

New Medium-Term Management Plan VISION 2023:Transformation & Growth

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A. Positioning of VISION 2023

Transformation & Growth

VISION2023 (2021-2023)

Vision 2020 (2018-2020)

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

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

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

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

Becoming an
excellent company with
strength and toughness

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



Corporate Vision

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

Management Principles

**Create new value through manufacturing
Foster a challenging corporate culture adapts to change
Develop people and organization drive innovation**

B. Key Themes for VISION 2023 and Medium-Term Basic Strategies

Recognition of External Environment and Key Themes for VISION 2023

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 by the United Nations.

Risks

- Business impact of prolonged spread of COVID-19.
- Worsening of global supply chain risks for semiconductors.
- Growing global geopolitical risk.
- 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 service business and further evolution of the DX Business.
- ✓ Promote sustainability management based on “profitable growth” and “solving social issues on a global scale.”

Basic Strategies of the Medium-Term Management Plan

Transformation

- ❑ Rebuild the revenue base
- ❑ Further promote manufacturing reforms
- ❑ Reorganize and consolidate production bases

Growth

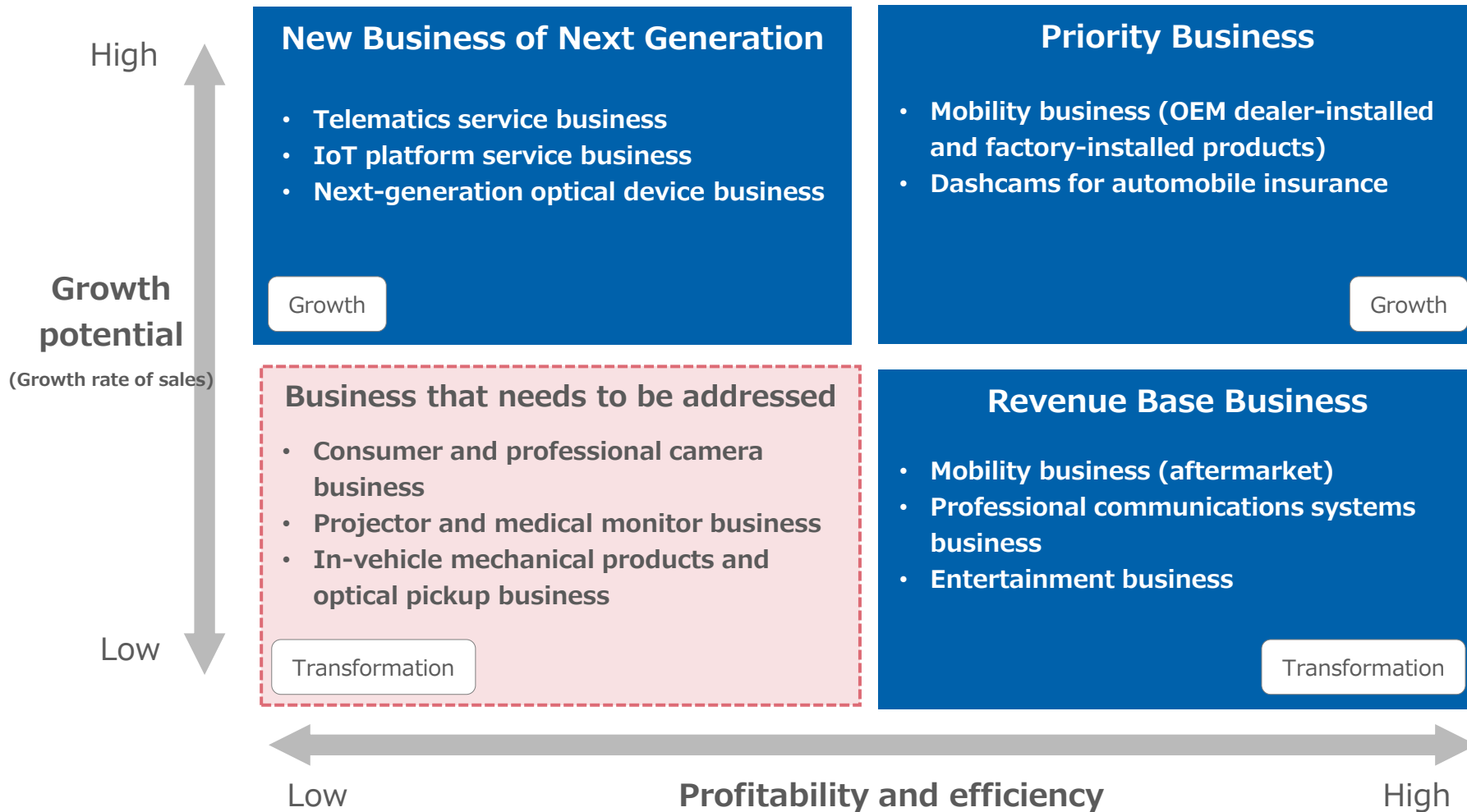
- ❑ Evolve DX Business
- ❑ Strategic products for the post COVID- 19 world
- ❑ Improve profitability and ROE commensurate with invested capital

Sustainability Management & Evolution of ESG

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

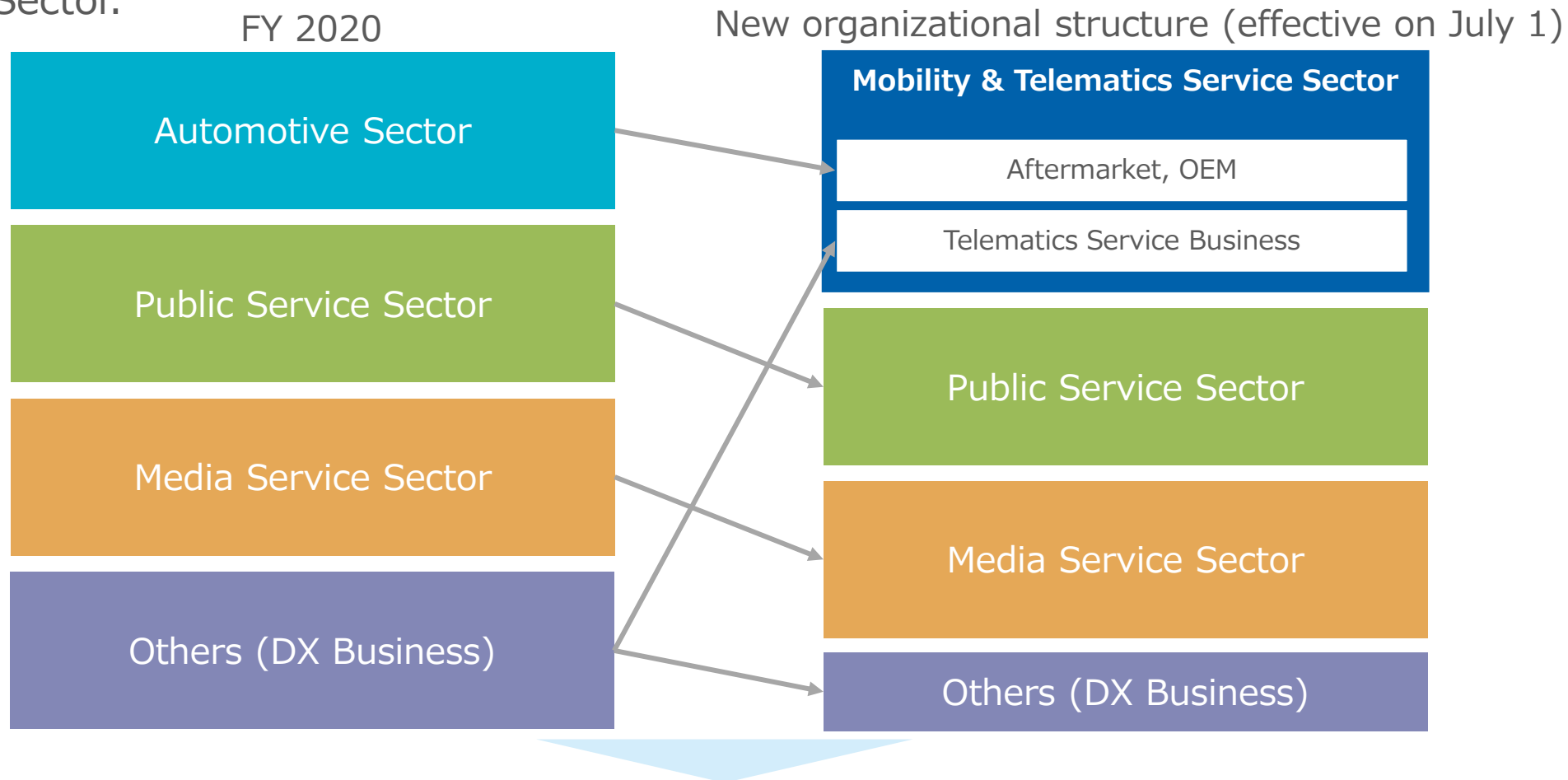
Redefine the Business Portfolio and Sustainably Enhance Corporate Value

- Redefine business portfolio based on business growth, profitability, and capital efficiency.
- Consider improving profitability, scaling back or withdrawing from business that needs to be addressed through a drastic review of strategy.



Reorganization on July 1: Toward a New Corporate Form

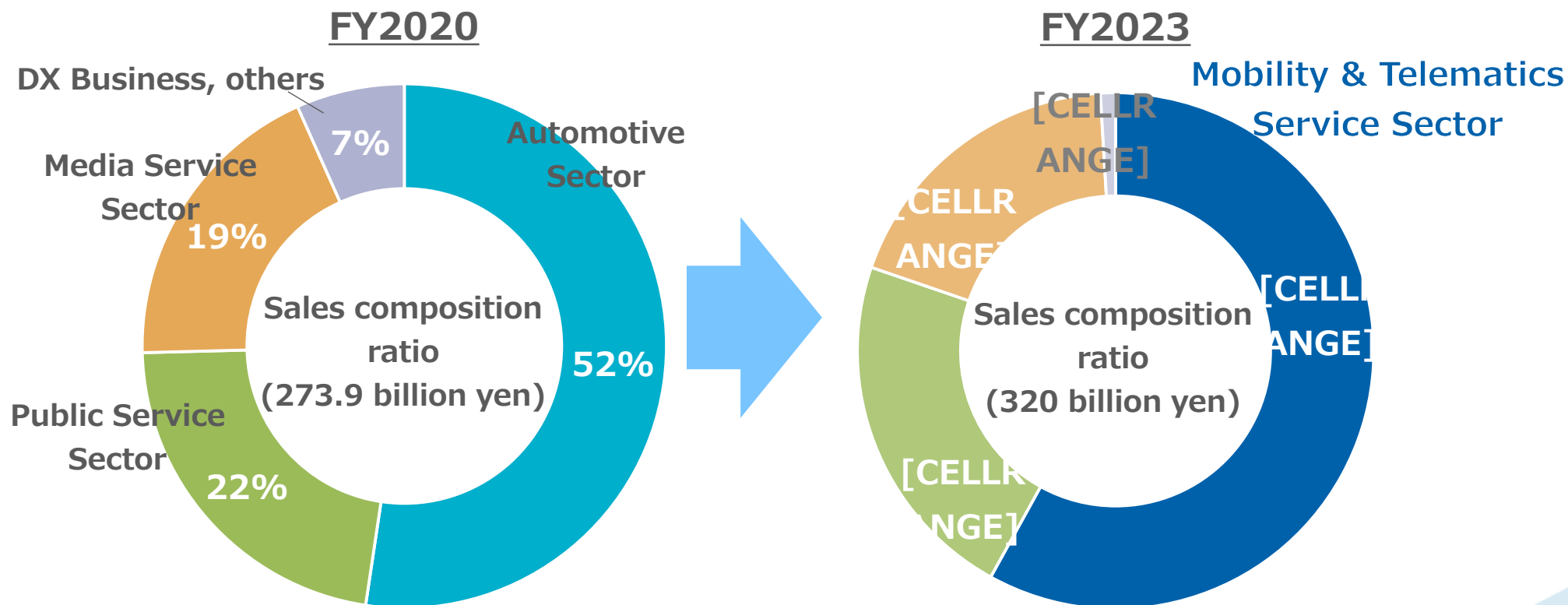
- The telematics service business of the DX Business will be incorporated into the Automotive Sector and will be reorganized as the Mobility & Telematics Service Sector.



From the perspective of the SDGs, which seeks to solve social issues, JVCKENWOOD aims to transform itself into a company that brings social value by reducing traffic accidents, easing traffic congestion, improving driver safety, and reducing environmental load.

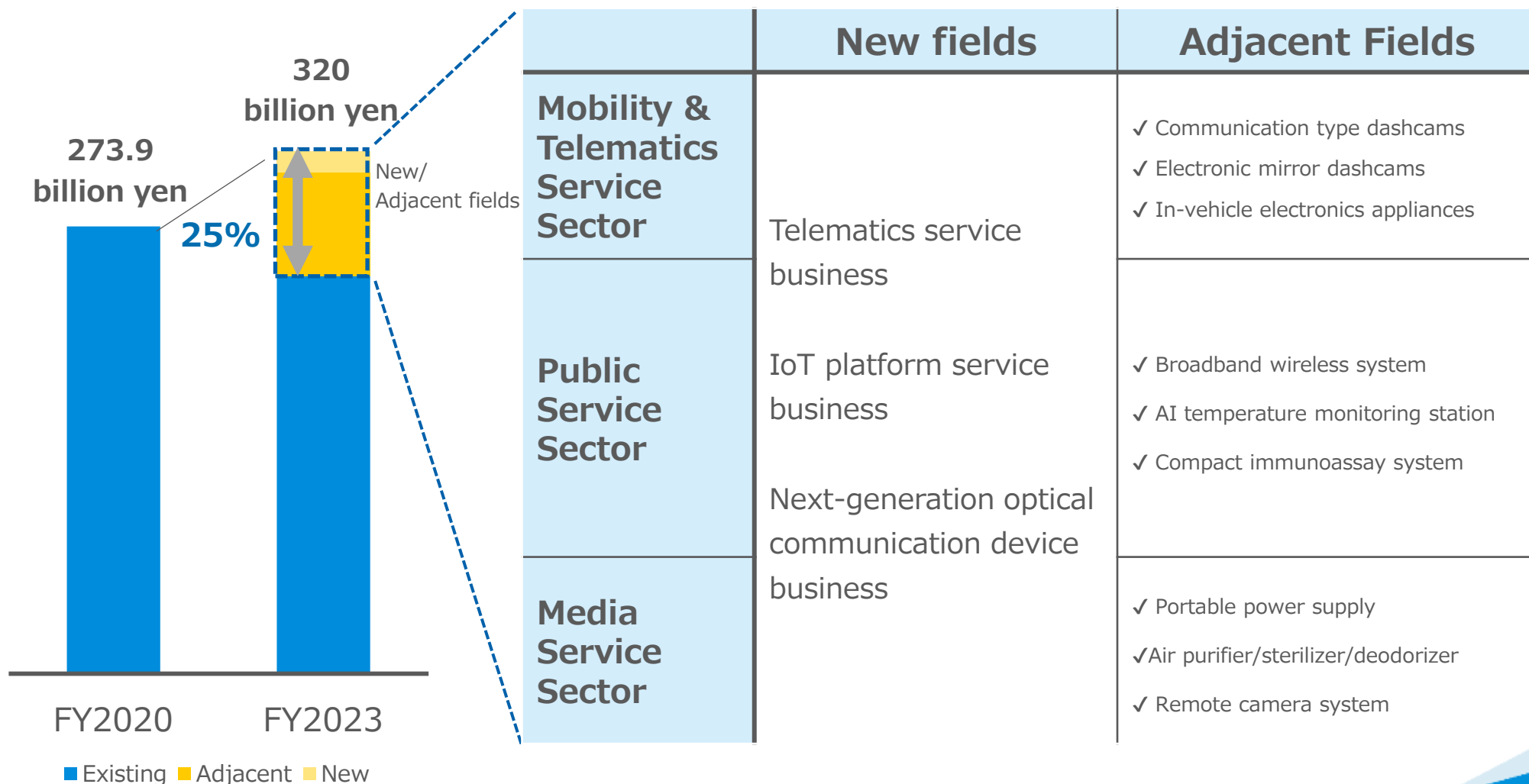
VISION 2023 Restructuring of Business Portfolio

- The telematics service business of the DX Business will be incorporated into the Automotive Sector and will be reorganized as the Mobility & Telematics Service Sector.
- To be further expanded as the Mobility & Telematics Service Business, a growth driver with a scale of 200 billion yen sales revenue.



VISION 2023 Expansion of Growth Business

- Expand growth business through aggressive entry into adjacent fields (new markets/new products) and new fields.



Medium-Term Growth Scenario for the Telematics Service Business

- Expand the business field by creating a data service business using communication-type dashcams.

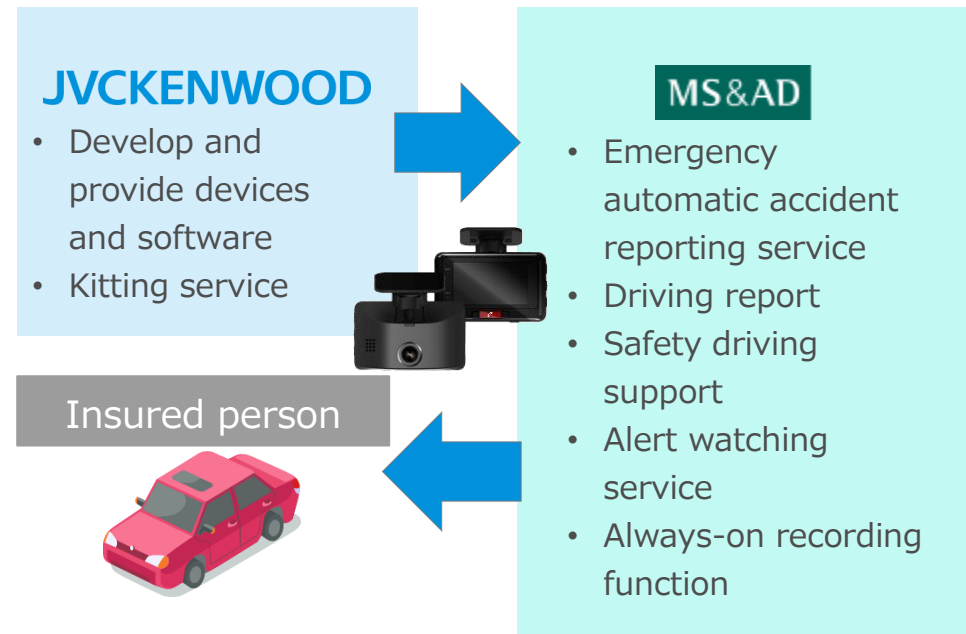


Business Example (Phase1): Dashcam Business

- Gained a position as one of the leading manufacturers in the dashcam market
- Achieved company-wide sales revenue of more than 30 billion yen from dashcams in FY2020 (total of aftermarket, OEM, automotive insurance business in DX business)
- Aim to further expand the business by expanding the product lineup and developing sales channels



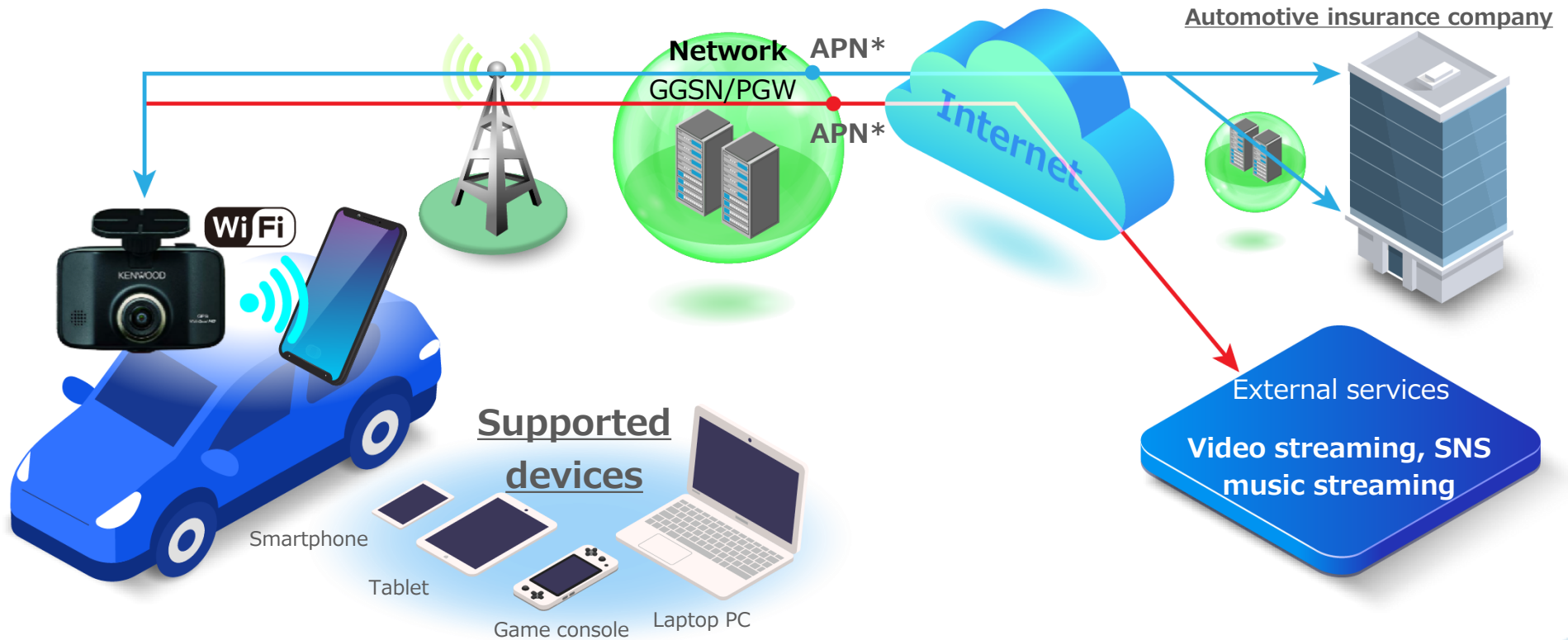
- Communication-type dashcams for automotive insurance
- Providing safety and security through rapid response and driver assistance functions in emergency situations



Service for MS&AD Insurance Group

Business Example (Phase 2): High-performance Dashcam Service Business

- Provide communication dashcams as dealer-installed products of automobile manufacturers.
- Collaborate with each automotive insurance company to enable seamless response in the event of an accident.
- In-vehicle Wi-Fi function that enables devices in the car to be used without worrying about the amount of communication.



*APN: Carrier-designated Internet connection

Business Example (Phase 3): Platform Service Business

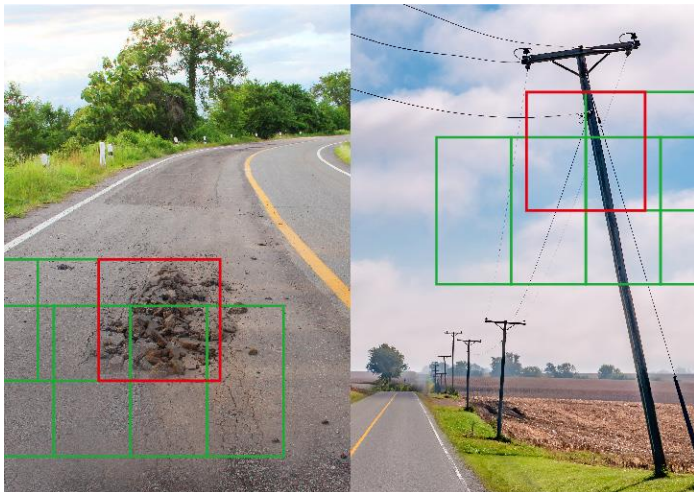
■ Road diagnosis service

Provide a service that diagnoses and analyzes the deteriorated condition of roads and utility poles to support road route management and repair planning.

■ Driving support service

Analyze drivers' emotions and physical condition to provide optimal driving support services.

Road diagnosis service



Driving support service



New IoT Platform Service Business

- Provide services using the IoT platform that brings together the resources of each sector, JVCKENWOOD Design and Victor Entertainment.
- Develop next-generation business that connect people and time and space.

Communication space service



- Virtual studios and virtual spaces connect different places and provide a place to enjoy live performances and sessions.
- A place to enjoy multi-purpose communication.

Strengthen Strategic Products for the Post COVID-19 World



- Deliver safety and security through our products by capturing changing demand.



Antibacterial and sterilization products

Low-concentration ozone generator



Virus, sterilization, and deodorization by the action of ions and low-concentration ozone

Waterproof keyboard for infection control



Adopted a hygienic design compatible with cleaning and disinfection

Antibacterial and antiviral transceivers



The industry's first* safe and secure transceiver with antibacterial and antiviral treatment

Strengthen Strategic Products for the Post COVID-19 World



Stay at home & non-contact products

Wireless 3D theater system



Experience a three-dimensional sound field in the comfort of your own home, as if you were in a movie theater, a live concert hall, or a stadium.

Compact component system



Easy and high-quality sound reproduction that responds to stay-at-home demand.

AI body temperature station



Non-contact self-testing terminal capable of measuring temperature with a detection error of $\pm 0.2^{\circ}\text{C}$ and a detection time of 0.3 seconds.

Work from home & remote work products

Portable Power Supply & Solar Panel



Provide essential power for daily life at any time and place, including outdoors and in emergencies.

Microphone speaker for web conf.



Wireless and easy to use speaker for online meetings and conference calls.

Smart headset



Increasing demand for online meetings and other applications for telework.

C. Financial Strategy and Mid-Term Management Plan

- Develop financial strategies for sustainable enhancement of corporate value.

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 debt and financial expenses while achieving equalization of repayments each fiscal year

Priority measures and numerical targets

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

* ROE: Return on equity

VISION 2023 Medium-Term Management Targets

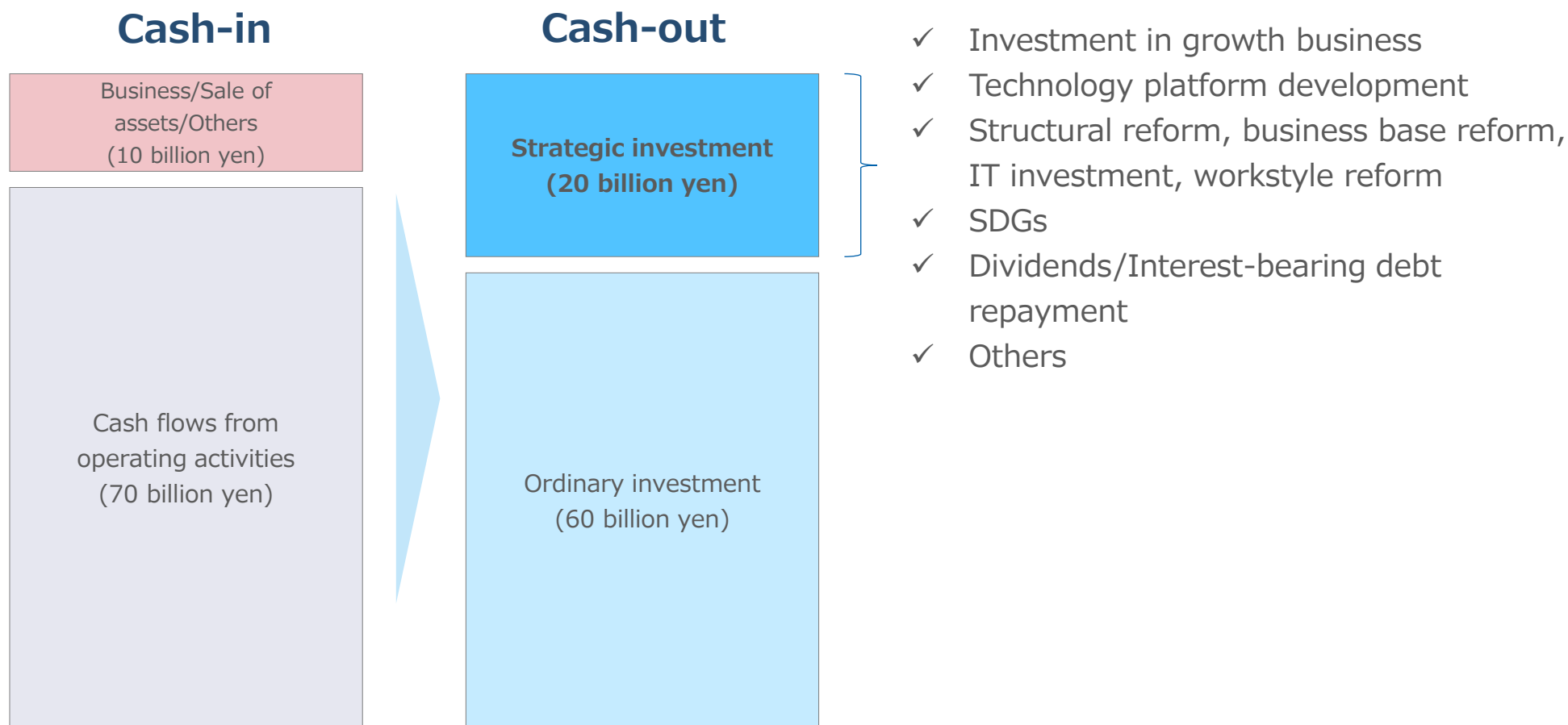
- Steadily implement the strategies set forth in "VISION2023: Transformation and Growth" and fulfill our commitments.

Sales revenue	Core operating income	ROE
320 billion yen or more (FY2023)	12 billion yen or more (FY2023)	10% or more (FY2023)
273.6 billion yen (FY2020)	7.5 billion yen (FY2020)	3.6% (FY2020)

Consolidated dividend ratio	Ratio of equity attributable to owners of the parent company to total assets	Operating cash flow	D/E ratio
Approx. 30% (FY2021-2023)	Approx. 30% or more (FY2023)	70 billion yen or more (Cumulative total for 2021-2023)	1.0 or less (FY2023)
38.1% (FY2020)	24.5% (FY2020)	35.8 billion yen (FY2020)	1.2 (FY2020)

Cash Allocation Approach

- Focus on cash flow generation and clarify the use of strategic investments and ordinary investments.



80 billion yen*

* Total for three years from 2021 to 2023

D. Key Strategies by Business Sector

VISION 2023 Major Initiatives in Each Sector

Business

Major Initiatives

Directions

Mobility & Telematics Service Sector

- Collection and analysis of vehicle data and development of data service business
- Expansion and development of business through the provision of telematics services based on communication-type dashcams

Public Service Sector

- Expanding the market share of the North American public safety market (P25 radio)
- Strengthen broadband business through business collaborations
- Development of bio-device business

Media Service Sector

- Strengthen lineup of Well-Being products
- Expand next-generation optical communication related business with an eye on 6G
- Strengthen development of streaming artists

DX Business

- Commercialization of spatial services
- Building a stock-type business using IoT-based safety and security technologies

Expansion of telematics service business

Further evolution of the DX business and expansion of the business domain

Restructuring of revenue base

Key Strategies (Mobility & Telematics Service Sector)



■ Mobility business (OEM factory-installed and dealer-installed products)

➤ Dealer-installed product business

- Japanese Market: Expand orders by proposing new products in addition to navigation systems and dashcams in the mini and compact car market, which is expected to remain strong
- Southeast Asian market: Strengthening orders for display audio systems from Japanese automakers that are expanding shares in the market

➤ Factory-installed product business

- ASK, an Italian subsidiary: Expand orders by acquiring new customers in the European and Chinese markets



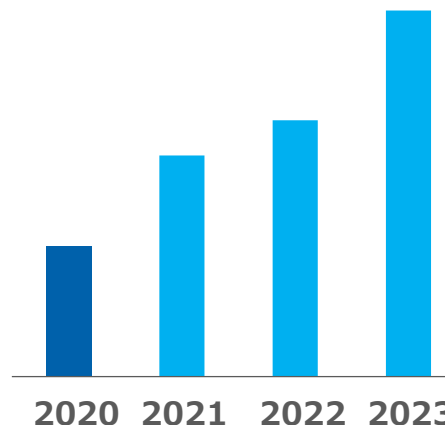
Display audio (image)



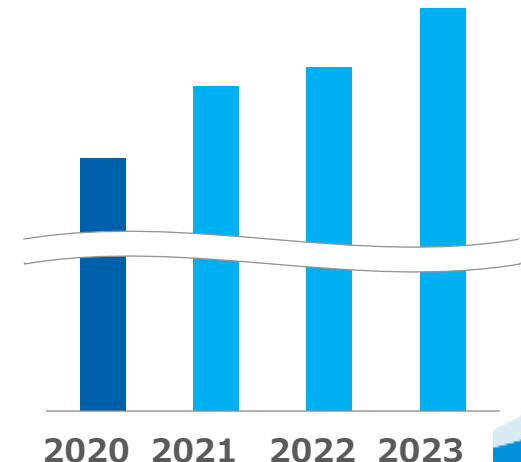
High-end sound solution



Trends in OEM sales to Southeast Asia



ASK sales trends



Key Strategies (Mobility & Telematics Service Sector)

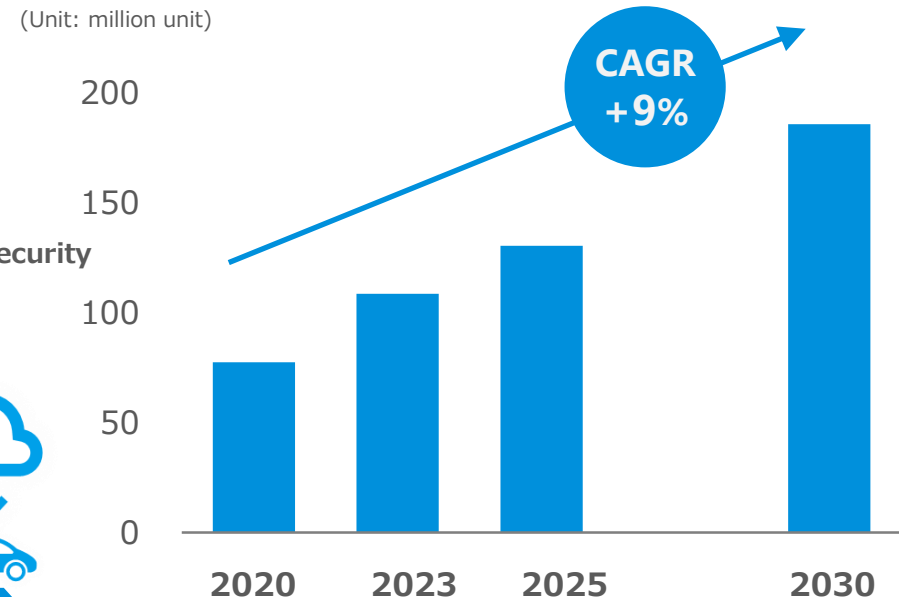


■ Telematics Service Business

- Sales of dashcams increased due to global business development and expansion of the product lineup
- Evolution of business for automotive insurance (expand business by incorporating AI and services)
- Collection and analysis of vehicle data and development of data service business
- Expansion and development of business by providing telematics services based on communication-type dashcams



Global telematics service market*



Data source: Company estimates based on various secondary data

Development of the telematics service business

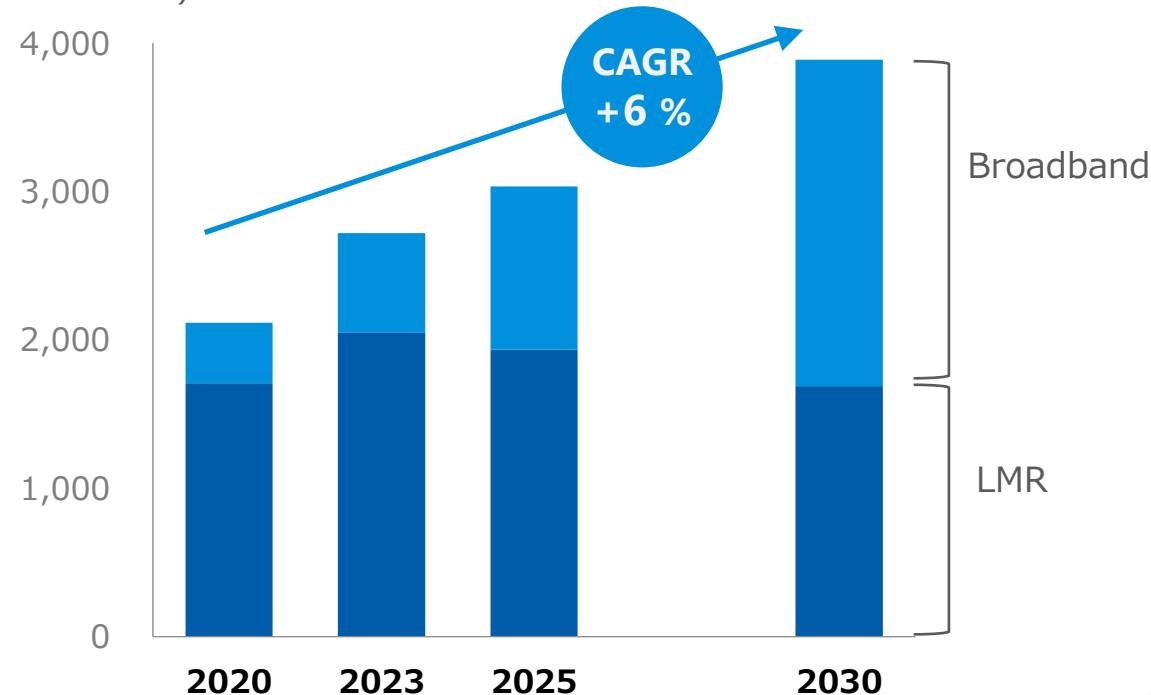
* Cumulative total number of vehicles (passenger cars and commercial vehicles) that have access to a variety of information services in real time via a communications system

■ Communications Systems Business

- Professional radio systems will shift from conventional radio (Land Mobile Radio: LMR) to broadband over the medium to long term
- Gradually shift to broadband solution business by utilizing assets cultivated in conventional radio business



Global professional communications systems market
(Unit: billion JPY)



Data source: Company estimates based on various secondary data

Key Strategies (Media Service Sector)

■ Well-Being Business

- Provide safe, secure, and comfortable living through products and services such as portable power supplies, air purifiers and deodorizers



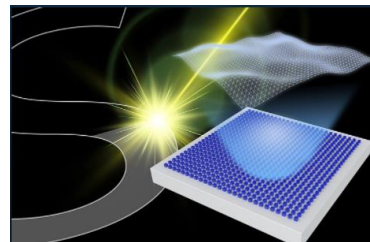
■ Next-generation optical communication device business

- Develop applications for D-ILA*¹ reflective LCD panel devices cultivated through the development of high-definition projectors in other fields, including optical communication applications such as WSS*²

Applications examples



SLM*³



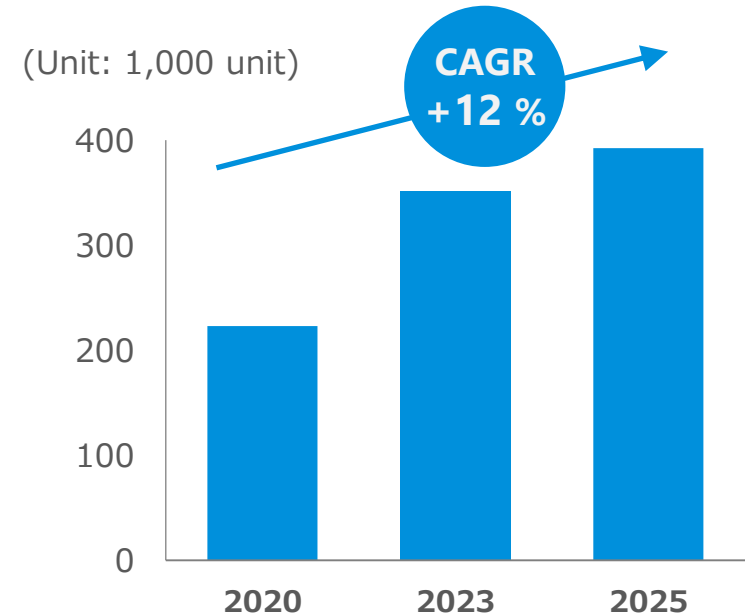
WSS

*1 D-ILA: Direct drive Image Light Amplifier

*2 WSS: Wavelength Selective Switch

*3 SLM: Spatial Light Modulator

Global WSS unit market



Data source: Company estimates based on various secondary data

E. Strengthening Manufacturing Reforms and Business Structure

Create New Value Through Manufacturing/Production, Design, and Procurement

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

Manufacturing reforms

- ✓ Centralize manufacturing policy
- ✓ Return to domestic production and coexistence with business partners
- ✓ Promote automation, reduce fixed manufacturing costs

Review of design process

- ✓ Minimize business-specific and individual optimization
- ✓ Efficient use of tools and equipment
- ✓ Overall optimization by design and drawing standards

Procurement reforms

- ✓ Maintain freshness and adopt a trend-following approach
- ✓ Integrate value engineering and cost down design activities
- ✓ Build an ecosystem with partner suppliers

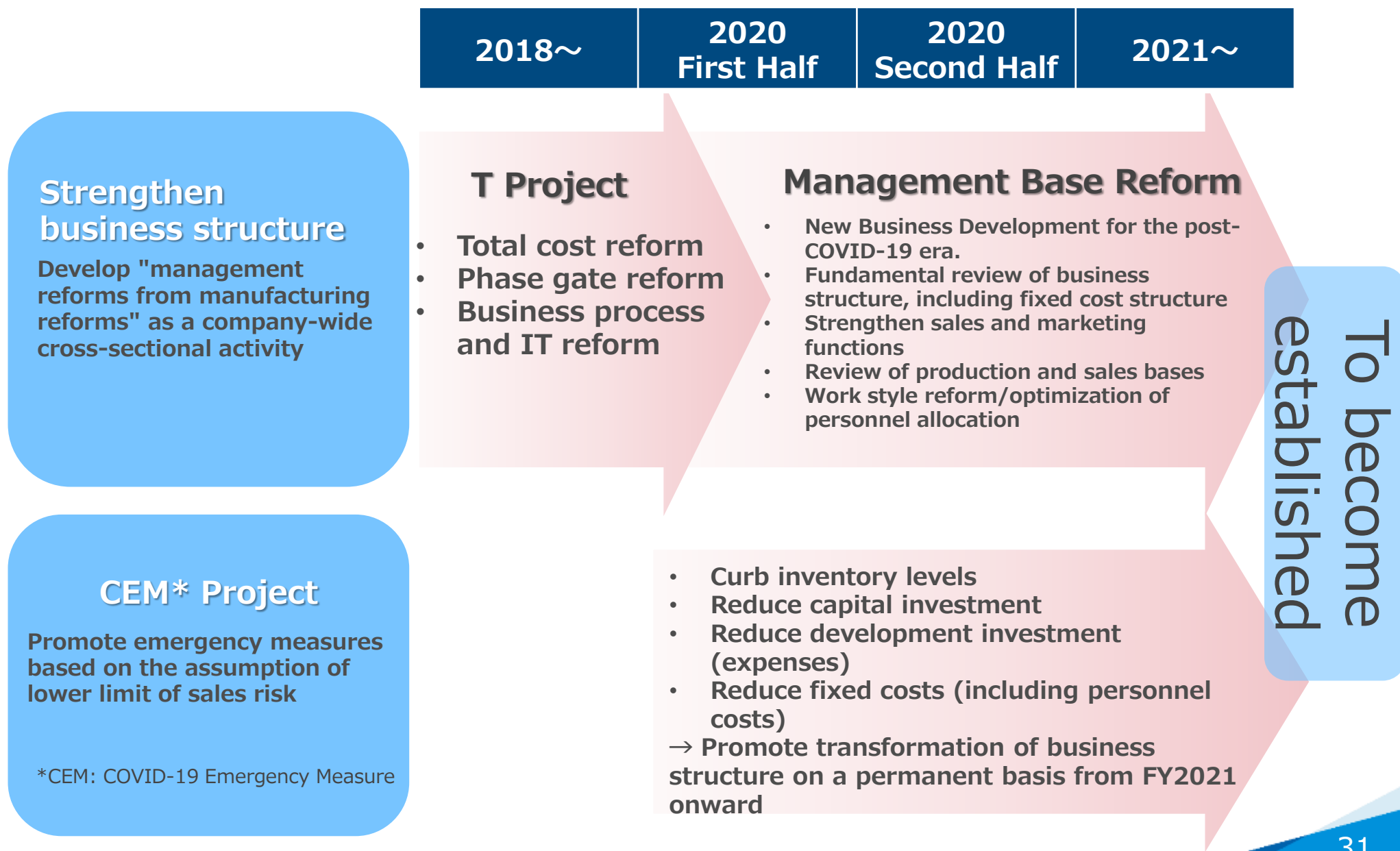
★ Technology development, product design, and quality assurance

- ✓ Improve technical capabilities through integrated management across business sectors
- ✓ Reduce fixed costs through efficient use of facilities
- ✓ Keep management resources fresh by improving the mobility of human resources

★ Optimize production technology, product manufacturing, and bases

- ✓ Integrated operation of production and manufacturing technology at manufacturing sites
- ✓ Maintain appropriate manpower and reduce fixed costs by reorganizing bases
- ✓ Advance management resources by promoting automation

Toward Permanent Strengthening of Business Structure



F. Technology Development Strategy

Technology Development Strategy

R&D²: Research, Development and Design

Technology Development Strategy:

Connecting people, time and space to create the future

- ✓ Return to basics: Manufacturing --> Strength in diversity by combining technology, brand, and design
- ✓ Based on the core technologies of **audio, visual and communications and design**, provide sustainable value through research and technological development with an eye on the next generation, using technologies that respond honestly to human instincts and desires
- ✓ From the customer's perspective of design, promote UX (user experience value) and co-creation with technology to provide new value creation through the brand



Institute of Future Creation

- A research institute that creates new services that connect people, products, information, vehicles, and society by always focusing on the future 10 years ahead and working together across boundaries.

Key themes

- Solve social problems
- Enhance incubation
- Upgrade intellectual property and skills

Security

- Information confidentiality
- Ensuring robustness
- Tamper detection

Interference-type AI

- High-precision data analysis
- Automatic processing

5G/6G

- Ultra high speed
- High capacity
- Low latency

UX/UI

- Human Center
- Visibility
- Notification & warning Tone

Biological info.

- Certification
- Mind and body safety
- Social coexistence

Location info

- Time
- Space
- Reconstruction

G. Promotion of ESG Management (SDGs)

Policy for Sustainability Management Initiatives

- In the mid-term management plan VISION2023, aim to further promote sustainability management that focuses on both "profitable growth" and "solving social issues on a global scale."
- Formulate a new mid-term environmental plan, comply with environmental laws and regulations in all 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.

JVCKENWOOD's policy for sustainable initiatives

1. Senior management drives the initiatives.
2. Set KPIs and targets in line with the new medium-term management plan.
Realization of a safe and secure society through the promotion of telematics service business and response to climate change.
3. Promote the participation of all employees by linking them to all business activities.
Hold SDGs forums for employees in Japan and conduct educational activities to promote understanding of the SDGs.
4. Achieve the SDGs through contributions to Society 5.0.
Solve social issues by providing an IoT platform
5. Proactively disclose our initiatives to stakeholders via the Web and other means in an easy-to-understand manner.



JVCKENWOOD's symbol
mark representing the
eight basic goals

Initiatives for Safety & Security and Resources & Environment

- Contribute to the prevention of traffic accidents by providing a safe and secure system



IoT telematics service connected to cars



Connected dashcams and devices



- Accelerate innovation to promote economic growth



- Mission to reduce greenhouse gases and ocean plastics



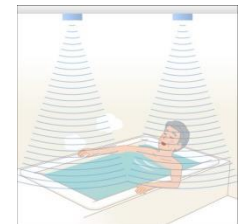
- Efforts to reduce plastic packaging initiatives



- Approaches to CDP scope 1, 2, 3



Utilization of property and patents



Accelerator programs in partnership with internal, external and venture companies (example: Bathroom Safety Systems)

Corporate Vision

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

Management Principles

- Create new value through manufacturing
- Foster a challenging corporate culture adapts to change
- Develop people and organization drive innovation

4 Values

Change

Create

Earning
Power

Connect

JVCKENWOOD

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