Procurement Policy

The JVCKENWOOD Group established the JVCKENWOOD Group Procurement Policy in October 2018. This policy goes beyond merely complying with laws and regulations to broadly improve understanding of sustainable procurement and efforts in that regard in hopes of helping to develop a sustainable society.

JVCKENWOOD CSR Procurement Guidelines

The JVCKENWOOD Group established “JVCKENWOOD CSR Procurement Guidelines” in compliance with the code of conduct set out by the Japan Electronics and Information Technologies Industries Association (JEITA). We began applying these guidelines in 2017 to share sustainability-related values with a variety of stakeholders. These guidelines consist of seven categories: (1) human rights and labor, (2) occupational health and safety, (3) environment, (4) fair trading, (5) product quality and safety, (6) information security, and (7) social contributions. We familiarize suppliers with these guidelines at supplier meetings.

▶ Prohibiting child/forced labor

The JVCKENWOOD Group embraces the UN’s Universal Declaration of Human Rights and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, insisting on respect for basic human rights all through its supply chains.

The JVCKENWOOD CSR Procurement Guidelines clearly prohibit child labor and forced labor, and we will be familiarizing all suppliers with the guidelines to ensure they are suitably incorporated into their business practices.

▶ Approaches to Conflict Minerals

Significant human rights violations and environmental destruction by armed groups in the Democratic Republic of the Congo and surrounding countries have been broadly recognized as serious issues by the international community, and it has been noted that the minerals produced in this region have become sources of funding for these armed groups. The US Dodd-Frank Wall Street Reform and Consumer Protection Act names four minerals

produced and refined in this region — tin, tantalum, tungsten and gold — as conflict minerals, and requires companies to disclose information on the refiners of parts/materials that include these minerals.

While not subject to the restrictions imposed by the Dodd-Frank Act, JVCKENWOOD agrees with such initiatives vis-à-vis conflict minerals, and has participated in the Responsible Minerals Trade Working Group of the Japan Electronics and Information Technology Industries Association (JEITA), and as a member is pursuing its own voluntary efforts for the sake of global sustainable procurement.

More specifically, we have sent out conflict mineral survey forms to our primary suppliers who handle about 11,000 parts that fall within the scope of conflict minerals, and inspected 3TG* refineries; 1,558 suppliers received our survey forms over the period of FY2014–2018, with a response rate of 96.2%.

*3TG: An abbreviation meaning tin, tantalum, tungsten and gold; the term refers collectively to these four minerals and their derivatives

Promoting Active Roles for Employees

▶ Human Resources Development

The JVCKENWOOD Group regards human resources development as a top priority to secure continued growth for the Company, and is striving to foster and retain employees by establishing education/training systems that support the growth of individual employees and by developing/utilizing structures that allow employees to maintain long-standing careers even in the face of lifestyle changes.

▶ Employee Health Management Health and productivity management*

Based on the “JVCKENWOOD Health Policy Statement,” we promote maintaining and enhancing the health of employees through the collaborative efforts of management, departments related to industrial health, the Health Insurance Association and the work site. In FY2019, we established the Health Management Business Promotion Committee with an industrial doctor involved. It regularly holds meetings as an advisory body on company-wide key issues concerning health.

JVCKENWOOD has been recognized as a White 500 Certified Health and Productivity Management Organization for three consecutive years since 2017. We will continue to work on various measures toward improving health and productivity management.

* “Kenkokeiei (Health and Productivity Management)” is a registered trademark of the Workshop for the Management of Health on Company and Employee (NPO).

The JVCKENWOOD Health Policy Statement

JVCKENWOOD strives to create a workplace environment that enables its employees to stay healthy and motivated at work to achieve its corporate vision: “Creating excitement and peace of mind for the people of the world.”

Recognized among the White 500 Certified Health and Productivity Management Organizations for 2019

JVCKENWOOD was recognized in March 2019 as one of the White 500 Certified Health and Productivity Management Organizations for 2019, a certification program administered jointly by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi.



▶ Occupational Safety and Health

Our Concept of occupational safety and health

To create safer and more comfortable workplaces, the JVCKENWOOD Group aims to maintain and enhance safety and health at all business locations with a goal of reducing the number of occupational accidents to zero. As a result, the lost-time injuries frequency rate*¹ for FY2018 was 0.163, and the severity rate*² has been 0.000 since 2015, which is below national and industry averages.

*¹ Lost time injuries frequency rate : a rate indicating the frequency of accidents, calculated using “number of casualties by occupational accidents / total actual working hours x 1,000,000 hours”. However, the “number of casualties” refers only to the number of persons died/injured in occupational accidents who were absent from work for one or more days and who lost a body part or a bodily function due to the accident.

*² Lost time injuries severity rate : a rate indicating the severity of accidents, calculated using “total lost-work days / total actual working hours x 1,000 hours”

▶ Fair Labor-Management Relations

JVCKENWOOD promotes active dialogue between labor and management in recognition of the fact that trusting labor-management relations will boost the productivity and motivation of employees and lead to sustained growth for the Company.

Labor-management dialogue

JVCKENWOOD enjoys a labor-management relationship with the JVCKENWOOD Labor Union that represents all employees, together establishing labor agreements that cover the three rights of labor (the right to unionize, the right to collectively bargain, and the right to collectively act) as well as wages, working hours and other working conditions, and negotiating/discussing personnel matters, complaints, etc.

As of July 2019, 100% of employees (excluding executives and managerial personnel) belong to the union. Labor and management meet periodically in informal management

gatherings, financial results briefings, and special labor-management committee meetings on particular programs, discuss matters, and promptly implement agenda items on which they have agreed.

Stakeholder Partnership

▶ Donations and Social Contribution Activities

Our basic concept and initiatives

The JVCKENWOOD Group leverages its products/services and knowledge to undertake activities globally that contribute to younger generations and communities as a corporate citizen, and encourages employees to participate in social contribution activities.

Initiatives for the next generation

JVCKENWOOD is actively involved in developing the future generation through group-wide activities such as offering on-site lectures for increasing an understanding of SDGs through our business, as well as workplace tours and work experiences for students.



On-site lecture at a high school in Yokohama

Initiatives as a member of the local community

Our business locations across countries are supporting sporting events, helping communities recover from earthquakes, offering donations and engaging in other activities as a community member to contribute to the community as a whole.



Supporting sporting events in Canada

Initiatives for the natural environment

We have been improving the environmental awareness of employees and engaging in beautification activities in various local areas, developing products that create environmental value and adopting a variety of other approaches to help protect the natural environment.



Beautification activities in Malaysia

Structure

The Company believes that one of its most important management issues is to increase the transparency and efficiency of its management decision-making process and improve corporate value by strengthening corporate governance. To this end, we strive to enhance our corporate governance based on the policy that calls for “the separation of management from the execution of businesses, “the appointment of external directors and external Audit & Supervisory Board members,” and “the improvement of the function of checking by establishing an Internal Audit Division,” thereby strengthening the Company’s internal control system on a Group-wide basis. The Company has established its basic views and policy for corporate governance, based on each of the principles of the Corporate Governance Code, as the “JVCKENWOOD Corporate Governance Policy” (“CG Policy”), and posted the CG Policy on the Company’s website.

CG Policy:
https://www.jvckenwood.com/en/corporate/governance/corporate_governance.html

Enhancing Corporate Governance

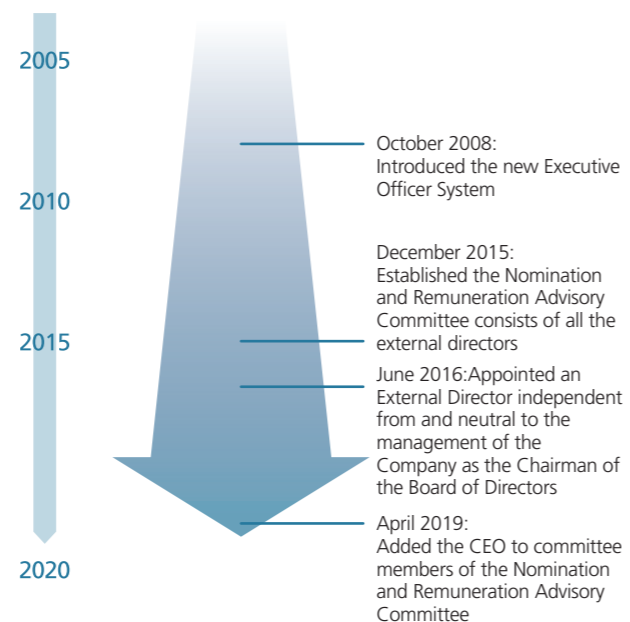
The Company’s basic corporate governance policy “separates management from the execution of operations,” “recruits external directors and Audit & Supervisory Board members,” and “improves the function of acting as a check by establishing the Internal Audit Division.” The Company has concluded that in order to effectively implement the policy, the most effective corporate governance system is to adopt the organizational structure of a company with an Audit & Supervisory Board and to introduce an executive officer system as below.

Since June 2016, JVCKENWOOD has appointed an external director independent from and neutral to the management of the Company as the chairman of the Board of Directors. As of June 20, 2019, Mr. Yasuyuki Abe, who serves as external director, chairs the Board of Directors, and established a place for active exchange of opinions and discussions at meetings of the Board of Directors. The chairman of the Board determines agendas for a meeting of the Board of Directors in consultation with the chairman and the chief executive officer (CEO) prior to deliberations of the Board of Directors. In addition, the chairman is responsible for convening meetings of the Board of Directors and preparing minutes of meetings of the Board of Directors, etc. as head of the Board of Directors.

The Company established the Nomination and Remuneration Advisory Committee, for which all of its external directors serve as committee members, in December 2015, with the aim of strengthening the independence and objectivity of the functions of the Board of Directors.

Since its establishment, the Nomination and Remuneration Advisory Committee has made proposals to JVCKENWOOD regarding candidate representatives for the Board of Directors, and reviewed the appropriateness of director candidates and directors’ compensation plans proposed by the representatives and others, and reported its opinions. The Board of Directors has determined director candidates and directors’ compensation, taking into consideration the opinions stated by the Nomination and Remuneration Advisory Committee.

In addition, in April 2019, the Company added the chief executive officer (CEO) to committee members of the Nomination and Remuneration Advisory Committee in order for external directors who serve as committee members to share accurate internal information in a timely manner and to improve the effectiveness of the Nomination and Remuneration Advisory Committee. The procedures for deliberating a proposal and making determination regarding candidate representatives for the Board of Directors by the Nomination and Remuneration Advisory Committee are performed by three committee members who serve as external directors except for the committee member who is the CEO.



The Company has introduced an executive officer system under which the management supervisory function is separated from the business execution function to clarify management responsibility and business execution responsibility since its establishment in October 2008.

The Board of Directors, in order to lead the Company’s initiatives in corporate reform and governance, is chaired by an external director, holds discussions between external directors as independent directors and directors concurrently serving as executive officers to make highly transparent decisions, and entrusts the business execution to executive officers. In accordance with decisions made at meetings of the Board of Directors, the chief executive to officer (CEO), serving as the chairman, takes the lead in the Executive Officers Committee’s meetings.

Each of the executive officers assumes responsibility for the overall operations of all businesses in the Americas, EMEA (Europe, Middle East, and Africa), APAC (Asia Pacific), and China, and is in charge of the Automotive Sector (AM Sector), Public Service Sector (PS Sector), or Media Service Sector (MS Sector), and thus their responsibilities are clarified in both businesses and regions. Furthermore, we introduced an execution system under which each executive officer is appointed to the positions of CFO (chief financial officer) or CTO (chief technology officer) or is in charge of each corporate division to support the CEO, and they have been performing their duties towards achieving the “Vision 2020”, Mid- to Long-Term Management Plan.

For more information, please visit our website at https://www.jvckenwood.com/en/corporate/governance/g_structure.html

Evaluation on Effectiveness of the Board of Directors

The JVCKENWOOD Group has evaluated and analyzed the effectiveness of the Board of Directors since 2016 in accordance with Article 17 of the JVCKENWOOD Corporate Governance Policy. The fourth such effectiveness evaluation was carried out in January 2019, with the results of self-evaluations made by each director and Audit & Supervisory Board members aggregated and analyzed by a third-party organization. The results confirmed that awareness of the need to promote improvements to governance was high across the Board of Directors, and that this, together with the establishment of a decision-making process by the Nomination and Remuneration Advisory Committee, demonstrated that the Board of Directors had been sufficiently effective.

1. Summary of the method of evaluation on effectiveness of the Board of Directors

This is the fourth year of the evaluation, we conducted the evaluation by combining self-evaluations by each director and Audit & Supervisory Board member through data aggregation and analysis by a third-party organization to receive candid opinions and conduct evaluation by ensuring objectivity and analyzed and evaluated the difference from the first evaluation.

Persons subject to evaluation

Directors and Audit & Supervisory Board Members

Evaluation method

Persons subject to evaluation answer the “Self-Evaluation Questionnaire” compiled and analyzed by a third-party organization.

Content of the Self-Evaluation Questionnaire

Proposed evaluation items were created in light of the appropriate roles of the Board of Directors of the Company and its functional enhancement. Then the questionnaire was prepared by narrowing down the evaluation items, taking into account opinions of an outside expert, which is a third-party organization, and based on the analysis and consideration of factors, such as the internal and external environment surrounding JVCKENWOOD.

2. Summary of the results of evaluation on effectiveness of the Board of Directors

As a result of analyzing and evaluating the Self-Evaluation Questionnaire results, the external and internal directors and the Board of Directors as a whole are found to have a high level of consciousness about the need to continuously promote improvements to governance. And, by establishing a decision-making process for nomination and remuneration by the Nomination and Remuneration Advisory Committee, delegating authority to executive officers, strengthening the monitoring function of the Board of Directors, and establishing off-site meetings for intensive discussions with parties other than the Board of Directors, the Board of Directors of the Company was confirmed to have been engaged in active discussions and has been sufficiently effective. Meanwhile, the Board of Directors has identified strengthening training for officers, responding to diversity, and assessing investment projects, etc., as issues to be addressed. The Board of Directors will continue its efforts to further deepen discussions on important subjects, such as the medium- and long-term business strategy of JVCKENWOOD.

► Policy for Corporate Officers’ Remuneration

With regard to remuneration for directors, the Company has provided for a method of determining the amount of remuneration in internal rules within the total amount of remuneration (36 million yen a month, of which compensation for external directors is up to 8 million yen) approved by resolution at the General Meeting of Shareholders. To be more specific, the amount of base remuneration of individual directors is determined and paid after the amount of remuneration of individual directors is set according to the base remuneration, position (such as chairman, president, deputy president, senior management executive officer and senior vice president) as well as job title (such as authority of representation, chief executive officer, chairman of the Board and Nomination and Remuneration Advisory Committee member).

Internal rules only provide for the method of determining the amount of monetary remuneration, and the Company does not pay directors and executive officers any remuneration other than money, such as stock or stock acquisition rights, as consideration for execution of their duties.

As for directors serving concurrently as executive officers, apart from the remuneration for directors, fixed remuneration reflecting the factors linked to performance is paid as remuneration for executive officers by adjusting incentives by multiplying the individual base remuneration calculated in accordance with internal rules by a coefficient linked to profit and performance (the amount of change in core operating income and net income (loss)). The said method has been employed because the index is clear and it can promote incentives since the remuneration will be increased or decreased according to an increase or decrease in the company profit. The Board of Directors has made a decision on this method after the Nomination and Remuneration Advisory Committee has concluded in its deliberations that it is appropriate. No incentive adjustment is made for non-executive directors including external directors.

Further, Directors join the Executive Shareholding Association, and contribute a certain percentage of money from the determined monthly remuneration to the Executive Shareholding Association and acquire the stock of the Company corresponding to a certain amount of money on a monthly basis, whereby they manage the company from the perspective of shareholders, focusing on mid-to long-term performance.

As to the establishment, revision and abolition of the internal rules providing for the remuneration for directors, the Nomination and Remuneration Advisory Committee comprised of a majority of Independent external directors will review the appropriateness, etc. of proposals discussed by the representative director of the Board, etc. and submit a report to the Board of Directors, and the Board of Directors will determine the establishment, revision and abolition of the internal rules taking into consideration the details of the report. Details of individual remuneration for directors, etc. will not be determined at the discretion of the representative director of the Board again.

With regard to remuneration for Audit & Supervisory Board members, the Company has provided for a method of determining the amount of remuneration in internal rules within the total amount of remuneration (9 million yen a month) approved by resolution at the General Meeting of Shareholders. Specifically, the amount of compensation for Audit & Supervisory Board members consists of base compensation, which is set separately for full-time Audit & Supervisory Board members and part-time Audit & Supervisory Board members, and compensation set according to the position (chairman of the Audit & Supervisory Board). The performance-linked factor is not introduced to compensation for Audit & Supervisory Board members and their compensation is fixed compensation.

Internal rules only provide for the method of determining the amount of monetary remuneration, and the Company does not pay Audit & Supervisory Board members any remuneration other than money, such as stock or stock acquisition rights, as consideration for execution of their duties. As in the case for directors, all Audit & Supervisory Board members join the Executive Shareholding Association. Each member contributes a fixed percentage of his/her determined monthly compensation to the Executive Shareholding Association and purchases a certain number of shares of the Company corresponding to the amount of his/her contribution every month, and thus, auditing reflects a shareholders' perspective.

The details of the internal rules for determining compensation for Audit & Supervisory Board members are finalized through discussion at the Audit & Supervisory Board meetings based on the report of the Nomination and Compensation Advisory Committee about appropriateness etc., in order to ensure consistency with the internal rules for compensation for directors and executive officers.

■ Total amount of remuneration by corporate officer title, by type of remuneration, and number of officers receiving

(From April 1, 2018 to March 31, 2019)

Corporate Officer Title	Total Remuneration (Millions of Yen)	Total Remuneration by Type (Millions of Yen)				Number of Corporate Officers Eligible for Remuneration
		Basic Remuneration	Stock Option	Bonus	Retirement Benefit	
Directors(excluding External Directors)	300	300	—	—	—	7
Audit & Supervisory Board Members(excluding External Audit & Supervisory Board Members)	49	49	—	—	—	2
External Corporate Officers	66	66	—	—	—	5
Total	416	416	—	—	—	14

(Note)

1. The above compensation for Directors does not include salaries of those who are also company employees. The Company does not pay bonuses, retirement benefits, or other monetary remuneration other than the above remuneration to Directors and Audit & Supervisory Board Members.

2. None of the Directors or Audit & Supervisory Board Members of the Company receive 100 million yen or more in consolidated remuneration.

Striving to provide advice based on on-site information to use the changes of the times as opportunities for growth.

Yasuyuki Abe

Director of the Board (External Director),
Chairman of the Board



Needless to say, the most important role of an external director is to express opinions to the management and executive sides as an independent officer and spokesperson for all stakeholders, and to maximize corporate value through discussion. Additionally, since I have worked for a general trading company for many years, I believe that I am being requested to provide a global corporate management perspective and opinions on information related matters.

In order to achieve this mission, it is important to continuously ascertain the Company's actual situation and environmental changes in real time. In the Group, too, all businesses are in the midst of undergoing change, such as CASE* in the automobile industry and the digitization of wireless systems, and global competition has become increasingly fierce. In order to provide effective opinions in this context, it is necessary to obtain more realistic on-site information in addition to obtaining information at meetings of the Board of Directors and briefings held before and after such meetings. Thus, I have been trying to visit work-sites whenever I have an opportunity and speak with officers and employees, including engineers and sales staff. I also actively visit overseas offices to check the progress of the implementation of policies and plans. In addition to providing opinions and advice rooted in work-sites, appointing top management is also an important role. In the four years since I became an external director, the CEO has been replaced twice. I understand that the Nomination and Remuneration Advisory Committee, whose members are external directors, has played a significant role in these changes of the representative. I believe that the committee is functioning properly and that it is essential to continue the activities of the committee properly for the development of the Company.

In the past, Board of Directors' meetings tended to be held for long hours due to the broad scope of business covered. However, as the chairman of the Board, I have narrowed down the focus of the times and I believe we have been able to conduct more efficient discussions than in the past. In the future, we will work to promote more efficient discussions regarding the direction the company as a whole should take over the medium to long term.

Fortunately, today's JVCKENWOOD is in an environment where, unlike in the past when we were in a temporary contraction and equilibrium mode, we can discuss strengthening our existing businesses and positive and active investment in new businesses. To achieve sustainable growth in the future, it is important to continue attempting various businesses while getting a sense of the trends in the world. I believe that one of the important functions of us external directors is to ensure that discussions within the company are conducted properly in proceeding with such tasks.

I believe that attempting new businesses is a never-ending story. The most important thing is to always be humble and continue to pursue better things. Focusing my eyes on the Group's current business environment and changes in such environment as well as our vision, I will continue to lead diverse discussions that lead to sustainable growth.

*Connectivity, autonomous, shared and electric

Contributing to the creation of a system for human resource development and appointment that is essential for sustainable growth.

Shinjiro Iwata

Director of the Board (External Director),
Chairman of the Nomination and
Remuneration Advisory Committee



In my two years as an external director, I have given various opinions to the Board of Directors and the Nomination and Remuneration Advisory Committee. During the time, there are two main points that I have kept in mind.

One is to understand the Company's business. A mere third party cannot provide effective advice. Based on my experience gained through global management in the electrical manufacturing industry, I visit business sites in Japan and overseas to understand the actual condition of business by, for example, exchanging opinions with staff. Then, I promote discussions on "In these cases, we will ..." in addition to "what we should do."

The other thing is to freely state what I have noticed. Due to my long experience in managing overseas acquired companies, I believe that all participants should actively speak at meetings. It takes time for discussion, but I believe that this process is essential for ensuring greater transparency in decision-making and achieving accountability.

From these points of view, if I were to evaluate the current situation in my own way, I would say that active discussions are being held at our Board of Directors' meetings and that there is an atmosphere where one can speak freely at such meetings. I appreciate the fact that the chairman of the Board of Directors is an external director, and I also feel that the effective management of the proceedings by the chairman leads to free discussion and prompt decision-making.

On the other hand, I feel that there are challenges, too. For example, the Board of Directors consists of few people with technical backgrounds and women. The fundamental reason for this is the inadequacy of the human resource development and appointment

systems that support the management of the JVCKENWOOD Group. At the Company, members of the Nomination and Remuneration Advisory Committee interview executive officers and candidates for executive officers, including vice presidents, each year. I have also been present at such interviews, and I think that they constitute a very meaningful mechanism for understanding the current status of the business and the qualifications of candidates. However, since many people have no past experience in any other field or business, I feel that there are few opinions based on company-wide knowledge. Of course, interviews are an opportunity to select executive officers, so this is fine. Going forward, however, we will need to rotate younger people in their 40s across fields and businesses to create a personnel plan that will lead to the discovery and development of the Company's management personnel from an early stage. From the perspective of appointing human resources, I would like to contribute to the creation of a skill map that will serve as the basis for the systematic appointment of external directors, by clarifying the personnel and term of office required for each aspect of the direction of the company, such as investment in the DX Business and globalization.

As the Group has gone through a management reconstruction process and is now in a new stage of growth, I believe this is a good opportunity to build a more transparent and planned governance system and make decisions of a longer-term, strategic nature. I intend to continue to actively speak out to support these changes.

Aiming to help refine the JVCKENWOOD Group's tacit knowledge based on ideas from different perspectives and experience.

Yuji Hamasaki

Director of the Board (External Director)



Over 40 years, I have been involved in the manufacturing industry as an engineer and as a corporate manager with a background in engineering. During the first 30 years of my career, I was engaged in the development, design and commercialization of products related to optical communications; development of the U.S. market and production in China; and development of business related to broadband equipment and digital broadcasting transmission equipment in the age of the Internet. Today's Internet society has been formed by combining these communication technologies with many technological innovations. In the subsequent 10 years, as a corporate manager, I have been engaged in businesses related to heavy electric machinery, motors and social infrastructure, and I am still working actively. In areas where the technical requirements and time axes are quite different, I have experienced supervisory roles while spending most of my career serving as a managing executive.

I believe the purposes of the Board of Directors are, in plain words, adhering to rules and tackling business head-on and striving to improve corporate value by improving business performance. Every company has its own internal common sense, which is established as unwritten rules, but ideas from different perspectives and experience sometimes provide clues and motivate employees to refine their tacit knowledge. When I was asked if I could assume the office of external director, I wondered if I could be of any help while I thought it would be an honor to be appointed to such a position. However, at the same time, I thought that I could contribute to improving corporate value even a little by actively expressing my own experience and opinions, even if there were differences in business areas or specialty, and I decided to accept such appointment.

Since my appointment in June, I have attended several

meetings of the Board of Directors and the Nomination and Remuneration Advisory Committee, as well as exhibitions. I have also had opportunities to speak with various department managers. I have been trying to take such opportunities to learn not only about our business but also about our internal systems. I have also been trying to actively speak about my experience. It is important to make management decisions after learning about the big picture such as the company's history and trends of the times. At the same time, however, it is said that "God is in the details" and, in some cases, "devil" is considered the same. Therefore, I would like to enhance people's understanding of the details through free and vigorous discussions.

Recently, I heard someone from a chemical company say, "Our company will become an information technology company by 2030." In addition, it is said that "Banks will become information banks." The IoT allows us to collect and control a large amount of and various pieces of data, and the artificial intelligence (AI) processes, analyzes, and judges the collected data. As a result, they have an impact on all industries. The trend toward digital transformation (DX) is clear. Against this backdrop, the company has been accumulating experience and know-how in both analog and digital fields, with visual, audio and communications systems as core technologies. Maximizing the use of these assets will allow us to play an important role in Society 5.0, and it will also increase the company's corporate value. I would like to contribute to the sustainable growth of the company by evolving myself one step further.

Governance

Directors of the Board, Audit & Supervisory Board Members, and Executive Officers (As of Oct. 1, 2019)

Directors of the Board



Takao Tsuji

Title
Representative Director of the Board, Chairman

Career
Jun. 2002 President and Representative Director of Nissho Electronics Corporation
Jun. 2013 External Director of JVCケンウッド株式会社
May. 2014 Representative Director of the Board, President, COO of JVCケンウッド株式会社
Jun. 2016 Representative Director of the Board, President, CEO of JVCケンウッド株式会社
Apr. 2018 Representative Director of the Board, Chairman, CEO of JVCケンウッド株式会社

Concurrent Post
External Director of Dexerials Corporation (Since June, 2019)



Yasuyuki Abe

Title
Director of the Board (External Director), Chairman of the Board, Nomination and Remuneration Advisory Committee member

Career
Apr. 2002 Corporate Officer and Assistant to General Manager, Network Division, Sumitomo Corporation
Jun. 2009 Representative Director, Managing Executive Officer and General Manager, Financial & Logistics Business Unit of Sumitomo Corporation
Apr. 2011 Representative Director, Senior Managing Executive Officer and General Manager, New Industry Development & Cross-Function Business Unit of Sumitomo Corporation
Jun. 2015 External Director of JVCケンウッド株式会社
Jun. 2016 External Corporate Auditor of Fuji Heavy Industries Ltd.

Concurrent post
External Director of SUBARU CORPORATION, Advisor of Orange and Partners Co., Ltd.



Shoichiro Eguchi

Title
Representative Director of the Board, President and CEO
Nomination and Remuneration Advisory Committee member

Career
Jun. 2003 Senior Vice President & Executive Officer of Kenwood Corporation
Oct. 2005 President and Director of Kenwood U.S.A. Corporation
May. 2014 Representative Director of the Board, Executive Officer, Regional CEO (Europe) of JVCケンウッド株式会社
Apr. 2018 Representative Director of the Board, President, COO of JVCケンウッド株式会社
Apr. 2019 Representative Director of the Board, President, CEO of JVCケンウッド株式会社



Masaki Imai

Title
Director of the Board, Executive Vice President in charge of Administrative Division, COO EMEA, General Manager of Internal Governance Office

Career
Apr. 2001 General Executive of President's Office
Jun. 2010 Director of the Board, General Manager of Corporate Planning Department of Victor Company of Japan, Limited
Jul. 2012 Senior Vice President & Executive Officer, General Executive of Corporate Planning & Production Strategy Planning Division
Apr. 2018 Director of the Board, Executive Vice President, CSO, CAO, General Manager of Internal Governance Office of JVCケンウッド株式会社



Masatoshi Miyamoto

Title
Director of the Board, Senior Managing Executive Officer, CFO

Career
Oct. 2002 Head of Finance Planning Office, Finance Department of Kenwood Corporation
Jun. 2007 Director and President, Kenwood Electronics Trading (Shanghai) Co., Ltd.
May. 2014 Senior Vice President & Executive Officer, Head of Car Electronics Segment of JVCケンウッド株式会社
Apr. 2017 Managing Executive Officer, CFO of JVCケンウッド株式会社



Masao Nomura

Title
Director of the Board, Senior Managing Executive Officer, COO Automotive Sector, General Executive of Automotive OEM Business Division, In charge of DX (Digital Transformation) Business Division, In charge of Information Technology Department

Career
Jul. 1998 Director of the Board of Benelux N.V. (subsidiary of Sojitz Corporation)
May. 2014 General Executive of OEM Business, Car Electronics Segment of JVCケンウッド株式会社
Apr. 2017 Executive Officer, General Executive of OEM Business Division, Automotive Sector, Senior General Manager of Option Business Unit of JVCケンウッド株式会社
Jun. 2018 Director of the Board, Managing Executive Officer in charge of Automotive Sector General Executive of Automotive OEM Business Division, COO EMEA, of JVCケンウッド株式会社



Yoshio Sonoda

Title
Director of the Board, Executive Officer, CTO, General Executive of Automotive Engineering & Design Division, General Executive of Automotive Business Planning Division, In charge of R&D Department, In charge of Intellectual Property Department, In charge of SCM Department

Career
Jan. 2006 General Manager of Element Technology Development, Consumer Business Development Center of Kenwood Corporation
Apr. 2017 Vice President, General Executive of Automotive Engineering & Design Division of JVCケンウッド株式会社
Apr. 2018 Executive Officer, General Executive of Automotive Engineering & Design Division, JVCケンウッド株式会社
Apr. 2019 Executive Officer, CTO, General Executive of Automotive Engineering & Design Division, General Executive of Automotive Business Planning Division, In charge of R&D Department, In charge of Intellectual Property Department



Shinjiro Iwata

Title
Director of the Board (External Director), Chairman of Nomination and Remuneration Advisory Committee

Career
Apr. 2009 Vice President and Executive Officer, CEO of Service & Global Business, Information & Telecommunication Systems Group of Hitachi, Ltd.
Apr. 2013 Representative Executive Officer, Executive Vice President and Executive Officer CIO and CISO of Hitachi Group
Jun. 2015 Chairman of the Board & Director of Hitachi Koki Co., Ltd. (External Director)
Jun. 2017 External Director of JVCケンウッド株式会社

Concurrent Post
Director and Chairman of Benesse Holdings, Inc. (External Director), External Director of A.L.I. Technologies Inc.



Yuji Hamasaki

Title
Director of the Board (External Director), Nomination and Remuneration Advisory Committee member

Career
Jun. 2004 Executive Officer, Deputy Vice President, Infocommunications Business Unit of Sumitomo Electric Industries, Ltd.
Jun. 2006 Managing Director, Vice President, Broadband Solutions Business Unit of Sumitomo Electric Industries, Ltd.
Jun. 2010 Director & Senior Managing Executive Officer of Meidensha Corporation
Jun. 2013 Representative Director, President of Meidensha Corporation
Jun. 2019 External Director of JVCケンウッド株式会社

Concurrent Post
Representative Director, Chairman of MEIDENSHA, Executive Vice Chairman of the Japan Electrical Manufacturers' Association

Audit & Supervisory Board Members



Satoshi Fujita

Title
Audit & Supervisory Board Member (Full-time Audit)

Career
Jul. 2003 Manager of Tarumi Branch Office, Resona Bank, Limited / Mar. 2007 General Manager of Financial and Accounting Division / Jun. 2012 Director of the Board, Executive Officer, CFO of JVCケンウッド株式会社



Takayoshi Sakamoto

Title
Audit & Supervisory Board Member (Full-time Audit)

Career
Sep. 1996 Joined The Asahi Bank, Ltd., International Dept. (assigned to the U.S. Office) / Jun. 2008 Director of the Board, Senior Vice President & Executive Officer of Kenwood Corporation / Oct. 2011 SOO, Business Innovation in Europe of JVCケンウッド株式会社



Shojiro Asai

Title
Audit & Supervisory Board Member (External Auditor)

Career
Jun. 1999 Executive Managing Director, General Manager of Research & Development Group, Hitachi, Ltd. / Jun. 2005 External Corporate Auditor, Kenwood Corporation / Dec. 2006 Executive Vice President and Director, Rigaku Corporation / Jun. 2012 External Audit & Supervisory Board Member

Concurrent Post
ACCEL Research Area Advisor of The Japan Science and Technology Agency Member, Program Administration Committee, JST-Mirai Program Japan Science and Technology Agency



Nagaaki Ohyama

Title
Audit & Supervisory Board Member (External Auditor)

Career
Nov. 1993 Professor, Imaging Science and Engineering Institute, School of Engineering, Tokyo Institute of Technology / Apr. 2010 Professor, Imaging Science and Engineering Laboratory, Tokyo Institute of Technology / Jun. 2016 External Audit & Supervisory Board Member

Concurrent Post
Institute Professor, Institute of Innovative Research, Tokyo Institute of Technology Director of Managing Committee of Japan Agency for Local Authority Information Systems

Executive Officers



Takuya Arai

Title
Managing Executive Officer, General Executive of Automotive Aftermarket Business Division, COO APAC

Career
Nov. 2004 Product Planning Manager of PM Department, Car Electronics Business Division of Kenwood Corporation / Nov. 2012 General Executive of Brand Strategy of JVCケンウッド株式会社 / Jun. 2016 Managing Executive Officer, General Executive of Aftermarket Business, Automotive Sector of JVCケンウッド株式会社



Naokazu Kurihara

Title
Managing Executive Officer, COO Americas

Career
Oct. 2002 President and Director of JVC Company of America / Jun. 2010 Director of the Board, General Executive of Digital Imaging Business Division of Victor Company of Japan, Limited / Sep. 2013 Director of the Board, Senior Managing Executive Officer



Akira Suzuki

Title
Managing Executive Officer, COO Public Service Sector

Career
Oct. 2006 Chief Engineer of Communication Business Division of Kenwood Corporation / Jun. 2013 Managing Executive Officer of IT, General Executive of Communication Division of JVCケンウッド株式会社 / Jul. 2016 Managing Executive Officer Deputy COO Americas (Public Service Sector) of JVCケンウッド株式会社



Shinichi Takada

Title
Managing Executive Officer, Assistant to Head of Administrative Division (Corporate Strategy Department, Legal Affairs Department, Corporate Communication Department, Brand Strategy Department)

Career
Apr. 2006 President and Director of JVC Mobile Company of America / Jun. 2013 Operating Officer, General Executive of Car Electronics Consumer Division / Apr. 2017 Executive Officer, COO Asia Oceania, JVCケンウッド株式会社



Kazuyoshi Hayashi

Title
Executive Officer, COO Media Service Sector, General Executive of Media Business Division

Career
Dec. 2004 General Manager of Camcorder Category, AV&Multimedia Company of Victor Company of Japan, Limited / Oct. 2011 Chief Engineer of HM Business Group of JVCケンウッド株式会社 / Apr. 2018 Executive Officer in charge of Media Service Sector of JVCケンウッド株式会社 (current position)



Akihiko Terada

Title
Executive Officer, COO China, Senior Executive of Automotive, China, Chairman of JVCケンウッド Hong Kong Holdings Limited

Career
Jul. 1997 Director of the Board, Administrative Manager, Accounting Manager of Nippon Computer Systems Corp. / Jun. 2001 Director of the Board, Financial Controller, Shinwa Co., Ltd. / Jun. 2011 CEO of Shinwa International Holdings Ltd.



Osamu Muraoka

Title
Executive Officer, General Executive of Communications Systems Division, Public Service Sector

Career
Jul. 1997 Director of the Board, Administrative Manager, Accounting Manager of Nippon Computer Systems Corp. / Jun. 2001 Director of the Board, Financial Controller, Shinwa Co., Ltd. / Jun. 2011 CEO of Shinwa International Holdings Ltd.



Junko Koshino

Title
Executive Officer, General Manager of Corporate Strategy Department

Career
Apr. 1993 Joined The Nippon Credit Bank, Ltd. / Jan. 1997 Fidelity Investments Japan Investment Analyst / Apr. 2012 Morito Co., Ltd. Executive Officer, General Manager Corporate Strategy Department / Apr. 2017 Vice President, General Executive of Communications Systems Division of JVCケンウッド株式会社

For more information, please visit our website at <https://www.jvckenwood.com/en/corporate/management.html>

Promotion of Compliance

Basic concept and promotion system

The JVCKENWOOD Group understands that compliance requires companies to go beyond simply observing laws and regulations and to also address issues of great public concern stemming from rapid changes that have yet to be dealt with in legislation. Among these issues are included reducing greenhouse gases and preventing workplace harassment and other infringements of human rights. Accordingly, we have established “Complying with laws and regulations and engaging in sincere and responsible behavior” as one of our new behavior guidelines, and ensuring proper operations in keeping with the JVCKENWOOD Group Compliance Activity Standards. The Compliance Committee headed by the CEO and the Internal Governance Office will be leading company-wide efforts aimed at ensuring full compliance within the JVCKENWOOD Group.

Specific initiatives to promote compliance

Compliance Code of Conduct

The JVCKENWOOD Group Compliance Activity Standards (established in March 2010) have been promulgated among all executives and employees within the Group through pamphlets (available in three languages) and an Intranet site. Employees at affiliate companies under the Group’s purview are being familiarized with the standards by compliance officers selected by the Board of Directors.

Our Basic Position

<Don't hide and delay, but act now!>

- 1. Complying with laws, ordinances, and rules**
We recognize that the rules of society take precedence over in-house rules and social interests come before corporate interests, and shall comply with laws, ordinances, and rules in a socially conscientious manner.
- 2. Having the courage to be honest**
If a problem arises, we shall make an initial report on the problem to the competent person without “hiding,” honestly and courageously even if it is inconvenient to the relevant company. This will benefit both the company and ourselves.
- 3. Acting without delay**
We need to have the courage to face up to difficulties and have the ability to act, while not avoiding problems or delaying implementation of solutions, irrespective of immediate interests. A problem, if its solution is postponed, could escalate to an even larger difficulty and stand in our path in the future. Consequently, it is important to nip any problem in the bud while it is still small.

Compliance Code of Conduct portable card

Compliance training

Education on compliance is principally the responsibility of the Internal Governance Office, which endeavors under the CEO’s guidance to thoroughly inform all executives and employees on compliance matters in order to construct a robust compliance structure. New employees are provided with training in face-to-face sessions while other employees are provided with regular training through e-learning on the Intranet. Compliance officers conduct annual training for division heads and other

executives on the topics covered by the Compliance Activity Standards and other related regulations as well as on the whistleblower system. About 4,300 executives and employees underwent some form of compliance training during FY2018.

Training on fair trade, corruption prevention, and anti-competitive behavior

Training on fair trade, corruption prevention, and anti-competitive behavior has heretofore been provided within the context of covering topics included in the Compliance Activity Standards but, in view of the particular importance of certain items, we plan from FY2018 to provide separate training (via e-learning) for all employees.

Internal whistleblower system

JVCKENWOOD has two whistleblower systems — a whistleblower reporting system (helpline) and an auditing informer system — available in Japanese and English to all executives and employees (including contract employees). Employees having compliance concerns can directly report these concerns through the whistleblower reporting system (helpline) established within the Internal Governance Office in line with Internal Whistleblower Rules, and corrective measures will be taken at the direction of the Compliance Committee. When accounting or auditing concerns arise, employees may use the auditing informer system set up at the Audit & Supervisory Board Office to directly report these. Both systems employ a dedicated communications system run by select personnel to protect the notifier’s name and maintain the confidentiality of the report. We will continue using both systems to detect and rectify compliance violations (behaviors that deviate from social norms).

Risks and Opportunities

Key Philosophy and Activities

The JVCKENWOOD Group regards risks as factors that could inhibit the achievement of business plans amid changes in the social demands and circumstances surrounding the Company. The Group regularly identifies risks faced by all its business sites around the world to recognize them clearly, set issues to tackle to prevent the realization of the identified risks and minimize their impact or damage, and resolve those issues systematically. In the meantime, some of the identified risks could affect the entire Company and thus require problem-solving activities on a company-wide scale and from a company-wide perspective. Management takes the initiative in implementing measures to resolve such problems.

We believe the most effective way to pursue such activities is to accurately recognize individual risks that arise from daily business activities and learn what issues need to be addressed to reduce risks, based on which the global business sites and management will cooperate in resolving

issues. The Group will proactively continue to implement global risk management, while thinking of risks as opportunities to contribute to sustainable growth as a company and increase corporate value.

Risk management system

JVCKENWOOD implements the risk surveillance process shown in the diagram below at all its business sites around the world every year. The purpose is to ensure the risk management activities are conducted through collaboration between its business sites and management. In the risk surveillance process implemented throughout the year, we quantitatively assess the significance of risks identified by the business sites, examine problems in reducing risks of high significance, and work on resolving those problems and confirm the effect. The Enterprise Risk Management Conference, which is comprised of members chosen from company executives and chaired by the risk management officer, keeps track of the progress and results of such activities. For risks that need to be addressed on a company-wide scale and from a companywide perspective, company executives in charge selected from among the members of the Enterprise Risk Management Conference systematically provide support to solve problems. At the Enterprise Risk Management Conference in FY2018, efforts were reported regarding BCM measures in the event of natural disasters and information security enhancements, we continue to take countermeasures.

Business Continuity Management (BCM)

Facing various risks, in particular emergency situations including earthquakes and other natural disasters, spread of epidemics, and the global expansion of terrorism, the JVCKENWOOD Group recognizes that its first social responsibility to stakeholders is to put the utmost priority on preserving human life, and its second is to deliver products and services. To fulfill these responsibilities, the Group has defined the basic principle of the Business Continuity Plan (BCP) as contributing to social security and safety through continuing business by swiftly reinitiating business operations after the occurrence of an emergency situation. Based on this policy, the JVCKENWOOD Group

conducts BCP activities at all its business divisions.

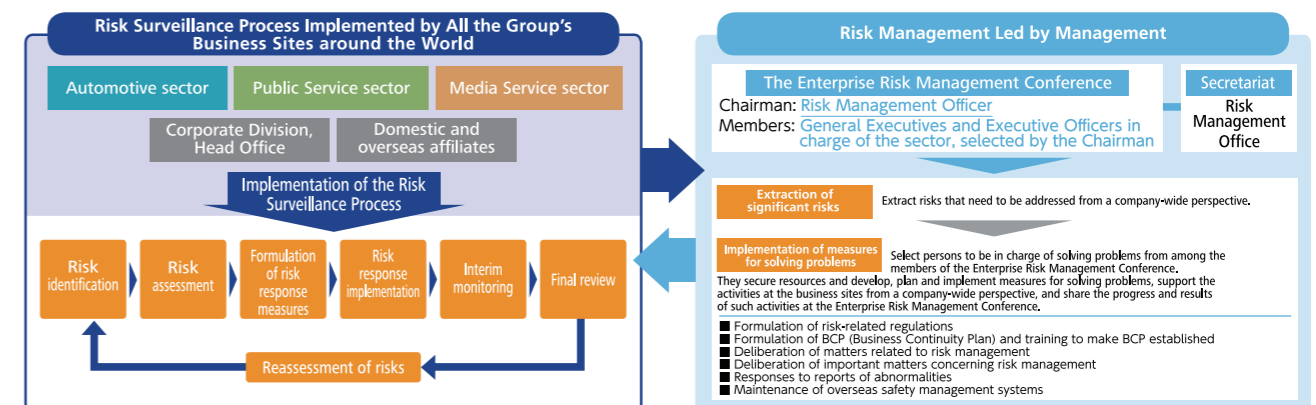
Basic policy on Business Continuity Plan (BCP)

Contribute to the security and safety of society through sustained business operations by promptly restoring business activities after an emergency occurs

In accordance with “The Certification Guidelines for Organizations Contributing to National Resilience” (released by the National Resilience Bureau of the Cabinet Secretariat in February 2016), we acquired the certification carried out by Resilience Japan Promotion Council in March 2017.

After two years of continuous disaster prevention/mitigation activities and business continuity planning efforts, and having passed an improvement examination in writing and an executive interview, we successfully renewed the resilience certification on March 29, 2019. We humbly believe that our proactive business continuity initiatives in the past and on-going efforts for improvement have been positively evaluated, and we are determined to continue working for an even better BCM quality.

Image of risk management structure



Financial and Non-Financial Data

(Millions of yen)

	FYE 3/'2010 JGAAP	FYE 3/'2011 JGAAP	FYE 3/'2012 JGAAP	FYE 3/'2013 JGAAP	FYE 3/'2014 JGAAP	FYE 3/'2015 JGAAP	FYE 3/'2016 JGAAP	FYE 3/'2017 IFRS*1	FYE 3/'2018 IFRS	FYE 3/'2019 IFRS
Fiscal year										
Revenue	398,663	352,672	320,868	306,580	316,343	285,010	292,195	297,890	300,687	307,627
Operating profit (loss)	-6,453	12,956	13,105	9,761	4,592	6,757	4,494	-128	6,937	7,263
Profit (Loss) before tax	-23,957	-3,879	6,331	1,524	6,418	6,816	4,148	-1,259	5,940	6,401
Profit (loss) attributable to owners of the parent company	-27,795	-4,025	6,213	1,243	-6,450	4,795	3,401	-3,114	2,389	3,847
Capital investment	6,659	5,600	5,600	7,082	4,243	5,385	9,267	9,069	8,287	8,700
Depreciation expense	19,484	13,892	11,356	10,441	10,986	10,465	11,631	15,417	16,862	17,794
Research and development expenses	31,157	23,779	20,630	21,350	21,454	21,591	20,713	19,282	17,890	18,309
Cash flows from operating activities	21,453	19,986	8,883	9,771	14,943	8,575	12,258	19,624	18,379	20,983
Cash flows from investing activities	-3,158	5,354	-6,498	-13,356	-10,658	-3,857	-8,395	-17,690	-14,835	-25,768
Cash flows from financing activities	-27,120	-2,291	-1,522	-8,608	-9,581	-7,514	-14,967	-2,052	-7,043	8,479
Free cash flows	18,295	25,340	2,385	-3,585	4,285	4,718	3,863	1,934	3,544	-4,785
Equity attributable to owners of the parent company	45,882	52,030	55,617	65,894	52,124	72,321	52,324	39,551	50,634	62,009
End of fiscal year										
Total assets	274,751	260,664	241,650	246,735	267,380	279,041	256,334	241,696	239,933	250,617
Cash and cash equivalents at end of year	43,408	64,891	65,478	57,526	54,737	54,452	41,551	40,798	37,162	40,844
Total equity	46,819	52,739	57,253	67,518	60,224	79,762	57,565	45,236	53,788	65,321
Retained earnings	-38,301	-41,305	24,369	24,965	17,821	22,421	25,128	-16,611	2,913	6,634
Interest-bearing debt	144,689	93,053	92,369	86,467	81,664	73,618	69,202	70,996	67,847	71,312
Net debt*2	101,187	28,081	26,808	28,706	26,473	18,541	26,437	30,198	30,685	30,468
Per share information										
Basic earnings per share (yen)	-28.75	-38.60	44.81	8.97	-46.52	34.58	24.51	-22.42	17.20	25.00
Equity attributable to owners of the parent company per share (yen)	47.45	375.19	401.07	475.19	375.89	521.57	376.57	284.65	364.42	378.24
Dividend (yen)	-	-	5.00	5.00	-	5.00	5.00	5.00	6.00	6.00
Payout ratio (%)*3	-	-	37.8	20.0	-	14.7	35.1	-	9.5	108.5
Other index data										
Overseas sales ratio (%)	64.1	59.7	55.9	54.9	58.2	62.8	65.5	59.0	56.5	55.5
Operating profit margin (%)	-1.6	3.7	4.1	3.2	1.5	2.4	1.5	-0.0	2.3	2.4
Ratio of profit (loss) attributable to owners of the parent company (ROE) (%)	-46.9	-8.2	11.2	2.0	-10.9	7.7	5.5	-7.5	5.3	6.8
Return on assets before tax (ROA) (%)	-45.8	-8.1	11.3	2.0	-10.1	6.9	5.0	-1.3	1.0	1.6
Ratio of equity attributable to owners of the parent company (%)	16.7	20.0	23.0	26.7	19.5	25.9	20.4	16.4	21.1	24.7
Non-Financial Data										
Number of employees (non-consolidated) (persons)	1,044	1,328	4,266	4,241	3,798	3,708	3,630	2,987	3,055	3,109
Average number of temporary employees (non-consolidated) (persons)			45	52	55	48	71	73	95	148
Number of employees (consolidated) (persons)	18,446	17,271	13,594	12,781	19,791	17,668	17,884	18,051	17,801	16,939
Average number of temporary employees (consolidated) (persons)	2,846	2,778	5,482	4,625	3,324	3,097	3,156	3,706	3,397	3,107
CO ₂ emissions (thousands tons)	87	83	76	75	58	60	52	51	50	49
Water usage (thousands tons)						329	262	304	305	289
Total waste (thousands tons)	2.3	2.6	2.5	2.6	3.1	2.5	2.2	2.0	2.1	1.9

* 1 While disclosure was previously made under JGAAP, the amounts shown were calculated under IFRS to allow year-on-year comparisons, in preparation for disclosure under IFRS in the fiscal year ended March 2018.

* 2 Calculation of JGAAP is based on interest-bearing debts (cash and deposits) and IFRS is based on interest-bearing debts (the balances of cash and cash equivalents) at the end of the fiscal year.

* 3 The dividend payout ratio was not presented for the fiscal year ended March 2017 as the Company posted a net loss per share for the year.

Corporate Profile

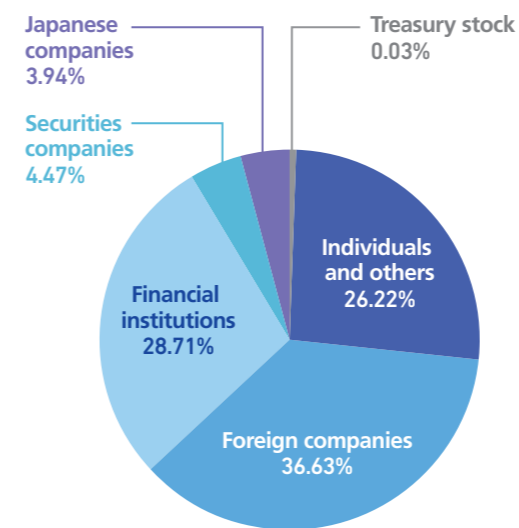
Company Name	JVCKENWOOD Corporation	
Business Segments	Controlling and managing the business activities by operating the Automotive sector, Public Service sector, Media Service sector and owning shares and interest in the companies which run those businesses	
Representative Director	Takao Tsuji, Shoichiro Eguchi,	Representative Director of the Board, Chairman Representative Director of the Board, President, Chief Executive Officer (CEO)
Date of Incorporation	October 1, 2008	
Capital	13,645,825,000 yen (as of March 31, 2019)	
Number of Employees	16,939 (consolidated basis) (as of March 31, 2019)	
Total Assets	250,617 million yen (as of March 31, 2019)	
Equity	65,321 million yen (as of March 31, 2019)	
Fiscal Year-End	March 31	
Head Office	3-12, Moriyacho, Kanagawa-ku, Yokohama-shi, Kanagawa 221-0022	

Stock Information

Ordinary General Meeting of Shareholders	In June each year
Record Date	Ordinary General Meeting of Shareholders: March 31 Year-end dividend: March 31 Mid-year dividend: September 30 <small>*Besides the above record dates, a dividend of surplus may be paid through specifying a record date separately</small>
Stock Exchange Listing	Listed on the First Section of the Tokyo Stock Exchange
Security Code	6632

Trading Unit	100 shares
Total Number of Shares Issued	164,000,201 shares (including 56,643 treasury shares) (as of March 31, 2019)
Total Number of Shareholders	47,154 (as of March 31, 2019)
Shareholder Registry Administrator	Sumitomo Mitsui Trust Bank Limited, 1-4-1 Marunouchi, Chiyoda-ku, Tokyo
Place for the Registration	Stock Transfer Agency Business Planning Dept., Sumitomo Mitsui Trust Bank Limited, 1-4-1 Marunouchi, Chiyoda-ku, Tokyo

Shareholder Composition (As of March 31, 2019)



Major Shareholders (Top 10) (As of March 31, 2019)

Name	Number of stocks held (thousands)	Ratio of shareholding (%)
Japan Trustee Services Bank, Ltd. (trust account)	14,075	8.58
The Master Trust Bank of Japan, Ltd. (trust account)	8,932	5.45
Japan Trustee Services Bank, Ltd. (trust account 9)	7,701	4.70
DENSO Corporation	4,171	2.54
THE BANK OF NEW YORK MELLON 140044	3,780	2.30
GOVERNMENT OF NORWAY	3,413	2.08
GOLDMAN SACHS INTERNATIONAL	3,295	2.01
JPMC GOLDMAN SACHS TRUST JASDEC LENDING ACCOUNT	3,278	2.00
J. P. MORGAN BANK LUXEMBOURG S. A. 1300000	3,101	1.89
DFA INTL SMALL CAP VALUE PORTFOLIO	3,054	1.86

Note: Ratio of shareholding is calculated based on the total number of shares issued and outstanding (excluding treasury shares).

JVCKENWOOD

JVCKENWOOD Corporation

3-12, Moriyacho, Kanagawa-ku, Yokohama-shi, Kanagawa, 221-0022, Japan

● For further information, please contact:

Public and Investor Relations Group

Corporate Communication Department

Tel: +81-45-444-5232 Fax: +81-45-444-5239

E-mail: prir@jvckenwood.com

Sustainability Management Office

Tel: +81-45-444-5380 Fax: +81-45-450-2405

E-mail: SDGs@jvckenwood.com



©2019 JVCKENWOOD Corporation JK0037

Printed in Japan