

News Release

**For Immediate Release
May 14, 2018**

Pioneer Announces Business Results for Fiscal 2018

Pioneer Corporation today announced its consolidated business results for fiscal 2018, the year ended March 31, 2018.

Consolidated Financial Highlights

(In millions of yen except per share information)
Year ended March 31

	2018	2017	Percent change
Net sales	¥365,417	¥386,682	-5.5%
Operating income	1,194	4,167	-71.3
Ordinary income (loss)	(3,121)	2,966	-
Net income (loss) *	¥ (7,123)	¥ (5,054)	-%
Net income (loss) per share *	¥(19.12)	¥(13.76)	

* Net income (loss) attributable to owners of Pioneer Corporation

Consolidated Business Results

In fiscal 2018, consolidated net sales declined 5.5% year on year, to ¥365,417 million, mainly from a decrease in Car Electronics sales due to a decline in sales of the OEM business, despite the positive effect of the Japanese yen's depreciation.

Operating income was ¥1,194 million, a 71.3% decrease year on year, reflecting a decrease in net sales, despite reduced selling, general and administrative (SG&A) expenses and an improvement in the cost of sales ratio. Ordinary loss was ¥3,121 million, compared with an ordinary income of ¥2,966 million for fiscal 2017, due to factors such as a foreign exchange loss of ¥1,194 million for fiscal 2018, against foreign exchange gain recorded in the previous fiscal year, and ¥1,265 million recorded in equity in losses of affiliated companies, in addition to the decrease in operating income. Net loss attributable to owners of Pioneer was ¥7,123 million, compared with a net loss of ¥5,054 million for fiscal 2017, mainly due to the ordinary loss recorded for fiscal 2018 in comparison to the recording of ordinary income in fiscal 2017.

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During fiscal 2018, the average value of the Japanese yen declined 2.2% against the U.S. dollar year on year, to ¥110.85=1 U.S. dollar, and declined 8.4% against the euro, to ¥129.70=1 euro.

Car Electronics sales declined 4.2% year on year, to ¥299,324 million, due to a decrease in sales of the OEM business, despite the positive effect of the Japanese yen's depreciation.

Sales of the consumer market business were almost unchanged year on year. This was because of favorable sales in telematics services for automobile insurance, as well as higher sales in car audio products due mainly to an increase in Europe and Central and South America supported by the positive effect of the Japanese yen's depreciation, despite lower sales in car navigation systems which was primarily caused by a decrease in North America and Japan..

Sales of the OEM business declined year on year. Sales of car audio products increased because of higher sales mainly in Japan and China, despite a decrease in North America. Car navigation system sales decreased, due mainly to lower sales in Japan.

OEM business sales accounted for 58% of total Car Electronics sales, compared with 60% in the previous fiscal year.

By geographic region, sales in Japan decreased 7.7%, to ¥114,089 million, and overseas sales were roughly flat year on year at ¥185,235 million.

Operating income declined 82.4% year on year, to ¥1,067 million, due to the decline in sales, as well as a deterioration in the cost of sales ratio and an increase of SG&A expenses both as a result of foreign exchange rate movements.

In the **Others** segment, sales declined 10.9% year on year, to ¥66,093 million, mainly because of lower sales of home AV products and the effect of the transfer of the cable TV system-related equipment business.

By geographic region, sales in Japan decreased 3.5%, to ¥37,721 million, and overseas sales decreased 19.2%, to ¥28,372 million.

Operating income was ¥383 million, compared with an operating loss of ¥780 million for fiscal 2017, due to an improvement in the cost of sales ratio and a decrease in SG&A expenses, although sales declined.

Notes: 1. Operating income (loss) in each business segment represents operating income (loss) before elimination of intersegment transactions.

2. In Car Electronics, some overseas car navigation systems are reclassified from "the consumer market business" to "the OEM business" from fiscal 2018. Figures shown for fiscal 2017 have been reclassified accordingly.

Consolidated Financial Position

Total assets as of March 31, 2018 were ¥287,510 million, an increase of ¥5,724 million from March 31, 2017, mainly due to an increase in intangible assets, despite decreases in trade receivables and cash and deposits. Trade receivables decreased ¥5,962 million to ¥60,094 million. Cash and deposits decreased ¥2,763 million to ¥35,642 million. Meanwhile, intangible assets increased ¥17,704 million, to ¥74,497 million, mainly reflecting increases in software and software in progress.

Total liabilities were ¥202,576 million, a ¥7,579 million increase from March 31, 2017. This was primarily due to an increase of ¥10,786 million in borrowings.

Total equity was ¥84,934 million, a ¥1,855 million decline from March 31, 2017. This mainly reflected a recording of ¥7,123 million in net loss attributable to owners of Pioneer for fiscal 2018, despite an increase of ¥3,316 million in defined retirement benefit plans, as well as a payment received of ¥2,299 million associated with a third-party allotment of shares during fiscal 2018.

Cash Flows

During fiscal 2018, operating activities provided net cash in the amount of ¥15,943 million, a ¥3,671 million decrease year on year. This was mainly due to a ¥4,024 million decline in the amount of a decrease in trade receivables.

Investing activities used net cash in the amount of ¥33,158 million, a ¥851 million decrease year on year. This was mainly due to a ¥4,201 million decrease in purchase of noncurrent assets, offsetting a ¥2,674 million increase in the purchase of investment securities.

Financing activities provided net cash in the amount of ¥14,264 million, an increase of ¥12,818 million compared with the previous fiscal year. This was mainly due to an increase of net borrowings.

Foreign currency translation adjustments on cash and cash equivalents were a positive ¥180 million, compared with a negative ¥639 million in the previous fiscal year.

As a result, cash and cash equivalents as of March 31, 2018 totaled ¥35,634 million, a ¥2,771 million decrease from March 31, 2017.

Business Forecasts for Fiscal 2019

Consolidated business forecasts for fiscal 2019, ending March 31, 2019, are as follows:

(In millions of yen)

	Forecasts for fiscal 2019	Results for fiscal 2018	Percent change
Net sales	¥380,000	¥365,417	+4.0%
Operating income (loss)	(5,000)	1,194	-
Net income (loss)*	¥ -	¥ (7,123)	-%

* Net income (loss) attributable to owners of Pioneer Corporation

For fiscal 2019, Pioneer foresees an increase in net sales owing to a projected increase in sales of Car Electronics for several reasons. In the consumer market business, increases in sales are expected in new businesses, mainly in the telematics services for automobile insurance as well as in sales in emerging markets by timely introducing new products that match user needs in the markets. Also, the OEM business foresees the full-scale take-off of shipments of large-scale orders.

Although there will be an increase in gross profit due to the increase in net sales, we project an operating loss of ¥5.0 billion. One factor is a deterioration in the cost of sales ratio due to a large increase in software amortization associated with the full-scale take-off of shipments of large-scale orders in the OEM business. Another factor is an increase in SG&A expenses in Car Electronics due to rising sales variable expenses associated with the expansion in net sales, as well as an increase in upfront development costs related to autonomous driving.

Regarding the projection for net income (loss) attributable to owners of Pioneer, in light of the consolidated business results for fiscal 2018, we are examining significant revision measures in the OEM business, which has faced harsh profitability conditions, and will announce the projection once the impact of the measures have been estimated.

The yen-U.S. dollar exchange rate assumption for fiscal 2019 is ¥110, and the yen-euro exchange rate assumption is ¥130.

Issues to Be Addressed

With regard to the automotive industry, car sales are expected to increase, mainly in emerging markets. Meanwhile, we are entering a stage of drastic change, with the advance of technological innovation toward the implementation of safety- and comfort-oriented autonomous driving systems, as well as toward the popularization of electronic vehicles and connected cars.

Amid such circumstances, while implementing measures to improve business performance, Pioneer is pursuing its growth strategies tailored to the stage of reform of the car electronics industry, to become a leading company in “Comprehensive Infotainment” that creates comfort, excitement, reliability and safety in vehicles. In the OEM business, which has faced harsh profitability conditions, we will make every possible effort to turn profitable at an early stage by examining and discussing significant revision measures with business partners, including establishment of a joint venture.

In the consumer market business, our main source of revenue, we plan to promote Pioneer’s proprietary “connected car life” by launching new products with enhanced smartphone-link functions and pursuing sound-centric entertainment in a timely manner. We will also proactively strengthen our new businesses, such as solutions businesses that combine Pioneer’s strengths in both hardware and software, including telematics services for automobile insurance and *Vehicle Assist*, a driving management service for fleet vehicles, and thereby we will pursue increase profit again.

In the map business and autonomous driving field, which are drivers for future growth, we are currently undertaking evaluations and validations through the roll-out of the first samples of the 3D-LiDAR driving space sensor essential for autonomous driving, aiming for its commercialization. Furthermore, Pioneer is steadily working to become an “essential company” in an era of autonomous driving, mainly through strengthening its alliance with HERE Technologies, a Netherlands-based global provider of mapping and location services, as well as through the development of high-definition maps.

In fiscal 2019, we will make every possible effort to set a course toward improved profitability through the implementation of significant measures in the OEM business, to solidify our autonomous driving-related business as a means for future growth.

Basic Rationale for Selection of Accounting Standards

To facilitate comparisons of its consolidated financial statements across time periods and with other companies, the Pioneer Group has prepared its consolidated financial statements based on Japanese generally accepted accounting principles (JGAAP).

With regard to the adoption of international financial reporting standards (IFRS), Pioneer intends to monitor developments in Japan and overseas, and to respond appropriately to those developments.

Cautionary Statement with Respect to Forward-Looking Statements

Statements made in this release with respect to our current plans, estimates, strategies and beliefs, and other statements that are not historical facts are forward-looking statements about our future performance. These statements are based on management’s assumptions and beliefs in light of the information currently available to it. We caution that a number of important risks and uncertainties could cause actual results to differ materially from those discussed in the forward-looking statements, and therefore you should not place undue reliance on them. It is not our obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. We disclaim any such obligation. Risks and uncertainties that might affect us include, but are not limited to: (i) general economic conditions in our markets, particularly levels of consumer spending, and levels of demand in the major industrial sectors which we serve; (ii) exchange rates, particularly between the Japanese yen and the U.S. dollar, the euro, and other currencies in which we make significant sales or in which our assets and liabilities are denominated; (iii) our ability to continuously design and develop and win acceptance for our products in extremely competitive markets; (iv) our ability to successfully implement our business strategies; (v) the success of our joint ventures, alliances and other business relationships with third parties; (vi) our ability to access funding; (vii) our continued ability to devote sufficient resources to research and development, and capital expenditure; (viii) our ability to ensure the quality of our products; (ix) conditions in which we are able to continuously procure key parts essential to our manufacturing operations; and (x) the outcome of contingencies.

Pioneer Corporation is a leading global manufacturer of car electronics products. Its shares are traded on the Tokyo Stock Exchange.

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Attached are consolidated financial statements for the year ended March 31, 2018.

(1) CONSOLIDATED BALANCE SHEETS

(In millions of yen)

March 31

	2017	2018
ASSETS		
Current assets:		
Cash and deposits	38,405	35,642
Trade receivables	66,056	60,094
Finished products	21,245	21,590
Work in process	11,795	12,793
Raw materials and supplies	16,781	15,750
Deferred tax assets	3,696	1,816
Other current assets	16,798	14,093
Allowance for doubtful receivables	(2,896)	(740)
Total current assets	171,880	161,038
Noncurrent assets:		
Property, plant and equipment:		
Buildings and structures	47,779	47,828
Accumulated depreciation	(33,010)	(33,684)
Net	14,769	14,144
Machinery, equipment and others	63,501	57,525
Accumulated depreciation	(55,052)	(50,891)
Net	8,449	6,634
Land	11,121	10,389
Lease assets	3,574	8,620
Accumulated depreciation	(2,851)	(6,539)
Net	723	2,081
Construction in progress	899	530
Others	62,552	60,356
Accumulated depreciation	(57,678)	(55,925)
Net	4,874	4,431
Net property, plant and equipment	40,835	38,209
Intangible assets:		
Goodwill	438	396
Software	16,187	25,896
Software in progress	39,544	47,606
Others	624	599
Total intangible assets	56,793	74,497
Investments and other assets:		
Investment securities	6,920	8,466
Deferred tax assets	1,142	1,194
Net defined benefit asset	838	973
Others	3,428	3,156
Allowance for doubtful accounts	(50)	(49)
Total investments and other assets	12,278	13,740
Total noncurrent assets	109,906	126,446
Deferred assets:		
Stock issuance cost	—	26
Total deferred assets	—	26
Total assets	281,786	287,510

(In millions of yen)

March 31

	2017	2018
<u>LIABILITIES</u>		
Current liabilities:		
Trade payables	62,362	59,770
Short-term borrowings	10,703	32,537
Current portion of long-term debt	11,033	1,667
Income taxes payable	1,305	893
Accrued expenses	30,987	33,107
Warranty reserve	1,967	1,841
Other current liabilities	20,529	19,528
Total current liabilities	138,886	149,343
Long-term liabilities:		
Convertible bonds	15,056	15,041
Long-term debt	2,500	833
Accrued pension and severance costs	35,106	31,395
Other long-term liabilities	3,449	5,964
Total long-term liabilities	56,111	53,233
Total liabilities	194,997	202,576
<u>EQUITY</u>		
Shareholders' equity:		
Common stock	91,732	92,881
Capital surplus	56,016	32,295
Retained earnings	28,984	46,733
Treasury stock	(11,051)	(11,052)
Total shareholders' equity	165,681	160,857
Accumulated other comprehensive income (loss):		
Unrealized gain (loss) on available-for-sale securities	(191)	(393)
Deferred gain (loss) on derivatives under hedge accounting	-	11
Foreign currency translation adjustments	(59,149)	(59,446)
Defined retirement benefit plans	(23,825)	(20,509)
Total accumulated other comprehensive income (loss)	(83,165)	(80,337)
Noncontrolling interests	4,273	4,414
Total equity	86,789	84,934
Total liabilities and equity	281,786	287,510

(2) CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions of yen)

	Year ended March 31	
	2017	2018
Net sales	386,682	365,417
Cost of sales	317,497	299,896
Gross profit	69,185	65,521
Selling, general and administrative expenses	65,018	64,327
Operating income	4,167	1,194
Non-operating income:		
Interest income	309	223
Dividend income	96	101
Exchange gain	605	-
Others	328	185
Total non-operating income	1,338	509
Non-operating expenses:		
Interest expense	671	672
Equity in losses of affiliated companies	110	1,265
Exchange loss	-	1,194
Others	1,758	1,693
Total non-operating expenses	2,539	4,824
Ordinary income (loss)	2,966	(3,121)
Extraordinary income:		
Gain on sale of noncurrent assets	831	192
Gain on sale of investment securities	-	48
Total extraordinary income	831	240
Extraordinary loss:		
Loss on sale and disposal of noncurrent assets	576	333
Restructuring costs	3,014	853
Impairment loss	138	522
Loss on litigation settlement	1,180	61
Loss on business transfer	1,191	11
Others	11	-
Total extraordinary loss	6,110	1,780
Income (loss) before income taxes	(2,313)	(4,661)
Income taxes:		
Current	2,798	1,751
Deferred	151	880
Total income taxes	2,949	2,631
Net income (loss)	(5,262)	(7,292)
Net income (loss) attributable to noncontrolling interests	(208)	(169)
Net income (loss) attributable to owners of Pioneer Corporation	(5,054)	(7,123)

(3) CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	(In millions of yen)	
	Year ended March 31	
	2017	2018
Net income (loss)	(5,262)	(7,292)
Other comprehensive income (loss):		
Unrealized gain (loss) on available-for-sale securities	95	(202)
Deferred gain (loss) on derivatives under hedge accounting	88	11
Foreign currency translation adjustments	(2,940)	(191)
Defined retirement benefit plans	4,532	3,316
Share of other comprehensive income (loss) in associates	(66)	12
Total other comprehensive income (loss)	1,709	2,946
Comprehensive income (loss)	(3,553)	(4,346)
Comprehensive income (loss) attributable to:		
Owners of Pioneer Corporation	(3,159)	(4,295)
Noncontrolling interests	(394)	(51)

(4) CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	(In millions of yen)	
	Year ended March 31	
	2017	2018
SHAREHOLDERS' EQUITY		
Common stock:		
Balance, beginning of year	91,732	91,732
Changes of items in the year:		
Issuance of new shares	-	1,149
Total changes of items in the year	-	1,149
Balance, end of year	91,732	92,881
Capital surplus:		
Balance, beginning of year	56,016	56,016
Changes of items in the year:		
Issuance of new shares	-	1,150
Transfer to retained earnings from capital surplus	-	(24,872)
Acquisition of shares of consolidated subsidiaries	-	1
Total changes of items in the year	-	(23,721)
Balance, end of year	56,016	32,295
Retained earnings:		
Balance, beginning of year	34,038	28,984
Changes of items in the year:		
Net income (loss) attributable to owners of Pioneer Corporation	(5,054)	(7,123)
Transfer to retained earnings from capital surplus	-	24,872
Total changes of items in the year	(5,054)	17,749
Balance, end of year	28,984	46,733
Treasury stock:		
Balance, beginning of year	(11,051)	(11,051)
Changes of items in the year:		
Purchase of treasury stock	(0)	(1)
Total changes of items in the year	(0)	(1)
Balance, end of year	(11,051)	(11,052)
Total shareholders' equity:		
Balance, beginning of year	170,735	165,681
Changes of items in the year:		
Issuance of new shares	-	2,299
Net income (loss) attributable to owners of Pioneer Corporation	(5,054)	(7,123)
Purchase of treasury stock	(0)	(1)
Acquisition of shares of consolidated subsidiaries	-	1
Total changes of items in the year	(5,054)	(4,824)
Balance, end of year	165,681	160,857

(In millions of yen)

	Year ended March 31	
	2017	2018
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)		
Unrealized gain (loss) on available-for-sale securities:		
Balance, beginning of year	(286)	(191)
Changes of items in the year:		
Net changes of items other than shareholders' equity	95	(202)
Total changes of items in the year	-	(202)
Balance, end of year	(191)	(393)
Deferred gain (loss) on derivatives under hedge accounting:		
Balance, beginning of year	(88)	-
Changes of items in the year:		
Net changes of items other than shareholders' equity	88	11
Total changes of items in the year	88	11
Balance, end of year	-	11
Foreign currency translation adjustments:		
Balance, beginning of year	(56,329)	(59,149)
Changes of items in the year:		
Net changes of items other than shareholders' equity	(2,820)	(297)
Total changes of items in the year	(2,820)	(297)
Balance, end of year	(59,149)	(59,446)
Defined retirement benefit plans:		
Balance, beginning of year	(28,357)	(23,825)
Changes of items in the year:		
Net changes of items other than shareholders' equity	4,532	3,316
Total changes of items in the year	4,532	3,316
Balance, end of year	(23,825)	(20,509)
Total accumulated other comprehensive income (loss):		
Balance, beginning of year	(85,060)	(83,165)
Changes of items in the year:		
Net changes of items other than shareholders' equity	1,895	2,828
Total changes of items in the year	1,895	2,828
Balance, end of year	(83,165)	(80,337)

Pioneer Corporation — Consolidated

(In millions of yen)

	Year ended March 31	
	2017	2018
<u>NONCONTROLLING INTERESTS</u>		
Balance, beginning of year	4,811	4,273
Changes of items in the year:		
Net changes of items other than shareholders' equity	(538)	141
Total changes of items in the year	(538)	141
Balance, end of year	–	4,414
<u>TOTAL EQUITY</u>		
Balance, beginning of year	90,486	86,789
Changes of items in the year:		
Issuance of new shares	–	2,299
Net income (loss) attributable to owners of Pioneer Corporation	(5,054)	(7,123)
Transfer to retained earnings from capital surplus	–	–
Purchase of treasury stock	(0)	(1)
Acquisition of shares of consolidated subsidiaries	–	1
Net changes of items other than shareholders' equity	1,357	2,969
Total changes of items in the year	(3,697)	(1,855)
Balance, end of year	86,789	84,934

(5) CONSOLIDATED STATEMENTS OF CASH FLOWS

	(In millions of yen)	
	Year ended March 31	
	2017	2018
Cash flows from operating activities:		
Income (loss) before income taxes	(2,313)	(4,661)
Depreciation and amortization	24,938	20,589
Loss (gain) on business transfer	1,191	11
Impairment loss	138	522
Increase (decrease) in accrued pension and severance costs	(3,798)	(3,816)
Interest and dividend income	(405)	(324)
Interest expense	671	672
Equity in losses (earnings) of affiliated companies	110	1,265
Loss (gain) on sale and disposal of noncurrent assets—net	(255)	141
Loss (gain) on sale of investment securities—net	–	(48)
Decrease (increase) in trade receivables	7,270	3,246
Decrease (increase) in inventories	2,915	(398)
Increase (decrease) in trade payables	(6,658)	(2,981)
Increase (decrease) in accrued expenses	(144)	(2,924)
Adjustment to retirement benefits	4,221	3,356
Other—net	(4,545)	3,787
Subtotal	23,336	18,437
Interest and dividend income received	405	324
Interest expense paid	(696)	(642)
Income taxes paid	(3,431)	(2,176)
Net cash provided by (used in) operating activities	19,614	15,943
Cash flows from investing activities:		
Decrease (increase) in time deposits	–	(8)
Payment for purchase of noncurrent assets	(35,209)	(31,008)
Proceeds from sale of noncurrent assets	1,279	1,017
Payment for purchase of investment securities	(18)	(2,692)
Proceeds from sale of investment securities	–	134
Payment for purchase of shares of associated companies	–	(513)
Payment for business transfer	–	(118)
Proceeds from business transfer	111	–
Other—net	(172)	30
Net cash provided by (used in) investing activities	(34,009)	(33,158)
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings—net	(812)	21,540
Proceeds from long-term debt	3,333	–
Repayment of long-term debt	–	(11,033)
Proceeds from sale and lease back transactions	–	2,563
Repayment of lease obligations	(931)	(1,287)
Proceeds from issuance of new shares	–	2,268
Purchase of treasury stock	(0)	(1)
Proceeds from stock issuance to noncontrolling interests	–	214
Dividends paid to noncontrolling interests	(144)	–
Net cash provided by (used in) financing activities	1,446	14,264
Foreign currency translation adjustments on cash and cash equivalents	(639)	180
Net increase (decrease) in cash and cash equivalents	(13,588)	(2,771)
Cash and cash equivalents, beginning of period	51,993	38,405
Cash and cash equivalents, end of period	38,405	35,634

(6) ADDITIONAL INFORMATION

Software for sale has been amortized by the straight-line method over its expected salable period by related product group of one to three years, in view of the trends of the expected sales volume based on the life cycle of its related product group. However, a portion of software for sale newly recorded for the second quarter onward of fiscal 2018, ended March 31, 2018, is amortized at the larger of either the amount calculated based on its expected sales volume over its expected salable period by related product group of five years, or the amount calculated based on the straight-line method over its remaining salable period by related product group. This is because the trends of the expected sales volume based on the life cycle of the related product group of the said portion of software for sale are different from those of conventional ones.

(7) SEGMENT INFORMATION

<Net Sales by Segment>

(In millions of yen)

	Year ended March 31				Percent change
	2017		2018		
	Amount	Ratio	Amount	Ratio	
Car Electronics:					
Japan	123,631	32.0 %	114,089	31.2 %	-7.7 %
Overseas	188,858	48.8	185,235	50.7	-1.9
Total	312,489	80.8	299,324	81.9	-4.2
Others:					
Japan	39,083	10.1	37,721	10.3	-3.5
Overseas	35,110	9.1	28,372	7.8	-19.2
Total	74,193	19.2	66,093	18.1	-10.9
Consolidated:					
Japan	162,714	42.1	151,810	41.5	-6.7
Overseas	223,968	57.9	213,607	58.5	-4.6
Total	386,682	100.0 %	365,417	100.0 %	-5.5 %

<Segment Information>

1. Overview of Segments

The segments of the Company are the business units for which the Company is able to obtain respective financial information separately in order for the Board of Directors to conduct periodic investigation to determine distribution of management resources and evaluate their business results.

The Company has its business divisions identified by products and services. Each business division plans its comprehensive strategy for its products and services in Japan and overseas, and operates its business activities.

Therefore, the Company consists of its business divisions, identified by products and services, which are two segments of “Car Electronics” and “Others.”

Principal products and services included in each segment are as follows;

Car Electronics:

Car navigation systems, car stereos, car AV systems, car speakers, telematics services, and map software

Others:

Optical disc drive-related products, factory automation systems, electronic devices and parts, organic light-emitting diode (OLED) displays, DJ equipment (subcontracted manufacturing/sales), and home AV products

2. Sales, Income (Loss), Assets and Other Items

(In millions of yen)

Year ended March 31, 2017	Segment			Reconciliations * 1	Consolidated * 2
	Car Electronics	Others	Total		
Sales:					
Sales to external customers	312,489	74,193	386,682	-	386,682
Intersegment sales	348	3,059	3,407	(3,407)	-
Total sales	312,837	77,252	390,089	(3,407)	386,682
Segment income (loss)	6,051	(780)	5,271	(1,104)	4,167
Segment assets	82,243	24,786	107,029	174,757	281,786
Other items:					
Depreciation	21,642	2,745	24,387	551	24,938
Amortization of goodwill	-	-	-	42	42
Increase in property, plant and equipment and intangible assets	18,954	2,608	21,562	390	21,952

Notes:

1. (1) Reconciliations of ¥(1,104) million recorded for segment income (loss) include elimination of intersegment transactions of ¥50 million and corporate expenses of ¥(1,154) million that are not allocated to any segment. Corporate expenses principally consist of allocation variance of general and administrative expenses, and general and administrative expenses and R&D expenses which are not attributable to any segment.
 - (2) Reconciliations recorded for segment assets of ¥174,757 million are corporate assets which are not allocated to any segment.
 - (3) Reconciliations recorded for increase in property, plant and equipment and intangible assets of ¥390 million are capital investments principally in facilities and R&D.
2. Adjustments are made to reconcile segment income (loss) to operating income presented in the accompanying consolidated statements of operations.

(In millions of yen)

Year ended March 31, 2018	Segment			Reconciliations * 1	Consolidated * 2
	Car Electronics	Others	Total		
Sales:					
Sales to external customers	299,324	66,093	365,417	-	365,417
Intersegment sales	303	3,135	3,438	(3,438)	-
Total sales	299,627	69,228	368,855	(3,438)	365,417
Segment income	1,067	383	1,450	(256)	1,194
Segment assets * 3	134,551	22,573	157,124	130,386	287,510
Other items:					
Depreciation	18,366	2,098	20,464	125	20,589
Amortization of goodwill	-	-	-	42	42
Increase in property, plant and equipment and intangible assets	34,797	1,942	36,739	322	37,061

Notes:

- (1) Reconciliations of ¥(256) million recorded for segment income include elimination of intersegment transactions of ¥163 million and corporate expenses of ¥(419) million that are not allocated to any segment. Corporate expenses principally consist of allocation variance of general and administrative expenses, and general and administrative expenses and R&D expenses which are not attributable to any segment.
 - (2) Reconciliations recorded for segment assets of ¥130,386 million are corporate assets which are not allocated to any segment.
 - (3) Reconciliations recorded for increase in property, plant and equipment and intangible assets of ¥322 million are capital investments principally in facilities and R&D.
- Adjustments are made to reconcile segment income to operating income presented in the accompanying consolidated statements of operations.
- From fiscal 2018, a portion of corporate assets recorded in Reconciliations of Segment assets is reclassified in Car Electronics due to the change in its management methods. The amount to be reclassified by applying this method to the figures for fiscal 2017 is ¥34,617 million.