

Strategies to Enhance Corporate Value over the Medium to Long Term

Medium-Term Management Plan VISION 2023

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

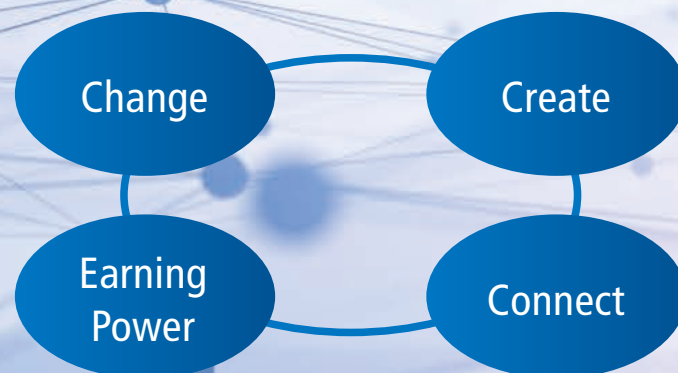
Management Principles

Creating value through Monozukuri

Building a corporate culture that adapts and embraces change

Investing in people to strengthen capabilities and push boundaries

4 Values



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.

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

Becoming an excellent company with strength and toughness

Change for Growth

VISION 2023
(2021-2023)

VISION 2020
(2018-2020)

Breaking through the stagnation of COVID-19 and taking new steps toward corporate reforms

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

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

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

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

Recognition of external environment and key themes for VISION 2023

Recognition of external environment

Opportunities

- ▶ Creation and innovation of new technologies and business models such as AI and IoT, substitution of existing business and stimulation of new demand.
- ▶ Acceleration of digitization and the convergence of reality and digital.
- ▶ Movement to seek solutions to social issues through corporate activities, such as the increase in ESG investors and the spread of the SDGs.

Risks

- ▶ Business impact of prolonged spread of COVID-19.
- ▶ Worsening of global supply chain risks for semiconductors.
- ▶ Growing global geopolitical risk.
- ▶ Supply chain disruptions due to climate change.
- ▶ Impact of U.S.-China trade friction on the global economy.

Key themes

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

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.

Basic strategies of the Medium-Term Management Plan VISION 2023



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.

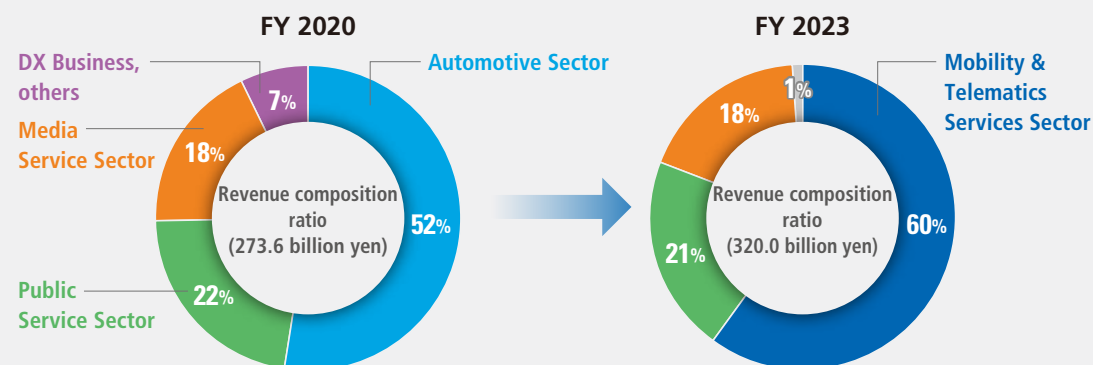
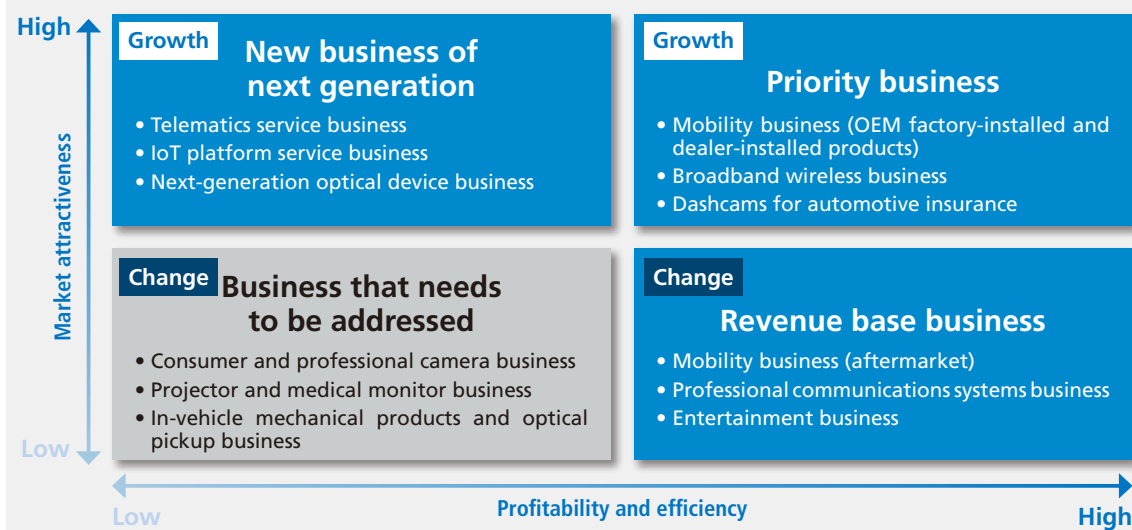
Under VISION 2023, we will strengthen our revenue base through structural reforms (“Change”), expand growth business by expanding new products and sales channels and creating new business (“Growth”), and pursue initiatives that combine “profitable growth” with “solving social issues on a global scale”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



1 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.

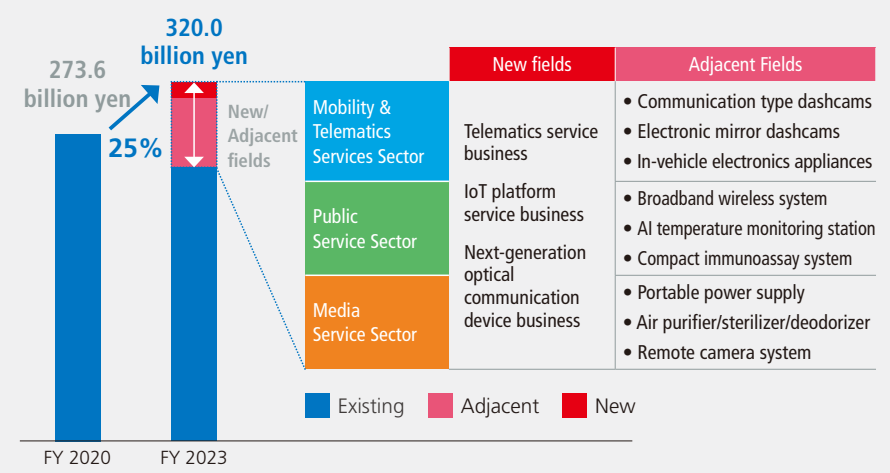
Redefine the Business Portfolio and Sustainably Enhance Corporate Value



2 Growth

New business to support 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.



3 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.

- Approaches to profitable growth based on SDG strategic themes
- Strengthen governance and further improve the effectiveness of the Board of Directors



Message from the CFO

While making investments with an emphasis on profitability and capital efficiency with an awareness of the cost of capital, we will work to reduce interest-bearing debts and financial expenses to achieve sustainable growth in corporate value.



Representative Director of the Board, Senior Managing Executive Officer, Chief Financial Officer (CFO)

MIYAMOTO Masatoshi

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

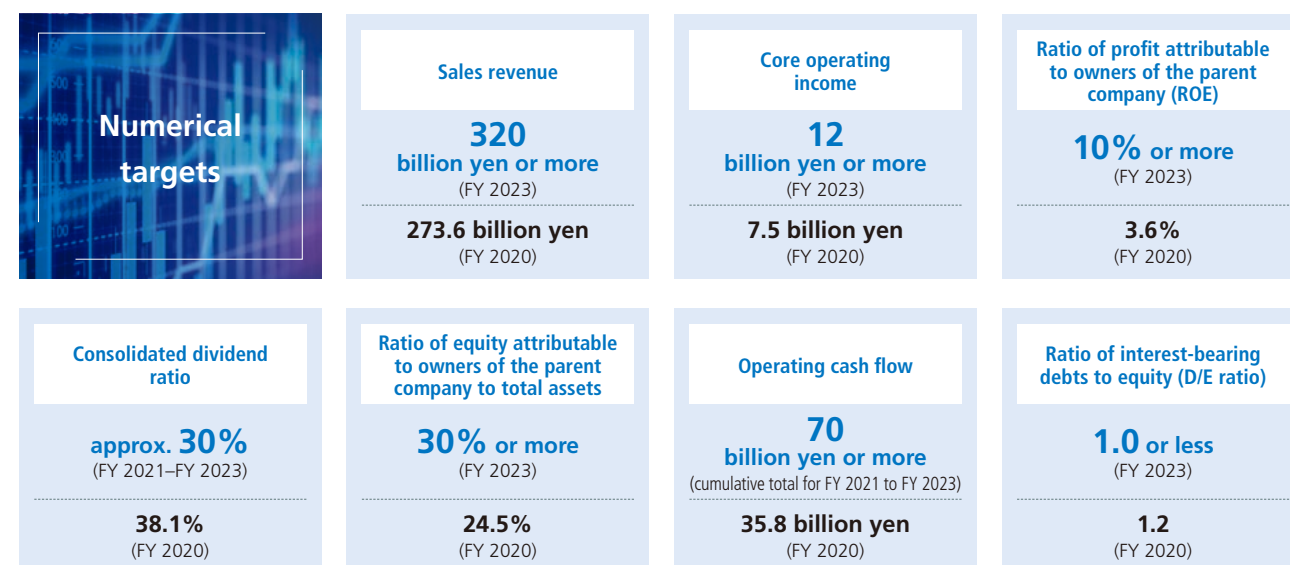
Performance results and review of the Vision 2020

In FY 2020, we were greatly affected by the spread of COVID-19 that had emerged during the immediately preceding fourth quarter of FY 2019, mainly during the first half. We were also affected by tight supply and demand of semiconductors in the fourth quarter. As a result, revenue for the full year decreased to 273.6 billion yen. However, thanks to cost-reduction efforts in addition to a recovery in sales in the second half, operating profit amounted to 4.9 billion yen, securing an increase in income. On the other hand, ROE was 3.6%, which was below the target of ROE 10% as set forth in the financial targets in the Medium- to Long-Term Management Plan VISION 2020.

Financial targets

Under the Medium-Term Management Plan VISION 2023, we aim to achieve revenue of 320 billion yen or more, core operating income*¹ of 12 billion yen or more, and ROE*² of 10% or more by FY 2023, the final year of the plan, by steadily implementing the business strategies set forth in "Change for Growth." In addition, we aim to both maintain growth and secure stability by achieving a ratio of equity attributable to owners of the parent company to total assets, which is a measure of financial stability, of 30% or more at the end of FY 2023 while paying stable dividends with a target dividend payout ratio of 30%.

Meanwhile, by earning 70 billion yen or more in operating



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*³ by business sector as key KPIs*⁴, 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

Medium-Term Management Plan VISION 2023

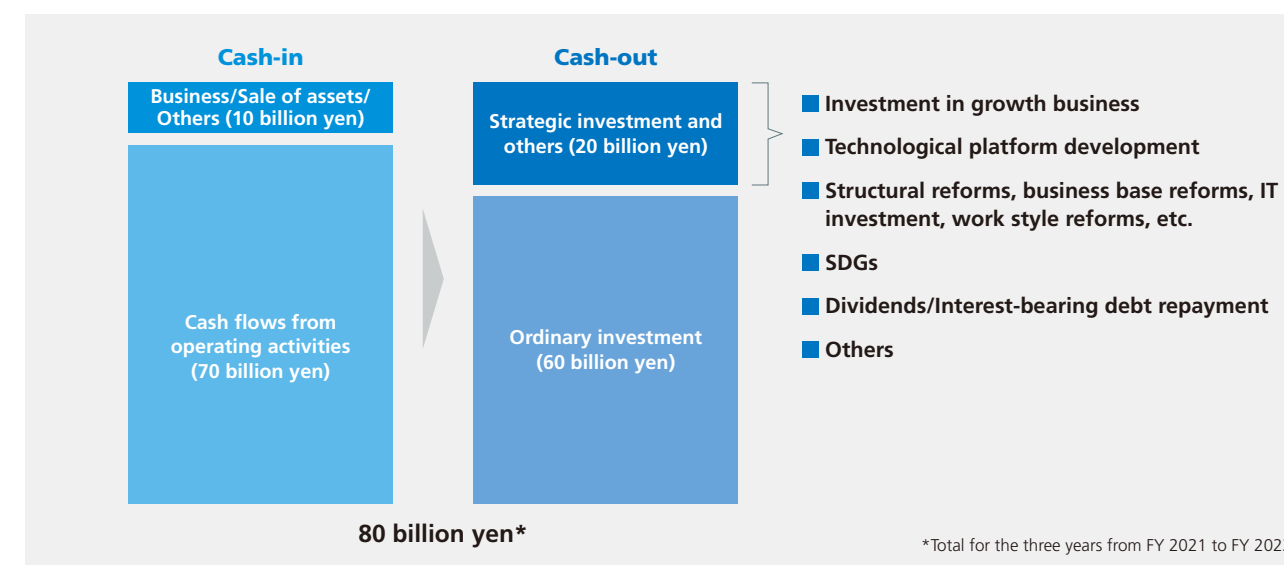
assumption of lower limit of sales risk due to the spread of COVID-19. In this project, all fixed costs, including inventories, capital investment, and development expenses, were reduced in order to thoroughly control outflows of cash. These measures produced results greater than expected at the beginning 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%.


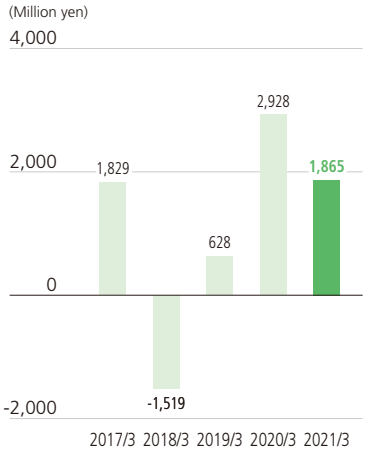

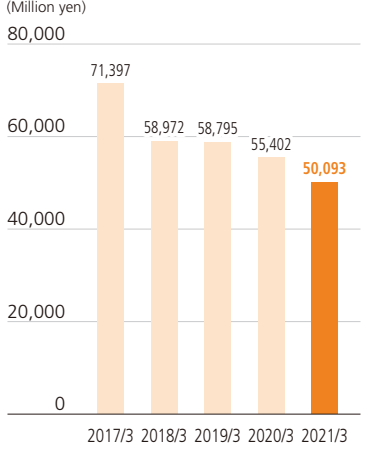
Meanwhile, in order to respond to future changes in the business environment, we will effectively utilize retained earnings to strengthen our financial structure, realize stable dividends on an ongoing basis, strengthen our management structure for future business development, and invest in growth areas.

*1: Operating profit, net of other income, other expenses, foreign exchange losses (gains), and other primarily temporary factors
 *2: Ratio of profit attributable to owners of the parent company
 *3: Ratio of return on total assets
 *4: Abbreviation of Key Performance Indicators



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.

	Outline of Business	Business, Business Units (BU), and Major Sales Channels	Revenue	Core operating income*1
 <p>Mobility & Telematics Services Sector</p> <p>Revenue composition ratio*2: 57.4%</p>	<p>The sector is composed of three businesses: the OEM Business which provides products through automobile manufacturers and dealers, the Aftermarket Business which provides products to customers through mass merchandisers and distributors, etc., and the Telematics Service Business that provides various solutions centered on communication-type dashcams in collaboration with automotive insurance companies and other service providers.</p> <p>Theme of VISION 2023</p> <ul style="list-style-type: none"> Collection and analysis of vehicle data and development of data service business Expansion and development of business through provision of telematics services based on communication-type dashcams 	<p>OEM Business</p> <ul style="list-style-type: none"> Dealer-installed products Automobile manufacturers and dealers in Japan, Southeast Asia, etc. Factory-installed products Automobile manufacturers and component manufacturers around the world <p>Aftermarket Business</p> <p>Mass merchandisers, distributors, etc. in Japan and overseas</p> <p>Telematics Service Business</p> <p>Automotive insurance companies, ride-sharing service companies, taxi and transportation companies, etc.</p>	<p>(Million yen)</p> 	<p>(Million yen)</p> 
 <p>Public Service Sector</p> <p>Revenue composition ratio*2: 22.3%</p>	<p>The sector is composed of the Communications Systems Business which handles professional and amateur radios, and the Professional Systems Business which handles imaging solutions, audio solutions, and healthcare.</p> <p>Theme of VISION 2023</p> <ul style="list-style-type: none"> Increase in market share of the North American Public Safety Market (P25 Radio) Strengthening of broadband business through collaboration Creation of bio-device business 	<p>Communications Systems Business</p> <p>Public safety market (for use by police, fire departments, ambulance services, etc.) Public service market (providers of electricity, water, gas, etc.) Private sector market (hotels, retailers, event companies, etc.)</p> <p>Professional Systems Business</p> <ul style="list-style-type: none"> JVCKENWOOD Public & Industrial Systems Corporation Companies, education, public services, distribution, social infrastructure, amusement facilities, etc. Healthcare Medical and research institutes 	<p>(Million yen)</p> 	<p>(Million yen)</p> 
 <p>Media Service Sector</p> <p>Revenue composition ratio*2: 18.3%</p>	<p>The sector is composed of the Media Business which handles headphones/earphones, portable power stations, imaging devices, etc., and the Entertainment Business with JVCKENWOOD Victor Entertainment Corporation, a Group company, as its core.</p> <p>Theme of VISION 2023</p> <ul style="list-style-type: none"> Strengthening of well-being product lineups Expansion of next-generation optical-communication-related business with an eye to 6G Strengthening of streaming artist development 	<p>Media Business</p> <ul style="list-style-type: none"> Solution BU Companies, local governments, broadcasting stations, distributors, etc. in Japan and overseas Lifestyle BU Mass merchandisers, distributors, etc. in Japan and overseas Imaging Device BU Video equipment manufacturers in Japan and overseas Branding BU TV and audio manufacturers overseas Contract production business Record companies, movie companies, publishing companies, etc. in Japan <p>Entertainment Business</p> <ul style="list-style-type: none"> Content business CD shops, EC sites, music distribution sites, etc. in Japan 	<p>(Million yen)</p> 	<p>(Million yen)</p> 

*1: Operating profit, net of other income, other expenses, foreign exchange losses (gains), and other primarily temporary factors
 *2: Revenue composition ratio for FYE3/2021. Calculated by rounding to the nearest first decimal place.
 *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.

Main products

Car navigation system Dashcam In-vehicle amplifier/Antenna/Speaker

Future initiatives

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 lineups. 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.

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

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

(Unit: million unit)

Data source: Company estimates based on various secondary data

*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

Medium- to long-term scenario of Telematics Service Business



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 lineups 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

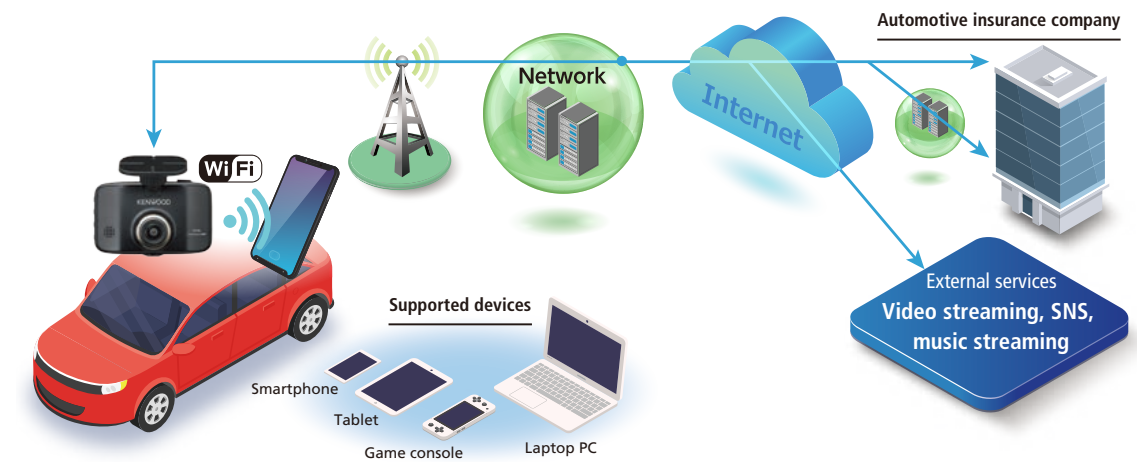
- ▶ Providing safety and security with rapid response to emergencies and driver assistance functions



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.



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.



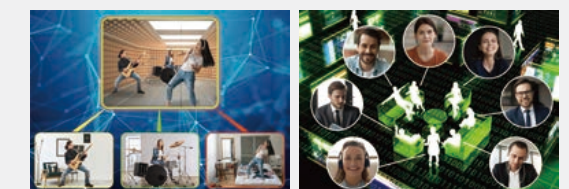
Road diagnosis service

Driver assistance service

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 musical 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.

Communication space service



- Virtual studios and virtual spaces connect different places to hold live performances and sessions.
- Provide a place to enjoy multipurpose communication.

Business Strategy

Public Service Sector

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 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*1 measurement system that employs Blu-ray technology.

*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.

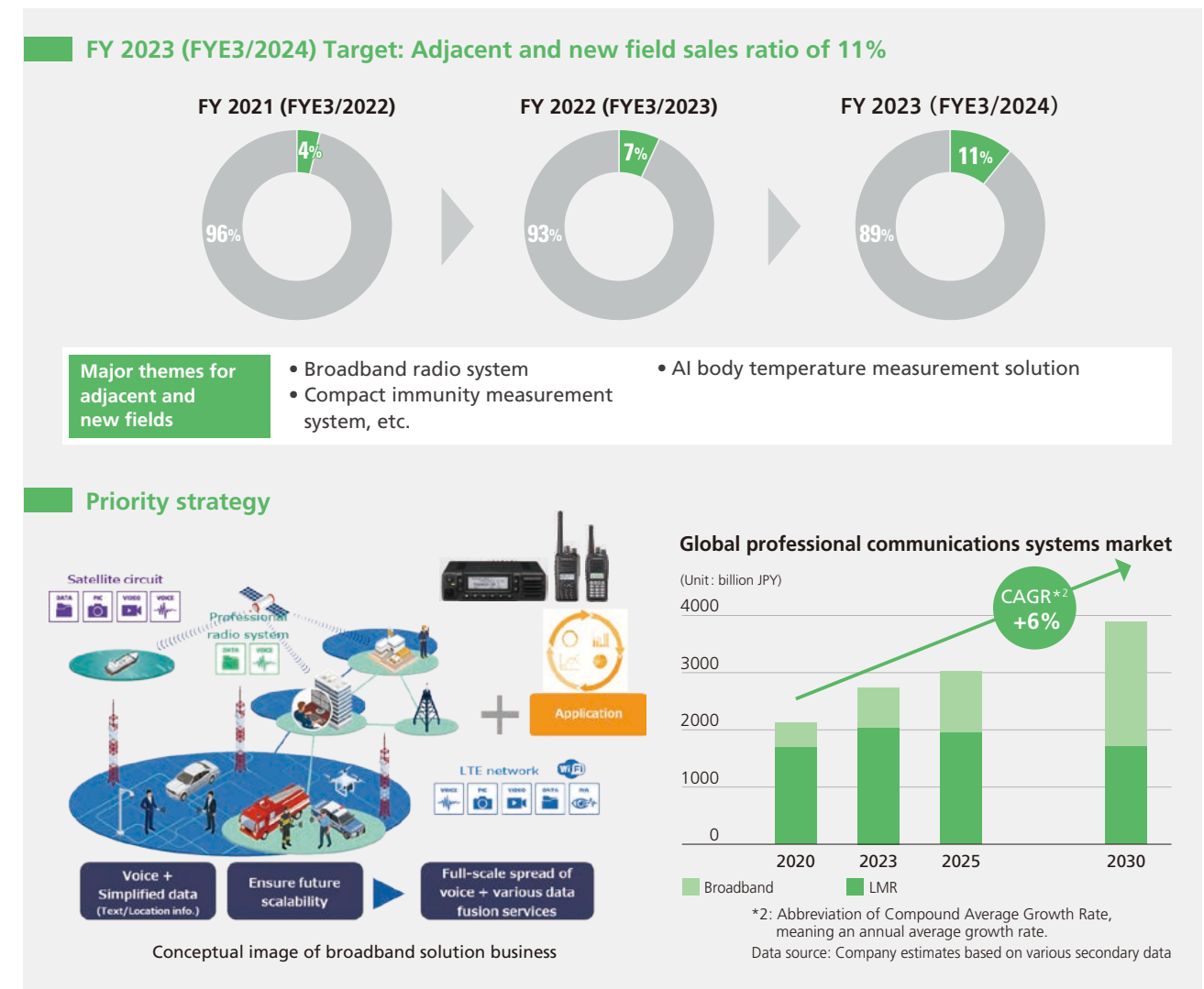


Future initiatives

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 immunoassay device jointly, developed with Sysmex Corporation, and expanding sales of test cartridges.



Business Strategy

Media Service Sector

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 JVCKENWOOD Victor Entertainment Corporation (“Victor Entertainment”) plays the core role.

In the Media Business, JVCKENWOOD 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 that features wooden diaphragms, and long recording/playback models and all-weather video cameras for expected use in outdoor activities and sports.

The Solution Business Unit expands the business of projectors and professional video cameras to meet the needs of professionals. Projectors are used not only in home

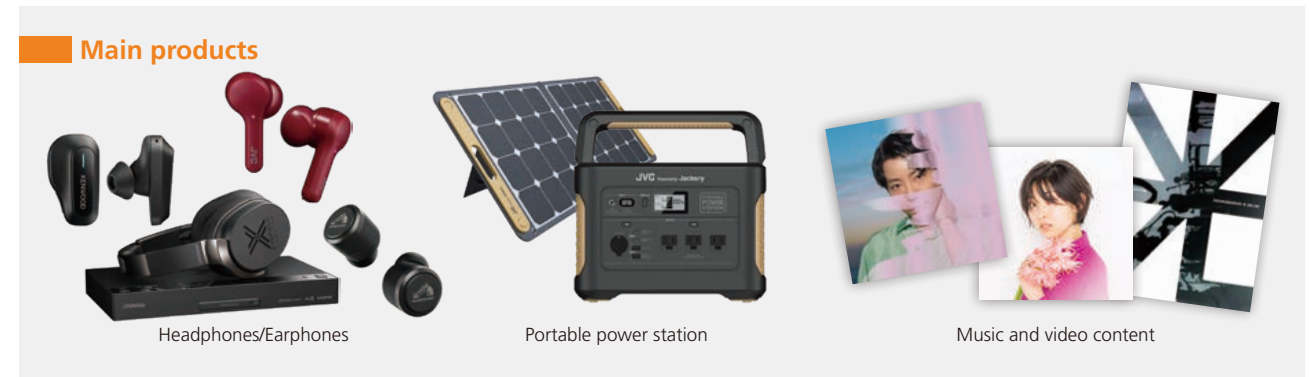
theaters, but also in flight simulators and planetariums by connecting with systems comprised of various pieces of equipment. Professional video cameras are highly evaluated for their ability to deliver high-quality videos from sites where the video is taken to studio stations by enhancing the immediacy and reliability of network connections. They have 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.

*1: Direct drive Image Light Amplifier



Future initiatives

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

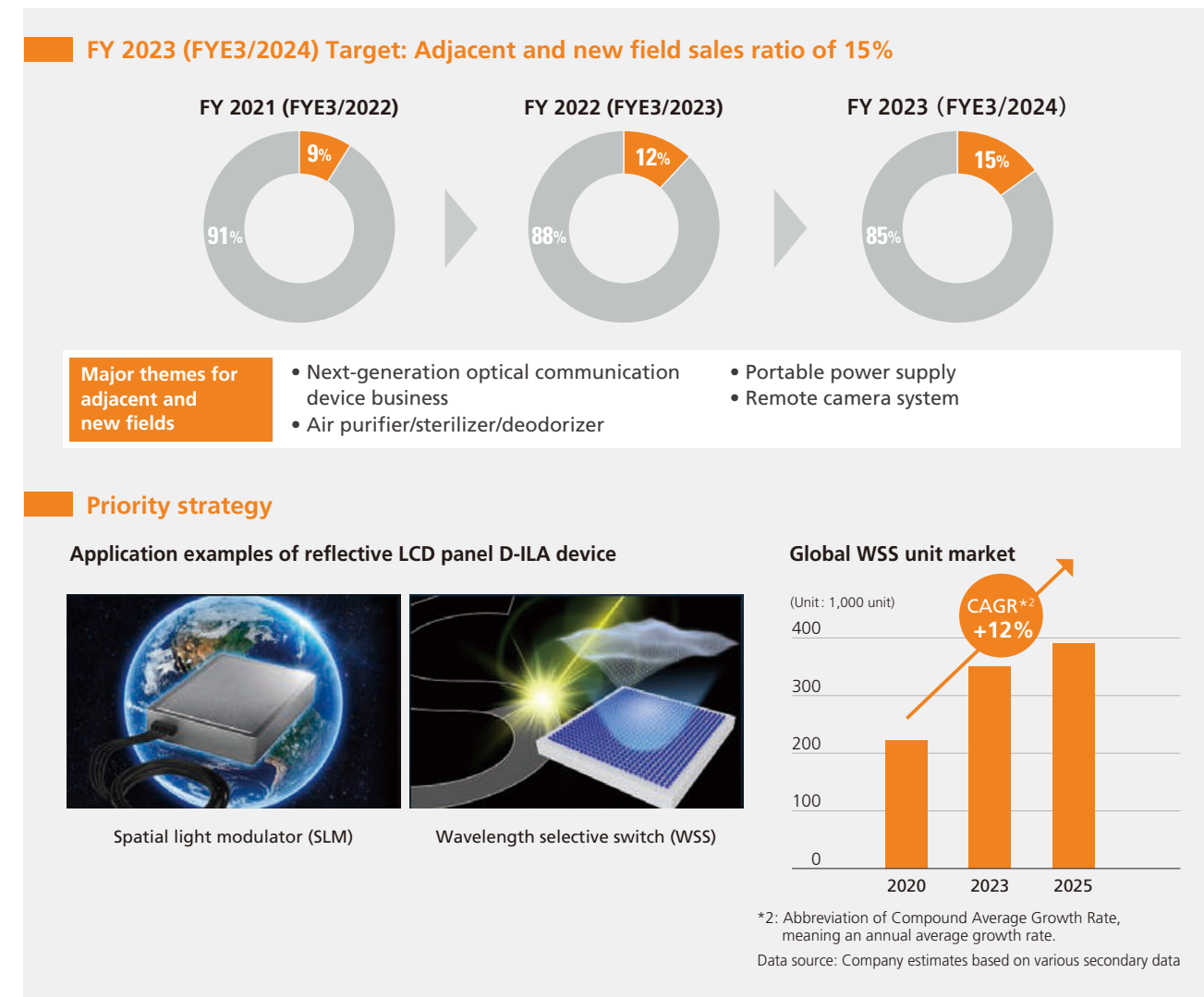
The Lifestyle Business Unit will promote the provision and strengthening of lineups of wellbeing products, such as portable power supplies, solar panels, and sterilizers/deodorizers for the markets that help consumers enjoy safe, secure, and comfortable living, which are growth markets. Simultaneously, 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, JVCKENWOOD 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.



Manufacturing Reforms and Strengthening of Business Structure

JVCKENWOOD is reviewing the production, design, and procurement processes, such as optimizing the number and scale of the production bases, to build a structure that can generate stable profits.

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

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.

Technology development, product design, and quality assurance

- ▶ 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 resources "fresh"

Optimize production technology, product manufacturing, and production bases

- ▶ Integrated operation of production and manufacturing technologies at manufacturing sites
- ▶ Maintain appropriate manpower and reduce fixed costs by reorganizing bases
- ▶ Advance management resources through promotion of automation

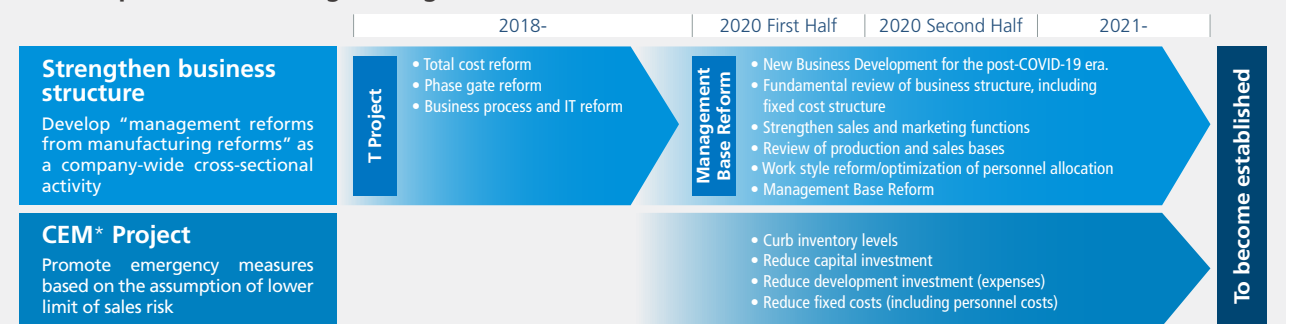
Strengthening business structure

Promoting total cost reform

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.

Toward permanent strengthening of business structure



*CEM: COVID-19 Emergency Measures

Technology Development Strategy

Medium-Term Management Plan VISION 2023

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.

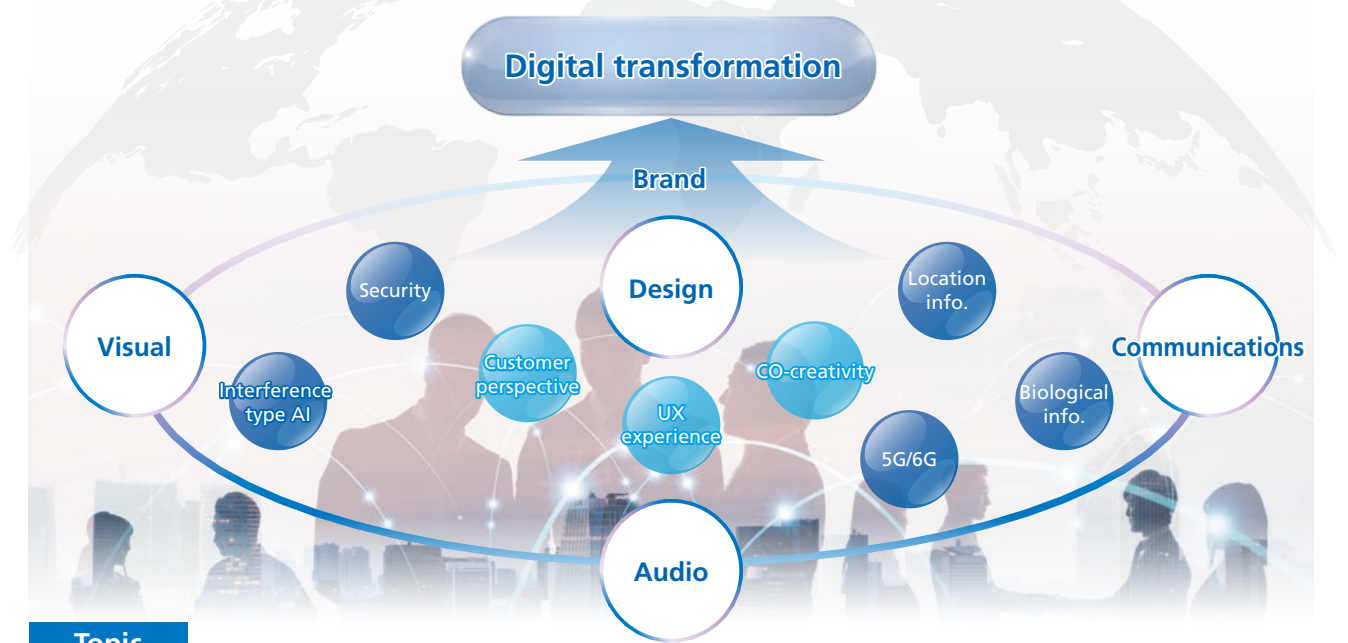
R&D²

Technology strategy

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

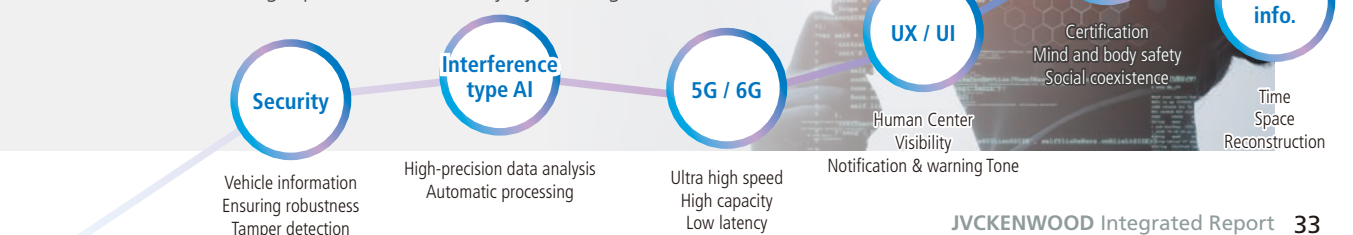
that focuses on the next generation and technology that responds to people's instincts and desires. By adding design to the traditional research & development, we will provide new value through user experience value and co-creation from the customer's perspective through our brands.



Topic

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.



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.



Optimization of human resources by utilizing Human Resource Management (HRM)

Recruitment, personnel allocation and ability development

- ▶ Institutional reform that can realize diverse work styles
- ▶ Revitalization of the organization by rectifying the age distribution of employees and having personnel rotation, and implementing measures for enhancing productivity on the assumption of a personnel decrease in the future.
- ▶ Establishment of a system for developing personnel abilities to meet diversification of career paths.

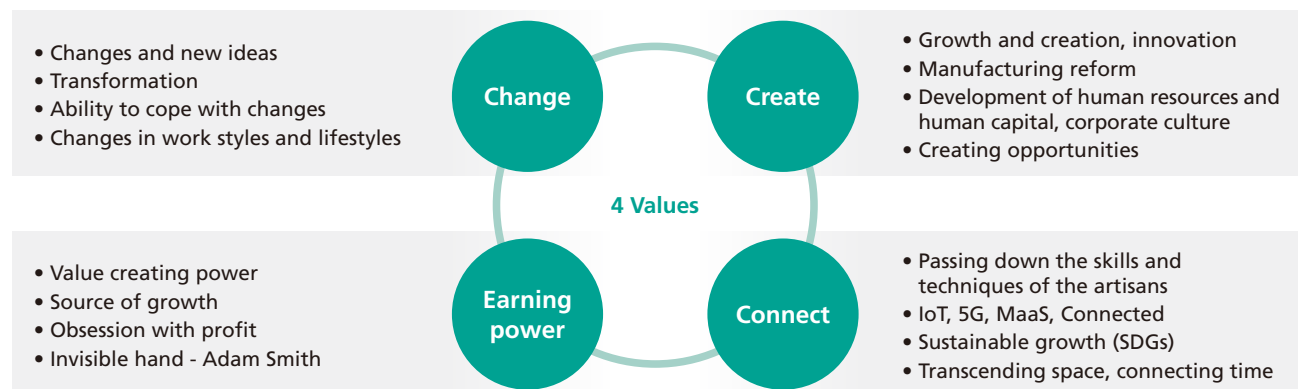
Personnel system (compensation and evaluation)

- ▶ Consideration and implementation of a personnel system reform necessary for realizing diversity
 - *Consideration of treatment of highly skilled jobs, short work days, short work hours, etc.
- ▶ Rebuilding a compensation structure that reflects roles and achievements

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

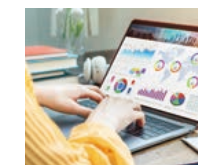
JVCKENWOOD will promote the realization of diverse and flexible work styles through the work style reforms. Specifically, teleworking will be promoted by establishing an efficient teleworking environment while accelerating digitization and shifting to electronic seals, with utilization of satellite offices 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-employer assignments



Linkage with office strategies

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



Personnel 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 flex time
- ▶ 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

