JVCKENWOOD

Engagement with Shareholders and Investors and Its Reflection in Management （FY2025）

JVCKENWOOD Corporation

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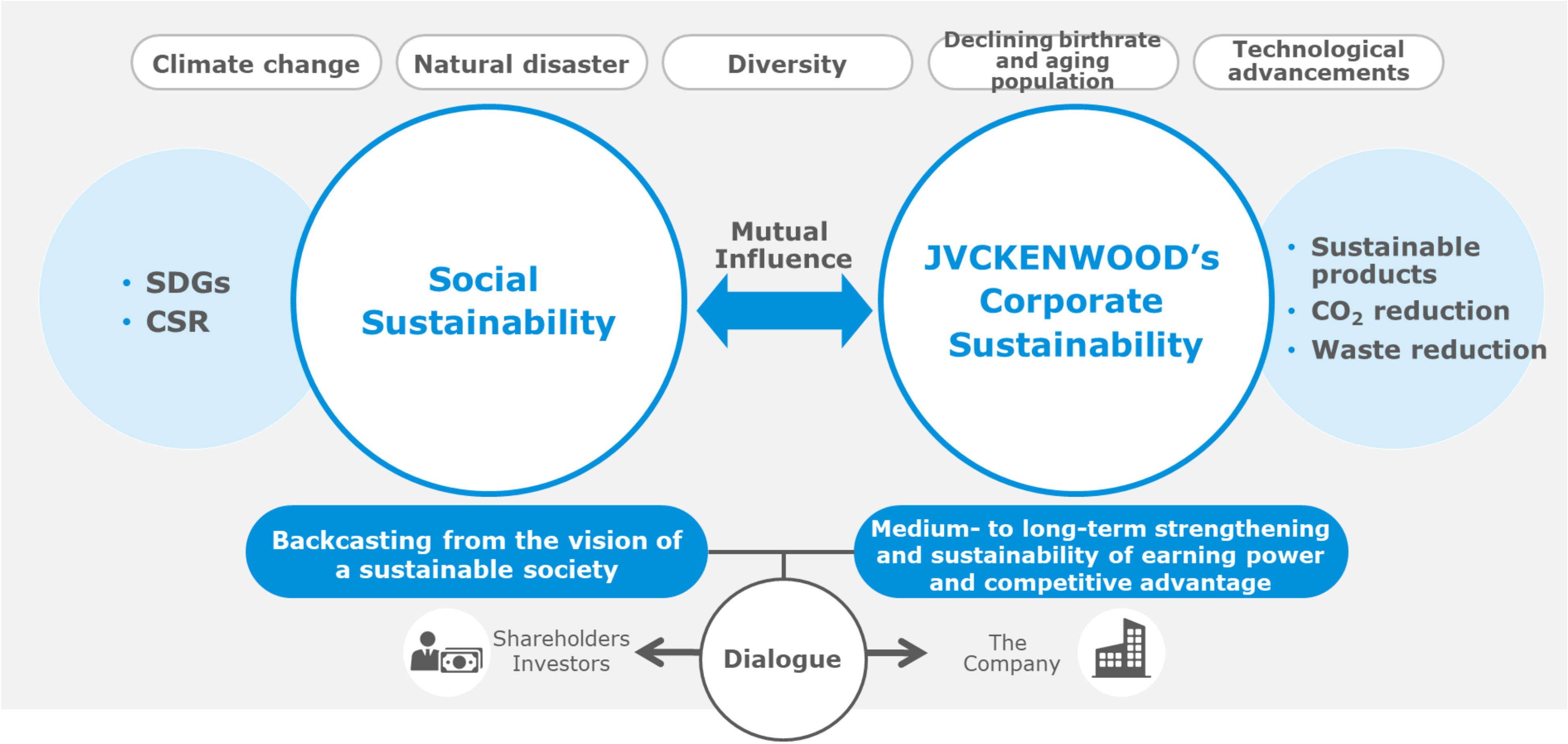
Contents

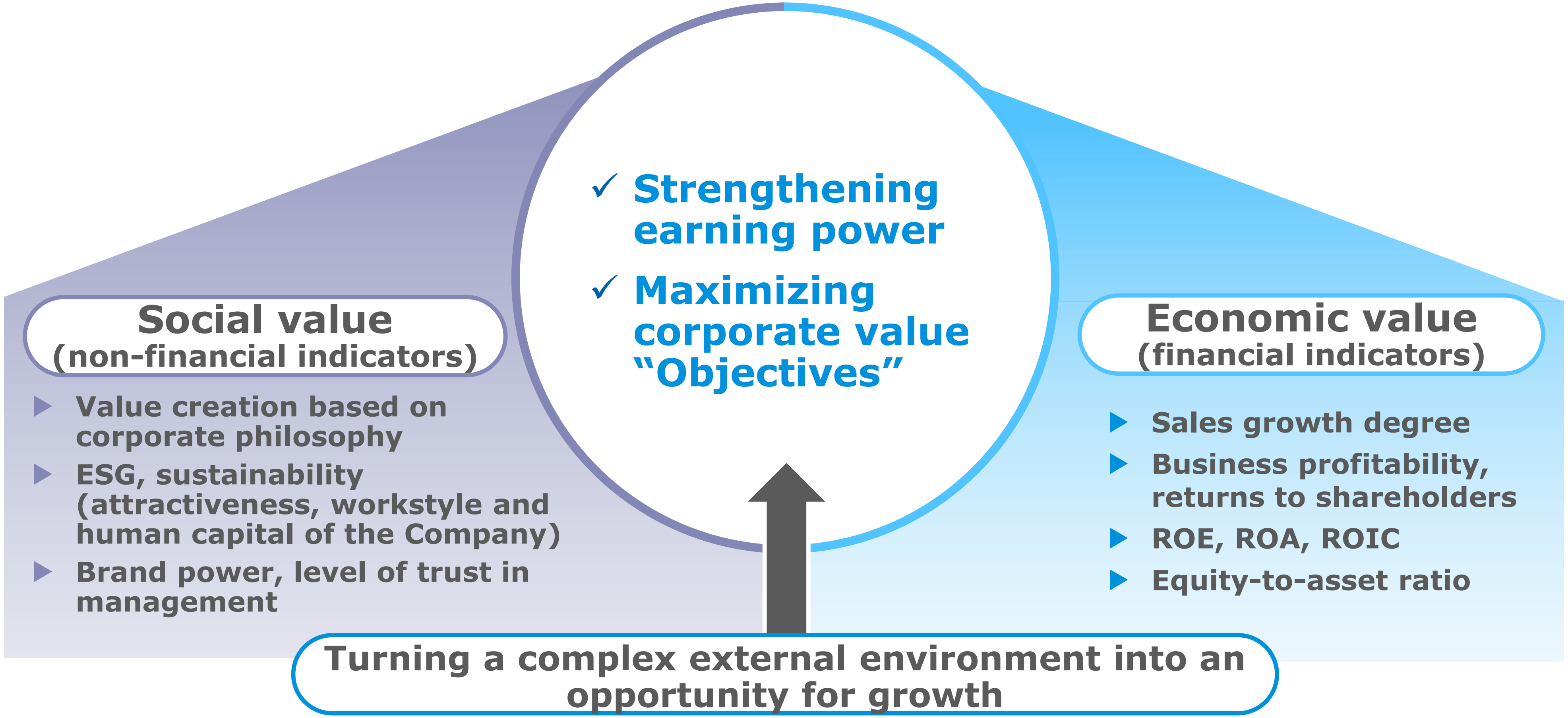
1. Basic Policy for Engagement with Shareholders and Investors

- The sustainability of society and that of companies are mutually interdependent, with engagement between companies and investors serving as a key interface. We will continue to enhance our engagement with shareholders and investors to reflect the expectations of society—particularly the capital markets—into our management.



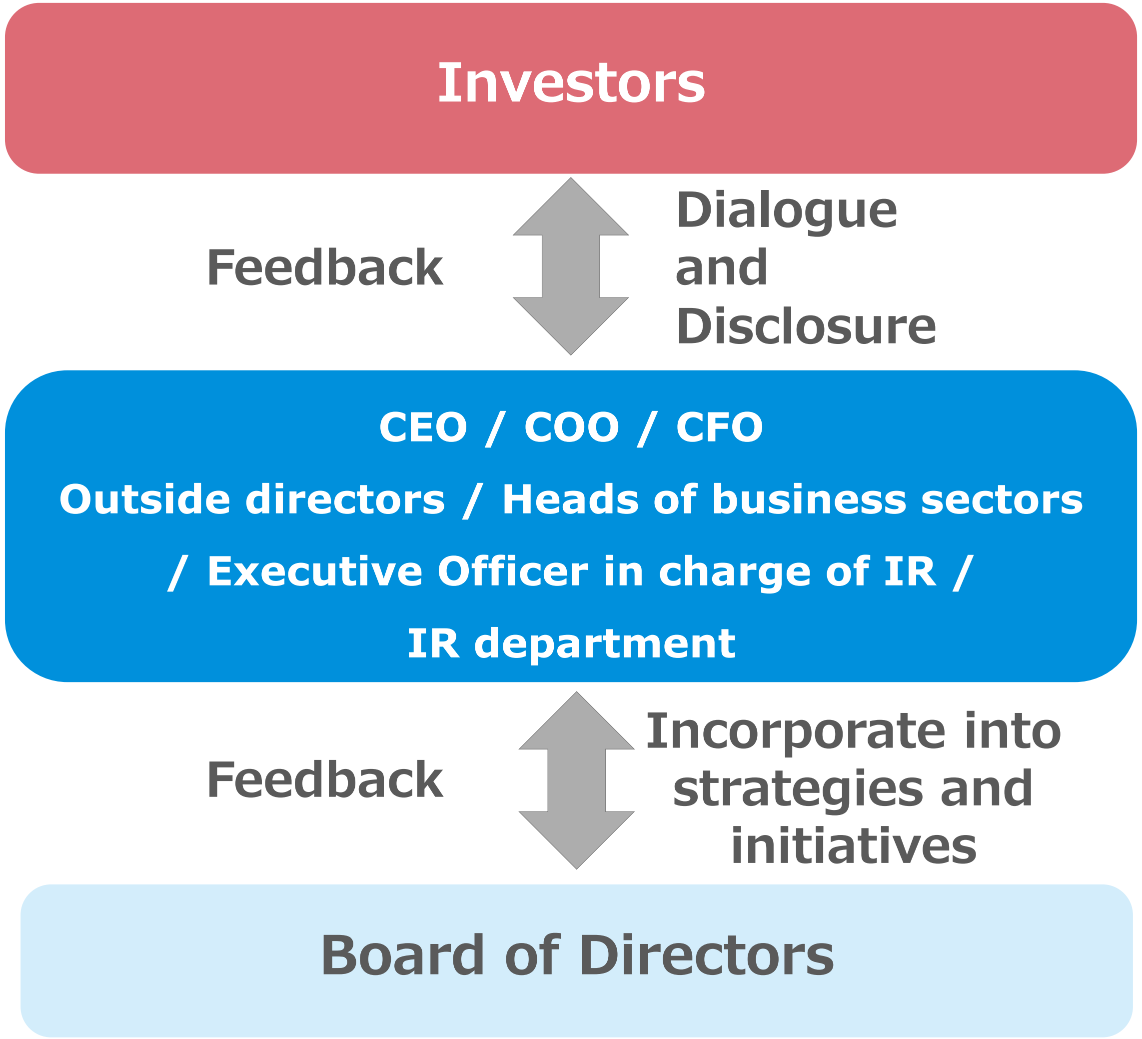
1. Basic Policy for Engagement with Shareholders and Investors (Medium- to Long-term value creation)

- We aim to maximize corporate value by turning uncertainty and a complex external environment into growth opportunities, and by generating both social (non-financial) and economic (financial) value over the medium to long term.



2. Engagement Framework

- We regard dialogue with shareholders and investors as a key management priority and actively engage in dialogue, led primarily by the CEO, COO, CFO, the executive in charge of IR, and the IR department.
- Outside directors also actively participate in dialogue with investors, conducting candid and constructive engagement from an independent oversight perspective.
- Heads of business units participate as appropriate depending on the topic, ensuring expert and accurate explanations.
- Dialogue outcomes are with the Board of Directors on a quarterly basis and are utilized to enhance management initiatives and IR activities.



3. Overview of Engagement Activities (FY2025)

We conduct ongoing engagement, primarily with institutional investors and analysts in Japan and overseas.

Engagement Format	Number of Meetings	Key Participants
One-on-one meetings	220	CEO / CFO / Executive Officer in charge of IR / IR department
Small meetings	1	CFO / Executive Officer in charge of IR / IR department
Earnings briefings	4	CEO (2), CFO (4), Head of S&S Sector (4), others (2)
Business briefings	1	Head of S&S Sector / General Executive of Communications Systems Division
SR meetings (1-on-1)	12	Internal Directors (9) Outside Directors (3)

We place particular emphasis on engagement with investors who take a medium- to long-term investment perspective and aim to build continuous relationships.

4. Key Engagement Themes (FY2025)

Discussions in FY2025 mainly focused on:

- ✓ The growth strategy centered on the Communications Systems Business, positioned as a key growth driver under "VISION2025," and the sustainability of such growth
- ✓ Progress in dynamically optimizing the business portfolio, taking into account profitability, growth potential, and capital efficiency, as well as discussions on the conglomerate discount and the best owner concept
- ✓ Business-specific management initiatives to improve overall profitability and the approach to restructuring businesses
- ✓ Medium- to long-term financial strategy and the shareholder return policy targeting a total payout ratio of 30–40% under "VISION2025"
- ✓ ESG initiatives, particularly changes in governance structure and progress in human capital management

5. Key Actions Based on Engagement

Based on investor feedback and identified issues, we are advancing the sophistication of management to enhance corporate value.

Topics	Key Actions
① Business Portfolio Reforms	• Positioning the narrowband segment of the wireless systems business as a growth driver and executing strategic investments, including M&A • Positioning the M&T OEM business as a core earnings base and improving and stabilizing operating margins • Positioning the M&T aftermarket business as a restructuring segment and driving qualitative transformation
② Enhancing Capital Efficiency and Market Valuation	• Establishing and monitoring KPIs based on ROIC, ROE, and the cost of capital, and enhancing disclosure on initiatives to improve capital efficiency • Strengthening earning power through rigorous investment and business evaluation based on ROIC, and optimizing the business portfolio through resource reallocation to growth areas
③ Clarifying Capital Allocation	• Prioritizing strategic investments in the wireless systems business • Ensuring disciplined investment decisions based on ROIC, with project selection reflecting capital efficiency and profitability
④ Enhancing Disclosure	• Expanding disclosure on the overall medium- to long-term strategy, ensuring continuity from “VISION2025” to “VISION2030,” and providing updates on the growth strategy centered on the wireless systems business • Reflecting insights gained from investor engagement in earnings presentation materials and the integrated report

6. Case Studies (1/2)

Key discussion points from FY2025 engagement and our responses are outlined below.

Category	Investor Questions / Feedback	Company Response
Business Portfolio / Growth Strategy	• How are hurdle rates applied in divestment and investment decisions? • What are the growth strategy and key risks of the Wireless Systems Business in the North American public safety market?	• Set the hurdle rate at 7% and clarified the process for business selection and investment decisions based on this benchmark • Aim to expand revenue in the Wireless Systems Business through proactive investments, including M&A, while carefully managing risks related to competition, technological advancements, and supply chain management
Capital Policy	• What is the intended use of proceeds from convertible bonds (CBs)? • Why were CBs issued prior to the announcement of the new medium-term management plan? • How does the Company assess the share price decline following the CB issuance?	• Clarified the role of convertible bonds (CBs) within growth investment and overall financial strategy • Enhanced disclosure on the use of proceeds and capital allocation • Expanded disclosure on the relationship between market valuation and capital efficiency
Shareholder Returns	• The dividend payout ratio alone appears insufficient—how does the Company view shareholder returns? • Does the Company have a policy of cancelling treasury shares?	• Set a total payout ratio of 30–45% in the new medium-term management plan, “VISION2030” • Executed the acquisition and cancellation of treasury shares in March 2026

6. Case Studies (2/2)

Category	Investor Questions / Feedback	Company Response
Corporate Governance	• What are the observed benefits of the transition to a Company with an Audit and Supervisory Committee, and what challenges existed previously? • How does the Company view the skills, composition, and future direction of its Board of Directors? • Is there a plan to increase the proportion of independent outside directors?	• Enhanced oversight functions and accelerated decision-making, addressing previous challenges related to the separation of supervision and execution and improving overall efficiency • Improved board effectiveness through a composition of independent outside directors with diverse expertise, while recognizing the need to further optimize the skills mix in alignment with management strategy • Increased the proportion of independent outside directors to a majority (approved at the 18th Annual General Meeting of Shareholders)
Executive Compensation	• The fixed compensation ratio appears high—does the Company see room for improvement in the incentive structure? • What is the Company's approach to CEO evaluation and succession planning?	• Revised the fixed compensation structure in response to changes in the external environment, including inflation • Increased fixed compensation for independent outside directors to support share acquisition, and promoted share ownership through the executive shareholding association • Reviewed part of the performance-linked compensation system in FY2026, taking into account the balance with the revised fixed compensation, with further revisions planned for FY2027 • Strengthened the management structure by establishing the COO position from FY2026, transitioning to a two-leader system consisting of the CEO and COO based on discussions by the Nomination and Compensation Advisory Committee

7. Future Direction

- We will continue to enhance the quality of engagement with shareholders and investors.
- Based on issues identified through engagement, we will:
  - ✓ Strengthen initiatives that contribute to corporate value enhancement
  - ✓ Further clarify capital allocation policy
  - ✓ Improve communication of medium- to long-term strategy
- We will also continuously review our disclosures to provide clear and useful information for investors.

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