

JVCKENWOOD



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New Medium-Term Management Plan

VISION 2023: Transformation & Growth

JVCKENWOOD Corporation (hereinafter the “Company”) hereby announces that it has formulated a new medium-term management plan, VISION 2023, starting from fiscal year 2021.

In 2015, the Company formulated its medium- to long-term management plan, VISION 2020, and while reviewing it in 2018, the Company has promoted management that uses return on equity (ROE) as its primary indicator. During this period, the market environment has changed faster than expected, and the global spread of COVID-19 has accelerated technological innovation through digital transformation (hereinafter "DX"), resulting in a major shift in the business environment surrounding the Company.

Under VISION 2023, in order to increase corporate value over the medium to long term in a rapidly changing business environment, the Company will transform into an organization that can earn stable business profits by securing a revenue base and structural reforms, strengthen the revenue base of existing business, establish new growth areas by redefining the business portfolio as we strive to become an excellent company. The initiatives are as follows.

Key themes for VISION 2023

- Respond to drastic changes in the market environment and shift to an earnings structure that earns stable business profits
- Clarify strategies and allocate resources by redefining the business portfolio
- Develop new business through expansion of the mobility & telematics service business and further evolution of the DX business
- Promote sustainability management based on “profitable growth” and “solving social issues on a global scale”



1. Basic strategy of the New Medium-Term Management Plan VISION 2023

In formulating VISION 2023, the Company has renewed its management principles as follows to realize the corporate vision "Creating excitement and peace of mind for the people of the world."

Management Principles

Create new value through manufacturing

Foster a challenging corporate culture adapts to change

Develop people and organization drive innovation

Based on the above new management policy, the Company has set "Transformation and Growth" as the basic strategy of VISION 2023. The Company aims to become a leading company in the field of mobility & telematics by focusing on "transformation" that strengthens the revenue base of existing business and "growth" that expands growth business through the creation of new products and new business. In this way, the Company will optimize the business portfolio and achieve sustained improvements in corporate value.

1-1. Transformation: Strengthen revenue base through structural reforms

- Rebuild the revenue base by redefining the business portfolio
- Deepen manufacturing reforms centered on the promotion of automation and a return to domestic production
- Reform manufacturing cost competitiveness through reorganization and consolidation of global production bases

1-2. Growth: Expansion of new commercial products and new sales channels, and expansion of growth business through creation of new business

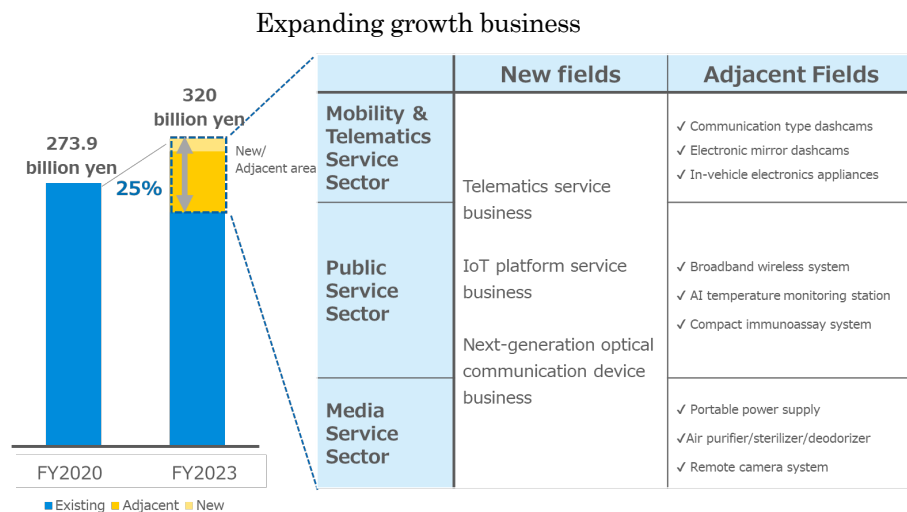
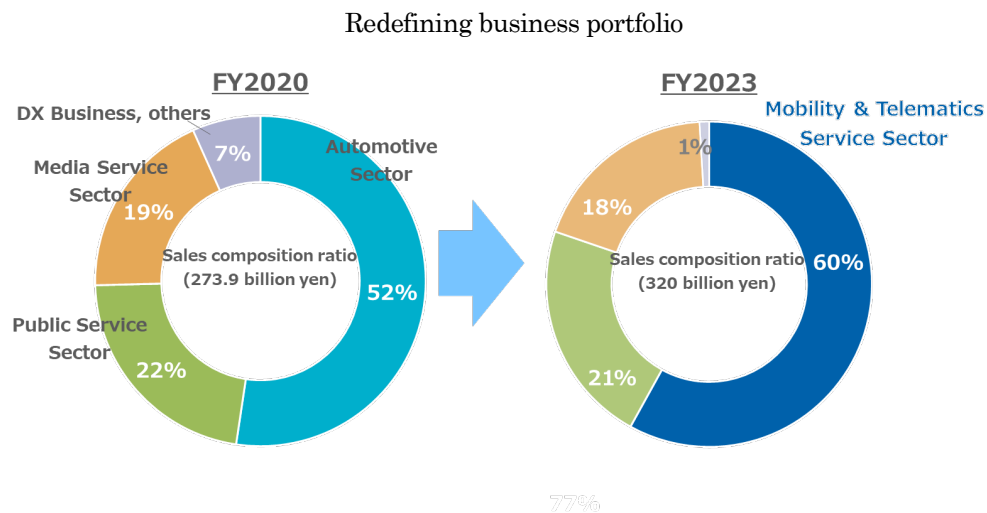
- Evolve DX business through expansion into IoT platform service business
- Expand new products and new sales channels for the post-COVID-19 world
- Improve efficiency of invested capital and improve ROE with an awareness of capital costs

2. Redefining business portfolio and expanding growth business

In VISION 2023, the Company will redefine its business portfolio based on the attractiveness of the market (sales growth rate) and the profitability and capital efficiency of the Company, and concentrate the management resources on growth business to achieve sustained improvements in corporate value.

From the perspective of contributing to the achievement of the SDGs*, the Company aims to transform itself into a company that solves social issues such as reducing traffic accidents, easing traffic congestion, ensuring driver safety, and reducing environmental load. The telematics business of the DX business, which is a high-growth field, will be incorporated into the Automotive Sector and will be further expanded as the mobility & telematics business, aiming for sales revenue of 200 billion yen.

In 2023, the Company will raise the sales ratio of its growth business to around 25% by developing new commercial products and new business, and achieve growth through highly profitable business toward becoming an excellent company.



*Abbreviation for Sustainable Development Goals, unanimously adopted by the General Assembly of the United Nations in September 2015.

3. Expanding mobility & telematics business

In VISION 2023, the Company will make effective use of its proven track record of the leading share of in-vehicle dashcams in the market of dealer-installed and after-market products, as well as the communication-type dashcams with a cumulative total sale of one million units. In doing so, the company will expand the telematics service business by extending the business domain to data service business as high-function drive recorder service business and IoT platform service business.

Medium-term growth scenario of telematics service business



4. Management indicators targeted in VISION 2023

The key management indicators in VISION 2023 are as follows.

Sales revenue 320 billion yen or more (FY2023) <hr/> 273.6 billion yen (FY2020)	Core operating profit 12 billion yen or more (FY2023) <hr/> 7.5 billion yen (FY2020)	ROE 10% or more (FY2023) <hr/> 3.6% (FY2020)	
Consolidated dividend ratio Approx. 30% (FY2021-2023) <hr/> 38.1% (FY2020)	Ratio of equity attributable to owners of the parent company to total assets Approx. 30% or more (FY2023) <hr/> 24.5% (FY2020)	Operating cash flow 70 billion yen or more (Cumulative total for 2021-2023) <hr/> 35.8 billion yen (FY2020)	D/E ratio 1.0 or less (FY2023) <hr/> 1.2 (FY2020)

5. Financial strategy and cash flow allocation

In VISION 2023, the three-year period through fiscal year 2023 is positioned as a phase of restructuring the revenue base that can generate stable business revenue, with the aim of establishing a profitable structure through earnings structure reforms. The main financial strategies and the cash flow allocation approach of VISION 2023 are as follows.

5-1. Financial strategy

Under VISION 2023, the Company will reduce interest-bearing debt and financial expenses by allocating management resources in a timely and appropriate manner, with an awareness of capital costs and an emphasis on profitability and capital efficiency while achieving equalization of repayments each fiscal year.

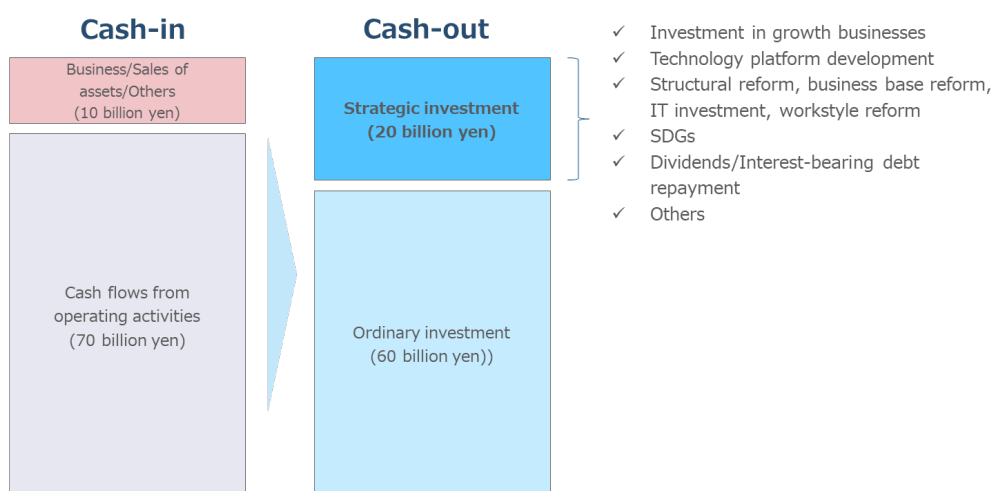
Priority measures and targets for FY2023

- ROE: 10% or more
- Dividend ratio: 30%
- Net interest-bearing debt: 15 billion yen or less (end of 2023)
- Strengthen budget and performance management using cash flow by business sector and return on asset as KPIs
- Improve the soundness and promote reduction of inventory assets

5-2. Cash flow allocation approach

Under VISION 2023, the Company will focus on cash flow generation and implement a cash flow allocation that clarifies the use of cash for strategic investments, ordinary investments, dividends, and repayment of interest-bearing debt, as shown below.

Strategic investments will include investments in growth business and development of technology platforms, as well as expenses for structural reforms (regional and business reforms, production base reforms, and IT investments) and expenses for achieving SDGs.

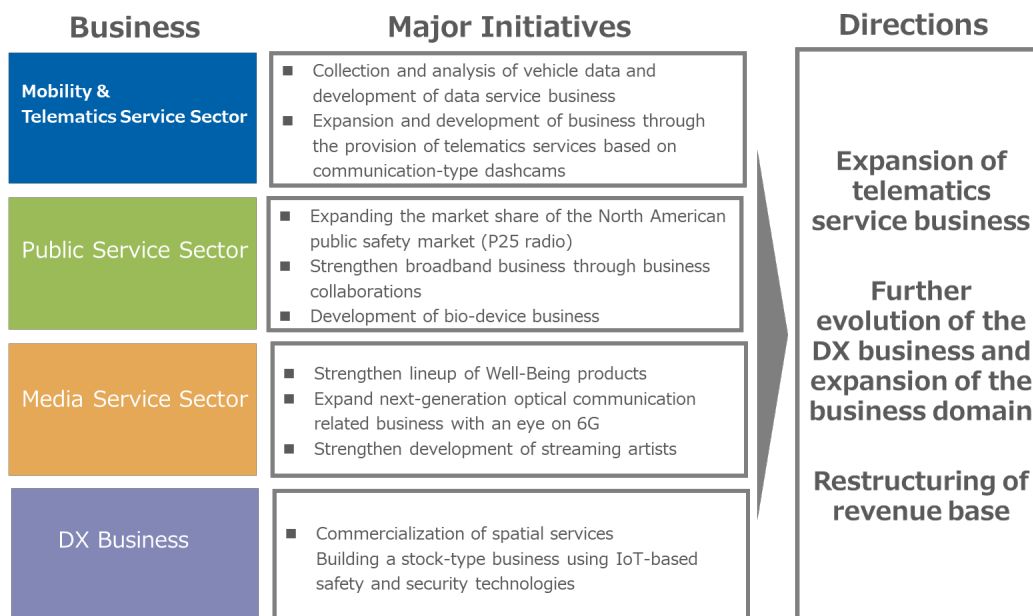


80 billion yen*

* Total for three years from 2021 to 2023

6. Major initiatives in each sector

The Company will clarify strategies and allocate resources in each sector by redefining the business portfolio under VISION 2023, and aim to expand the business domain by expanding the mobility & telematics business and further evolving the DX business. The main initiatives and directions for each business sector in VISION 2023 are as follows.



7. Promoting sustainability management

The JVCKENWOOD Group considers the achievement of the SDGs to be the most important management issue. Based on the corporate vision, "Creating excitement and peace of mind for the people of the world," the Group will contribute to solving social issues on a global scale through the business by providing product and services that leverage strengths, and meet the expectations of all the stakeholders.

In VISION 2023, the Group will further deepen the activities to promote sustainability management, which is based on "profitable growth" and "solving social issues on a global scale," and aim to increase corporate value by achieving the mid-term management goals and contributing to the achievement of the SDGs.

The Group will also formulate a new medium-term environmental plan linked to the Medium-Term Management Plan, VISION 2023. The Group will comply with environmental laws and regulations in all the products and business activities, and contribute to the realization of sustainable use and coexistence of energy, resources, and living things, which are the assets of the earth, including responses to climate change.