

Value Creation Strategy 2

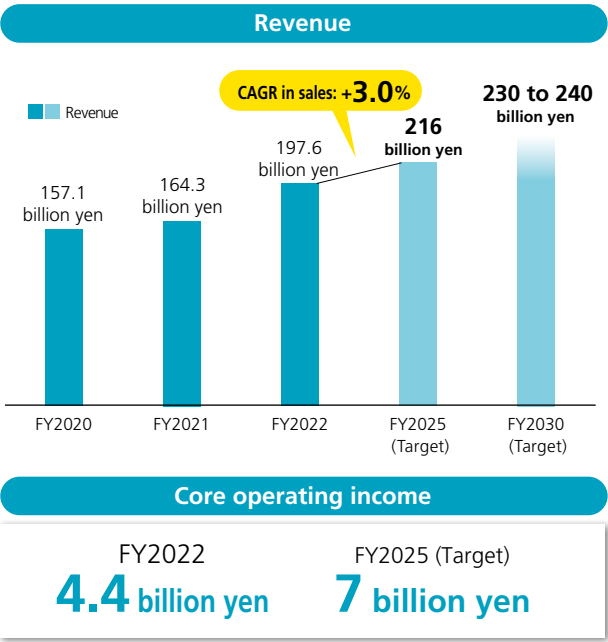
Business Strategy

Mobility & Telematics Services Sector

In order to respond to changes in the mobility industry, such as the shift to EVs and autonomous driving, the Company will redefine mobility in the new normal and expand our business by adding additional elements to automobiles.

Representative Director of the Board,  
Senior Managing Executive Officer,  
COO Mobility & Telematics Services Sector  
**Masao Nomura**

Revenue and core operating income



SWOT analysis

<ul style="list-style-type: none"> <li>In-vehicle audio and visual technologies</li> <li>Providing solutions for connected products</li> <li>Safe and secure products with high reliability</li> </ul>	<ul style="list-style-type: none"> <li>Shortage of development resources</li> <li>Profitability of existing business</li> <li>Presence of OEM business in the Americas market</li> </ul>
<div>Strength</div>	<div>Weakness</div>
<div>Opportunity</div> <ul style="list-style-type: none"> <li>Mobility industry under transformation including the spread of EVs</li> <li>Expansion of needs for prevention of traffic accidents</li> <li>Expansion of the non-automotive mobility market</li> </ul>	<div>Threat</div> <ul style="list-style-type: none"> <li>Medium- to long-term contraction of existing businesses</li> <li>Increased competition due to the entry of global companies and start-ups</li> <li>Divergence between market prices and costs due to exchange rate fluctuations and price hikes</li> </ul>

Medium-to long-term growth scenario

The mobility industry is globally undergoing a period of allegedly once-in-a-century major transformation with the shift to EVs, autonomous driving, and support for Mobility as a Service (MaaS). In this period of transformation, the Company has set "Change for Growth" as the theme of its medium-term management plan "VISION 2025." The Mobility & Telematics Services (M&T) Sector aims to evolve into a business recognizable from a global perspective by providing audio, visual and data services making the most of assets such as the brand power, technological capabilities, and global sales channels that the Company has cultivated to date.

In addition, by redefining mobility in the new normal, we will expand our business by adding additional elements to automobiles and further evolve our business based on the Company's sustainability initiatives

including environmental contribution and growth sustainability. Creating a sense of excitement in mobility life is this business's origin and the Company's mission.

Specifically, we will strengthen the overseas OEM Business based on products that respond to changes in the market, mainly including the shift to EVs, and build highly profitable business models by shifting to the service business. And we aim to maximize revenue by accelerating mobility entertainment proposals, which are our origin, and optimizing the balance of investment in the OEM Business, the Aftermarket Business and the Telematics Service Business.

By providing all stakeholders with "excitement and peace of mind" in social infrastructure and mobility life through these business activities, we will contribute to the sustainable improvement of corporate value.



OEM Business

The Company sells mainly car navigation systems and dashcams as products for the domestic option (dealer-installed option) market. Over the long term, however, this market is expected to gradually shrink as more of those products are installed on the vehicle production line (factory-installed). Under these circumstances, it is likely that suppliers will further decrease, but the Company will seek to increase its market share while establishing a firm position.

Regarding car navigation systems for the domestic market, we will work to improve profitability by reducing total costs including logistics costs through domestic production, controlling exchange rate fluctuation risks through strengthening domestic procurement of parts, and reducing costs through design improvement in response to production line automation.

The Company seeks to maximize revenue from our business as a whole by expanding revenue through strengthening the overseas OEM Business, which develops and sells in-vehicle audio systems (speakers and amplifiers), in-vehicle antenna systems for connectivity (antennas and cables) and in-vehicle optical lenses, as the business development taking the expansion of the business domain due to the shift to EVs into account, in addition to maintaining the size of revenue from products for the domestic dealer-installed option market by expanding our market share. (See p. 22 for details)

Aftermarket Business

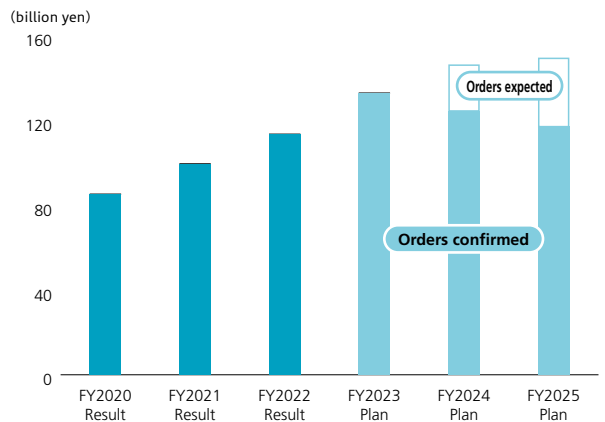
We aim to lay a sustained revenue base by providing a wide range of product lines that enrich mobility life, such as car navigation systems, dashcams and car audio systems that take advantage of our strengths in the visual and audio fields, and making the most of the brand power we have cultivated and our global sales network.

	Change in the market environment	Mid- to long-term growth scenario
OEM	<ul style="list-style-type: none"> <li>Rising ratio of EVs in Europe, the United States, China and emerging markets</li> <li>Shift from car navigation systems to display audio systems</li> </ul>	<ul style="list-style-type: none"> <li>Expansion of the overseas OEM business centered on in-vehicle speakers, amplifiers, antennas, cables, optical lenses, and display audio systems in response to changes in the market</li> </ul>
Aftermarket	<ul style="list-style-type: none"> <li>There is room for growth in sales of dashcams</li> <li>The market as a whole is on a gradually shrinking trend</li> </ul>	<ul style="list-style-type: none"> <li>Achieve qualitative transformation while reaping profit of the remaining players and maintaining a high market share</li> </ul>
Telematics Service	<ul style="list-style-type: none"> <li>The market will grow toward 2030</li> </ul>	<ul style="list-style-type: none"> <li>Expand data business based on cumulative actual sales of 2.3 million of connected-type dashcams</li> <li>Global business expansion</li> </ul>

Telematics Service Business

Based on the cumulative actual sales of more than 2.3 million connected-type dashcams (as of the end of March 2023), we aim to increase the added value of the M&T Sector by shifting to the service business through developing data business, proposing non-automotive solutions, and expanding our business overseas. Specifically, we will try to develop new business models, including service businesses such as the utilization of visuals technology for connected-type dashcams and accumulated data, and the provision of social infrastructure in the edge AI market.

Results and forecasts of sales revenue in OEM business



Value Creation Strategy 2

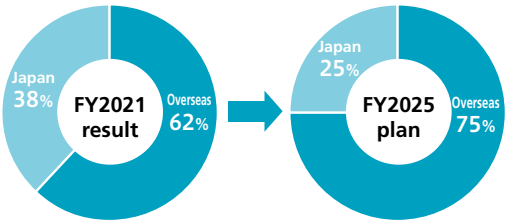
Business Strategy

Priority strategy

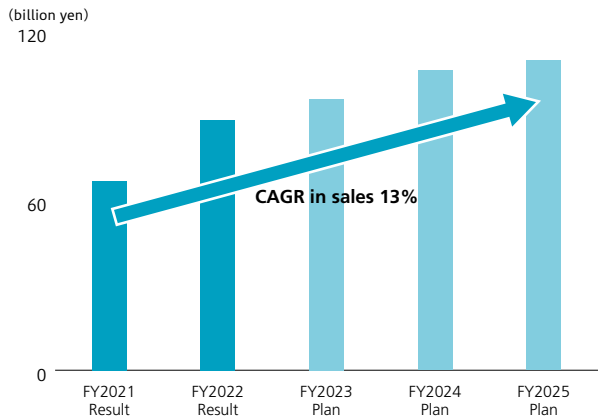
Expansion of the overseas OEM Business

Under "VISION 2025," in the M&T Sector, we will position the overseas OEM Business as a growth-leading business in light of changes in the business environment such as the expansion of the EV market and the contraction of the aftermarket services market, and aim to increase revenue focusing on the development of in-vehicle audio systems (speakers and amplifiers), in-vehicle antenna systems for connectivity (antennas and cables), in-vehicle optical lenses, and display audio systems.

Domestic and overseas sales ratio of OEM business



Results and forecasts of sales revenue for overseas OEM business



(1) Increased orders for in-vehicle audio systems and in-vehicle antenna systems for connectivity

One of drivers of the OEM Business is ASK Industries S.p.A. (ASK), which became a subsidiary in 2015. ASK is an Italian company that has engaged in the development, manufacturing and sale of automotive parts related to audio and communication since its foundation in 1965. Through a long and strong partnership mainly with major European automotive manufacturers, it supplies in-vehicle audio systems (speakers and amplifiers), in-vehicle antenna systems for connectivity (antennas and cables), etc. ASK operates globally with its subsidiaries in Germany, Poland, Tunisia, the United States, Brazil and China, in addition to Italy, where it is based. In China in particular, ASK has been in line with the entry of major European automakers, which are its customers, into the Chinese market, and has since been expanding its own business while acquiring new customers that are local manufacturers. Recently, ASK

has also been working to expand its business in the North American market in response to its European customers' global sourcing. The Company is also promoting receiving orders from Japanese automakers for factory-installed products using products made by ASK, and will aim to expand sales channels in Japan.



(2) Global business expansion

The OEM Business is expanding globally by maximizing the Group's synergies. The Company has strong partnerships with Japanese automakers, while ASK has strong partnerships with European and Chinese automakers. In addition, JVCKENWOOD Hong Kong Holdings Ltd., which develops and manufactures in-vehicle optical lenses, has established a network mainly in China and also in Europe with the starting point in Hungary. As for the Group's in-vehicle audio systems (speakers and amplifiers) and in-vehicle antenna systems for connectivity (antennas and cables), all customers are involved from the product design phase, ranging from basic systems for vehicles with affordable prices to

high-end systems for luxury vehicles. Even in the era of EVs, we will meet customer needs and support all types of vehicles through our manufacturing technology with high development capabilities and highly automated production lines.



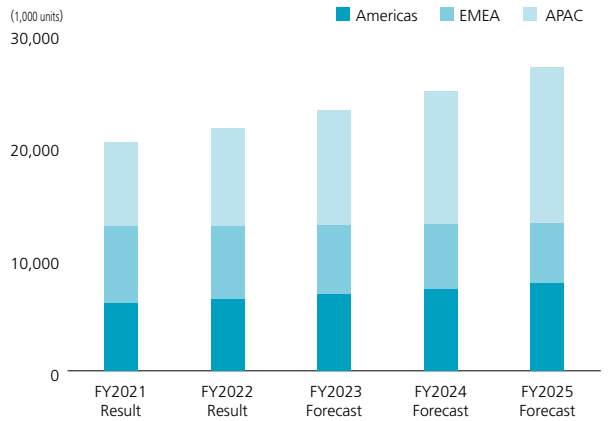
(3) Expanding orders for display audio systems

In the overseas OEM Business, display audio systems have been sold mainly to Japanese automakers for their products sold in the Southeast Asian market. In FY2022, we received an order for a new large-scale project of approximately 170 million US dollars (the delivery is scheduled to start in early 2024) from a manufacturer that operates in the North American market. As the demand for display audio systems is expected to continue growing in overseas OEM markets, particularly in the Americas, we aim to increase orders while leveraging our track record and assets we have accumulated in the Southeast Asian market.



Product image of display audio systems

Overseas OEM (dealer-installed products) market forecast based on JVCKENWOOD's survey: Car navigation and display audio sales by region



Building new highly profitable business models in the Telematics Service Business

In the Telematics Service Business, there have been various cases of implementation, such as the delivery of connected-type dashcams for auto insurances and provision of telematics services based on them, the business for fleet management, and the development of telematics solutions such as cloud-type taxi-hailing systems. By making connected-type dashcams and other Internet-connected products and services equipped with or supporting more intelligent functionality, we aim to increase their added value and expand the business domain from automobiles to living

spaces. We aim to develop new markets and build highly profitable business models by providing services utilizing various data acquired by connected-type dashcams, such as services for the elderly, advanced driving diagnosis, support for urban development, and support for remote operation of construction machinery. In this business, we will continue to provide customers with new added value and services by leveraging AI, IoT and other latest digital technology and big data through the utilization of open innovation in addition to technological assets the Company has cultivated.

Services for the elderly	Advanced driving diagnosis	Support for urban development	Support for remote operation of construction machinery
 <p>Services to contribute to extending driving life of the elderly by detecting driving behavior and deterioration of cognitive functions specific to the elderly based on data from dashcams</p>	 <p>Driving diagnosis that can predict accident risks based on driving behavior and the driver's condition and provide feedback that leads to improvement of driving behavior</p>	 <p>The dashcam detects abnormalities in urban facilities such as road damage and bird nests on utility poles. Detected matters are shared with the local government and facility companies to contribute to labor-saving in urban development</p>	 <p>Support for remote operation of construction machinery by utilizing dust-proof and water-proof dashcams that can withstand use in harsh field environments</p>



# Value Creation Strategy 2

## Business Strategy



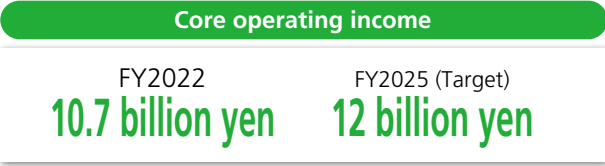
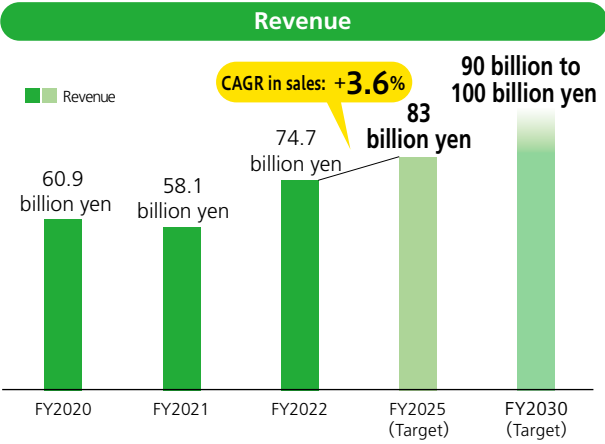
The Company aims to acquire the second largest market share to grow to sales of 100 billion yen by positioning the Communications Systems Business as a growth-leading business in order to make it our profit-generating driver.



Director of the Board,  
Senior Managing Executive Officer,  
COO Safety & Security Sector  
**Akira Suzuki**

### Safety & Security Sector

### Revenue and core operating income



### SWOT analysis

- Support for customization for higher quality, higher functionality and optimization for customers
- Network of approximately 900 distributors in North America
- Clear sound quality and noise cancelling function

- Sales structure and past performance in comparison with market leaders
- Sales structure dependent on distributor networks

Strength	Weakness
<ul style="list-style-type: none"> <li>Rapid expansion of demand for switching to digital radios in the United States</li> <li>Expansion of demand for wireless systems for crisis management around the world</li> <li>Expansion of the market share through stable product supply</li> </ul>	<ul style="list-style-type: none"> <li>More severe competition due to the entry of new players from outside the existing professional wireless market into the broadband market</li> </ul>
Opportunity	Threat

### Medium-to long-term growth scenario

#### Communications Systems Business

Today, disaster prevention and business continuity planning (BCP) are increasingly attracting attention from around the world, and the demand for wireless systems for crisis management is expanding. In the United States, in particular, the demand for switching from analog to digital radios has increased and is expected to continue increasing, and large government budgets have been allocated to private security at educational institutions and to the public safety sector as a whole including police and fire services, which has driven the demand.

Going forward, we aim to increase our market share in the North American public safety market and achieve net sales of 100 billion yen in the Communications Systems Business by providing the following two customer value propositions.

**(1) Stably and continuously provide highly reliable communication methods**

The wireless systems industry is an industry with high barriers to entry due to the need to ensure communication security (confidentiality). In this industry, the Company has over 40 years of experience and a strong customer base. In January 2023, we began selling our new tri-band<sup>\*1</sup> P25<sup>\*2</sup> digital portable radio "VP8000,"

and orders and sales are increasing in North America. VP8000 covers three band frequencies (VHF, UHF and 700-800 MHz) and two digital radio protocols (P25 and DMR<sup>\*3</sup>) in a single unit. As an example, it can enable mutual emergency communication between the police and fire services and the school security (private security companies) in the same municipality. The quality level and functionality of this model have already been highly evaluated by the market, and we expect it to be a catalyst for accelerating the expansion of our market share in the North American public safety market. We believe that the Company can grow in the market it has entered by continuing development of such highly reliable products and solutions.

**(2) Broadband technology provides new added value to communication methods**

In the professional radio system market, although the broadband market is expected to grow in the medium to long term, the pace is not rapid. Since response to the broadband market requires significant investment, the Company will strengthen the broadband solutions business, partly by collaborating with other companies, while expanding its share of the



conventional narrowband wireless business and rebuilding the revenue base.

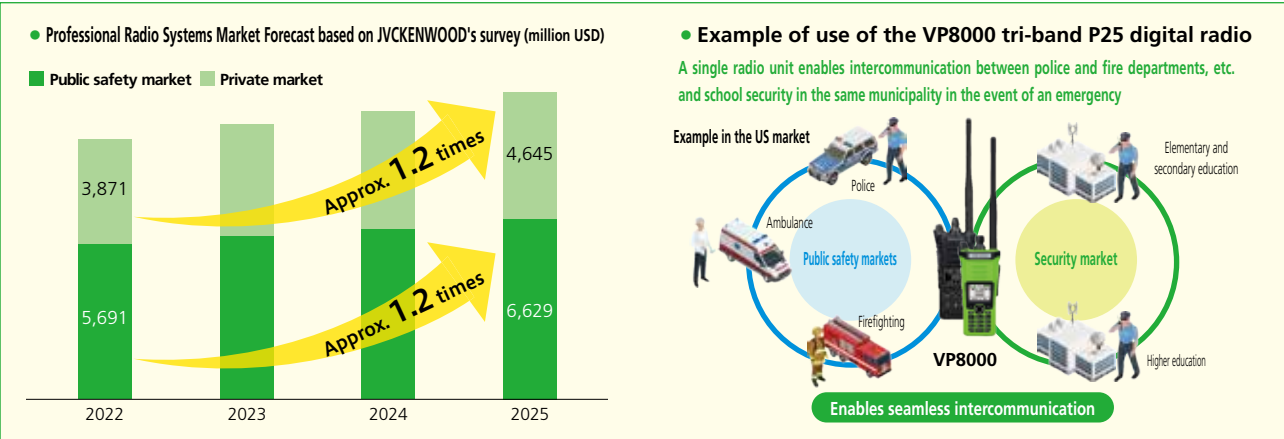
\*1: Support for VHF/UHF and 700/800 MHz frequency bands  
\*2: A digital radio standard developed for the US public safety market  
\*3: Short for Digital Mobile Radio, an international digital radio standard

#### Professional Systems Business

In Japan, the Company develops and sells visual system solutions (security camera systems and image analysis solutions) and audio system solutions (broadcasting systems, conference systems, etc.). We are working to strengthen our business of software and application services.

Visual system solutions help customers solve business problems such as prevention of accidents and crime and safety management. Audio system solutions contribute to safety and security in society, in places ranging from public facilities to offices, commercial spaces and schools by supporting "talk," "communicate" and "listen" in business and education. We will strive for the recovery and expansion of the business by building on our strengths in the integration of development, manufacturing, sale, construction and maintenance.

In the healthcare business, we aim to increase sales of Rein Medical's visual system integration for operating rooms, which has been introduced in more than 1,000 projects mainly in Europe, in addition to high-definition medical image displays that display mammography images and various types of radiographic medical images.



### Priority strategy

#### Communications Systems Business

In order to achieve net sales of 100 billion yen, we will focus on the following three pillars of growth as our priority.

**(1) Aim for net sales of 400 million dollars and a share of 10% in the North American public safety market**

There are more than 3,000 counties in the United States, and the demand for switching from analog to digital radios, and replacement of old digital radios with new digital ones, is expected to continue. Focusing on small and medium-sized local government agencies and cities, customer segments in which the Company excels, we will achieve the sales target of 400 million dollars by taking advantage of the track record we have cultivated for over 40 years in North America.

**(2) Overcoming supply chain problems and realizing stable supply**

Due to the COVID-19 pandemic and the global shortage in semiconductor supplies since FY2020, the market has been suffering from shortages of products. The Company has successfully restored production by making design changes and securing replacement parts,

and is also working to increase production to eliminate the backlog of orders for the private sector market as soon as possible. By rebuilding supply chain management and realizing stable production of products, we will strive to supply products that provide customers with peace of mind.

**(3) Expand business in the area of disaster prevention and contribute to the SDGs**

In Japan, which is hit by many natural disasters, both the government and the people are becoming more and more aware of disaster prevention. The Company will leverage its know-how in the professional radio system business in North America to expand the business in the area of emergency radio systems in Japan. We regard it as an important initiative that also assists social contribution based on SDGs ((11) Sustainable cities and communities and (13) Climate action).

#### Professional Systems Business

In rebuilding the business, we aim to transform it into a growth business through selection and concentration of developed businesses and improvement of the business structure.

## Value Creation Strategy 2 Business Strategy



### Safety & Security Sector

Cases of system development in cooperation with customers in the Communications Systems Business

## Direct interaction with overseas customers leads to future solutions and products

### Customer-Oriented Business Immersion Initiative for Youth

To young employees who are important players in the creation of solutions and innovation and dare to leave Japan and work in the United States and other countries around the world, the Communications Systems Division provides a program that dispatches such employees to customers who are actually using our products or systems. This program aims to increase customer contacts and create products and businesses that contribute to solving problems from customers' points of view.

#### Case 1 The Venetian Resort Las Vegas

**"KENWOOD's professional radio system has all required basic features and quality, and is more reasonably priced than other products. And training and daily support are provided sufficiently. That is why we have been using it for many years."**

The Venetian Resort Las Vegas, a luxury hotel in Las Vegas, United States, is the first customer to install the Company's first digital professional radio system, NEXEDGE®\*1. The customer has continued using our

products and systems since the initial deployment, and is currently using about 3,000 portable radios and 20 repeaters for voice communication by receptionists, security staff, and other staff in the hotel.

\*1: NEXEDGE® is a registered trademark of Kenwood Corporation in the U.S.A. and some other countries.

#### Comments from a dispatched employee

As many as 20 repeaters (NXR-5800) in actual operation were appropriately assigned as call channels through trunking operation\*2, and the LED lamps on the front panel indicating transmission/reception operation were turned on and off. This scene was impressive and I realized that a large-scale system was playing an active role in the field. (Person in charge of development)

\*2: To automatically assign a vacant channel each time a call is made, instead of permanently assigning a specific band frequency channel to a user or terminal.



External view of The Venetian Resort Las Vegas



A repeater installed in the hotel's server room



The status of communication is indicated by numbers and lamp color

#### Case 2 Distributor to US local government agencies

**"VP8000 is not just a home run, but a grand slam"**

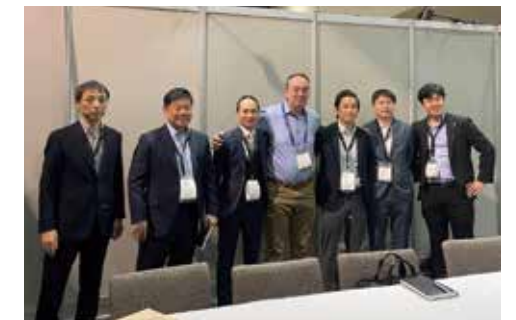
This is exquisite praise we received from our distributor who has been looking forward to our new tri-band P25 digital portable radio "VP8000," which we started selling in January 2023. In addition to "reasonable price," "versatility" and "meticulous service and support," which have been points about KENWOOD products highly recognized

for a long time, the distributor recognized "the multi-protocol system that enables mutual communication among different communication standards" as the greatest point of differentiation. We are working on an order from this distributor for a tri-band system, and we discussed a new business proposal on the occasion of our visit.

#### Comments from a dispatched employee

This was the first time I had a direct exposure to customer feedback, including that of end users and dealers in the United States, and the program was fruitful. Through customer feedback, I realized and was reminded that expectations for VP8000 are very high, and if we sell a good product, we will receive high regard. I also found that users use systems in diverse areas, and multi-protocol systems such as P25 + NXDN™\*3 are the very point of differentiation from our competitors. (Person in charge of product planning)

\*3: "NXDN™" is a trademark and/or registered trademark of ICOM INCORPORATED and JVCKENWOOD Corporation.



Distributor (center)

#### Case 3 Fire station near Los Angeles

**"The design, size and operability of VP8000 have improved compared to the previous model, and I got a good impression. As many Americans are large people, I hope you will understand their physical characteristics well to further improve products."**

We visited a fire station near Los Angeles to discuss VP8000 and check the installation of the KENWOOD professional radio system in the fire station.

#### Comments from a dispatched employee

The vehicle in which the end user actually installed radio systems was crowded with various installed devices. In such an in-vehicle environment, I felt an important point was the flexibility of installation that allowed for installation in any location, at any angle, in any direction. (Person in charge of development)



A fire engine stored in a garage of the fire station



KENWOOD professional mobile radio used in the fire engine



Checking the operational feeling of the radio system

**Employees who participated in this program have been able to gain awareness for future product development by listening directly to customer feedback. In addition, employees were very happy and got great energy for future development work when they happened to see users using the models they developed.**



## Value Creation Strategy 2

# Business Strategy

### Entertainment Solutions Sector

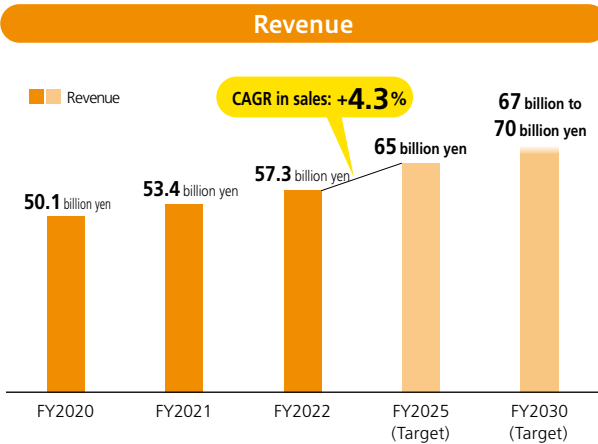


The Company will also strengthen the game and animation business by linking our Media Business and Entertainment Businesses to build our status as a luxury brand.



Executive Officer  
COO Entertainment Solutions Sector  
General Executive of Media Business Division,  
Entertainment Solutions Sector  
**Hatsuhiko Iwasaki**

#### Revenue and core operating income



#### SWOT analysis

<ul style="list-style-type: none"> <li>Three brands (KENWOOD, JVC, Victor)</li> <li>"Visual" and "audio" technologies that achieve high image quality and high sound quality</li> <li>Expertise in music business</li> </ul>	<ul style="list-style-type: none"> <li>Primarily a one-time sale business, development of a XaaS <sup>*1</sup> business structure</li> <li>Market share in the digital market</li> </ul>
Strength	Weakness
Opportunity	Threat
<ul style="list-style-type: none"> <li>Worldwide expanding trend in the entertainment market, including gaming, anime and metaverse</li> <li>Favorability for sustainable products and services from an ESG perspective</li> </ul>	<ul style="list-style-type: none"> <li>Maturation of key business markets</li> <li>Market oligopoly by global IT and music entertainment companies</li> </ul>

\*1: X as a Service

#### Medium-to long-term growth scenario

The Entertainment Solutions Sector consists of the Media Business, which deals with products, including headphones, earphones, portable power station and imaging devices, and the Entertainment Business, in which the Group company JVCKENWOOD Victor Entertainment Corporation plays the core role.

The Media Business will expand the development of remote and virtual-related products and services by utilizing three brand assets: KENWOOD, JVC, and Victor, and focusing on development of distinctive technologies and products, and a

proposal-based business approach.

In the Entertainment Business, we will unearth next-generation artists who are strong in the streaming market and manage them in-house, and grow the business through expanding live performances and streaming hits. In terms of our efforts in new business areas, we will enter the game applications market, strengthen our IP<sup>\*2</sup> Peripheral Business, including the use of anime IP, and build a New Entertainment Business by linking our Media Business and Music-related Business.

\*2: Intellectual Property

#### Priority strategy

##### Media Business

As demand for remote and virtual-related products and services expands due to changes in the market environment

triggered by COVID-19, we aim to secure our status as a luxury brand in audio and visual by establishing key audio



and visual technologies suited to that demand and expanding our range of high-priced and value-added products. In order to achieve the expected value creation, we will bridge the real space and the virtual space with high sound

quality, high image quality, realistic feeling, and comfort, and provide a deeply moving experience through music and visual content.

#### Priority measures and initiatives for growth

<b>Headphones and earphones</b> <ul style="list-style-type: none"> <li>Expansion of high-price-range lineups</li> <li>Proposal of strategic products by application</li> </ul>	<b>Portable power station</b> <ul style="list-style-type: none"> <li>Safety, security, and preparedness</li> <li>Convenient and enjoyable in daily living and outdoor activities</li> </ul>	<b>PTZ<sup>*3</sup> remote camera</b> <ul style="list-style-type: none"> <li>Deployment of remote camera including peripheral devices and applications that realizes customer requirements</li> </ul>	<b>Projector</b> <ul style="list-style-type: none"> <li>Deployment of high value-added models utilizing D-ILA</li> </ul>	<b>Imaging device</b> <ul style="list-style-type: none"> <li>Development of next-generation communication device business leveraging D-ILA devices</li> </ul>
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Advance development for further growth ●3D engine ●Low-latency IP<sup>\*4</sup> transmission system ●Cloud services ●Music service platform

\*3: Abbreviation for pan (P), tilt (T), and zoom (Z) \*4: Internet Protocol

##### Music-Related Business

Setting the growing streaming market as our top target, we will focus on developing new artists who are strong in streaming, while utilizing the know-how we have nurtured through the management of hit songs and artists that have resonated with Generation Z, in order to expand our business. As a cross-border user approach, we will establish overseas sales channels, including concluding agreements with leading local DSPs<sup>\*5</sup>, and also work to increase sales through globally distributing anime-related and J-pop hits. In the peripheral business, in conjunction with the recovery of the live market, we will work to expand the artist management business in which we own rights, and increase sales and profit margins by expanding revenues from live music, merchandise sales, and the number of fan club members.

We will continue to invest in the development of artists with the aim of becoming an entertainment company with a strong presence that continues to disseminate artists, music and trends that represent the times.

\*5: Digital Service Provider

##### IP<sup>\*2</sup> Peripheral Business

We will strengthen and expand our IP peripheral business by developing IP that we own rights to, IP of virtual artists such as TV anime, theatrical anime, and Internet idols that can be utilized through partnerships, and original large games. As the first step, we developed the first all-new 3D action RPG<sup>\*6</sup> for the "Tokyo Revengers" TV anime series, and announced our plan to begin distribution of the game in the winter of 2023 (public relations announcement June 18, 2023). We will further expand our business, particularly in the entertainment sector, where the market is growing rapidly, by advancing the development for distribution release. Following the first step, we will strengthen the visual business, expand production investment, and acquire visual production personnel to achieve full operation of this business in FY2025 and beyond.

\*6: Role-Playing Game



"Walküre," a music unit created from the Macross series



Music and visual content



© Ken Wakui, Kodansha Ltd./Production Committee of the anime "Tokyo Revengers"