

# 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

- |                      |   |              |  |
|----------------------|---|--------------|--|
| <b>Opportunities</b> | <ul style="list-style-type: none"> <li>▶ Creation and innovation of new technologies and business models such as AI and IoT, substitution of existing business and stimulation of new demand.</li> <li>▶ Acceleration of digitization and the convergence of reality and digital.</li> <li>▶ Movement to seek solutions to social issues through corporate activities, such as the increase in ESG investors and the spread of the SDGs.</li> </ul> | <b>Risks</b> | <ul style="list-style-type: none"> <li>▶ Worsening of global supply chain risks for semiconductors.</li> <li>▶ Business impact of prolonged spread of COVID-19.</li> <li>▶ Growing global geopolitical risk.</li> <li>▶ Supply chain disruptions due to climate change.</li> <li>▶ Impact of U.S.-China trade friction on the global economy.</li> <li>▶ Global economic impact of Russia's invasion of Ukraine</li> </ul> |
|----------------------|---|--------------|--|

- |                   |  |
|-------------------|--|
| <b>Key themes</b> | <ul style="list-style-type: none"> <li>▶ Respond to drastic changes in the market environment and shift to an earnings structure that earns stable business profits.</li> <li>▶ Clarify strategies and allocate resources by redefining the business portfolio.</li> <li>▶ Develop new business through expansion of the Mobility &amp; Telematics Services Business and further evolution of the DX Business.</li> <li>▶ Promote sustainability management based on "profitable growth" and "solving social issues on a global scale."</li> </ul> |
|-------------------|--|

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





# Outline of Medium-Term Strategy

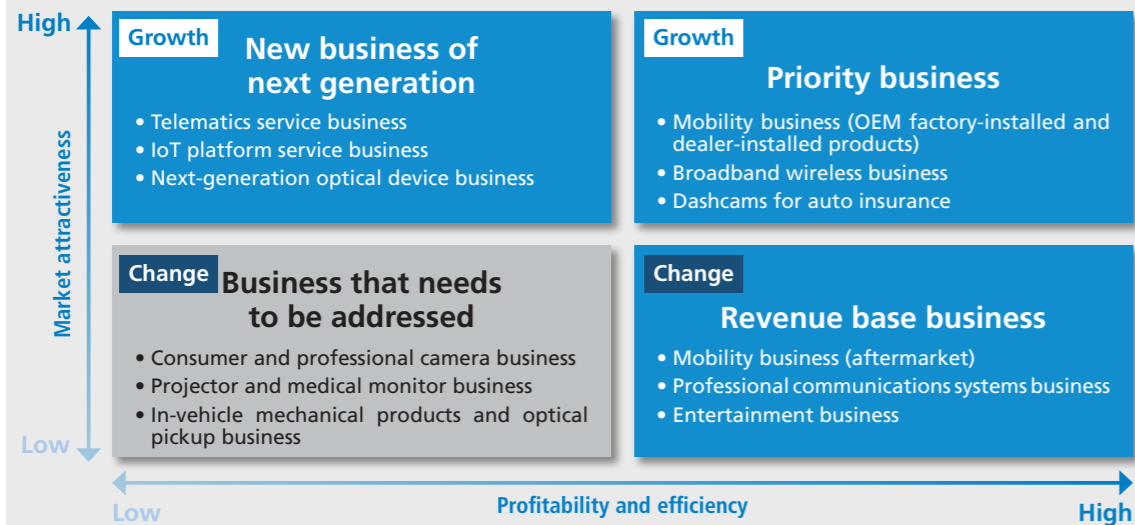
Under VISION 2023, we will strengthen our revenue base through structural reforms (“Change”), expand growth business by expanding new products and sales channels and creating new business (“Growth”), and pursue initiatives that combine “profitable growth” with “solving social issues on a global scale”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



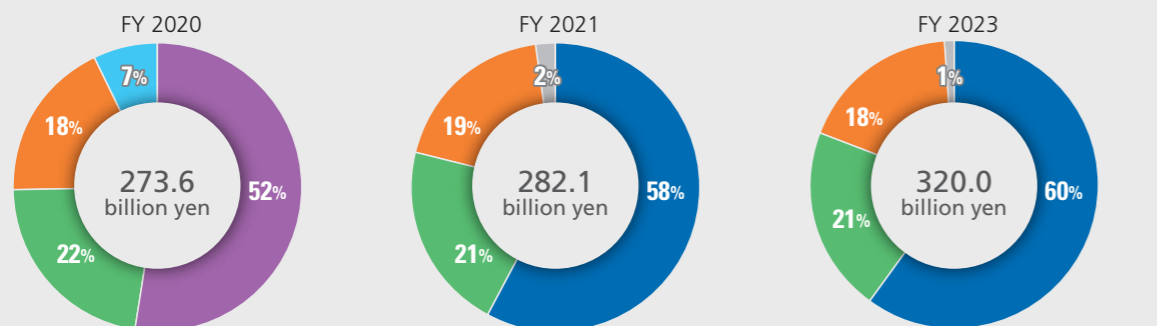
## 1 Change

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



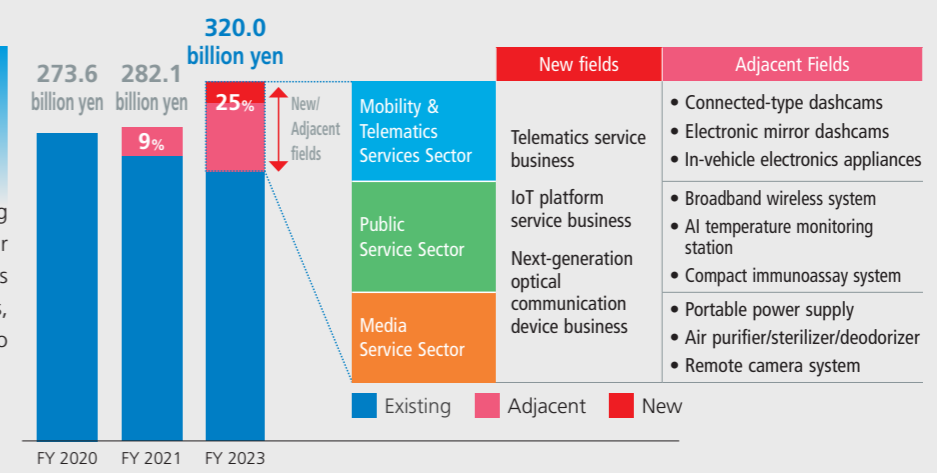
Change in sales revenue composition ratio



## 2 Growth

### New business to support growth

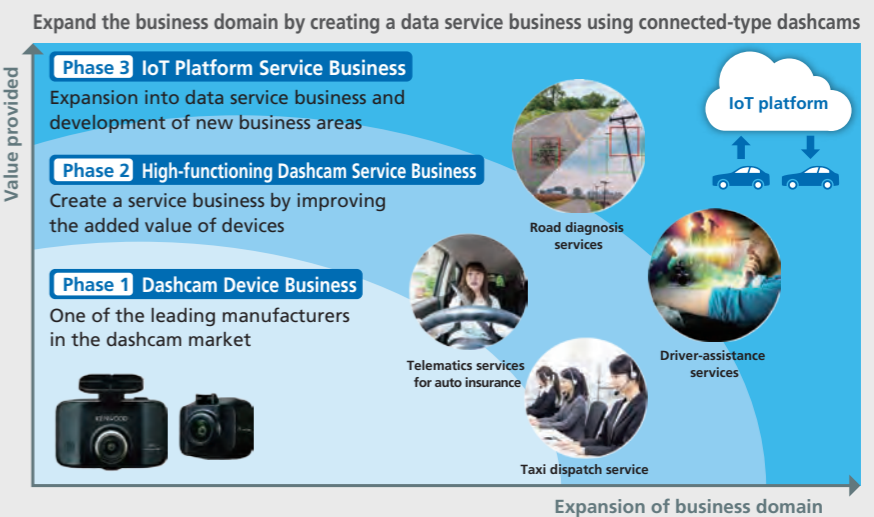
We are aggressively entering into areas adjacent to our existing business (new markets or new products) and new areas, aiming for a 25% revenue ratio in these two areas.



Category	New fields	Adjacent Fields
Mobility & Telematics Services Sector	Telematics service business	<ul style="list-style-type: none"> <li>Connected-type dashcams</li> <li>Electronic mirror dashcams</li> <li>In-vehicle electronics appliances</li> </ul>
Public Service Sector	IoT platform service business	<ul style="list-style-type: none"> <li>Broadband wireless system</li> <li>AI temperature monitoring station</li> <li>Compact immunoassay system</li> </ul>
Media Service Sector	Next-generation optical communication device business	<ul style="list-style-type: none"> <li>Portable power supply</li> <li>Air purifier/sterilizer/deodorizer</li> <li>Remote camera system</li> </ul>

### 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 connected-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)

## Masatoshi Miyamoto



### 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

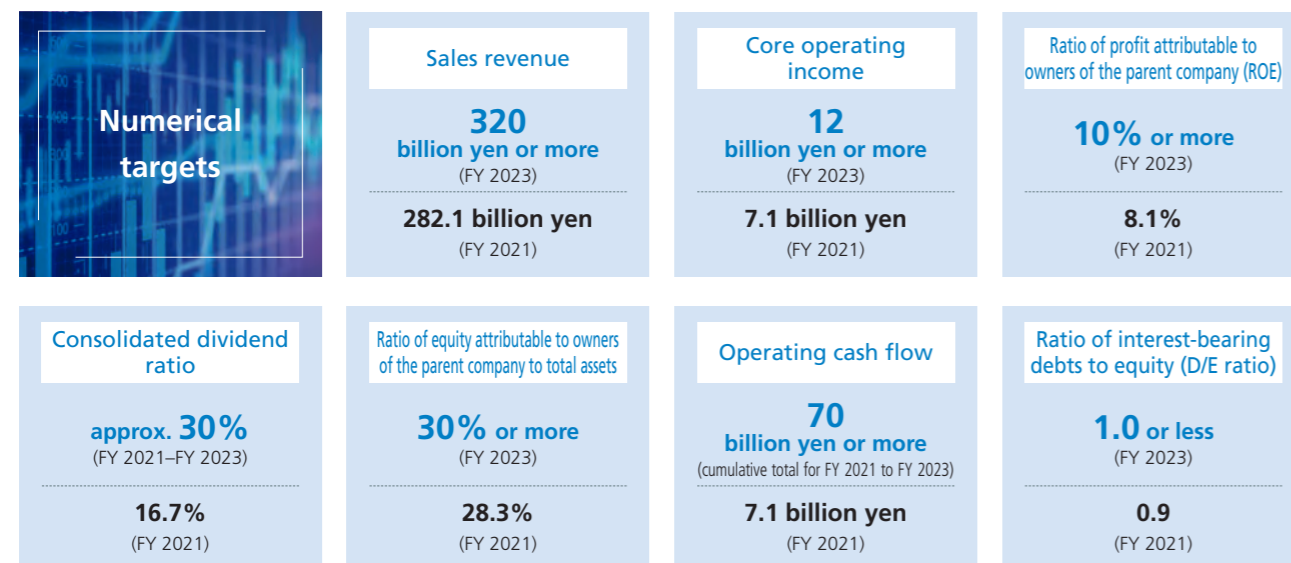
## Performance results and review of fiscal year ended March 2022

Although the entirety of FY 2021 was largely affected by a shortage in the supply of components such as semiconductors, net sales increased from the previous period to 282.1 billion yen due to a reduced impact of COVID-19 and a significant recovery in production and sales in the fourth quarter. Core operating income decreased 300 million yen from the previous period to 7.1 billion yen due to problems in the supply of components and cost increases. However, operating income and net income increased significantly from the previous period due to gains on sales of subsidiaries and valuation of financial assets, as well as new recognition of deferred tax assets, resulting in an ROE of 8.1%. On the other hand, cash flow from

operating activities decreased 28.8 billion yen from the previous period to 7.1 billion yen due to a large increase in inventories resulting from production disruptions caused by components shortages and prolonged logistics lead times.

### Financial targets

Under the Medium-Term Management Plan VISION 2023, we aim to achieve revenue of 320 billion yen or more, core operating income<sup>\*1</sup> of 12 billion yen or more, and ROE<sup>\*2</sup> 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<sup>\*3</sup> by business sector as key KPIs<sup>\*4</sup>, we aim to improve the accuracy of investment judgment and post-investment budget and performance management.

### Toward permanent strengthening of business structure

Since 2018, the Company has been reforming management through reforming manufacturing as a measure to strengthen its business structure across the Company. We achieved steady results in FY 2020 through the CEM (COVID-19 Emergency Measures) project launched to thoroughly curb cash outflows as a measure against the spread of COVID-19, and we

## Medium-Term Management Plan VISION 2023

continued these activities in FY 2021 as well.

On the other hand, in FY 2021, production disruptions due to components shortages and prolonged logistics lead times had a significant impact on our business performance. It was also a year in which we became acutely aware of the major challenges in our supply chain management (SCM). In order to overcome these challenges, we established the position of Officer in Charge of SCM Reform and the SCM Innovation Department on April 1, 2022, and are working on promoting supply chain optimization by visualizing processes and strengthening monitoring in order to build a system that will enable us to steadily promote business plans and accelerate management decision-making from the perspective of cash flow.

### 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.

### Changes in dividend

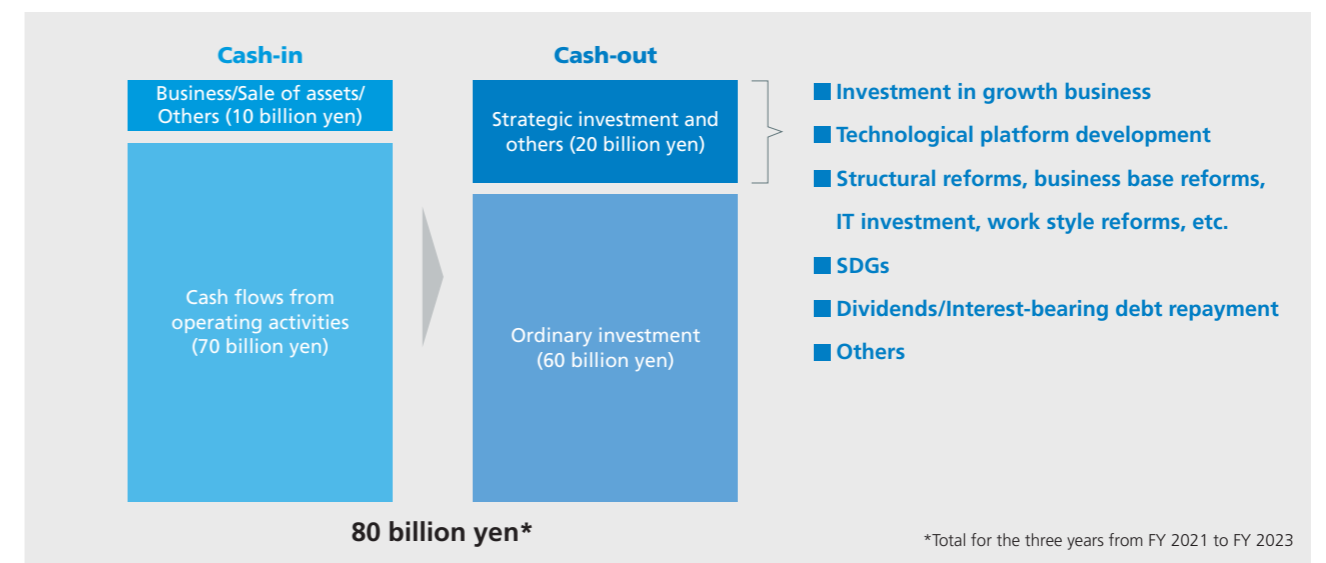
	FYE 3/'21	FYE 3/'22	FYE 3/'23 (Forecast)
Dividend	5 yen	6 yen	7 yen

\*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





## 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 connected-type dashcams via collaboration with service providers such as auto insurance companies.

The OEM Business is operated through two channels: the dealer-installed channel and the factory-installed channel (products installed on the vehicle production line). 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 connected-type dashcams to the auto 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 auto 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

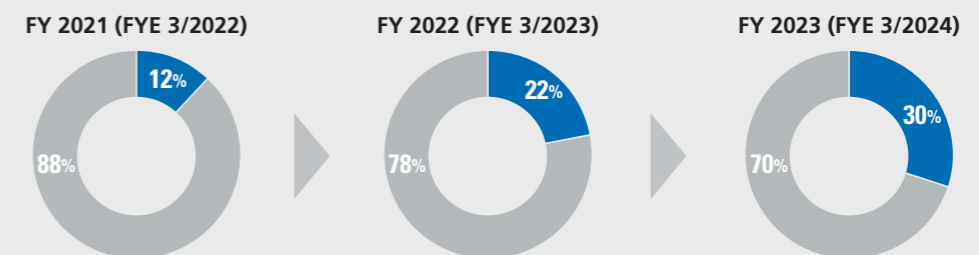
In the Mobility & Telematics Services Sector, JVCKENWOOD aims to reach a business scale of 200 billion yen by FY 2023, the final year of the Medium-Term Management Plan VISION 2023, through restructuring of the business portfolio.

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 our business at a global level by expanding our highly respected high-functionality dashcam business, and by expanding product lineups and services. Furthermore, centering on connected-type dashcams, we will provide new telematics services by developing business for auto insurance companies and data service business utilizing vehicle data.

### FY 2023 (FYE 3/2024) Target: Adjacent and new field sales ratio of 30%



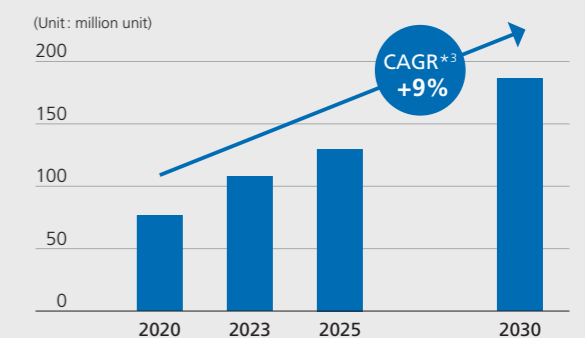
#### Major themes for adjacent and new fields

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

### Priority strategy



### Global telematics service market\*2



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 our 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 connected-type dashcams with a scale of a cumulative total of 1.7 million units [as of the end of March 2022 ]), 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 auto insurance companies, etc.) in FY 2020. We will continuously expand product lineups and develop sales channels with the aim of further expanding the business.

Connected-type dashcams for auto insurance companies are developed and supplied to auto 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



### ■ Connected-type dashcam for auto insurance

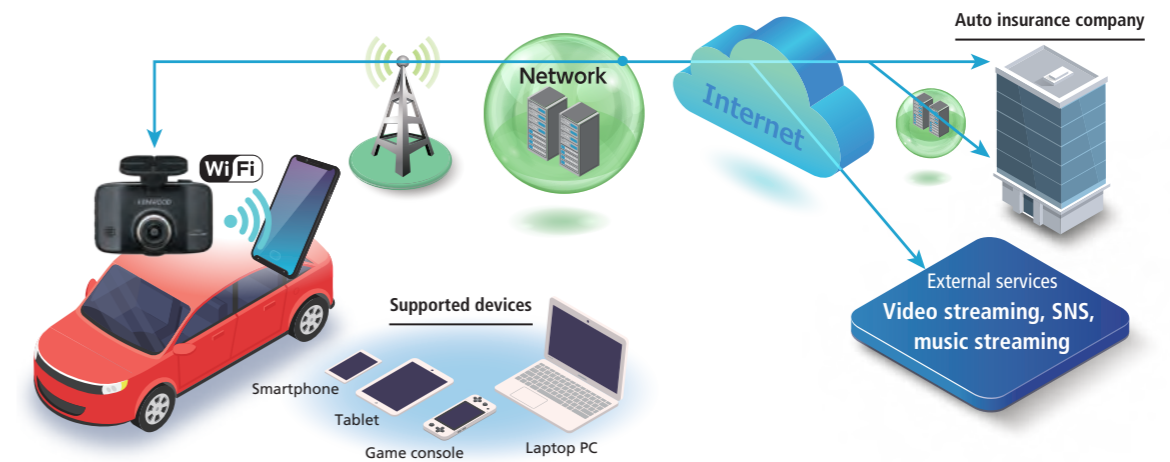
- ▶ Providing safety and security with rapid response to emergencies and driver assistance functions



## Phase 2 High-functioning dashcam service business

By cooperating with automobile manufacturers and auto insurance companies, we will launch into the high-functioning dashcam service business which will allow seamless response through utilization of connected-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.



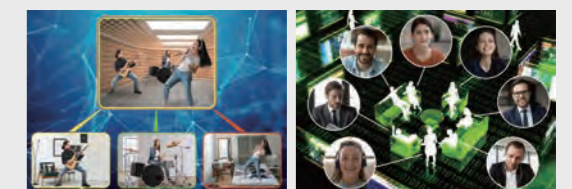
Road diagnosis service

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 (p.25), 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.

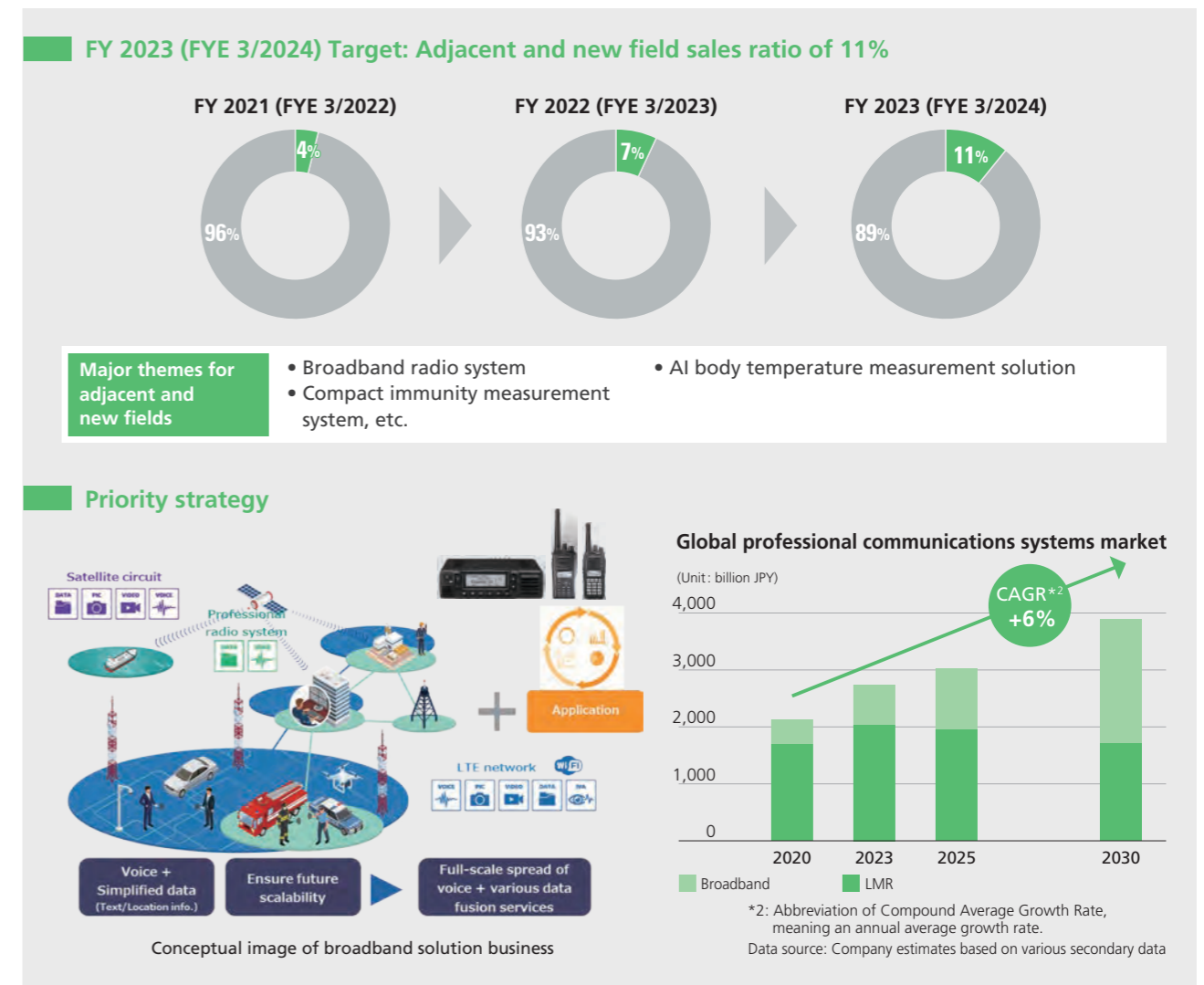


### Future initiatives

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 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 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 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 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 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.

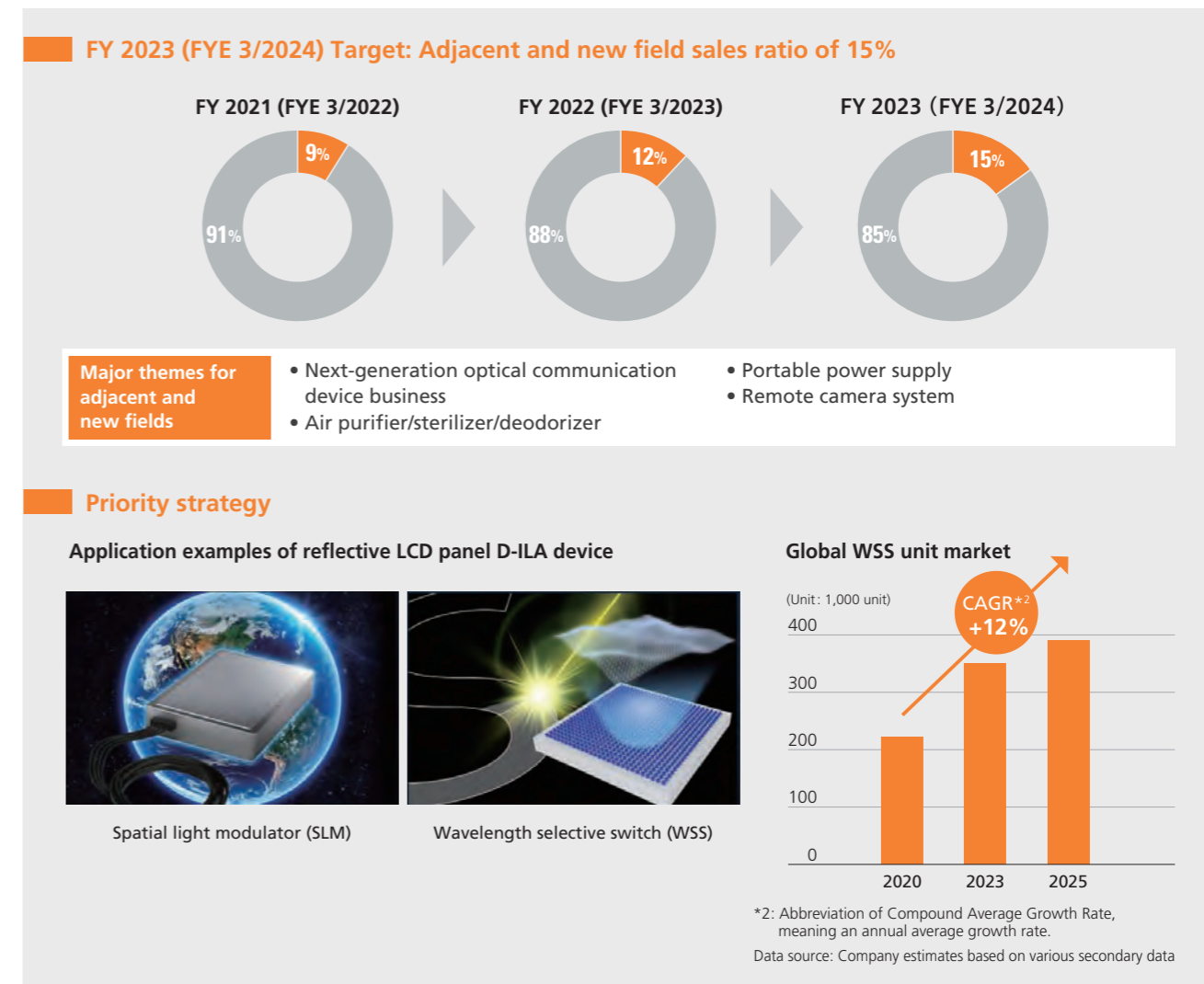
The Lifestyle Business will promote the provision and strengthening of lineups of wellbeing products, such as portable power supplies, solar panels, and sterilizers/deodorizers for the markets that help consumers enjoy safe, secure, and comfortable living, which are growth markets. Simultaneously, the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





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 reforms, we aim to integrate production bases into a scale commensurate with total production volume and total man-hours by returning to domestic production and promoting automation of production. 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

**Returning to domestic production**

The stagnation of the global economy due to COVID-19, the difficulty in procuring parts and materials (especially semiconductors), and the disruption of logistics networks, caused great concerns with maintaining continuous production. In order to reform total costs, we therefore quickly decided to take up the challenge of realizing a production model based on local production for local consumption, accelerating our efforts to return to domestic production as part of our

manufacturing reform initiatives, and promoted automated production as a means of upgrading management assets. Full-scale production of car navigation systems for the domestic aftermarket began in February 2022 at JVCKENWOOD Nagano. In fiscal year 2022, we will produce more than 300,000 units per year, including dedicated navigation systems for domestic automakers. Beginning in fiscal year 2023, we will achieve a production scale of approximately 500,000 units per year.



JVCKENWOOD Nagano Corporation



Automated manufacturing line

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&D<sup>2</sup>**

**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 VISION 2023 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

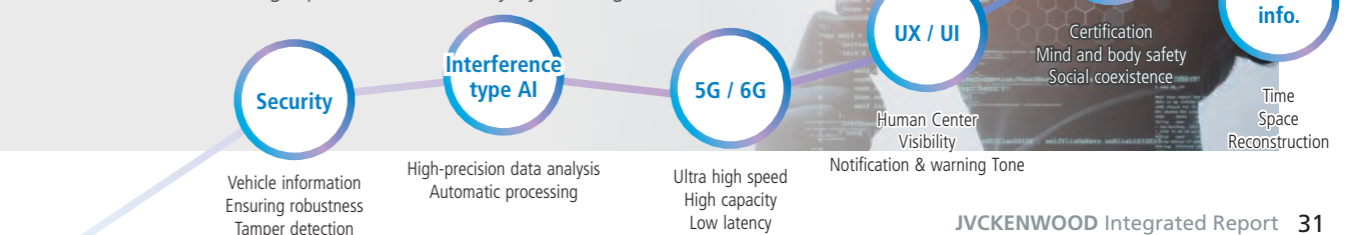
that focuses on the next generation and technology that responds to people's instincts and desires. By adding design to the traditional research & development, we will provide new value through user experience value and co-creation from the customer's perspective through our brands.



**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.

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.

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.



#### 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.

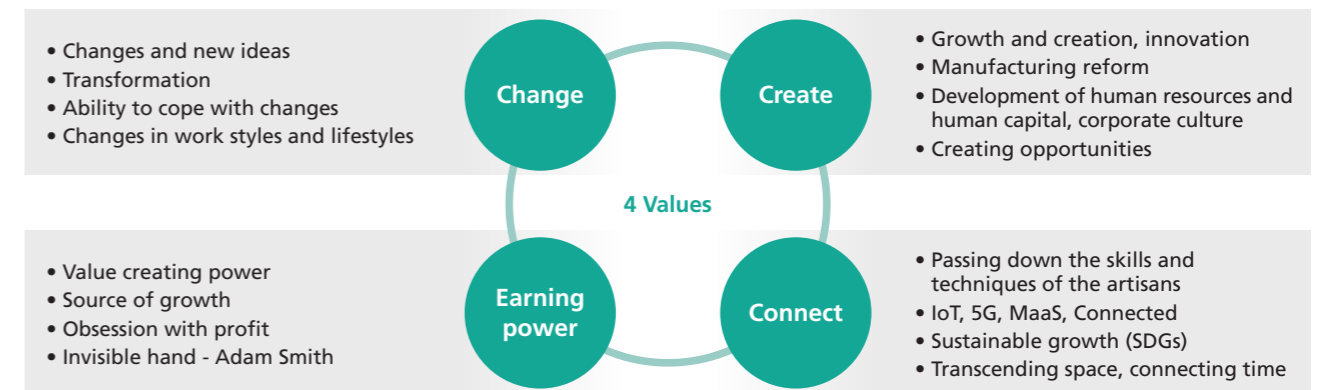
#### Personnel system (compensation and evaluation)

- ▶ 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.
- ▶ Introduction of a compensation system for managers that reflects roles and performance.

### Corporate culture reforms by revising the action guidelines

In line with our Management Principles, which were renewed along with the formulation of the new VISION 2023 Medium-Term Management Plan 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 implementing work style reforms. We have focused especially on promoting teleworking by establishing an efficient teleworking environment while accelerating digitization and shifting to electronic signatures. We are also considering using satellite offices and adopting hot desking. Finally, we

are also considering expanding shorter working hours to full-time employees, introducing a system of side jobs and dual employment, adopting a super-flex system, and hiring employees within certain areas (with no possibility of being transferred). 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

