

Initiatives for Management
Focused on the Cost of Capital and Share Price

Updated on June 2026

JVCKENWOOD Corporation

June 26, 2026

1. Key Updates from FY2025 Disclosure

- Formulation of new medium-term management plan “VISION2030”
- Clarify the Current Cost of Capital (WACC) and Our Approach
- Redefinition and Optimization of the Business Portfolio (Clarifying Growth Drivers and Areas for Restructuring)
- Specification of the Capital Allocation Policy (Five-Year Investment Plan and Clarification of Shareholder Return Policy)

2. Summary of "VISION2025"

Achieve our major KPIs by optimizing the business portfolio to maximize corporate value

	FY2023 results	FY2024 results	FY2025 results		FY2025 targets
Revenue (billion yen)	359.5	370.3	356.9	△	370.0 or higher
Core operating income margin*1	5.5%	6.8%	5.9%	○	5.0% or higher
EBITDA margin*2	11.3%	11.9%	11.7%	○	10% or higher
ROE	12.2%	16.9%	12.5%	○	10% or higher
ROIC	8.9%	12.1%	8.9%	△	9% or higher
Debt-to-equity (D/E) ratio	0.5 times	0.4 times	0.5 times	○	0.6 times or less
P/B ratio	1.24 times (as of March 31, 2024)	1.49 times (as of March 31, 2025)	1.07 times (as of March 31, 2026)	○	Over 1.0 times

Target achieved

*1: Calculated by deducting cost of sales and selling, general and administrative expenses from revenue and does not include other income, other expenses, and foreign exchange gains and losses, which are nonrecurring items that mainly occur temporarily

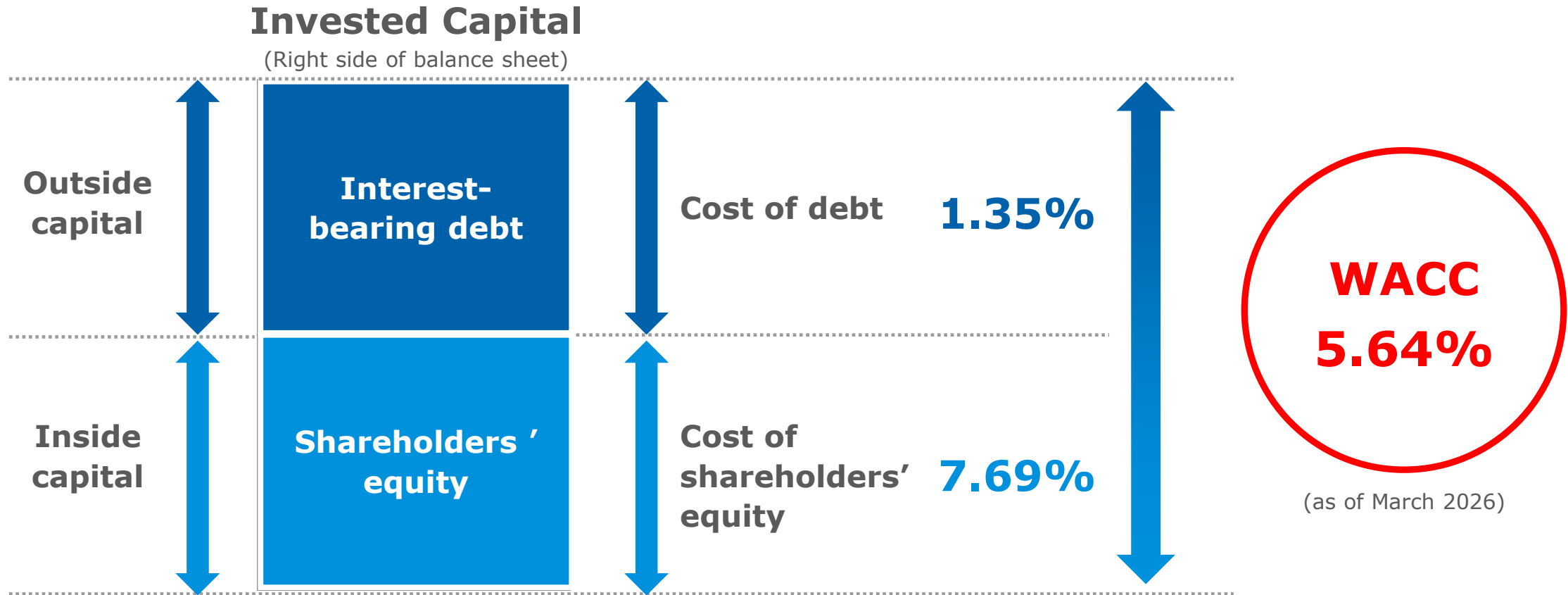
*2: Profit (loss) before tax + Interest expense + Depreciation expense + Impairment loss

Issues

- Establishment of a resilient supply chain responsive to geopolitical risks and rapid market fluctuations
- Further strategic investment in growth driving business and acceleration of structural reforms in restructuring business
- Further enhancement of sustainability management
- Strengthening of human capital management

3. Current Cost of Capital (WACC)

- WACC as of March 31, 2026: 5.64%



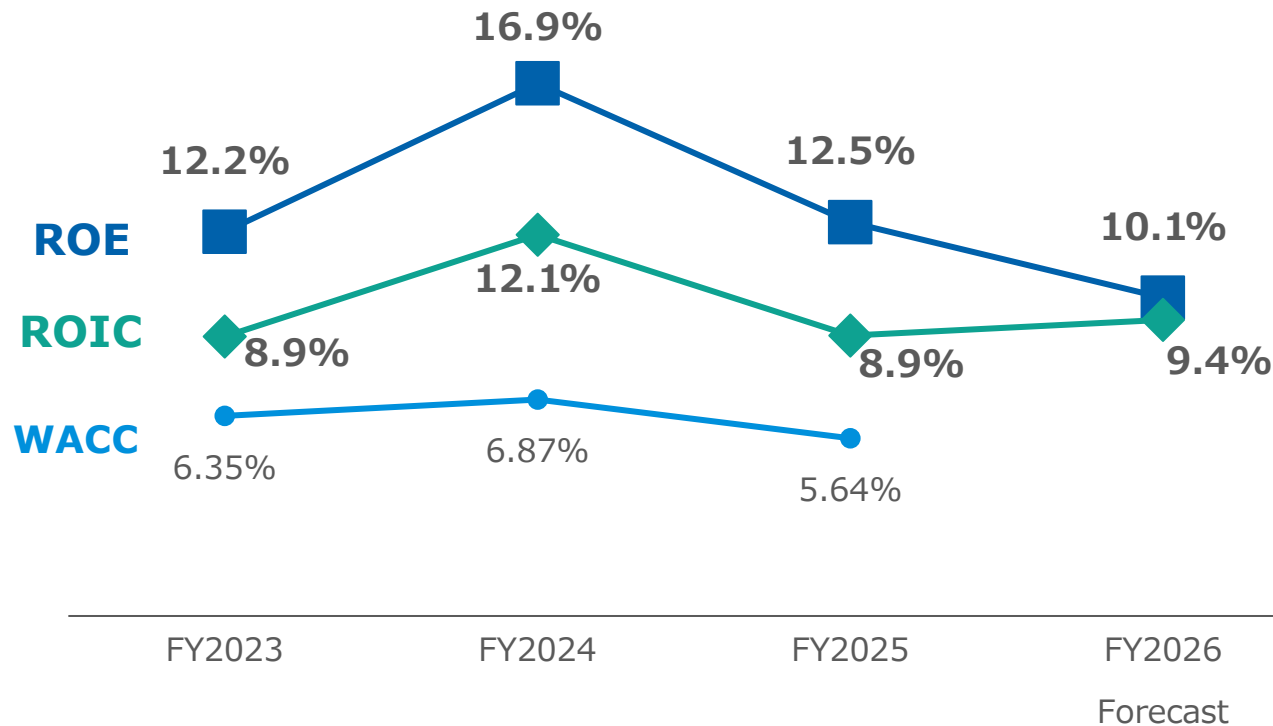
4. ROE, ROIC and WACC Trends

■ Progress in Capital Efficiency (ROE/ROIC)

- ✓ ROE has exceeded 10% for three consecutive years, while ROIC has consistently remained above the cost of capital

■ Cost of Capital (WACC)

- ✓ Declined to 5.64% driven by a decrease in beta (β) and the equity risk premium



Targets for FY2026–FY2030

ROE	Consistently above 11%
ROIC	Consistently above 10%

5. “VISION2030” – Basic Strategy

- Accelerating corporate value creation through three strategies—Business Portfolio, Finance, and Sustainability—and Stronger management foundations

Business portfolio strategy

- Thoroughly shift management resources to growth areas and continuously optimize the business portfolio dynamically

Financial strategy

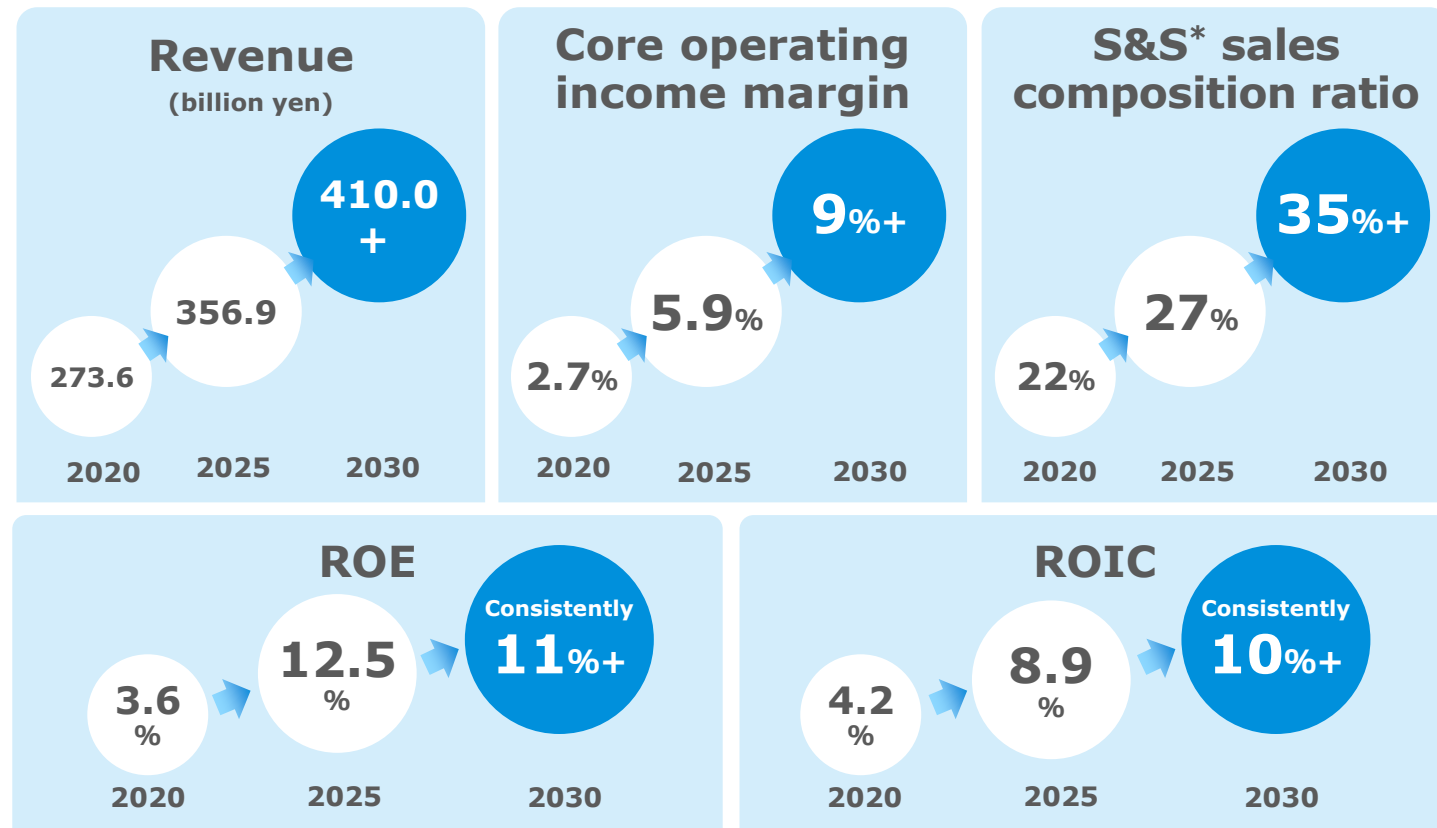
- Implement investment proactively and flexibly based on the capital allocation policy

Sustainable strategy

- Enhance both economic and social value by strengthening ESG management

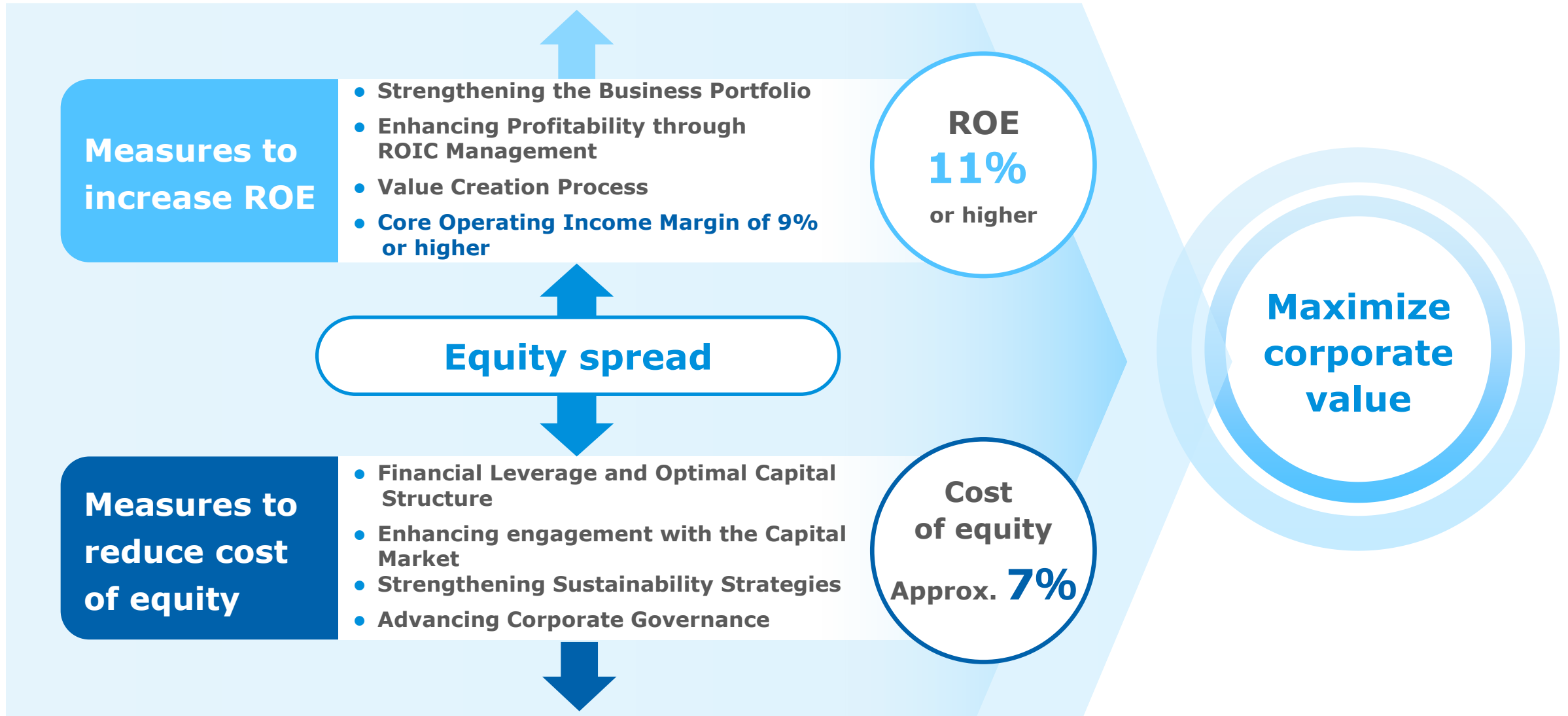
Strengthen the management base

Key performance indicators



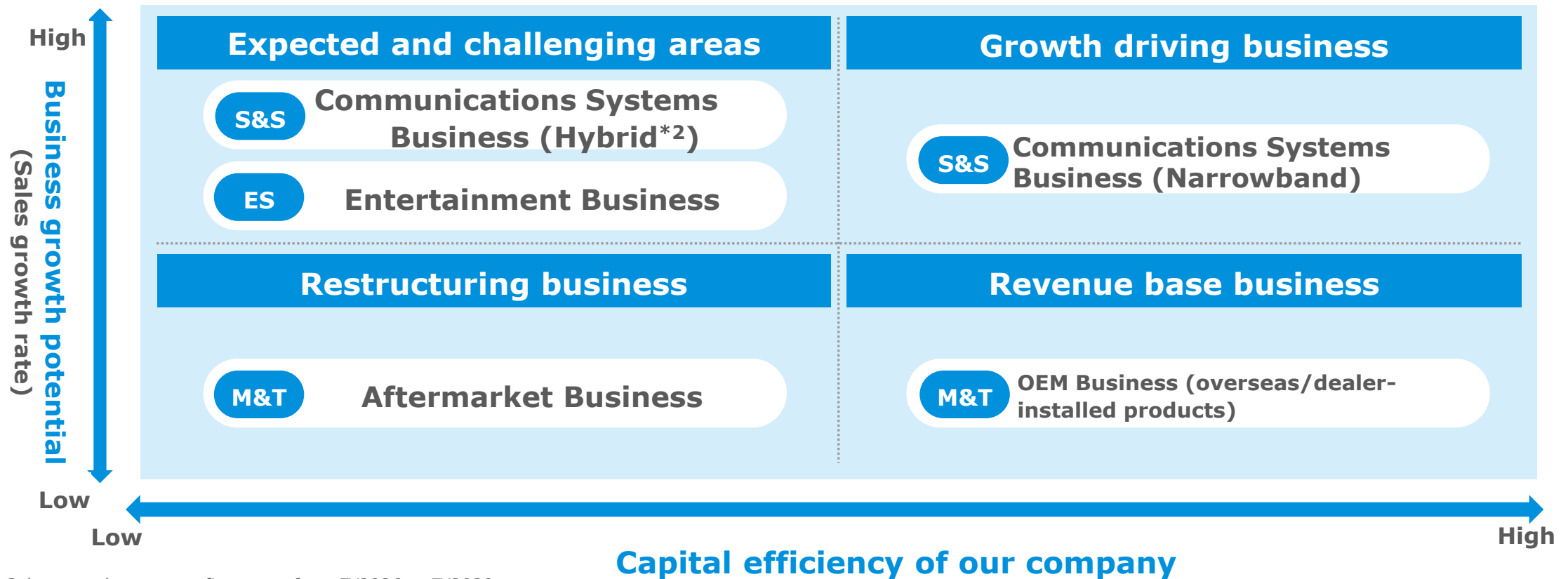
Total payout ratio of **30–45%** as a target

6. Improve Earning Power and Maximize Equity Spread through Lower Cost of Capital



7. Business Portfolio Optimization

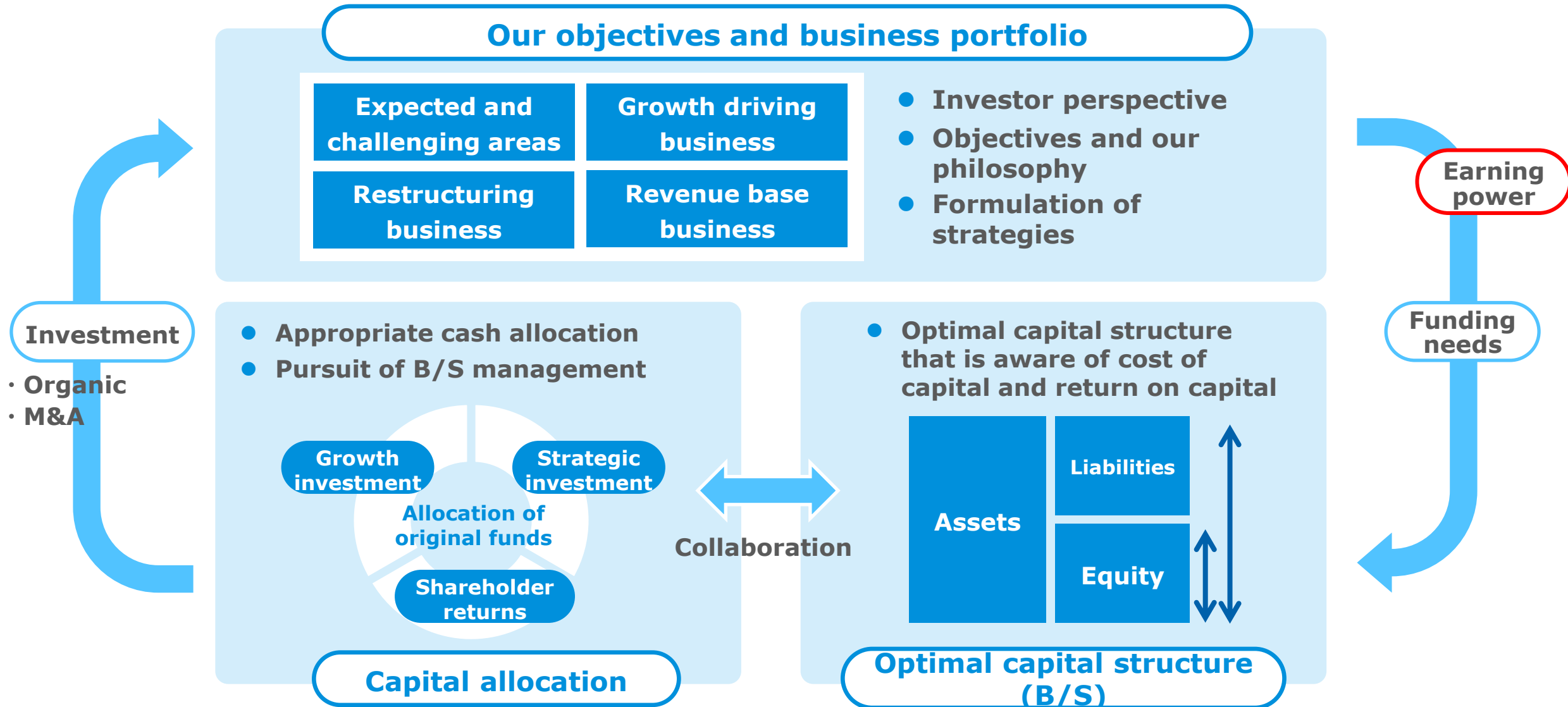
- Maximize corporate value by optimizing the business portfolio, while balancing capital efficiency and growth*¹ and monitoring performance in line with each business's market environment and lifecycle



*1: Sales growth rate over five years from FY2026 to FY2030

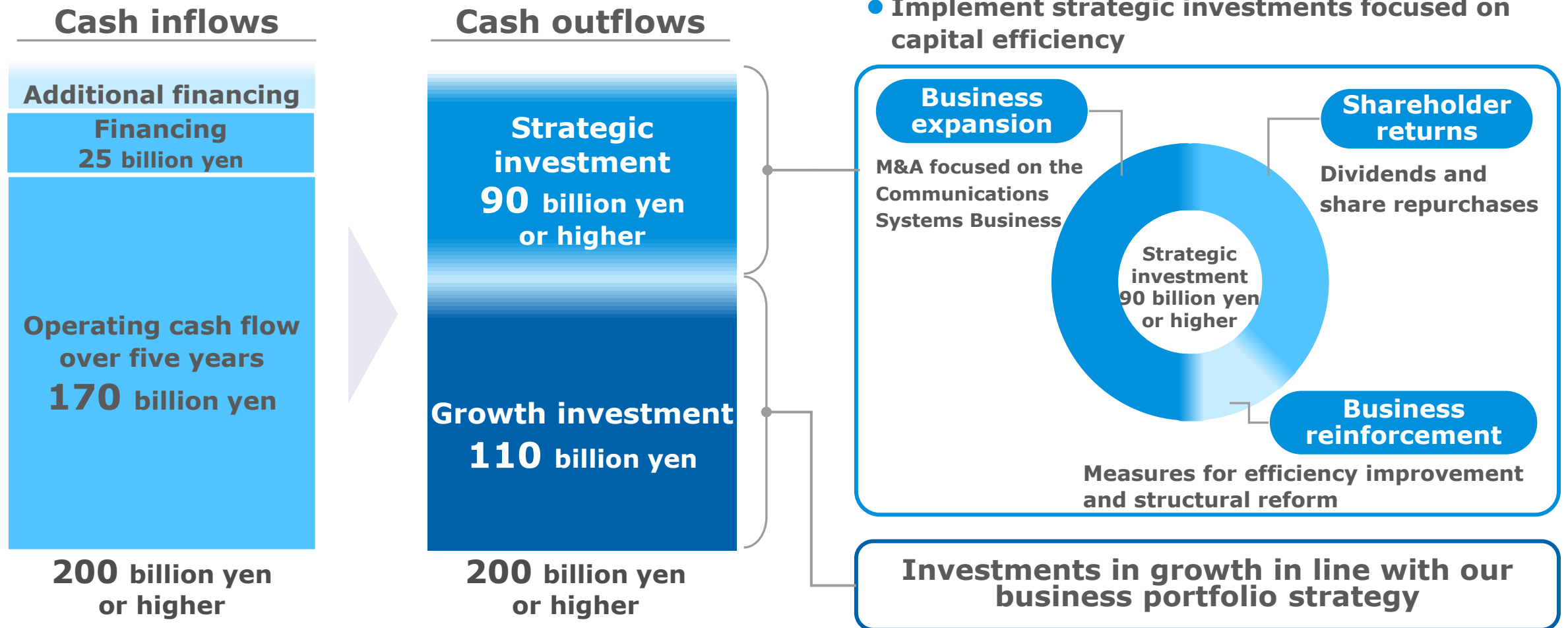
*2: A business domain encompassing radio communication solution that utilizes broadband connectivity and enables flexible handling of voice, data, and video, either in combination with narrowband radio systems or as standalone solutions.

8. Fusion of Business Portfolio That Is Aware of Cost of Capital and Finance



9. Capital Allocation Policy

- Drive proactive and agile investments, balancing growth and capital discipline to accelerate target achievement



* Total of five years from FY2026 to FY2030

10. Enhancements Based on Investor Engagement 1/2

- Key discussion points identified through engagement in FY2025 and our corresponding actions and enhancements

Category	Investor Questions / Feedback	Company Response
① Capital Policy	<ul style="list-style-type: none"> • What is the intended use of proceeds from the issuance of convertible bonds (CB)? • Why was the issuance conducted prior to the announcement of the medium-term management plan? • How do you assess the share price decline following the issuance? 	<ul style="list-style-type: none"> • Clarifying the Role of CBs in Growth Investment and Financial Strategy • Enhancing Disclosure on Capital Allocation in the New Medium-Term Management Plan • Expanding Disclosure on the Relationship between Market Valuation and Capital Efficiency
② Corporate Governance	<ul style="list-style-type: none"> • What are the expected benefits of the new governance structure, and what challenges existed under the previous structure? • How do you view the Board's skills composition and its future structure? • Are there plans to increase the ratio of outside directors? 	<ul style="list-style-type: none"> • Increasing the Ratio of Outside Directors to a Majority (Shareholder Approval) • Strengthening the Composition and Oversight Function of the Board of Directors • Clarifying the Direction for Enhancing the Governance Framework
③ Executive Compensation	<ul style="list-style-type: none"> • The proportion of fixed compensation appears high—do you see room for improvement in the incentive structure? • What is your approach to CEO evaluation and succession planning? 	<ul style="list-style-type: none"> • Reviewing the Compensation Structure, including Reducing the Fixed Compensation Ratio • Incorporating ESG Indicators into KPI Metrics for Variable Compensation • Advancing Management Talent Development and Evaluation Based on Discussions by the Nomination and Compensation Committees

10.Enhancements Based on Investor Engagement2/2

Category	Investor Questions / Feedback	Company Response
<p>④ Business Portfolio and Growth Strategy</p>	<ul style="list-style-type: none"> • How are ROIC and hurdle rates utilized in investment and divestment decisions? • What are the growth strategy and associated risks for the wireless systems business in the North American public safety market within the S&S segment? 	<ul style="list-style-type: none"> • Clarifying Investment and Divestment Decision Processes Based on ROIC and Hurdle Rates • Strengthening Disclosure of Investment Policy and Strategy for the Wireless Systems Business as a Growth Area
<p>⑤ Shareholder Returns</p>	<ul style="list-style-type: none"> • What are the reasons behind the relatively low payout ratio? • Should treasury shares be cancelled? 	<ul style="list-style-type: none"> • Executing Share Repurchases and Cancellation of Treasury Shares • Clarifying the Policy on Shareholder Returns and Capital Management

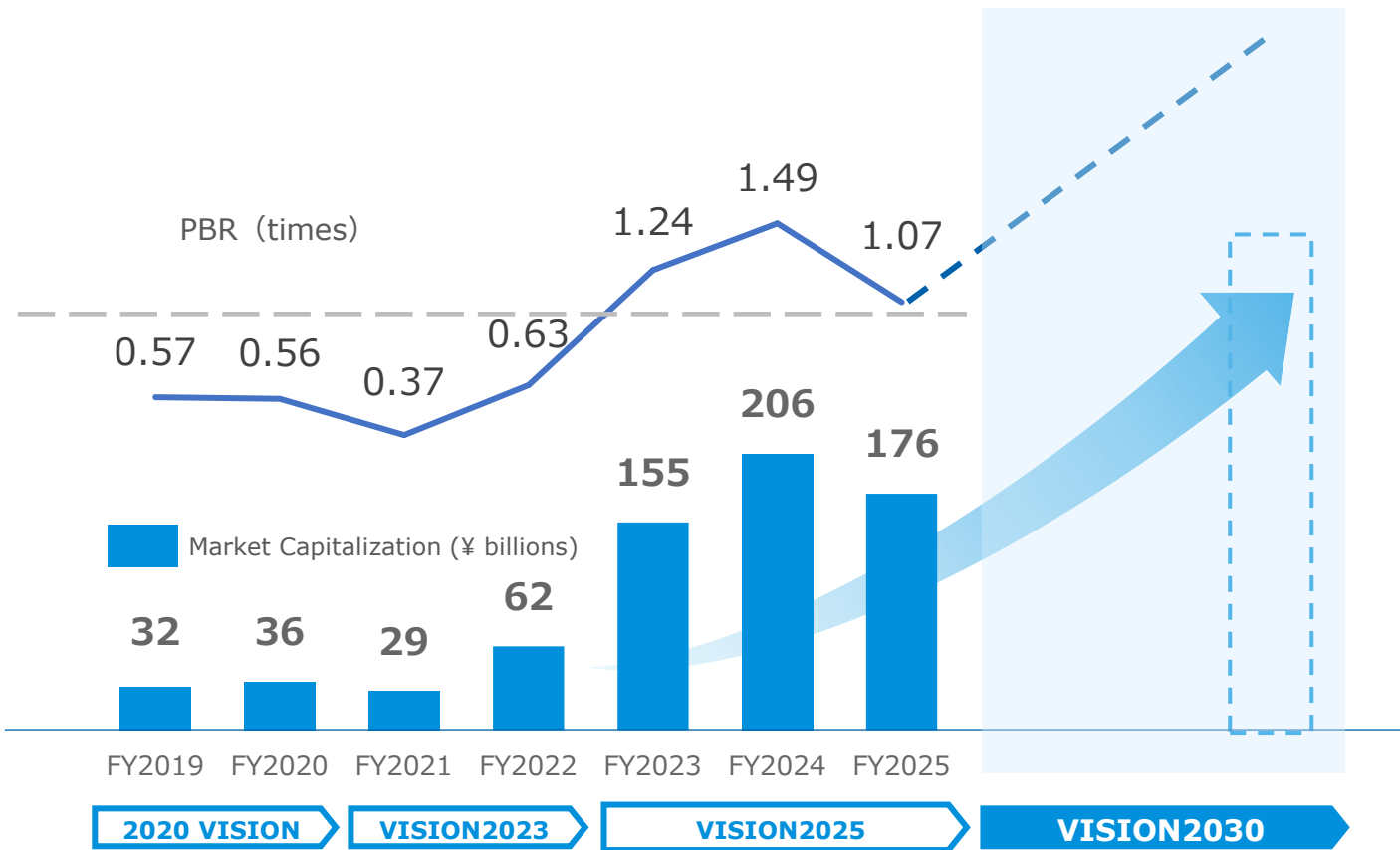
- Please also refer to the “Engagement with the Capital Markets” page on our website.

<https://www.jvckenwood.com/en/ir/engagement/>

11.Key Challenges Going Forward

<Trend in Market Valuation>

- PBR improved from below 1.0x to above 1.0x under VISION2025
- Further valuation uplift under VISION2030



<Key Challenges Going Forward>

- Enhancing capital efficiency
 - ✓ Accelerating improvements in restructuring (low-ROIC) businesses
- Optimizing the business portfolio
 - ✓ Focusing resources on growth areas
 - ✓ Ensuring dynamic portfolio management
- Articulating a clear growth story
 - ✓ Driving growth through strategic investments in the Communications Systems Business
- Enhancing investor engagement
 - ✓ Improving the quality of IR activities
- Enhancing transparency in capital allocation
 - ✓ Clarifying investment and divestment criteria

