

New Medium-Term Management Plan
“VISION 2025”
- Maximizing Corporate Value -

April 27, 2023
JVCKENWOOD Corporation

Progress on VISION 2023 and Formulation of VISION 2025

- Achieved key performance indicators (KPIs) for FY2023 ahead of schedule in FY2022. On the other hand, the business environment surrounding our company has changed significantly.

VISION 2023 Achieving Key Performance Indicators (KPIs) Ahead of Schedule		Changes in the Business Environment Surrounding Our Company	
	FY2023 targets		FY2022 results
Revenue	320 billion yen		336.9 billion yen
Core operating income*	12 billion yen or more		15.8 billion yen
ROE	10% or more		18.2%
Equity capital ratio	30% or more		33.0%
Debt-to-equity ratio (D/E ratio)	1.0 or less		0.63

- Review of supply chains due to increased geopolitical risks
- Uncertainty over global economic trends, including sudden foreign exchange fluctuations
- Initiatives to address climate change, natural disasters and decarbonization

**A New Medium-Term Management Plan “VISION 2025”
-strengthening the basic strategy of “Change for Growth”
from the perspective of maximizing corporate value-**

*Core operating income is calculated by deducting cost of sales, selling and general administrative expenses from revenue, and does not include other income, other expenses

Recognition of External Environment

- Accurately understand changes and risks in the business environment during the period of the new medium-term plan, reflect them in VISION 2025 measures, and further evolve “Change for Growth”



**Business model
innovation with
new
technologies**



**Higher
geopolitical
risks
and tensions**



**Uncertain global
economic trends**



**Acceleration of
digitization**



**Climate change
Natural
disasters
Carbon neutral**



**Supply chain
disruptions**

Positioning of VISION 2025

Vision 2020

VISION 2023

VISION 2025

Long-term vision

Change for Growth

Our Philosophy

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

Becoming an excellent company with strength and toughness

Accelerate growth momentum

Maximize corporate value by further evolving "Change for Growth" and optimizing the business portfolio

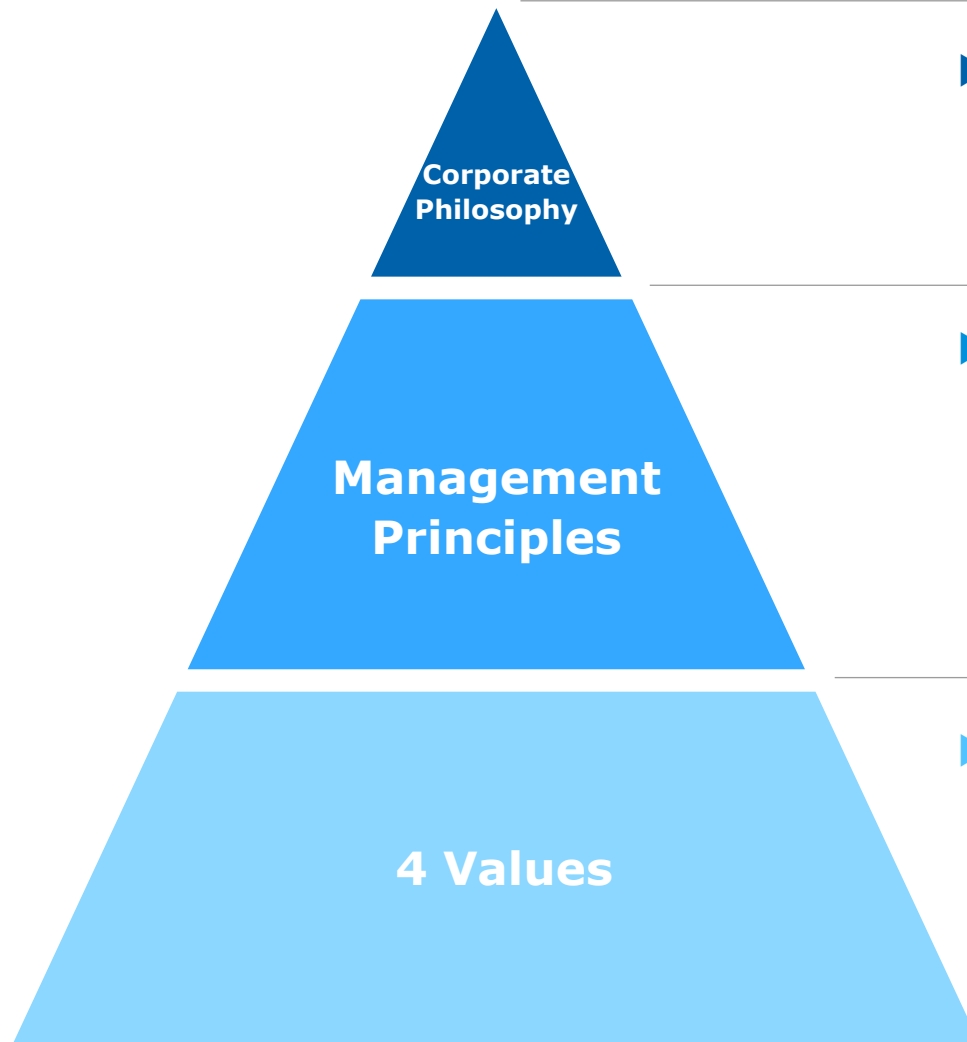
Build a profitable revenue base

Evolve to a customer value creation company

Sustainable growth in corporate value

Structure of JVCKENWOOD's Corporate Philosophy, Management Principles and Values

- Strive for sustainable growth by sharing our group's corporate philosophy with all stakeholders through its inclusion in the articles of incorporation



▶ Corporate Philosophy

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

▶ Management Principles

- Creating value through Monozukuri
- Building a corporate culture that adapts and embraces change
- Investing in people to strengthen capabilities and push boundaries

▶ 4 Values

Change

Create

Earning Power

Connect

VISION 2025 Basic Strategies

Maximizing corporate value

Further evolve Change for Growth to enhance sustainable corporate and shareholder value

Target ROE of 10% and aim to achieve PBR of more than 1.0 times as soon as possible

Change for Growth

Business strategy

Maximize corporate value by optimizing the business portfolio

Financial strategy

Optimize capital allocation

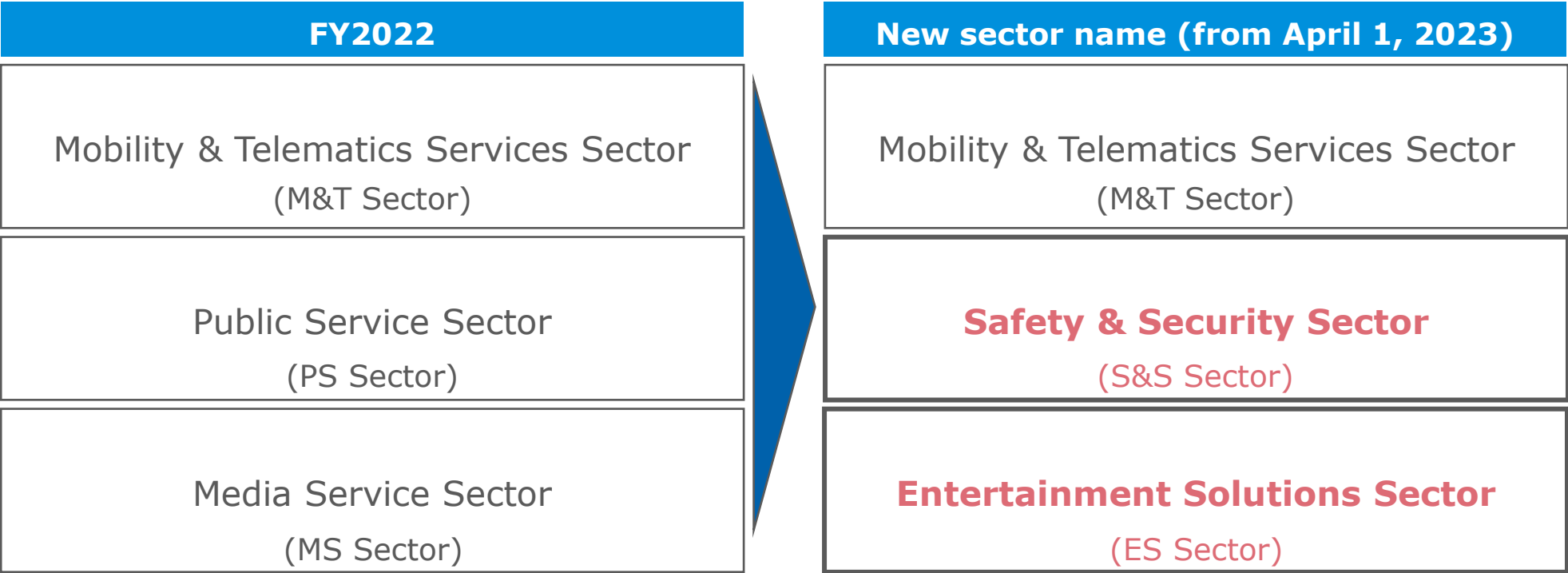
Sustainable Strategy

Promote sustainable management

Further strengthen the management base

Business Portfolio Optimization: Creating a New Corporate Structure

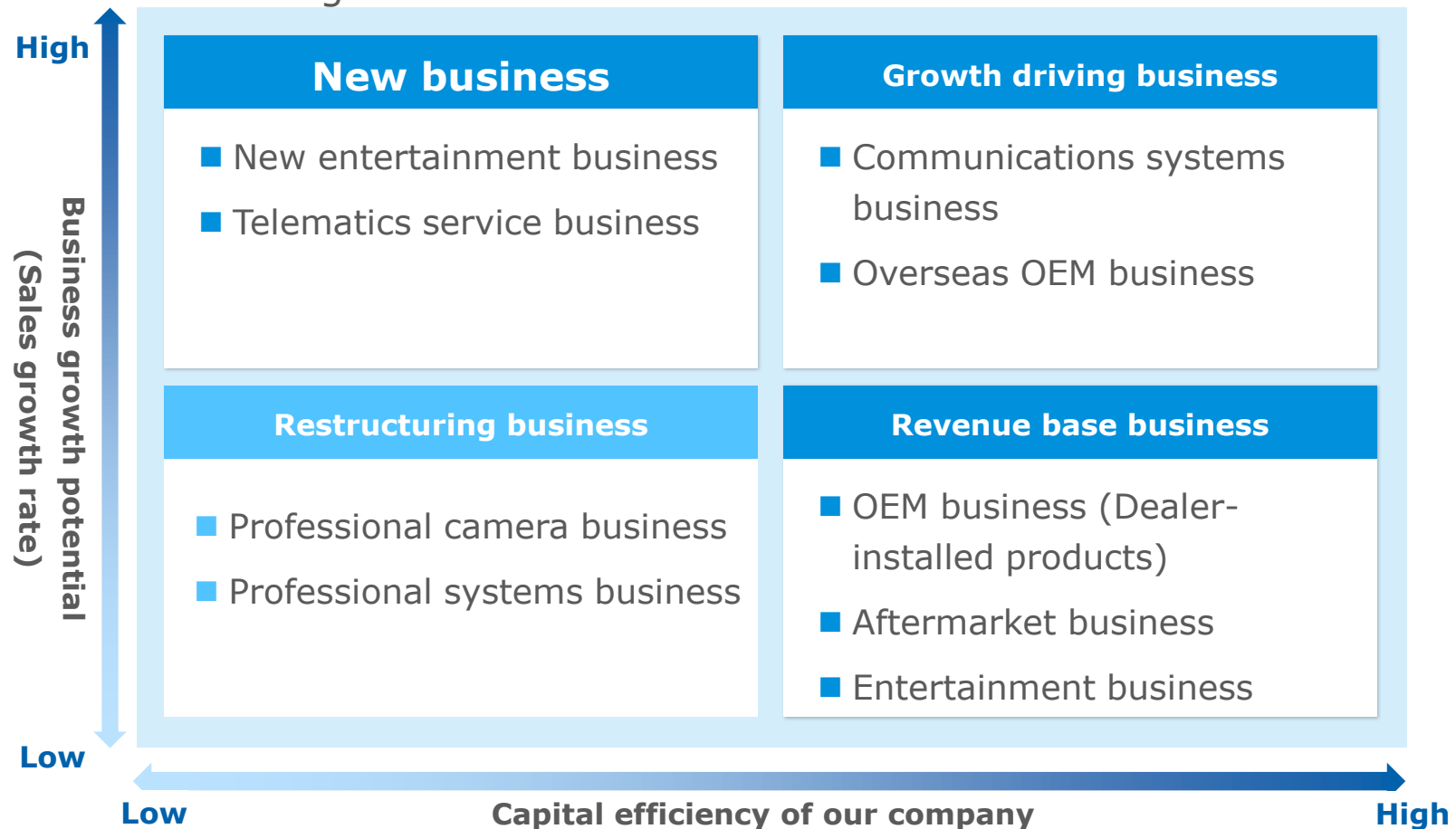
- Public service sector and media service sector were renamed on April 1 to transform the business portfolio to maximize corporate value



Business sectors were renamed to clarify our business strategies

Redefinition and Optimization of the Business Portfolio toward FY2025

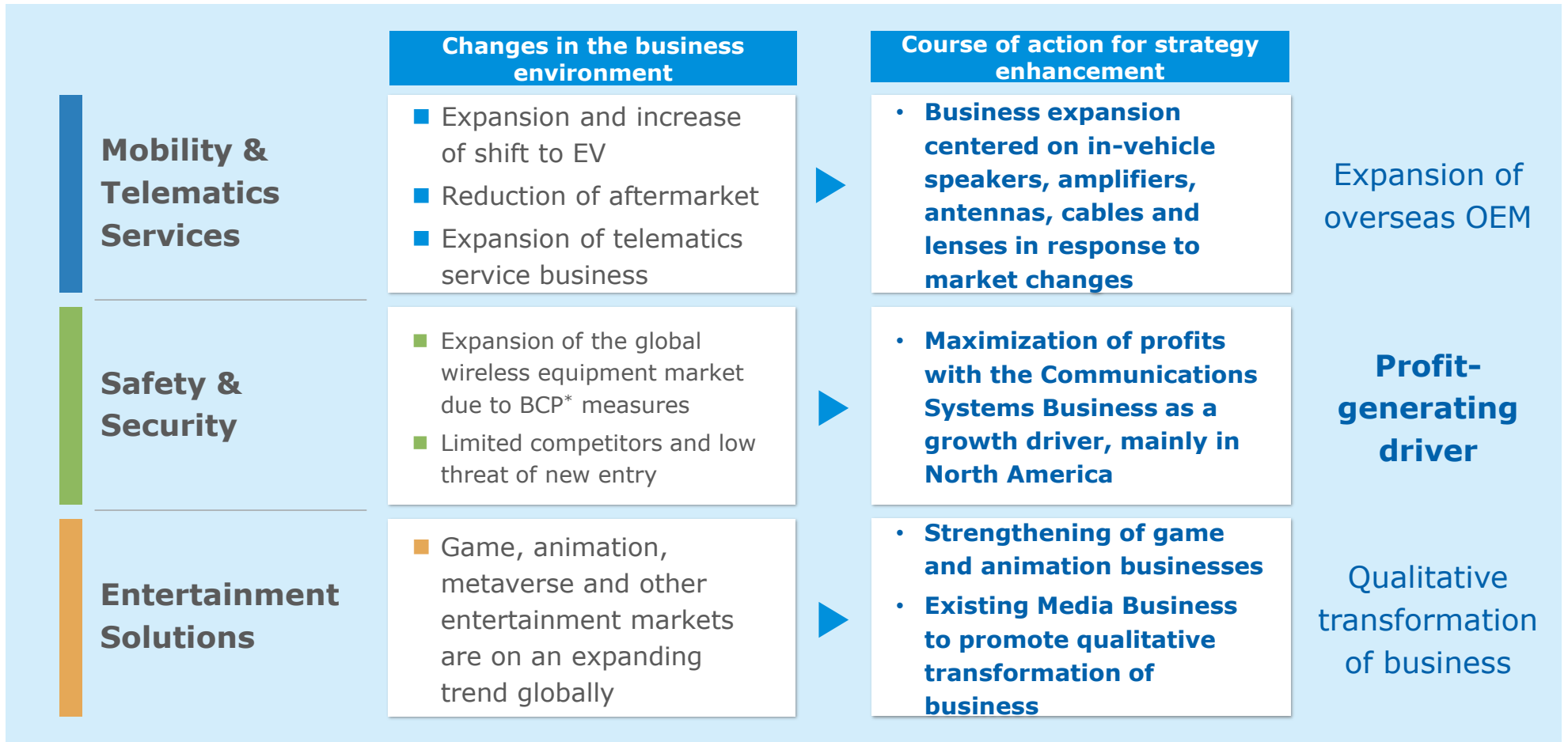
- Aim to achieve PBR of more than 1.0 times as soon as possible through the maximization of corporate value by optimizing the business portfolio, taking into account medium-term business growth potential* and capital efficiency
- For restructured businesses, consider improvement in revenue, withdrawal and downsizing through a drastic strategic review



*Business growth potential: Sales growth rate over three years from FY2023 to FY2025

VISION 2025: Course of Action for Strategy Enhancement

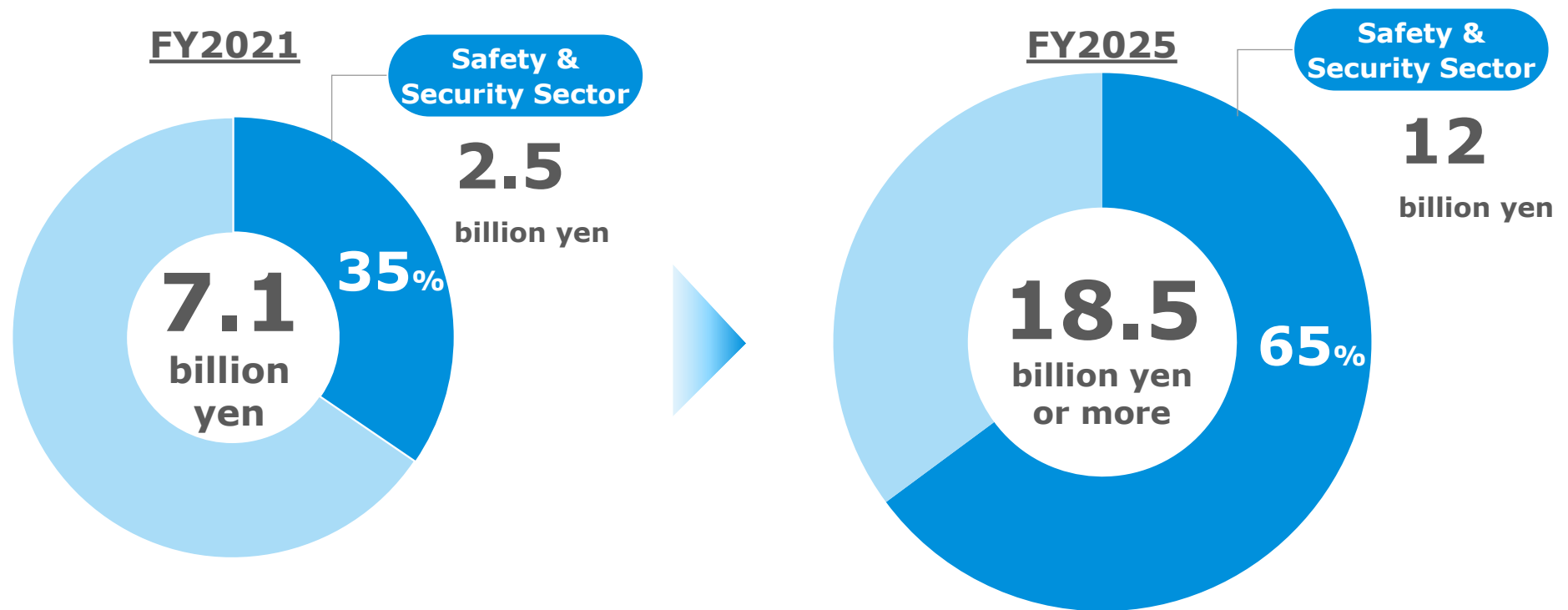
- Review strategies from the perspective of maximizing corporate value in response to changes in the business environment



Transformation of Profit Composition Ratios through Review of Business Portfolio

- Position the Communications Systems Business as a profit generating driver that will drive the entire company by having a limited number of global players, high barriers to entry, and the ability to continuously secure a strong competitive advantage.

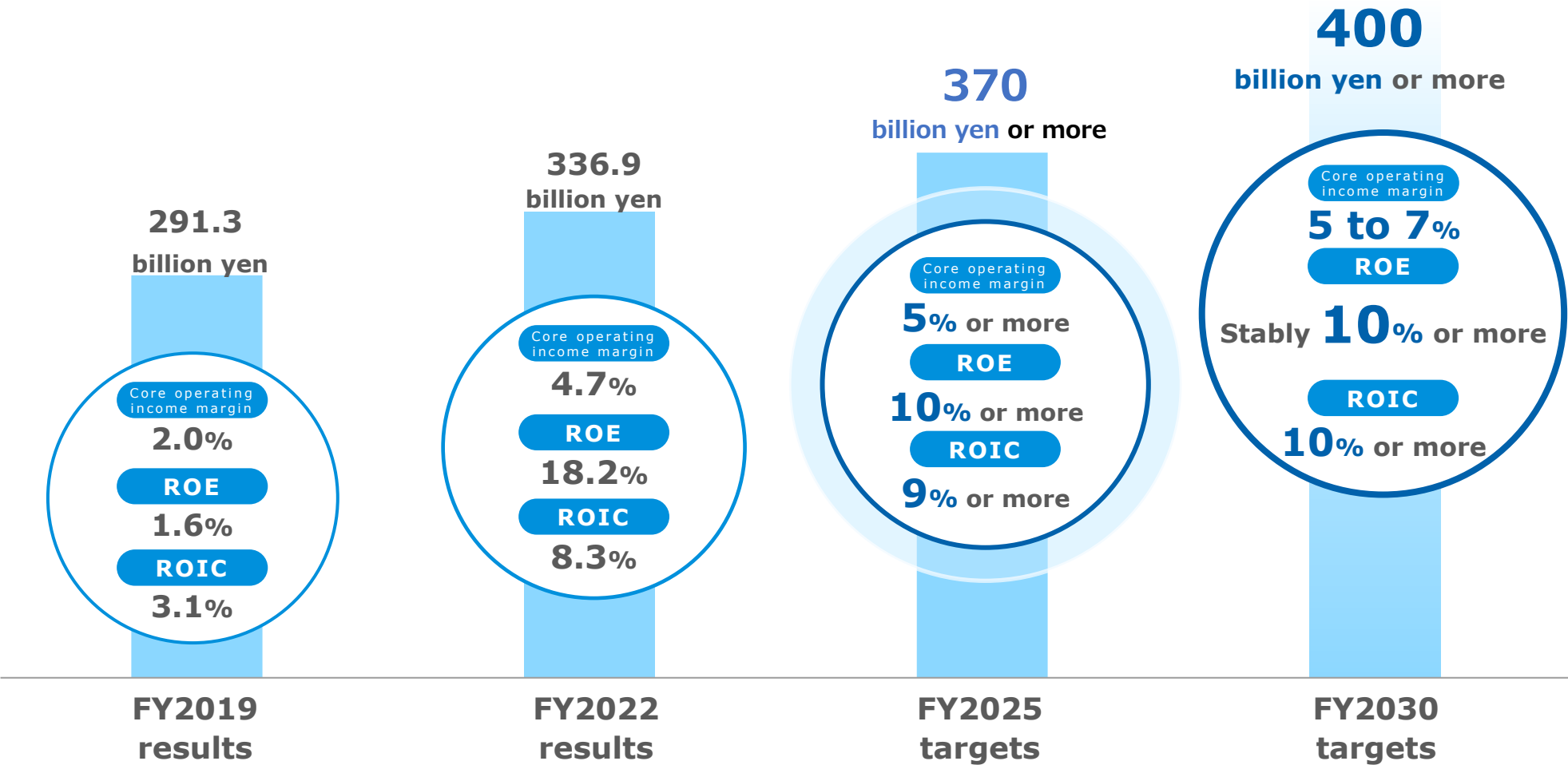
Composition of core operating income



The Communications Systems Business will generate 65% of the core operating income of the entire company.

Medium- to Long-Term Business Growth Image toward FY2030

- Consistently generate ROE of 10% or more to enhance corporate value sustainably



VISION 2025: Management Quantitative Targets

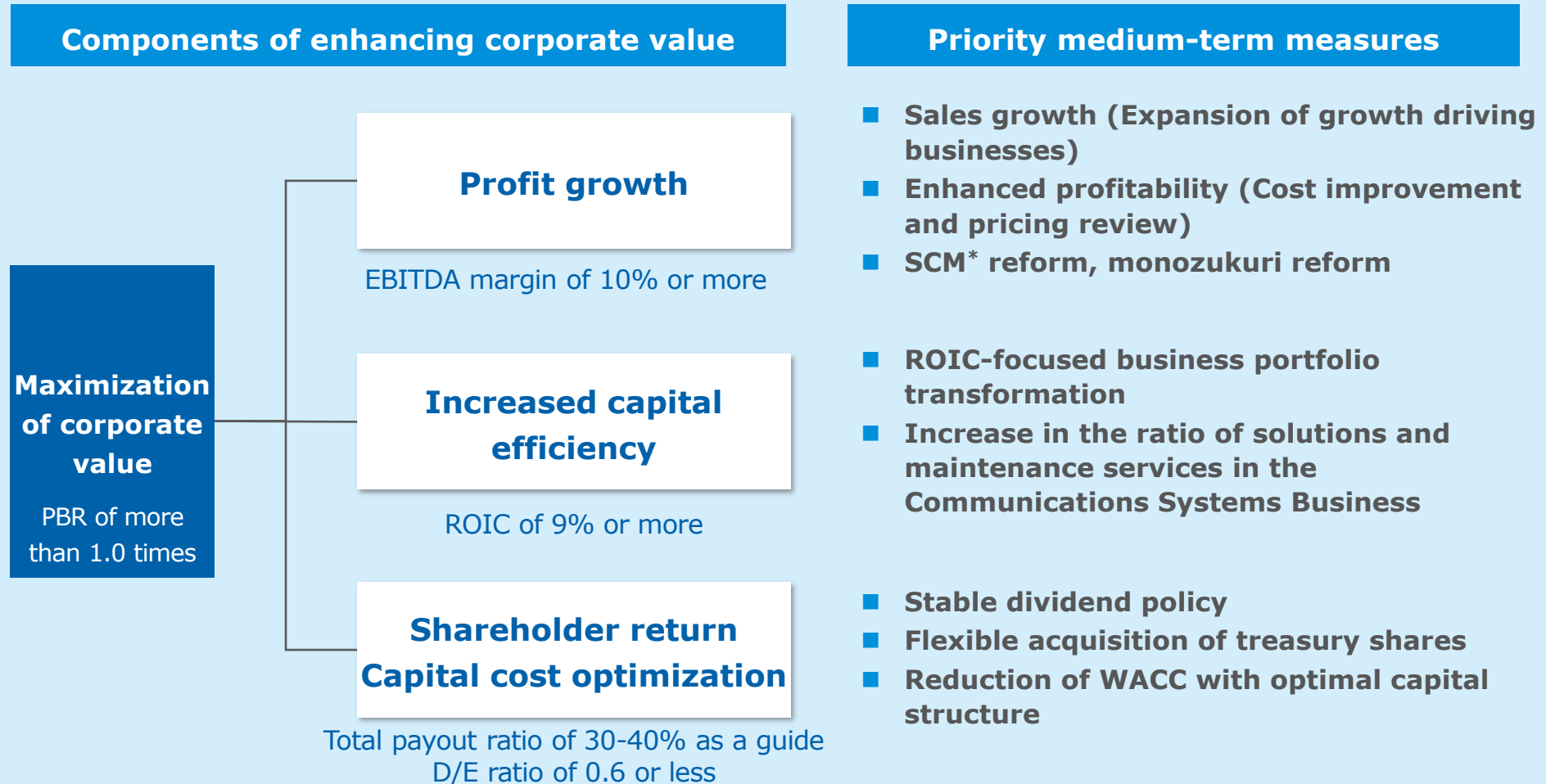
- Aim for revenue of at least 370 billion yen and a core operating income margin of at least 5% in FY2025

	FY2022 (Actual)	FY2023 (Published figures)		FY2025 (Target)
Revenue	336.9 billion yen	350 billion yen	▶	370 billion yen or more
Core operating income margin	4.7%	4.2%	▶	5.0% or more
EBITDA* margin	12.5%	10.3%	▶	10% or more
Operating cash flow	26.6 billion yen	32.5 billion yen	▶	90 billion yen or more Cumulative total of three years from 2023 to 2025
ROE	18.2%	8.0%	▶	10% or more
ROIC	8.3%	7.6%	▶	9% or more

*: Profit (loss) before tax + Interest expense + Depreciation expense + Impairment loss

Priority Medium-Term Measures to Maximize Corporate Value

- Focus on capital efficiency and shareholder returns to maximize corporate value for the achievement of a PBR of more than 1.0 times



* Supply Chain Management

Financial Strategy & Capital Allocation Approach

▶ Basic policy

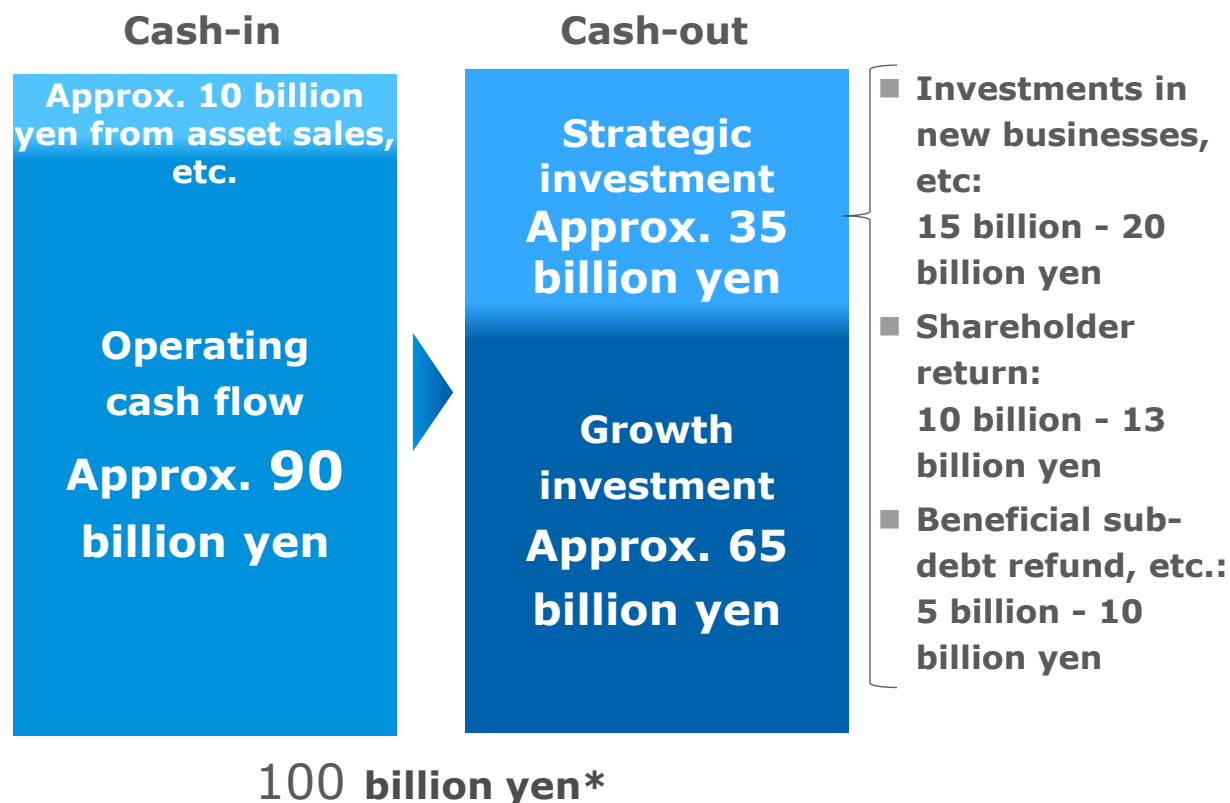
Maximize corporate value through improved capital efficiency with a focus on capital costs and capital allocation with a balance between growth and investments

▶ Numerical targets

- ROE: 10% or more
- ROIC: 9% or more
- Debt-to-equity ratio (D/E ratio): 0.6 or less
- Ratio of equity attributable to owners of the parent company: 35% or more
- Total payout ratio: Approx. 30-40%

▶ Capital allocation

Clarify the use of growth investments, strategic investments, etc., focusing on cash flow generation

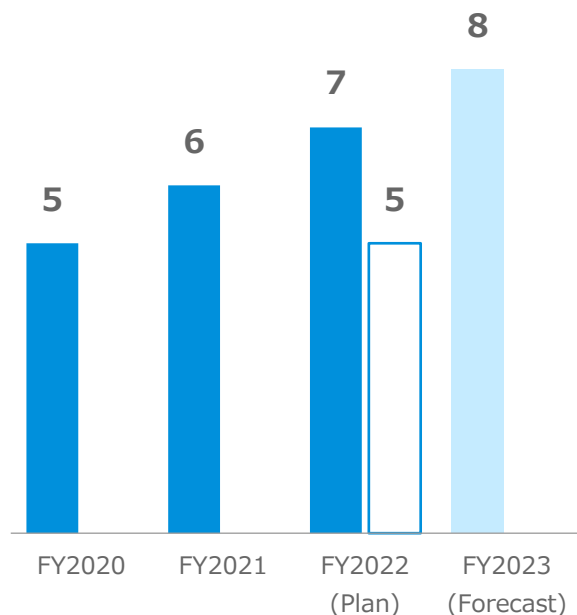


※ Total of three years from 2023 to 2025

Shareholder Return Policy

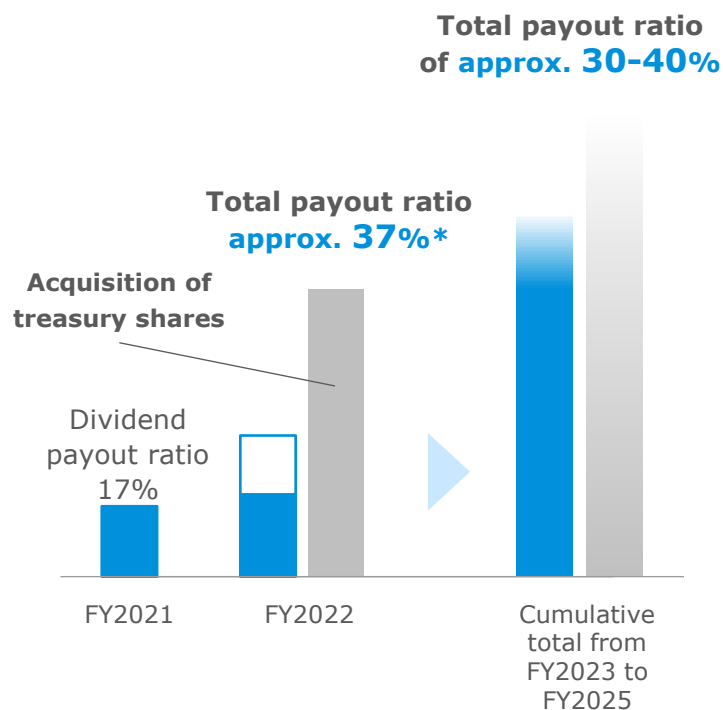
- Return policy: Aim for a total payout ratio of 30-40%
- Dividend: Aim for a stable dividend and continued dividend growth
- Acquisition of treasury shares: Implement flexibly within the total payout ratio, while maintaining financial soundness and ensuring investment in growth businesses

▶ Changes in dividend per share (yen)

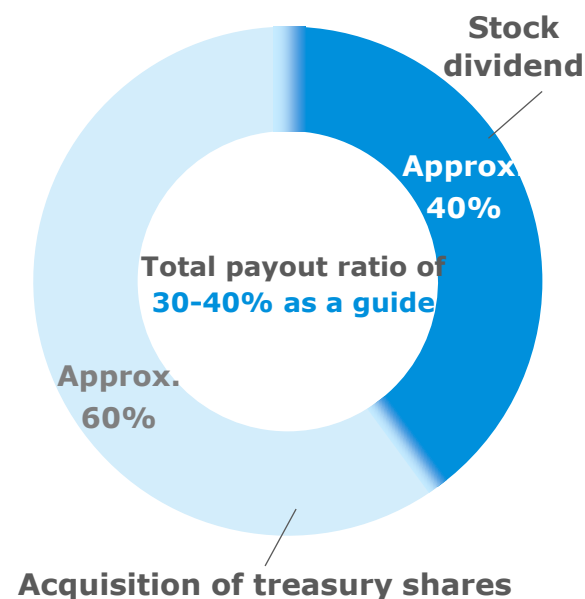


■ Ordinary dividend □ Special dividend

▶ Dividend payout ratio and total payout ratio (%)



▶ Shareholder return ratio



* Total return ratio for the net income attributable to owners of the parent company for FYE3/'23

Medium-Term Growth Scenario for Mobility & Telematics Services Sector

- Accelerate the expansion of overseas OEM business, and proposals for telematics service business and mobility entertainment in the expanding EV car market



Changes in the market environment

OEM

- Rising share of EVs overseas, including the U.S., Europe, China and emerging markets
- Mainstream changes from car navigation systems to display audio systems

Aftermarket

- Drive recorder has room for expansion
- The market as a whole is gradually decreasing

Telematics service

- Further growth forecast toward FY2030



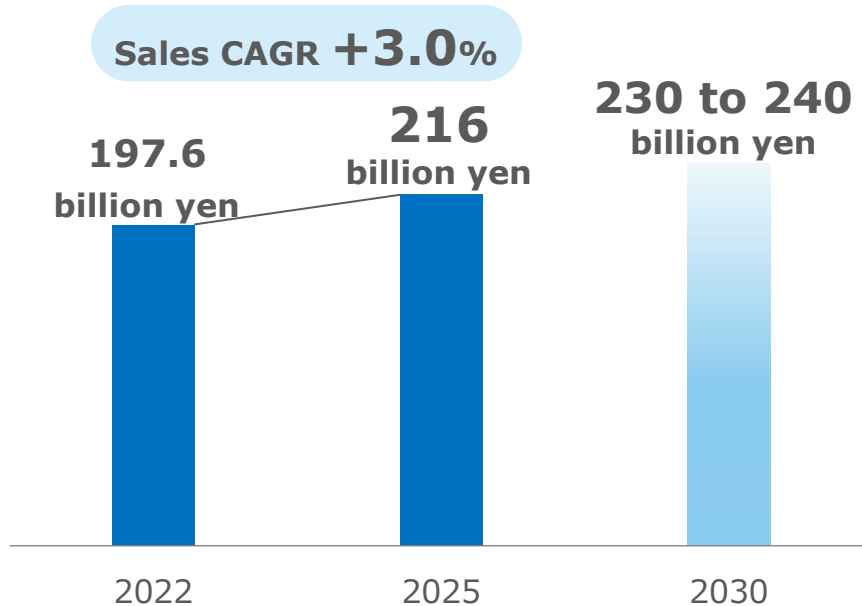
Medium-term growth scenario

- **Expansion of overseas OEM business, centered on in-vehicle speakers, amplifiers, antennas, cables, lenses and display audios in response to market changes**
- **Achieve a qualitative transformation while maintaining a high market share by enjoying the benefit of survivors**
- **Firmly maintain profit margins by pricing strategies**
- **Expansion into the data business based on cumulative sales of 2 million connected-type dashcams**
- **Expansion into global business**

Growth Strategy for Mobility & Telematics Services Sector

- Aim to maximize sales revenue by expanding overseas OEM business in the era of shifting to EV

Revenue



Core operating income

FY2022
4.4
billion yen

FY2025 targets
7.0
billion yen

Priority strategies

- Expansion of overseas OEM business, centered on in-vehicle speakers, amplifiers, antennas, cables, and lenses in response to market changes, mainly the shift to EVs
- Development of a highly profitable business model for the telematics service business by actively utilizing products after the expiration of the lease period
- Establishment of an ecosystem by expanding the business of reusable battery products and trading CO2 emissions credits
- Strengthening of Tier 2* businesses
Development of OEM factory-installed product business, combining the utilization and commercialization of navigation engine with in-vehicle infotainment design business



Medium-Term Growth Scenario for Safety & Security Sector

- Aim to steadily increase sales and revenue through priority investments, by maximizing profits as a growth driver, centered on North America
- In the medium term, the Company is transitioning to a portfolio that generates revenue from maintenance services, not just its device business



Changes in the market environment

Public Safety LTE in North America

- Large government budgets for public safety markets and private security in the U.S.
- The Russian invasion of Ukraine has spurred global demand for the LTE for emergency response
- Digital-radio switching surges in the U.S.

Private Radio System in North America

- Termination of analog waves
- Higher demand for disaster prevention radios

Domestic market

Medium-term growth scenario

- **Acquiring deals in the Tier2*¹ markets with tri-band-compatible*² radio VP8000 as a core product**
- **Strengthening the system to continuously acquire P25*³ large deals**
- **Expanding DMR*⁴ sales**
- **Enhancing product lineups**
- **Acquiring government projects**
- **Expanding disaster prevention radio business**



Strengthen business by strengthening sales channels, reinforcing manufacturing lines, investing in human capital, and M&As.

*1: Local governments and cities with no more than 500,000 people in North America

*2 : Support for VHF/UHF and 700/800 MHz frequency bands

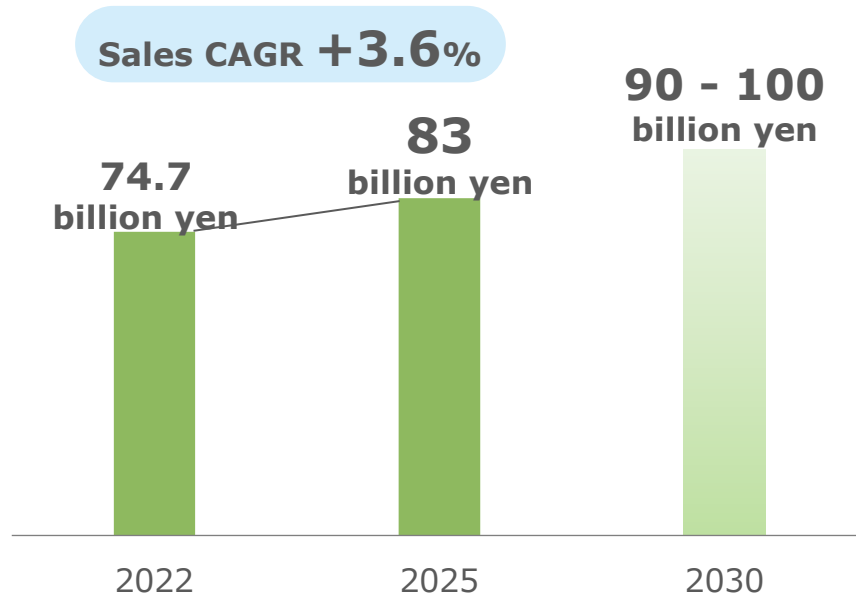
*3: A digital radio standard developed for the public safety market in the U.S. Abbreviation for Project25

*4: Digital Mobile Radio, the international standard for digital radio

Growth Strategies for Safety & Security Sector

- Maximize profits as a growth driver business by expanding Communications Systems Businesses in North America and Japan

Revenue



Core operating income

FY2022
10.7
billion yen

FY2025 targets
12
billion yen

Priority strategies

- **Public Safety Market in North America:**
 - Acquire Tier 2 market projects with tri-band-compatible radio VP8000 as a core, and strengthen the system to continuously acquire large P25 projects
- **Private Market in North America:**
 - Expand DMR sales and enhance product lineups
- **Domestic market:**
 - Acquire government projects and expand disaster prevention radio business
- **Restructuring business (Professional systems business)**
 - Start considering business transfer for new medical care
 - Restructure JVCKENWOOD Public & Industrial Systems Corporation



Medium-Term Growth Scenario for Entertainment Solutions Sector

- Build entertainment value chain by strengthening game and animation businesses in addition to traditional media businesses

Changes in the market environment

Media business

- Growing demand for remote and virtual products and services

Music-related business

- Continued growth in the music streaming market

IP* peripheral business

- Expanding the game app market and wider use of animation IP

Medium-term growth scenario

- Expanding high-priced, high-value-added products
- Establishing sound/video-related key technology compatible to the remote and the virtual
- Creating the next generation of streaming artists and strengthening peripheral businesses
- Developing and gamifying original IP
- Strengthening the video business of animation and virtual artists



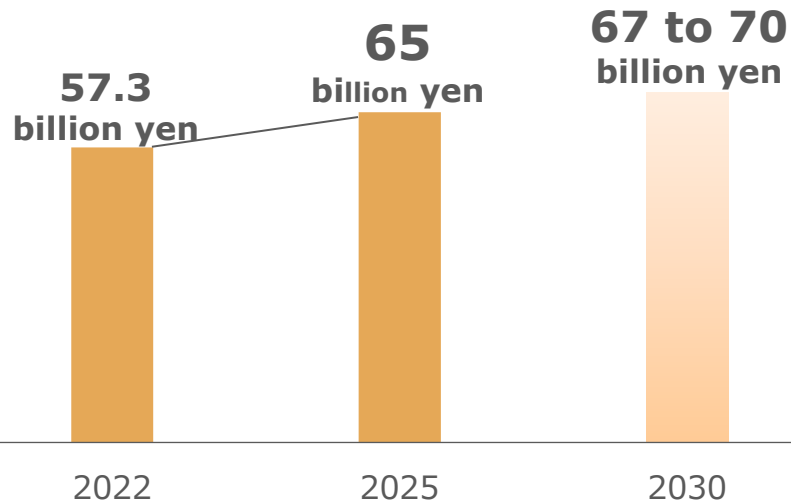
* Intellectual Property

Growth Strategy for Entertainment Solutions Sector

- Expand business centered on the entertainment field, which is a rapidly growing market

Revenue

Sales CAGR **+4.3%**



Core operating income

FY2022
0.8
billion yen

FY2025 targets
1
billion yen

Priority strategies

■ Entertainment

- Creating streaming artists and strengthening peripheral businesses
- Expanding into new businesses such as games and animation with the pillars of the development and utilization of IP

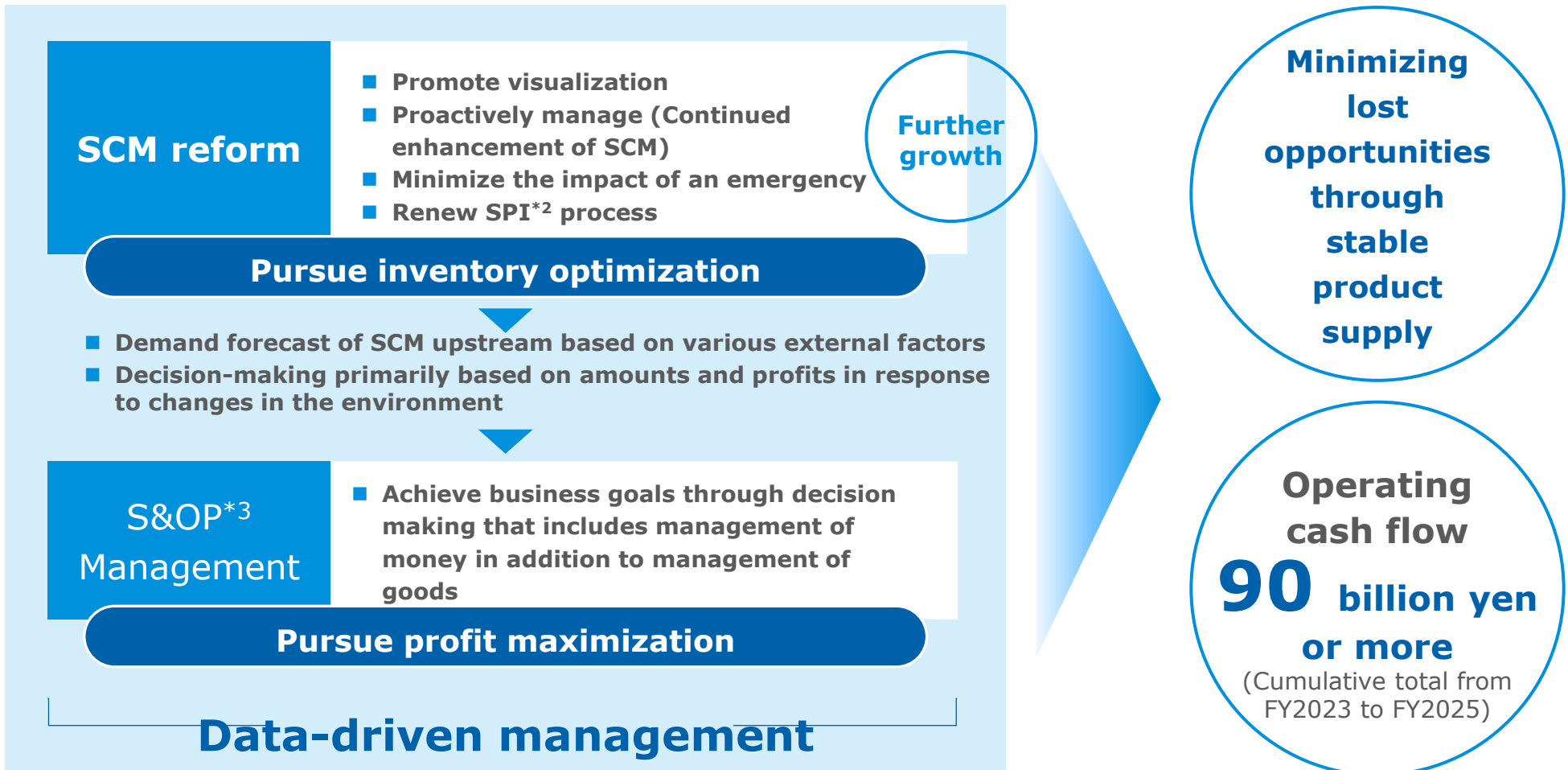
■ Media

- Expanding high-priced, high-value-added products and establishing sound/video-related key technology compatible to the remote and the virtual
- Expanding portable power station business centered on "High Safety"



Further Strengthening Management Base/Reforming Supply Chain Management

- Aim to minimize lost opportunities and achieve operating cash flow KPI*¹ through stable product supply by strengthening data analysis required for management decisions and reforming the supply chain from raw materials to customers



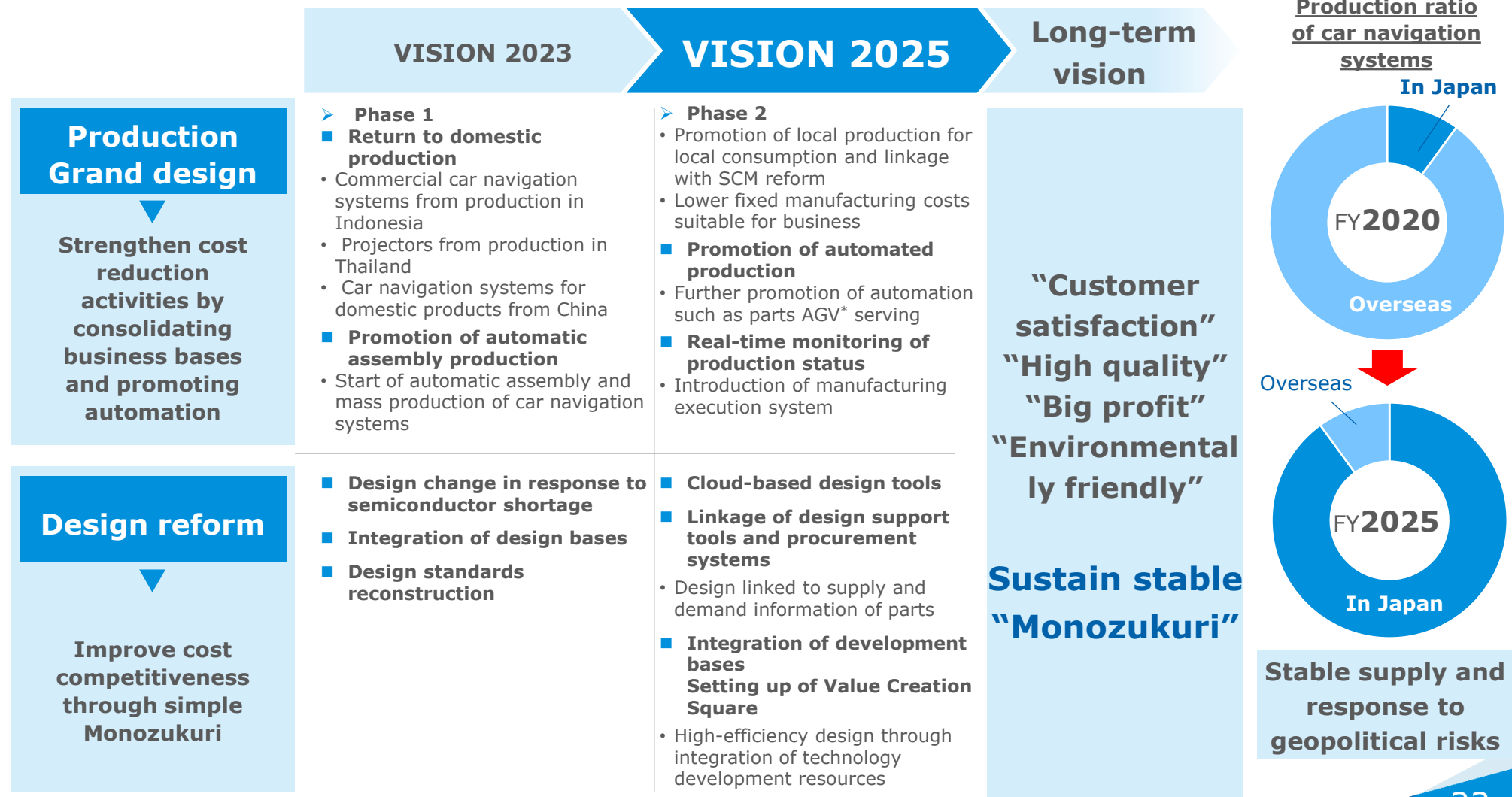
*1: Key Performance Indicator

*2: Sales, Production, Inventory

*3: S&OP: Sales and Operations Planning. A concept developed from SCM (Supply Chain Management)

Further Strengthening of Management Base/Monozukuri Reform

- Promote production grand designs and design reforms for stable “Monozukuri” that responds quickly to changes in the business environment



*Automatic Guided Vehicle

New Value Creation/Technology Development Strategy

- Building on our strengths in “Video,” “Sound,” “Communication” and “Design,” aim to provide sustainable value through technology that responds to people’s instincts and desires through future-oriented research and technology development

Basic strategy

“Creating the future by connecting people, time and space”

“The beginning of challenges for the future” with “Interface” as the starting point

Network/optical communication

High-speed, high-capacity, low-latency communications and cloud-based services to provide a high-definition environment



High-density optical device integration technology, photoelectric fusion development, distributed processing services

Computing/AI

Next-generation computing and quantum technologies to create value for a data analysis society



Sublimation from video analysis, speech analysis and language analysis learning and recognition to Inference-type AI

Simulation/Digital Twin

Cultivate new business models in a world without boundaries between virtual and real spaces



Spatial reconfiguration, NFT*¹ technology with blockchain, cloud-connected IoT devices

Communication, video, sound, UX/UI

Security



Providing a new co-creativity space

- Implement and develop an environment within “Value Creation Square (tentative name)” that enables the execution of R&D^{2*2} strategy to encourage the creation of sustainable value through speedy new challenges and business verification using cloud, area networks, next-generation AI technology, IoT edge devices, and other materials.

*1 : Non-Fungible Token

*2 : Research , Development & Design

Creating New Value/Strengthening Customer-Oriented Design Management

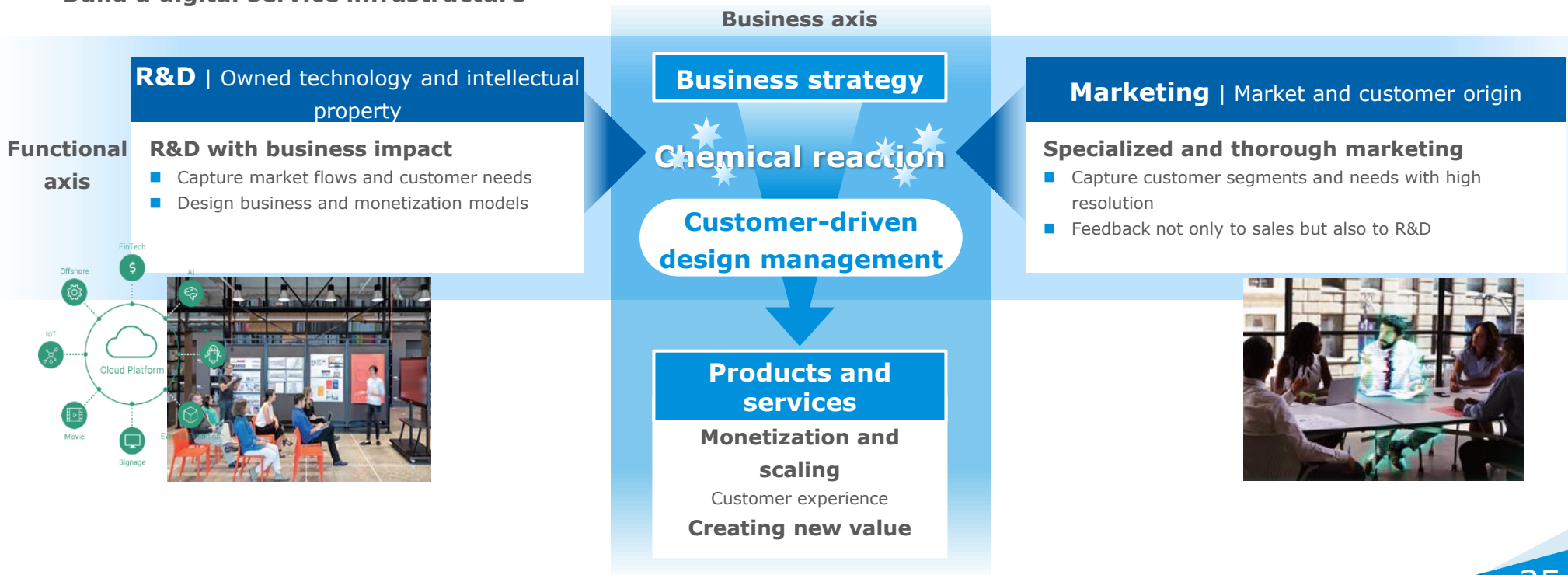
- Plan to establish the "Innovation Design Center" to develop interfaces and service infrastructure for creating and identifying new business opportunities

"The power to realize true customer needs"

- Create customer value by combining technology and marketing
- Create an interface that helps people around the world
- Build a digital service infrastructure

Innovation Acceleration

From "Ownership value" to "Experience value" ... Move the starting point of an idea, create an environment where hypothesis testing can be performed to look for "winning battles," and let employees act as in-house entrepreneurs



Materiality Surrounding Our Company



Solve social issues by linking the material issues surrounding our company around the core values of our corporate philosophy of providing people around the world with excitement and peace of mind



JK Sustainability



Sustainable Strategy

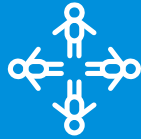
- Promote sustainability management based on “Profitable growth” and “Solving social issues globally”



E Environmental initiatives

Contribute to the realization of a sustainable society through initiatives to reduce environmental impact

- Realize the Environmental Vision and Basic Environmental Policy (JK Green 2025) and respond to medium- to long-term climate change
- Formulate JK Green 2030 to achieve carbon neutrality in 2050
- Realize climate change scenarios, risk analysis and growth opportunities in statements and practices of endorsement of TCFD recommendations



S Social initiatives

**Investing in people to strengthen capabilities and push boundaries
Promote sustainable procurement**

- Link management and human resources strategies to improve value creation and engagement indicators for each employee
- Create a rewarding work environment that maximizes the abilities of employees, and establish healthy and productive work styles
- Promote sustainable procurement, including consideration for human rights, with the aim of building a sustainable supply chain



G Governance

Promotion system for ensuring sustainable management

- The Sustainability Committee, which reports directly to the CEO, has been established to promote sustainability in general. Issues, targets and plans are formulated by expert committees, and decisions are made by the Board of Directors.
- Steady improvement in response to the “Corporate Governance Code”
- Ongoing efforts to evaluate the effectiveness of the Board of Directors to continuously enhance corporate value (PDCA cycle)



Medium- to Long-Term Environmental Initiatives

- Contribute to the protection of the global environment and the realization of a healthy and sustainable society through our products, services and environmental activities
- Achieve the 2025 targets of the four environmental items and promote the formulation and implementation of medium- to long-term action targets

Response to climate change

Achieving carbon neutrality by 2050

■ Reduction of CO2 emissions associated with business activities

- Consolidate business bases for Scope 1 and 2 targets: 25.2% reduction from FY2019 level
- Strengthen initiatives for Scope 3: reduction of CO2 emissions through calculation of emissions, purchasing, transportation and sales

Effective use of resources

Achieve zero emissions (Promoting 3R management)

■ 3R management promotion

- Improvement of the waste recycling rate: Achieve a recycling rate of at least 90% by FY2025
- Reduction of the use of plastics: Monitor and reduce plastic consumption
- Reduction of water utilization: 6% reduction by FY2025 from the FY2019 level

Environmental conservation and management

Proper management of environmental load chemical substances

■ Proper management of chemical substances (toxic chemicals)

Preservation of biodiversity

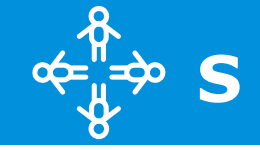
Conservation of ecosystems

■ Actively promote activities to realize the Basic Environmental Policy

- Statement of endorsement on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)
 - Announced the endorsement on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in March 2023
 - Accelerate sustainability promotion activities through business and corporate activities, and strengthen our response to climate change to realize a decarbonized society



Investing in people to strengthen capabilities and push boundaries



- Enhance human capital strategies and strengthen initiatives

Initiative themes	Ideal state	Measures	Key indicators
<p>HR strategy Diversity</p>	<ul style="list-style-type: none"> ■ Linkage between management and human resources strategies ■ Enhanced ability of each employee to create value ■ Rewarding workplace ■ Realization of flexible work styles ■ Increased engagement 	<ul style="list-style-type: none"> • Formulate human resource requirements and ability development plans in conjunction with management strategies • Strengthen strategic recruitment efforts for new graduates and mid-careers • Activate rotation, especially among younger employees • Cultivate "Customer orientation" through design management training • Introduce a stock trust system for senior management • Enhance communication measures, including management dialogue • Develop super flex system • Promote new ways of working in VCS* • Promote employment and career opportunities for people with disabilities • Respond to same-sex partners 	<ul style="list-style-type: none"> ■ Number of recruits ■ Number of trainees ■ Engagement indicators ■ Voluntary retirement rate
<p>Promotion of health management</p>	<ul style="list-style-type: none"> ■ Established healthy and productive work styles 	<ul style="list-style-type: none"> • Health management reporting • Enhancing measures to improve health literacy 	<ul style="list-style-type: none"> ■ Productivity indicator ■ Rate of employees on administrative leave



Value Creation Square

(Diversity) Creation of Rewarding Workplace ►

Creation of Rewarding Workplace

Creation of Value Creation Square as a base for new value creation

(A new building is under construction in the Yokohama area of the headquarters, to be completed in summer 2024.)

Diversified work locations and environments
Achieving hybrid work



Co-creativity space
 Grow together



Office
 Share heat



Home
 Diverse work styles and improved concentration

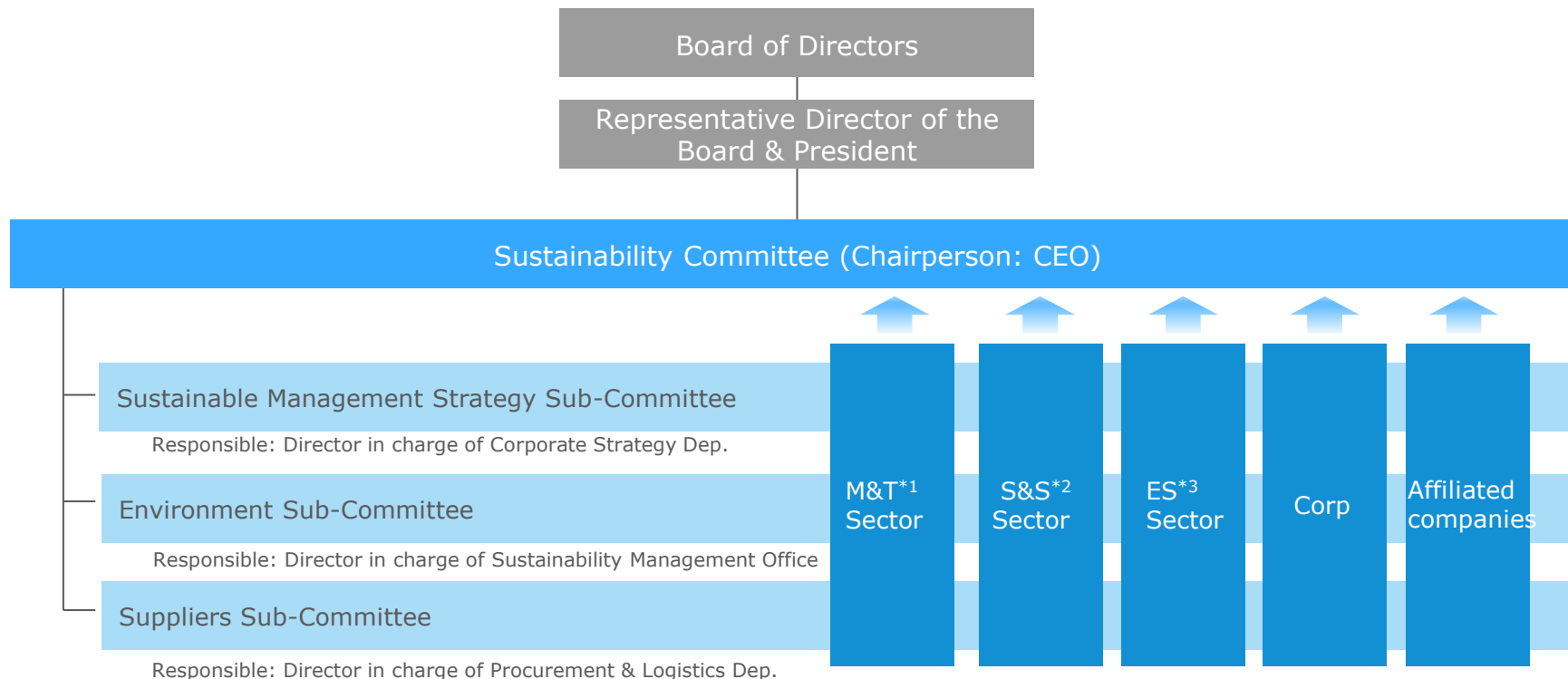
“Value Creation Square (tentative name)” image





Establishment of Sustainability Committee

- From FY2023, our group has the Sustainability Committee, which is under the direct control of the CEO and is responsible for promoting sustainability across the entire company and all business lines.
- It formulates sustainability promotion strategies, reviews measures, reports discussions to the Board of Directors, while the Board of Directors manages, supervises and makes decisions on these activities.



*1: M&T (Mobility & Telematics Services), *2: S&S (Safety & Security), *3: ES (Entertainment Solutions)



FTSE Blossom
Japan

Selected as a constituent of the ESG index “FTSE Blossom Japan Index”

The Company was selected as a constituent stock of the “FTSE Blossom Japan Index,” an index covering Japanese companies that have demonstrated outstanding environmental, social, and governance (ESG) practices.



FTSE Blossom
Japan Sector
Relative Index

Selected as a constituent of the ESG index “FTSE Blossom Japan Sector Relative Index”

The Company was selected as a constituent stock of the ESG index “FTSE Blossom Japan Sector Relative Index.” The index covers Japanese companies that show relatively outstanding practices on ESG within each sector; for those in the sectors with high greenhouse gas emissions in particular, their climate change initiatives and governance are highly evaluated.



“CDP Climate Change 2021” B Score received

In the CDP 2021 “Climate Change” sector, we received a B-score (management level). CDP is a non-governmental organization (NGO) managed by a UK charity that operates a global disclosure system to help investors, companies, nations, regions, and cities manage their environmental impact and rates companies on a scale of one to eight (A, A-, B, B-, C, C-, D, D-).



3.5 stars in “SDGs Management” Survey received

For the second consecutive year following the last, we were awarded 3.5 stars in the 4th Nikkei “SDGs Management” Survey, which selects advanced companies that contribute to the United Nations’ “Sustainable Development Goals (SDGs).”

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 that 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.