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

Corporate Vision
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 2023
Change for Growth

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Editorial policy
The JVCKENWOOD Integrated Report contains a review of the Group’s strengths and processes for value creation up to fiscal year ended March, 2021. With a focus on the JVCKENWOOD’s newly formulated Medium-Term Management Plan VISION 2023, the report explains the vision, strategies for each business sector, and the initiatives that contribute to a sustainable society.

Notes on the outlook for the future
Statements in this report that are estimates about the future are forward-looking statements. These forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results to differ substantially from those discussed in the forward-looking statements. These statements are current as of the date of publication of this report. The Company is under no obligation to update and announce any forward-looking statements in the event that economic or market conditions affect the performance.

JVCKENWOOD Integrated Report
The JVCKENWOOD Group aims to provide products, services, and solutions that realize its corporate vision of “Creating excitement and peace of mind for the people of the world” in the three business sectors: Mobility & Telematics Services Sector*, Public Service Sector, and Media Service Sector.

Mobility & Telematics Services Sector
The Mobility & Telematics Services Sector consists of the OEM Business, which provides car navigation systems, dashcams, and other related products to customers through automobile manufacturers and dealers, and the Aftermarket Business, which provides products to customers through mass merchandisers and distributors. We are also developing the Telematics Service Business for automobile insurances by equipping dashcams, which boast top-class performance in the industry, with communication functions. Furthermore, by expanding our business areas to the data service business as an IoT platform business, we aim to provide solution services that contribute to a safer and more secure mobility.

Public Service Sector
The Public Service Sector consists of Communications Systems Business and Professional Systems Business. We provide products, services, and solutions that contribute to people’s lives, livelihoods, and the creation of safe and secure cities through professional radio systems, wireless broadband solutions, security systems, professional broadcasting systems, and medical image display monitors.

Media Service Sector
The Media Service Sector consists of the Media Business and the Entertainment Business. The Media Business develops a wide range of products that respond to the stay-at-home demand due to the increase in time spent at home and the growing awareness of natural disasters and pandemics. We also aim to expand the business related to next-generation optical communications for the 5G and 6G era. In the Entertainment Business, with a number of popular artists, we are working to expand the share of the packaged and distributed music business and to strengthen the non-music business.
**INTRODUCTION**

**Financial Highlights**

### Revenue

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<tr>
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</thead>
<tbody>
<tr>
<td>Asia/China</td>
<td>301,800</td>
<td>300,887</td>
<td>307,627</td>
<td>319,254</td>
<td>327,609</td>
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<tr>
<td>Europe</td>
<td>100,000</td>
<td>150,000</td>
<td>200,000</td>
<td>250,000</td>
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<tr>
<td>Others</td>
<td>14%</td>
<td>21%</td>
<td>17%</td>
<td>12%</td>
<td>8%</td>
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<tr>
<td><strong>Total</strong></td>
<td>542,800</td>
<td>650,927</td>
<td>765,274</td>
<td>921,081</td>
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### Operating profit (loss)

<table>
<thead>
<tr>
<th>(Million yen)</th>
<th>FYE 3/17*1</th>
<th>FYE 3/18</th>
<th>FYE 3/19</th>
<th>FYE 3/20</th>
<th>FYE 3/21</th>
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</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>241,696</td>
<td>239,933</td>
<td>250,617</td>
<td>249,660</td>
<td>249,660</td>
</tr>
<tr>
<td>Operating profit (loss)</td>
<td>70,996</td>
<td>67,847</td>
<td>71,312</td>
<td>74,605</td>
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### Interest-bearing debts

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<tr>
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### Ratio of profit (loss) attributable to owners of the parent company*

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### Equity attributable to owners of the parent company per share*

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### Cash flows

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### Revenue composition ratio by region (FYE 3/21)

- Japan: 45%
- Europe: 34%
- Americas: 23%
- China: 17%
- Asia/China: 23%
- Others: 8%

### Production ratio by region (FYE 3/21)

- Japan: 32%
- Europe: 14%
- Americas: 17%
- China: 14%
- Asia/China: 32%
- Others: 3%

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*1: While disclosure was previously made under JGAAP, the amounts shown were calculated under IFRS to allow year-on-year comparisons, in preparation for disclosure under IFRS in the fiscal year ended March 2018.
I would like to express my heartfelt sympathy to those who have been affected by COVID-19, their families, and other related persons, as well as my deepest condolences to those who have passed away. I would also like to express my respect and deep gratitude to all those who have been making efforts to prevent the spread of the infections and maintain social functions.

Review of the fiscal year ended March 2021

In the fiscal year ended March 2021, revenue decreased to 273,609 million yen from 291,304 million yen due to the impact of the spread of COVID-19 worldwide. However, thanks to a recovery in operating results in the second half of the fiscal year and cost reductions through the promotion of the CEM*1 Project, core operating income*2 recovered to 3.6% from 1.6% in the previous period; however, it failed to reach the target of 10%. Meanwhile, in the second half of the current period*4, core operating income amounted to 10.2 billion yen, exceeding the 10 billion yen mark for the first time since the management integration in 2008. In particular, core operating income in the second half of the fiscal year at the Automotive Sector, which is our priority area, exceeded 5 billion yen, and strong sales in the Telematics Business, where the DX Business is growing rapidly, contributed to a significant increase in both sales and income for the full year. We believe this will provide a major impetus for kick-starting the Medium-Term Management Plan VISION 2023.

Under the previous Medium-Term Management Plan Vision 2020, we had promoted management using ratio of profit attributable to owners of the parent company (ROE) as the main indicator. ROE in the final fiscal year recovered to 3.6% from 1.6% in the previous period; however, it failed to reach the target of 10%. Meanwhile, in the second half of the current period*4, core operating income amounted to 10.2 billion yen, exceeding the 10 billion yen mark for the first time since the management integration in 2008. In particular, core operating income in the second half of the fiscal year at the Automotive Sector, which is our priority area, exceeded 5 billion yen, and strong sales in the Telematics Business, where the DX Business is growing rapidly, contributed to a significant increase in both sales and income for the full year. We believe this will provide a major impetus for kick-starting the Medium-Term Management Plan VISION 2023.

Key themes
1) Shift to an earnings structure that creates stable business profits
2) Redefine the business portfolio
3) Expand the Mobility & Telematics Services Business and create new Business
4) Promote sustainability management

Redefining the business portfolio

We have redefined our business portfolio using market attractiveness (sales growth potential, etc.), profitability, and capital efficiency of the Company as indicators.

As for the “business that need to be addressed” and “revenue base business” which are the targets of “Change,” we will carry out drastic business structural reforms. Meanwhile, we will accelerate the concentration of management resources in priority business and new business of the next generation with high market attractiveness, as we aim for “Growth.” (*See page 18 for details.)

Business portfolio redefinition chart

Based on this redefinition of the business portfolio, effective on July 1, 2021, the Telematics Service Business of the DX Business, a high-growth area, was incorporated into the Automotive Sector, which is now reorganized as the Mobility & Telematics Services Sector. At the same time, from the perspective of SDGs, we aim to transform into new ways of the Company as we work to solve social issues such as reducing traffic accidents, easing traffic congestion, ensuring driver safety, and reducing environmental load. VISION 2023 aims to increase revenue from 273.6 billion yen in FY 2020 to more than 320 billion yen in FY 2023. In particular, the Mobility & Telematics Services Sector aims to achieve a scale of 200 billion yen in revenue, and is positioned as a core business that will account for 60% of our total revenue. In order to ensure an expansion of revenue, we plan to generate 25% of the 320 billion yen in revenue in new business domains (Telematics Service Business, IoT platform service business, and next-generation optical communications device business) and their adjacent fields (such as dashcams with communication capability, broadband wireless systems, and portable power sources).
**JVCKENWOOD’s Value Creation**

**Message from the CEO**

**Expansion of Telematics Service Business**

Dashcams have achieved remarkable growth, and I, as someone who used to be involved in car electronics for many years, feel very emotionally attached to them. Since the launch targeting the Aftermarket Business in 2014, sales of dashcams have been steadily increasing through OEM sales. In addition, sales of dashcams with communication capability for automotive insurance companies increased sharply. As a result, total revenue of dashcams for the Aftermarket, OEM and automotive insurance company areas exceeded 30 billion yen in the previous period. The Company forecasts that the global telematics service market will grow at a CAGR (average annual growth rate) of more than 9% toward 2030. In the future, it is expected that dashcams with communication capability for the telematics service will be used in a wide range of applications. Against this backdrop, as a new step we plan to expand our Telematics Service Business into a data service business that utilizes dashcams with communication capability.

**VISION 2023 financial strategy**

Our financial strategy positions the three years to FY 2023 as a phase to rebuild a strong revenue base that can respond to drastic changes in the market environment. We will allocate management resources in a timely and precise manner with an awareness of the cost of capital and with an emphasis on profitability and capital efficiency, and work to reduce interest-bearing debts and financial expenses. As a key measure to achieve this, we will implement budget and performance management by using cash flow and ROA*4 by business sector as key KPIs**, and strive to improve the soundness and promote reduction of inventories.

**Key measures and numerical targets (Final year of the plan)**

- **ROE: 10% or more**
- **Net interest-bearing debt: 15 billion yen or less (end of FY2023)**
- **Strengthen budget and performance management using cash flow and return on asset (ROA) by business sector as key KPIs**
- **Improve the soundness and promote reduction of inventories**

I believe that we will be able to achieve these goals by pushing through “Change for Growth.”

*4: Ratio of return on total assets
**5: Abbreviation of Key Performance Indicator

**Promoting sustainability management**

Under VISION 2023, we will further strengthen our efforts for sustainability management that revolves around both “profitable growth” and “solving social issues on a global scale.” In promoting sustainability management, the Company identified eight social issues (1. Society, 2. Labor, 3. Environment, 4. Quality, 5. Economy, 6. Safety, 7. Governance, and 8. Value creation) that are not only strongly related to its business but also that the Company believes it can contribute to solving, in light of the Sustainable Development Goals (SDGs). With regards to those eight social issues, we have then identified materiality (priority issues) and set KPIs to manage progress in the initiatives to resolve them. (See page 38 for details of materiality.)

For example, the Company’s efforts to contribute to “safety and security” and “resources and the environment” can be expected to reduce gasoline consumption by enabling the optimal route to be taken to a destination through the widespread use of car navigation systems provided by the Company, and to contribute to the prevention of traffic accidents through the widespread use of connected dashcams. They will lead to safety and security for drivers, as well as the reduction in CO₂ emissions if the reduction in the number of traffic accidents causes traffic jams to be alleviated, which will also lead to the conservation of resources and the environment.

**Three Management Principles and Four Values**

Since the establishment of JVCKENWOOD Corporation in 2011, we have been committed to the corporate vision of “Creating excitement and peace of mind for the people of the world.” In order to move forward toward the realization of this vision, we have renewed our Management Principles and Action Guidelines when we formulated VISION 2023.

**Management Principles**

**Creating new value through Monozukuri**

The cornerstone of the Company’s business is Monozukuri. Often translated as “manufacturing” or “making of things,” the word Monozukuri in this context means not only technology, but also all the elements that span from planning, development design, design, branding, production, quality, cost, to creating added value that encompasses the full range of customer experience values. No matter how the business model changes due to new technologies, changes in the market environment, and other factors, we want to uphold the spirit that forms our basis as a Monozukuri company.

**Building a corporate culture that adapts and embraces change**

In recent years, and in the past year or so when we were affected amidst the COVID-19 pandemic, the world changed much faster than we had imagined, becoming like a totally different world. Companies in the future will be required to be flexible and resilient to grow while responding promptly and flexibly to changes that are happening in front of them. We believe that such ability to respond to changes is the source of corporate growth, and we are determined to tackle a changing future in a robust and positive manner.

**Investing in people to strengthen capabilities and push boundaries**

Innovation is born from a combination of multiple elemental technologies. It requires not only core technologies such as those in the areas of audio, visual, and communications, but also diverse technologies and capabilities in areas such as knowledge, art, and design. For this reason, it is necessary for individual employees to hone their skills, ideas, and thinking while, at the same time, the organizational capabilities to share and utilize them cross-organizationally need to be strengthened. In order to create new value for the future society, we will work on human resource development, organizational design and management to stimulate innovation.

In addition to these Management Principles, we have established the following Action Guidelines as “4 Values” that support “Change for Growth.”

**4 Values**

- **Change**
  - Making change happen with own awareness and action
  - Creating the future by creating new business

- **Create**
  - Strengthening earning power with an awareness of cash flows

- **Earning power**
  - Achieving sustainable growth to connect it to the future

Through the implementation of these new Management Principles and Four Values, we are committed to making concerted efforts to increase its corporate value so as to meet the expectations of our stakeholders.
Strengths of JVCKENWOOD

The JVCKENWOOD Group creates new value based on its three strengths, transcending the boundaries of its business sectors.

1. **Strength 1**

   **Core technologies in audio, visual, communications, and design management that create new corporate value**

   - **Visual**
     - Visual technology that realizes high definition and high image quality in a wide range of products from dashcams to 8K projectors
   - **Audio**
     - Audio technology that realizes high quality sound reproduction in any usage situation to suit changing lifestyles
   - **Communications**
     - High-quality communication technology used in mission-critical areas such as police, fire, and emergency services
   - **Design Management**
     - Creating new corporate value by improving brand power and innovation through design management

2. **Strength 2**

   **Developing products and solutions in three business sectors**

   - **Mobility and Telematics Services Sector**
   - **Public Service Sector**
   - **Media Service Sector**

3. **Strength 3**

   **Three characteristic brands**

   - Developing the business activities by leveraging the uniqueness of the three brands

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**JVCKENWOOD’s Value Creation**

The JVCKENWOOD Group creates new value based on its three strengths, transcending the boundaries of its business sectors.
The JVCKENWOOD Group aims to realize a sustainable society by providing value that contributes to solving various social issues through its business activities, utilizing its strengths in audio, visual, communications, and design management.

**Management capital**
- Financial capital
- Manufacturing capital
- Intellectual capital
- Human capital
- Social and relational capital
- Natural capital

**Business activities**
- Basic strategies for VISION 2023
- Change
  - Rebuild the revenue base
  - Further promote manufacturing reform
  - Reorganize and consolidate production bases
- Growth
  - Evolution of DX business
  - Strategic products for the post COVID-19 world
  - Improve profitability and ROE commensurate with capital invested

**Products and services**
- Three business sectors and brands
  - Mobility & Telematics Services Sector
    - OEM Business, Aftermarket Business, Telematics Service Business
  - Public Service Sector
    - Communications Systems Business, Professional Systems Business
  - Media Service Sector
    - Media Business, Entertainment Business

**Providing value for social issues**
- Contributing to the prevention of terrorist attacks
- Contributing to disaster prevention and mitigation in the event of abnormal weather and disasters caused by climate change
- Contributing to the creation of safe and secure communities by deterring violent crime

**Sustainability Management & Evolution of ESG**
- Approach to profitable growth based on SDGs strategic themes
- Strengthen governance and further improve the effectiveness of the Board of Directors

**JVCKENWOOD’s Management Principles**
- Creation value through Monozukuri
- Building a corporate culture that adopts and embraces change
- Investing in people to strengthen capabilities and push boundaries
- Audio, visual, communication and design management as the cornerstones of the company

**JVCKENWOOD’s Value Creation**
- Cycle of value creation that contributes to profitable corporate growth

In order to realize the corporate vision of “Creating excitement and peace of mind for the people of the world,” we create value for our stakeholders in a wide range of areas, including contribution to a sustainable society, profitable growth, the environment, and society (human resources).
JVCKENWOOD has launched VISION 2023, a medium-term management plan to break through the stagnation due to COVID-19 and promote new steps toward corporate transformation under the keyword “Change for Growth” in order to realize its corporate vision of “Creating excitement and peace of mind for the people of the world.”

**Corporate Vision**

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

**Strategies to Enhance Corporate Value over the Medium to Long Term**

**Medium-Term Management Plan VISION 2023**

Positioning of the Medium-Term Management Plan VISION 2023

In recent years, the market environment has been changing at a faster pace than expected. The global spread of COVID-19 has accelerated technological innovation through Digital Transformation (DX), and the business environment surrounding our company is undergoing a major shift.

In this environment, we have formulated a new Medium-Term Management Plan VISION 2023, which aims to make a leap forward to become an excellent company with both strength and toughness in order to increase corporate value over the medium to long term even in a drastically changing business environment. To achieve this goal, we have positioned the period from FY 2021 to FY 2023 as a three-year period under the theme of “Change for Growth,” with a focus on strengthening the revenue base of existing business and establishing new growth areas by redefining our business portfolio.

**VISION 2020 (2018-2020)**

- Implemented COVID-19 Emergency Measures
- Implemented company-wide fixed cost reforms
- Launched DX Business

**VISION 2023 (2021-2023)**

- Breaking through the stagnation of COVID-19 and taking new steps toward corporate reforms
- Transform into a structure capable of earning stable profits
- Redefine business portfolio
- Expand Mobility & Telematics Services Business

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

**Becoming an excellent company with strength and toughness**

- Further strengthen the revenue base
- Accelerate growth through highly profitable business
- Sustainable enhancement of corporate value

**Change for Growth**

- Transform into a structure capable of earning stable profits
- Redefine business portfolio
- Expand Mobility & Telematics Services Business

**Continue to promote both the resolution of social issues and sustainability (SDGs) management**

- Implemented COVID-19 Emergency Measures
- Implemented company-wide fixed cost reforms
- Launched DX Business
Recognition of External Environment and Basic Strategies

As a result of analyzing the market environment surrounding our company, JVCKENWOOD believes that there are opportunities in the creation and innovation of business models through new technologies and DX such as AI and IoT, the substitution of existing business and the stimulation of new demand, the acceleration of digitalization and the fusion of real and digital.

We also see opportunities in management focusing on ESG and seeking solutions to social issues. We also recognize that there are risks such as the business impact of the prolonged spread of COVID-19, the worsening risk of global supply networks for semiconductors, the expansion of global geopolitical risks and supply chain disruptions caused by climate change.

In formulating VISION 2023, we considered the above four key themes based on our awareness of the external environment regarding these opportunities and risks.

As a result of examining key themes based on our recognition of the external environment, we have set the basic strategy for VISION 2023 as “Change for Growth.”

In the area of “change,” we aim to (1) rebuild our revenue base by redefining our business portfolio, (2) further accelerate manufacturing reforms by promoting automation and returning to domestic production, and (3) enhance manufacturing cost competitiveness by reorganizing and consolidating production bases.

In the area of “growth,” we will take on the following challenges: (1) Evolution of the DX business by expanding into the IoT platform service business, (2) Expansion of new products and new sales channels for the post COVID-19 era, and (3) Improvement of capital efficiency and ROE with an awareness of capital costs.

We will further evolve sustainability management and ESG based on “change” to strengthen the earnings base of existing business and “growth” to expand growth business by creating new products and new business.
Under VISION 2023, we will strengthen our revenue base through structural reforms (“Change”), expand growth business by expanding new products and sales channels and creating new business (“Growth”), and pursue initiatives that combine “profitable growth” with “solving social issues on a global scale” (sustainability management and ESG evolution).

Change

We will redefine our business portfolio based on both the attractiveness of the market and our own profitability and capital efficiency. For business that needs to be addressed, we will consider profit improvement, withdrawal or downsizing through a drastic strategic review, and reconfigure our profit structure to focus on priority business and next-generation new business that can take advantage of our strengths and core competencies.

Redefine the Business Portfolio and Sustainably Enhance Corporate Value

Growth

New business of next generation
- Telematics service business
- IoT platform service business
- Next-generation optical device business

Priority business
- Mobility business (OEM factory-installed and dealer-installed products)
- Broadband wireless business
- Dashcams for automotive insurance

Business that needs to be addressed
- Consumer and professional camera business
- Projector and medical monitor business
- In-vehicle mechanical products and optical pickup business

Revenue base business
- Mobility business (aftermarket)
- Professional communications systems business
- Entertainment business

Growth

We are aggressively entering into areas adjacent to our existing business (new markets or new products) and new areas, aiming for a 25% revenue ratio in these two areas.

Telematics Service Business

We will expand the telematics service business by expanding the business area to include the dashcam business which boasts the top-class market share, the high-functioning dashcam service business that effectively utilizes communication-type dashcams, and the data service business as the IoT platform service business.

Sustainability management & evolution of ESG

In VISION 2023, we aim to enhance corporate value by further activating activities to promote sustainability management that focuses on both “profitable growth” and “solving social issues on a global scale.” In addition, we have formulated a new medium-term environmental plan linked to VISION 2023. We will comply with environmental laws and regulations in all of our products and business activities, and contribute to the realization of sustainable use and coexistence of energy, resources, and living things, which are assets of the Earth, including responses to climate change.

1. Change
2. Growth
3. Sustainability management & evolution of ESG
Cash flow over the cumulative three years of the VISION 2023 period, we plan to reduce the ratio of interest-bearing debts to equity (D/E ratio) to 1.0 or less at the end of FY 2023.

**Cash flow allocation**
Under VISION 2023 we will focus on generating cash flow and ensure an effective outflow of cash after making the use of funds clear.

As for inflows of cash, 80 billion yen is expected with cash of 10 billion yen resulting from the business and sale of assets selected from the perspective of capital efficiency, in addition to operating cash flow.

On the other hand, with regard to outflows of cash, we will make strategic investments, pay dividends, and repay interest-bearing debts within the limit of 20 billion yen, after excluding ordinary investments of 60 billion yen that are necessary to maintain the business. In particular, strategic investments are expected to include investments in growth business, development of technological platforms, structural reforms, business base reforms, and IT investments. In addition, by using cash flow and ROA* by business sector as key KPIs, we aim to improve the accuracy of investment judgment and post-investment budget and performance management.

**Toward permanent strengthening of business structure**
As a measure to strengthen our business structure, we had been implementing the “management reform through manufacturing reforms” across the Company since 2018, and have further expanded the scope of our management base reform activities since 2020. In addition, in FY 2020, we promoted the COVID-19 Emergency Measure (CEM) project as an urgent countermeasure based on the assumption of lower limit of sales risk due to the spread of COVID-19. In this project, all fixed costs, including inventories, capital investment, and development expenses, were reduced in order to thoroughly control outflows of cash. These measures produced results greater than expected at the beginning of the fiscal year. Some of these initiatives are related to the suspension or postponement of non-essential and non-urgent measures, however, others have led to the improvement of our management structure. We intend to continue those activities to get these structural reforms embraced deeply and promote the permanent transformation of our business structure.

**Return to shareholders**
One of the main pillars of our financial strategy is the stable distribution of profits to shareholders. At the same time, securing management resources for future growth is a top management priority. Accordingly, we will decide on dividend of surplus, etc. by considering our profitability and financial position comprehensively. Based on such policy, VISION 2023 plans to pay dividends with a target dividend payout ratio of 30%.

Meanwhile, in order to respond to future changes in the business environment, we will effectively utilize retained earnings to strengthen our financial structure, realize stable dividends on an ongoing basis, strengthen our management structure for future business development, and invest in growth areas.

<table>
<thead>
<tr>
<th>Numerical targets</th>
<th>Cash-in</th>
<th>Cash-out</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales revenue</strong></td>
<td>320 billion yen or more (FY 2023)</td>
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<td></td>
<td>273.6 billion yen (FY 2020)</td>
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<tr>
<td><strong>Core operating income</strong></td>
<td>12 billion yen or more (FY 2023)</td>
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<td></td>
<td>7.5 billion yen (FY 2020)</td>
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<tr>
<td><strong>Ratio of profit attributable to owners of the parent company (ROE)</strong></td>
<td>10% or more (FY 2023)</td>
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<td></td>
<td>3.6% (FY 2020)</td>
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<tr>
<td><strong>Consolidated dividend ratio</strong></td>
<td>approx. 30% (FY 2021-FY 2023)</td>
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<td></td>
<td>38.1% (FY 2020)</td>
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<tr>
<td><strong>Ratio of equity attributable to owners of the parent company to total assets</strong></td>
<td>30% or more (FY 2023)</td>
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<td></td>
<td>24.5% (FY 2020)</td>
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<tr>
<td><strong>Operating cash flow</strong></td>
<td>70 billion yen or more (cumulative total for FY 2021 to FY 2022)</td>
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<td>35.8 billion yen (FY 2020)</td>
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<tr>
<td><strong>Ratio of interest-bearing debts to equity (D/E ratio)</strong></td>
<td>1.0 or less (FY 2023)</td>
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<td></td>
<td>1.2 (FY 2020)</td>
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</table>

**Medium-Term Management Plan VISION 2023**
- Investment in growth business
- Technological platform development
- Structural reforms, business base reforms, IT investment, work style reforms, etc.
- SDGs
- Dividends/Interest-bearing debt repayment
- Others

80 billion yen*  
*Total for the three years from FY 2021 to FY 2023

**Basic policy**
- Allocate management resources in a timely and precise manner, with an awareness of the cost of capital and an emphasis on profitability and capital efficiency
- Reduce interest-bearing debts and financial expenses while equalizing repayments each fiscal year
Strategies to Enhance Corporate Value over the Medium to Long Term

At a Glance

We will aim to continuously enhance corporate value by redefining our business portfolio for “Change for Growth” from the perspective of market attractiveness (growth characteristics, etc.), profitability and capital efficiency of JVCKENWOOD.

<table>
<thead>
<tr>
<th>Outline of Business</th>
<th>Business, Business Units (BU), and Major Sales Channels</th>
<th>Medium-Term Management Plan VISION 2023</th>
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<tbody>
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<td>Mobility &amp; Telematics Services Sector</td>
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*1: Operating profit, net of other income, other expenses, foreign exchange losses (gains), and other primarily temporary factors
*3: For FYE3/2021, revenue from the Telematics Service Business of the former DX Business Division was added to that of the former Automotive Sector.
*4: For FYE3/2021, core operating income from the Telematics Service Business of the former DX Business Division was added to that of the former Automotive Sector.
Business Strategy

Mobility & Telematics Services Sector

Overview of segment

The Mobility & Telematics Services Sector is composed of three businesses: the OEM Business which provides products through automobile manufacturers and dealers, the Aftermarket Business which provides products through mass merchandisers and distributors, and the Telematics Service Business which deploys various solutions centered on communication-type dashcams via collaboration with service providers such as automotive insurance companies.

The OEM Business is carried out in two channels, namely the dealer-installed (dealer option) channel and the factory-installed (manufacturer option) channel. With respect to dealer-installed products, we continue to receive orders for large-scale projects, mainly from major Japanese automobile manufacturers. In addition to car navigation systems and display audio systems, orders are increasing in the in-vehicle optical-related field which includes dashcams and in-vehicle cameras with growing demand. With respect to factory-installed products, in-vehicle EMs*1, speakers, amplifiers, antennas and cable products are mainly developed and provided to automobile manufacturers in Japan, the United States, Europe and China. This is done mainly through JVCKENWOOD Hong Kong Holdings Limited and ASK Industries S.p.A which became subsidiaries in 2013 and 2015, respectively.

The Aftermarket Business is experiencing a shrinking trend in the conventional car audio market both in Japan and overseas. But we have secured a top-class position in the car navigation systems where we have utilized our strength. In Japan, where dashcams are becoming increasingly popular, we propose products that realize high performance, high reliability, and high-quality video recording by merging our in-vehicle technology and video/optical technology cultivated in the past, securing a top-class share in the market.

The Telematics Service Business is centered on sales of communication-type dashcams to the automobile insurance, ride-sharing and truck transportation industries based on knowledge of various technologies and insight into customer issues cultivated through global marketing. By disseminating telematics services to society, we contribute to solving various mobility-related issues of stakeholders, such as ensuring passenger safety, improving the quality of response by automotive insurance companies in the event of an accident, and improving management efficiency of trucking companies.

*1: Abbreviation of Electronics Manufacturing Service; a contract manufacturing service for electronic equipment.

In the Mobility & Telematics Services Sector, JVCKENWOOD aims to reach a business scale of 200 billion yen by FY 2023, the final year of the Medium-Term Management Plan VISION 2023, through restructuring of the business portfolio.

In OEM dealer-installed products, we will increase orders by proposing new products, in addition to the car navigation systems and dashcams for the mini and compact car market that is expected to remain firm in the domestic market. Orders including display audio systems for increasing Japanese automobile manufacturers will also be increased in the Southeast Asia market. As for factory-installed products, we will strengthen initiatives to increase sales through in-vehicle business involving eCall (vehicle emergency communication system) communications and acquisition of new customers in the European and Chinese markets by ASK.

In the Aftermarket Business, the conventional car audio market is experiencing a shrinking trend in both Japan and overseas. Nevertheless, we will work to increase sales of car navigation systems and dashcams by strengthening our approach to markets such as leasing and used car markets that have room for development. Furthermore, by introducing new products such as in-vehicle electronic appliances, air purifiers, sterilizers and deodorizers, we will work to maintain and expand the business scale.

In the Telematics Service Business, we will further expand business by globally expanding the high-functioning dashcam business, already highly recognized in the market, and expanding product lines. Furthermore, centering on communication-type dashcams, we will provide new telematics services by developing business for automotive insurance companies and data service business utilizing vehicle data.

Future initiatives

In the Mobility & Telematics Services Sector, JVCKENWOOD will work to maintain and expand the business scale by introducing new products such as in-vehicle electronic appliances, air purifiers, sterilizers and deodorizers, we will work to maintain and expand the business scale.

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Main products

- Car navigation system
- Dashcam
- In-vehicle amplifier/antenna/speaker

Medium-Term Management Plan VISION 2023

Future initiatives

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FY 2023 (FYE3/2024) Target: Adjacent and new field sales ratio of 30%

<table>
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<tbody>
<tr>
<td>88%</td>
<td>78%</td>
<td>22%</td>
</tr>
<tr>
<td>22%</td>
<td>22%</td>
<td>30%</td>
</tr>
</tbody>
</table>

Major themes for adjacent and new fields

- Telematics service business
- IoT platform service business
- Communication-type dashcams
- Electronic mirror dashcams
- In-vehicle electronics appliances

Priority strategy

Global telematics service market**2**

<table>
<thead>
<tr>
<th>Year</th>
<th>Market (millions unit)</th>
<th>CAGR<strong>3</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>2023</td>
<td>150</td>
<td>+9%</td>
</tr>
<tr>
<td>2025</td>
<td>200</td>
<td></td>
</tr>
<tr>
<td>2030</td>
<td>200</td>
<td></td>
</tr>
</tbody>
</table>

**2** Cumulative total number of vehicles (passenger cars and commercial vehicles) that have access to a variety of information services in real time via a communications system

**3** Abbreviation of Compound Average Growth Rate, meaning an annual average growth rate
We will expand the Telematics Service Business by extending the business domain to data service businesses, namely the dashcam device business which has achieved a top-class market share, the high-functioning dashcam service business which effectively makes use of communication-type dashcams with a scale of a cumulative total of one million units, and the IoT platform service business.

**Phase 1**

**Dashcam device business**

In the dashcam device business, we have acquired the top-class market share position in the dashcam market in Japan, achieving revenue of more than 30 billion yen company-wide (total for Aftermarket, OEM, DX business for automotive insurance companies, etc.) in FY 2020. We will continuously expand product lines and develop sales channels with the aim of further expanding the business.

Communication-type dashcams for automotive insurance companies are developed and supplied to automotive insurance companies, providing safety and security through their rapid response and driver assistance functions in emergency situations.

- **Gained top-class share in the dashcam market**
- **Communication-type dashcam for automotive insurance**
  - Providing safety and security with rapid response to emergencies and driver assistance functions

**JVCKENWOOD**

- Development and provision of devices and software
- Kitting service
- 360 degree recording dashcam
- Dual camera type dashcam
- Rearview dashcam

**Phase 2**

**High-functioning dashcam service business**

By cooperating with automobile manufacturers and automotive insurance companies, we will launch into the high-functioning dashcam service business which will allow seamless response through utilization of communication-type dashcams in case of an accident.

In addition, in line with these services, we will provide a comfortable in-vehicle space through in-vehicle Wi-Fi functions, allowing the use of in-vehicle devices without having to be concerned about communications charges.

**Development into a new IoT platform service business**

Besides the telematics services, we are working to develop a next-generation IoT platform service with multipurpose communication that can be enjoyed and that connects people, time and space. Our core technologies such as a low-latency codec, sound field localization, multi-camera synchronization and studio engineering will be put to full use to create a cloud-based next-generation communication space platform. The platform, for example, will allow music creators and artists, whether professional or amateur, to post music pieces on the cloud, have listeners listen to the music pieces and buy them, and be scouted by professionals. Online live performances connecting the real and the virtual can also be held. In addition, our unique and new IoT platform service business will be proposed by putting together company-wide management resources including each business sector, JVCKENWOOD Design Corporation, and JVCKENWOOD Victor Entertainment Corporation. The new business will provide virtual spaces in scenes of conferences, exhibitions and others.

**Phase 3**

**IoT platform service business**

By expanding the business domain to the data service business for Telematics Service Business expansion, we will launch the IoT platform service business integrated with the high-functioning dashcam service business.

Specifically, we will consider providing a road diagnosis service that diagnoses/analyzes the status of deterioration of roads and utility poles, and supports road route management as well as repair plans. A service for drivers that analyzes their emotions and physical conditions and supports their optimal driving is also considered.
Overview of segment

The Public Service Sector comprises the Communication Systems Business, which provides professional and amateur radio systems, and the Professional Systems Business, which offers imaging solutions, audio solutions, and healthcare.

The Communication Systems Business provides highly reliable professional digital radio systems to the public safety market (e.g., police, fire departments and ambulance services), the public service market (e.g., electricity, water, gas and transport) and the business industry market (e.g., hotels and retailers).

In the public safety market, EF Johnson Technologies, Inc., a group company in the U.S., furnishes total solutions comprised of professional radio systems and communications command and control consoles for North America, conforming to Project 25 (P25), which is a digital audio format, and these total solutions have garnered a high reputation in the market.

Similarly, In the public service market and the business industry market, the Communications Systems Business offers a range of solutions that link with face recognition security systems, leveraging broadband communications, and suspicious object detection systems for event venues as well as solutions to needs on the ground, such as in electricity, gas and water stations, and they are highly appreciated by customers.

The Professional Systems Business is developed and expanded by JVCKENWOOD Public & Industrial Systems Corporation, a group company (“JKPI”) to provide security systems and imaging security solutions, including face recognition systems, for a broad range of markets from education and public facilities to wholesalers/retailers, social infrastructure, and amusement, as well as to offer audio solutions, such as disaster prevention broadcasting systems for municipalities and conference hall systems.

The strength of JKPI lies in its total engineering system of professional radio systems and communications command and control consoles for municipalities and conference hall systems. The strength of JKPI lies in its total engineering system that plays the role of a one-stop shop to offer functions ranging from design to construction to maintenance and management, intended for solving customer problems.

In the healthcare field, in addition to high-precision medical image display monitors, as the main product category, that display mammography images and various types of radiographic medical images, the Professional Systems Business deploys its unique image and video processing technology and optical disc technology to provide Gazefinder, which assists in the diagnosis of autism spectrum disorders and early screening of dementia, and ExoCounter, an exosome measurement system that employs Blu-ray technology.

In body fluids, such as blood, saliva, and urine, *1 Vesicles about 50 to 100 nm in diameter secreted by many types of cells found in body fluids, such as blood, saliva, and urine.

Main products

- Professional radio system
- Security system
- Medical image display monitor

Future initiatives

In the Public Service Sector, JVCKENWOOD aims to strengthen its earnings power by enhancing productivity and achieve sales growth by expanding its business areas into growth markets.

The Communication Systems Business will strengthen its broadband solution business by making full use of the management resources of its current wireless business, including cooperation with other companies. At the same time, it will strive to expand the market share of its conventional narrow-band radio business and rebuild the profit basis in the professional radio system market, in which the broadband market is projected to grow in the medium to long term.

The Professional Systems Business will focus on expanding sales of network camera systems and launching the sensor business as well as engaging in sales expansion of imaging security solutions. Additionally, efforts will be made to grow business by putting AI body temperature stations and other merchandise for the pandemic and post-pandemic environments on the market and reinforce the earnings base through fixed cost reform. Furthermore, in the healthcare field, in addition to expanding sales of medical image display and pathological image display monitors, the Professional Systems Business will promote disposal services and expand sales through its early commercialization by utilizing a compact immunosassay device jointly, developed with Sysmex Corporation, and expanding sales of test cartridges.

**FY 2023 (FYE3/2024) Target: Adjacent and new field sales ratio of 11%**

**Priority strategy**

- **Broadband radio system**
- **Compact immunity measurement system, etc.**
- **AI body temperature measurement solution**

**Global professional communications systems market**

- **FY 2021 (FYE3/2022)**: 1000 billion JPY
- **FY 2022 (FYE3/2023)**: 1300 billion JPY
- **FY 2023 (FYE3/2024)**: 1700 billion JPY

*2: Abbreviation of Compound Average Growth Rate, meaning an annual average growth rate.

Data source: Company estimates based on various secondary data
Overview of segment

The Media Service Sector consists of the Media Business, which deals with products, including headphones and earphones, portable power stations and imaging devices, and the Entertainment Business, in which the group company JVC KENWOOD Victor Entertainment Corporation (“Victor Entertainment”) plays the core role.

In the Media Business, JVC KENWOOD runs four business units by utilizing three brand assets: KENWOOD, JVC, and Victor, and focuses on development of distinctive technologies and products, and a proposal-based business approach.

The Lifestyle Business Unit offers portable power sources that can be used outdoors and for disaster prevention applications. It also offers Bluetooth®-compatible headphones and earphones that deliver high-quality sound reproduction wirelessly and specialized headphones and earphones for specific purposes and applications, such as sports models and high-resolution models. While it offers audio systems, such as the Wood Cone series, which features wooden diaphragms, and sound packages, it has been employed broadly by broadcasting stations while expanding into the live sports broadcasting and live streaming markets.

The Imaging Device Business Unit focuses on external sales of D-ILA*1 reflective LCD panel devices, and is expanding sales for application to optical communications, where demand for use in 5G communications infrastructure is rapidly expanding, in addition to projector applications.

The Branding Business Unit has earned stable revenues and profits from royalties from licensing the JVC brand, primarily for television and audio products in overseas markets.

In the Entertainment Business, Victor Entertainment, as the core, is looking to strengthen its sound source business by seeking and nurturing new artists and expand and reinforce its non-music business, including live events.

In the Entertainment Business, in addition to strengthening the sound source business, primarily focusing on packages, JVC KENWOOD will strive to raise its market share in the music streaming business by stepping up the effort to nurture streaming artists. Additionally, an initiative is underway to strengthen its non-music business, such as live events and artist management.

Main products

- Headphones/Earphones
- Portable power station
- Music and video content

Future initiatives

In the Media Service Sector, JVC KENWOOD aims to improve its earnings base of its existing core businesses and expand its market share in growth markets.

The Lifestyle Business Unit will promote the provision and strengthening of lineups of wellbeing products, such as portable power supplies, solar panels, and sterilizers/deodorizers for the markets that help consumers enjoy safe, secure, and comfortable living, which are growth markets. Simultaneously, the BU will strengthen its proposals of strategic products, such as compact components, web conferencing devices, and smart headsets for stay-at-home demand that is expanding during the pandemic and remote work and telework that has taken root as workstyles in the new normal.

The Solution Business Unit will shift resources of professional video cameras to the remote camera-related market, where demand is growing. In the projector business, development resources will be concentrated on high value-added models that leverage D-ILA high-definition reflective LCD panel devices in an effort to strengthen the capability to earn profits.

The Imaging Device Business Unit is expanding the application of D-ILA high-definition reflective LCD panel devices into other fields, such as high-speed optical communication applications for 6G, and is working on new applications as the next-generation optical communication device business.

In the Entertainment Business, in addition to strengthening the sound source business, primarily focusing on packages, JVC KENWOOD will strive to raise its market share in the music streaming business by stepping up the effort to nurture streaming artists. Additionally, an initiative is underway to strengthen its non-music business, such as live events and artist management.

| FY 2023 (FYE3/2024) Target: Adjacent and new field sales ratio of 15% |
|-----------------------------|-----------------------------|-----------------------------|
| 9% | 12% | 15% |

Major themes for adjacent and new fields

- Next-generation optical communication device business
- Air purifier/sterilizer/deodorizer
- Portable power supply
- Remote camera system

Priority strategy

Application examples of reflective LCD panel D-ILA device

- Spatial light modulator (SLM)
- Wavelength selective switch (WSS)

Global WSS unit market

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<tr>
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<th>Unit (1,000 unit)</th>
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<td>100</td>
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<td>2021</td>
<td>200</td>
</tr>
<tr>
<td>2022</td>
<td>300</td>
</tr>
<tr>
<td>2023</td>
<td>400</td>
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CAGR = +12%

*1: Abbreviation of Compound Average Growth Rate, meaning an annual average growth rate.

Data source: Company estimates based on various secondary data.
JVCKENWOOD Integrated Report

**Strategies to Enhance Corporate Value over the Medium to Long Term**

**Technology Development Strategy**

Medium-Term Management Plan VISION2023

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Based on the JVCKENWOOD’s strengths in audio, visual, communications, and design management, we aim to provide sustainable value through technology that responds to people’s instincts and desires through research and technology development for the next generation.

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**Creating the future by connecting people, time and space through research, development and design**

The theme of our technology development strategy in the Medium-Term Management Plan VISION2023 is “Connecting people, time and space to create the future.” Based on our strengths in audio, visual, communications, and design management, we aim to provide sustainable value through research and technological development that focuses on the next generation and technology that responds to people’s instincts and desires. By adding design to the traditional research & development, we will provide new value through user experience value and co-creation from the customer’s perspective through our brands.

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**Establishment of the Perspective Creation Research Laboratory: A profitable laboratory**

In order to adapt and embrace change, the R&D Department was newly established as the Perspective Creation Research Laboratory to promote free and open-minded activities that always focus on the future 10 years ahead. The laboratory will conduct research on the key themes of solving social issues, increasing incubation, and upgrading intellectual property and skills, with the aim of becoming a profitable laboratory by creating new services.

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**Technology strategy**

**Creating value through Monozukuri**

In the area of manufacturing reform, JVCKENWOOD aims to integrate production bases to a scale that is commensurate with total production volume and man-hours by returning to domestic production and promoting the automation of production bases. In addition, by reviewing design process standards, we will minimize business-specific individual optimization and make efficient use of existing tools and equipment. At the same time, we will strengthen our efforts to integrate value engineering and cost reduction design through procurement reforms, and to build an ecosystem with partner suppliers. Based on these activities, we will transform the Company into a structure that can earn stable profits.

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**Strengthening business structure**

JVCKENWOOD is implementing company-wide management base reform activities to strengthen our business structure. In the fiscal year 2020, we rolled out the CEM Project as an emergency measure against the COVID-19, and promoted initiatives to reduce inventory levels and capital investments, as well as development investments (expenses), in anticipation of the lower limit of sales risks. In order to permanently strengthen our business structure in the fiscal year 2021 and beyond, we will establish these activities to strengthen our revenue base.

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**Manufacturing reforms**

Consolidate production bases to a scale commensurate with total production volume and man-hours, with a focus on promoting automation, returning to domestic production, and building a supplier ecosystem.

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**Optimize production technology, product manufacturing, and production bases**

- Improve technological capabilities through integrated management across business sectors
- Reduce fixed costs through efficient use of facilities
- Improve the mobility of human resources to keep management "fresh"

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**Creating value through Monozukuri**

**Strengthening business structure**

**Technology strategy**

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Strategies to Enhance Corporate Value over the Medium to Long Term

Personnel Measures, Corporate Culture Reforms, and Work Style Reforms

JVCKENWOOD is promoting strategic personnel measures, corporate culture reforms, and work style reforms to achieve one of its Management Principles “Investing in people to strengthen capabilities and push boundaries.”

Reform of human resources management

The Medium-Term Management Plan VISION 2023 emphasizes the importance of strategic personnel measures and corporate culture reforms by holding up “Building a corporate culture that adapts and embraces change” and “Investing in people to strengthen capabilities and push boundaries” in its three Management Principles. Based on this thinking, as strategic personnel measures, a human resources management (HRM) strategy will be pursued toward a new normal era. Regarding recruitment in the strategy, JVCKENWOOD will pursue an institutional reform that realizes diverse work styles and contributes to self-realization. In personnel allocation, the organization will be revitalized by rectifying the age distribution of employees and having personnel rotation, and measures for enhancing productivity will be carried out on the assumption of a personnel decrease in the future. On the other hand, a system for developing personnel abilities will be prepared to enable employees to demonstrate their skills to the maximum with an eye on diversification of career paths.

Additionally, revisions will also be made to the personnel system related to compensation, evaluation, etc. As a personnel system necessary to realize diversity in human resources, a system will be considered and adopted that can accommodate various needs including highly specialized jobs, shorter work days and shorter work hours. Based on trends in society, the Company will reorganize and shift to a compensation system that reflects the roles and achievements of its employees.

Corporate culture reforms by revising the action guidelines

In line with Management Principles renewed along with the formulation of the new Medium-Term Management Plan VISION 2023 announced in May 2021, JVCKENWOOD has set four values as new action guidelines (“4 Values”): “Change,” “Create,” “Earning power” and “Connect.” The 4 Values are what will become concrete rules and instructions for employees’ behavior to realize the Corporate Vision “Creating excitement and peace of mind for the people of the world” and the Management Principles and are essential for each employee to continue working in their workplaces, and they will lead to the creation of a corporate culture. The Company believes that employees will apply “What they can do,” “Whom they aspire to be,” and “Values” to various key words that will be created from the four values of “Change,” “Create,” “Earning power” and “Connect.” Then employees will be encouraged to think in their own ways and act in their own ways, resulting in a corporate culture being fostered, leading to “Change for Growth” as the main theme in VISION 2023.

Work style reforms

JVCKENWOOD will promote the realization of diverse and flexible work styles through the work style reforms. Specifically, teleworking will be promoted by establishing an efficient teleworking environment while accelerating digitization and shifting to electronic seals, with utilization of satellite offices and adopting hot desking are under consideration. In addition, short work hours will be expanded to full-time employees, a system for promoting second and concurrent jobs will be introduced, a super flex system will be adopted, and employees will be recruited on the condition that they are free from transfers that involve them moving homes. The Company will also advance a health management initiative that supports the activities of each employee.

Four approaches to workstyle reforms

Promoting telework

- Creating a more efficient telework environment
- Support for improving IT skills
- Labor management
- Promoting digitization and electronic stamps
- Eliminating single-employee assignments

Personal system (measures to support the new system)

- Expansion of shorter days and shorter working hours to full-time employees
- System for second and concurrent jobs
- Super Bas New
- Regional recruitment
- Hiring of remote workers (e.g., people with disabilities)

Promotion of health management

- Strengthening management education
- Measures to improve health literacy
- Visualization of current issues
- Effective utilization of stress check results
- Promoting collaborative health with health insurance associations

Linkage with office strategies

- Utilization of satellite offices
- Work at the nearest office
- Use of shared offices and rental offices
- Free address system

Optimization of human resources by utilizing Human Resource Management (HRM)
Foundation to Support Sustainable Growth
Sustainability Strategy

Toward sustainable growth

Based on its corporate vision, the JVCKENWOOD Group aims to continuously increase its corporate value and contribute to society by working to solve social issues through its business while building deep relationships of trust with all stakeholders involved in the Group.

Positioning and role of the Sustainability Management Office

JVCKENWOOD appointed a director in charge under the supervision of the Board of Directors and established the Sustainability Management Office under its umbrella. The Sustainability Management Office is responsible for implementing the company-wide sustainability promotion strategy and managing its progress.

Materiality of the JVCKENWOOD Group

In VISION 2023, we will further strengthen our efforts in sustainability management, which focuses on both “profitable growth” and “solving social issues on a global scale” as key themes. In promoting sustainability management, we have identified eight social issues: I. Society, II. Labor, III. Environment, IV. Quality, V. Economy, VI. Safety, VII. Governance, VIII. Value Creation.

For each of these eight social issue themes, we are identifying materiality and setting KPIs to manage the progress of our efforts to solve the issues, while taking into consideration the connection with VISION 2023.

Four steps to identify materiality

1. Determine social issues strongly related to business based on SDGs, and clarify them as sustainability strategy topics and sustainability effort topics in accordance with their relevance to the company's own business.
2. Establish sustainability effort topics and examine their connection with VISION 2023 to identify materiality.
4. Formulate KPIs for VISION 2023 to manage progress on materiality, establish qualitative and quantitative targets based on KPIs.

Process for identifying materiality

Key issues

I. Society
- Expand access to medical care
  - Create value with healthcare products & services
- Access to quality education
  - Create value by contributing to social issues of low birthrate and longevity

II. Labor
- Promote active roles for employees
  - Human resource development
  - Employee health management
  - Occupational safety and health
- Fair labor-management relations
  - Supply chain management
    - Prohibit child labor
    - Prohibit forced labor
    - Favour sustainable procurement
    - Respond to conflicts

III. Environment
- Conserve water resources
- Mitigate water substitution
- Conserve natural environment
- Promote biodiversity
- Reduce environmental impact
  - Proper management of chemical substances
  - Reduce wastewater and waste

IV. Quality
- Sustainable manufacturing
  - Identify and reduce the amount of waste
  - Conserve resources/energy in production processes
- Value creation with security products & services
- Value creation with telematics services

V. Economy
- Accelerate innovation
  - Create innovation through products and services
- Securing and safe community development
  - Create value with security products & services

VI. Safety
- Ensure safe and secure transportation systems
- Prevent traffic accidents
- Secure and safe community development
- Create value through telematics services

VII. Governance
- Initiatives for risk management
  - Corporate governance
- Code of conduct for compliance
  - Corporate culture and work style reforms
- Management and intellectual property
- Stakeholder partnership
- Collaborate with stakeholders (government/business partners/local communities)

VIII. Value Creation
- Initiatives for disaster prevention / mitigation
  - Develop environmental management systems
  - Initiatives for disaster prevention and mitigation
  - Create value with disease prevention and disaster mitigation products & services

III. Environment
- Conserve natural environment
  - Manage water utilization
  - Conserve resources / energy in production processes
- Identify and reduce the amount of plastic used
- Conserve natural environment
- Conserve water resources
  - Reduce wastewater and waste
- Conserve natural environment

Top Priority key issues

I. Society
- Prevent traffic accidents
  - Develop environmental management systems
- Corporate culture and work style reforms
- Address climate change
  - Reduce greenhouse gas emissions (Scope 1, 2, 3)
- Develop environmental management systems
- Initiatives for disaster prevention and mitigation
  - Create value with disaster prevention and disaster mitigation products & services

II. Labor
- Diversity & Inclusion
  - Promote active roles for women
- Fair labor-management relations

III. Environment
- Address climate change
  - Reduce greenhouse gas emissions (Scope 1, 2, 3)
- Develop environmental management systems
- Initiatives for disaster prevention and mitigation
  - Create value with disaster prevention and disaster mitigation products & services

IV. Quality
- Sustainable manufacturing
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VIII. Value Creation
- Initiatives for disaster prevention / mitigation
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Note: In April 2018, the JVCKENWOOD Group appointed a director in charge under the supervision of the Board of Directors and established the Sustainability Management Office under its umbrella in order to clarify and specify the roles and responsibilities of the director in charge and to ensure the sustainability management office manages the Group's sustainability strategy topics and sustainability effort topics in accordance with their relevance to the company's own business.
Foundation to Support Sustainable Growth

Sustainability Strategy

Materiality for the realization of profitable growth and the solution of social issues

The JVCKENWOOD Group has established indicators (KPIs) associated with each materiality and has been working on them in order to understand the status of efforts toward materiality and to make further improvements. In FY 2021, we will strive to further improve or maintain our performance based on the following KPIs.

### KPIs & Target Result

<table>
<thead>
<tr>
<th>No</th>
<th>Materiality</th>
<th>FY 2020</th>
<th>FY 2021</th>
<th>SDGs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Reduce greenhouse gas emissions (Scope 1+2), 18,908.0t CO2e (Emissions only, covering domestic business sites/production sites)</td>
<td>○</td>
<td>●</td>
<td>Reduce greenhouse gas emissions (Scope 1+2): Reduce by 25.2% by FY 2025 compared to FY 2019</td>
</tr>
<tr>
<td>2</td>
<td>Reduce greenhouse gas emissions (Scope 3)</td>
<td>○</td>
<td>●</td>
<td>Reduce greenhouse gas emissions (Scope 3): Reduce Scope 3 Calculation and reduction for categories 1, 2, and 11</td>
</tr>
<tr>
<td>3</td>
<td>Manage water use</td>
<td>○</td>
<td>●</td>
<td>Manage water consumption: 6% reduction from FY 2019 level by FY 2025</td>
</tr>
<tr>
<td>4</td>
<td>Reduce wastewater and waste</td>
<td>○</td>
<td>●</td>
<td>Improve waste recycling rate: 90% or more recycling rate by FY 2025</td>
</tr>
<tr>
<td>5</td>
<td>Identify and reduce the amount of plastic used</td>
<td>○</td>
<td>●</td>
<td>Reduce the amount of plastic used</td>
</tr>
<tr>
<td>6</td>
<td>Prohibit forced labor and child labor</td>
<td>○</td>
<td>●</td>
<td>Conducted human rights due diligence activities</td>
</tr>
<tr>
<td>7</td>
<td>Promoting active roles for women</td>
<td>○</td>
<td>●</td>
<td>Ratio of women in executive positions: 5.0% or more</td>
</tr>
<tr>
<td>8</td>
<td>Product quality &amp; safety</td>
<td>○</td>
<td>●</td>
<td>Number of recalls and response costs: Maintain 0 cases/0 yen</td>
</tr>
<tr>
<td>9</td>
<td>Corporate governance</td>
<td>○</td>
<td>●</td>
<td>Evaluation of the effectiveness of the Board of Directors: Conducted once a year</td>
</tr>
<tr>
<td>10</td>
<td>Information security</td>
<td>○</td>
<td>●</td>
<td>IT security training attendance rate: 92% or higher</td>
</tr>
<tr>
<td>11</td>
<td>Create value through mobility products &amp; services</td>
<td>○</td>
<td>●</td>
<td>Expansion of market share in the navigation market</td>
</tr>
<tr>
<td>12</td>
<td>Create value with disaster prevention and disaster mitigation products &amp; services</td>
<td>○</td>
<td>●</td>
<td>Market development of dashcams equipped with new functions:</td>
</tr>
<tr>
<td>13</td>
<td>Create value with security products &amp; services</td>
<td>○</td>
<td>●</td>
<td>Solve customer issues through image analysis and introduce products and systems that address the risk of COVID-19 infection</td>
</tr>
<tr>
<td>14</td>
<td>Create value through telematics services</td>
<td>○</td>
<td>●</td>
<td>Introduce telematics services</td>
</tr>
<tr>
<td>15</td>
<td>Accelerate innovation</td>
<td>○</td>
<td>●</td>
<td>Develop new genre products</td>
</tr>
<tr>
<td>16</td>
<td>Manage/Utilize intellectual property</td>
<td>○</td>
<td>●</td>
<td>The number of patent applications related to SDGs 3 (Good health and well-being), 9 (Industry, innovation, and infrastructure), and 11 (Sustainable cities and communities) will account for at least 10% of all patent applications.</td>
</tr>
<tr>
<td>17</td>
<td>Collaborate with stakeholders</td>
<td>○</td>
<td>●</td>
<td>Succeeded in constructing social implementation platform inside and outside the university to continuously create innovation through industry-government-academia collaboration</td>
</tr>
</tbody>
</table>

*SDGs: Sustainable Development Goals

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**Contribution to SDGs through business activities**

### 1 Prevention of traffic accidents and global warming

JVCKENWOOD’s car navigation systems are equipped with functions such as reverse driving, which warns the driver in real time when driving in reverse, and stop sign display, which informs the driver of intersections with stop sign information. It is also equipped with safety and security features such as a virtual room mirror that ensures a clear view of the rear of the vehicle in conjunction with a dashcam, contributing to the prevention of traffic accidents. In addition to easing traffic congestion through linkage with Intelligent Transport System (ITS) via ETCS 2.0 on-board equipment, there is also a driving support function that reduces unnecessary acceleration and deceleration by receiving information on traffic congestion, weather, and disasters, and My Route Adjuster that allows the driver to freely set the route to the destination under various conditions such as toll priority, road width priority, and signal consideration. These features enable eco-driving without wasting fuel and reduce greenhouse gases emitted by the car.

**Linking car navigation systems and peripheral devices to help prevent traffic accidents and reduce greenhouse gas emissions**

**Contribution to global warming**

- **Reduce greenhouse gas emissions**
  - By implementing a social implementation project in collaboration with industry, government, and academia, planned to address social issues caused by COVID-19

**Contribution to disaster prevention and mitigation**

- **Function that contribute to the prevention of traffic accidents**
  - “Reverse driving warning”
  - “Stop sign display”
  - “Zone 30 area display”

**Creating a safe and secure community**

As global urbanization progresses and the disparity between the rich and the poor widens, the risk of crime occurring is increasing, and there is a growing need for security systems to prevent and monitor crime in order to create a safe and secure city. JVCKENWOOD is developing security systems such as security and surveillance cameras that utilize its strengths in audio, visual, and communication technologies. In addition, the intelligent video analysis system contributes to the improvement of safety in public transportation by detecting marooning, falling off station platforms, and detecting human characteristics. Through these systems, we hope to deter crime and contribute to the creation of a safe living environment.

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*SELFEEL® is a registered trademark of Nichirin Chemical Co., Ltd.*
Environment

Our approach to the environment

In conducting business activities, developing products and providing services, the JVCKENWOOD Group continually strives to keep the environmental impact to a minimum. In place of the Eco Promotion Plan 2020, which we had promoted so far, we newly established the Policy for Environmental Vision and the Basic Environmental Policies in FY 2021.

Policy for environmental vision

Through the creation of products and services based on advanced technologies and through environmental activities, the JVCKENWOOD Group, together with all stakeholders, protects the global environment and contributes to the realization of a healthy and sustainable society not only today but towards the future.

Basic environmental policies (UK Green 2025)

Based on the Policy for Environmental Vision, the JVCKENWOOD Group complies with environmental laws and regulations in all of its products and business activities, and contributes to the sustainable use of, and co-existence with, energy, resources and the biosphere, which are the assets of the earth. To achieve this goal, we establish and implement goals focusing on the following four important environmental items.

Addressing climate change

The JVCKENWOOD Group is implementing various energy-saving initiatives set out under its Basic Environmental Policies. In 2019, we participated in the Ministry of the Environment’s program designed to support companies that use internal carbon pricing and started efforts to raise in-house awareness about the environmental cost of carbon.

We have set a long-term global carbon reduction target, aiming to reduce Scope 1 + Scope 2 CO2 emissions by 25.2% against FY 2019 emissions through FY 2025 in order to achieve carbon neutrality by 2050. As the Scope 3 target, we are also working to calculate CO2 emissions under Scope 3 on a global basis and to reduce CO2 emissions associated with our business activities.

As part of our initiatives aimed at achieving this target, we have been monitoring power consumption at business centers, upgrading production/air-conditioning equipment to high-efficiency models, introducing LED lighting, and promoting environmental education among employees.

As a member of the Japan Electronics and Information Technology Industries Association (JEITA), we have joined Keidanren (the Japan Business Federation) in its Commitment to a Low Carbon Society and have been working to not only reduce total CO2 emissions but also improve energy intensity.

Organizational structure for addressing climate change

The JVCKENWOOD Group recognizes that addressing climate change is one of the important issues in its sustainability promotion strategy. We set up the Sustainability Management Office that is overseen by one of our corporate officers (a director since June 2021), who reports to the Board of Directors, in order to swiftly implement our Sustainability Management Strategy, which addresses climate change among other things.

The Sustainability Management Office is responsible for coordinating the implementation of company-wide climate change initiatives and progress management. It works with relevant departments to periodically review material issues and key performance indicators (KPIs), study and collect information about the potential effects of climate change on our operations, and enhance the disclosure of sustainability-related information.

In addition, the Sustainability Management Office actively communicates with relevant departments and sections and takes the lead in efforts to make sustainability part of our business operations, all with an eye to fostering awareness and understanding of climate change issues within the Group.

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Approach to initiatives in reducing CO2 emissions
At the JVCKENWOOD Group, we are gathering relevant information, including the Task Force on Climate-related Financial Information Disclosure (TCFD) and science-based targets (SBT), and engaging in in-depth discussions on setting targets in addressing climate change. We will continue to implement measures as necessary to ensure the appropriate setting and management of targets as well as disclosure of information.

Scopes 1 + 2
Total CO2 emissions from the entire JVCKENWOOD Group (Scopes 1 and 2) have been in a general downtrend over the past six years. In FY 2020, our CO2 emissions fell to 39,904 tons, well below the target of 69,000 tons.

Scope 3
We calculate indirect CO2 emissions from various processes of corporate activities, from raw material procurement to manufacturing, transportation, use and disposal. Actual emissions are calculated based on the Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain published by the Ministry of the Environment and the Ministry of Economy, Trade and Industry. Going forward, we will continue working to cut CO2 emissions by reducing the number of parts per product and developing power-saving products.

Waste reduction
Aiming at a recycling rate of 90% by FY 2025 on a global basis, the JVCKENWOOD Group is actively engaged in waste reduction, diligently disassembling and sorting waste generated in the production processes and reusing it within the company or turning it into valuables. As a result, the Group’s business in Japan has achieved a recycling rate of 99.7%. Going forward, we will continue to further reduce waste generation and promote recycling to achieve zero emissions by expanding efforts for 3R+ (Reduce, Reuse, Recycle, and Reinvent).

Management of water utilization
Ascertaining water risks for corporate business activities and taking suitable countermeasures are growing in significance. The JVCKENWOOD Group has been working to reduce its water usage, and, as a result, water intake at production bases has been on a downtrend. As there is concern about global water shortage in the future, we are aiming to reduce water use by 6% from the FY 2019 level by FY 2025. The JVCKENWOOD Group also continues endeavoring to ensure as far as possible that the water used and the wastewater generated in its business activities become reusable water resources.

Effective use of resources

Environmental conservation and management
Proper management of chemical substances
At the JVCKENWOOD Group, we recognize that we should ensure proper management of chemical substances contained in products in the processes of both procurement and business activities and comply with expanding regulations.

Therefore, believe that it is particularly important to share information on chemical substances contained in products in the supply chain. The JVCKENWOOD Group was involved from the beginning in the establishment and introduction of chemiSHERPA, an information-sharing scheme led by the Ministry of Economy, Trade and Industry, and has been making active efforts to facilitate the sharing of information on chemical substances contained in products across the private sector.

In addition, it is responsible as a global corporation for minimizing the impact of chemical substances on people and ecosystems by properly managing chemical substances. Therefore, by defining environmental management substances based on the internal criteria, we work to monitor and control the use of toxic chemicals, look for alternative chemicals, and review and improve the working environment. These efforts also involve our suppliers.

Preservation of biodiversity

With the deterioration of the habitat environment of living creatures and the destruction of ecosystems becoming increasingly serious concerns, more effective and rapid efforts to realize a world where people can live in co-existence with nature are needed. The strengthening of frameworks for biodiversity preservation both inside and outside Japan, including the Aichi Targets adopted by COP10 in 2010 and the Biodiversity National Strategy 2012-2020, has given companies an increasingly significant role, and systematic efforts are required to ensure that business activities are considerate of biodiversity and to preserve biodiversity.

Against this backdrop, the JVCKENWOOD Group has identified preservation of biodiversity as one of the four important environmental items in its Basic Environmental Policies. Based on these policies, we will actively promote activities aimed at the realization of the Basic Environmental Policies at each stage of the life cycle of our and the supply chain’s products and services, and contribute to the realization of a sustainable society and the preservation of biodiversity.

Development of environmentally friendly products

The JVCKENWOOD Group recognizes that it is responsible as a manufacturer for reducing environmental loads caused by the production, sale, and use of its products. At present, we focus our efforts on displaying the J-Moss green mark and reducing packaging materials to more environmentally friendly materials.

JVCKENWOOD has changed the packaging of Gumy Wireless HA-FX9BT headphones, launched in the Americas and Europe in May 2019, from blister packaging (made of plastics) to a paper box. While our FY 2020 target aimed to reduce plastic use in this product by 11.6 tons via a shift to paper packaging, we were able to cut plastic consumption by 11.9 tons due to an increase in shipment volumes. This packaging change has enabled the company to reduce its annual plastic consumption and mitigate environmental loads in Europe, where plastic waste regulations have been recently tightened, and in Canada, where single-use plastics will soon be banned.
HUMAN RIGHTS INITIATIVES

The JVCKENWOOD Group respects the human rights of all stakeholders who are concerned with its business activities and supply chain. The Guiding Principles on Business and Human Rights were issued by the United Nations Human Rights Council in 2011 against a backdrop of growing concern over the impact of globalizing corporate operations on human rights. They provide steps that a business should take to prevent or mitigate the negative impacts on human rights that could happen within its business operations and supply chains. In addition, the Government of Japan launched Japan’s National Action Plan (NAP) on Business and Human Rights (2020-2025) for promoting respect for human rights in the context of business activities in October 2020. To be in line with the principles and NAP, the Group established the JVCKENWOOD Group Human Rights Policy to clearly express its commitment to respect human rights in its business operations. In accordance with the established policy, we will continue to promote activities to respect human rights within its business operations.

For the JVCKENWOOD Group Human Rights Policy, please see: https://www.jvckenwood.com/content/dam/pdf/210126_JVCKENWOOD_Group_Human_Rights_Policy_en.pdf

PRINCIPLES OF BUSINESS AND HUMAN RIGHTS

The JVCKENWOOD Group recognizes that constructing a sustainable supply chain is the key to realizing not only company growth but also a sustainable society. Based on this recognition, the Group established the JVCKENWOOD Group Procurement Policy in October 2018 in pursuit of sustainable procurement via its comprehensive supply chain including suppliers. In addition, the Group established the JVCKENWOOD CSR Procurement Guidelines in 2017 (revised in 2020) in compliance with the code of conduct set out by the Japan Electronics and Information Technology Industries Association (JEITA). We aim to contribute to the development of a sustainable society by promoting effective sustainability procurement through the implementation of the guidelines. In March 2021, we sent a self-assessment questionnaire sheet (SAQ) to all of our suppliers, and over 90% of our major suppliers responded.

DIVERSITY & INCLUSION

Our approach to diversity & inclusion

JVCKENWOOD recognizes the Promotion of Diversity & Inclusion as a key initiative. In order for us to make a further leap forward, it is essential that all employees exercise their skills to the maximum in their respective positions. We believe that the organization will be revitalized and performance will be improved by realizing an organization that empowers employees with diverse backgrounds, including race, nationality, religion, culture, disability, work style, age, gender, sexual orientation, and gender identity, and enhancing the engagement of each and every employee. As part of these efforts, we have set a target of increasing the ratio of female executives to 8.0% in FY 2025, as shown below. As a result of providing stratified training for female staff and training for executives, the ratio of female executives rose from 2.1% in FY 2015 to 5.0% in April 2021. We will continue striving to foster an organizational climate that respects diversity whereby we aim to create innovation and contribute to a sustainable society through business activities.

Promoting sustainability procurement

The JVCKENWOOD Group recognizes that constructing a sustainable supply chain is the key to realizing not only company growth but also a sustainable society. Based on this recognition, the Group established the JVCKENWOOD Group Procurement Policy in October 2018 in pursuit of sustainable procurement via its comprehensive supply chain including suppliers. In addition, the Group established the JVCKENWOOD CSR Procurement Guidelines in 2017 (revised in 2020) in compliance with the code of conduct set out by the Japan Electronics and Information Technology Industries Association (JEITA). We aim to contribute to the development of a sustainable society by promoting effective sustainability procurement through the implementation of the guidelines. In March 2021, we sent a self-assessment questionnaire sheet (SAQ) to all of our suppliers, and over 90% of our major suppliers responded.

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Product quality & safety

Basic policy on product quality and safety

The JVCKENWOOD Group has set out the quality policies, the Basic Policy on Product Safety, and the Basic Policy on Product Security. Based on them, the Group has been working to improve product quality and safety across its supply chains, in all activities from procurement to sales, and has also been active in after-sales customer support.

Initiatives to improve product quality and safety

The JVCKENWOOD Group has established a company-wide quality management system based on its quality policies. We are making group-wide efforts that include resolving quality issues through collaboration between business units and relevant departments as well as taking expert approaches to product quality improvement at every step, from design and procurement to manufacturing. We see people who engage in product quality work as the key to improving quality. The Group has established guidelines for employees about the quality-related knowledge and skills they need depending on the type of job they do as well as their experience and position, and regularly provides education and training in line with those guidelines. We are also striving to reduce product safety risks and promptly implement improvements in collaboration with the Head Office’s product safety management department and other relevant in-house departments.

2019 2020 2021 2022 2023 2024 2025

Achievement Plan

Ratio of female executives (%)
Overview of the corporate governance system

1. Reasons for adopting an Executive Officer System with the organizational structure of a company with an Audit & Supervisory Board as a corporate governance system

JVCKENWOOD believes that the most efficient way to embody its corporate governance principles of “separation of management from the execution of businesses,” “appointment of External Directors and External Audit & Supervisory Board Members” and “improvement of the function of checking by establishing an Internal Audit Division” is to introduce an executive officer system along with the organizational structure of a company with an Audit & Supervisory Board. This would enable institutions within the Company to collaborate with each other. Therefore, we have established the following management structure.

2. Matters concerning the Board of Directors

Since June 2016, JVCKENWOOD has appointed an Independent Executive Director independent from and neutral to the management of the Company as the Chairman of the Board of Directors and established a place for active exchange of opinions with discussions at meetings of the Board of Directors. As of June 25, 2021, Mr. NAWA Shinjiro, who serves as an External Director of the Board, chairs the Board of Directors. The Chairman of the Board determines agendas for a meeting of the Board of Directors through prior consultation with the Chief Executive Officer (CEO), the Executive Officer in charge of Administrative Division and any other relevant persons. In addition, the Chief Executive Officer (CEO) is responsible for convening meetings of the Board of Directors and preparing minutes of meetings of the Board of Directors, etc. as the Representative Director of the Board.

3. Matters concerning the Audit & Supervisory Board

JVCKENWOOD adopts a company with an Audit & Supervisory Board framework as its organizational structure. Audit & Supervisory Board Members are responsible for the corporate audit function and their duties include attending Board of Directors’ meetings and other important meetings, as well as holding Audit & Supervisory Board meetings, auditing the execution of Directors’ duties, the business execution of the entire Group and corporate accounting. The Audit & Supervisory Board holds a meeting once a month, and any extra meetings as needed from time to time.

4. Matters concerning the Nomination and Remuneration Advisory Committee

JVCKENWOOD established the Nomination and Remuneration Advisory Committee, for which all of its External Directors serve as committee members, in December 2015, with the aim of strengthening the independence and objectivity of the functions of the Board of Directors. In addition, in April 2019, the Company added the Chief Executive Officer (CEO) to committee members of the Nomination and Remuneration Advisory Committee in order to share accurate internal information in a timely manner and to improve the effectiveness of the Nomination and Remuneration Advisory Committee. The Nomination and Remuneration Advisory Committee has made proposals to the Board of Directors regarding candidate representatives of the Company, and reviewed the appropriateness of corporate officer candidates and corporate officer’s remuneration plans proposed by the representatives and others, and reported its opinions. The Board of Directors has determined corporate officer candidates and corporate officer’s remuneration, taking into consideration the opinions stated by the Nomination and Remuneration Advisory Committee.

5. Matters concerning executive officer system

The Board of Directors, in order to lead the Company’s initiatives in corporate reform and governance, is chaired by an External Director, holds discussions between External Directors as independent officers and Directors concurrently serving as Executive Officers to make highly transparent decisions, and entrusts the business execution to Executive Officers. In accordance with decisions made at meetings of the Board of Directors, the Chief Executive Officer (CEO), serving as the Chairman, takes the lead in the Executive Officers Committee’s meetings. Each of the Executive Officers is in charge of the three sectors (the Mobility & Telematics Services Sector, Public Service Sector, and Media Service Sector) and serves as a General Executive of a division belonging to any of these sectors while being in charge of the DX (Digitalization) Business Division, which continues growing in the other sector, and assumes responsibility for the overall operations of all business in the four regions (the Americas, EMEA (Europe, Middle East, and Africa), APAC (Asia Pacific), and China) as CCO or representative, and thus their responsibilities are clarified in both businesses and regions. Furthermore, we introduced an execution system under which each Executive Officer is appointed to the positions of CFO (Chief Financial Officer) or CTO (Chief Technology Officer) or in charge of each corporate division to support the CEO, and performs their duties.

Actions to improve the effectiveness of the Board of Directors

1. Overview of evaluation on effectiveness

Upon evaluation on effectiveness of the Board of Directors carried out in January 2021, individual interviews with each Director and Audit & Supervisory Board Member were conducted in addition to their self-evaluations in order to improve the quality of the evaluation while ensuring consistency.

<table>
<thead>
<tr>
<th>Persons subject to evaluation</th>
<th>Directors and Audit &amp; Supervisory Board Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>Evaluation method</td>
<td>Persons subject to evaluation draft their answers to the “Self-Evaluation Questionnaire” and are interviewed individually by a third-party organization. The answers and contents of the interviews are compiled and analyzed by the third-party organization.</td>
</tr>
<tr>
<td>Content of the Self-Evaluation and Questionnaire</td>
<td>Proposed evaluation items were created in light of the appropriate roles of the Board of Directors of the Company and its function in the corporation. Then the questionnaire was prepared by the third-party organization, with consideration given to the opinions of an outside expert, which is a third-party organization, and based on the analysis and consideration of factors such as the internal and external environment surrounding the Company.</td>
</tr>
</tbody>
</table>

2. Results of evaluation on effectiveness and measures taken against issues

It is concluded that JVCKENWOOD as a whole has achieved a satisfactory level of effectiveness. The Directors and Audit & Supervisory Board Members, both internal and external, were well aware of issues of the Board of Directors, management and other aspects of the Company from their respective perspectives. Judging from their evaluations and comments on individual questions of the questionnaire, multiple Directors and Audit & Supervisory Board Members shared the same awareness of issues. However, the trends of scores they gave were not necessarily identical. The Company has taken the following measures against the issues found in the past.

Issues found upon evaluation on effectiveness of the Board of Directors

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Training for officers</th>
<th>Practical and in-depth discussion</th>
<th>Diversity</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2018 (the 4th evaluation)</td>
<td>▶ Lack of opportunities to train officers</td>
<td>▶ Reflect progress and degree of achievement of the Medium-Term Management Plan and the analysis of factors of failure to achieve the Medium-Term Management Plan to modification of the plan</td>
<td>▶ Commitment to diversity needs to be improved</td>
</tr>
<tr>
<td>FY 2019 (the 5th evaluation)</td>
<td>▶ Provide opportunities to train officers</td>
<td>▶ Lack of deliberation time due to an environment that allows active discussion</td>
<td>▶ Commitment to diversity needs to be improved</td>
</tr>
<tr>
<td>FY 2020 (the 6th evaluation)</td>
<td>▶ Conduct classroom training twice within the fiscal year</td>
<td>▶ Clarify issues and points to be discussed</td>
<td>▶ Commitment to diversity needs to be improved</td>
</tr>
<tr>
<td>Measures in and after FY 2021</td>
<td>▶ Discuss and select a training program for the year at meetings of the Board of Directors</td>
<td>▶ Secure time for practical and in-depth discussion</td>
<td>▶ Commitment to diversity needs to be improved</td>
</tr>
</tbody>
</table>

*Introduction of training programs
• Establish a training program to train officers
• Conduct classroom training twice within the fiscal year
• On the Medium-Term Management Plan
• On the success plan
- Utilize off-site meetings
- Review and narrow down reporting methods
- Reconsider how to hold a discussion in meetings
- Provide information for discussion
- Elect female Directors
- Team success with consideration for diversity
- Disclose skills matrix
Issues found upon evaluation on effectiveness of the Board of Directors

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Training of successors</th>
<th>Evaluation of investment projects</th>
<th>New issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2018 (the 4th evaluation)</td>
<td><em>The Nomination and Remuneration Advisory Committee functions appropriately. Consider introduction of medium- and long-term incentive remuneration. Degree of completion, analysis of factors of failure to complete the project, and frequency of reporting those factors need to be improved.</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY 2019 (the 5th evaluation)</td>
<td>Establish a succession plan for Directors and train prospective Directors. Establish and implement a set of plans for evaluation, discovery, recruitment and development of human resources. Conduct a P&amp;L* report of investment projects periodically.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY 2020 (the 6th evaluation)</td>
<td>Conduct interviews with management officers and Executive Officers at the Nomination and Remuneration Advisory Committee and consider successors. Conduct a P&amp;L report of investment projects periodically.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Corporate officer’s remuneration

How to determine the amount of remuneration of Directors of the Company is specified in internal regulations set by the Board of Directors upon obtaining the opinions of the Nomination and Remuneration Advisory Committee. In conjunction with establishment of our Medium-Term Management Plan VISION 2023, JVCKENWOOD reviews its corporate officer’s remuneration structure and clarifies a breakdown of the remuneration which consists of the following three tiers: fixed remuneration, short-term incentive (“STI”*1) and medium- and long-term incentive (“LTI”*2).

Outline of the new corporate officer’s remuneration system

<table>
<thead>
<tr>
<th>Remuneration Structure</th>
<th>(1) Fixed remuneration and (2) STI are paid up to or less than the maximum amount of remuneration for Directors (442 million yen per year). (3) LTI is paid separately.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Fixed remuneration</td>
<td>The amount of remuneration specified in internal regulations for each position (such as President, Deputy President, Senior Managing Executive Officer and Managing Executive Officer) as well as job title (such as authority of representation, Chairman of the Board of Directors, and the Nomination and Remuneration Advisory Committee Member). Fixed remuneration is paid in cash monthly.</td>
</tr>
<tr>
<td>(2) Short-term incentive</td>
<td>Short-term incentive is paid as a bonus in order to reflect the business performance of the then-current fiscal year in the then-current fiscal year. The base amount for calculation of the short-term incentive shall be a certain amount calculated based on the amount of monthly remuneration. In conjunction with the annual business performance (such as profit and capital efficiency indicators), the amount of short-term incentive is determined and paid in cash within the range from 0% (no payment) to 200% (double the base amount for calculation) of the base amount for calculation.</td>
</tr>
<tr>
<td>(3) Medium- and long-term incentive</td>
<td>A stock issuance trust system is adopted. Shares will be issued upon resignation of the officer. Shares (points) are granted stably by determining the number of points to be granted for each position and job title. Payment of the medium- and long-term incentive is triggered by an increase in stock prices and points to be granted will not increase based on business performance.</td>
</tr>
</tbody>
</table>

Remarks

*STI is not paid to External Directors and Directors not serving concurrently as Executive Officers. The ratio of fixed remuneration, STI and LTI will be determined by the Board of Directors within the range from 73:15:10 to 63:8:7.

Corporate Governance

How to determine the amount of remuneration of Directors of the Company is specified in internal regulations set by the Board of Directors upon obtaining the opinions of the Nomination and Remuneration Advisory Committee. In conjunction with establishment of our Medium-Term Management Plan VISION 2023, JVCKENWOOD reviews its corporate officer’s remuneration structure and clarifies a breakdown of the remuneration which consists of the following three tiers: fixed remuneration, short-term incentive (“STI”*1) and medium- and long-term incentive (“LTI”*2).

Operating the Board of Directors with an open and positive atmosphere to support the achievement of the Medium-Term Management Plan VISION 2023.

IWATA Shinjiro

In June 2017, I was appointed as an External Director of the Company. This was just at a time when there was an atmosphere in the Company to change itself for growth, and in particular, the Nomination and Remuneration Advisory Committee was already making contributions to the process for appointing the next candidate for leadership. I later became Chairman of the Nomination and Remuneration Advisory Committee, and invited our President to join the committee as a member. While always keeping practical execution in mind, I proceeded with various discussions to establish systems as target ideals for the state of executive compensation and the procedures for appointing leadership candidates.

As an External Director, I also provided advice in various forms to change its profit structure. One example of this was sharing information on various standards from around the world according to my own experience from a global point of view, to offer suggestions on concepts for the optimal state of selling, general and administrative expenses and development expenses according to the nature and scale of business, such as whether they are involved in selling goods or providing services. I also introduced external experts, allowing “management reforms through manufacturing reform” to proceed, and concepts and activities such as “phase gate reform,” “total cost reform,” and “business processes and IT reform” to take root. The progress of these transformations has now taken on a different shape and is being carried over to the basic strategy of “Change for Growth” in the Medium-Term Management Plan VISION 2023 which was started from this fiscal year.

When formulating this medium-term management plan, the members of the Board of Directors, including External Directors like myself, confirmed its general direction from an early stage and offered our advice, but it is actually being brought into shape by front-line members who are putting it into action at work sites with the CEO at its center. As a result, I believe we have successfully created motivation for each employee in the field to work on it with enthusiasm and the real feeling of “This is my plan,” where each person considers it to be something they created by themselves. Since measures for the implementation of plans begin from the day after they are created, I think this is also important in the sense that it allows personnel to immediately begin discussions toward its execution. Additionally, the element of its target state which has been given the highest level of attention is our business portfolio. We must create a portfolio that can survive for the next five to ten years, and from that standpoint it is our intention for new business and adjacent business to make up 25% of the total, which we believe is a good way of establishing our initial momentum. The Company creates outstanding products in the three business sectors we are involved in, with a huge number of diligent, hard-working employees. If we can fully apply our strengths and support its open atmosphere so that people who work earnestly can produce positive output, we believe it will definitely be possible to realize our plan.

While working to achieve our current plan, an essential element in building the future of the Company will be the promotion of DX. We will need management personnel who understand the data-driven business of DX, so while considering steps such as recruiting External Directors who possess such skills, it will also be necessary to provide future opportunities for executive personnel even within the company to obtain DX-related expertise and knowledge. We furthermore consider it important to promote education on DX even to levels below management in order to actively utilize IT and AI in each business, while having employees accumulate cross-business experience through personnel rotation to train and develop the next management class.

We can say that after achieving the core operating income ratio target of this medium-term management plan, we can first become a normal company. We must go through the steps of first becoming a normal company and then advancing to become a super company. In that sense, I believe the next three years will be a very important time for us.

In June 2021, I was transferred from the position of Chairman of the Nomination and Remuneration Advisory Committee and appointed as Chairman of the Board of Directors. While constantly keeping in mind the goal I believe to be most important, which is the operation of the Board of Directors in an open and positive atmosphere that encourages members to voice their opinions and hold thorough discussions, I intend to provide support in various forms so that the Company can succeed at “Creating exciting and peace of mind for the people of the world” through its strategy of “Change for Growth.”
## Directors of the Board

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Career</th>
</tr>
</thead>
<tbody>
<tr>
<td>IWATA Shinjiro</td>
<td>Audit &amp; Supervisory Board Member</td>
<td>Apr. 2019  Executive Officer, CTO, General Executive of Automotive Engineering &amp; Design Division, General Manager of Domestic Sales &amp; Marketing Division, Head of Public Relations &amp; PR Division</td>
</tr>
<tr>
<td>EGUCHI Shoichiro</td>
<td>Audit &amp; Supervisory Board Member</td>
<td>Apr. 2018  Director of the Board, Executive Officer, CTO, General Executive of Automotive Engineering &amp; Design Division, General Manager of Domestic Sales &amp; Marketing Division, Head of Public Relations &amp; PR Division</td>
</tr>
<tr>
<td>NOMURA Masao</td>
<td>Audit &amp; Supervisory Board Member</td>
<td>Apr. 2017  Director of the Board, Executive Officer, CTO, General Executive of Automotive Engineering &amp; Design Division, General Manager of Domestic Sales &amp; Marketing Division, Head of Public Relations &amp; PR Division</td>
</tr>
<tr>
<td>MIYAMOTO Masatoshi</td>
<td>Audit &amp; Supervisory Board Member</td>
<td>Apr. 2020  Executive Officer, Corporate Administration Division, Deputy General Manager of Human Resources Management Department, Head of Corporate Administration Division, Secretary Office, Sustainability Management Division, Assistant to COO Mobility Expansion</td>
</tr>
<tr>
<td>SUZUKI Akira</td>
<td>Audit &amp; Supervisory Board Member</td>
<td>Apr. 2018  Director of the Board, Executive Officer, CTO, General Executive of Automotive Engineering &amp; Design Division, General Manager of Domestic Sales &amp; Marketing Division, Head of Public Relations &amp; PR Division</td>
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<tr>
<td>KURIHARA Naokazu</td>
<td>Audit &amp; Supervisory Board Member</td>
<td>Apr. 2018  Director of the Board, Executive Officer, CTO, General Executive of Automotive Engineering &amp; Design Division, General Manager of Domestic Sales &amp; Marketing Division, Head of Public Relations &amp; PR Division</td>
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<tr>
<td>SONODA Yoshio</td>
<td>Audit &amp; Supervisory Board Member</td>
<td>Apr. 2018  Director of the Board, Executive Officer, CTO, General Executive of Automotive Engineering &amp; Design Division, General Manager of Domestic Sales &amp; Marketing Division, Head of Public Relations &amp; PR Division</td>
</tr>
<tr>
<td>HAMASAKI Yuji</td>
<td>Audit &amp; Supervisory Board Member</td>
<td>Apr. 2018  Director of the Board, Executive Officer, CTO, General Executive of Automotive Engineering &amp; Design Division, General Manager of Domestic Sales &amp; Marketing Division, Head of Public Relations &amp; PR Division</td>
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<tr>
<td>ONITSUKA Hiromi</td>
<td>Audit &amp; Supervisory Board Member</td>
<td>Apr. 2018  Director of the Board, Executive Officer, CTO, General Executive of Automotive Engineering &amp; Design Division, General Manager of Domestic Sales &amp; Marketing Division, Head of Public Relations &amp; PR Division</td>
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<tr>
<td>SEKIYA Naoki</td>
<td>Audit &amp; Supervisory Board Member</td>
<td>Apr. 2018  Director of the Board, Executive Officer, CTO, General Executive of Automotive Engineering &amp; Design Division, General Manager of Domestic Sales &amp; Marketing Division, Head of Public Relations &amp; PR Division</td>
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<tr>
<td>IWASAKI Hatsuhiro</td>
<td>Audit &amp; Supervisory Board Member</td>
<td>Apr. 2018  Director of the Board, Executive Officer, CTO, General Executive of Automotive Engineering &amp; Design Division, General Manager of Domestic Sales &amp; Marketing Division, Head of Public Relations &amp; PR Division</td>
</tr>
<tr>
<td>SATO Katsuya</td>
<td>Audit &amp; Supervisory Board Member</td>
<td>Apr. 2018  Director of the Board, Executive Officer, CTO, General Executive of Automotive Engineering &amp; Design Division, General Manager of Domestic Sales &amp; Marketing Division, Head of Public Relations &amp; PR Division</td>
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</table>

## Audit & Supervisory Board Members

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<tr>
<th>Name</th>
<th>Title</th>
<th>Career</th>
</tr>
</thead>
<tbody>
<tr>
<td>IMAI Masaki</td>
<td>Audit &amp; Supervisory Board Member</td>
<td>Apr. 2019  Director for Information Security Risk, Medical Equipment &amp; Domestic Business Division, Head of R&amp;D Department, Secretary Office, Sustainability Management Division, Assistant to COO Mobility Expansion</td>
</tr>
<tr>
<td>SAITO Katsumi</td>
<td>Audit &amp; Supervisory Board Member</td>
<td>Apr. 2019  Director of the Board, Executive Officer, CTO, General Executive of Automotive Engineering &amp; Design Division, General Manager of Domestic Sales &amp; Marketing Division, Head of Public Relations &amp; PR Division</td>
</tr>
<tr>
<td>KURIHARA Katsumi</td>
<td>Audit &amp; Supervisory Board Member</td>
<td>Apr. 2019  Director of the Board, Executive Officer, CTO, General Executive of Automotive Engineering &amp; Design Division, General Manager of Domestic Sales &amp; Marketing Division, Head of Public Relations &amp; PR Division</td>
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<tr>
<td>FUJIOKA Tetsuya</td>
<td>Audit &amp; Supervisory Board Member</td>
<td>Apr. 2019  Director of the Board, Executive Officer, CTO, General Executive of Automotive Engineering &amp; Design Division, General Manager of Domestic Sales &amp; Marketing Division, Head of Public Relations &amp; PR Division</td>
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</table>

## Executive Officers

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Career</th>
</tr>
</thead>
<tbody>
<tr>
<td>TAKADA Shinichi</td>
<td>Executive Officer, General Manager</td>
<td>Apr. 2019  Director of the Board, Executive Officer, CTO, General Executive of Automotive Engineering &amp; Design Division, General Manager of Domestic Sales &amp; Marketing Division, Head of Public Relations &amp; PR Division</td>
</tr>
<tr>
<td>TERADA Akihiko</td>
<td>Executive Officer, General Manager</td>
<td>Apr. 2019  Director of the Board, Executive Officer, CTO, General Executive of Automotive Engineering &amp; Design Division, General Manager of Domestic Sales &amp; Marketing Division, Head of Public Relations &amp; PR Division</td>
</tr>
<tr>
<td>HAYASHI Kazuyoshi</td>
<td>Executive Officer, General Manager</td>
<td>Apr. 2019  Director of the Board, Executive Officer, CTO, General Executive of Automotive Engineering &amp; Design Division, General Manager of Domestic Sales &amp; Marketing Division, Head of Public Relations &amp; PR Division</td>
</tr>
<tr>
<td>MURAKA Osamu</td>
<td>Executive Officer, General Manager</td>
<td>Apr. 2019  Director of the Board, Executive Officer, CTO, General Executive of Automotive Engineering &amp; Design Division, General Manager of Domestic Sales &amp; Marketing Division, Head of Public Relations &amp; PR Division</td>
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</tbody>
</table>

For more information, please visit our website at [https://www.jvckenwood.com/en/corporate/management.html](https://www.jvckenwood.com/en/corporate/management.html)
Foundation to Support Sustainable Growth

Compliance

Basic concept and promotion system
The JVCKENWOOD Group understands that compliance requires companies to go beyond adherence to laws and regulations and to also address issues of great public concern stemming from rapid changes that have yet to be dealt with in legislation. Accordingly, we have established “Compliance with laws and regulations and engaging in socially responsible behavior” as one of our conduct guides, and the Compliance Committee headed by the Chief Executive Officer (CEO) and the Internal Governance Office are leading company-wide efforts aimed at ensuring full compliance in keeping with the JVCKENWOOD Group Compliance Code of Conduct.

We also place importance on ensuring transparency of our corporate activities, and will continue to disclose information, including donations to specific political parties and organizations (political donations made in FY 2020: 0 yen).

Specific initiatives to promote compliance

Compliance code of conduct
The JVCKENWOOD Group Compliance Code of Conduct (established in March 2010) has been promulgated among all executives and employees within the Group through pamphlets (available in three languages) and an intranet site. Employees at affiliate companies under the Group’s purview are being familiarized with Standards by Compliance Officers selected by the Board of Directors.

Compliance training
Education on compliance is principally the responsibility of the Internal Governance Office, which endeavors under the CEO’s guidance to thoroughly inform all executives and employees, including those of 41 group companies in Japan and overseas, about compliance matters in order to construct a robust compliance structure. New employees are provided with training in face-to-face sessions while other employees are provided with regular training through e-learning on the intranet. Compliance Officers conduct annual training for division heads under their direct supervision and other executives. The training is on the topics covered by the Compliance Code of Conduct and other related regulations as well as on the prohibition against facilitation payments and bribery of foreign officials, prevention of corruption, such as giving or accepting excessive gifts, corporate scandals and the whistle-blowing system. In the event of any violation of the Compliance Code of Conduct, any corruption, or any other violation of corporate ethics, measures are required to be taken to prevent recurrence of similar incidents promptly. In FY 2020, there was no internal violation.

Anti-corruption initiatives
The JVCKENWOOD Group clearly states in the JVCKENWOOD Group Compliance Code of Conduct and its internal rules that it prohibits all forms of bribery and corruption and that no illegal or inappropriate means shall be employed that may be used to influence the actions of others. The Group complies with anti-corruption laws and regulations and prohibits bribery and inappropriate benefits such as gifts and entertainment that are contrary to laws, regulations, and social conventions. The Compliance Committee looks into major incidents of noncompliance, such as bribery and corruption, and discusses measures to prevent their recurrence. All incidents of misconduct, including bribery and corruption, are reported to the Board of Directors. There was no legal action taken against us in relation to corruption in FY 2020.

Internal whistle-blowing system
The JVCKENWOOD Group has two whistle-blowing systems—the Whistleblowing System (Helpline) and the Auditing Informer System—available in Japanese and English to all executives and employees (including contract employees). Employees having concerns about corporate ethics or compliance can directly report such concerns through the Whistleblowing System (Helpline) established within the Internal Governance Office in line with “Regulation for JVCKENWOOD Group Whistleblowing System,” and corrective measures will be taken at the discretion of the Compliance Committee. When accounting or auditing concerns arise, employees may use the Auditing Informer System set up at the Audit & Supervisory Board Office to directly report them. A dedicated communications system has been organized and operated for both systems to keep the notifier’s name and the reported contents confidential. The system is run by selected personnel. We will continue using both systems to detect at an early stage and rectify compliance violations (behaviors that deviate from social norms).

Compliance awareness survey
The JVCKENWOOD Group has been implementing a compliance awareness survey on employees in group companies in Japan once a year since 2017, in order to confirm the degree to which compliance awareness has taken root within the Group. The fourth survey held in 2020, answered by 3,057 employees, shows that compliance awareness has been increased since the beginning of this survey.

Risk Management

Basic concept and initiatives
The JVCKENWOOD Group regards risks as factors that could inhibit the achievement of business plans. All business sites of the Group around the world implement measures to recognize risks clearly. Specifically, we at the Group regularly identify risks faced by those business sites in the course of our day-to-day corporate activities, set issues to tackle to prevent those risks from materializing and minimize their impact or damage, and, through collaboration between those business sites and the management, resolve those issues systematically. Particularly, the management takes the initiative in addressing risks that are likely to affect the Group entirely.

While we will continue to commit to global risk management actively, we recognize risks as opportunities to ensure corporate sustainable growth and enhance our corporate value.

1. Risk management system of the Group

The Group has established a system to identify any and all risks related to its corporate activities accurately, to minimize their impact and damage, and to convert those risks into opportunities. An officer has been appointed to manage and promote risk management from a company-wide perspective. In the system, the Risk Management Division plays a role as the secretariat, and each business site actively and regularly identifies risks that are likely to be faced by itself and takes measures, including prior understanding of those risks and prompt responses to materialization of those risks, under the initiative of managers of each business sector, group company, and Administrative Division based on our risk management process.

2. Risk management process of the Group

At the Enterprise Risk Management Conference, which is organized by the Chief Executive Officer (CEO) and attended by division heads at our Head Office, the Risk Management Officer and company executives in charge of their respective business divisions, risks are identified, analyzed and assessed.

Based on the results of risk analysis and assessment at the Enterprise Risk Management Conference, with consideration for the management environment of the Group and situation at other companies, risks that will affect the Group entirely and that need to be addressed on a company-wide basis are selected as “global important risks to be addressed with the highest priority” and an annual plan to resolve those risks is established and managed.

At each business site, including overseas sites, risk surveys are conducted, risk surveillance that covers all divisions of the Group is conducted every year. Important risks selected by each business division and region are considered as “Business Site Risks.” Through a cycle consisting of assessment, monitoring and improvement with consideration given to the implementation status of countermeasures and frequency of occurrence, the latest risks are shared and recognized anew within the Group and feedback is provided to help us achieve the business goals of each consolidated fiscal year.

Awards & Recognitions

The JVCKENWOOD Group’s sustainability activities have been highly evaluated outside the company.

Major Awards & Recognitions

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

Receieved the Diverse Recruitment Award of the Emperor Shouosu Memorial Fund for Biced Programme from the Japanese Red Cross Society

Selected as an enterprise under the 2021 Certified Health & Productivity Management Outstanding Organizations Recognition Large Enterprise Category program

Obtained the highest rank of “Euboshi” certification

Receieved the highest ranking “Cradle” in the PRIDE Index, an evaluation index for initiatives related to LGBT and other sexual minorities

*FTSE Russell Lagardere New York index concerned. FTSE Russell (Japan) Index is widely used to create and assess sustainable investment indices and other financial products.
Company History

Before management integration
Victor Company of Japan, Limited (JVC)
1927 Established Victor Talking Machine Company of Japan, Limited
1972 Established Victor Musical Industries, Inc. (current JVCKENWOOD Victor Entertainment Corp.)
Kenwood Corporation (KENWOOD)
1946 Established Kasuga Radio Co., Ltd.
1986 Renamed Kenwood Corporation

2008 JVC and Kenwood established the joint holding company, JVCKENWOOD Holdings, Inc. through a stock transfer (JVCKENWOOD’s shares were listed on the First Section of the Tokyo Stock Exchange)

Management integration of Victor Company of Japan, Limited, Kenwood Corporation, and IMC Car Electronics Corporation
JVCKENWOOD and KENWOOD merged in October 2008 with the aim of quickly maximizing the car electronics business (current the Mobility & Telematics Services Sector), which was the largest common business between the two companies and where the greatest synergy effects were expected.

JVCKENWOOD

2011 Completed an absorption-type merger of its three subsidiaries: Victor Company of Japan, Limited, Kenwood Corporation, and IMC Car Electronics Corporation
2013 Converted Shinwa International Holdings Limited (current JVCKENWOOD Hong Kong Holdings Ltd.), an in-car device manufacturing company in Hong Kong, into a consolidated subsidiary
2013 Took over all of the shares of TOYOKU Nagaoka Corporation through an absorption-type corporate split from TOYOKU Electric Co., Ltd., and changed the corporate name from TOYOKU Nagaoka to JVCKENWOOD Nagaoka Corporation
2014 Acquired all the shares issued by EF Johnson Technologies, Inc., a company focused on delivering mission-critical, digital P25 communications solutions to the North American market
2015 Converted ASK Industries S.p.A., a European in-vehicle component company, into a consolidated subsidiary
2016 Established JVCKENWOOD Public & Industrial Systems Corporation, aiming to expand the Professional Systems Business
2018 Acquired all the shares issued by Italy-based Radio Activity S.r.l., a developer and seller of digital radio relay systems that are compliant with Digital Mobile Radio (DMR), an international digital radio standard
2018 Concluded agreement for a share acquisition and a capital and business alliance with Tait International Ltd., a professional radio communication systems company in New Zealand
2021 Formulated the New Medium-Term Management Plan VISION 2023 with fiscal 2021 as the starting year

Product History

Before management integration
Victor Company of Japan, Limited (JVC)
1939 Produced the first TV receiver in Japan
1955 Launched the ST-15, the first stereo U and stereo set in Japan
1976 Launched the HR-3300, the first VHS recorder
1986 Launched the GR-C7, the world’s smallest and lightest VHS-C video camera
1995 Launched the GR-DV1, the world’s first pocket-sized digital camcorder

Kenwood Corporation (KENWOOD)
1957 Began exporting the FM-100 FM tuner for the first time as a Japanese manufacturer
1978 Entered the professional radio equipment field in Japan
1980 Entered the car audio field in the U.S. and launched the KENWOOD brand’s car audio system in Japan
1992 Entered the car navigation system field, launching the KNV-100, the industry’s first 1DIN-size GPS car navigation system

JVCKENWOOD Corporation

2011 Launched the MDV-727DT and MDV-626DT, first-generation Saisoku-Navi devices that achieved high resolution and high-speed response

The first generation of Saisoku-Navi
Using visual technology, image compression technology, and other technologies cultivated over the years, JVCKENWOOD achieved beautiful, high-definition map rendering and comfortable operability with high-speed response. This concept has been carried over to the present day.

2013 Launched the OLA-54800, the world’s first mass-production model of the professional-use D-ILA projector, which features an 8K high-definition display
2014 Launched the NK-5000 series, the NEXEDGE series of multi-mode digital radio systems compliant with both the NXDN™ and P25 standards

2014 Launched the KNA-DR300, a full HD dashcam that enables high resolution and clear recording pixels and entered into the dashcam market

The first-generation of dashcam
The combination of JVC and KENWOOD’s in-vehicle technologies and visual and optical technologies have realized high functionality, high reliability, and high-quality recording. Currently enhancing our product line to include two-camera types and 360-degree shooting models.

2016 Launched the WOOD series of in-car headphone, which feature wooden dome diaphragms
2017 Announced the development of EXOFIELD, an out-of-head localization sound field processing technology which enables reproduction and localization of the sound field of speakers in a listening room with headphones
2019 JVCKENWOOD’s communication-type dashcams adopted by Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance for the automotive insurance with dashcam

Telematics solutions for automotive insurance
In addition to the communication function via LTE line (4G), the system is equipped with driving support functions to help drivers drive safely. Plans to expand the business in the future through the creation of a data service business by utilizing communication-type dashcams.

2019 Commercialized a security service for drivers that uses dashcams with communication capabilities for Grab, Southeast Asia’s top car-hailing service
2020 Provided JVCKENWOOD’s dashcam with communication capabilities for F-dora, a telematics insurance service for fleet contracts by Mitsui Sumitomo Insurance
### Fiscal year

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</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>320,868</td>
<td>306,580</td>
<td>316,343</td>
<td>285,010</td>
<td>292,195</td>
<td>297,890</td>
<td>300,687</td>
<td>307,627</td>
<td>291,304</td>
<td>273,609</td>
</tr>
<tr>
<td><strong>Operating profit (loss)</strong></td>
<td>13,105</td>
<td>9,761</td>
<td>4,592</td>
<td>6,757</td>
<td>4,494</td>
<td>-128</td>
<td>6,937</td>
<td>7,263</td>
<td>4,080</td>
<td>4,883</td>
</tr>
<tr>
<td><strong>Profit (Loss) before tax</strong></td>
<td>6,331</td>
<td>1,524</td>
<td>6,418</td>
<td>6,816</td>
<td>4,148</td>
<td>1,259</td>
<td>5,940</td>
<td>6,401</td>
<td>2,877</td>
<td>2,154</td>
</tr>
<tr>
<td><strong>Capital investment (Tangible fixed assets only)</strong></td>
<td>6,213</td>
<td>1,243</td>
<td>-4,450</td>
<td>4,795</td>
<td>3,401</td>
<td>-3,114</td>
<td>2,389</td>
<td>3,847</td>
<td>954</td>
<td>-1,965</td>
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<tr>
<td><strong>Depreciation expense</strong></td>
<td>5,600</td>
<td>7,082</td>
<td>4,243</td>
<td>5,385</td>
<td>4,893</td>
<td>6,937</td>
<td>7,263</td>
<td>4,080</td>
<td>4,893</td>
<td>5,342</td>
</tr>
<tr>
<td><strong>Research and development expenses</strong></td>
<td>8,883</td>
<td>9,771</td>
<td>14,943</td>
<td>8,575</td>
<td>12,256</td>
<td>19,624</td>
<td>18,279</td>
<td>20,983</td>
<td>21,642</td>
<td>25,829</td>
</tr>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td>-4,498</td>
<td>-12,256</td>
<td>-10,658</td>
<td>-3,857</td>
<td>-8,395</td>
<td>-17,690</td>
<td>-14,835</td>
<td>-25,768</td>
<td>-19,675</td>
<td>-11,804</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities</strong></td>
<td>-1,522</td>
<td>-8,608</td>
<td>-9,581</td>
<td>-7,514</td>
<td>-14,967</td>
<td>-2,052</td>
<td>-7,043</td>
<td>8,479</td>
<td>-1,065</td>
<td>-3,342</td>
</tr>
<tr>
<td><strong>Cash flows from financing activities</strong></td>
<td>2,385</td>
<td>3,585</td>
<td>4,285</td>
<td>4,718</td>
<td>3,863</td>
<td>1,934</td>
<td>3,544</td>
<td>4,785</td>
<td>1,967</td>
<td>24,205</td>
</tr>
<tr>
<td><strong>Free cash flows</strong></td>
<td>11,356</td>
<td>10,441</td>
<td>10,986</td>
<td>10,465</td>
<td>11,631</td>
<td>15,417</td>
<td>16,862</td>
<td>17,794</td>
<td>20,200</td>
<td>19,316</td>
</tr>
<tr>
<td><strong>End of fiscal year</strong></td>
<td>20,883</td>
<td>21,350</td>
<td>21,454</td>
<td>21,591</td>
<td>21,256</td>
<td>19,624</td>
<td>18,279</td>
<td>20,983</td>
<td>21,642</td>
<td>25,829</td>
</tr>
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### Per share information

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<tbody>
<tr>
<td><strong>Basic earnings per share (yen)</strong></td>
<td>44.81</td>
<td>8.97</td>
<td>-46.52</td>
<td>34.58</td>
<td>24.51</td>
<td>17.20</td>
<td>6.00</td>
<td>6.00</td>
<td>5.00</td>
<td>13.14</td>
</tr>
<tr>
<td><strong>Equity attributable to owners of the parent company per share (yen)</strong></td>
<td>401.07</td>
<td>475.19</td>
<td>375.89</td>
<td>521.57</td>
<td>376.57</td>
<td>284.65</td>
<td>71.312</td>
<td>74.605</td>
<td>68.523</td>
<td>75.875</td>
</tr>
<tr>
<td><strong>Dividend (yen)</strong></td>
<td>5.00</td>
<td>5.00</td>
<td>-</td>
<td>5.00</td>
<td>5.00</td>
<td>6.00</td>
<td>5.00</td>
<td>5.00</td>
<td>5.00</td>
<td>5.00</td>
</tr>
<tr>
<td><strong>Payout ratio (%)</strong></td>
<td>11.2</td>
<td>55.7</td>
<td>-</td>
<td>14.5</td>
<td>20.4</td>
<td>14.5</td>
<td>20.4</td>
<td>20.4</td>
<td>20.4</td>
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</table>

### Other index data

<table>
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</thead>
<tbody>
<tr>
<td><strong>Overseas sales ratio (%)</strong></td>
<td>55.8</td>
<td>54.9</td>
<td>58.2</td>
<td>62.8</td>
<td>65.5</td>
<td>59.0</td>
<td>56.5</td>
<td>55.5</td>
<td>53.0</td>
<td>54.0</td>
</tr>
<tr>
<td><strong>Operating profit margin (%)</strong></td>
<td>4.1</td>
<td>3.2</td>
<td>1.5</td>
<td>2.4</td>
<td>1.5</td>
<td>-0.0</td>
<td>2.3</td>
<td>2.4</td>
<td>1.4</td>
<td>1.4</td>
</tr>
<tr>
<td><strong>Ratio of profit (loss) attributable to owners of the parent company (ROE) (%)</strong></td>
<td>11.2</td>
<td>2.0</td>
<td>-10.9</td>
<td>7.7</td>
<td>5.5</td>
<td>-7.5</td>
<td>5.3</td>
<td>6.8</td>
<td>1.6</td>
<td>3.6</td>
</tr>
<tr>
<td><strong>Return on assets before tax (ROA) (%)</strong></td>
<td>11.3</td>
<td>2.0</td>
<td>-10.1</td>
<td>6.9</td>
<td>5.0</td>
<td>-1.3</td>
<td>1.0</td>
<td>1.6</td>
<td>0.4</td>
<td>0.8</td>
</tr>
<tr>
<td><strong>Ratio of equity attributable to owners of the parent company (%)</strong></td>
<td>23.0</td>
<td>26.7</td>
<td>19.5</td>
<td>25.9</td>
<td>20.4</td>
<td>16.4</td>
<td>21.1</td>
<td>24.7</td>
<td>22.6</td>
<td>24.5</td>
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### Non-Financial Data

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</thead>
<tbody>
<tr>
<td><strong>Number of employees (non-consolidated) (persons)</strong></td>
<td>4,266</td>
<td>4,241</td>
<td>3,798</td>
<td>3,708</td>
<td>3,630</td>
<td>2,987</td>
<td>3,055</td>
<td>3,109</td>
<td>3,300</td>
<td>3,292</td>
</tr>
<tr>
<td><strong>Average number of temporary employees (non-consolidated) (persons)</strong></td>
<td>45</td>
<td>52</td>
<td>55</td>
<td>48</td>
<td>71</td>
<td>73</td>
<td>95</td>
<td>148</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Number of employees (consolidated) (persons)</strong></td>
<td>13,594</td>
<td>12,781</td>
<td>17,781</td>
<td>17,688</td>
<td>17,884</td>
<td>18,051</td>
<td>17,801</td>
<td>16,939</td>
<td>17,623</td>
<td>16,956</td>
</tr>
<tr>
<td><strong>Water usage (thousands tons)</strong></td>
<td>329</td>
<td>262</td>
<td>304</td>
<td>305</td>
<td>285</td>
<td>256</td>
<td>204</td>
<td>38</td>
<td>38</td>
<td>38</td>
</tr>
</tbody>
</table>

*1 While disclosure was previously made under JGAAP, the amounts shown were calculated under IFRS to allow year-on-year comparisons, in preparation for disclosure under IFRS in the fiscal year ended March 2018.

*2 Calculation of JGAAP is based on interest-bearing debts (cash and deposits) and IFRS is based on interest-bearing debts (the balances of cash and cash equivalents) at the end of the fiscal year.

*3 The dividend payout ratio was not presented for the fiscal year ended March 2017 as the Company posted a net loss per share for the year.
Company Profile/Stock Information

**Company Profile (as of March 31, 2021)**

<table>
<thead>
<tr>
<th>Company Name</th>
<th>JVCKENWOOD Corporation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Segments</td>
<td>Develop business in the Mobility &amp; Telematics Services Sector, the Public Service Sector, the Media Service Sector, and manage business by holding shares or equity interests in companies engaged in equivalent business</td>
</tr>
<tr>
<td>Representative Director</td>
<td>EGUCHI Shoichiro, Representative Director of the Board, President and Chief Executive Officer (CEO)</td>
</tr>
<tr>
<td>Date of Incorporation</td>
<td>October 1, 2008</td>
</tr>
<tr>
<td>Capital</td>
<td>13,645,825,000 yen</td>
</tr>
<tr>
<td>Number of Employees (Consolidated)</td>
<td>16,956</td>
</tr>
<tr>
<td>Total Assets (Consolidated)</td>
<td>264,326 million yen</td>
</tr>
<tr>
<td>Equity (Consolidated)</td>
<td>68,523 million yen</td>
</tr>
<tr>
<td>Fiscal Year-End</td>
<td>March 31</td>
</tr>
<tr>
<td>Head Office</td>
<td>3-12, Moriyacho, Kanagawa-ku, Yokohama-shi, Kanagawa, 221-0022, Japan</td>
</tr>
</tbody>
</table>

**Stock Information (as of March 31, 2021)**

| Ordinary General Meeting of Shareholders | Held every June |
| Record Date | Ordinary General Meeting of Shareholders: March 31 Year-end dividend: March 31 Mid-year dividend: September 30 |
| Stock Exchange Listing | Listed on the First Section of the Tokyo Stock Exchange |
| Security Code | 6632 |
| Trading Unit | 100 shares |
| Total Number of Shares Issued | 164,000,201 shares (including 59,758 treasury shares) |
| Total Number of Shareholders | 49,122 |
| Shareholder Registry Administrator | Sumitomo Mitsui Trust Bank Limited, 1-4-1 Marunouchi, Chiyoda-ku, Tokyo |
| Place for the Registration | Stock Transfer Agency Business Planning Dept., Sumitomo Mitsui Trust Bank Limited, 1-4-1 Marunouchi, Chiyoda-ku, Tokyo |

**Shareholder Composition (as of March 31, 2021)**

- **Japanese companies**: 1.33%
- **Securities companies**: 6.02%
- **Financial institution**: 29.05%
- **Foreign companies**: 29.72%
- **Individuals and others**: 33.84%
- **Treasury stock**: 0.04%

**Major Shareholders (Top 10)**

<table>
<thead>
<tr>
<th>Name</th>
<th>Number of stocks held</th>
<th>Ratio of shareholding (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Master Trust Bank of Japan, Ltd. (Trust Account)</td>
<td>14,613,200</td>
<td>8.91</td>
</tr>
<tr>
<td>Custody Bank of Japan, Ltd. (Trust Account)</td>
<td>13,547,100</td>
<td>8.26</td>
</tr>
<tr>
<td>INTERACTIVE BROKERS LLC</td>
<td>4,229,125</td>
<td>2.58</td>
</tr>
<tr>
<td>STATE STREET BANK AND TRUST COMPANY 505103</td>
<td>2,775,000</td>
<td>1.69</td>
</tr>
<tr>
<td>Custody Bank of Japan, Ltd. (Trust Account 5)</td>
<td>2,654,200</td>
<td>1.62</td>
</tr>
<tr>
<td>DFA INTL SMALL CAP VALUE PORTFOLIO</td>
<td>2,570,630</td>
<td>1.57</td>
</tr>
<tr>
<td>THE BANK OF NEW YORK MELLON 140040</td>
<td>2,482,000</td>
<td>1.51</td>
</tr>
<tr>
<td>Custody Bank of Japan, Ltd. (Trust Account 6)</td>
<td>2,310,400</td>
<td>1.41</td>
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<td>JPMBL RE NOMURA INTERNATIONAL PLC 1 COLL EQUITY</td>
<td>2,278,745</td>
<td>1.39</td>
</tr>
<tr>
<td>JP MORGAN CHASE BANK 388781</td>
<td>2,206,841</td>
<td>1.35</td>
</tr>
</tbody>
</table>

Note: The ratio of capital contribution is calculated after deducting treasury stock (59,758 shares) from the total number of issued shares.