

**JVCKENWOOD**

**Translation for Reference Only**

**JVCKENWOOD**

**Results and Forecast Briefing**

**First Quarter of Fiscal Year Ending March 2021  
(IFRS)**

August 3, 2020

JVCKENWOOD Corporation

# Business Domains

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

## Media Service Sector (MS)

### ■ Media Business

- Solutions/Lifestyle/Brand video cameras, headphones, projectors, home audio, imaging devices, etc.

### ■ Entertainment Business

- Content/contract production business

## Others

### ■ DX※ Business, etc.

※ Digital Transformation

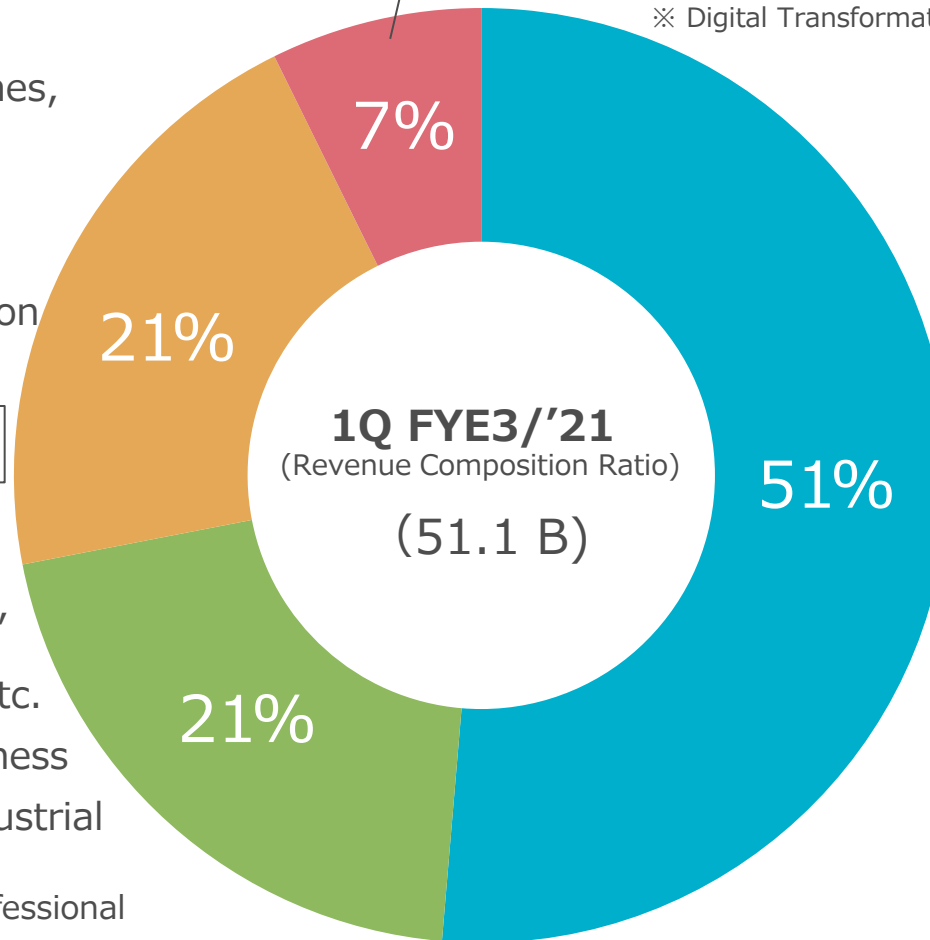
## Automotive Sector (AM)

### ■ Aftermarket Business

- Car navigation systems
- Car audio systems
- Display audio systems
- Dashcams, etc.

### ■ OEM Business

- Car navigation systems
- Display audio systems
- Dashcams
- Car-mounted cameras
- CD/DVD mechanisms for vehicles
- Optical pick-ups for car mounted equipment
- Car-mounted speakers
- Car-mounted antennas
- Car-mounted amplifiers , etc.



## Public Service Sector (PS)

### ■ Communication Systems Business

- Professional radio systems, amateur radio equipment, wireless system devices, etc.

### ■ Professional Systems Business

- JVCKENWOOD Public & Industrial Systems Corporation

- Security camera systems, professional broadcasting equipment, etc.

### • Healthcare Field

- Medical image display systems, Exosome analysis systems, GazeFinder, etc.

- 1. Overview of 1Q Financial Results for FYE3/'21**
- 2. Full-Year Earnings Forecast for FYE3/'21**
- 3. Major Initiatives**
- 4. Providing Solutions to the Post COVID-19 World**

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# Financial Results for 1Q of FYE3/'21 - Highlights

- Revenue declined due to the impacts of the spread of the novel coronavirus infection in each sector.
- Core operating income decreased, reflecting a decrease in revenue.
- Operating profit, profit before income taxes, and profit attributable to owners of parent declined due to a decrease in core operating income.

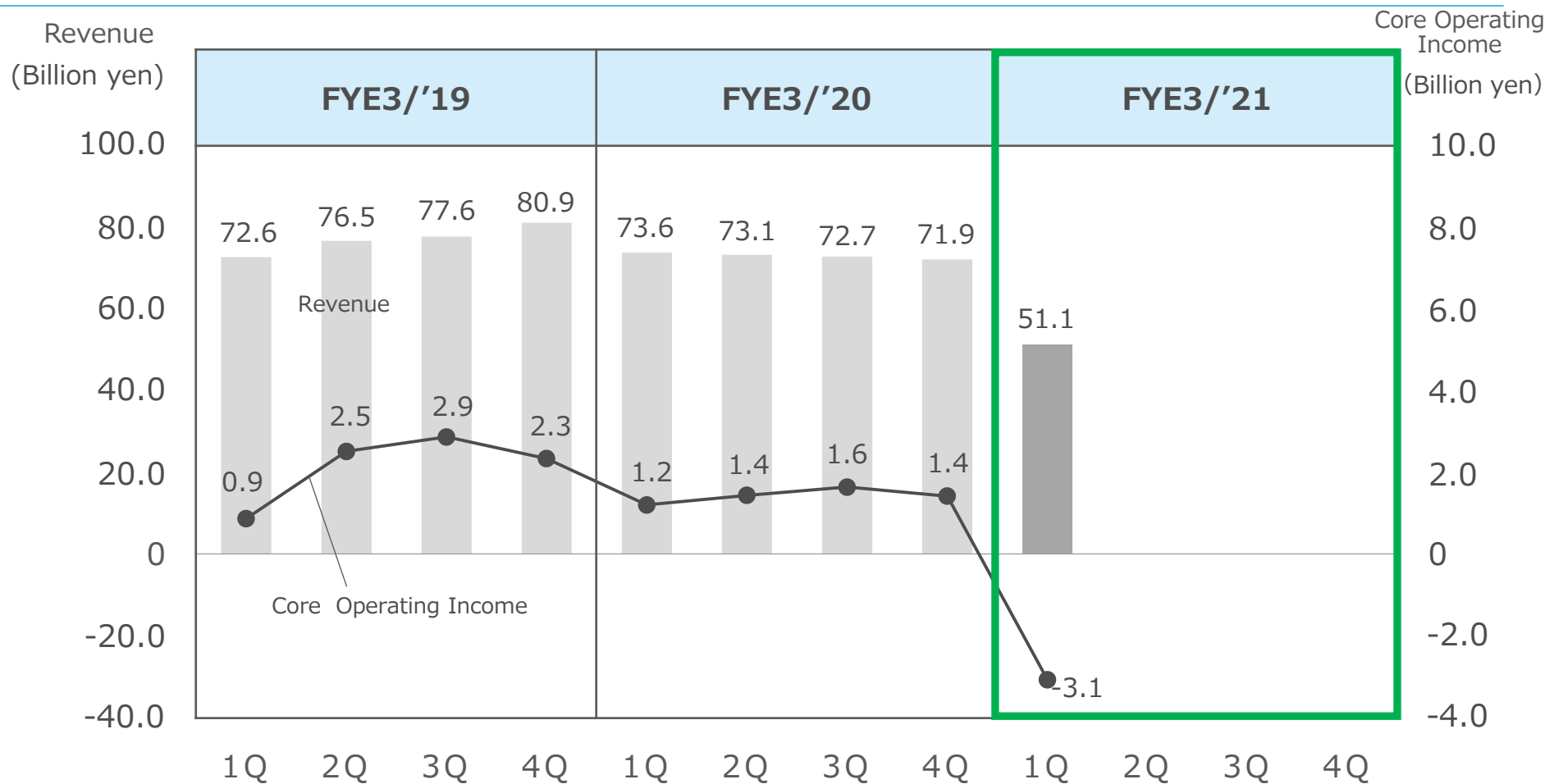
(Billion yen)

	1Q FYE3/'20		1Q FYE3/'21		
		Composition ratio(%)		Composition ratio(%)	YoY comparison
Revenue	73.6	100.0	51.1	100.0	-22.5
Cost of sales	54.2	73.6	38.7	75.6	-15.5
Gross profit	19.4	26.4	12.5	24.4	-6.9
Core operating income*	1.2	1.6	-3.1	—	-4.3
Operating profit	1.8	2.4	-3.1	—	-4.8
Profit before income taxes	1.6	2.2	-3.1	—	-4.7
Profit attributable to owners of the parent company	0.9	1.2	-3.6	—	-4.5

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

		FYE3/'20					FYE3/'21					
		1Q	2Q	3Q	4Q	Full-Year	1Q	2Q	3Q	4Q	Full-Year	
Profit-And-Loss	U.S. dollar	110yen	107yen	109yen	109yen	109yen	108yen					
Exchange Rates	Euro	124yen	119yen	120yen	120yen	121yen	119yen					

# Financial Results for 1Q of FYE3/'21 – Trends in Quarterly Results

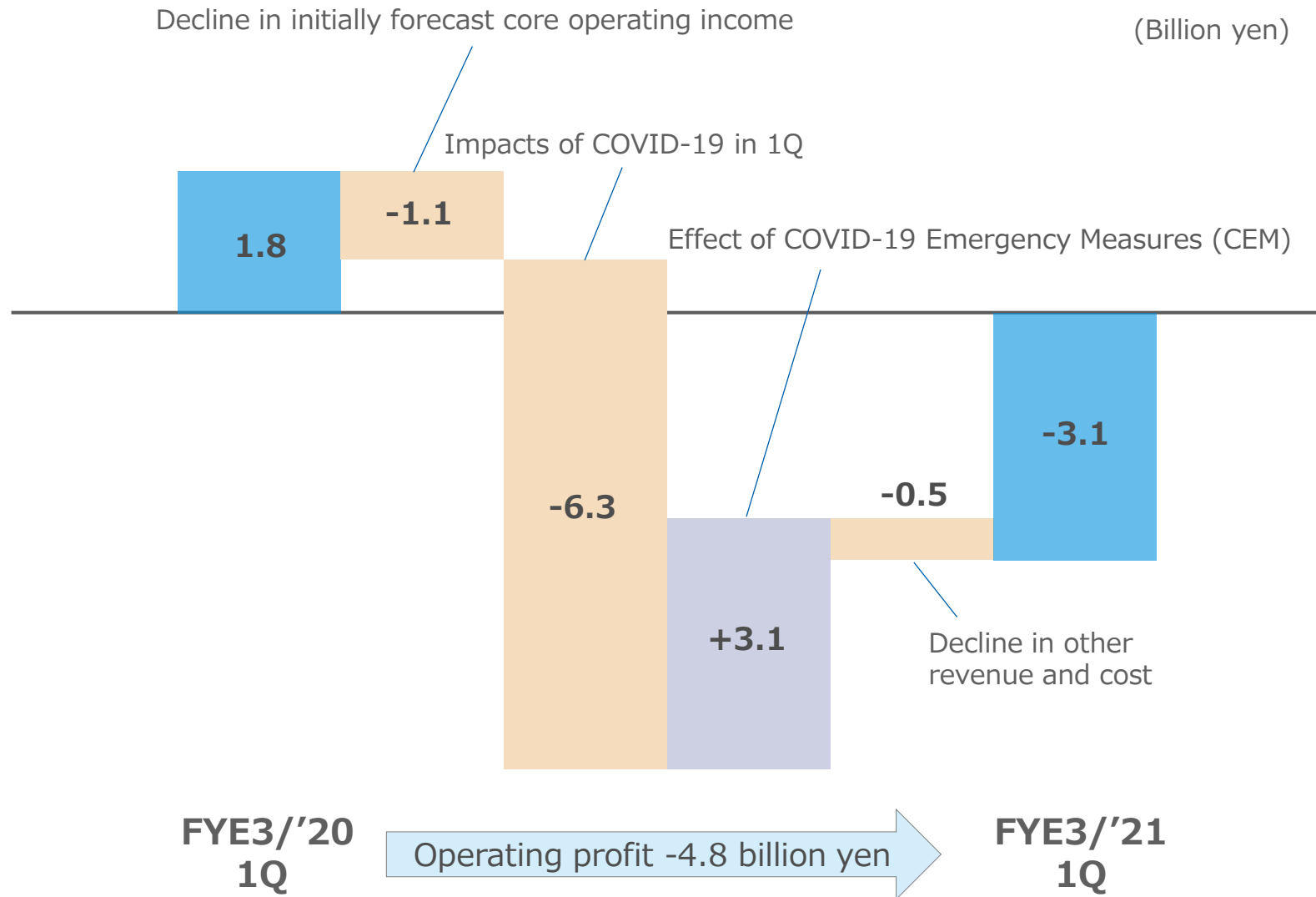


		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Profit-And-Loss Exchange Rates	U.S. dollar	109yen	111yen	113yen	110yen	110yen	107yen	109yen	109yen	108yen	–	–	–
	Euro	130yen	130yen	129yen	125yen	124yen	119yen	120yen	120yen	119yen	–	–	–

	FYE3/'19		FYE3/'20		FYE3/'21	
	1H	2H	1H	2H	1H	2H
Revenue	149.1	158.5	146.7	144.6	–	–
Core Operating Income	3.4	5.2	2.6	3.1	–	–

# Financial Results for 1Q of FYE3/'21

## - Increase and Decrease of Operating Profit (by Factor)



# Impact of Pandemic of Novel Coronavirus on 1Q of FYE3/'21

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Impact on the pre-coronavirus forecast: Revenue -19.4 Bln yen, core operating income -6.3 Bln yen

- **Automotive Sector Revenue -11.0 Bln yen, core operating income -3.4 Bln yen**  
In the Aftermarket Business, while market conditions were recovering in North America and Europe, sales activities slowed down caused by stay-at-home regulations in other regions. OEM saw a contraction in sales due to the continued deterioration in automobile sales globally despite the resumption of production by automobile manufacturers in/after May in the overseas market.
- **Public Service Sector Revenue -3.8 Bln yen, core operating income -1.0 Bln yen**  
Communications Systems saw a decline in sales due to the impact of a shutdown of a plant in Malaysia, where one of the Company's main plants is located, from the end of March to the end of April. Professional Systems saw a contraction in sales as a result of JKPI\*, a domestic subsidiary playing a central role in the business, being affected by a decline in capital investment and other factors. \* JVCKENWOOD Public & Industrial Systems Corporation
- **Media Service Sector Revenue -4.1 Bln yen, core operating income -1.7 Bln yen**  
Media saw a decline in sales not only in the BtoC market but also in the BtoB market due to the impact of a shutdown of distribution outlets caused by stay-at-home regulations and other factors. Entertainment was affected significantly by cancellation of artists' events and live performances.
- **Others Revenue -0.5 Bln yen, core operating income -0.2 Bln yen**  
Sales related to telematics solutions in the DX Business remained strong.



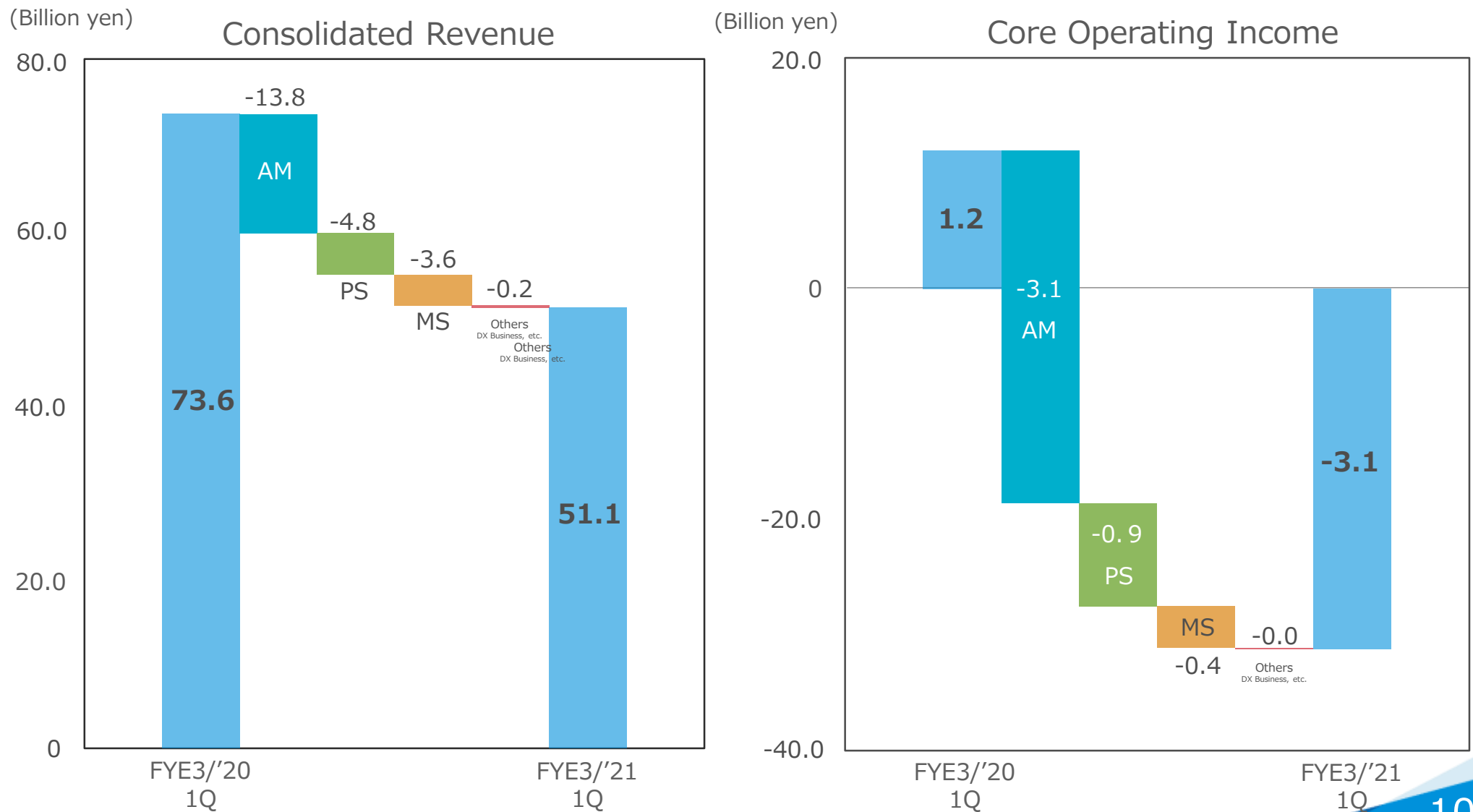
# Financial Results for 1Q of FYE3/'21 – Results by Sector

(Billion yen)

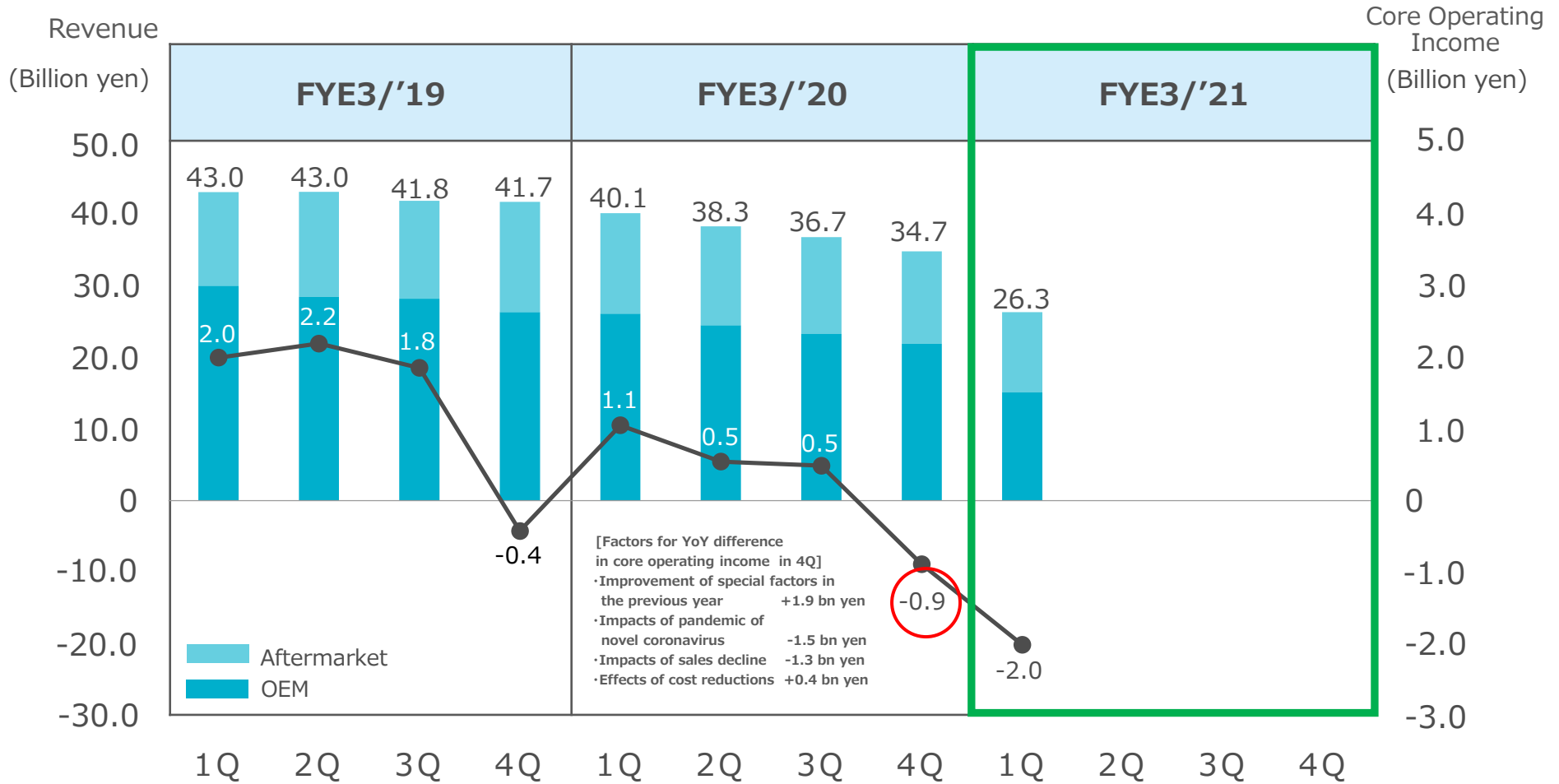
		1Q 'FYE3/'20	1Q 'FYE3/'21	YoY change (amount)	YoY change (percentage)	Factors
AM Sector	Revenue	40.1	26.3	-13.8	-34.5%	*Revenue of the Aftermarket Business decreased due to the impacts of stay-at-home orders and closure of distribution outlets in the overseas market, although sales of Saisoku-Navi series car navigation systems in the domestic market were strong. Revenue of the OEM Business as a whole decreased due to the impacts of lower sales of factory-installed products and the impact of a decline in the number of new cars sold on sales of dealer-installed products in Japan and a subsidiary in Europe.
	Core Operating Income	1.1	-2.0	-3.1	—	*Core operating income of the Aftermarket Business and OEM Business declined due to the impact of a decrease in revenue.
PS Sector	Revenue	15.4	10.5	-4.8	-31.4%	*Revenue of the Communications Systems Business decreased due to the impacts of stay-at-home orders and shutdowns of distribution outlets globally in addition to the impact of a shutdown of a plant in Malaysia, where one of the Company's main plants is located. Revenue of the Professional Systems Business decreased due to the impact of a decline in capital investment caused by the declaration of state of emergency in Japan.
	Core Operating Income	-0.6	-1.5	-0.9	—	*Core operating income of the Communications Systems Business and Professional Systems Business declined due to the impact of a decrease in revenue.
MS Sector	Revenue	14.2	10.6	-3.6	-25.3%	*Revenue of the Media Business decreased, reflecting the impacts of stay-at-home orders and shutdowns of distribution outlets around the world although sales of products such as imaging devices, home audio, and neck speakers were strong. Revenue of the Entertainment Business decreased due to the impact of lower sales caused by the declaration of a state of emergency in Japan.
	Core Operating Income	0.5	0.1	-0.4	-79.5%	*Core operating income of the Media Business and Entertainment Business declined due to the impact of a decrease in revenue.
Others (DX Business, etc.)	Revenue	4.0	3.7	-0.2	-6.1%	*Revenue of Others as a whole decreased due to a fall in other sales although revenue of the DX Business increased, attributed to strong sales of telematics solutions.
	Core Operating Income	0.3	0.3	0.0	-3.8%	*Core operating income remained at the same level as a year earlier.
Total	Revenue	73.6	51.1	-22.5	-30.5%	
	Core Operating Income	1.2	-3.1	-4.3	—	

# Financial Results for 1Q of FYE3/'21

## - Consolidated Revenue/Core Operating Income (by Sector)



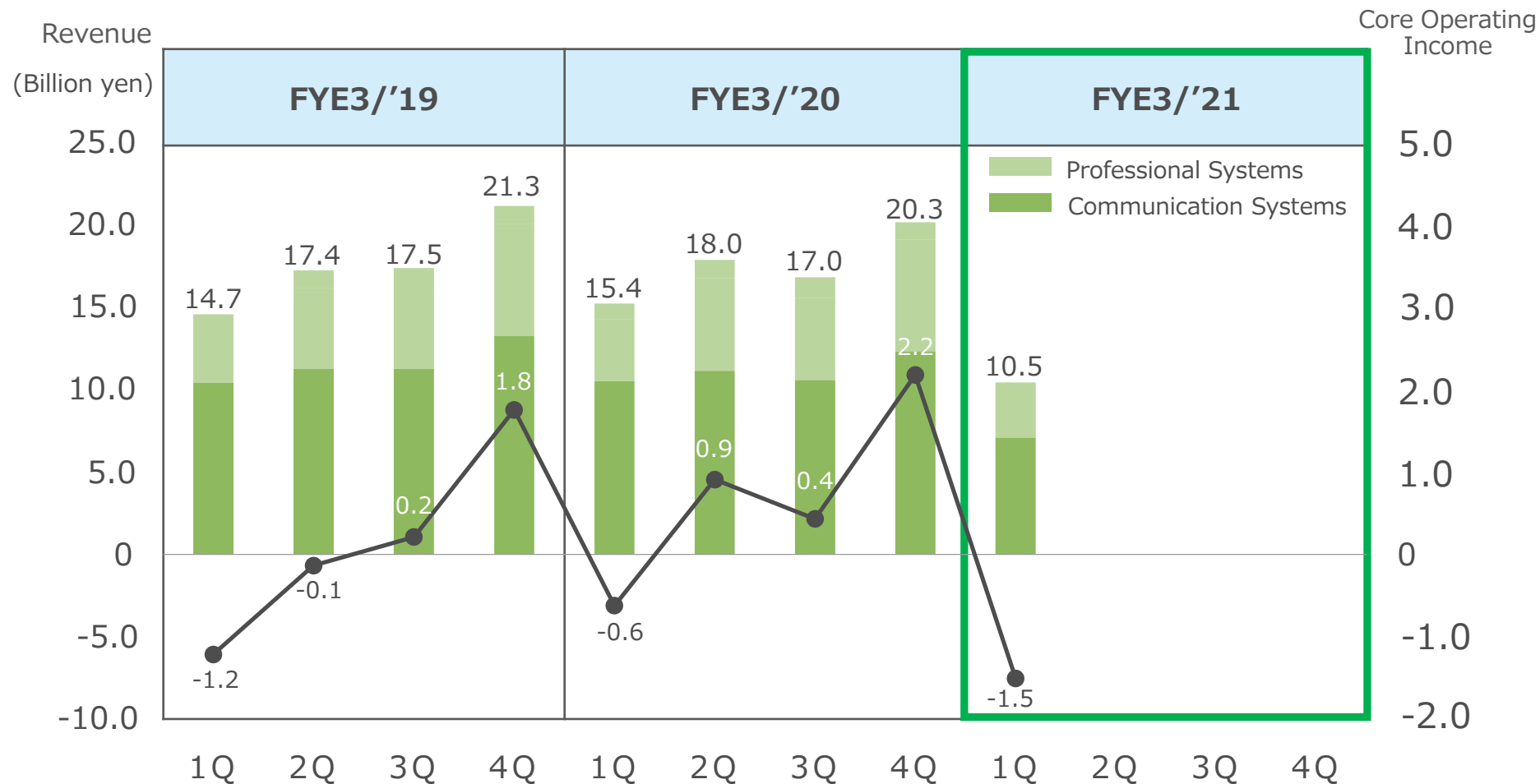
# Financial Results for 1Q of FYE3/'21 – Quarterly Results (AM Sector)



	FYE3/'19		FYE3/'20		FYE3/'21	
	1H	2H	1H	2H	1H	2H
Revenue	86.1	83.5	78.3	71.5	-	-
Core Operating Income	4.2	1.4	1.6	-0.4	-	-

(Billion yen)

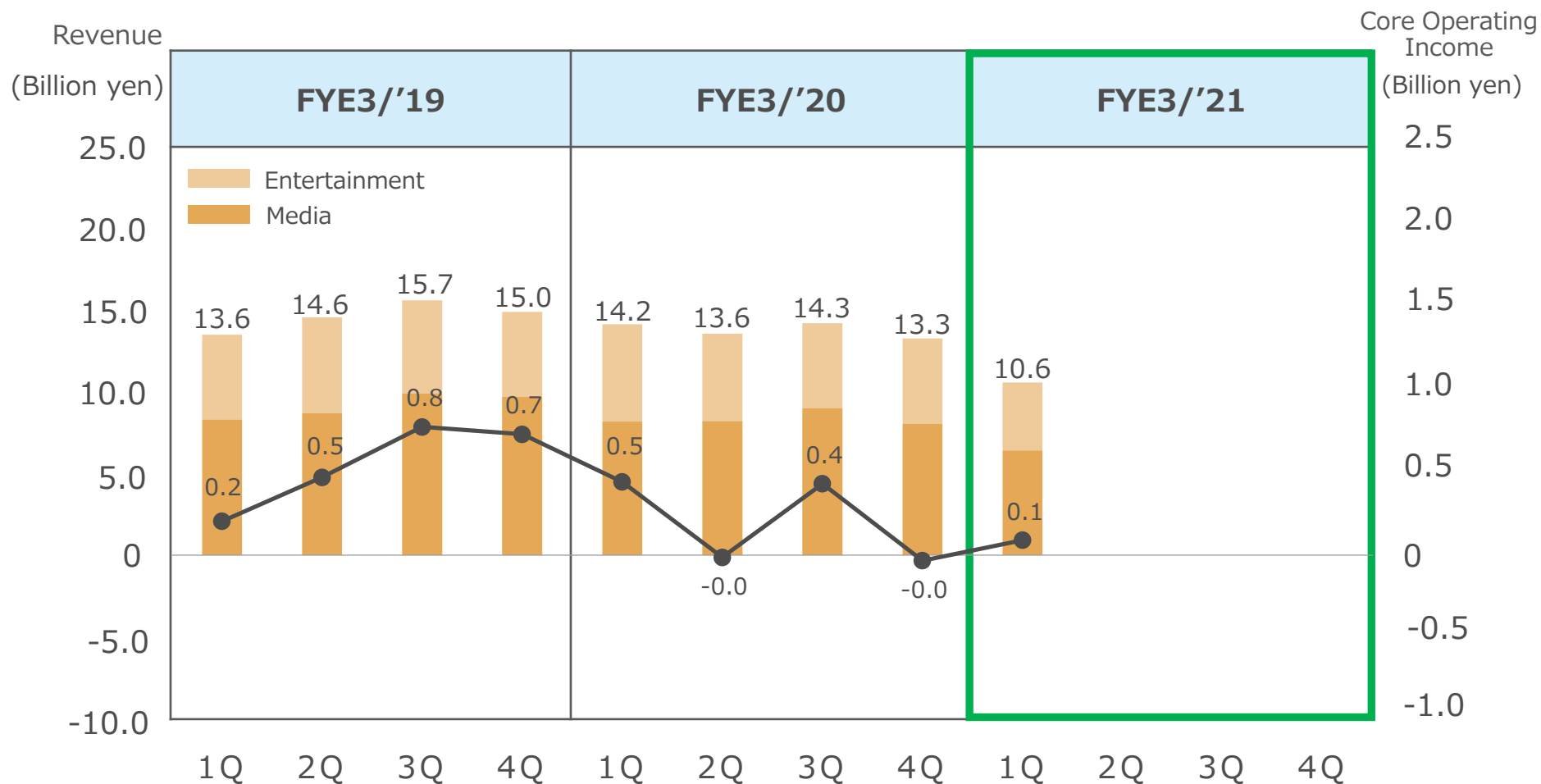
# Financial Results for 1Q of FYE3/'21 – Quarterly Results (PS Sector)



(Billion yen)

	1H	2H	1H	2H	1H	2H
Revenue	32.1	38.9	33.4	37.3	—	—
Core Operating Income	-1.4	2.0	0.3	2.6	—	—

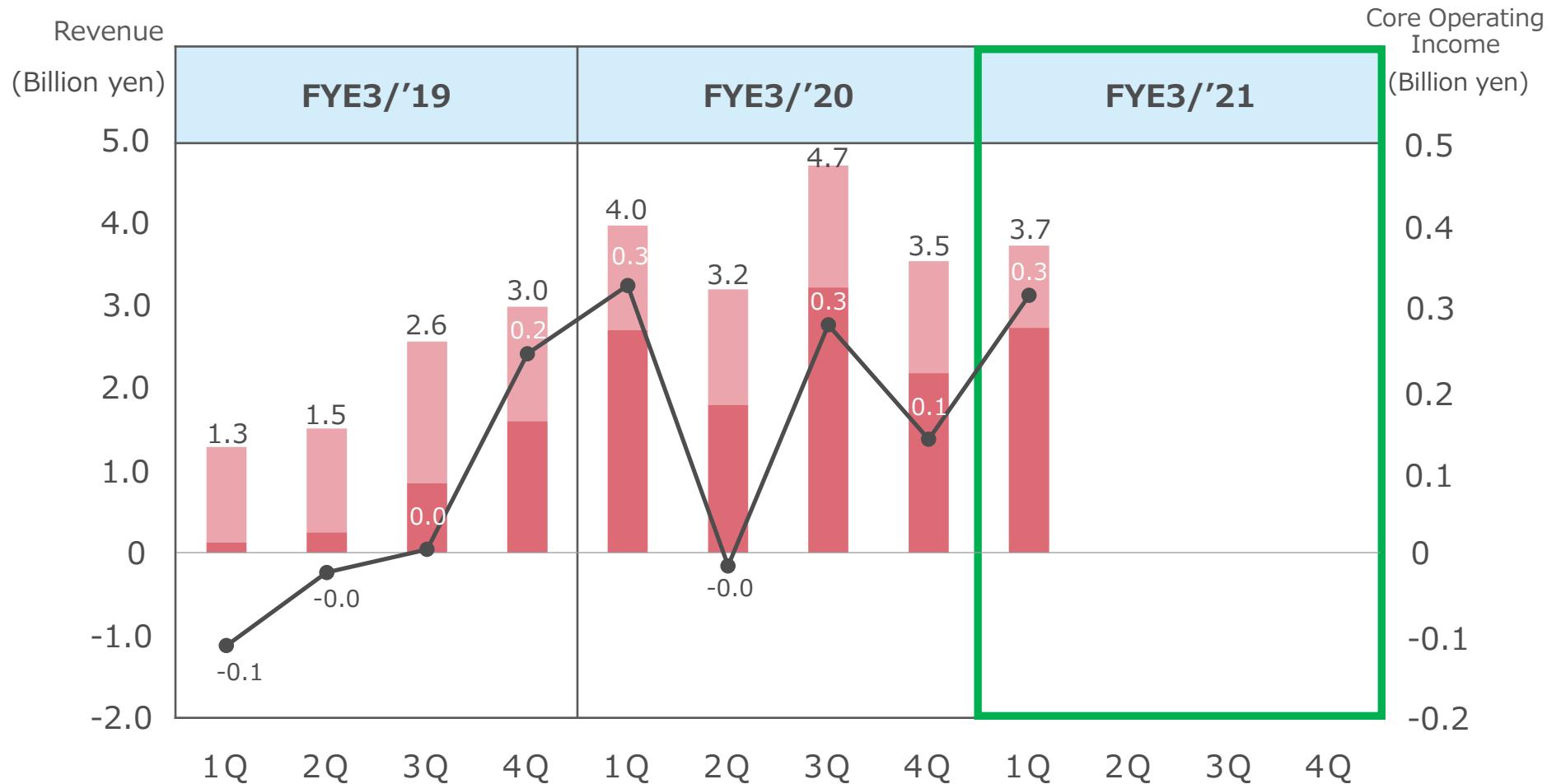
# Financial Results for 1Q of FYE3/'21 – Quarterly Results (MS Sector)



(Billion yen)

	1H	2H	1H	2H	1H	2H
Revenue	28.2	30.6	27.8	27.6	–	–
Core Operating Income	0.7	1.5	0.4	0.4	–	–

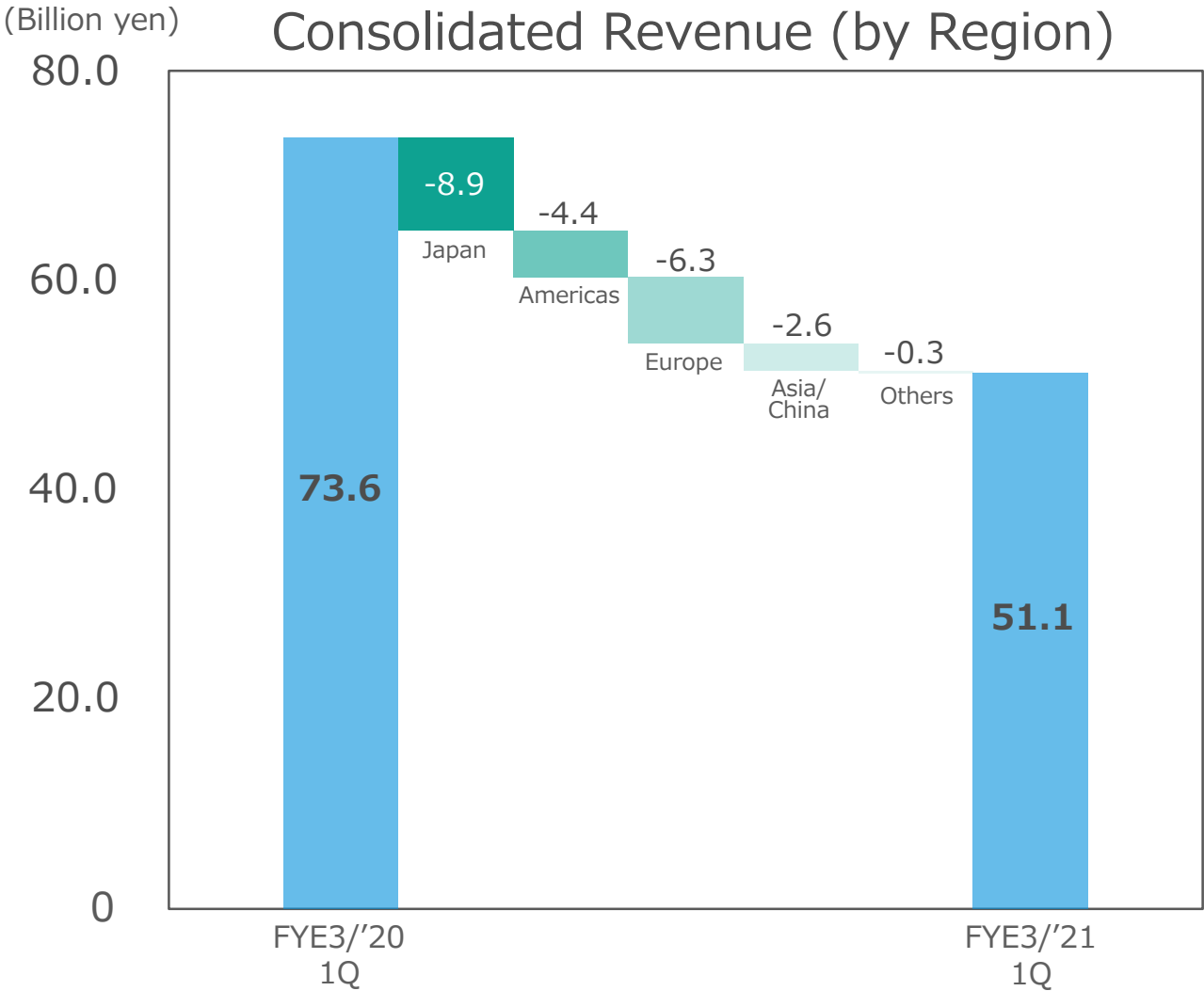
# Financial Results for 1Q of FYE3/'21 – Quarterly Results (Others)



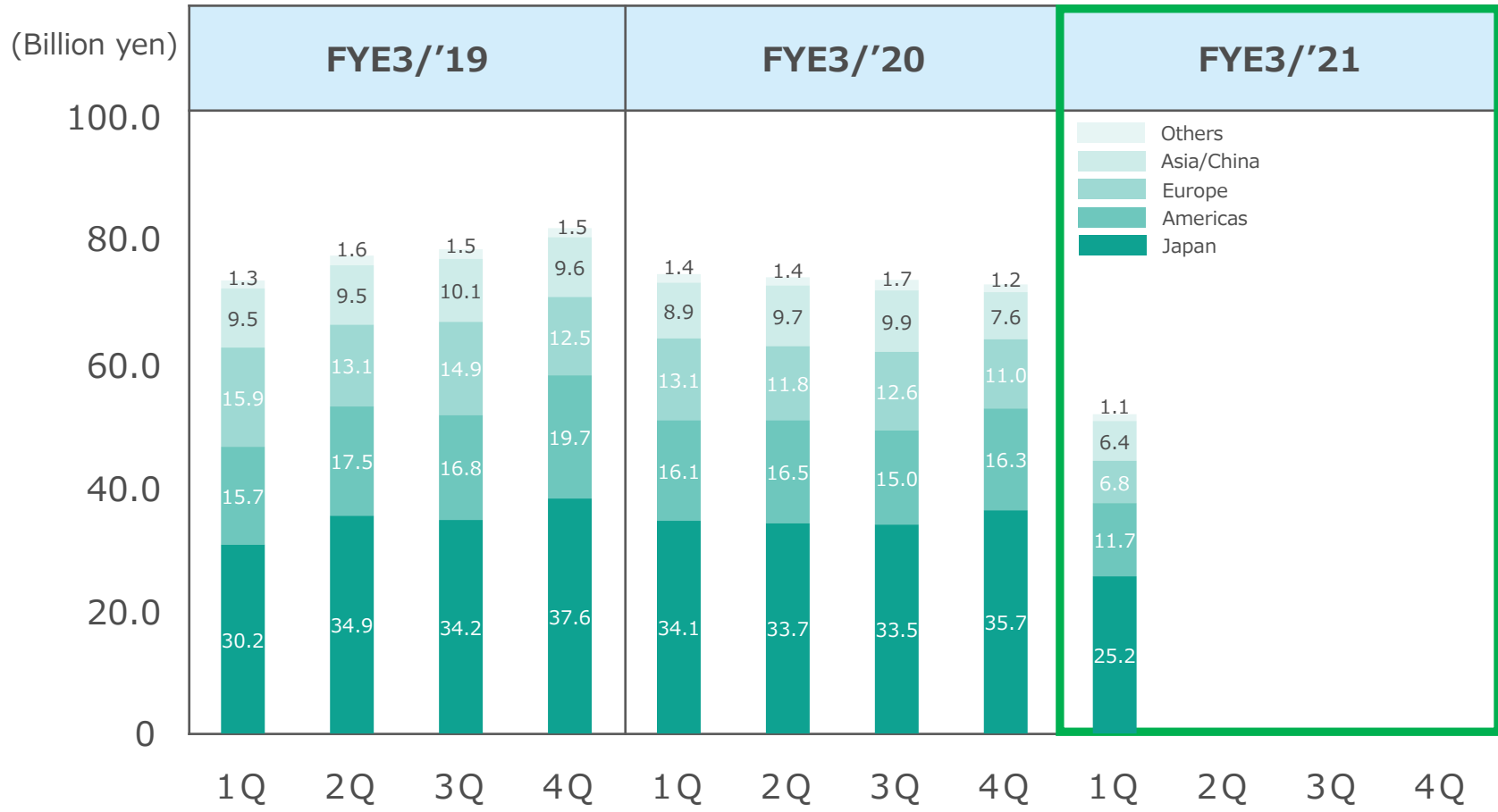
	FYE3/'19		FYE3/'20		FYE3/'21	
	1H	2H	1H	2H	1H	2H
Revenue	2.8	5.6	7.2	8.3	-	-
Core Operating Income	6.9	0.2	0.3	0.4	-	-

(Billion yen)

# Financial Results for 1Q of FYE3/'21 - Consolidated Revenue (by Region)



# Financial Results for 1Q of FYE3/'21 - Consolidated Revenue by Region



	FYE3/'19		FYE3/'20		FYE3/'21	
	1H	2H	1H	2H	1H	2H
Japan	65.1	71.8	67.8	69.2	—	—
Americas	33.2	36.6	32.6	31.4	—	—
Europe	29.0	27.4	24.9	23.6	—	—
Asia/China	19.0	19.7	18.7	17.5	—	—
Others	2.8	3.0	2.7	2.9	—	—



# Financial Results for 1Q of FYE 3/'21 - Consolidated Profit/Loss (Summary)

- Operating profit decreased due to a decrease in core operating income and Other income.
- Profit before income taxes decreased despite an improvement in equity-method investment profit/loss.

(Billion yen)

	1Q 'FYE3/'20	1Q 'FYE3/'21	YoY Change
Core Operating Income	1.20	-3.12	-4.32
Other Income, Other Expenses, Foreign Exchange Loss, etc.	0.57	0.05	-0.52
Operating Profit	1.77	-3.07	-4.85
Finance Income, Finance Expenses, etc.	-0.14	-0.03	+ 0.11
Profit Before Income Taxes	1.64	-3.10	-4.74
Income Tax Expenses	0.64	0.35	-0.29
Non-Controlling Interests	0.11	0.13	+ 0.02
Profit Attributable to Owners of the Parent Company	0.88	-3.58	-4.47

# Financial Results for 1Q of FYE3/'21 - Financial Position (Summary)

- Cash and deposits as of the end of June 2020 amounted to 38.3 billion yen. Together with securities, on-hand liquidity of 40.6 billion yen was secured (on-hand liquidity ratio: 1.9 months).
- In addition, commitment lines of approx. 20.0 billion yen are largely unused.

(Billion yen)

	FYE3/'20	1Q 'FYE3/'21	YoY Change
Total Assets	249.7	234.3	-15.4
Total Liabilities	189.7	177.9	-11.8
Total Equity	60.0	56.4	-3.6
Interest-Bearing Debts	74.6	74.6	+ 0.0
Net Debt	34.7	36.4	+ 1.7
Net Debt/Equity Ratio (Times)	0.61	0.69	+ 0.08
Equity Attributable to Owners of the Parent Company	56.5	53.1	-3.4
Stockholder's Equity Ratio (%)	22.6	22.6	±0.0

# Financial Results for 1Q of FYE 3/'21 - Financial Position Summary

- Cash flow from operating activities decreased sharply from a year earlier due to the posting of a quarterly loss before taxes while net cash used in investing activities decreased sharply as a result of controlling investments. As a result, free cash flow was positive.
- Cash flow from financing activities fell due to a decrease in repayment of long-term loans payable.

(Billion yen)

	1Q FYE3/'20	1Q FYE3/'21	YoY Change
Cash Flow from Operating Activities	8.2	3.5	-4.7
Cash Flow from Investing Activities	-5.1	-3.2	+ 1.8
Free cash flow <small>* Free cash flow: Cash flow from operating activities + Cash flow from investing activities</small>	3.1	0.3	-2.9
Cash Flow from Financing Activities	-3.1	-2.0	+ 1.0
Total	0.1	-1.8	-1.9

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# Full-Year Earnings Forecast for FYE3/'21

- Revenue is expected to decline due to the significant impacts of the spread of the novel coronavirus infection.
- Operating profit, profit before income taxes, and profit attributable to owners of the parent company are expected to decrease respectively due to the impact of the revenue decrease. However, the emergency measure project, which was launched in April, will be continued to minimize the impact. We will make efforts more strongly to reduce expenses by controlling cash outflows.
- Annual dividend (year-end dividend) forecast is 5 yen per share.

(Billion yen)

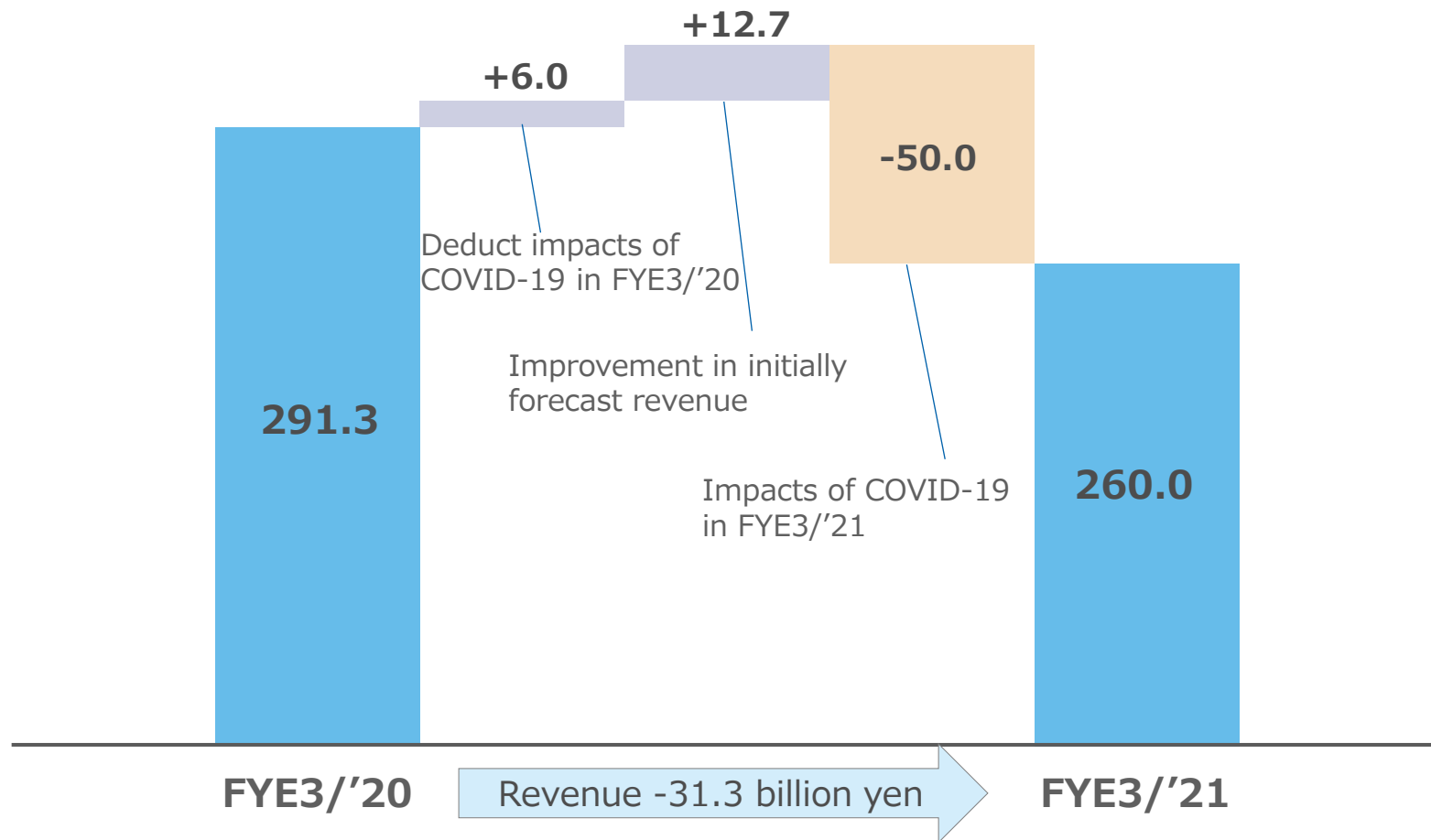
	Result for FYE3/'20	Forecast for FYE3/'21	YoY
Revenue	291.3	260.0	-31.3
Operating Profit	4.1	2.0	-2.1
Profit Before Income Taxes	2.9	0.9	-2.0
Profit Attributable to Owners of the Parent Company	1.0	-1.4	-2.4

		Result for FYE3/'20/3	Assumption for FYE3/'21
Profit-And-Loss Exchange Rates	U.S. dollar	109 Yen	107 Yen
	Euro	121 Yen	120 Yen

# Full-Year Earnings Forecast for FYE3/'21

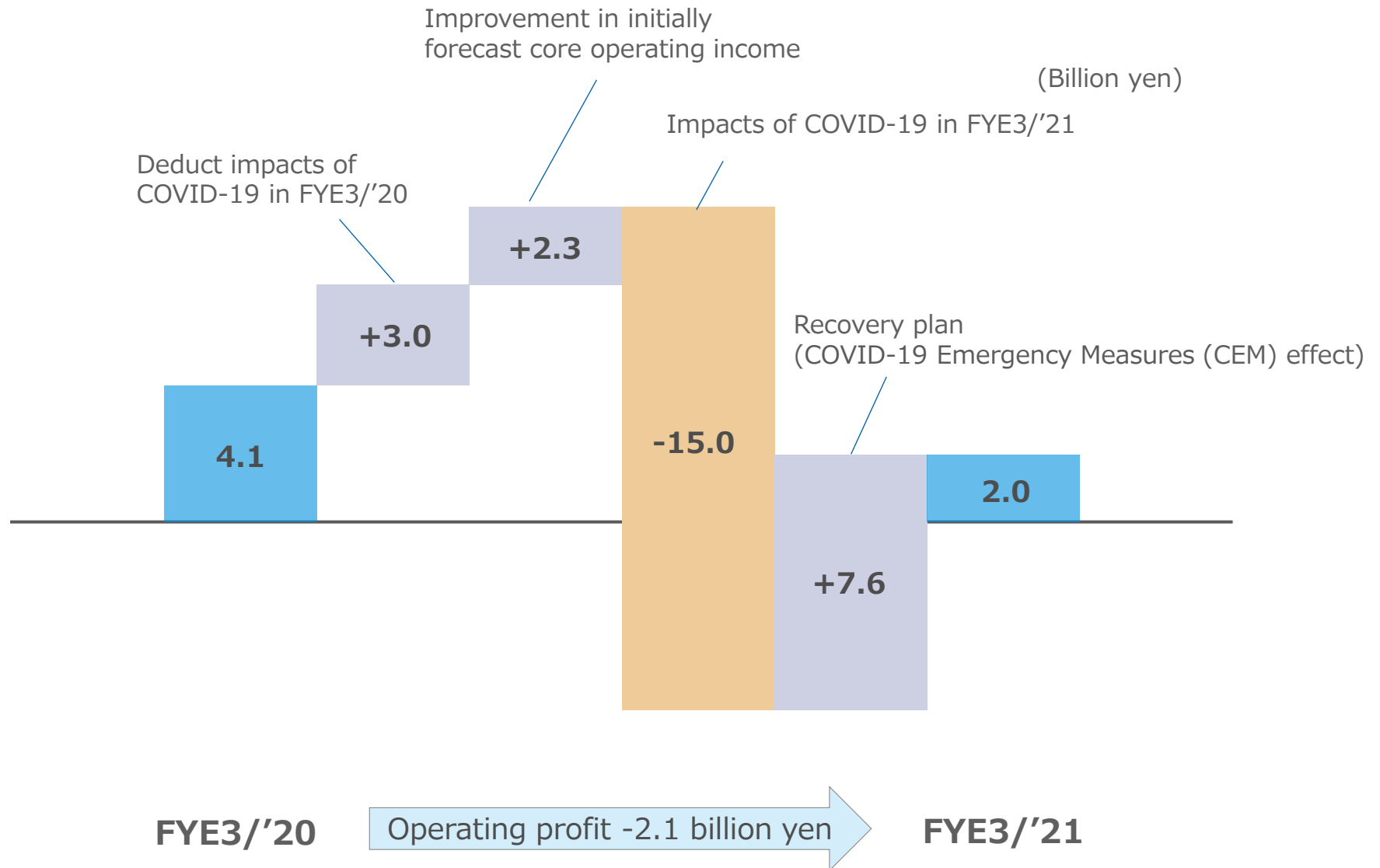
## - Increase and Decrease of Revenue (by Factor)

(Billion yen)



# Full-Year Earnings Forecast for FYE3/'21

## - Increase and Decrease of Operating Profit (by Factor)



# Impact of Pandemic of Novel Coronavirus on Earning Forecast for FYE3/'21

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Impact on the pre-coronavirus forecast: Revenue -50.0 Bln yen, operating profit -15.0 Bln yen

- Automotive Sector Revenue -25.0 Bln yen, operating profit -7.5 Bln yen

While the Aftermarket Business will recover gradually, the impact is expected to remain until the end of the fiscal year. While the OEM Business is expected to recover gradually, mainly in Japan, an impact caused by a delay in introducing new products will occur.

- Public Service Sector Revenue -10.0 Bln yen, operating profit -2.4 Bln yen

In the Communications Systems Business, while the P/S\*<sup>1</sup> market centering on government-related projects will remain robust, the B/I\*<sup>2</sup> market will face a slowdown in orders and the impact is expected to continue until the end of the fiscal year. JKPI is also expected to experience a slowdown in order intake activities in Japan and the impact is likely to continue until the end of the fiscal year.

- Media Service Sector Revenue -13.0 Bln yen, operating profit -4.5 Bln yen

In the Media Business, the BtoC business is expected to face a decline in sales for the rest of the year, reflecting the impact of a shutdown of distribution outlets overseas. Meanwhile, the BtoB business is expected to see a major fall in sales of video cameras for broadcast stations and projectors for simulators. In the Entertainment Business, the impact on the non-sound source business is expected to continue until the end of the fiscal year.

- Others Revenue -2.0 Bln yen, operating profit -0.6 Bln yen

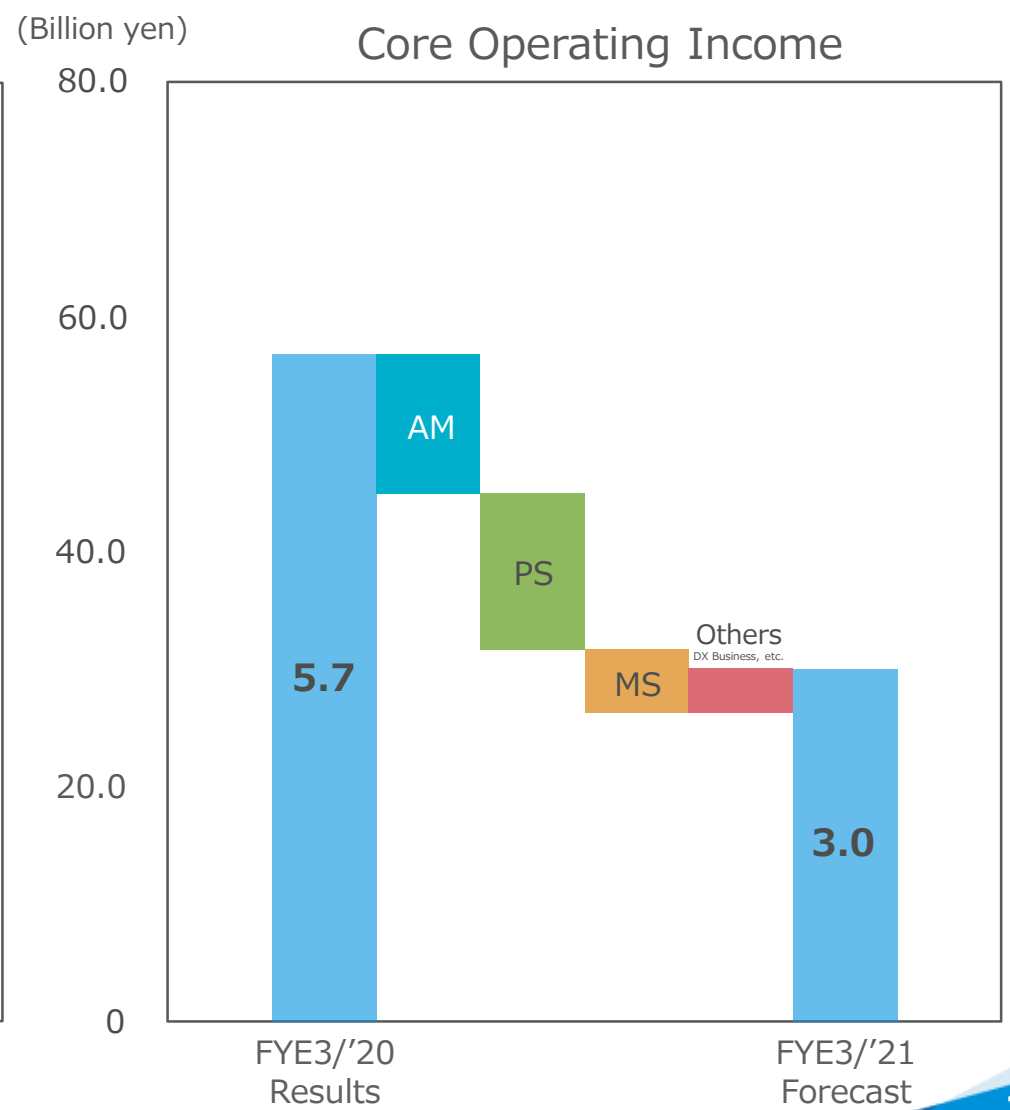
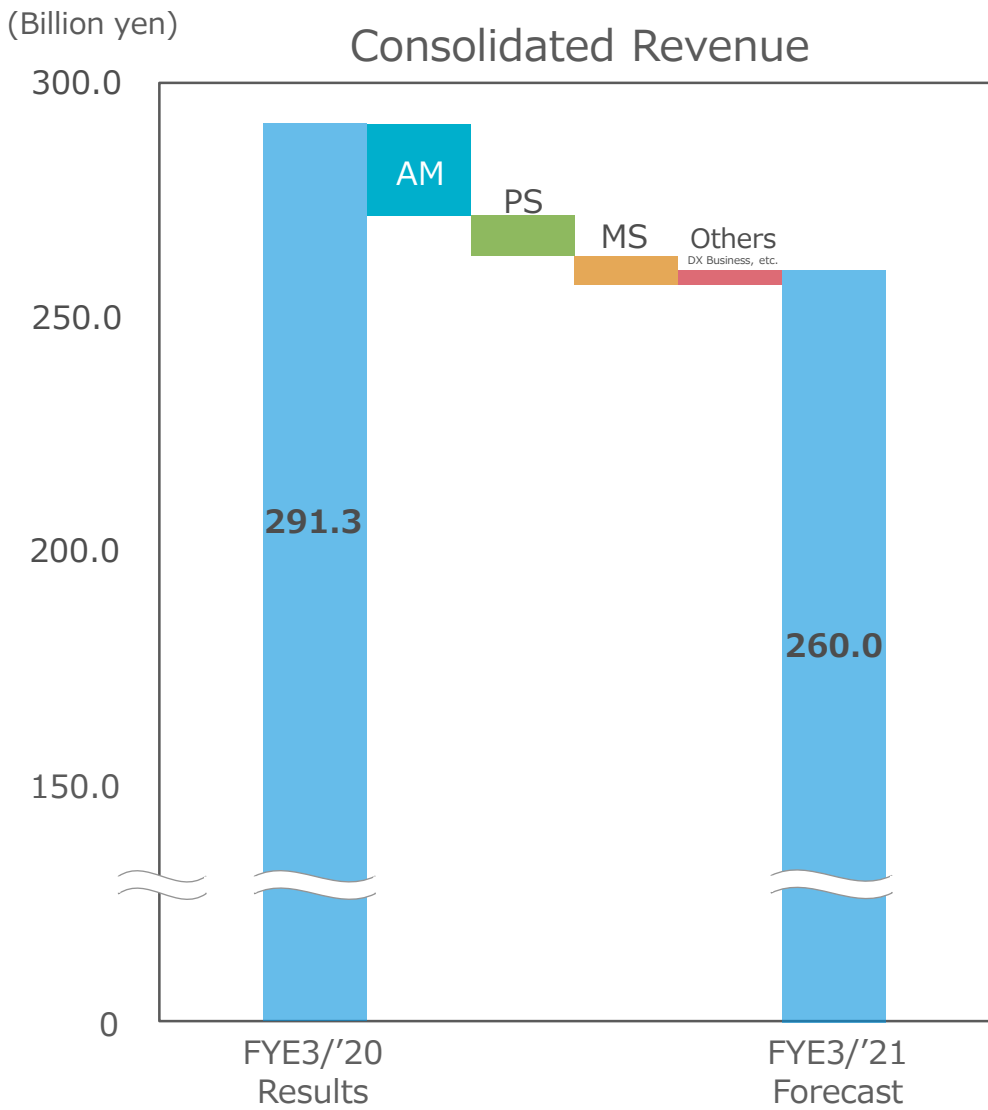
In the DX Business, sales of telematics solutions as a whole are expected to remain strong despite a delay in introducing some businesses.

\*1: Public Safety, \*2: Business Industry



# Full-Year Earnings Forecast for FYE3/'21

- by Business Sector in Comparison to the Previous Year



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# Promotion of CEM\* Project and New Mid- to Long-Term Vision

\*CEM=COVID-19 Emergency Measure

1Q	2Q	3Q	'21 4Q-
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**CEM Project**  
 Promote urgent countermeasures assuming the risk of a sales lower limit

Control the level of inventories  
 Control capital investment  
 Reduce development investments (expenses)  
 Reduce fixed cost (including personnel expenses)

**Enhancement of business structure**  
 Make strategic moves to enhance revenue base with an eye to the post COVID-19 world

Develop new businesses with an eye to After COVID-19  
 Drastically review the business structure including the fixed cost structure  
 Enhance sales/marketing functions  
 Review production/sales bases  
 Reform workstyles, review operations, and optimize personnel assignment

**New Mid- to Long-Term Vision**  
 Redevelopment of a mid- to long-term growth scenario

**Development of a new mid- to long-term vision**  
 Review With/After COVID-19 business portfolio toward mid- and long-term growth

FY2020 Announcement of earnings forecast

# Key Initiatives for FYE3/'21 Automotive Sector

## ■ Aftermarket Business

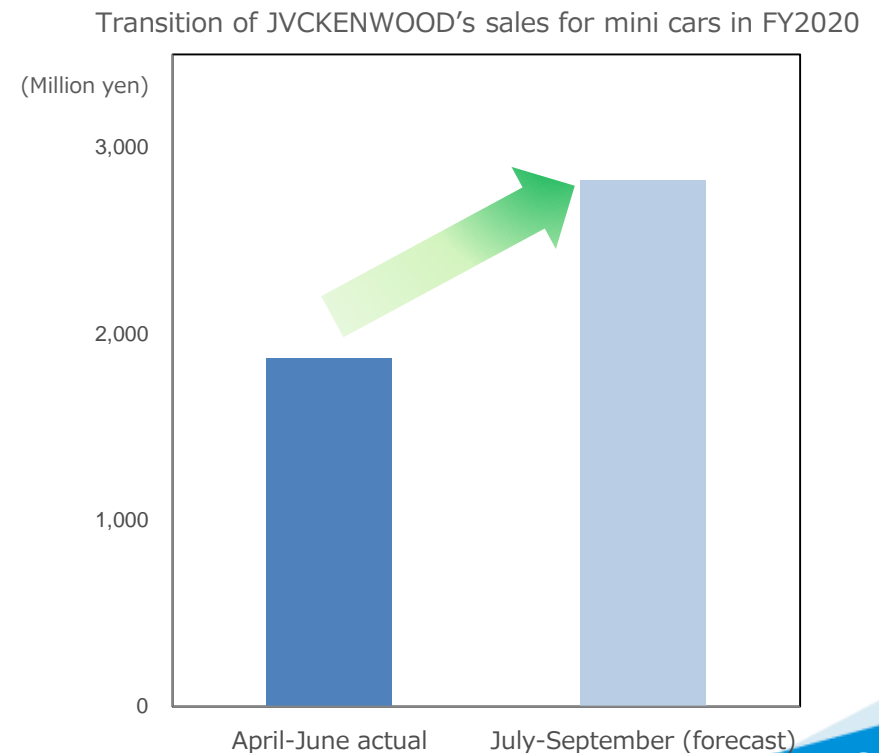
- Promote enhancement of supply chains to adapt to market changes, such as a rapid recovery in the North American market.
- Secure sales volume with new product lines (market enhancement) released in FYE3/'21, such as dashcam with AI-sensing features and 360° view.
- Introduce products matching the new With/After COVID-19 lifestyle to the market.



The first dashcam with 360° view model

## ■ OEM

- Supply products matching customer needs, including enhancement of entry models for compact cars and mini cars for which demand is increasing amid the novel coronavirus pandemic.
- Ensure stable introduction of new dealer-installed car navigation which will start shipping from 2Q and secure profitability.



# Key Initiatives for FYE3/'21 Public Service Sector

## ■ Communications Systems

- Enhance order intake by the Group's U.S. communication system subsidiaries in the public safety market.
  - Capture demand by increasing production of Viking VP900.
- Increase market share in digital radio standard DMR (Digital Mobile Radio) in the North American business industry market.
  - Expand sales in the DMR low-tier market with NX-1000.

## ■ Professional Systems

- Strengthen order intake for short-lead-time projects through proposals for eight products and systems to support BCP which ensures continuation of business activities amid the novel coronavirus pandemic.
- ## ■ Healthcare
- Raise the level of sales by introducing new products such as an anti-infection, waterproof keyboard and mouse.



Dual Band model "Viking VP900," which is seeing growing demand in the public safety market, such as from police and fire departments.



Anti-infection waterproof keyboard with a design best-suited to disinfection.

# Key Initiatives for FYE3/'21 Media Service Sector

## ■ Media

- Expand product lines that support new workstyles (products related to teleworking).
- Enhance product lines to help businesses go online (cameras for distribution of live performance, head-mounted display (HMD) for virtual reality (VR) and augmented reality (AR))



Portable power source and portable solar panel best suited to teleworking and secure power supply in case of emergency

## ■ Entertainment

- Enhance online entertainment business.
  - Subscription distribution, distribution of live performances without an audience, online autograph sessions, e-commerce (CDs, merchandise), etc.
  - Shift to new operation of live music clubs by launching a new limited-time-only service to support distribution of live performances which combines the use of venues specializing in distribution of live performances and video distribution at Veats Shibuya in August.

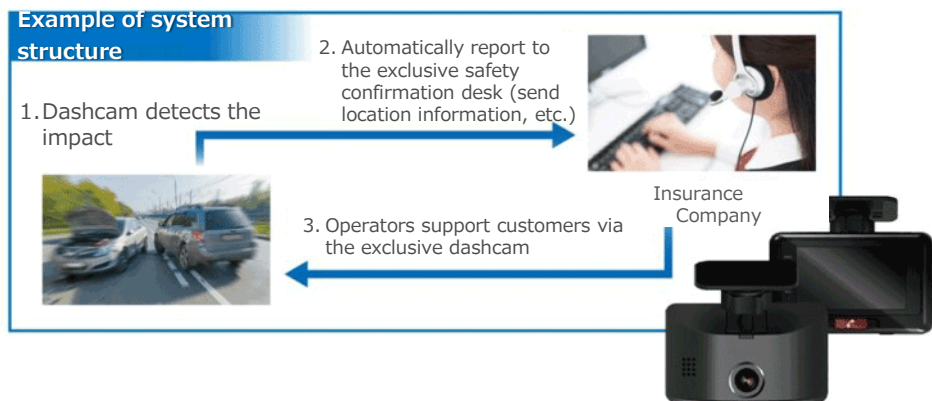


Propose online distribution of live performances using CONNECTED CAM STUDIO

# Key Initiatives for FYE3/'21 DX Business

Driven by the market's shift to digital transformation which has been accelerated in the With/After COVID-19 environment, increase the speed of launching new businesses by enhancing collaboration with key partners, including MS&AD.

- Expand the telematics solutions business by leveraging dashcam with communication capability and enhance organizational structure, including system development personnel.
- Expand the solution business from "Car x Service" to "Space x Service" for stores and plants.



Conceptual image of telematics solutions using dashcam with communication capability



Conceptual image of solutions preventing money transfer scams using edge AI camera

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# Proposing Solutions for COVID-19 by Combining Security Camera with Image Analysis Technologies



## Headcount system to avoid crowdedness

- Count the number of persons in facilities in real time by using network cameras. Avoid crowdedness at stores and various facilities without the need for manpower.
- Help operate facilities according to the congestion situation, such as by restricting entry to stores and assigning employees.



## System to measure body surface temperature in a non-contact manner and in a short time

- System to measure body surface temperature in a non-contact manner and in a short time at facilities, schools, hospitals, and others.
- Able to detect and recognize faces even while people are wearing face masks by combining with AI-enabled face recognition system.





## Wireless theater system “EXOFIELD THEATER”

- Launch “EXOFIELD THEATER,” which features JVCKENWOOD’s proprietary out-of-head localization sound field processing technology “EXOFIELD.”
- Proposing a personal theater system that enriches time at home by enabling users to experience a three-dimensional sound field at home as if they were in a movie theater, live performance club, or stadium.

\*For more details,  
access here

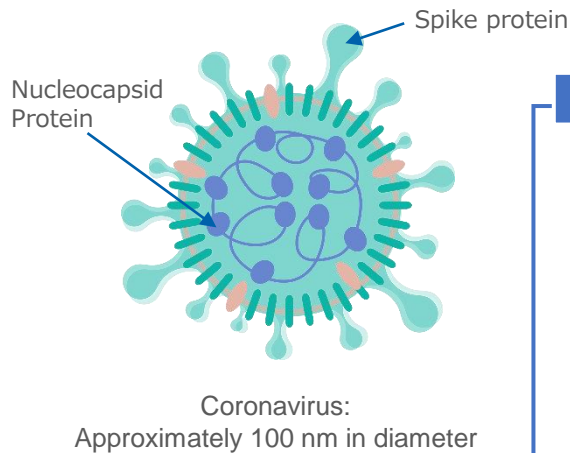


# Develop High-sensitivity and Simple Diagnostic Instruments to Prevent the COVID-19 Pandemic

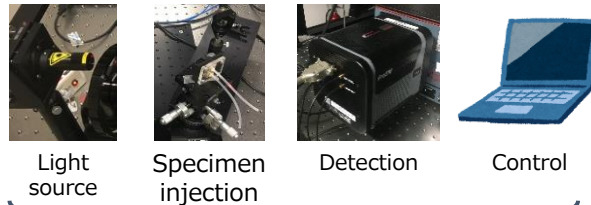


## New initiatives by applying technologies cultivated in area of optical disks

- Participate in the industry-academia consortium for practical application of new methods of detecting the COVID-19 virus RNA/antigen by applying leading-edge optical science technologies owned by Institute of Post-LED Photonics (pLED), Tokushima University.
- Develop SPR detection devices and ultra-high sensitivity SPR devices with an eye to mid- to long-term expansion with the use of optical detection technologies and microfabrication technologies cultivated in the area of optical disks.



### Conceptual image of development

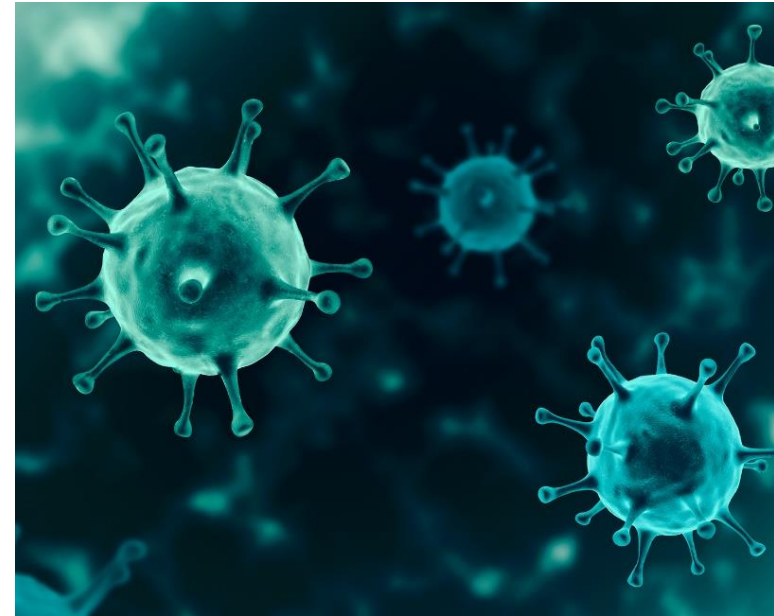


Small device  
(Packaging)

+



Detection kit



### Participating institutions/companies

- Institute of Post-LED Photonics, Tokushima University
- Graduate School of Biomedical Sciences, Tokushima University
- Research Institute for Microbial Diseases, Osaka University
- Graduate School of Health Sciences, Kobe University
- National Institutes of Biomedical Innovation, Health and Nutrition
- KAN Research Institute, Inc.
- Sysmex Corporation
- JVCKENWOOD Corporation

# JVCKENWOOD

The expressions contained in this presentation referring to the Company's future plans, intentions and expectations are categorized as future forecast statements. Such statements reflect management expectations of future events, and accordingly, are inherently susceptible to risk, uncertainty and other factors, whether known or unknown, and may be significantly different from future performance. These statements represent management's targets as of the time of issuance of these presentation materials, and the Company is under no obligation, and expressly disclaims any such obligation, to update, alter or publicize its future forecast statements in the event there are changes in the economic climate and market conditions affecting the performance of the Company. Risk factors and other uncertainty which may affect the Company's actual performance include: (1) violent fluctuations in economic circumstances and supply and demand systems in major markets (Japan, the U.S, the EU and Asia); (2) restrictions including trade regulations applicable to major markets including Japan and other foreign countries; (3) sharp fluctuations in the exchange rate of the U.S. dollar, euro, and such like against the yen; (4) market price fluctuations in capital markets; and (5) changes in social infrastructure due to short-term changes in technology and such like. Please note, however, that the above is not a comprehensive list of all the factors that may exert a significant influence on the Company's performance.